

# ING PHILIPPINE EQUITY 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
- Equity Funds are invested in stocks. They have a tendency to be volatile, with valuations changing considerably along with company developments and market events.
- The objective of the ING Philippine Equity Fund (Fund) is to provide long term capital growth by investing in a portfolio of stocks listed on the Philippine Stock Exchange
- The Fund aims to perform better than the Philippine Stock Exchange Index (PSEi), gross of fees.

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>05 May 2003</b>
<b>Valuation Methodology</b>	<b>Marked-to-Market</b>
<b>Minimum Holding Period *</b>	<b>15 banking days</b> * Subject to an Early Redemption Penalty of 1% of the redemption amount
<b>Minimum Investor Type</b>	<b>Balanced</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 (3) years;
- 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 : Medium**

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

*Issued by The Hongkong and Shanghai Banking Corporation Limited*

## 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 PHILIPPINE EQUITY FUND**

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

**Bloomberg Code: INGPHEQ 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	1YR	3YRS	5YRS	Since Inception
Philippine Equity Fund	4.72	3.48	56.48	-13.24	66.90	175.20
Benchmark - PSEi	7.78	4.06	56.41	0.59	78.71	185.01

Past performance not indicative of future performance. Benchmark adjusted for CTF reserve requirement of the BSP prior to the conversion to UITF in December of 2004.

**Annualized Performance (%)**

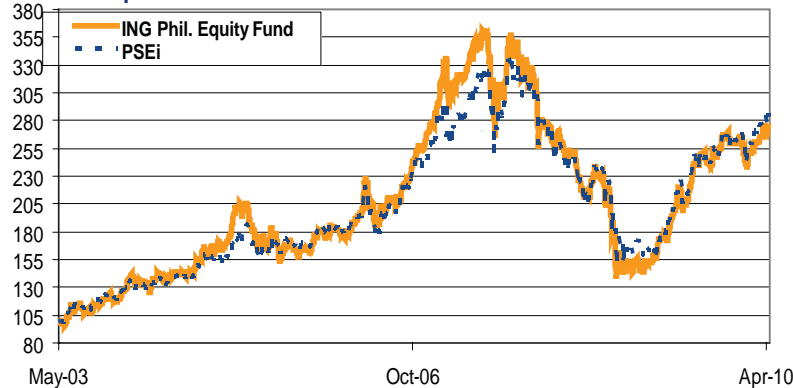
	1YR	2YRS	3YRS	4YRS	5YRS	Since Inception
Philippine Equity Fund	56.48	5.57	-4.63	8.31	10.79	15.58
Benchmark PSEi	56.41	9.38	0.20	9.72	12.31	16.16

**Calendar Year Performance (%)**

	2003*	2004	2005	2006	2007	2008	2009
Philippine Equity Fund	27.87	33.77	4.84	54.67	17.23	-56.01	83.71
Benchmark PSEi	28.92	22.48	14.99	42.29	21.43	-48.29	63.00

\*The Fund was launched on May 5, 2003. Returns are from May 5, 2003 to December 30, 2003.

**NAVPU Graph**



**Manager's Report  
Market Review**

The local stocks extended its rally in April, adding another +4.1%MoM to 3290.09, fueled by strong Q1 corporate earnings and a resilient US market. Gainers for the month were led by the power and banking sectors. Sentiment was also boosted by optimism over the holding of clean and credible elections in May. The BSP kept its benchmark policy rates at a historic low of 4% while simultaneously unwinding emergency stimulus measures such as the reduction of the rediscounting loan budget. March CPI remained benign at 4.4% vs consensus expectations of 4.5%. Exports in Feb surged +42.3%YoY, holding near a 14-year high as electronic exports jumped +53%YoY on a recovery in global demand.

Foreigners continued to be net buyers for the sixth straight month registering a net inflow of \$382.4M YTD. Gainers for the month were led by the power and banking sectors. The power sector surged on speculation of robust Q1 earnings as WESM prices continued to spike in April. The banking sector likewise posted impressive Q1 earnings led by BDO's +100%YOY brought about by trading gains and improvement in its core lending business. Select trade sensitive stocks also jumped on recovery in local trade volume as evidenced by rebounding export and import figures.

**Fund Performance**

The ING Philippine Equity Fund gained 3.48% in April compared to the PSEi's 4.06%. The fund's overweight position in the mining sector caused the 0.57% underperformance. The overweight call in select holding and power issues helped cushion the weak performance of the mining sector.

**Fund Strategy**

The PSEi closed the month of April reaching a high of 3327. With renewed optimism over the holding of clean and credible elections, we believe that the market can finally surpass this critical resistance of 3370. A return of confidence would be positive for infrastructure-related sectors, trade and banking. For the Fund's positioning, we remain to be overweight in domestic equities as we continue to take advantage of any market weakness to increase our exposure in the banking, property and power sectors. Support and resistance remains to be at 3130 and 3370 respectively.

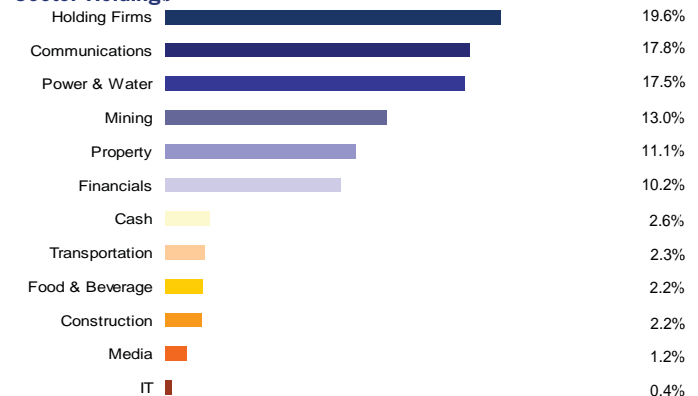
**Investment Objective**

The objective of this Fund is to attain long-term capital growth for Peso investors. To achieve this, the Fund will be invested in a portfolio of stocks listed on the Philippine Stock Exchange. The Fund seeks to outperform (gross of fees) the Philippine Stock Exchange Index (PSEi), subject to BSP regulations.

**Top 10 Holdings**

Name	Main Business	% of Fund
Philippine Long Distance Telephone Company	Telecommunications	14.81%
Energy Development Corporation	Power & Water	9.12%
Philex Mining Corporation	Mining	6.90%
DMCI Holdings Inc.	Holding Firms	6.29%
Banco De Oro Unibank, Inc.	Financials	5.51%
Benpres Holdings Corp.	Holding Firms	4.52%
Lepanto Consolidated Mining	Mining	4.08%
First Gen Corp.	Power & Water	3.90%
Aboitiz Power Corporation	Power & Water	3.86%
Megaworld Corp.	Property	3.64%

**Sector Holdings**



**Key Figures and Statistics**

Net Asset Value per Unit (NAVPU) <sup>1</sup>	PHP	275.1981
Total Fund NAV (Mln)	PHP	6,056.00
Current Number of Holdings		33

Statistics - Past 5 Years	Fund	Benchmark
Annualized Return (net)	10.79%	12.31%
Annualized Volatility	24.92%	21.82%
Portfolio Beta		1.08

**General Information**

Launch Date	5-May-03
Fund Structure	Unit Investment Trust Fund (converted to UITF on December 2004)
Fund Currency	Philippine Peso
Domicile	Manila, Philippines
Valuation Method	Marked-to-Market
Fund Classification	Equity Fund
Management/Trust Fee	2.00 % p.a.
Minimum Holding Period	15 banking days
Redemption Notice Period	4 banking days
Trustee	ING Bank NV (Trust Department) Philippine Branch
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. Effective 10/24/05, is net of 3rd party custody fees, as allowed by the regulator. This amounts to 0.02% p.a. based on face amount of fixed income securities and the market value of equity securities held by the Fund at month-end.

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