

## ING Funds Update

February 8, 2010

Asian markets continued to decline on weak US data, EU debt concerns

US Treasury yields decline on flight to quality

## Commentary

## Weekly Recap

Peso bond investors took comfort in central bankers' announcement that they are not looking to raise reserve requirements. The benchmark HSBC Liquid Bond Index rose 0.21% week-on-week (WoW) to 275.91. Dollar bonds meanwhile held steady throughout most of the week, but then negative news out of Greece and a higher than anticipated jobless claims report in the US caused a sell-off in the high yield space. For the week, the JACI Philippines was down 0.82%, with most of the losses coming in on Friday's session.

Equity markets in the emerging economies continued their correction due to worries over more government intervention in China, as well as mounting jobless claims in the US. The local equity benchmark, the PSEi, lost 3.30% WoW, just about matching the regional benchmark, the MSCI Asia Pacific Ex-Japan Index, which declined 3.39% over the same period.

## US Treasuries

US Treasury prices continued its uptrend on a global flight to quality theme on fears that the debt problems in Europe will hinder efforts to sustain the nascent economic recovery. The yield on the 10-year benchmark dropped 4bps to 3.57%.

## Philippine Dollar Denominated Bonds

There was a sell off in ROP market as more dealers looked to shed risk with more headlines on sovereign deficits and higher US jobless claims. ROP2031 shed 187 bps to 108.38.

## Philippine Peso Denominated Bonds

Local bond market saw a slight correction. Rates were mostly higher across the curve. Market did not react to the lower-than-expected inflation announcement earlier in the day as it was more concerned about the global sentiment following growing anxiety over the European sovereign debts. Yield on the five-year benchmark paper rose 2bps to 6.2809%.

## Philippine Equities

Local stocks succumbed to selling Friday, wiping out gains from previous days' advance, as it tracked the sharp decline on Wall Street. The PSEi lost 2.03% to 2,855.64.

## Asia Pacific Equities

Stocks across Asia plunged following an unexpected increase in US jobless claims and growing fears on Europe's debt. The MSCI AC Asia Pacific ex-Japan TR Index lost 3.52% to 270.98.

## Fund Returns - February 5, 2010

## Peso Bond Funds

	YTD <sup>2</sup>	1 YR	3 YRS	5 YRS
<b>ING Peso Cash Management Fund</b>	<b>0.31%</b>	<b>3.43%</b>	<b>12.39%</b>	
HSBC Money Market Index <sup>1</sup>	0.52%	4.17%	13.70%	
Spread on Benchmark	-0.21%	-0.74%	-1.31%	

	YTD <sup>2</sup>	1 YR	3 YRS	5 YRS
<b>ING Peso Income Fund</b>	<b>0.43%</b>	<b>5.50%</b>		
HP15TR	0.62%	6.27%		
Spread on Benchmark	-0.20%	-0.77%		

	YTD <sup>2</sup>	1 YR	3 YRS	5 YRS
<b>ING Peso Bond Fund<sup>*</sup></b>	<b>0.52%</b>	<b>5.39%</b>	<b>13.21%</b>	<b>50.91%</b>
HSBC Liquid Bond Index <sup>#</sup>	0.63%	6.42%	16.62%	59.95%
Spread on Benchmark	-0.11%	-1.03%	-3.41%	-9.04%

## Dollar Bond Funds

	YTD <sup>2</sup>	1 YR	3 YRS	5 YRS
<b>ING Philippine Dollar Bond Fund<sup>*</sup></b>	<b>-1.68%</b>	<b>15.96%</b>	<b>14.45%</b>	<b>45.61%</b>
JP Morgan Asia Credit Index <sup>#</sup>	-1.65%	16.88%	23.85%	66.74%
Spread on Benchmark	-0.02%	-0.91%	-9.40%	-21.13%

	YTD <sup>2</sup>	1 YR	3 YRS	5 YRS
<b>ING US Dollar Income Fund</b>	<b>0.33%</b>	<b>10.11%</b>	<b>7.25%</b>	
JP Morgan EMBIG Div (1-5 Yrs) <sup>*</sup>	0.99%	19.77%	24.73%	
Spread on Benchmark	-0.66%	-9.66%	-17.48%	

## Diversified Funds

	YTD <sup>2</sup>	1 YR	3 YRS	5 YRS
<b>ING Diversified Capital Fund</b>	<b>-3.03%</b>	<b>22.12%</b>		
70% HLB# <sup>μ</sup> , 30% PSEi	-1.52%	18.70%		
Spread on Benchmark	-1.51%	3.42%		

	YTD <sup>2</sup>	1 YR	3 YRS	5 YRS
<b>ING Diversified Balanced Fund</b>	<b>-4.72%</b>	<b>33.27%</b>	<b>-10.47%</b>	
50% HLB# <sup>μ</sup> , 50% PSEi	-2.94%	27.40%	3.43%	
Spread on Benchmark	-1.78%	5.87%	-13.90%	

## Equity Funds

	YTD <sup>2</sup>	1 YR	3 YRS	5 YRS
<b>ING Philippine Equity Fund<sup>*</sup></b>	<b>-8.06%</b>	<b>62.32%</b>	<b>-23.48%</b>	<b>20.35%</b>
PSEi	-6.45%	50.93%	-12.99%	43.10%
Spread on Benchmark	-1.61%	11.40%	-10.49%	-22.75%

	YTD <sup>2</sup>	1 YR	3 YRS	5 YRS
<b>ING Philippine High Conviction Fund</b>	<b>-9.43%</b>	<b>75.60%</b>		
PSEi	-6.45%	50.93%		
Spread on Benchmark	-2.98%	24.67%		

	YTD <sup>2</sup>	1 YR	3 YRS	5 YRS
<b>ING Asia Pacific High Dividend Equity Fund</b>	<b>-7.41%</b>			
MSCI AC Asia Pacific ex Japan TR Index	-8.36%			
Spread on Benchmark	0.95%			

<sup>1</sup> Prior to February 1, 2006, the Fund was benchmarked against the 91-Day T-bill rate

<sup>+</sup> Benchmarks of Peso Bond Fund, Dollar Bond Fund, and Philippine Equity Fund adjusted for BSP's CTF reserve requirements from inception until conversion to UITF in December 2004.

<sup>μ</sup> Prior to January 1, 2007, the fund was benchmarked against the HSBC Philippines Local Bond Index.

<sup>β</sup> Gross of withholding taxes otherwise applicable to the Fund. As affirmed by the provider, data may contain pricing errors.

<sup>\*</sup> Prior to June 1, 2006, the Fund was benchmarked against the 90-Day BSP \$TD Rates

<sup>#</sup> Prior to January 1, 2007, the fixed income portion of the fund was benchmarked against the HSBC Philippines Local Bond Index.

<sup>2</sup> YTD returns are from Dec 24, 2008

Sources: ING, BusinessWorld, PDI, Phil Star, Reuters, Briefing, Bloomberg, CNN, Dow Jones

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# ING Funds Update

## ING Funds – NAVPU (Net Asset Value per Unit) Summary

### Peso Bond Funds

	Peso Cash Mgt Fund	Peso Income Fund	Peso Bond Fund
<b>5-Feb-10</b>	<b>12.950110</b>	<b>104.497194</b>	<b>171.501764</b>
4-Feb-10	12.952926	104.472074	171.492974
3-Feb-10	12.948995	104.413970	171.384976
2-Feb-10	12.946685	104.407723	171.278395
1-Feb-10	12.945991	104.341637	171.190830
29-Jan-10	12.943251	104.333171	171.218369
5-Jan-10	12.920134	104.194504	171.038689
30-Oct-09	12.868336	102.988859	169.138686
30-Sep-09	12.841247	107.760752	169.190184
28-Aug-09	12.801903	107.630966	168.257727
31-Jul-09	12.781758	107.370906	167.333306
24-Dec-08	12.399824	103.482646	159.321301
<i>DoD % Chg</i>	<i>-0.02%</i>	<i>0.02%</i>	<i>0.01%</i>
<i>WoW % Chg</i>	<i>0.05%</i>	<i>0.16%</i>	<i>0.17%</i>
<i>MoM % Chg</i>	<i>0.23%</i>	<i>0.29%</i>	<i>0.27%</i>

### Dollar Denominated Bond Funds

	Dollar Income Fund	Dollar Bond Fund
<b>5-Feb-10</b>	<b>10.241889</b>	<b>17.175870</b>
4-Feb-10	10.263432	17.265417
3-Feb-10	10.256164	17.268648
2-Feb-10	10.251513	17.247052
1-Feb-10	10.251491	17.242127
29-Jan-10	10.248855	17.285638
5-Jan-10	10.209407	17.390013
30-Oct-09	10.042667	17.168093
30-Sep-09	10.038546	17.152826
28-Aug-09	9.910516	16.542664
31-Jul-09	9.846568	16.199247
24-Dec-08	9.108247	14.124889
<i>DoD % Chg</i>	<i>-0.21%</i>	<i>-0.52%</i>
<i>WoW % Chg</i>	<i>-0.07%</i>	<i>-0.64%</i>
<i>MoM % Chg</i>	<i>0.32%</i>	<i>-1.23%</i>

### Equity Funds

	Philippine Equity Fund	High Conviction Fund	Asia Pacific High Dividend Equity Fund
<b>5-Feb-10</b>	<b>241.609185</b>	<b>83.655271</b>	<b>8.230250</b>
4-Feb-10	246.780167	85.580962	8.548732
3-Feb-10	244.233988	84.527523	8.656142
2-Feb-10	242.689201	83.868668	8.479723
1-Feb-10	246.549387	85.705114	8.451678
29-Jan-10	252.402807	87.562470	8.500974
5-Jan-10	258.545916	90.209007	9.190914
30-Oct-09	253.618417	88.017806	8.520351
30-Sep-09	240.165291	83.242276	8.531117
28-Aug-09	252.060268	87.309790	7.930767
31-Jul-09	236.966818	80.585809	7.909109
24-Dec-08	143.050092	45.155317	5.456395
<i>DoD % Chg</i>	<i>-2.10%</i>	<i>-2.25%</i>	<i>-3.73%</i>
<i>WoW % Chg</i>	<i>-4.28%</i>	<i>-4.46%</i>	<i>-3.18%</i>
<i>MoM % Chg</i>	<i>-6.55%</i>	<i>-7.27%</i>	<i>-10.45%</i>

### Diversified Funds

	Diversified Capital Fund	Diversified Balanced Fund
<b>5-Feb-10</b>	<b>101.637412</b>	<b>111.548347</b>
4-Feb-10	102.499821	112.978242
3-Feb-10	102.040238	112.250560
2-Feb-10	101.748139	111.797477
1-Feb-10	102.357211	112.829831
29-Jan-10	103.324546	114.419881
5-Jan-10	104.299232	116.058296
30-Oct-09	102.838163	114.175572
30-Sep-09	100.626862	110.492384
28-Aug-09	102.179974	113.360680
31-Jul-09	99.406348	109.100373
24-Dec-08	81.486743	81.581797
<i>DoD % Chg</i>	<i>-0.84%</i>	<i>-1.27%</i>
<i>WoW % Chg</i>	<i>-1.63%</i>	<i>-2.51%</i>
<i>MoM % Chg</i>	<i>-2.55%</i>	<i>-3.89%</i>