

Sydney, Australia — 28 April 2010

INGIM launches alpha focused Australian equity funds

- **Fund manager announces entry to Australian wholesale market, providing direct access to funds for financial advisers**
- **Says Australian sharemarket can still rise by a further 15 per cent over coming year**

One of Australia's leading fund managers, ING Investment Management (INGIM), today announced the launch of two Australian equity funds as part of a renewed strategy to enter Australia's wholesale investment market.

The move is the next step in the evolution of INGIM as a standalone investment management firm following ING Group's decision last year to separate its banking and insurance and investment management operations, and the sale of its 51 per cent stake in ING Australia to ANZ Bank.

The two new Australian equity funds leverage the long-standing success of INGIM's 52-strong investment team and builds on the firm's active equity management approach with a focus on concentrated portfolios. The ING Alpha Plus Australian Share Fund invests in a concentrated long-only portfolio of typically 15–35 stocks while the ING Extended Alpha Australian Share Fund is a long/short (130/30) investment strategy.

The ING Extended Alpha Australian Share Fund has already received a 'Highly Recommended' rating by independent research house Lonsec and will soon be available on BT Wrap. The ING Alpha Plus Australian Share Fund is also in the process of receiving its first rating.

INGIM's Australian Head of Distribution and Deputy CEO Mr Martin Donnelly said today's launch signalled a new era for INGIM's Australian business.

"The sale of ING Australia to ANZ Bank late last year means that INGIM can now accelerate and grow its presence in Australia as the sole provider of funds management capabilities to the wholesale market under the ING brand. The ongoing commitment to financial planners and their clients is our focus on delivering superior investment returns, backed by a unique servicing model. We have ambitious plans for our wholesale business and will shortly follow with further announcements as we build out our distribution capabilities," Mr Donnelly said.

As part of its global repositioning, in January 2010 INGIM commenced a program to expand its investment manufacturing and distribution capabilities in Australia with the view to extending its suite of investment products to financial advisers via dealer groups and the wholesale platform market. New investment solutions across other asset classes such as fixed income are expected to be announced in the second half of the year.

Delivering alpha across all cycles

INGIM Senior Portfolio Manager Gian Pandit said the new Australian equity funds had been developed for investors who are seeking to maximise the efficiency of risk in their overall portfolio construction.

The concentration of stocks in ING Alpha Plus allows for greater active positions relative to the benchmark, which creates the opportunity to deliver a higher alpha. The Extended Alpha fund extends this theme further by the ability to short stocks which are expected to decrease in value.

Stock selection is driven by proprietary research on earnings and analyst conviction scores, drawing on the best ideas from a universe of large and small cap companies.

“Our strategy works well in all cycles because INGIM doesn’t have a style bias and has a large and well-resourced team of analysts that are able to focus on investment opportunities rotating across both value and growth type stocks,” Mr Pandit said.

The use of in-house developed models, tools and systems has been recognised by Lonsec, as a key competitive advantage for the manager. “These systems assist in ensuring a strong level of consistency and transparency in the research process and allow for an effective peer review process,” Lonsec noted in its review of the firm’s concentrated Australian equities capability, which is overseen by Pandit.

INGIM’s highly successful Australian equities process has delivered top quartile returns across the manager’s range of concentrated, long/short, sustainable and small caps Australian equities strategies. In fact, INGIM’s concentrated Australian equities capability has delivered in excess of 600 basis points per annum over its benchmark (S&P/ASX 100 Accumulation Index) over the past five years, while its newer long/short extended alpha strategy has delivered over 1300 basis points of outperformance per annum (over its benchmark, the S&P/ASX 200 Accumulation Index) since its inception in August 2008¹.

Returns outlook

Mr Pandit said despite strong market gains there continued to be great opportunities for Australian equity investors with bargain stocks still to be discovered. Macroeconomic factors would play a secondary role to stock specific factors, creating fertile ground for active managers.

“Whilst the market recovery has been substantial, we believe the corporate scene is still only in the early stages of its earnings recovery. Most of the ongoing upside should belong to those areas lagging the local cycle most – the late cycle cyclicals such as media and contractors are key overweight sectors in the portfolio,” Pandit said.

“The overseas economy, and especially the US, is the other major laggard. We believe in a sustained US recovery in the second half of this year. US manufacturing has recovered strongly. The US dollar is at a cycle low and corporates have a much improved balance sheet,” he added.

Consequently, INGIM’s concentrated Australian equity strategies are currently overweight the US Dollar earners and quality growth stocks that are most leveraged to this recovery such as News Corp (NWS), James Hardie Industries (JHX), CSL and Computershare (CPU).

“The existing strong earnings growth outlook for the market and what we believe are still cheap valuations suggest that the Australian sharemarket has the capacity to rise by a further 15 per cent over the next year,” Pandit concluded.

Ends

For more information:

Susie Lambert/ Suk Hee Lee
Honner Media
Ph. 8248 3747/ 8248 3752
Mb. 0420 949 852/ 0433 343 888
susie@honnermedia.com.au / sukhee@honnermedia.com.au

About ING Investment Management

ING Investment Management is the specialist global investment arm of ING Group, one of the leading financial services companies in the world and with more than A\$550 billion in assets under management worldwide across different asset classes. In Australia, ING Investment Management also has a strong presence, with more than 50 investment professionals managing around A\$35 billion of clients' assets. INGIM's clients include institutions such as superannuation funds, government agencies and charitable organisations, as well as individual investors.

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

ⁱ As the ING Alpha Plus Australian Share Fund and the ING Extended Alpha Australian Share Funds are new products, the performance quoted above is derived from a composite of Australian equity portfolios managed by INGIM. Each composite has been constructed by INGIM using real portfolios with the same investment objective or strategy as the relevant Fund. Performance is for the period ended 31 March 2010 and is before fees, charges and taxes. Past performance is not a reliable indicator of future performance.