



STRATEGY BRIEF

GLOBAL

ING Investment Management at a Glance

ING Investment Management is a leading global asset manager with \$487 billion in assets under management. With over 3,500 employees and an investment presence in 33 countries, ING IM provides clients with access to domestic, regional and global investment solutions.

Mission

ING Investment Management's mission is to find unrecognized value ahead of consensus by seeking original insights on markets and companies. Toward that end, we apply our proprietary research and analytics, benchmark awareness and risk management to serve client needs within the guidelines and objectives of each assignment.

Portfolio Manager



Christine Hartsellers
Chief Investment Officer,
Fixed Income and
Proprietary Investments
Years of experience: 20

Investment Team

Supported by over 100 Fixed Income Investment Professionals with the majority averaging 10+ years experience

For more information please contact your relationship manager or go to www.inginvestment.com.

Quarter ending June 30, 2010.

STRATEGY

Summary

This is a short duration core fixed income strategy that invests only in investment-grade securities. We believe a relative value sector and security selection approach implemented by asset specialists within a disciplined research and risk management framework produces superior long-term performance.

Objective

Our objective is to outperform the Barclays Capital Government/Credit 1-3 Year Index by 25 basis points before management fees over a full credit cycle with annualized tracking error of approximately 0.5%.

Investment Process

Securities are evaluated using the Relative Value Matrix, a proprietary database that tracks the spread relationships between individual securities. We combine this value discovery tool with in-depth, fundamental research to buy bonds at a discount to their intrinsic value. The Relative Value Matrix framework is also used to assess the attractiveness of each of the broad sectors. We will frequently take advantage of sector rotation, issue selection and relative value swaps, but rarely make major moves in our interest rate and yield curve view.

Contribution to Process and Returns

High Security Selection



We continuously review the fundamentals and relative value of each security in our universe to ensure our portfolios are well-positioned to add value.

High Sector Allocation



Fixed Income segment returns vary over time; macro theme analysis captures the changes and guides our sector allocation strategy.

High Yield Curve



Macro-economic analysis and our capital markets expectations shape yield curve positioning, which varies as opportunities present themselves.

High Duration



Duration is managed within a relatively narrow band around the benchmark duration.

Competitive Advantages

- A global team of market specialists examines the widest possible opportunity set
- Top-down macro themes shape overall strategy and provide context for our bottom-up security selection
- Balanced emphasis on quantitative and qualitative inputs fosters strong checks and balances and validation for our investment themes
- Proprietary risk budgeting and management tools guide portfolio construction
- Competitive performance over time and within each component of the portfolio

PERFORMANCE (%)

Composite		Quarter	YTD	1 Year	Annualized		
					3 Years	5 Years	10 Years
	Gross:	0.87	2.18	5.28	4.57	4.28	5.03
	Net:	0.78	2.00	4.92	4.21	3.92	4.66
	Barclays Capital Gov't/Credit 1-3 Year Index **	1.05	1.95	3.77	5.13	4.52	4.76
	Excess Return	(0.18)	0.23	1.51	(0.56)	(0.24)	0.27

COMMENTARY

Market Review

After relatively steady performance in the first quarter, financial market volatility reemerged during the second as the European sovereign debt crisis moved to center stage. With equity markets tumbling 12% during the period, Treasury bonds again found favor as risk aversion returned, forcing a sharp rally for U.S. Treasuries and a widening of credit spreads.

Market confidence evaporated over the lack of a credible solution to the European sovereign crisis as European politicians continued to bicker over the right set of remedies. Significant ground-breaking measures were taken in April by the European Central Bank (ECB) and the International Monetary Fund (IMF), with a €750 billion rescue plan and the commencement of a sovereign debt purchase program. Markets still questioned the likelihood of these and new fiscal measures to ultimately solve the crisis. The quarter ended with some bright spots, however, as European officials announced more transparency for upcoming bank stress-test results and the ECB allowed its temporary bank lending facility to expire without any additional market dislocation.

Closer to home, the U.S. economic recovery that started so well also seemed to be facing headwinds in the second quarter. Consumer confidence slid in June with continued job market sluggishness and new home sales nose-diving to the lowest level on record. Some of this was due to the expiry in April of the first-time home buyers' tax credit program. The Federal Reserve (Fed) also acknowledged the change in market tone by stating in June that "financial conditions have become less supportive of economic growth on balance, largely reflecting developments abroad."

Account Performance

The portfolio underperformed the Barclays Capital Government/Credit 1-3 Year Index for the quarter. The main driver of results was our overweight to investment grade corporate bonds, particularly the financial and energy sub-sectors. Our overweight to asset backed and mortgage backed securities, which are not in the benchmark, helped performance for the quarter while commercial mortgages (CMBS) performed in line

with the index. The portfolio's interest rate position fluctuated around neutral over the quarter and so duration had a relatively flat to slightly negative impact on performance.

Current Strategy and Outlook

We see interest rates in the United States well supported by a Federal Open Market Committee that is on hold and by a lack of inflation pressures. We believe that the slack in global markets will keep inflation in check and policy makers on the sidelines with respect to rate hikes. We expect the Fed to keep the Fed Funds rate unchanged in 2010 and withhold tightening until 2011. In our opinion there is little likelihood of an unwinding of quantitative easing by the Fed in the near term. We believe it is likely that the U.S. yield curve will continue to flatten as the market prices in eventual Fed rate hikes.

Despite the recent volatility in the markets we think the carry trade in risk assets will likely outperform and security selection, while always important, will be of increasing importance in generating excess returns. Driven largely by rebounding consumer growth, inventory rebuilding and capital spending, the U.S. economy continues to grow at a modest pace. Recent data have shown U.S. productivity growth is far outpacing our G7 counterparts, supporting our thesis to remain overweight investment grade bonds, especially those tied to the U.S. economy. Fundamentals also appear reasonably compelling, as cost reductions and modest growth expectations, i.e., recent sales and profit growth, are returning to healthy levels. Corporate leverage has peaked and is now declining, which contributes to our comfort with investment grade bonds.

We are modestly overweight non-agency MBS and overweight commercial mortgage-backed securities (CMBS), given positive supply, compelling liquidity and credit risk premiums that provide attractive loss-adjusted yields. Within CMBS, we are biased towards well-structured deals and favor investing higher up in the capital structure. We view post-credit-crisis leverage unwinding as less likely and with less down-side potential. Add to that the modest improvement in the U.S. economy and employment picture, and we continue to be constructive on the non-agency residential and commercial mortgaged backed sectors.

Manager commentary is for informational purposes only and does not constitute investment advice and is not a recommendation to purchase or sell any of the securities referenced. You can remove the Information should not be construed as investment advice because this covers it. So, the disclosure should appear as such.

Past performance does not guarantee future results. There is no guarantee that any forecasts or opinions in this material will be realized. Manager commentary is for informational purposes only and does not constitute investment advice and is not a recommendation to purchase or sell any of the securities referenced.

Please refer to the Schedule of Composite Performance, attached, for additional performance information.

The Composite performance information represents the investment results of a group of fully discretionary accounts managed with the investment objective of outperforming the benchmark. Information is subject to change at any time. Gross returns are presented after all transaction costs, but before management fees. Returns include the reinvestment of income. Net performance is shown after the deduction of a model management fee equal to the highest fee charged. Benchmark source: Barclays Capital.

The Barclays Capital Government/Credit 1-3 Year Index covers treasuries, agencies, publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements. For comparison purposes, the index is fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs.

** The benchmark represents the return on the Merrill Lynch US Domestic Market 1-5 Year Bond Index from inception to 12/31/02 combined with the return on the Barclays Capital Government/Credit 1-3 Year Index from 1/1/03 to the present. The benchmark was changed to more closely reflect the investment guidelines and process of the strategy.

PORTFOLIO HIGHLIGHTS

Sector Weights

	% of Portfolio	B.C. Gov/Credit 1-3 Year Index	Overweight/ Underweight
Treasuries/Cash	29.47	55.15	-25.68
Government-related	14.84	28.10	-13.26
MBS	3.26	0.00	3.26
CMBS	2.25	0.00	2.25
ABS	4.19	0.00	4.19
Corporates	46.11	16.75	29.36
Derivatives	-0.12	0.00	-0.12
Other	0.00	0.00	0.00
Total	100	100	0.00

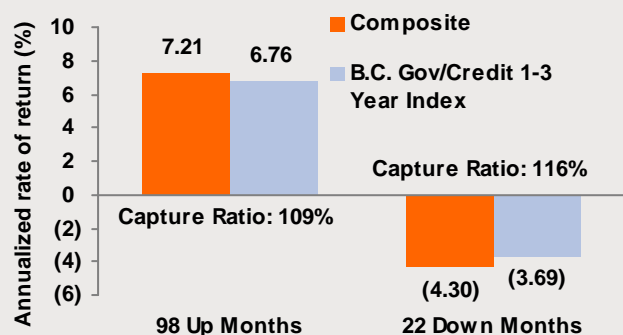
Returns-Based Characteristics

Ten years ending 6/30/10

	Composite	B.C. Gov/Credit 1-3 3 Year Index
Standard Deviation (%)	2.17	1.67
Tracking Error (%)	1.13	NA
Information Ratio	0.22	NA
Alpha (annualized %)	(0.01)	NA
Beta	1.12	1.00
R-Squared	0.74	1.00
Sharp Ratio	1.13	1.32

Up/Down Capture Ratio

9/1/96 to 6/30/10



Percentage of Time the Composite Outperformed the Benchmark

9/1/96 to 6/30/10

5-Year Rolling Period	78%	28/36
3-Year Rolling Period	57%	25/44

Quality Comparison to Benchmark (%)

	Portfolio	B.C. Gov/Credit 1-3 3 Year Index
AAA	48.67	81.31
AA	11.61	5.52
A	21.00	8.16
BBB	13.96	5.01
≤BB	0.69	0.00
Not Rated	0.18	0.00

Security Characteristics

	Portfolio	B.C. Gov/Credit 1-3 3 Year Index
Average Quality	AA3	AAA/AA1
Adjusted Yield (%)	1.56	1.02
Effective Duration (Yrs.)	1.92	1.89

Top Ten Credit Exposures

	% of Portfolio
General Electric Capital Corp	1.39
New Cingular Wireless Services	1.32
Citigroup Inc	1.31
Verizon New York Inc	1.18
Goldman Sachs Group	1.14
Merrill Lynch & Co	1.07
Morgan Stanley	1.06
Wyeth	0.94
JPMorgan Chase & Co	0.92
Cellco Partnership	0.89

Alpha: A measure of risk-adjusted performance; expressed as an annualized rate, it is the return that would have been realized by the manager over a measurement period if the return for the market were zero.

Beta: The sensitivity of a portfolio's returns to changes in the return of the market as measured by the index or benchmark that represents the market. A beta of 1.0 behaves exactly like the index. Beta less than 1.0 suggests lower risk than the index; greater than 1.0 indicates a risk level higher than the index.

Tracking Error: A measure of how closely the returns of a fund tend to follow the returns of the index to which it is benchmarked, specifically, the variability of excess returns around the average.

Information Ratio: The ratio of excess returns above a market index to the variability of those excess returns, in effect, describing the value-added from active management in relation to the risk taken in achieving those returns.

R-square: The proportion of the variation in a portfolio's returns that can be explained by the variability of the returns of an index. High R-square (close to 1.0) is usually consistent with broad diversification.

Upside/Downside Capture: is a graphical depiction of the historical risk and return potential of a portfolio versus its benchmark. Upside capture measures how the manager performed when the market was positive, while the downside capture measures the degree to which the manager went down while markets were negative.

The sector, security, and credit exposures information is based on a sample account in the Composite that we believe best represents this investment management style. It should not be assumed that the adviser continues to hold the securities listed. Other accounts in the Composite might have slightly different portfolio characteristics. Returns-Based Characteristics are based on the Composite returns.

The performance above is offered as Supplemental Information only. Please see next page for other important disclosures.

SCHEDULE OF COMPOSITE PERFORMANCE

Year	Composite Returns (%)		Barclays Capital Gov't Credit 1-3 yr. Returns (%)	Number of Portfolios	Composite Dispersion (%)		Assets in this Composite (\$mm)	Percentage of Firm Assets (%)	Total Firm Assets (\$mm)
	Gross	Net			High	Low			
2009	7.25	6.88	3.83	<5	7.68	5.56	346	0.56	61,599
2008	0.43	0.08	4.97	<5	1.68	0.33	449	0.80	56,044
2007	6.33	5.96	6.83	<5	6.36	6.33	769	1.04	74,322
2006	4.36	4.00	4.25	<5	4.37	4.37	450	0.68	66,276
2005	2.12	1.76	1.77	<5	2.12	2.12	304	0.51	58,983
2004	2.01	1.65	1.30	<5	2.01	2.01	392	0.63	62,640
2003	3.35	2.72	2.82	<5	3.35	3.35	572	0.91	62,704
2002	7.80	7.43	6.28	<5	7.80	7.80	612	15.20	4,025
2001	9.42	9.04	8.78	<5	9.42	9.42	461	16.67	2,763
2000	8.32	7.94	8.08	<5	8.32	8.32	251	13.68	1,835

The Firm has prepared and presented this report in compliance with the Global Investment Performance Standards ("GIPS").

NOTES:

- For GIPS purposes, the Firm is defined as all discretionary accounts managed by ING Investment Management Co. and its subsidiary ING Investment Trust Co., but not including collateralized debt obligation structures, long/short hedge funds, structured mortgage derivative portfolios, or specialized accounts supporting the reinsurance arrangements of affiliated insurance companies.
- Effective July 1, 2008, the Firm for GIPS purposes was redefined to exclude its affiliate ING Ghent Asset Management LLC ("ING Ghent"), as a result of the sale of assets managed by the ING Ghent portfolio management team. Previously, on December 31, 2003 the Firm was redefined for GIPS purposes to reflect the consolidation of ING business units and to provide the public with a more meaningful representation of the various investment strategies the Firm has to offer.
- "Composite Dispersion (%)" for each annual period is based on the gross returns shown (after transaction costs) and is equal to the highest and lowest annual return among the portfolios that are included in the composite for the full year.
- Fixed income derivatives such as futures or total return swaps may be used to replicate or hedge cash securities. Although no borrowing of funds (financial leverage) typically occurs, derivative instruments contain an element of economic and/or embedded leverage through their delivery of greater exposure to an underlying investment than could be obtained through the cash bond market. Thus, in addition to the risk of changes in market value of the security, certain derivatives are subject to credit risk with regard to the counterparty to those transactions, while others carry risk of loss due to changes in interest rates. In all cases, cash or other short term investments are used to collateralize the risk of changes in market value of the derivative instrument, but the use of derivatives may increase portfolio volatility and may reduce returns.
- Prior to December 31, 2002, the data presented is for the Core Short Duration accounts managed by ING Investment Management, LLC, an affiliated adviser. During 2003, the management responsibility for these accounts was transferred to Aeltus, at which time the personnel responsible for account management became employees of Aeltus, continuing to manage the accounts.
- In January 2009, the lead portfolio manager(s) for this strategy changed. No substantial changes were made to the strategy's investment objectives or investment process as a result.
- Composite returns are calculated from discretionary Core Short Duration Fixed Income portfolios managed with a view towards outperforming the index over rolling three-year periods by investing primarily in securities included in its benchmark.
- Returns are benchmarked to the Barclays Capital (formerly, Lehman Brothers) Government Credit 1-3 Year Index which does not incur management fees, transaction costs or other expenses associated with a managed account. The composite benchmark changed from the Lehman Brothers Government/Credit 1-5 Years to Lehman Brothers Government Credit 1-3 Year Index on January 1, 2003. The change was retroactively applied to the historical returns. The Lehman Brothers Government/Credit 1-3 Years is consistent with the investment strategy of the composite. It is not possible to invest directly in an index. Past performance is no guarantee of future results.
- On March 1, 2007, the annual gross composite return for the year 2003 was recalculated to account for cash flows that were inadvertently excluded from the performance calculation. The correction resulted in a change from 3.08% to 3.35%.
- All portfolios have been valued on a monthly basis. The composite has been constructed as a beginning-of-period asset-weighted average of each account's time-weighted return and includes reinvestment of income and capital gains.
- Prior to January 1, 2003, no portfolios were excluded based on size. Effective January 1, 2003, a \$25 million minimum has been set for inclusion in the composite.
- Valuation and returns are computed and stated in U.S. dollars.
- Fixed income derivatives such as futures or total return swaps may be used in portfolios that allow their use to replicate or hedge cash securities. Cash is used to collateralize the notional value of the derivative instrument ensuring that leverage is not employed.
- Gross performance results are calculated and presented after all trading commissions but before management fees, custody charges, taxes, and other indirect expenses. Net of fee performance results are calculated by subtracting a hypothetical management fee % from the gross return on a monthly basis and geometrically linking the results to produce annual returns shown. As such, the net performance results are net of both trading commissions and management fees, but before custody charges, taxes, and other indirect expenses. The hypothetical management fee is equal to the highest fee % level from any fee schedule currently offered for the strategy shown. While fee schedules can change over time, any amended fee %s resulting from a change will not be retroactively applied to performance history, but will rather be applied on a prospective basis from the point of the change.
- The annual management fee will vary according to the size of the account, and will depend on the type of investment vehicle selected. The fee schedule for an individually managed account for this strategy is: 0.35% on the first \$50 million; 0.25% on the next \$50 million; 0.20% on the next \$400 million; 0.10% on the next \$500 million; and 0.05% over \$1000 million. However, fee schedules may differ for pooled trusts or other types of investment vehicles. Further information regarding applicable fee schedules is available upon request.
- This composite was created November 1, 2002. A complete list and description of the Firm composites and additional information regarding policies for calculating and reporting returns is available upon request.