The ING Investor Sentiment Tracking Study ("ING Investor Dashboard") measures investor sentiment and the behaviour of mass affluent investors across 13 Asia Pacific markets.

The survey aims to anticipate changes in market sentiment, investment attitude, risk absorbance and trends in behaviour over time.

July 2009 For Institutional Investors Only

ING INVESTMENT MANAGEMENT

ING Investor Dashboard June 2009

An insight into investor opinions, trends and outlook

About Investor Dashboard

In conjunction with research firm Research International, ING interviewed 1,314 mass affluent investors[1] in June 2009 in 13 countries across the Asia Pacific region. Questions included views on government policy, the economy, household and personal finances, the stock market, expectations for return on investments and risk tolerance. The findings from this survey assist ING in gaining a better understanding of what influences investor behaviour.

The ING Investor Dashboard is the only regular quarterly survey in the Asia Pacific region that provides a litmus test of investor health in the region. This is the seventh investor tracking sentiment study which began in September 2007.

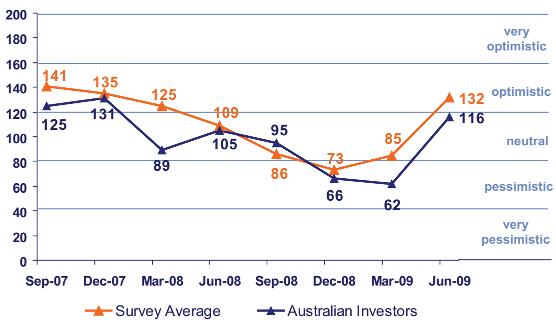
This paper provides a summary of findings from the survey with a particular emphasis on Australian investors.

Investor Sentiment Score

The latest quarterly investment sentiment score is marked with a sense of exuberance. The sentiment score in all countries has improved and not a single country is in the pessimistic zone. The pan-Asia average sentiment score increased by 47 points to 132 since the last survey.

[1] Mass affluent investors are defined as those individuals aged 30 years or above who have disposable assets or investments of US$100K or above. Exceptions are Indonesian investors, who required a minimum of US$56K or above; and Philippine investors who require US$100K or monthly personal income of Php200,000 or above.

Chart 1: Pan-Asia Investor Sentiment Score*
(June 2009)



* The Pan-Asia sentiment index is derived from the median of 10 markets – China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan and Thailand.

The investor sentiment score gauges the confidence of private investors. It will vary between 0 and 200. There are five bands of sentiment within the scoring system. These are:

161-200 = very optimistic
121-160 = optimistic
81-120 = neutral
41-80 = pessimistic
0-40 = very pessimistic

Chart 2 shows that all the Asian countries in the survey have, on average, improved in terms of investor sentiment over the last 12 months. The countries leading the index were India (soaring to 182 and the only country in the very optimistic band), followed by China (an optimistic 158 points) and Taiwan (also in the optimistic band with 136 points). Australian investors remain below the average sentiment score, sitting firmly in the neutral sentiment band with 116 points. Only Thailand, Japan and New Zealand were weaker.

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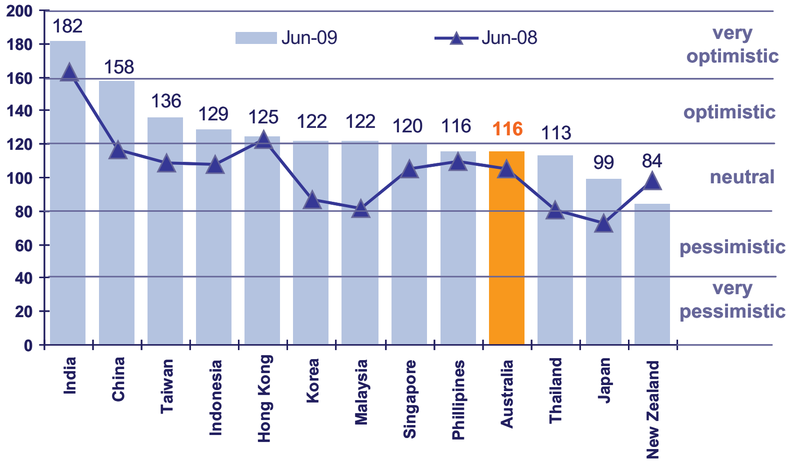
Chart 2: Investor Sentiment Score by Country



This overall improvement has been driven largely by the improvement in stock markets across the region. Even though the GDP growth in most countries is still contracting (with the exception of China and India), there is optimism based on the following key indicators:

- the economic situation in all countries have improved;
- return on investments are positive for the quarter;
- the household financial situation is getting better; and
- property prices have gone up.

Some of the notable events in the region include:

- China's 2009 forecast for real GDP growth was revised upwards to 7.2% from its previous 6.5% after signs of strong growth in industrial production, investment and manufacturing in May.
- Hong Kong announced a HK$16.8 billion stimulus package in May and the Hang Seng stock index increased by 36% over the June quarter.
- South Korea's exports rose by 17.4% in the month of June, showing signs of a nascent recovery in Asia's fourth largest economy.
- The Singapore economy is still weak due to falling domestic demand and declining global prices for oil and industrial raw material. However, there has been significant improvement in the local stock market with the Singapore Straits Times index increasing by 37% in the June quarter.
- India boasted the highest recovery in its stock market within the region, with the Sensex index increasing by 46% for the June quarter. The economy is on track to deliver 7% GDP growth this year.
- In Australia the fiscal stimulus package ensured that the country would only endure a mild recession, with a forecast contraction of around 1.6% in 2009. The stock market showed moderate improvement relative to the rest of the region, increasing by 12% over the quarter.

Economic Conditions

About 48% of respondents in the survey believe that the economic situation has improved, the most notable improvements being in Taiwan, Singapore and Australia. The outlook for future economic conditions is even better, with 61% of the survey respondents expecting the economy will improve, in contrast to only 16% that think it will get worse (Refer to Chart 3).

More Australian investors believe that the economic situation had improved in the June quarter and less of them said they were negatively affected by the US economy (46%) and the credit crunch (17%) than in the last survey.

The survey also revealed that investors have responded positively to government policy and its impact on investments, with 39% having a favourable opinion, another 41% with neutral views and only 20% with an unfavourable view. Australian investors were consistent with the survey average. However, an overwhelming proportion of investors (69%) in the region thought their "government had done some work to address the economic situation but the effort has not been enough". Relatively more investors in Australia (29%) and Singapore (25%) considered the government had done enough.

Despite a more positive view of economic conditions the majority of investors consider their local economy to be in a slowdown (42%). In Australia, 54% of investors believe the economy is in a slowdown, compared to 37% who believe we are in a recession (Refer to Chart 4). This slowing economic environment is a concern for investors in terms of job security, with 49% of investors across the region believing it has a negative impact on their job security. Australian investors were a little less concerned with 38% citing it will have a negative impact.

Return on Investment (ROI)

The majority of investors have noted a positive return on investment (ROI) in the June survey, with only New Zealand investors lagging in investment returns (Refer to Chart 5). Consistent with this measure, the majority of respondents (45%) also stated that their financial situation had improved (with the exception of New Zealand). The biggest improvement across the region was in India (67%) and Hong Kong (52%). The strong ROI performance across the region has a lot do to with the large stock market recovery in the June quarter, as most investors have a reasonably high allocation to local stocks.

Australian investors have also indicated their current ROI has increased. They are becoming increasingly more optimistic about future ROI as well, with 48% expecting an improvement in the next three months.

Investment Strategy

Overall the majority of investors in the region are using a balanced investment strategy (53%) to meet their medium/long term growth needs. Chinese investors are the most optimistic, with 40% of them opting for an aggressive investment strategy. At the other end of the scale New Zealand investors are the most conservative, with 55% choosing a low risk/ conservative investment strategy.

The majority of Australian investors are using a balanced strategy (61%), followed by 32% with a conservative strategy and only 7% using an aggressive strategy. The trend here has been a move away from conservative strategies into balanced strategies. In the previous survey 43% of Australia investors had chosen a conservative strategy and 46% had chosen a balanced strategy.

Across the region, domestic assets form the major component of investment portfolios comprising mainly of cash/deposits, local residential property and local stocks. Gold is also a popular form of investment in some countries, namely Thailand and Indonesia. Investors are getting overseas exposure mainly via mutual funds and unit trusts.

Chart 3: View on Economic Situation

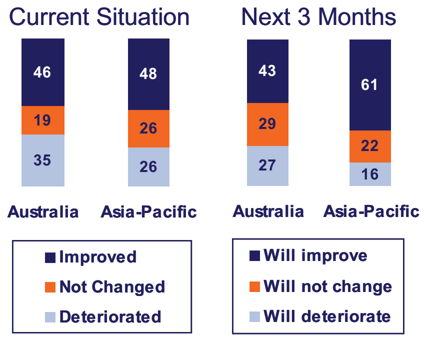


Chart 4: View of Economic Cycle

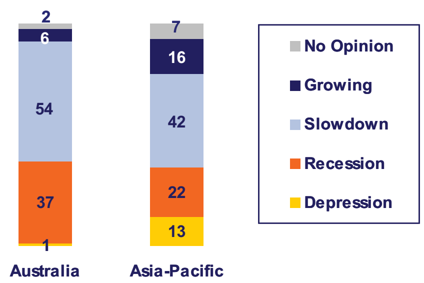


Chart 5: Return on Investment (ROI)

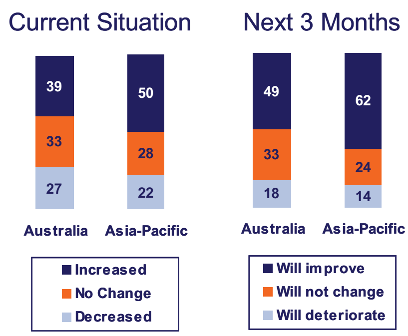
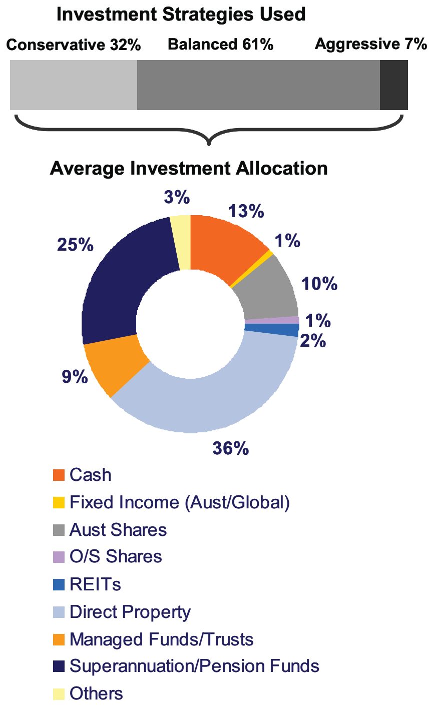


Chart 6: Australian Investors Investment Profile



In Australia, superannuation has a much larger influence on investor portfolios. If we look at Chart 6 we can see the dominance of superannuation within investor portfolios. The other core asset classes are direct property for investment (which includes residential and commercial property), cash and local shares.

Even though investors see fixed income as an important diversification strategy and the means of a regular income stream, they are less attracted to this sector due to the current low yields and their desire to be 'in control' of their investments.

Surprisingly, Australian investors have a relatively low allocation to cash compared with the other countries in the region. Most investors in the region have anywhere from 19% (China) to as high as 48% (Thailand) in cash, with the exception of India which has only 8% in cash.

Outlook

Despite the slowing/recessionary environment, more than half the investors in the region (56%) think inflation will rise in the next quarter, including 49% of Australian investors. However, most investors don't expect inflation to impact their investment decisions over the next quarter.

Investors were also asked their views on whether the current level of interest rates is having an effect on their investment return. Most investors in the region don't want to change their investment strategies, even if the current interest rate is too low. In Australia, 54% were happy with the interest rate and said it would have no impact on their investment decisions. Another 34% of Australian investors thought rates were too low but the current environment is too volatile to be making changes.

When asked about their views on the stock market in the next quarter, significantly more investors in the region thought it would continue to rise (49%), led by India, China and Korea. Fifty-one percent of Australian investors thought the stock market will rise in the next three months. The average increase is expected to be 9.2% regionally and 6.9% in Australia. Not surprising investors are planning to allocate more funds into local stocks over the next quarter.

Property prices in all countries have improved and investors across the region expect this improvement to continue next quarter. Amongst Australian investors, more of them are expecting property prices to increase, 43% compared to only 20% in the previous quarter. This is important for countries where a significant portion of the monies used for property investment is borrowed capital. This is the case in Australia, Malaysia and Thailand.

Aside from direct investments, Australian investors were asked to comment about their superannuation strategies, in light of market volatility and negative returns affecting annual returns in 2008. The most common reaction has been "do nothing" (35%), followed by "change my investment strategy within super"(25%). There doesn't appear to be a sense of panic. The number of investors planning to increase their super allocation (17%) is almost the same as those planning to decrease their allocation (16%).

Overall, the outlook is optimistic. The latest survey results have shown a huge rebound in investor sentiment, and this is expected to continue over the next quarter. Much of this optimism has been helped by positive economic news and stronger share market returns.

However, most investors are being realistic about the investment environment, and are adopting a balanced investment strategy. They have chosen to be slightly more aggressive with their allocations to shares and property, but are also keeping a reasonably high allocation to cash.

ADDITIONAL INFORMATION

COUNTRIES IN THE SURVEY

A combination of online interviews and face-to-face interviews were conducted in 13 Asia-Pacific countries. The following countries were included:

- Australia - Nationwide
- China - Beijing, Shanghai and Guangzhou
- Hong Kong
- India - Mumbai and Delhi
- Indonesia - Greater Jakarta
- Japan - Nationwide
- Korea – Nationwide
- Malaysia - Kuala Lumpur / Petaling Jaya
- New Zealand - Nationwide
- Philippines - Metro Manila
- Singapore
- Taiwan - Greater Taipei
- Thailand - Greater Bangkok

INVESTOR PROFILE

The wealth profile of individuals comprised:

- cash, deposits, stocks, funds, bonds and any other investment derivatives, foreign currency (for investment purposes).
- gold, property (excluding self-occupied property but including other residential/business properties for investment purposes).
- any liquid resources (other than cash) that can be evaluated according to their equity value.

INVESTOR SENTIMENT SCORE (ISS) CALCULATION

The investor sentiment calculation allows the index to be:

- able to reflect both positive and negative opinions on the investment markets
- able to handle the culture bias on scales
- robust enough to be tracked longitudinally
- comparable across markets

Based upon the requirements of the index, the calculation of the score is as follows.

ISS = Average of [(T2B% - B2B%)i + 100%] where:

- i = basic question 1,…,13
- T2B = Positive (4- or 5-pt) responses on index questions
- B2B = Negative (1- or 2-pt) responses on index questions

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