

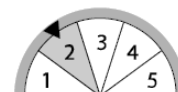
# ING PESO INCOME FUND

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## PRODUCT DETAILS

- A fund is a pooled investment vehicle which :
  - gives investors access to the financial markets
  - pools your money with other investors
  - is managed by an Investment Manager who maintains the fund's portfolio and makes decision about what assets to buy and when to sell them
- The ING Peso Income Fund is an Intermediate-Term Bond Fund. These are invested in fixed income securities and cash. The ING Peso Income Fund is generally 100% invested in peso-denominated fixed income securities. A portion of the fund may also be placed as cash.
- The Fund aims to generate regular income by investing in a diversified portfolio of Philippine Peso-denominated sovereign and fixed income securities. It aims to distribute income on a semi annual basis similar to a Peso Fixed Rate Treasury Note (FXTN).
- The Fund aims to outperform its benchmark the HSBC Philippine Local Bond Index 1-5 Yr Total Return.

Low to Medium Risk \*



<b>Fund Manager</b>	<b>ING Investment Management Philippines</b>
<b>Fund Structure</b>	<b>Unit Investment Trust Fund (UITF)</b>
<b>Base Currency</b>	<b>Philippine Peso (PHP)</b>
<b>Launch Date</b>	<b>01 October 2007</b>
<b>Valuation Methodology</b>	<b>Marked-to-Market</b>
<b>Minimum Holding Period *</b>	<b>5 banking days * Subject to an Early Redemption Penalty of 1% of the redemption amount</b>
<b>Minimum Investor Type</b>	<b>Cautious</b>

- The Fund is valued using the marked-to-market (MTM) method, based on the fair market value of the underlying assets. As such, investors trade units of participation at their true current worth in the market and can therefore enjoy the full earnings potential of the asset class.
- The Net Asset Value per Unit (NAVPU) of the Fund is net of taxes and management fees.

## BENEFITS of INVESTING in a FUND :

- **Professional Management.** The Fund is administered by a team of fund managers, who make the day-to-day investment decisions.
- **Instant Diversification.** The Fund is invested in a portfolio of securities.
- **Liquidity.** Units of participations can be bought and sold at any time, subject to the minimum holding period.
- **Affordable Investment Size.** Low minimum and incremental investment amount.

## **RISKS INVOLVED in INVESTING in the FUND :**

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- **There is no guaranteed minimum return.** Past performance should not be taken as an indication of future results.
- **The Fund and participations in the Fund are not capital-protected.** Since this is a trust product, any loss incurred or income derived therefrom is for the account of the investor. Participations in the Fund are not obligations of HSBC and/or ING Bank NV, and are not insured by the Philippine Deposit Insurance Corporation (PDIC).
- **The Fund has no fixed maturity date but is subject to a minimum holding period.** Should the investor redeem before the minimum holding period elapses, he / she will be charged a penalty of 1% of the redemption amount. Redemptions, especially those made within a short time horizon, may result in loss of capital.
- **Investment in the Fund does not constitute a deposit.** It will entail a Trust relationship governed by a Trust Agreement between the bank and the client.
- If the Fund you are investing in has a higher proportion of long-term securities, during times of volatility, it will be subject to larger price movements.
- **Management Risk.** The Fund is subject to management risk because they are actively managed investment portfolios. The investment manager will apply investment techniques and risk analysis in making portfolio decisions, however, there are no guarantees that these will produce the intended results.
- **Interest Rate Risk.** Changes in market interest rates will affect the value of the underlying assets and the Fund NAVPU either positively or negatively. In general, there is an inverse relationship between interest rates and bond prices. If interest rate goes up, current outstanding bonds in the market become less attractive, causing their prices to go down and vice versa. The NAVPU is based on bond prices in the Fund. Thus if bond prices drop, the NAVPU will go down as well.
- **Market Risk.** Many other factors can affect the value of the Fund assets, including socio-economic, political and investment conditions, which can cause the NAVPU to fluctuate particularly in the short-term.
- **Inflation Risk.** The rate of inflation may be higher than the rate of return on your investment.
- **Liquidity Risk.** There is financial risk involved should the Fund be unable to sell or convert assets into cash quickly or in instances where conversion to cash is possible but at a loss.
- **Credit Risk.** Issuers of underlying securities may default. If this happens, the price of the security will decline thus affecting the NAVPU of the Fund.

### **INVESTOR COMMITMENT**

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The Fund aims to provide moderate capital and income growth over a period of time. It is suitable for investors who:

- have an investment time horizon of at least three (1) year;
- want a reduced risk profile;
- understand the risks outlined above and are willing and able to take on these risks; are comfortable with short-term fluctuations in the value of their units of participations which, upon redemption, may be worth more or worth less than the original amount invested.

### **OTHERS**

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- Financial reports are provided by HSBC Manila Trust Department on a quarterly basis.
- The NAVPU may be viewed in [www.ingim.com.ph](http://www.ingim.com.ph). Investors are advised that such prices are for information only. HSBC does not accept responsibility for any error in the uploading of prices in their website.

#### **\* Product Risk Level : Low to Medium**

- The price volatility of the product is low to medium, and some market monitoring is required to control relevant risks of the product.
- This product may be suitable for investors who are happy to accept low to medium level of investment risk.

## ABOUT THE FUND MANAGER

ING Investment Management (ING IM) Philippines is the Trust Department of ING Bank NV (Manila Branch). It belongs to the ING Group, a global financial services company with over 150 years of experience, providing a wide array of banking, insurance and asset management services in over 50 countries.

ING IM has over EUR380bn in Assets Under Management worldwide (as at 30Sep07). ING IM in the Philippines holds the distinction as pioneer and manager of the first series of UITFs in the local trust fund industry

ING IM Philippines' office is located at 21st Floor, Tower One, Ayala Triangle, Ayala Avenue, Makati City with telephone number (632) 479 88792 to 93.

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**ING PESO INCOME FUND**  
**A Unit Investment Trust Fund of ING Bank N.V.**  
**Philippine Branch (Trust Department)**

**Bloomberg Code: INGPINC Index**  
**Fund Fact Sheet, April 2010**  
**visit us at [www.ingim.com.ph](http://www.ingim.com.ph)**

**FIGURES AS OF 4/30/2010**

**Cumulative Performance (%)**

	YTD	1 mo	6 mos	1YR	2YRS	Since Inception
<b>ING Peso Income Fund</b>	<b>1.49</b>	<b>-0.02</b>	<b>2.54</b>	<b>4.75</b>	<b>13.76</b>	<b>14.47</b>
<b>Benchmark - HP15TR</b>	<b>1.86</b>	<b>0.06</b>	<b>2.53</b>	<b>5.12</b>	<b>16.39</b>	<b>16.41</b>

Total returns computed by ING include change in NAV and reinvestment of any income distribution. Past performance not indicative of future performance.

**Annualized Performance(%)**

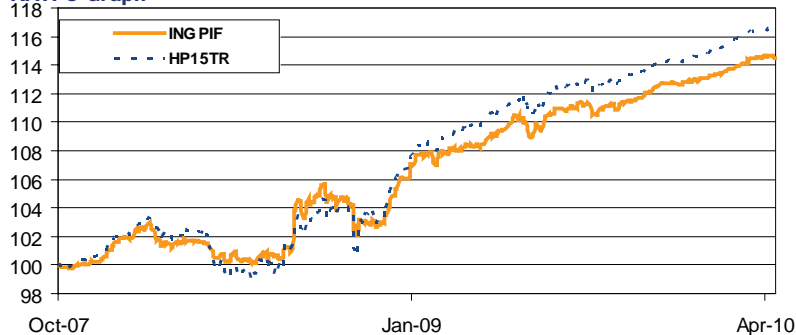
	1YR	2YRS	Since Inception
<b>ING Peso Income Fund</b>	<b>4.75</b>	<b>6.66</b>	<b>5.37</b>
<b>Benchmark- HP15TR</b>	<b>5.12</b>	<b>7.89</b>	<b>6.06</b>

**Calendar Year Performance(%)**

	2007*	2008	2009
<b>ING Peso Income Fund</b>	<b>2.01</b>	<b>4.02</b>	<b>6.30</b>
<b>Benchmark- HP15TR</b>	<b>2.34</b>	<b>4.28</b>	<b>7.09</b>

\*The Fund was launched on October 1, 2007. Returns are from October 1, 2007 to December 28, 2007.

**NAVPU Graph**



**Manager's Report**  
**Market Review**

The HSBC Local Currency Bond Philippines (1-5 year) Total Return Index gained 0.06% in April, for a year to date return of 1.86%.

Local bond yields were generally higher in the month, with the 3-yr posting the biggest underperformance, with yields gaining 20bps to end at 5.2783%. The 4- and 7-yr followed, with yields increasing by 16bps and 15bps to 5.9302% and 7.1467%, respectively.

The first quarter budget deficit announcement caused the back-up in yields as the outcome of P134-billion was higher than P100-billion expected. While the government collection was on target, infrastructure spending led expenditures to bloat by about P20-billion, raising the issue of whether or not the government will be able to meet its year-end target of P293-billion.

With the presidential polls imminent, investors also played defensive by reducing their position.

In the meantime, investors ignored the upgrade of economic forecasts for 2010 by the BSP: 8% higher for overseas remittances, 12% better in exports, 18% rise in imports and \$48-billion in foreign exchange reserves. On the financing side, the government raised \$346mn from the sale of 3-year and 5-year Retail Treasury Bonds denominated in dollar and euros, leading the Bureau of Treasury to cancel a scheduled auction in the month for 5-year bonds worth P8.5bn.

**Fund Performance**

The Fund lost 0.02% in the month, lagging the benchmark by 8bps. The underperformance was mainly due to security selection as illiquid securities held by the benchmark performed better than our portfolio holdings. The Fund ended with a duration of 2.55, lower than 2.64 in the prior month. It is now at par with the benchmark duration which ended at 2.58.

**Fund Strategy**

The Fund may increase duration on the view that the election will be credible and that the new president will make fiscal balance an administration priority. We also see inflation remaining manageable.

**Investment Objective**

The Fund aims to generate regular income by investing in a diversified portfolio of Peso denominated sovereign and corporate debt securities. The benchmark of the Fund is the HSBC Philippines Local Bond Index (1-5 Years) Total Return, which it aims to outperform gross of fees.

**Portfolio Holdings**

Name	Yield (%)	Maturity	% of Fund
DBP 2011 9.5%	5.40	1/17/2011	5.83%
Philippines FXTN 5-65 2012 5.75%	5.07	2/21/2012	14.73%
Philippines FXTN 5-67 2014 6.25%	4.83	1/27/2014	43.03%
Philippines FXTN 7-43 2013 8.75%	4.77	3/3/2013	35.03%

\*Net of Tax

**Allocation**

Portfolio Composition: Govts 99%, Corps 0%, Cash 1%

**Maturity Profile**

Cash and less than 1 year	7.2%
Between 1 and 3 years	49.8%
Between 3 and 5 years	43.0%
Between 5 and 7 years	0.0%
Between 7 and 10 years	0.0%
More than 10 years	0.0%

**Key Figures and Statistics**

Net Asset Value per Unit (NAVPU) <sup>1</sup>	PHP	103.1925
Total Fund NAV (Mln)	PHP	120.81
Duration (Interest Rate Risk)	Years	2.55
Portfolio Weighted Yield to Maturity (YTM)	%, net <sup>2</sup>	3.88
Current Number of Holdings		4

**Statistics – Past 2 Years**

	Fund	Benchmark
Annualized Return (net)	6.66%	7.89%
Annualized Volatility	3.28%	2.79%

**General Information**

Launch Date	1-Oct-07
Fund Structure	Unit Investment Trust Fund
Fund Currency	Philippine Peso
Domicile	Manila, Philippines
Valuation Method	Marked-to-Market
Fund Classification	Intermediate-Term Bond Fund
Management/Trust Fee	1.00 % p.a.
Minimum Holding Period	5 banking days
Redemption Notice Period	2 banking days
Trustee	ING Bank NV (Trust Dept.)
3 <sup>rd</sup> Party Custodian	HSBC, Ltd. (Philippines)

A copy of the Fund's Plan Rules will be provided to the investor upon request.

1. Net of 3rd party custody fees, as allowed by the regulator. This amounts to 0.02% p.a. based on the face amount of the fixed income securities held by the Fund at month-end.

2. Net of management fees and taxes

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