



ING Global Bond

STRATEGY BRIEF

GLOBAL

ING Investment Management at a Glance

ING Investment Management is a leading global asset manager with \$487 billion in assets under management. With over 3,500 employees and an investment presence in 33 countries, ING IM provides clients with access to domestic, regional and global investment solutions.

Mission

ING Investment Management's mission is to find unrecognized value ahead of consensus by seeking original insights on markets and companies. Toward that end, we apply our proprietary research and analytics, benchmark awareness and risk management to serve client needs within the guidelines and objectives of each assignment.

Portfolio Managers



Chris Diaz, CFA

Senior Portfolio Manager,
Global Rates

Years of experience: 12



Michael A. Mata

Head of Multi-Sector
Fixed Income Strategies

Years of experience: 20

Investment Team

Supported by over 100 Fixed Income Investment Professionals with the majority averaging 10+ years experience

For more information please contact your relationship manager or go to www.inginvestment.com.

Quarter ending June 30, 2010.

STRATEGY

Summary

This strategy is designed to outperform the Barclays Capital Global Aggregate Index over reasonably long time periods by investing in a wide range of debt and derivative securities such as global sovereign and corporate bonds, emerging markets debt, global high yield bonds, and mortgage backed securities, plus foreign exchange forwards, currency and interest rate swaps. The portfolio consists of investments denominated in U.S. dollars, euros and other currencies of developed and emerging market countries.

Objective

The strategy seeks to maximize total return through a combination of current income and capital appreciation with an annualized tracking error of approximately 2.5%.

Investment Process

Our disciplined value discovery process is designed to endure across market cycles and in the face of extreme market dislocations.



Fundamental analysis focuses on the factors driving growth and inflation in global economies. The currency process seeks material differences between relative values of world currencies. Risk and process diversification plays a critical role in achieving consistent long term returns.

Competitive Advantages

- Covers the full range of underlying asset classes: U.S. and foreign investment-grade bonds, emerging markets bonds, and foreign currencies
- May invest in bonds and currencies of more than 20 different countries in seeking to exploit inefficiencies in bond markets around the world
- An enviable 3-year performance record
- A blended investment process of fundamental analysis for duration, yield curve and macro-economic factors and quantitative analysis for currency management and sector relative value analysis, provide process diversification

PERFORMANCE (%)

Composite	Quarter	YTD	1 Year	Annualized		
				3 Years	Since inception (8/1/06)	
	Gross:	1.86	1.84	11.64	12.83	10.95
	Net:	1.76	1.64	11.20	12.38	10.51
Barclays Capital Global Aggregate Index	(0.04)	(0.31)	5.00	6.80	6.80	6.13
	Excess Return	1.90	2.15	6.64	6.03	4.82

COMMENTARY

Market Review

After a steady first quarter, financial markets fell into disorder as the European debt crisis escalated. As equity markets tumbled, bonds again found favor as risk aversion returned. U.S. Treasuries rallied sharply returning 4.7% and outperforming the Barclays Capital U.S. Aggregate Index, which returned 3.5%. Yields on the bellwether 10-year U.S. Treasury plunged to 2.93%, a level not last seen since April 2009. Two-year Treasuries slid 42 basis points, a record low close at 0.61%. Credit spreads widened, notably by 100 basis points on emerging market debt and over 125 basis points on high yield bonds. The euro continued its free fall, down 15% against the U.S. dollar since year-end.

Market confidence evaporated over the lack of a credible solution to the European sovereign crisis, as European politicians continued to bicker over the right remedies. Significant ground-breaking measures were taken in April by the European Central Bank (ECB) and the International Monetary Fund (IMF), with a \$900 billion rescue plan and the commencement of a sovereign debt purchase program, removing the immediate threat of a sovereign default.

While events in Europe dominated the headlines, the U.S. economic recovery faced headwinds. Consumer confidence slid in June, the job market was sluggish and new home sales nose-dived after the first-time home buyers' tax credit expired in April. The Federal Reserve acknowledged the market tone by stating "financial conditions have become less supportive of economic growth on balance, largely reflecting developments abroad".

Account Performance

The portfolio underperformed the Barclays Aggregate Index for the quarter. The main driver of underperformance was our overweight to investment grade corporate bonds, particularly the financial sub-sector. Our underweight to agency mortgage-backed securities (MBS) was also a detractor, as this sector outperformed the index. While commercial mortgages (CMBS) underperformed the index, our security selection to higher quality CMBS helped the portfolio. Non-agency MBS were also a contributor to results. In interest rates, our position was relatively neutral and duration had a flat to slightly positive impact on the portfolio.

Manager commentary is for informational purposes only and does not constitute investment advice and is not a recommendation to purchase or sell any of the securities referenced. You can remove the Information should not be construed as investment advice because this covers it. So, the disclosure should appear as such.

Past performance does not guarantee future results. There is no guarantee that any forecasts or opinions in this material will be realized. Manager commentary is for informational purposes only and does not constitute investment advice and is not a recommendation to purchase or sell any of the securities referenced.

Please refer to the Schedule of Composite Performance, attached, for additional performance information.

The Composite performance information represents the investment results of a group of fully discretionary accounts managed with the investment objective of outperforming the benchmark. Information is subject to change at any time. Gross returns are presented after all transaction costs, but before management fees. Returns include the reinvestment of income. Net performance is shown after the deduction of a model management fee equal to the highest fee charged. Benchmark source: Barclays Capital.

Barclays Capital Global Aggregate Bond Index measures a wide spectrum of global government, government-related, agencies, corporate and securitized fixed-income investments, all with maturities greater than one year.

Current Strategy and Outlook

Investor confidence from the first quarter has diminished, amid falling stock prices, widening credit spreads and falling interest rates. Nevertheless, we do not see the reemergence of the flight to quality trade in May and June signaling concerns of a double dip recession. We do have a tempered view on interest rates and economic growth and are selectively constructive in our outlook for risk assets.

First, we see a Federal Reserve on hold and a lack of inflation pressures. Slack global markets should keep real inflation in check and policy makers on the sidelines with respect to rate hikes at least through 2010. For two decades, post-recession Fed funds hikes have started at least a year after the unemployment rate has peaked. It is likely that the U.S. yield curve will continue to flatten as the market prices-in eventual Fed rate hikes. Leverage in the system remains modest, which supports risk assets. Despite recent market volatility, we think security selection will assume increasing importance in generating excess returns.

With consumer growth rebounding, the U.S. economy continues to grow at a modest pace. Recent data show U.S. productivity growth is far outpacing G7 counterparts, good news considering the potential growth rate—labor force growth plus productivity growth—is running at 2.4%, also above other G-7 nations.

We remain slightly overweight investment grade bonds given positive technical and fundamental factors, which should support further spread tightening. Technical factors remain strong: inflows from mutual funds, pension funds and other investors seeking higher yields create heavy demand for corporate bonds. Recent fundamentals such as cost reductions and modest growth expectations are also positive, supporting our overweight.

We remain underweight agency MBS as option-adjusted spreads and high dollar prices limit attractiveness. We are modestly overweight non-agency MBS given positive supply, compelling liquidity and credit risk premiums providing attractive loss-adjusted yields. Further, new defaults are actually falling for non-agency residential mortgage-backed securities. Finally, we are constructive in CMBS as the sector benefits from similar conditions as the non-agency space: attractive liquidity, positive supply, lower leverage in the system and economic sensitivity.

PORTFOLIO HIGHLIGHTS

Sector Weights

	% of Portfolio	B.C. Global Agg Index	Overweight/Underweight
Treasuries/Cash	28.93	51.28	-22.35
Government-related	13.19	14.57	-1.38
MBS	14.64	17.31	-2.67
CMBS	9.25	0.96	8.29
ABS	5.68	0.23	5.45
Corporates	28.39	15.65	12.74
Derivatives	-0.09	0.00	-0.09
Other	0.00	0.00	0.00
Total	100	100	0.00

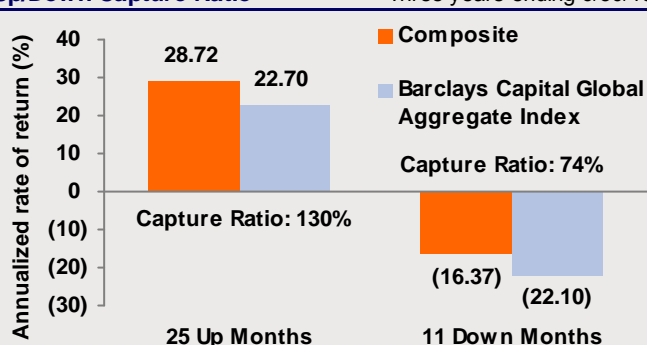
Returns-Based Characteristics

Three years ending 6/30/10

	Composite	B.C. Global Agg Index
Standard Deviation (%)	7.63	7.47
Tracking Error (%)	2.35	NA
Information Ratio	2.56	NA
Alpha (annualized %)	6.18	NA
Beta	0.97	1.00
R-Squared	0.91	1.00
Sharpe Ratio	1.50	0.72

Up/Down Capture Ratio

Three years ending 6/30/10



Percentage of Time the Composite Outperformed the Benchmark

8/1/06 to 6/30/10

3-Year Rolling Periods 100% 4/4

Quality Comparison to Benchmark (%)

	Portfolio	B.C. Global Agg Index
AAA	46.78	53.24
AA	0.00	30.57
A	18.85	10.35
BBB	23.94	5.84
≤BB	11.68	0.00
Not Rated	0.21	0.00

Security Characteristics

	Portfolio	B.C. Global Agg Index
Average Quality	A1	AA1/AA2
Adjusted Yield (%)	5.07	2.54
Effective Duration (Yrs.)	5.08	5.42

Top Ten Credit Exposures

	% of Portfolio
France Telecom	0.63
Goldman Sachs Group	0.59
Morgan Stanley	0.57
Wells Fargo Capital	0.56
Citigroup Inc	0.54
News America Inc	0.51
Barclays Bank Plc	0.51
Kraft Foods Inc	0.48
Capital One Financial Corp	0.48
American Express Credit Corp	0.48

Alpha: A measure of risk-adjusted performance; expressed as an annualized rate, it is the return that would have been realized by the manager over a measurement period if the return for the market were zero.

Beta: The sensitivity of a portfolio's returns to changes in the return of the market as measured by the index or benchmark that represents the market. A beta of 1.0 behaves exactly like the index. Beta less than 1.0 suggests lower risk than the index; greater than 1.0 indicates a risk level higher than the index.

Tracking Error: A measure of how closely the returns of a fund tend to follow the returns of the index to which it is benchmarked, specifically, the variability of excess returns around the average.

Information Ratio: The ratio of excess returns above a market index to the variability of those excess returns, in effect, describing the value-added from active management in relation to the risk taken in achieving those returns.

R-square: The proportion of the variation in a portfolio's returns that can be explained by the variability of the returns of an index. High R-square (close to 1.0) is usually consistent with broad diversification.

Upside/Downside Capture: is a graphical depiction of the historical risk and return potential of a portfolio versus its benchmark. Upside capture measures how the manager performed when the market was positive, while the downside capture measures the degree to which the manager went down while markets were negative.

The sector, security, and credit exposures information is based on a sample account in the Composite that we believe best represents this investment management style. It should not be assumed that the adviser continues to hold the securities listed. Other accounts in the Composite might have slightly different portfolio characteristics. Returns-Based Characteristics are based on the Composite returns.

The performance above is offered as Supplemental Information only. Please see next page for other important disclosures.

SCHEDULE OF COMPOSITE PERFORMANCE

Year	Composite Returns (%)		Barclays Capital Global Aggregate Index Returns (%)	Number of Portfolios	Composite Dispersion (%)		Assets in this Composite (\$mm)	Percentage of Firm Assets (%)	Total Firm Assets (\$mm)
	Gross	Net			High	Low			
2009	13.25	12.80	6.93	<5	13.25	13.25	353	0.57	61,599
2008	12.21	11.76	4.79	<5	12.21	12.21	117	0.21	56,044
2007	12.41	11.97	9.48	<5	12.41	12.41	37	0.05	74,322
2006*	3.22	3.05	3.23	<5	NA	NA	26	0.04	66,276

The Firm has prepared and presented this report in compliance with the Global Investment Performance Standards ("GIPS").

NOTES:

- For GIPS purposes, the Firm is defined as all discretionary accounts managed by ING Investment Management Co. and its subsidiary ING Investment Trust Co., but not including collateralized debt obligation structures, long/short hedge funds, structured mortgage derivative portfolios, or specialized accounts supporting the reinsurance arrangements of affiliated insurance companies.
- Effective July 1, 2008, the Firm for GIPS purposes was redefined to exclude its affiliate ING Ghent Asset Management LLC ("ING Ghent"), as a result of the sale of assets managed by the ING Ghent portfolio management team. Previously, on December 31, 2003 the Firm was redefined for GIPS purposes to reflect the consolidation of ING business units and to provide the public with a more meaningful representation of the various investment strategies the Firm has to offer.
- "Composite Dispersion (%)" for each annual period is based on the gross returns shown (after transaction costs) and is equal to the highest and lowest annual return among the portfolios that are included in the composite for the full year.
- Fixed income derivatives such as futures or total return swaps may be used to replicate or hedge cash securities. Although no borrowing of funds (financial leverage) typically occurs, derivative instruments contain an element of economic and/or embedded leverage through their delivery of greater exposure to an underlying investment than could be obtained through the cash bond market. Thus, in addition to the risk of changes in market value of the security, certain derivatives are subject to credit risk with regard to the counterparty to those transactions, while others carry risk of loss due to changes in interest rates. In all cases, cash or other short term investments are used to collateralize the risk of changes in market value of the derivative instrument, but the use of derivatives may increase portfolio volatility and may reduce returns.
- Composite returns are calculated from discretionary Global Bond portfolios that seek to maximize total return through a combination of current income and capital
- Returns are benchmarked to the Barclays Capital (formerly, Lehman Brothers) Global Aggregate Index which does not incur management fees, transaction costs or other expenses associated with a managed account. It is not possible to invest directly in an index. Past performance is no guarantee of future results.
- All portfolios have been valued on a monthly basis. The composite has been constructed as a beginning-of-period asset-weighted average of each account's time-weighted return and includes reinvestment of income and capital gains.
- Valuation and returns are computed and stated in U.S. dollars.
- Gross performance results are calculated and presented after all trading commissions but before management fees, custody charges, taxes, and other indirect expenses. Net of fee performance results are calculated by subtracting a hypothetical management fee % from the gross return on a monthly basis and geometrically linking the results to produce annual returns shown. As such, the net performance results are net of both trading commissions and management fees, but before custody charges, taxes, and other indirect expenses. The hypothetical management fee is equal to the highest fee % level from any fee schedule currently offered for the strategy shown. While fee schedules can change over time, any amended fee %s resulting from a change will not be retroactively applied to performance history, but will rather be applied on a prospective basis from the point of the change.
- The annual management fee will vary according to the size of the account, and will depend on the type of investment vehicle selected. The fee schedule for an individually managed account for this strategy is: 0.40% on the first \$100 million; 0.25% on the next \$150 million; 0.20% on the next \$250 million; and 0.15% over \$500 million. However, fee schedules may differ for pooled trusts or other types of investment vehicles. Further information regarding applicable fee schedules is available upon request.
- This composite was created August 1, 2006. A complete list and description of the Firm composites and additional information regarding policies for calculating and reporting returns is available upon request.

* Cumulative return for the period from August 1, 2006 (origination of strategy) to December 31, 2006.

NA = not applicable