

July 2009

## ING Investment Management Funds

- The ING Investment Management Funds Sub-Funds in this Explanatory Memorandum invest mainly in equities of issuers whose businesses are exposed to either the real estate industry or the growth of the Chinese economy.
- The Sub-Funds may be exposed to risks such as price volatility, currency fluctuations, exposure to investments in emerging markets and geographical, industry or market concentration risks.
- The value of your investment in ING Investment Management Funds can be very volatile and could go down substantially within a short period of time. It is possible that the entire or substantial value of your investment could be lost.
- The investment decision is yours but you should not invest unless the intermediary who sells this Fund to you has advised you that it is suitable for you and has explained why, including how, buying it would be consistent with your investment objectives.

## HONG KONG EXPLANATORY MEMORANDUM



SFC authorised Sub-Funds

**ING Asia Pacific Real Estate Securities Fund\***

**ING China Access Fund**

**ING Global Real Estate Securities Fund\***

\*Investors should note that these Sub-Funds are authorised by SFC under the Code for Unit Trusts and Mutual Funds and not under the Code on Real Estate Investment Trusts and such authorisation does not imply official recommendation.

## SUMMARY

This summary aims to give you an overview of the important information contained in this Explanatory Memorandum. As it is a summary, it does not contain all the information that may be important to you. You should read the whole Explanatory Memorandum before you decide to purchase any Units in this Fund.

### Overview

- ING Investment Management Funds (the "Fund") is an exempted umbrella open-ended unit trust established in the Cayman Islands on 6 March 2002 by the Trust Deed.
- This Fund offers a range of sub-funds ("Sub-Funds"), which may be created by supplemental trust deed from time to time. Each Sub-Fund will have separate records and accounts. Each Sub-Fund will have its own separate and distinct investment objective and policy, and will be subject to its own investment restrictions and borrowing limits.

### Product Features

- Investors should refer to the Appendix for information on the product features of each Sub-Fund its investment objectives and investment strategies. Each Sub-Fund has its own investment policy, and each class of Unit has its own cost structure, minimum initial and subsequent investment designed to meet the individual investment needs of individual investors.
- Each Sub-Fund may have geographical, sector and country restrictions on its investments. Any of these restrictions and intended size is stated in the Appendix. Otherwise, there shall be no such restriction or intended size applicable.

### Risk Factors

- Investment involves risk. Risks relating to investing in ING Investment Management Funds are set out in the section "Risk Factors".
- Investors should consult their financial adviser, stockbroker, bank manager, legal adviser or accountant to ascertain the suitability of an investment in any Sub-Fund in light of their individual circumstances and to clarify any information contained in this Explanatory Memorandum before making any investment decision.
- The price of Units may decrease or increase. There is no guarantee that the investment policy objectives of any Sub-Fund will be met and there is a possibility that investors may not recover their initial investment.
- By investing in ING Investment Management Funds, investors may expose themselves to one or more of the risks set out below. This list does not represent an exhaustive list of all potential risks that may affect the value of the investments:
  - **market risk** – developments in the financial markets, economic developments of issuers and economic and political conditions prevailing in each country;

- **political and/or regulatory risk** – uncertainties relating to international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the law and regulations of countries;
- **foreign exchange/currency risk** – securities denominated in foreign currencies which a Sub-Fund invested in may not be freely convertible, and changes in exchange rates may affect the net asset value of investments in a Sub-Fund denominated in a currency other than the reference currency;
- **interest rate risk** – interest rates of the main currencies in which investments within a Sub-Fund are denominated or in which Units of ING Investment Management Funds are denominated may fluctuate;
- **liquidity risk** – the market for the securities invested may not be liquid;
- **premium risk** – there is no guarantee that securities acquired in the market or over-the-counter market will be realised at a premium;
- **flexibility risk** – investment products and restrictions may limit the possibility to change counterparts/providers;
- **counterparty and settlement considerations** – issuers of securities or counterparty for over-the-counter contracts may default, causing the investments in a Sub-Fund to become valueless;
- **emerging market risk** – investments may be subject to greater political instability, new and adverse laws and rulings, and false information and higher liquidity risk;
- **price volatility** – market risk causes price volatility; equities generally have higher volatility; funds that invest in small and medium sized companies are also susceptible to greater price swings due to more limited resources and less diversification;
- **market trend** – market may favour securities in industries to which a Sub-Fund is not exposed
- **industry/market concentration** – as a result of such concentration, a Sub-Fund may be subject to greater market fluctuation;
- **derivative risk** – derivative instruments may involve market, interest, currency, liquidity and counterparty risks. Derivatives may also increase leverage and hence, magnifies any gains and losses from investments;
- **real estate risk** – factors such as tax, regulatory requirements, interest rates, property supply and demand, terrorist attacks, war, or other acts may affect or destroy the real estate property value that underlies the investment;
- **risk relating to distribution** – a distribution may be made from a Sub-Fund's income or capital, which may have the effect of reducing an investor's original investment.

## IMPORTANT INFORMATION FOR INVESTORS

**Important - If you are in any doubt about the contents of this Explanatory Memorandum, you should seek independent financial and/or legal advice.**

This Explanatory Memorandum comprises information relating to ING Investment Management Funds, an umbrella unit trust established as an exempted trust under the laws of the Cayman Islands by a trust deed dated 6 March 2002 between ING Investment Management Asia Pacific (Hong Kong) Limited as manager and HSBC Trustee (Cayman) Limited as trustee and as amended from time to time.

The Manager accepts responsibility for the information contained in this Explanatory Memorandum as being accurate at the date of publication. However, neither the delivery of this Explanatory Memorandum nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum is correct as of any time subsequent to such date. This Explanatory Memorandum may from time to time be updated. Intending applicants for Units should ask the Manager if any supplements to this Explanatory Memorandum or any later Explanatory Memorandum has been issued.

Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in this Explanatory Memorandum should be regarded as unauthorised and accordingly must not be relied upon.

The Fund and certain of its Sub-Funds have been authorised by the Securities and Futures Commission ("SFC") in Hong Kong. In granting such authorisation, the SFC takes no responsibility for the financial soundness of the Fund or the Sub-Funds or the accuracy of any of the statements made or opinions expressed in this Explanatory Memorandum and such authorisation does not imply official recommendation by the SFC.

No action has been taken to permit an offering of Units or the distribution of this Explanatory Memorandum in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Explanatory Memorandum may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised.

In particular:-

- (a) the Units have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act); and
- (b) the Fund has not been and will not be registered under the United States Investment Company Act of 1940 (as amended).

This Explanatory Memorandum does not constitute, and shall not be construed as, an invitation to the public of the Cayman Islands to subscribe for Units and Units may not be directly or indirectly offered or sold to any persons resident or domiciled in the Cayman Islands.

Potential applicants for Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units.

## TABLE OF CONTENTS

SUMMARY .....	I	PUBLICATION OF PRICES .....	22
IMPORTANT INFORMATION FOR INVESTORS .....	III	TRANSFER OF UNITS .....	22
ADMINISTRATION .....	2	TRUST DEED .....	22
DEFINITIONS .....	3	TERMINATION OF THE FUND OR ANY SUB-FUND .....	22
INTRODUCTION .....	5	DOCUMENTS AVAILABLE FOR INSPECTION .....	23
MANAGEMENT OF THE FUND .....	5	ANTI-MONEY LAUNDERING REGULATIONS .....	23
INVESTMENT OBJECTIVE .....	7	CONFLICTS OF INTEREST .....	24
CLASSES OF UNITS AND DEALING .....	7	REGULATION OF THE FUND IN CAYMAN ISLANDS .....	24
PURCHASE OF UNITS .....	7	TRUSTEE'S ANTI-MONEY LAUNDERING, LIMITATION OF LIABILITY AND CONFIDENTIALITY POLICIES .....	25
CONVERSION OF UNITS .....	10	RISK FACTORS .....	26
REALISATION OF UNITS .....	10	APPENDIX .....	31
VALUATION .....	12	ING ASIA PACIFIC REAL ESTATE SECURITIES FUND .....	32
INVESTMENT AND BORROWING RESTRICTIONS .....	14	ING CHINA ACCESS FUND .....	34
EXPENSES AND CHARGES .....	16	ING GLOBAL REAL ESTATE SECURITIES FUND .....	35
TAXATION .....	18		
REPORTS AND ACCOUNTS .....	20		
DISTRIBUTION OF INCOME .....	20		
VOTING RIGHTS .....	21		

## **ADMINISTRATION**

### **Manager**

ING Investment Management Asia Pacific (Hong Kong) Limited  
39th Floor, One International Finance Centre, 1 Harbour View Street  
Central, Hong Kong  
Telephone: 3762 8888  
Fax: 2179 5703

### **Directors of the Manager**

Alan Harden, Eddy Belmans, Stephen Luk, Nicholas Toovey and Scott Spaulding

### **Trustee and Registrar**

HSBC Trustee (Cayman) Limited  
P.O. Box 484  
HSBC House  
68 West Bay Road  
Grand Cayman KY1-1106  
Cayman Islands

### **Service Provider**

HSBC Institutional Trust Services (Asia) Limited  
1 Queen's Road  
Central  
Hong Kong

### **Auditors**

Ernst & Young  
62 Forum Lane  
Camana Bay  
P.O. Box 510  
Grand Cayman KY1-1106  
Cayman Islands

### **Legal Advisers as to Cayman Islands law**

Conyers Dill & Pearman  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

July 2009

## DEFINITIONS

The defined terms used in this Explanatory Memorandum have the following meanings:-

- “Appendix”** means the appendix to this Explanatory Memorandum issued by the Manager relating to the issue of Units in a Sub-fund, as amended, supplemented and revised from time to time
- “Business Day”** means a day (other than a Saturday, Sunday and public holiday) on which banks in Hong Kong are open for normal banking business or such other day or days as the Manager and the Trustee may agree from time to time, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise
- “connected person”** means in relation to the Manager:
- (a) any person or fund beneficially owning, directly or indirectly, 20 per cent. or more of the ordinary share capital of the Manager or being able to exercise, directly or indirectly, 20 per cent. or more of the total votes in the Manager; or
  - (b) any person or fund controlled by a person who or which meets one or both of the descriptions given in (a); or
  - (c) any fund in which the Manager owns directly or indirectly 20 per cent. or more of the ordinary share capital or in which the Manager is able to exercise, directly or indirectly 20 per cent. or more of the total votes of such fund; or
  - (d) any director or officer of the Manager or of any of its connected persons as defined in (a), (b) or (c) above
- “Dealing Day”** means any Business Day, or such other day or days as the Manager may determine from time to time with the approval of the Trustee
- “Dealing Deadline”** means 4:00 p.m. (Hong Kong time) of the relevant Dealing Day
- “Distribution Date”** means (i) the last Business Day of March 31<sup>st</sup>, June 30<sup>th</sup>, September 30<sup>th</sup> and December 31<sup>st</sup> for Sub-Funds where the Manager intends to make four separate distributions during each calendar year; or (ii) the last Business Day of March 31<sup>st</sup> and September 30<sup>th</sup> for Sub-Funds where the Manager intends to make two separate distributions during each calendar year; or (iii) such other dates as the Manager may from time to time determine

<b>“Explanatory Memorandum”</b>	means this Explanatory Memorandum and the Appendix, as the context so requires, relating to the issue of Units, as amended, supplemented and revised from time to time
<b>“Fund”</b>	means ING Investment Management Funds, an umbrella Cayman Islands unit trust
<b>“Government”</b>	means the government of any member state of the Organisation for Economic Co-operation and Development
<b>“Manager”</b>	means ING Investment Management Asia Pacific (Hong Kong) Limited
<b>“Net Asset Value”</b>	means the net asset value of the Fund or a Sub-Fund or a class of Units or a Unit, as the context may require, calculated in accordance with the provisions of the Trust Deed as summarised below under the section headed “Valuation”
<b>“Professional Investors”</b>	has the meaning set out in the SFO
<b>“REIT”</b>	means a real estate investment trust
<b>“SFC”</b>	means the Securities and Futures Commission of Hong Kong
<b>“SFO”</b>	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
<b>“Sub-Fund”</b>	means a sub-fund of the Fund including, but not limited to, the relevant sub-fund described in the Appendix
<b>“Trust Deed”</b>	means the trust deed establishing the Fund entered into by the Manager and the Trustee dated 6 March 2002 and as amended from time to time
<b>“Trustee”</b>	means HSBC Trustee (Cayman) Limited in its capacity as trustee of the Fund
<b>“Service Provider”</b>	means HSBC Institutional Trust Services (Asia) Limited, service provider to the Trustee and Registrar
<b>“Unit”</b>	means a Unit in a Sub-Fund
<b>“Unitholder”</b>	means a person registered as a holder of a Unit
<b>“USD” or “US\$”</b>	means the currency of the United States of America, base currency of the Sub-Fund
<b>“Valuation Point”</b>	means on each Dealing Day the closing of the last stock exchange in the markets in which the Sub-Fund holds investments.

## INTRODUCTION

ING Investment Management Funds is an exempted trust established in the Cayman Islands on 6 March 2002 by the Trust Deed. The Fund is structured as an umbrella open-ended unit trust in which different Sub-Funds may be created by supplemental trust deed from time to time and, accordingly, the assets of the Fund will be held in segregated Sub-Funds. More than one class of Units may be offered in relation to a particular Sub-Fund. Separate records and accounts will be maintained for each Sub-Fund, and each Sub-Fund will have its own separate and distinct investment objective and policy, and will be subject to the investment restrictions and borrowing limits as described in this Explanatory Memorandum and/or, if applicable, the Appendix of such Sub-Fund.

## MANAGEMENT OF THE FUND

### **The Management Company**

The Manager of the Fund is ING Investment Management Asia Pacific (Hong Kong) Limited.

The Manager was incorporated in Hong Kong in 1997 and is a subsidiary of ING Insurance International B.V., which is indirectly wholly owned by ING Groep N.V. ING Groep N.V. is a publicly owned company listed on the stock exchanges of Amsterdam, Brussels, Frankfurt, Paris, Zurich and New York. ING Groep N.V.'s market capitalization as at 31 December 2008 of €15 billion places it as one of the largest financial institutions in the world.

In accordance with section 116 of the SFO, the Manager is licensed for type 1, 4 and 9 regulated activities as defined in Schedule 5 of the SFO. Such regulated activities include dealing in securities, advising on securities and asset management.

Details of the Directors of the Manager are as follows:-

### ***Alan Harden, Regional CEO***

Alan is the CEO of ING Investment Management (IIM) in Asia Pacific. He is also a member of IIM's global management board and of ING Group's Management Council and is based in Hong Kong. Prior to joining ING he was CEO of Alliance Trust PLC, which is a listed general financial services and investment management company in the United Kingdom, taking it from a FTSE250 company to being a FTSE100 company. He has spent over 20 years in Asia and the Middle East, with strong experience from Wardley (now HSBC Asset Management), Scimitar Investment Management (then part of Standard Chartered's asset management operations) and Standard Chartered's consumer banking division as Global Head of Investment Services. He also spent three and a half years as Asia Pacific's regional head of Citigroup Asset Management based in Japan. Alan is currently a Non Executive member of the Court of St Andrews University, he is an Honorary Professor of the school of Accounting and Finance at Dundee University and in 2007 received an honorary fellowship for multiculturalism from the Al Maktoum Institute, University of Aberdeen, UK.

### ***Eddy Belmans, Regional General Manager***

Eddy has more than 20 years of experience in the financial services industry. Although he was trained as a commercial banker, his career spans a wide variety of professions within the asset management industry. Prior to joining ING, he was responsible for the Equity Fund Management

team of BBL in Brussels, and moved on to Singapore in 1996 to set up BBL's Asian asset management venture. After ING acquired BBL, he became IIM's Regional Director for ASEAN and India till March 2003. Subsequently, he held the CEO position for ING Funds' two operating units in Taiwan; this included the onshore asset manager and funds distribution unit ING SITE, as well as the offshore funds wholesaling unit ING SICE. Starting January 2006, he became the Regional General Manager - North Asia for IIM Asia Pacific based in Hong Kong and was subsequently appointed Acting Regional CEO Asia Pacific from January to September 2008. He holds a "Licence" (equiv. Ma) in Applied Economics from University of Antwerp, Belgium.

***Stephen Luk, Regional Chief Compliance Officer***

Stephen joined IIM Asia Pacific in Sydney in 1998 with responsibility for regional compliance for all operations in Asia Pacific including Australia. Stephen has over 20 years experience in investment management, investment banking, financial markets, audit, finance and business management, compliance and risk management in both Australia & the Asia Pacific region. Prior to joining ING he held senior regional management roles for Chase Manhattan Bank and NatWest Markets.

***Nicholas Toovey, CFA, Regional Head of Equity***

Nicholas joined IIM Asia Pacific as the Regional Head of Equity in 2003. He is responsible for the equity teams in the Asia Pacific region. He is a member of the Regional Investment Board, and the Global Investment Committee. Before joining IIM, he worked at Merrill Lynch Investment Managers in Singapore, where he held the positions of Chief Investment Officer and then Chief Operating Officer responsible for the Asia Pacific region. Prior to that he was a UK equity portfolio manager at Mercury Asset Management in London. Nicholas was educated at the University of Canterbury, New Zealand, where he obtained his Bachelor of Commerce, and he is a Chartered Financial Analyst.

***J. Scott Spaulding, CPA, Senior Manager, Finance***

Scott joined the IIM Asia Pacific regional finance team as a Senior Manager in 2008. Scott has held various finance and audit roles in North America and Europe since joining ING in 1997. Prior to joining IIM Asia Pacific, he worked as Head of Internal Audit for ING Direct bank in the UK. Scott was educated at the University of Colorado, USA, where he obtained a Bachelor of Science. Scott also obtained a Masters of Business Administration from Regis University, USA and is a Certified Public Accountant.

The Manager undertakes the management and administration of the Fund, including communication with Unitholders and conduct of meetings, and in conjunction with the Trustee is responsible for the maintenance of accounts and records in compliance with the Trust Deed and the laws of Hong Kong.

The Manager may appoint sub-managers or investment advisers in relation to specific Sub-Funds subject to prior SFC approval.

**The Investment Advisor**

The Manager may appoint investment advisors in relation to specific Sub-Funds. Please refer to the Appendix for the names of any Investment Advisor that have been appointed for the relevant Sub-Fund.

## The Trustee

The Trustee of the Fund is HSBC Trustee (Cayman) Limited which is incorporated with limited liability in the Cayman Islands. The Trustee has delegated certain of its functions as trustee and registrar to HSBC Institutional Trust Services (Asia) Limited, the Service Provider.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Fund and monitoring the compliance by the Manager with the provisions of the Trust Deed.

## Auditors

Ernst & Young, Cayman Islands has been appointed to act as auditors to the Fund.

## INVESTMENT OBJECTIVE

The investment objective of each Sub-Fund, the principal risks, as well as other important details are set forth in the Appendix hereto.

## CLASSES OF UNITS AND DEALING

The classes of Units that are currently in issue, the minimum initial and subsequent subscription amount in relation to each class of Unit (the "**Minimum Subscription Amounts**"), and minimum realisation units are stipulated in the table below. Each class of Units is denominated in USD. Please refer to the Appendix for details on the classes of shares that are offered in the relevant Sub-Fund.

Class	Minimum Investment	Subsequent Investment	Minimum Realisation Units
A	US\$2,500	US\$1,000	100
A(A)	US\$2,500	US\$1,000	100
A(D)	US\$2,500	US\$1,000	100
B	US\$250,000	US\$250,000	10,000
I	US\$250,000	US\$50,000 <sup>1</sup>	10,000

<sup>1</sup> **Exception:** Class I Units of the ING Asia Pacific Real Estate Securities Fund have a minimum subsequent subscription amount of US\$100,000

## PURCHASE OF UNITS

### Application Procedure for Purchase of Units

Applications for subscription of any class of Units may be made on each Dealing Day. The Manager shall have exclusive right to offer and issue Units and shall have complete discretion to accept or reject any subscription.

#### *Written Application Form*

To purchase Units, an investor should complete the application form and return the original form to the Service Provider (or via distributors) by no later than the Dealing Deadline. Investors should

confirm the relevant application submission cut-off times with their distributors. Applications received after this deadline shall be processed for subscription on the next Dealing Day.

Investors should be reminded that if they choose to send application forms by fax or by mail, they bear their own risk of the forms not being received by the Service Provider. Investors should therefore for their own benefit confirm with the Service Provider safe receipt of a form. None of the Manager, the Trustee or the Service Provider shall be responsible to a Unitholder for any loss resulting from non-receipt or duplicate receipt of any application form sent by facsimile or by mail.

#### *Minimum Subscription Amounts*

The Minimum Subscription Amount is stipulated in the table above. The Manager shall in its sole discretion determine whether or not to accept applications from any subscriber for less than the Minimum Subscription Amount.

#### *Cleared Funds*

Applications will generally be accepted only if cleared funds have been received on or prior to the relevant submission cut-off times to which Units are to be issued. Please see the section headed "Payment Procedure" below. Investors should confirm the relevant application submission cut-off times with their distributors.

The Manager reserves the right to defer the processing of any application until receipt of cleared monies and reduce the subscription amount by any financial charges.

#### *Discretionary Initial Charge*

The Manager, at its discretion, is entitled to impose an initial charge on the subscription amount. The Manager may retain the benefit of such charge or may re-allow or pay all or part of the initial charge (and any other fees received) to recognised intermediaries or such other persons as the Manager may at its absolute discretion determine.

#### *Confirmation of Subscription*

The Manager reserves the right to reject any application in whole or in part at its absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable in USD at the risk and cost of the applicant. The Service Provider shall notify in form of contract note to each subscriber no later than 2 Business Days after the availability of the price per Unit, as is applicable, as to whether the subscriber's application for subscription has been successful, either in whole or in part.

Units for successful applications will be deemed to be issued on the Dealing Day in respect of applications received by the Service Provider prior to the Dealing Deadline. Applications received after such time will be deemed to have been received on the next Dealing Day and will be dealt with accordingly, unless specifically approved by the Manager.

### **Payment Procedure**

The subscription price on any Dealing Day shall be the price per Unit ascertained by dividing the Net Asset Value ascribed to that Unit class of the relevant Sub-Fund as at the Valuation Point in respect of the Dealing Day on which the subscription request is received by the Service Provider by

the number of Units in that Unit class then in issue, rounded to the nearest 2 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager after consulting the Trustee. Any rounding adjustment shall be retained by the relevant Sub-Fund. Such price shall be calculated in the base currency of the Sub-Fund and quoted by the Manager in such base currency and in such other currency or currencies at the Manager's discretion (with prior notice to the Trustee) by converting such price to its equivalent in such other currency or currencies at the same rate as the Manager shall apply in calculating the Net Asset Value as at the Valuation Point.

The subscription amount payable for the Units subscribed by a subscriber in respect of any Dealing Day is due and payable no later than 3 Business Days after the relevant Dealing Day or such other time, and in accordance with such other terms, including in relation to the payment of subscription amounts by instalment, as may be determined by the Manager from time to time with respect to all or certain of the subscribers. If the subscription amount is not paid within 3 Business Days after the relevant Dealing Day, the Manager shall be entitled to charge interests and administrative costs on the subscribers. Notwithstanding the above, if payment in full in cleared funds has not been received within 7 Business Days following the relevant Dealing Day as at which the relevant Units were issued (or such earlier date as the Manager shall determine and disclose to the relevant subscriber), the Manager may cancel the issue of such Units and may be required to cancel the issue of such Units in the Trust Deed.

Subscription monies should normally be paid in USD. Arrangements can be made for applicants to pay for Units in most other major currencies and in such cases, the cost of currency conversion will be borne by the applicant.

All payments should be made by cheque or telegraphic transfer. Cheques should be crossed "a/c payee only, not negotiable" and made payable to "HSBC Institutional Trust Services (Asia) Limited — IFS Subscription Account", and sent with the application form. Payment by cheque is likely to cause delay in receipt of cleared funds and Units will not be issued until the cheque is cleared. Any costs of transfer of application monies to the Sub-Fund will be payable by the applicant. No third party payment will be accepted.

Details of payments by telegraphic transfer are set out in the application form.

***No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 (dealing in securities) regulated activity under Part V of the SFO.***

## **General**

All holdings will be registered and certificates will not be issued. Evidence of title will be the entry on the register of Unitholders. Unitholders should therefore be aware of the importance of ensuring that the Registrar is informed of any change to the registered details. Fractions of Units may be issued rounded down to 2 decimal places. Application monies representing smaller fractions of a Unit will be retained by the Sub-Fund. The Manager reserves the right to reject any application in whole or in part. A maximum of 4 persons may be registered as joint Unitholders.

## **CONVERSION OF UNITS**

In accordance with the provisions of the Trust Deed, Unitholders shall be entitled to convert all or any part of the Units into Units of any other class in the Sub-Fund, or units of any other class in other sub-funds of the Fund which also allows conversion of Units under the Explanatory Memorandum and any appendices thereof of such Sub-Funds.

### **Conversion Procedure**

Unitholders who wish to convert their Units may do so on any Dealing Day by submitting a conversion request to the Service Provider (or via distributors) before the Dealing Deadline. Investors should confirm the relevant request submission cut-off time with their distributors. Conversion requests received after such time will be deemed to have been received on the next Business Day and will be dealt with accordingly.

A conversion request must be given in writing, by mail, by facsimile or by any other means as may be acceptable by the Service Provider and must specify the names of the Sub-Funds Units are to be converted from and into, number of Units to be converted, the name(s) of the registered holder(s), and give payment instructions for the realisation proceeds in the event any fraction of Units result from the conversion. Unless otherwise agreed by the Trustee, the original of any conversion request given by facsimile should be forwarded to the Service Provider. None of the Manager, the Trustee or the Service Provider shall be responsible to a Unitholder for any loss resulting from non-receipt or duplicate receipt of any conversion request sent by facsimile, by mail or by any other means as may be acceptable by the Service Provider of the Trustee.

On a conversion, a Unitholder will receive such whole number of Units of the Sub-Fund to which he is converting as is equal to or less than the value of the Units of the Sub-Fund from which he is converting based on the price per Unit of those Sub-Funds. Any fraction of Units of the Sub-Fund from which a Unitholder is converting resulting from a conversion will be realised. On such realisation, the realisation monies will be repaid to the Unitholder at the applicable price per Unit of the Sub-Fund from which a Unitholder is converting.

## **REALISATION OF UNITS**

### **Realisation Procedure**

Unitholders may realise their Units on any Dealing Day, in whole or in part provided that the Manager may refuse a request for a partial realisation which would result in the Unitholder's holding falling below the Minimum Holding as stipulated in the Appendix, and in such a situation, the Manager may require the Unitholder to redeem his holdings in full.

Unless the Manager in any particular case or generally otherwise agrees, a Unitholder shall not be entitled to realise Units in amounts of less than the minimum realisation units stipulated in the table under the section headed "Classes of Units and Dealing" above.

Unitholders who wish to realise their Units may do so on any Dealing Day by submitting a realisation request to the Service Provider (or via distributors) before the Dealing Deadline. Investors should confirm the relevant request submission cut-off time with their distributors. Realisation requests

received after such time will be deemed to have been received on the next Business Day and will be dealt with accordingly.

A realisation request must be given in writing, by mail, by facsimile or by any other means as may be acceptable by the Service Provider and must specify the name of the Sub-Fund and number of Units to be realised, the name(s) of the registered holder(s), and give payment instructions for the realisation proceeds. Unless otherwise agreed by the Trustee, the original of any realisation request given by facsimile should be forwarded to the Service Provider. None of the Manager, the Trustee or the Service Provider shall be responsible to a Unitholder for any loss resulting from non-receipt or duplicate receipt of any realisation request sent by facsimile, by mail or by any other means as may be acceptable by the Service Provider.

### **Payment of Realisation Proceeds**

The realisation price on any Dealing Day shall be the price per Unit ascertained by dividing the Net Asset Value of the relevant Sub-Fund as at the Valuation Point in respect of the Dealing Day on which the realisation request is received by the Service Provider by the number of Units then in issue rounded to the nearest 2 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager after consulting the Trustee (the “**Realisation Price**”). Any rounding adjustment shall be retained by the relevant Sub-Fund. Such price shall be calculated in the base currency of the Sub-Fund and quoted by the Manager in such base currency and in such other currency or currencies at the Manager’s discretion (with prior notice to the Trustee) by converting such price to its equivalent in such other currency or currencies at the same rate as the Manager shall apply in calculating the Net Asset Value as at the Valuation Point.

The Manager may at its option impose a redemption fee in respect of the Units to be realised. The redemption fee, if any, is described in the section headed “Expenses and Charges”. The Manager may on any day in its sole and absolute discretion differentiate between Unitholders as to the amount of the redemption fee to be imposed (within the permitted limit).

The amount due to a Unitholder on the realisation of a Unit pursuant to the paragraphs above shall be the Realisation Price per Unit, less any redemption fee, any fiscal and sale charges and any rounding adjustment in respect thereof. The fiscal and sale charges (if any), as well as the rounding adjustment aforesaid in relation to the realisation of any Units shall be retained as part of the relevant Sub-Fund. The redemption fee shall be retained by the Manager.

Realisation proceeds will not be paid to any realising Unitholder until (a) unless otherwise agreed by the Trustee, the written original of the realisation request duly signed by the Unitholder has been received by the Service Provider and (b) where realisation proceeds are to be paid by telegraphic transfer, the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee. No third party payment will be made.

Subject as mentioned above and so long as relevant account details have been provided and a properly documented request has been accepted by the Service Provider, realisation proceeds will be paid in the base currency of the relevant Sub-Fund by telegraphic transfer, normally within 7 Business Days after the relevant Dealing Day and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for realisation of Units (and the Manager has not exercised any of its powers described in the section headed “Suspension

of Calculation of Net Asset Value"). If relevant account details are not provided, realisation proceeds will be paid to the realising Unitholder (or to the first-named of joint Unitholders) at the Unitholder's risk by cheque in the base currency of the relevant Sub-Fund.

Realisation proceeds can be paid in a currency other than the base currency of the relevant Sub-Fund at the request and expense of the Unitholder. In such circumstances, the Trustee shall use such currency exchange rates as it may from time to time determine.

All bank charges and costs incurred in the payment of the realisation proceeds to the Unitholder will be borne by the relevant Unitholder and deducted from the realisation proceeds. Any risks arising from delay in clearance of funds by banks will be borne by the relevant Unitholder.

### **Restrictions on realisation**

The Manager may suspend the realisation of Units or delay the payment of realisation proceeds during any periods in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended (for details see "Suspension of Calculation of Net Asset Value" below).

With a view to protecting the interests of Unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of Units of any class realised on any Dealing Day to 10% of the total number of Units of the relevant class in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to realise Units of the relevant class on that Dealing Day will realise the same proportion of such Units, provided that any requests by each Unitholder for the realisation of Units being in aggregate not more than 1% of the total number of Units of the relevant class in issue may be realised in full if in the opinion of the Manager with the approval of the Trustee the application of the 10% limitation referred to above would be unduly onerous or unfair to the relevant Unitholder or Unitholders concerned. Units not realised (but which would otherwise have been realised) will be carried forward for realisation, subject to the same limitation, and will have priority on the next Dealing Day. If requests for realisation are so carried forward, the Manager will inform the Unitholders concerned.

## **VALUATION**

The value of the net assets of each Sub-Fund will be determined as at each Valuation Point in accordance with the provisions of the Trust Deed. The Trust Deed provides (inter alia) that:-

- (a) except in the case of any interest in a collective investment scheme to which paragraph (b) applies and subject as provided in paragraphs (c) and (f) below, all calculations based on the value of investments quoted, listed, traded or dealt in on any securities market shall be made by reference to the current bid price or (when current bid price is unavailable) the price of the most recent transaction which provides evidence of the current fair value providing there has not been a significant change in economic circumstances since the time of the transaction. In determining such prices the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine;
- (b) subject as provided in paragraphs (c) and (f) below, the value of each interest in any collective investment scheme shall be the last published net asset value per Unit or share in such

collective investment scheme (where available) or (if the same is not available) the last published bid price for such Unit or share at or immediately preceding the Valuation Point;

- (c) if no net asset value, bid and offer prices or price quotations are available as provided in paragraphs (a) and (b) above, the value of the relevant investment shall be determined from time to time in such manner as the Manager shall determine;
- (d) the value of any investment which is not listed or ordinarily dealt in on a market shall be the initial value thereof equal to the amount expended out of the relevant Sub-Fund in the acquisition of such investment (including in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may with the approval of the Trustee and shall at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investment;
- (e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof;
- (f) notwithstanding the foregoing, the Manager may with the consent of the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment or use of such other method is required to reflect the fair value of the investment; and
- (g) the value of any investment (whether of a security or cash) otherwise than in the base currency of the relevant Sub-Fund shall be converted into such base currency at the rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

### **Suspension of Calculation of Net Asset Value**

The Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of a Sub-Fund for the whole or any part of any period during which:

- (a) there is a closure of or the restriction or suspension of trading on any securities market on which a substantial part of the investments of the Sub-Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or the Net Asset Value of the Sub-Fund or the Net Asset Value per Unit in the Sub-Fund; or
- (b) for any other reason the prices of investments of the Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained; or
- (c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any investments of the Sub-Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders; or
- (d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of the Sub-Fund or the issue or realisation of Units in the Sub-Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange.

Such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value of the Sub-Fund until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, (a) publish a notice in the South China Morning Post and Hong Kong Economic Times for each Sub-Fund authorised by the SFC, and (b) notify the investors concerned for all other Sub-Funds.

No Units in the Sub-Fund may be issued, realised or converted during such a period of suspension.

## **INVESTMENT AND BORROWING RESTRICTIONS**

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager for the Fund. A summary of these restrictions appears below. In addition, each Sub-Fund may, as agreed by the SFC, also be subject to any investment and borrowing restrictions which are set out in the Appendix for the relevant Sub-Fund.

- (a) not more than 10 per cent. of the Net Asset Value of the Sub-Fund may consist of securities (other than Government and other public securities) or units (in the case of a unit trust) issued by a single issuer;
- (b) the Fund may not hold more than 10 per cent. of any ordinary shares or units issued by any single issuer;
- (c) not more than 15 per cent. of the Net Asset Value of the Sub-Fund may consist of securities of any company not listed or quoted on a stock exchange, over-the-counter market or other organised securities market;
- (d) not more than 15 per cent. of the Net Asset Value of the Sub-Fund may consist of warrants and options, other than warrants and options held for hedging purposes, in terms of the total amount of premium paid;
- (e) not more than 10 per cent. of the Net Asset Value of the Sub-Fund may consist of shares or units in unit trusts or mutual funds ("managed funds") provided that no investment may be made in a managed fund managed by the Manager or any of its connected persons if such investment would result in an increase in the overall total of the preliminary charge, manager's fee or other costs and charges borne by the Unitholders of the Sub-Fund.
- (f) not more than 20 per cent. of the Net Asset Value of the Sub-Fund may consist of physical commodities (including gold, silver, platinum or other bullion) and commodity based investments (other than shares in companies engaged in producing, processing or trading in commodities);

- (g) the net aggregate value of the contract prices, whether payable to or by the Sub-Fund (other than futures contracts entered into for hedging purposes), together with the aggregate value of investments falling within paragraph (f) above held by the Sub-Fund, may not exceed 20 per cent. of the Net Asset Value of the Sub-Fund;
- (h) not more than 30 per cent. of the Net Asset Value of the Sub-Fund may consist of Government and other public securities or units (in the case of a unit trust) of a single issue; and
- (i) subject to paragraph (h) above, the Sub-Fund may be fully invested in Government and other public securities provided that it holds Government and other public securities of at least six different issues.

The Manager shall not on behalf of any Sub-Fund:-

- (i) invest in a security of any class in any company or body if directors and officers of the Manager individually own more than 1/2 per cent. of the total nominal amount of all the issued securities of that class or collectively own more than 5 per cent. of those securities;
- (ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding interests in real estate companies and interests in REITs that are listed on a stock exchange);
- (iii) make short sales if as a consequence the liability of the Sub-Fund to deliver securities would exceed 10 per cent. of the Net Asset Value of the Sub-Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted);
- (iv) write uncovered options;
- (v) write a call option if the aggregate of the exercise prices of all such call options written on behalf of the Sub-Fund would exceed 25 per cent. of the Net Asset Value of that Sub-Fund;
- (vi) make a loan out of the Sub-Fund without the prior written consent of the Trustee except to the extent that the acquisition of an investment or the making of a deposit might constitute a loan;
- (vii) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money without the prior written consent of the Trustee;
- (viii) enter into any obligation on behalf of the Sub-Fund or acquire any asset for the account of the Sub-Fund which involves the assumption of any liability by the Trustee which is unlimited; or
- (ix) apply any part of the Sub-Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made unless such call could be met in full out of cash or near cash forming part of the Sub-Fund which has not been appropriated and set aside for any other purposes and shall not be entitled without the consent of the Trustee to apply any part of the Sub-Fund in the acquisition of any other investment which is in the opinion of the Trustee likely to involve the Trustee in any liability (contingent or otherwise).

Unless otherwise disclosed in the relevant Appendix, the Manager may borrow up to 25 per cent. of the latest available Net Asset Value of each Sub-Fund to acquire investments. The assets of the Sub-Fund may be charged or pledged as security for any such borrowings. In addition, the assets of the Sub-Fund may be charged to secure guarantees given in favour of Unitholders in such Sub-Fund.

If any of the investment and borrowing restrictions are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of Unitholders. The Manager is not required to sell investments if any of the investment restrictions are exceeded as a result of changes in the value of the Sub-Fund's investments, reconstructions or amalgamations, payments out of the assets of the Sub-Fund or redemptions of Units but for so long as such limits are exceeded the Manager will not acquire any further investments subject to the relevant restriction and will take all reasonable steps to restore the position so that the limits are no longer exceeded.

## **EXPENSES AND CHARGES**

### **Subscription Fee**

Unless otherwise stated in the relevant Appendix, the Manager shall charge Unitholders a subscription fee of up to 5% of the total value of the Units subscribed for by the investor or Unitholder. Subject to the maximum level of 5%, the Manager may change the level of the subscription fee from time to time and one month's prior notice will be given to Unitholders. In the event that the Manager decides to charge a subscription fee of more than 5%, investors shall be given three month prior written notice, subject to the approval of the SFC and the Trustee.

### **Redemption Fee**

The Manager does not intend to charge Unitholders a redemption fee at this time. However the Manager may, at its discretion, charge such a fee at a later time. In the event that the Manager decides to charge a redemption fee, investors shall be given three month prior written notice subject to the approval of the SFC.

### **Conversion Fee**

The Manager shall charge Unitholders a conversion fee of 1% of the total Net Asset Value of the Units converted for by the Unitholder. In the event that the Manager decides to charge a conversion fee of more than 1%, investors shall be given three month prior written notice, subject to the approval of the SFC and the Trustee.

### **Management Fee**

The Manager will be paid a management fee by the Sub-Fund. Depending on the class of Units, the current management fee is as follows:

<b>Class</b>	<b>Management Fee (p.a. of NAV attributable to the class)</b>
A	1.50%
A(A)	1.60% <sup>1</sup>
A(D)	1.60% <sup>1</sup>
B	as agreed from time to time and notified to each relevant holder
I	1%

<sup>1</sup> **Exception:** Class A(A) and A(D) Units of the ING Asia Pacific Real Estate Securities Fund have a management fee of 1.5%p.a.

The management fee shall be calculated daily and payable quarterly in arrears. The Manager may share its fees with any persons who distribute Units or otherwise procure subscriptions to the Sub-Fund.

The Investment Advisor (if any) shall be paid an advisory fee from the management fee.

The maximum level of the management fee is 2.5% per annum of the Net Asset Value of the Sub-Fund. The Manager will give 3 months' prior notice to Unitholders should there be any increase from the current level up to the maximum level.

### **Trustee Fee**

Based on the table below, the Trustee will charge a trustee fee based on the Net Asset Value of the Sub-Fund subject to a minimum charge per annum. This fee will accrue daily and be paid monthly in arrears. The maximum level of the trustee fee is 1% per annum of the Net Asset Value of the Sub-Fund. The Manager will give 3 months' prior notice to Unitholders should there be any increase from the current level up to the maximum level.

<b>Sub-Fund</b>	<b>Trustee Fee (p.a.)</b>	<b>Minimum Trustee Fee (p.a.)</b>	<b>Establishment Fee (once off)</b>	<b>Registrar Fee (p.a.)</b>
ING Asia Pacific Real Estate Securities Fund	0.1% for the first US\$20 million, and 0.08% thereafter	US\$15,000	US\$4,000	US\$5,000
ING China Access Fund	0.1% for the first US\$20 million, and 0.08% thereafter	US\$15,000	US\$4,000	US\$5,000
ING Global Real Estate Securities Fund	0.1% for the first US\$20 million, and 0.08% thereafter	US\$5,000	US\$2,000	US\$3,500

Per the table above, the Trustee has also received a one time establishment fee in respect of each Sub-Fund. It will also receive an additional fee per annum for each Sub-Fund for services in its capacity as Registrar. The Trustee is also entitled to receive valuation, transaction and processing fees and other applicable fees or out of pocket expenses in accordance with normal scales as agreed with the Manager, and other costs for preparing accounts in required formats if external professional bodies are appointed.

## **Costs**

A Sub-Fund will bear the costs set out in the Trust Deed which are directly attributable to it. Where such costs are not directly attributable to the Sub-Fund, the Sub-Fund will bear such costs in proportion to its respective Net Asset Value. Such costs include but are not limited to the costs of investing and realising the investments of the Sub-Fund, the fees and expenses of custodians of the assets of the Fund, the fees and expenses of the auditors, valuation costs, legal fees, the costs incurred in connection with any listing or regulatory approval, the costs of holding meetings of Unitholders and the costs incurred in the preparation and printing of any explanatory memorandum.

The costs of establishment of the Fund and the initial Sub-Fund in Hong Kong have already been expensed. The establishment cost includes legal expenses and fees to the Trustee. If further Sub-Funds are launched, such costs will be allocated to the respective Sub-Funds except for those costs which the Manager shall decide to pay out of its own resources.

## **Cash Rebates and Soft Commissions**

Neither the Manager nor any of its connected persons will receive cash commissions or other rebates from brokers or dealers in respect of transactions for the account of the Sub-Fund.

The Manager and/or any company associated with it reserves the right to effect transactions by or through the agency of another person with whom the Manager and/or any company associated with it has an arrangement under which that party will from time to time provide to or procure for the Manager and/or any company associated with its goods or services (such as research and advisory services, computer hardware associated with specialised software or research services and performance measures) that are of demonstrable benefit to the Unitholders and the transactions execution is consistent with best execution standards and the brokerage rates are not in excess of customary institutional full-service brokerage rate.

## **TAXATION**

This summary of certain tax considerations is considered to be a correct interpretation of existing laws and regulations in force on the date of this Explanatory Memorandum. No assurance can be given that changes in existing laws or regulations or their interpretation will not occur after the date of this Explanatory Memorandum.

Each prospective Unitholder should inform himself of, and where appropriate take advice on, the taxes applicable to the acquisition, holding and realisation of Units by him under the laws of the places of his citizenship, residence and domicile.

## **HONG KONG**

### **The Fund**

During such period as the Fund is authorised under Section 104 of the Securities & Futures Ordinance and complies with the requirements of the Securities & Futures Commission then, under present Hong Kong law and practice, the Fund is not subject to Hong Kong tax in respect of any of its authorised activities pursuant to Section 26A(1A)(a)(i) of the Inland Revenue Ordinance.

## The Investors

Hong Kong does not tax capital gains arising from the sale or other disposal by any Unitholder of Units in the Fund. However, in the case of certain Unitholders, e.g., dealers in securities, financial institutions, insurance companies carrying on business in Hong Kong, such gains may be considered to be part of the Unitholder's normal business profits and in such circumstances will be subject to Hong Kong profits tax (which is currently charged at the rate of 17.5% in the case of corporations, and 16% in the case of individuals) if the gains in question arise in or are derived from Hong Kong.

Distributions by the Fund in the hands of Unitholders should generally not be subject to Hong Kong profits tax.

There is no withholding tax on distributions by the Fund in Hong Kong.

No Hong Kong stamp duty will be payable by the Fund and the Unitholders in respect of transactions in the Units, provided the Register of Unitholders of the Fund will be maintained outside Hong Kong and the transfer of the Units will not be registered in Hong Kong. Currently, the Register of Unitholders of the Fund is maintained outside Hong Kong and the transfer of the Units are not registered in Hong Kong and therefore no Hong Kong stamp duty is payable.

## CAYMAN ISLANDS

There are at present no corporation, income, capital gains, profits or other taxes in the Cayman Islands which would apply to the profits in respect of the Fund. Nor are there gift, estate or inheritance taxes in the Cayman Islands.

The Trustee has applied for and received an undertaking from the Governor in Cabinet of the Cayman Islands, in accordance with section 81 of the Trusts Law (2007 Revision) of the Cayman Islands that for a period of 50 years from the date of that undertaking, no laws of the Cayman Islands thereafter enacted imposing any tax or duty to be levied on income or on capital assets, gains or appreciations or any tax in the nature of estate duty or inheritance tax shall apply to any property comprised in or any income arising under the Fund or to the Trustee or the Unitholders in respect of any such property or income.

No stamp duty is levied in the Cayman Islands on the transfer or realisation of Units. There is, at the date of this Explanatory Memorandum, no exchange control in the Cayman Islands.

**The foregoing is a summary of some of the important tax rules and considerations affecting the Unitholders, the Fund, and the Fund's proposed operations and does not purport to be a complete analysis of all relevant tax rules and considerations, nor does it purport to be a comprehensive coverage of all potential tax risks inherent in purchasing or holding Units in the Fund. Prospective investors in the Fund are urged to consult their own tax advisers on the tax consequences to them of acquiring, holding, realizing, transferring or redeeming Units in the Fund under the relevant laws of the jurisdictions to which they are subject, including any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to Unitholders will vary with the law and practice of the Unitholders' country of citizenship, residence, domicile or incorporation and their personal circumstances.**

## REPORTS AND ACCOUNTS

The Fund's financial year end is on 31<sup>st</sup> March in each year. Audited accounts in USD will be sent to Unitholders as soon as possible, and in any event within four months, after the end of the financial year.

The Manager also sends unaudited semi-annual reports to Unitholders within two months after 30th September in each year. Such reports contain a statement of the Net Asset Value of the Sub-Fund and of the investments comprising its portfolio. Once issued the accounts will be available for inspection at the Manager's office free of charge during normal working hours.

## DISTRIBUTION OF INCOME

Please refer to the Appendix in respect of the relevant Sub-Fund's policy on distribution of income. Investors should note that the distribution policy of the Sub-Fund may differ from that of the underlying investments.

Distribution, if any, shall either take the form of cash or Units in kind and will usually be paid to Unitholders within 30 days from the relevant Distribution Date. According to the table below, the amount available for distribution may either be automatically, or at the option of the relevant Unitholder, reinvested into the Sub-Fund for the account of such Unitholder. Please refer to the paragraph below headed "Distribution Reinvestment Mandate".

<b>Class</b>	<b>Dividend Reinvestment in Units in kind</b>
A	Not applicable
A(A)	Automatic
A(D)	At the option of the relevant Unitholder
B	At the option of the relevant Unitholder
I	At the option of the relevant Unitholder

Investors should note that:-

- (i) the intention of the Manager to make any distribution is not guaranteed and that the distributions are entirely at the Manager's discretion;
- (ii) distributions from the Sub-Fund may be made out of the capital or income of the Sub-Fund;
- (iii) any distributions made from the capital of the Sub-Fund may have the effect of reducing the investor's original investment in the Sub-Fund; and
- (iv) the declaration and/or paying of dividends (whether out of capital or otherwise) may have the effect of lowering the net asset value of the Sub-Fund.

The Manager shall have the absolute discretion to determine whether a distribution is to be made and, as and when the Manager shall decide, the Manager may by notice in writing direct the Trustee to distribute such part or all of the dividends received by the Sub-Fund, any cash held by the Sub-Fund received from the investments held by the Sub-Fund and if the Manager deems fit

such part or all of the net proceeds realised on the sale of investments held by in relation to the Sub-Fund or the capital of the Sub-Fund (or a combination of any of the above) in respect of the amount available for distribution on a Distribution Date at such time and in accordance with such method of calculations as the Trustee and the Manager may agree having regard to the provisions of the Trust Deed.

In the event the Manager shall decide pursuant to the paragraph above, that a distribution is to be made in relation to the Sub-Fund in respect of any Distribution Date, the Trustee shall distribute among the Unitholders rateably in accordance with the number of Units held or deemed to be held by them respectively on the relevant Distribution Date (as evidenced by the Register of Unitholders) the relevant amount available for distribution. For clarity, Unitholders who realise their Units on a Distribution Date or who submit a realisation request on a Distribution Date (whether before or after the Dealing Deadline) or whose realisation request is in the course of being processed on a Distribution Day will not be counted as a registered Unitholder in respect of the Units realised on that Distribution Date or as set out in the realisation request and therefore, will not receive the relevant distribution in relation to those Units. In determining the amount for distribution, the Manager may in its discretion decide that no fraction of or any fraction of one cent per Unit is to be distributed in connection with any such distribution.

### **Distribution Reinvestment Mandate**

Holders of Class A(D) Units, Class B Units and Class I Units may at the time of the initial subscription for such Units elect to receive the amount available for distribution in cash or, through the reinvestment of cash distributions into the Sub-Fund, Units in kind. The holders of such Units must make such election in relation to all the distributions receivable for all such Units held, no partial election can be made. A Unitholder may elect to change the form of distribution he receives by giving the Manager written notice 30 days prior to the next Distribution Date.

## **VOTING RIGHTS**

Meetings of Unitholders may be convened by the Manager or the Trustee, and the Unitholders of 10 per cent. or more in value of the Units in issue may require a meeting to be convened. Unitholders will be given not less than 21 days' notice of any meeting.

The quorum for all meetings is Unitholders present in person or by proxy representing 10 per cent. of the Units for the time being in issue except for the purpose of passing an extraordinary resolution. The quorum for passing an extraordinary resolution shall be Unitholders present in person or by proxy representing 25 per cent. or more of the Units in issue. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a quorum. Every individual Unitholder present in person, by proxy or by representative has one vote for every Unit of which he is the holder. In the case of joint Unitholders the senior of those who tenders a vote (in person or by proxy) will be accepted and seniority is determined by the order in which the names appear on the Register of Unitholders.

## **PUBLICATION OF PRICES**

The Net Asset Value per Unit of the Sub-Fund which has been authorised by the SFC in Hong Kong will be published daily in Hong Kong in the South China Morning Post and in the Hong Kong Economic Times. The Net Asset Value per Unit of all other Sub-Funds may be obtained from the Manager.

## **TRANSFER OF UNITS**

Subject as provided below, Units may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units.

## **TRUST DEED**

The Fund was established under the laws of the Cayman Islands by a Trust Deed dated 6 March 2002 made between ING Investment Management Asia Pacific (Hong Kong) Limited as Manager and HSBC Trustee (Cayman) Limited as Trustee and as amended from time to time.

The Trust Deed contains provisions for the indemnification of the parties and their exculpation from liability in certain circumstances. Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

Copies of the Trust Deed (together with any undertakings given to the SFC) as for the time being in force may be obtained from the Manager at a cost of HK\$300 each and may be inspected during normal working hours at the offices of the Manager and the Trustee free of charge.

## **TERMINATION OF THE FUND OR ANY SUB-FUND**

The Fund shall continue for a period of 100 years from the date of the Trust Deed or until it is terminated in one of the ways set out below.

The Fund may be terminated by the Trustee in the following events (provided that the Trustee shall certify that in its opinion, the proposed termination is in the interest of Unitholders) namely if (a) within 30 days of the Manager leaving office, no new manager is appointed or (b) if in the opinion of the Trustee the Manager is incapable of performing or fails to perform its duties satisfactorily or (c) if the Manager goes into liquidation or if a receiver is appointed over any of its assets and not discharged within 60 days or (d) if the Trustee desires to retire and the Manager fails to find a new trustee qualified to act as trustee in the place of the retiring Trustee. The Trustee may also terminate the Fund if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Fund. The Fund or any Sub-Fund may be terminated by the Manager (a) if on any date, in relation to any Sub-Fund, the aggregate net asset value of the Units outstanding in respect of such Sub-Fund shall be less than US\$10 million and, in the case of a guaranteed Sub-Fund, Unitholders of such Sub-Fund pass an Extraordinary Resolution approving the termination of the Sub-Fund in such circumstances or (b) if any law shall be passed which

renders it illegal or in the opinion of the Manager impracticable or inadvisable, in consultation with the SFC to continue the Fund or such Sub-Fund or (c) if the Fund and/or any Sub-Fund (as the case may be) shall cease to be authorised or otherwise officially approved by the SFC, save that such power of termination shall not apply to a guaranteed Sub-Fund. Three months' notice of any termination will be given to Unitholders. Further at any time the Unitholders of any Sub-Fund may authorise termination of such Sub-Fund by Extraordinary Resolution.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Trust Deed and the latest annual and semi-annual reports (if any) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager at 39th Floor, One International Finance Centre, One Harbour View Street, Central, Hong Kong. Copies of the Trust Deed can be purchased from the Manager on payment of a reasonable fee.

## **ANTI-MONEY LAUNDERING REGULATIONS**

As part of the Trustee and the Manager's responsibility for the prevention of money laundering, the Trustee and/or the Manager (including its affiliates, subsidiaries or associates) will require a detailed verification of an investor's identity and the source of payment of application monies. Depending on the circumstances of each application, a detailed verification might not be required where:-

1. the applicant is a recognised financial institution which is regulated by a recognised regulatory authority and carries on business in a country listed in the Third Schedule of the Money Laundering Regulations (2008 Revision) (as amended) of the Cayman Islands (a "Schedule 3 Country");
2. the application is made through a recognised intermediary which is regulated by a recognised regulatory authority and carries on business in a Schedule 3 Country. In this situation the Trustee and/or the Manager may rely on a written assurance from the intermediary that the requisite identification procedures on the applicant for business have been carried out; or
3. the subscription payment is remitted from an account (or joint account) held in the applicant's name at a bank in the Cayman Islands or a bank regulated in a Schedule 3 Country. In this situation the Trustee and/or the Manager may require evidence identifying the branch or office of the bank from which the monies have been transferred, verify that the account is in the name of the applicant and retain a written record of such details.

Notwithstanding the above, the Trustee and the Manager reserve the right to request such information as is necessary to verify the identity of an applicant and the source of payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee and/or the Manager may refuse to accept the application and the subscription monies relating thereto.

The Trustee and the Manager may refuse to make any realisation payment to a Unitholder if the Trustee or Manager is of the view that the payment of realisation proceeds to such Unitholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Sub-Funds or the Trustee or the Manager with any such laws or regulations in any applicable jurisdiction.

If any person resident in the Cayman Islands knows or suspects that another person is engaged in money laundering or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of their business, the person will be required to report such belief or suspicion to either the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law, 2008 if the disclosure relates to money laundering or to a police officer of the rank of constable or higher if the disclosure relates to involvement with terrorism or terrorist property, pursuant to the Terrorism Law, 2003.

By subscribing, applicants consent to the disclosure by the Trustee and the Manager of any information about them to regulators and others upon required in connection with money laundering and similar matters both in the Cayman Islands and in other jurisdictions.

## **CONFLICTS OF INTEREST**

The Manager and the Trustee may from time to time act as trustee, administrator, registrar, manager, custodian, investment manager or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of any Sub-Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Fund and will endeavour to ensure that such conflicts are resolved fairly. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

## **REGULATION OF THE FUND IN CAYMAN ISLANDS**

The Fund falls within the definition of a "Mutual Fund" in terms of the Mutual Funds Law (2007 Revision) of the Cayman Islands (the "Law") and accordingly is regulated in terms of that Law. In compliance with the requirements of Section 4(1)(b) of the Law, the Trustee, being a licensed mutual fund administrator for the purposes of the Law, provides the principal office of the Fund in the Cayman Islands.

As a regulated mutual fund, the Fund is subject to the supervision of the Cayman Islands Monetary Authority (the "Monetary Authority"). The Trustee must file this Explanatory Memorandum and any changes that materially affect any information in this document with the Monetary Authority. The Monetary Authority may, at any time instruct the Trustee to have the Fund's accounts audited and to submit them to the Monetary Authority within such time as the Monetary Authority specifies. In addition, the Monetary Authority may ask the Trustee to give the Monetary Authority such information or such explanation in respect of the Fund as the Monetary Authority may reasonable require to enable it to carry out its duty under the Law.

The Trustee must give the Monetary Authority access to or provide at any reasonable time all records relating to the Fund and the Monetary Authority may copy or take an extract of a record it is given access to. Failure to comply with these requests by the Monetary Authority may result in substantial fines on the part of the Trustee and may result in the Monetary Authority applying to a court to have the Fund wound up.

The Monetary Authority may take certain actions if it is satisfied that, inter alia, a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors.

The powers of the Monetary Authority include inter alia the power to require the substitution of the Trustee, to appoint a person to advise the Trustee on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Monetary Authority including the ability to apply to the court for approval of other actions.

### **TRUSTEE'S ANTI-MONEY LAUNDERING, LIMITATION OF LIABILITY AND CONFIDENTIALITY POLICIES**

The Trustee and the Trustee's delegates who are members of the HSBC Group may take any action which the Trustee and the Trustee's delegates, in its sole and absolute discretion, considers appropriate so as to comply with any law, regulation, request of a public or regulatory authority or any HSBC Group policy which relate to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to any persons or entities which may be subject to sanctions (collectively "Relevant Requirements"). Such action may include, but is not limited to, the interception and investigation of transactions in relation to the Fund (particularly those involving the international transfer of funds) including the source of or intended recipient of funds paid in or out in relation to the Fund and any other information or communications sent to or by the Fund or on the Fund's behalf. In certain circumstances, such action may delay or prevent the processing of proper instructions, the settlement of transactions in respect of the Fund or the Trustee's performance of its obligations under the Trust Deed, but where possible, the Trustee will endeavour to notify the Fund of the existence of such circumstances.

Neither the Trustee nor any member of the HSBC Group will be liable for loss (whether direct or consequential and including, without limitation, loss of profit or interest) or damage suffered by any party arising out of or caused in whole or in part by any actions which are taken by the Trustee or any delegate or any member of the HSBC Group to comply with the Relevant Requirements (including, without limitation, those actions referred to in this section). For the purposes of this section, "HSBC Group" means HSBC Holdings plc, its subsidiaries and associated companies.

#### **Disclosure of Information**

The Trustee and the Manager will treat information about the Fund ("Confidential Information") as secret and confidential and will not, without the Manager's prior written consent or authority, disclose to any third party the Confidential Information except in the following circumstances (in which case the Confidential Information may be disclosed to third parties, including members of the HSBC Group):

- (a) where necessary to perform the Trustee's obligations under the Trust Deed; or
- (b) where the Trustee is under a legal or regulatory obligation (including an obligation imposed by any Takeover Panel) to do so, or where the law permits it in certain limited circumstances to do so, or the Fund has been requested to do so by any legal, regulatory, governmental or fiscal body in any jurisdiction.

The Trustee or the Manager may collect, use and disclose personal data about individuals associated with the Fund, so that the Trustee or the Manager can carry out its obligations to the Fund and for other related purposes, including monitoring and analysis of its business, fraud and crime prevention, money laundering, legal and regulatory compliance, and the marketing by the Trustee, members of the HSBC Group, the Manager or members of ING Groep N.V. of other services. The Trustee and the Manager will keep the personal data up to date. The Trustee or the Manager may also transfer the personal data outside Hong Kong to any country so that such data may be processed on behalf of the Trustee or the Manager. Where it is processed, the personal data will be protected by a strict code of secrecy and security to which all members of the HSBC Group or members of the ING Groep N.V. (as the case may be), their staff and any third parties are subject to and will only be used in accordance with the instructions of the Trustee or the Manager (as the case may be).

## **RISK FACTORS**

**Principal Risk Factor(s):** Investors should note that investments in the Sub-Fund are exposed to the financial and market risks that accompany investments in equities and these have been set out in greater detail below. While equities may offer the potential for greater long-term growth than most debt securities, equities generally have higher volatility.

The Sub-Fund invests in foreign securities, which involve special risks, including currency fluctuations, lower liquidity, political and economic uncertainties, and differences in accounting standards. The Sub-Fund may invest in small and medium capitalized companies, which may be more susceptible to price swings and less liquidity than larger capitalized companies.

Investors should note that a Sub-Fund may invest in real estate investment trusts that have not been authorized by the SFC and may not be directly available to Hong Kong residents.

A Sub-Fund may be affected by the following risks which should not be considered to be an exhaustive list of the risks which potential investors should consider before investing into a Sub-Fund:-

### **Market Risks**

The value of investments in a Sub-Fund may rise or fall as a result of developments in the financial markets, economic developments of issuers and economic and political conditions prevailing in each country. From time to time, the market may not favour the securities in which a Sub-Fund invests. Rather, the market could favour securities in industries to which a Sub-Fund is not exposed, or may not favour the Sub-Fund's investments at all.

Investments of each Sub-Fund are subject to normal and exceptional market fluctuations. It should also be noted that Manager may, in compliance with the applicable investment limits and restrictions imposed, temporarily adopt a more defensive attitude by holding more cash in the portfolio when he believes that the markets or the economy in countries in which the Sub-Fund invests are experiencing excessive volatility, a persistent general decline or other negative conditions. In such circumstances, the Sub-Fund concerned may prove to be incapable of pursuing its investment objective, which may affect its performance.

### **Political and/or Regulatory Risks**

The value of the Sub-Fund's investments may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. Foreign ownership restrictions in some markets may mean that corporate actions entitlements in relation to any collective investment schemes or other investments the Fund is invested into may not always be secured or may be restricted.

The Fund is domiciled in the Cayman Islands and investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Investors should consult their financial or other professional adviser for further information in this area.

### **Foreign Exchange/Currency Risk**

The Sub-Fund may invest its assets in securities denominated in a wide range of currencies, some of which may not be freely convertible. The Net Asset Value of the investments of the Sub-Fund as expressed in USD will fluctuate in accordance with the changes in the foreign exchange rate between the USD and the currencies in which the sub-Fund's investments are denominated. The Sub-Fund may therefore be exposed to a foreign exchange/currency risk.

It may not be possible or practicable to hedge against the consequent foreign exchange/ currency risk exposure.

### **Interest Rate Risk**

The value of Units may rise or fall as interest rates of the main currencies in which investments within a Sub-Fund are denominated or in which the Units denominate fluctuate.

### **Liquidity Risk**

There is no guarantee that securities in which a Sub-Fund invests in will always have a very liquid market. The ability of the Sub-Fund to buy or sell such securities will depend on the liquidity of such securities. When such securities are not actively traded, there is a risk that the Sub-Fund may not be able to buy or sell such securities at the desired price, time and/or in the desired quantity, which in turn may affect the performance of the Sub-Fund.

## **Premium Risk**

Where the Sub-Fund acquires or values securities in the market generally or over-the-counter market, there is no guarantee that the Sub-Fund will be able to realise such securities at a premium due to the nature of the over-the-counter market. Subject to the interests of investors and/or the Sub-Fund, the Manager shall make reasonable efforts to reduce the Sub-Fund's exposure to such premium risk.

## **Flexibility Risk**

Lack of flexibility of investment product and restriction may limit the possibility to change the counterparts/providers. Difficulties may in particular exist to find another counterparty with similar conditions for over-the-counter derivatives.

## **Counterparty and Settlement Considerations**

The Sub-Fund will be exposed to credit risk on the counterparties with which it trades particularly in relation to options, futures, contracts and other derivative financial instruments that are not traded on a recognised market. Such instruments are not afforded the same protections as may apply to participants trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. The Sub-Fund will be subject to the possibility of the insolvency, bankruptcy or default of a counterparty with which the Sub-Fund trades, which could render the investment valueless and result in substantial losses to the Sub-Fund.

The Sub-Fund will also be exposed to a credit risk on parties with whom it trades securities, and may also bear the risk of settlement default, in particular in relation to debt securities such as bonds, notes and similar debt obligations or instruments. Investors should also note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Sub-Fund in respect to investments in emerging markets. Investors should also note that the securities of small capitalisation companies as well as the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Units.

## **Emerging Markets Risk**

The Sub-Fund may invest in equity securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic stability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility, (iii) certain national policies which may restrict the Sub-Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; and (iv) the absence of developed legal structures governing private or foreign investment and private property.

## **Price volatility**

The value of the Sub-Fund changes as the prices of its investments go up and down. Equity securities face market, issuer and other risks, and their values may go up or down, sometimes rapidly and unpredictably. Market risk is the risk that securities may decline in value due to factors affecting securities market generally or particular industries. Issuer risk is the risk that the value of a security may decline for reasons relating to the issuer, such as changes in the financial condition of the issuer. While equities may offer the potential for greater long-term growth than most debt securities, they generally have higher volatility. The Sub-Fund may invest in small-and mid-sized companies, which may be more susceptible to greater price swings than larger companies because they have fewer financial resources, more limited product and market diversification and may be dependent on a few key managers.

## **Market trend**

From time to time, the stock market may not favour the securities in which the Sub-Fund invests. Rather, the market could favour stocks in industries to which the Sub-Fund is not exposed, or may not favour equities at all.

## **Industry/Market Concentration**

As a result of a Sub-Fund concentrating its assets in securities related to a particular industry/market, that Sub-Fund may be subject to greater market fluctuation than a fund which has securities representing a broader range of investment alternatives.

## **Derivative Risk**

A Sub-Fund may invest in derivatives for hedging or efficient portfolio management purposes. Due to the nature of futures, cash to meet initial and future margin deposits may be held by a broker with whom a Sub-Fund has an open position. On execution of an option, the Sub-Fund may pay a premium to a counterparty. In the event of bankruptcy of the counterparty the option premium may be lost in addition to any unrealised gains where the contract is "in the money".

Risk inherent in the use of options, foreign currency contracts, swaps, futures contracts and options on these contracts include:

- (a) the fact that success depends on the ability of the Manager to accurately predict trends in interest rates, prices of transferable securities and/or money market instruments and currency markets;
- (b) the imperfect correlation between the price of options and futures contracts and options on these contract and movements in the prices of the securities, money market instruments or currencies being hedged;
- (c) the fact that the skills needed to use these instruments are different from those needed to select portfolio securities;

- (d) the possibility of a non-liquid secondary market for a particular instrument at a given time; and the risk that a sub-fund may not be able to purchase or sell a portfolio security during a favourable period, or the risk that a Sub-Fund may have to sell a portfolio security during an unfavourable period.
- (e) investments in derivatives may be leveraged. Leverage magnifies gains and losses from investments. Losses in investments in derivatives may exceed the amount initially invested. As a result of unfavourable conditions, the Manager may be obliged to divest an investment in a derivative, thereby crystallizing a loss in the value of the investment or creating a loss exceeding the value of the investment. Equally, as a result of unfavourable conditions, the Manager may be unable to divest an investment in a derivative, extending losses in the investment or rendering the investment worthless;
- (f) investments in over-the-counterparty derivatives may be less regulated.

### **Real Estate Risk**

Investment in issuers that are principally engaged in real estate may subject the Sub-Fund to risks similar to those associated with the direct ownership of real estate including, terrorist attacks, war or other acts that destroy real property (in addition to securities market risks). These companies are sensitive to factors such as changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and credit worthiness of the issuer. REITs may also be affected by tax and regulatory requirements.

### **Risk relating to Distributions**

For Sub-Funds where the Manager intends to make a distribution as indicated in the Appendix, investors should be aware that the Manager may make distributions from both the capital or the income of the Sub-Fund. Where an investor has elected to receive distributions, in the event the Manager determines to make a distribution from the capital of the Sub-Fund investors should be aware that any distributions made from the capital of the Sub-Fund may have the effect of reducing the investor's original investment in the Sub-Fund and that the net asset value of the Sub-Fund may decrease. Investors should be aware that a distribution may be made regardless of any realised or unrealised capital gains or losses. Investors should also understand that any declaration of a distribution may not indicate whether the Sub-Fund has made profit whether of a capital or income nature.

***The above should not be considered to be an exhaustive list of the risks which potential investors should consider before investing into a Sub-Fund. Potential Investors should be aware that an investment in a Sub-Fund may be exposed to other risks from time to time and should consult their financial advisor, stockbroker, bank manager, legal adviser or accountant to ascertain the suitability of an investment in any Sub-Fund in light of their individual circumstances and to clarify any information contained in this Explanatory Memorandum before making any investment decision.***

**APPENDIX**  
**SUB-FUND FACTSHEETS**

## ING Asia Pacific Real Estate Securities Fund

### **Investment Objective:**

- to deliver a total return through a combination of capital appreciation and current income from investing predominantly in listed real estate securities across the Asia Pacific region;
- to operate as a diversified real estate securities portfolio and invest the majority of its assets in equity securities of real estate companies and/or REITs that are principally engaged in deriving the major portion of their total revenues or earnings from the real estate industry.

### **Benchmark:**

- FTSE EPRA/NAREIT Asia index

### **Investment Strategy:**

- under normal market conditions, to invest in listed companies that derive the majority of their total revenues or earnings in the real estate industry, including but not limited to owning, operating, developing and/or managing real estate. The portfolio will have investments located across the countries within the Asia Pacific region including Australia, People's Republic of China, Hong Kong, Japan, Korea, Malaysia, Singapore, Taiwan, New Zealand, Philippines, India, Thailand, Indonesia and such country as the Manager may determine from time to time;
- as a general matter, the Manager expects investments to be in common securities or units of large, mid- and small-sized entities. The Manager may also invest in units of REITs.

### **Investment Selection Process:**

- disciplined process including analysis of the macro economic environment, the property specific factors of a country and sectors within a country and security specific analysis, including management skill, quality of income, capital management, industry position, gearing, return on capital employed and earning and distribution growth, with strong emphasis on risk management throughout the investment process;
- the investment philosophy in managing real estate securities is to generate returns in excess of the benchmark through the application of rigorous research and an active investment approach. The real estate securities investment process incorporates qualitative and quantitative analysis and screening as well as fundamental research and relative valuation analysis;
- key strengths of the process may be summarised as follows:
  - thorough research is undertaken to aim to exploit inefficiencies in Asia Pacific markets;
  - stocks are analysed utilising a fundamental bottom-up process;
  - local market presence provides an important information advantage;
  - robust, disciplined and repeatable investment process.

**Available Classes and Minimum Holdings:**

- Class A(A): 250 Units
- Class A(D): 250 Units
- Class B: 10,000 Units
- Class I: 10,000 Units

**Reference Currency:**

- USD

**Distribution Policy:**

- The Manager seeks to make two separate distributions during each calendar year on the Distribution Date.

**Notes:**

- Investment in this Sub-Fund is not equivalent to an investment in a REIT.
- This Sub-Fund may invest in REITs that have not been authorized by the SFC and may not be directly available to Hong Kong residents.
- While this Sub-Fund has been authorised by the SFC, only Class A(A), A(D) and I Units will be offered and sold to the public in Hong Kong, Class B Units will only be offered to Professional Investors.

## ING China Access Fund

### **Investment Objective:**

- seeks long term capital appreciation by investing in a portfolio of companies whose securities are listed on international equity markets and whose businesses are exposed to the growth of the Chinese economy

### **Investment Strategy:**

- under normal market conditions, the Sub-Fund will operate as a non-diversified fund, and invest at least 80% of its assets in a portfolio of equity securities of companies that are principally engaged in activities which benefit from the growth of the Chinese economy or unit trusts that invest in such companies. The Sub-Fund shall not invest in physical commodities

### **Investment Selection Process:**

- 4 step disciplined process:
  - (i) investment universe invested is filtered to identify securities with sufficient market capitalisation (currently US\$100 million) and daily liquidity (currently US\$1 million per day) that will be considered for the portfolio;
  - (ii) these securities undergo rigorous fundamental research, in order to identify those which are considered to have an attractive valuations and growth prospects. The factors considered in this process include but are not limited to industry outlook, market position, corporate strategy, quality of management, financial structure, financial performance and valuation multiples;
  - (iii) the portfolio is constructed according to the investment objectives of and adhering to risk parameters of the Sub-Fund;
  - (iv) the portfolio is continually reviewed, and rebalanced where necessary. Stocks are sold when price targets are reached, or expectations change, and new stocks, identified through the research process, are added. The risk characteristics of the portfolio are regularly reviewed, to ensure that they are consistent with the investment objectives.

### **Available Classes and Minimum Holdings:**

- Class A: 250 Units
- Class I: 25,000 Units

### **Reference Currency:**

- USD

### **Distribution Policy:**

- No distribution will be made by the Sub-Fund.

## ING Global Real Estate Securities Fund

### Investment Objective:

- to provide investors with high total returns consisting of income and capital appreciation over time with the aim of declaring, at the discretion of the Manager, regular dividends

### Investment Strategy:

- under normal market conditions, to operate as a non-diversified fund and invest at least 80% of its assets in a portfolio of equity securities of companies or unit trusts that are principally engaged, deriving at least 50% of their total revenues or earnings, in the real estate industry. The Manager will select companies that derive at least 50% of their total revenues or earnings from owning, operating, developing and/or managing real estate. This portion of the portfolio will have investments located in at least three different countries of the following:- Australia, Austria, Belgium, Brazil, Canada, China, Costa Rica, Finland, France, Germany, Hong Kong, Italy, Japan, Korea, Luxembourg, Malaysia, Mexico, Netherlands, Puerto Rico, Russia, Singapore, Spain, Sweden, Switzerland, Taiwan, Turkey, United Kingdom and United States or such country as the Manager may determine from time to time;
- as a general matter, the Manager expects investments to be in common stocks of large, mid- and small-sized companies. The Manager may also invest in REITs;
- the Sub-Fund may borrow up to 20% of the Net Asset Value from time to time for investment purposes;
- the Manager may not invest in securities of a company not listed or quoted on a stock exchange, over-the-counter market or other organized securities market.

### Investment Selection Process:

- 2 step disciplined process:
  - (i) industry sectors and geographic regions in which to invest are selected. The extent to which the selected sectors and regions are represented is then determined by a systematic evaluation of public and private property market trends and conditions;
  - (ii) a valuation process is used to identify investments with superior current income and growth potential relative to their peers. The valuation process examines several factors including but not limited to: (i) value and property; (ii) capital structure; and (iii) management and strategy.

### Investment Advisor:

- ING Clarion Real Estate Securities L.P., 201 King Street of Prussia Road, Suite 600, Radnor, PA 19087 United States of America

### Available Classes and Minimum Holdings:

- Class A(A): 100 Units
- Class A(D): 100 Units
- Class I: 10,000 Units

### Reference Currency:

- USD

### Distribution Policy:

- The Manager seeks to make four separate distributions during each calendar year on the Distribution Date.