

Core Australian Equities

30 June 2010

For Institutional Investors Only

ING INVESTMENT MANAGEMENT

Strategy Brief

Investment Objective

The core Australian equities strategy aims to deliver returns (before fees, charges and taxes) that exceed the S&P/ASX 300 Accumulation Index by at least 2.5% per annum over a rolling 3 year period.

Key Benefits

- Provides investors with a diversified portfolio of predominantly large cap stocks, underpinned by a strategy that selects the best 30-50 stocks.
- Focuses on quality companies demonstrating sustainable and visible earnings streams. The resulting portfolio is expected to perform through all investment cycles.
- Managed by an experienced investment team structure focussed on delivering significant alpha, through a robust research, portfolio construction and implementation process.

Portfolio Characteristics

Inception	February 1994
Assets under management (\$m)	1,793.81
Number of securities	46
Market Cap Bias	Large Cap
Benchmark	S&P/ASX 300 Accumulation Index
Alpha (3 year, %)	0.09
Beta (3 year)	0.98
Tracking error (3 year, %)	4.45
Information ratio (3 year)	0.05
Sharpe ratio (3 year)	-0.70

Performance as at 30 June 2010

	3 months %	1 year %	3 years % p.a.	5 years % p.a.
INGIM Composite	-12.41	11.38	-7.81	4.86
S&P/ASX 300 Accumulation Index	-11.20	13.05	-8.05	4.49
Value-add	-1.21	-1.67	0.24	0.37



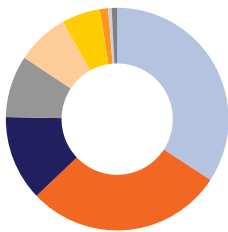
INGIM returns are calculated before fees, charges and taxes.

Market Capitalisation



Top 20	43.7%	100-200	9.9%
20-50	28.5%	200-300	0.0%
50-100	17.9%	Ex 300	0.0%

Sector Allocation



Materials	34.2%	Consumer Discretionary	5.6%
Financials ex Property	28.7%	Listed Property Trusts	1.2%
Energy	12.4%	Health Care	0.5%
Industrials	9.0%	Cash	0.8%
Consumer Staples	7.6%		

For more information please contact:

Client Services

T (Aus): 1300 365 439

T (Int): +61 2 9276 6276

F: +61 2 9276 6400

E: client.services@ingim.com.au

W: www.ingim.com.au

ING Investment Management Limited
 ABN 23 003 731 959 AFSL 233793
 Level 21, 83 Clarence Street
 Sydney NSW 2000 Australia

Market Commentary

Following returns of -1.3% and -7.5% in April and May respectively, the Australian sharemarket, as measured by the S&P/ASX 300 Accumulation Index, declined by 2.6% over the month of June, resulting in a loss for the quarter of 11.2%.

Sentiment was undermined early in the period when the financial fragility of a number of European countries was highlighted by a multi-notch sovereign credit rating downgrade to Greece. The subsequent announcement of a €750 billion financial rescue package by the European Union (EU) and the International Monetary Fund (IMF) for Greece and the other heavily indebted European nations served only to temporarily ease credit concerns. Specifically, it remains a point of conjecture as to whether a default on the part of one or a number of these nations will be avoided.

Concerns over the sovereign debt situation in Europe were accompanied by a growing sense of scepticism with regard to the sustainability of the economic recovery in the US. A particular point of concern was the 32.7% slump in new home sales data in May. This gave significant weight to the contention that the earlier resilience in the housing sector was almost entirely attributable to the US government's tax credit for new home purchases scheme, which has now expired.

Regulatory concerns also weighed on market sentiment, as the Federal Government announced a proposed Resource Super Profits Tax (RSPT) on mining companies. Although the initial proposal has subsequently been amended to take the form of a Mineral Resource Rent Tax (MRRT), widespread uncertainty persists as to the scope of the tax and its implications.

Outlook

From a domestic economic perspective, the growth phase in Australia appears broadly intact, and hence remains supportive of the domestic sharemarket. However, there are a number of factors that may weigh on momentum in the months ahead. Consumer spending is facing strengthening headwinds, amid the fading impact of the government's consumer stimulus measures and the rising trend in official interest rates. Amid speculation that rates could possibly go yet higher, early cyclical stocks may come under pressure, while a flattening of the yield curve could further squeeze bank margins that are already under pressure from higher wholesale funding costs. Furthermore, sentiment within the resources sector is likely to remain fragile, pending greater clarity with regard to the taxation arrangements for these companies.

More broadly, deteriorating global economic sentiment is casting a lengthening shadow over the outlook for the sharemarket. In Europe, there are persistent concerns that Greece, and perhaps other heavily indebted nations as well, will be unable to meet their debt commitments and may require a re-scheduling arrangement. Meanwhile in the US, questions are being raised as to the sustainability of the country's economic rebound. We recognise but do not entirely share these concerns, as low business inventories and rising levels of labour utilisation underpin the outlook for industrial production. This, in turn, bodes well for domestic companies with US exposure, or whose earnings are denominated in US dollars. Indeed, this remains a key theme of our present portfolio strategy.

INVESTMENT MANAGEMENT



ING Investment Management Limited (INGIM) ABN 23 003 731 959 AFS Licence 233793 is the investment manager of this strategy. Performance, sector weightings and portfolio positions shown are based on a sample portfolio in the composite that INGIM believe best represents the investment strategy. Performance figures have been calculated before fees, charges and taxes. The value of any investment may fall as well as rise and past performance is not a reliable indicator of future performance.

The personal circumstances, investment objectives, risk profiles or income needs of any particular investor have not been taken into account in the production of this strategy brief and as such it should not be relied upon as a substitute for professional financial advice. Neither INGIM nor any other company or unit belonging to the ING Group, nor any of its officers, directors or employees accept any liability or responsibility in respect to the information contained in this document and thereby does not guarantee the repayment of capital or the performance of any strategy.