

ING Funds Update

July 3, 2009

BSP signals further rate cuts coming

US non-farm payrolls decline by 467,000 - worse than market expectations

Commentary
News Briefs

The BSP yesterday said that the central bank has room to cut rates further given that inflations risks remain subdued. The Monetary Board it set to discuss its key overnight borrowing and lending rates next week and the latest statement all but cements a reduction in those rates.

Listed company Metro Pacific Inc. announced plans to issue P5 billion worth of preferred shares at a par of P0.01 par and also a U\$200 - \$300 million share offering, with First Pacific willing to reduce its stake only to 70% to boost free float.

US Treasuries

Investors sold-off their stocks and rushed back to the safety of Treasuries after the Labor Department showed that the US lost 467,000 jobs in June, significantly higher than the 365,000 market consensus. The nation's unemployment rate also jumped to 9.5%, making June the 9th straight month that unemployment rose. The benchmark 10 Yr bond's yield declined 4 bps to 3.49%.

Global Emerging Market Debt

EM bonds proved resilient amid a sell-off in US equities due to the weaker payroll numbers. Investors may have opted to shift to high yielding bonds rather than safe-haven but low yielding US Treasuries. EM bond prices were flat, rising 0.01% for the day.

Philippine Dollar Denominated Bonds

ROP prices declined on new supply concerns yesterday. The Bureau of the Treasury opened the idea of another \$1 billion ROP issuance to plug up the holes in the budget deficit.

Philippine Peso Denominated Bonds

Fears that the government's budget deficit may balloon to unexpected levels subsided for a moment as investors began buying back into the market. Inflation and the Monetary Board meeting are set for next week, and it looks like the market is expecting tame inflation and a rate cut the way yields are declining. The yield on the 5 Yr FXTN dropped 4 bps to 6.10%.

Philippine Equities

Another quiet day for the local stock market as participants had no significant market moving news to act on. The market range traded but bias was upward thanks to stronger US markets last Wednesday. The benchmark PSEi gained 0.21% to 2,438.04.

Asian Equities

Another day, another surge in metal prices. Mining companies continued to trek higher, but most other stocks declined in anticipation of a data-heavy US trading session that night. The MSCI Asia Pacific Ex-Japan Index declined 0.48% to 229.21.

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

Fund Returns - July 2, 2009

Peso Bond Funds

	YTD ²	1 YR	3 YRS	5 YRS
ING Peso Cash Management Fund	2.46%	4.94%	17.22%	
HSBC Money Market Index ¹	2.44%	5.09%	14.20%	
Spread on Benchmark	0.02%	-0.15%	3.03%	

	4.04%	9.53%		
ING Peso Income Fund	4.04%	9.53%		
HP15TR	4.80%	11.54%		
Spread on Benchmark	-0.76%	-2.02%		

	4.61%	9.78%	28.30%	57.87%
ING Peso Bond Fund[*]	4.61%	9.78%	28.30%	57.87%
HSBC Liquid Bond Index [†]	4.27%	12.61%	31.63%	65.84%
Spread on Benchmark	0.34%	-2.83%	-3.33%	-7.97%

Dollar Bond Funds

	YTD ²	1 YR	3 YRS	5 YRS
ING Philippine Dollar Bond Fund[*]	12.23%	1.63%	20.62%	48.21%
JP Morgan Asia Credit Index [‡]	14.26%	9.13%	31.23%	69.35%
Spread on Benchmark	-2.03%	-7.50%	-10.61%	-21.13%

	6.39%	-3.19%	5.13%	
ING US Dollar Income Fund[^]	6.39%	-3.19%	5.13%	
JP Morgan EMBIG Div (1-5 Yrs)*	12.58%	5.69%	21.32%	
Spread on Benchmark	-6.18%	-8.87%	-16.19%	

Diversified Funds

	YTD ²	1 YR	3 YRS	5 YRS
ING Diversified Capital Fund	15.68%	2.45%		
70% HLB# , 30% PSEi	11.80%	10.43%		
Spread on Benchmark	3.89%	-7.97%		

	23.29%	-0.83%		
ING Diversified Balanced Fund	23.29%	-0.83%		
50% HLB# , 50% PSEi	16.94%	8.45%		
Spread on Benchmark	6.35%	-9.29%		

Equity Funds

	YTD ²	1 YR	3 YRS	5 YRS
ING Philippine Equity Fund[*]	43.78%	-3.52%	5.07%	43.48%
PSEi	30.18%	1.84%	11.90%	50.51%
Spread on Benchmark	13.61%	-5.37%	-6.83%	-7.03%

	50.05%	-4.96%		
ING Philippine High Conviction Fund	50.05%	-4.96%		
PSEi	30.18%	1.84%		
Spread on Benchmark	19.87%	-6.81%		

	30.68%			
ING Asia Pacific High Dividend Equity Fund	30.68%			
MSCI AC Asia Pacific ex Japan TR Index	37.03%			
Spread on Benchmark	-6.35%			

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.

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

^β 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.

[^] As a result of Ecuador's default, JP Morgan has advised that all Ecuador bonds in the EMBI indices will trade flat effective Monday, December 15, 2008.

² YTD returns are from Dec 24, 2008

www.ingim.com.ph

The views expressed herewith by ING Investment Management Philippines - Trust Department of ING Bank N.V. Manila Branch, are strictly for information purposes only. ING IM does not however make representations towards the accuracy or completeness of market information in this release. Information contained in this release is based on data that ING IM considers reliable, but ING IM does not represent that it is accurate or complete, and it should not be relied upon as such. The participation in the Fund is a trust product, not a bank deposit and nor an obligation of, nor guaranteed, nor issued, nor insured by ING Bank N.V or its affiliates or subsidiaries and therefore is not insured or governed by the Philippine Deposit Insurance Corporation (PDIC). Investment or participation in the Fund is subject to risk and possible loss of principal. The Trustee is not liable for losses unless upon willful default, bad faith or gross negligence. Losses, if any, shall be for the account and risk of the Trustor/Participant. Past performance is not indicative of future performance. Value of the Fund can go up and down. Any quoted "income expectation" or like terms is neither assured nor guaranteed by Trustee and does not therefore entitle Trustor to a fixed interest or return on its investments. Units of participation in the Fund, when redeemed, may be worth more or less than the original contribution amount.

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
2-Jul-09	12.705087	106.802120	166.672194
1-Jul-09	12.699537	106.581752	166.362774
30-Jun-09	12.698737	106.455499	166.220886
29-Jun-09	12.687215	106.270455	166.064936
26-Jun-09	12.678604	105.759380	165.507569
25-Jun-09	12.691086	106.153967	166.060428
2-Jun-09	12.679765	106.832226	167.456025
29-May-09	12.679788	106.882394	167.527037
30-Apr-09	12.643496	105.713073	165.803382
31-Mar-09	12.607766	105.580373	164.367905
27-Feb-09	12.559873	105.469970	164.267600
24-Dec-08	12.399824	103.482646	159.321301
<i>DoD % Chg</i>	<i>0.04%</i>	<i>0.21%</i>	<i>0.19%</i>
<i>WoW % Chg</i>	<i>0.11%</i>	<i>0.61%</i>	<i>0.37%</i>
<i>MoM % Chg</i>	<i>0.20%</i>	<i>-0.03%</i>	<i>-0.47%</i>

Dollar Denominated Bond Funds

	Dollar Income Fund	Dollar Bond Fund
2-Jul-09	9.690643	15.852158
1-Jul-09	9.671653	15.902698
30-Jun-09	9.679718	15.938183
29-Jun-09	9.675849	15.934303
26-Jun-09	9.671846	15.962803
25-Jun-09	9.644243	15.857703
2-Jun-09	9.671708	16.187431
29-May-09	9.650870	16.045240
30-Apr-09	9.551273	15.415037
31-Mar-09	9.518274	15.346589
27-Feb-09	9.351371	14.770979
24-Dec-08	9.108247	14.124889
<i>DoD % Chg</i>	<i>0.20%</i>	<i>-0.32%</i>
<i>WoW % Chg</i>	<i>0.48%</i>	<i>-0.03%</i>
<i>MoM % Chg</i>	<i>0.20%</i>	<i>-2.07%</i>

Equity Funds

	Philippine Equity Fund	High Conviction Fund	Asia Pacific High Dividend Equity Fund
2-Jul-09	205.684459	67.756415	7.130159
1-Jul-09	204.830125	67.438857	7.134702
30-Jun-09	205.472684	67.860465	7.142754
29-Jun-09	206.351681	68.093933	7.098103
26-Jun-09	206.325552	68.038918	7.113951
25-Jun-09	205.993160	67.984767	7.012796
2-Jun-09	210.764058	70.754107	7.293625
29-May-09	201.486268	67.650770	7.091157
30-Apr-09	175.866156	58.401505	6.361809
31-Mar-09	172.691449	58.109016	5.611518
27-Feb-09	152.530661	49.926552	5.025588
24-Dec-08	143.050092	45.155317	5.456395
<i>DoD % Chg</i>	<i>0.42%</i>	<i>0.47%</i>	<i>-0.06%</i>
<i>WoW % Chg</i>	<i>-0.15%</i>	<i>-0.34%</i>	<i>1.67%</i>
<i>MoM % Chg</i>	<i>-2.41%</i>	<i>-4.24%</i>	<i>-2.24%</i>

Diversified Funds

	Diversified Capital Fund	Diversified Balanced Fund
2-Jul-09	94.264892	100.578644
1-Jul-09	94.033902	100.294900
30-Jun-09	94.133306	100.510696
29-Jun-09	94.238918	100.736721
26-Jun-09	94.063391	100.632027
25-Jun-09	94.192205	100.666865
2-Jun-09	95.443975	102.335626
29-May-09	93.884096	99.770838
30-Apr-09	88.770594	92.011381
31-Mar-09	87.829054	90.826689
27-Feb-09	84.305046	85.081424
24-Dec-08	81.486743	81.581797
<i>DoD % Chg</i>	<i>0.25%</i>	<i>0.28%</i>
<i>WoW % Chg</i>	<i>0.08%</i>	<i>-0.09%</i>
<i>MoM % Chg</i>	<i>-1.24%</i>	<i>-1.72%</i>