

ING Funds Update

March 9, 2010

● BSP may not hike interest rates in MB meeting this Thurs

● Bonds continue to rise along with accent of Asian stocks

Commentary

News briefs

The Money Market Association of the Philippines (MART) comprised of 63 financial institutions that actively trade fixed-income securities and foreign exchange has released a new ethics code which states that "financial institutions should not deliberately mislead the public about the investment products they offer, but instead make sure the information they share are accurate and complete." Additionally, the Code of Ethics Governing Financial Market Activities in the Philippines, also prohibits financial institutions -- banks, quasi-banks, investment houses and brokerage firms -- from capitalizing on insider information or engaging in market manipulation in order to profit. It also spells out their duties to their clients. Through this code, MART intends to provide financial institutions a guide when confronted with ethical dilemmas concerning other members and their clients.

Moving on, the Bangko Sentral ng Pilipinas reiterated that it would not hike its benchmark interest rate in its meeting this Thursday despite an uptick in core inflation and would remain focused on adjusting liquidity-boosting measures. Core inflation rose 3.6% in February from 3.0% in the previous month, indicating a potential build up in demand pressure.

US Treasuries

US Treasury prices weakened further Monday ahead of another round of debt supply this week. The government will launch multi-billion auction of Treasuries beginning today. The auctions are scheduled to include US\$40 bio in three-year notes, US\$21 bio in 10-year debt and US\$13 bio in 30-year bonds. Yield on the 10-year UST benchmark paper rose 4bps to 3.72%.

Philippine Dollar Denominated Bonds

Taking its cue from the continued gains of Asian stocks the bond market was in a buying mood as High Yield sovereigns traded higher on the long end with ROP 30s trading as high as 0.75 at 131.50. ROP2031 eventually settled at 112.88, up by 0.50.

Philippine Peso Denominated Bonds

Local bond yields ended mixed yesterday, with rates lower in the short- to intermediate-term while higher on the long-end of the curve. We saw a mini-rally in the afternoon on the back of news that the government may reduce domestic borrowings in the second quarter. Yield on the five-year benchmark paper dropped 2bps to 6.1862%. Meanwhile, the government successfully issued Php8.5 bio worth of T-bills during yesterday's auction on the back of ample liquidity in the market and positive investor outlook. The 91-, 182- and 364-day T-bills picked up an average rate of 3.863%, 4.092% and 4.428%, respectively.

Philippine Equities

Local stocks saw a follow through buying Monday but investors were no longer picking on PLDT. Yesterday, Meralco and Ayala Corp drove the market higher on account of positive news of the former embarking on building their own power generation plans and the latter's favorable 2009 performance. The PSEi gained 0.83% to 3,094.98.

Asia Pacific Equities

Asian stocks rose to a six-week high after the European region committed to extend assistance to Greece should its government struggle to fund its deficit gap. Aside from this, favorable economic reports from the US, New Zealand and Japan likewise boosted investor confidence. The MSCI AC Asia Pacific ex-Japan TR Index rose 1.66% to 299.04.

Fund Returns - March 8, 2010

Peso Bond Funds

| | YTD | 1 YR | 3 YRS | 5 YRS |
|--------------------------------------|--------------|--------------|---------------|-------|
| ING Peso Cash Management Fund | 0.60% | 3.22% | 12.25% | |
| HSBC Money Market Index ¹ | 0.89% | 4.13% | 13.58% | |
| Spread on Benchmark | -0.29% | -0.91% | -1.32% | |

| | YTD | 1 YR | 3 YRS | 5 YRS |
|-----------------------------|--------------|--------------|-------|-------|
| ING Peso Income Fund | 0.92% | 5.37% | | |
| HP15TR | 1.29% | 5.95% | | |
| Spread on Benchmark | -0.36% | -0.58% | | |

| | YTD | 1 YR | 3 YRS | 5 YRS |
|-------------------------------------|--------------|--------------|---------------|---------------|
| ING Peso Bond Fund* | 1.40% | 5.47% | 13.51% | 51.81% |
| HSBC Liquid Bond Index ² | 1.23% | 6.48% | 16.59% | 60.23% |
| Spread on Benchmark | 0.17% | -1.02% | -3.08% | -8.43% |

Dollar Bond Funds

| | YTD | 1 YR | 3 YRS | 5 YRS |
|--|--------------|---------------|---------------|---------------|
| ING Philippine Dollar Bond Fund* | 0.53% | 19.45% | 17.20% | 46.00% |
| JP Morgan Asia Credit Index ³ | 1.24% | 21.03% | 27.82% | 68.32% |
| Spread on Benchmark | -0.71% | -1.57% | -10.61% | -22.32% |

| | YTD | 1 YR | 3 YRS | 5 YRS |
|----------------------------------|--------------|---------------|--------------|-------|
| ING US Dollar Income Fund | 1.34% | 10.65% | 7.78% | |
| JP Morgan EMBIG Div (1-5 Yrs)* | 1.45% | 20.79% | 24.11% | |
| Spread on Benchmark | -0.12% | -10.13% | -16.33% | |

Diversified Funds

| | YTD | 1 YR | 3 YRS | 5 YRS |
|-------------------------------------|--------------|---------------|-------|-------|
| ING Diversified Capital Fund | 0.20% | 24.09% | | |
| 70% HLBi#, 30% PSEi | 1.34% | 21.12% | | |
| Spread on Benchmark | -1.13% | 2.97% | | |

| | YTD | 1 YR | 3 YRS | 5 YRS |
|--------------------------------------|---------------|---------------|---------------|-------|
| ING Diversified Balanced Fund | -0.41% | 35.99% | -3.32% | |
| 50% HLBi#, 50% PSEi | 1.38% | 31.69% | 11.93% | |
| Spread on Benchmark | -1.79% | 4.29% | -15.25% | |

Equity Funds

| | YTD | 1 YR | 3 YRS | 5 YRS |
|------------------------------------|---------------|---------------|----------------|---------------|
| ING Philippine Equity Fund* | -1.58% | 66.88% | -13.06% | 25.58% |
| PSEi | 1.39% | 61.18% | 2.20% | 44.02% |
| Spread on Benchmark | -2.97% | 5.70% | -15.26% | -18.43% |

| | YTD | 1 YR | 3 YRS | 5 YRS |
|--|---------------|---------------|-------|-------|
| ING Philippine High Conviction Fund | -2.01% | 77.10% | | |
| PSEi | 1.39% | 61.18% | | |
| Spread on Benchmark | -3.40% | 15.91% | | |

| | YTD | 1 YR | 3 YRS | 5 YRS |
|---|--------------|------|-------|-------|
| ING Asia Pacific High Dividend Equity Fund | 1.02% | | | |
| MSCI AC Asia Pacific ex Japan TR Index | 1.13% | | | |
| Spread on Benchmark | -0.11% | | | |

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

+ 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.

² Prior to January 1, 2007, the fund was benchmarked against the HSBC Philippines Local Bond Index.

³ Gross of withholding taxes otherwise applicable to the Fund. As affirmed by the provider, data may contain pricing errors.

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

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

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

www.ingim.com.ph

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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 |
|------------------|--------------------------|------------------------|----------------------|
| 8-Mar-10 | 12.988140 | 105.014355 | 173.005882 |
| 5-Mar-10 | 12.983139 | 104.957377 | 172.814514 |
| 4-Mar-10 | 12.983262 | 104.950956 | 172.891835 |
| 3-Mar-10 | 12.982243 | 104.906945 | 172.827706 |
| 2-Mar-10 | 12.980971 | 104.880005 | 172.785241 |
| 26-Feb-10 | 12.972771 | 104.833065 | 172.618442 |
| 8-Feb-10 | 12.952952 | 104.503008 | 172.085744 |
| 29-Jan-10 | 12.943251 | 104.333171 | 171.218369 |
| 29-Dec-09 | 12.910144 | 104.054931 | 170.613598 |
| 27-Nov-09 | 12.896497 | 103.799316 | 170.637888 |
| 30-Oct-09 | 12.868336 | 102.988859 | 169.138686 |
| 30-Sep-09 | 12.841247 | 107.760752 | 169.190184 |
| <i>DoD % Chg</i> | <i>0.04%</i> | <i>0.05%</i> | <i>0.11%</i> |
| <i>WoW % Chg</i> | <i>0.12%</i> | <i>0.17%</i> | <i>0.22%</i> |
| <i>MoM % Chg</i> | <i>0.27%</i> | <i>0.49%</i> | <i>0.53%</i> |

Dollar Denominated Bond Funds

| | Dollar Income Fund | Dollar Bond Fund |
|------------------|--------------------------|------------------------|
| 8-Mar-10 | 10.344282 | 17.560658 |
| 5-Mar-10 | 10.342060 | 17.501387 |
| 4-Mar-10 | 10.332140 | 17.468713 |
| 3-Mar-10 | 10.334310 | 17.444154 |
| 2-Mar-10 | 10.319808 | 17.463066 |
| 26-Feb-10 | 10.294768 | 17.373933 |
| 8-Feb-10 | 10.243860 | 17.167589 |
| 29-Jan-10 | 10.248855 | 17.285638 |
| 29-Dec-09 | 10.207749 | 17.468757 |
| 27-Nov-09 | 10.119793 | 17.147420 |
| 30-Oct-09 | 10.042667 | 17.168093 |
| 30-Sep-09 | 10.038546 | 17.152826 |
| <i>DoD % Chg</i> | <i>0.02%</i> | <i>0.34%</i> |
| <i>WoW % Chg</i> | <i>0.48%</i> | <i>1.07%</i> |
| <i>MoM % Chg</i> | <i>0.98%</i> | <i>2.29%</i> |

Equity Funds

| | Philippine Equity Fund | High Conviction Fund | Asia Pacific High Dividend Equity Fund |
|------------------|------------------------------|----------------------------|--|
| 8-Mar-10 | 258.642022 | 90.513903 | 8.979135 |
| 5-Mar-10 | 257.086654 | 89.798179 | 8.819203 |
| 4-Mar-10 | 256.237550 | 89.912363 | 8.751937 |
| 3-Mar-10 | 256.876630 | 89.615928 | 8.798367 |
| 2-Mar-10 | 256.309030 | 89.653826 | 8.738888 |
| 26-Feb-10 | 252.378457 | 88.175672 | 8.538284 |
| 8-Feb-10 | 241.178029 | 83.684815 | 8.213628 |
| 29-Jan-10 | 252.402807 | 87.562470 | 8.500974 |
| 29-Dec-09 | 262.799427 | 92.370310 | 8.888440 |
| 27-Nov-09 | 264.048150 | 92.800589 | 8.578304 |
| 30-Oct-09 | 253.618417 | 88.017806 | 8.520351 |
| 30-Sep-09 | 240.165291 | 83.242276 | 8.531117 |
| <i>DoD % Chg</i> | <i>0.60%</i> | <i>0.80%</i> | <i>1.81%</i> |
| <i>WoW % Chg</i> | <i>2.48%</i> | <i>2.65%</i> | <i>5.16%</i> |
| <i>MoM % Chg</i> | <i>7.24%</i> | <i>8.16%</i> | <i>9.32%</i> |

Diversified Funds

| | Diversified Capital Fund | Diversified Balanced Fund |
|------------------|--------------------------------|---------------------------------|
| 8-Mar-10 | 105.024758 | 116.599483 |
| 5-Mar-10 | 104.695920 | 116.124090 |
| 4-Mar-10 | 104.588033 | 115.911681 |
| 3-Mar-10 | 104.673377 | 116.072533 |
| 2-Mar-10 | 104.558402 | 115.899256 |
| 26-Feb-10 | 103.861129 | 114.795120 |
| 8-Feb-10 | 101.785013 | 111.549930 |
| 29-Jan-10 | 103.324546 | 114.419881 |
| 29-Dec-09 | 104.810920 | 117.076117 |
| 27-Nov-09 | 104.949612 | 117.300078 |
| 30-Oct-09 | 102.838163 | 114.175572 |
| 30-Sep-09 | 100.626862 | 110.492384 |
| <i>DoD % Chg</i> | <i>0.31%</i> | <i>0.41%</i> |
| <i>WoW % Chg</i> | <i>1.12%</i> | <i>1.57%</i> |
| <i>MoM % Chg</i> | <i>3.18%</i> | <i>4.53%</i> |