

- ING (L) Renta Fund is a UCITS umbrella fund containing a number of Sub-Funds with different investment objectives and risk profiles.
- The Sub-Funds of ING (L) Renta Fund as set out in this Prospectus invest mainly in fixed income securities and/or other related securities.
- Investment in ING (L) Renta Fund involves risks and a possible loss of the principal amount invested. Certain Sub-Funds may be exposed to risks relating to issuer, sector or geographic concentration and therefore have a higher price volatility than Sub-Funds which have a more diversified policy.
- Certain Sub-Funds may be exposed to risks relating to investments in emerging markets and therefore would be subject to additional legal, regulatory, political, expropriation, repatriation, counterparty and foreign exchange risks.
- Certain Sub-Funds may invest in derivatives which may increase the leverage and hence magnify any gains and losses from investments in derivatives.
- The investment decision is yours but you should not invest unless the intermediary who sells the Sub-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 PROSPECTUS



# ING (L) Renta Fund

Société d'investissement à capital variable  
LUXEMBOURG

## PART 1: SUMMARY

This summary aims to give you an overview of the important information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to subscribe for any shares of ING (L) Renta Fund ("**Shares**").

### Overview

- ING (L) Renta Fund is an open-ended investment company established for an unlimited duration on January 25, 1989 in the Grand Duchy of Luxembourg.
- ING (L) Renta Fund offers a range of sub-funds ("**Sub-Funds**"). Each Sub-Fund is treated as if it were a separate legal entity. Accordingly, the assets of each Sub-Fund are intended to be available only to meet the liabilities of that Sub-Fund.
- In Hong Kong, as at the date of this prospectus, only ING (L) Renta Fund Asian Debt is available for investment by the public.

### Product Features

- Investors should refer to the fund fact sheet of each Sub-Fund in Part 4 for information on the product features of each Sub-Fund, its investment objectives and restrictions. Each Sub-Fund has its own investment policy and cost structure.
- Each Sub-Fund may have geographical, sector and country restrictions on its investments. Each Sub-Fund may also have the intended size of companies which it may invest in. Any of these restrictions and intended size is stated in the fund fact sheet of each Sub-Fund. Otherwise, there shall be no such restriction or intended size applicable.

### Risk Factors

- Investment involves risk. Risks relating to investing in ING (L) Renta Fund are set out in the section "Risk Factors" in Part 9 and certain specific risks relating each Sub-Fund are highlighted in the fund fact sheet of each Sub-Fund in Part 4.
- 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 prospectus before taking any investment decision.
- The price of Shares may decrease or increase. There is no guarantee that the investment policy or objectives of any Sub-Fund will be met and there is a possibility that investors may not recover their initial investment.
- Any investment in ING (L) Renta Fund involves risks, including those inherent in any investment. By investing in ING (L) Renta Fund, investors may expose themselves to one or more of the risks set out below, which includes some of the more common risks but

is not meant to be exhaustive. These risks are set out for your informational purposes only. You, as a potential investor, should make your investment decision after assessment of risks based on your individual situation and circumstances and after the intermediary who sells a Sub-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:

- **market risk** – developments in the financial markets, economic developments of issuers and economic and political conditions prevailing in the countries in which a Sub-Fund has invested in;
- **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 the countries in which investments are made;
- **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 of the relevant Sub-Fund;
- **interest rate risk** – interest rates of the main currencies in which investments within a Sub-Fund are denominated or in which Shares of ING (L) Renta Fund are denominated may fluctuate;
- **reinvestment risk** – when an issuer of bonds decides to exercise its right to pay principal on an obligation earlier than the expected maturity date, especially during times of declining interest, then there is a risk that a Sub-Fund may receive a return which is lower than it expected and would then be required to reinvest in lower yielding securities;
- **risk of issuer default** – the default, insolvency or bankruptcy of the issuer of the bonds, securities and other instruments a Sub-Fund purchasers may cause the Sub-Fund to suffer substantial losses;
- **risks associated with derivatives** – investments in derivatives may involve market, interest, currency, liquidity and counterparty risks. Derivatives may also increase leverage and hence, magnifies any gains and losses from investments;
- **counterparty risk** – counterparties to derivative transactions may default, causing the value of such derivative transactions in a Sub-Fund to become valueless;
- **liquidity risk** – the market for the securities invested may not be liquid;
- **risk of flexibility** – investment products and restrictions may limit the possibility to change counterparties/providers;
- **risks associated with Rule 144A securities** – investments in Rule 144A securities may be less regulated, hence more prone to improper conduct by their issuers;

- **risks associated with emerging markets** – investments may be subject to greater political instability, new and adverse laws and rulings, and false information and higher liquidity risk;
- **risks associated with concentration in issuers, sectors or geographic areas** – as a result, prices may be more volatile in general;
- **risks associated with small companies** – may be subject to greater volatility in price as compared to large companies;
- **risks associated with distribution** – a dividend may be distributed 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 a profit; and
- **risks associated with suspensions of dealings** – in certain circumstances, the Board of Directors is authorised to temporarily suspend the calculation of the net asset value and/or the issue, redemption and conversion of Shares of one or more Sub-Funds, which includes the suspension of the processing of dealing requests and payment of redemption proceeds. Investors may not be able to subscribe, redeem or convert Shares at a time or in the quantity and price that they desire.

## PART 2: IMPORTANT NOTICE

This prospectus is the offering document for Shares in Hong Kong. It has been authorized for distribution in Hong Kong by the Securities and Futures Commission (“**SFC**”). Authorization does not imply official recommendation. **If you are in any doubt about the contents of this prospectus or any of the documents accompanying it, you should consult your financial adviser, stockbroker, bank manager, legal adviser or accountant.**

The board of directors of ING (L) Renta Fund (“**Board of Directors**”) has taken all reasonable care to ensure that the facts stated in this prospectus are true and accurate in all material respects as at the date of publication and that there are no other material facts the omission of which would render misleading any statement herein whether of fact or opinion. The Board of Directors accepts responsibility accordingly. For the avoidance of doubt, this prospectus is neither issued by or on behalf of nor approved by ING Groep N.V. or any of its directors.

This prospectus does not constitute a distribution, offer or an invitation to offer securities in any jurisdiction other than Hong Kong. Nationals or residents of, or persons domiciled in, jurisdictions other than Hong Kong should inform themselves, as to (a) possible tax consequences, (b) legal requirements, and (c) any foreign exchange restrictions or exchange control requirements which they may encounter under the law of their country of nationality, domicile or residence, and which may be relevant to the subscription, holding or disposal of Shares in any Sub-Fund.

ING (L) Renta Fund has not been registered under the US Investment Company Act of 1940, as amended, or any analogous regulation in any other jurisdiction and the Shares have not been registered under the US Securities Act of 1933 (“**1933 Act**”), as amended, or any analogous regulation in any other jurisdiction. Shares may not be offered for sale, sold, transferred or delivered in the US, its territories or possessions or to any “US Person” (as defined in Regulation S under the 1933 Act as amended from time to time), except in a transaction which does not violate the securities laws of the US. Investors may be required to declare that they are not a US Person and that they are not subscribing in the name of or on behalf of a US Person.

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## PART 3: DIRECTORY OF PARTIES

<b>Board of Directors</b>	Mr. Michel van Elk (Chairman) Mr. Jonatham Attack Mr. David Eckert Mr. Bruno Springael Ms. Maaïke van Meer
<b>Management Company</b>	ING Investment Management Luxembourg S.A. 52 route d'Esch, L-2965 Luxembourg  The Management Company has delegated investment management discretion for each Sub-Fund to a Sub-Manager.  Details of each Sub-Manager of each Sub-Fund to whom the Management Company has delegated investment discretion may be found in the description of each Sub-Fund in Part 4.
<b>Custodian, Registrar &amp; Transfer Agent</b>	ING Luxembourg S.A. 52 route d'Esch, Luxembourg
<b>Central Administration</b>	ING Investment Management Luxembourg S.A. 52 route d'Esch, L-2965 Luxembourg
<b>Independent Auditor</b>	Ernst & Young, Public Limited Company 7 Parc d'activité Syrdall, L-5365 Munsbach (BP 780 - L-2017 Luxembourg)
<b>Hong Kong Representative &amp; Agent for Service in Hong Kong</b>	ING Investment Management Asia Pacific (Hong Kong) Ltd. 39th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

## PART 4: FUND FACT SHEETS

### ING (L) RENTA FUND ASIAN DEBT

#### Investment Objective and Policy

ING (L) Renta Fund Asian Debt is a fixed income instrument fund.

The Sub-Fund aims to generate returns by actively managing a portfolio comprised primarily (minimum 2/3) of bonds and money market instruments issued by Asian issuers (e.g. Singapore, Malaysia, Thailand, Indonesia, South Korea, Taiwan, the Philippines, India, Hong Kong and China) and denominated mainly in US dollars (minimum 2/3). Other countries in the same geographical area may be taken into consideration as long as their bond and money markets have reached maturity. Any liquid assets held on an ancillary basis will not be taken into account when calculating the above-mentioned limit of two thirds.

The Sub-Fund may also invest, on an ancillary basis, in other transferable securities (including warrants on transferable securities up to 10% of the Sub-Fund's net assets), money market instruments, Rule 144A securities, units of UCITS and other UCIs and deposits. However, investments in UCITS and UCIs may not exceed a total of 10% of the Sub-Fund's net assets. Where the Sub-Fund invests in warrants on transferable securities, please note that the net asset value may fluctuate more than if the Sub-Fund were invested in the underlying assets because of the higher volatility of the value of the warrant.

With a view to achieving the investment objectives, the Sub-Fund may also use derivative financial instruments including, but not limited to, the following:

- options and futures on transferable securities or money market instruments;
- futures and options on stock exchange indices;
- futures, options and interest rate swaps;
- performance swaps; and
- forward currency contracts and currency options.

The Sub-Fund is intended for well-informed investors seeking to invest part of their portfolio in growing Asian markets offering attractive long-term investment opportunities. However, these markets involve an above-average degree of risk.

#### Risk profile of the Sub-Fund

The market risk associated to the bonds used to reach investment objectives is considered as high. Those instruments are impacted by various factors including, but not limited to, the development of the financial market, as well as the economic development of issuers who are themselves affected by the general world economic situation, as well as economic and political conditions prevailing in each country. Expected credit risk underlying investments in emerging market bonds are higher than investments in corporate issues located in developed markets. The Sub-Fund's

liquidity risk is set to medium. Moreover, the currency exposure may impact the Sub-Fund's performance. No guarantee is provided as to the recovery of the initial investment.

Investors should generally refer to "Risk Factors" in Part 9.

### **Share Class**

There is no minimum investment size for the Sub-Fund. Shares available in Hong Kong are:

<b>Name of Share Class</b>	<b>Denomination</b>	<b>Form</b>	<b>Right to Distribution</b>	<b>Frequency of Distribution (if applicable)</b>
P Cap	USD	Bearer	No	—

### **Investment Management Fees**

The investment management fee for "P" classes of Shares of the Sub-Fund is 1.00% p.a. based on average net assets of each class of Share of the Sub-Fund and payable each month.

### **Reference Currency**

The reference currency of the Sub-Fund is USD.

### **Sub-Manager**

The Sub-Fund is managed from the Asia-Pacific region by ING Investment Management Asia Pacific (Hong Kong) Limited.

## PART 5: DEALING

Dealings in Shares of ING (L) Renta Fund, including subscriptions, redemptions and conversions, may take place on each day that is a bank business day in Luxembourg and Hong Kong.

### Subscriptions

Investors who wish to apply for Shares in a Sub-Fund may do so by completing the prescribed application form and then following the procedures set out in such application form. Copies of the prescribed application form may be obtained from the Hong Kong Representative. Applications for subscription are irrevocable and will be accepted on each bank business day in Luxembourg and Hong Kong.

For "P" class Shares, the subscription price per Share of a Sub-Fund will be equal to the price of the Share plus a commission of up to 3% of the price of the Share. For information on the price of Shares, please refer to the section below entitled "Valuation and Pricing".

If subscription monies in cleared funds are not received by the Hong Kong Representative at the same time as the application form, the application may, at the sole discretion of the Hong Kong Representative, be (a) rejected; (b) processed as if subscription monies in cleared funds had been received at the same time as the application form; or (c) without notice to the investor, treated as if the application was received on the day on which subscription monies in cleared funds are received, in which case the Valuation Day (as defined in "Valuation and Pricing" below) shall be deferred accordingly.

In the event that: (a) an application is processed in the absence of subscription monies in cleared funds and Shares are issued pursuant to such application; and (b) subscription monies in cleared funds are not subsequently received by the Hong Kong Representative within 5 business days from and including the day the application form is received, then such Shares may be redeemed at the sole discretion of the Hong Kong Representative without notice to the investor and the investor will be liable to pay all related losses, costs, charges, liabilities and expenses including but not limited to those incurred by the Hong Kong Representative, the Management Company and the relevant Sub-Manager and Sub-Fund.

Investors may pay in the reference currency of the Sub-Fund to which the Shares relate or in any other freely convertible currency. If payment is made otherwise than in the reference currency of the Sub-Fund, the payment will be converted into the reference currency of the Sub-Fund at prevailing market rates on an arm's length basis and the cost of conversion will be deducted from the subscription monies. Investors will bear the risk of any delay in receipt of cleared funds as a result of such conversion. The Hong Kong Representative 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 reference currency of each Sub-Fund is set in the fund fact sheet of each Sub-Fund in Part 4.

A shareholder will receive such number of Shares of a Sub-Fund as rounded down to 3 decimal places of a Share for a subscription. Share certificates will not be issued to shareholders.

**No money should be paid to any person in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance.**

To comply with anti-money laundering regulations, the Hong Kong Representative, the Management Company or their respective appointed agents may require evidence of source of subscription monies or the identity of an investor and may refuse to accept an application to subscribe for Shares. By applying for Shares in a Sub-Fund, investors consent to the disclosure by the Hong Kong Representative, the Management Company or their respective appointed agents of any information concerning them to regulators, government authorities or any other party in connection with money laundering or other similar matters.

## **Redemptions**

Shareholders may apply to redeem the whole or any part of their Shares by completing the prescribed redemption form and then following the procedures set out in such form. Copies of the prescribed redemption form may be obtained from the Hong Kong Representative. Applications for redemption are irrevocable and will be accepted on each bank business day in Luxembourg and Hong Kong.

The redemption price per Share shall be equal to the price per Share. For information on the price of Shares, please refer to the section below entitled "Valuation and Pricing".

There is presently no redemption fee payable by Hong Kong shareholders although ING (L) Renta Fund has reserved the right to charge such a fee.

Payment of redemption proceeds shall be subject to compliance with all applicable laws and regulations by the Hong Kong Representative, the Management Company or their respective appointed agents. Redemption proceeds will normally be paid in the reference currency of the Sub-Fund to which the Shares being redeemed relate. In this case, redemption proceeds will normally be paid within 6 business days from the day the application for redemption is received (but excluding the date on which the application is received). However, at the request of a shareholder, redemption proceeds may be paid in a currency other than the reference currency of the Sub-Fund to which the Shares being redeemed relate. In this case, the redemption proceeds will be converted at the cost of the requesting shareholder into the payment currency at the prevailing exchange rates and the redemption proceeds will normally be paid within 4 weeks from the day the application for redemption is filed. Neither the Board of Directors nor the custodian may be responsible for any lack of payment resulting from the application of any exchange control or other circumstances beyond their control which may limit or prevent the transfer abroad of the proceeds arising from the redemption of the Shares. The usual taxes, fees and administrative costs will be borne by the redeeming shareholder.

ING (L) Renta Fund may proceed with the compulsory redemption of any or all the Shares if: (a) it appears that a person who is not authorised to hold Shares in ING (L) Renta Fund (e.g. a US person), either alone or together with other persons, is the owner of Shares in ING (L) Renta Fund; or (b) it emerges that one or several persons own(s) a proportion of the Shares in ING (L) Renta Fund which may result in ING (L) Renta Fund being subject to the tax laws of a jurisdiction other than Luxembourg.

## **Conversions**

Shareholders may apply to convert the whole or any part of their Shares to the Shares of the same or another Sub-Fund (where available and provided that the conditions for assessing the target class of shares and/or Sub-Fund are fulfilled) by completing the prescribed conversion form and

then following the procedures set out in such form. Copies of the prescribed conversion form may be obtained from the Hong Kong Representative. The conversion request is irrevocable and will be accepted on each bank business day in Luxembourg and Hong Kong.

On a conversion, a shareholder will receive such number of Shares of the Sub-Fund as rounded to 3 decimal places to which he is converting as is equal to or less than the value of the Shares of the Sub-Fund from which he is converting based on the price per Share of those Sub-Funds. For information on the price of Shares, please refer to the section below entitled "Valuation and Pricing".

There is presently no conversion fee payable by Hong Kong shareholders although ING (L) Rent a Fund has reserved the right to charge such a fee.

Fractions of shares remaining following the conversion are bought back by ING (L) Rent a Fund. This part is reimbursed to the shareholder at the applicable net asset value.

### **Valuation and Pricing**

The net asset value of each class of Share of each Sub-Fund is determined on each bank business day in Luxembourg for which the preceding bank business day is not a day on which any exchange or market on which a substantial portion of the relevant Sub-Fund's investments is traded, is closed or while dealings on any such exchange or market are restricted or suspended ("**Valuation Day**") and other than days which fall within a period of suspension in dealing for such Shares. The net asset value is expressed in the reference currency of the Sub-Fund and calculated by subtracting the amount of liabilities attributable to that class from the value of assets of such class on a Valuation Day and dividing the difference by the number of Shares of that class of that Sub-Fund in issue on that Valuation Day. The amount of liabilities and the value of assets are determined in accordance with the provisions of the articles of association of ING (L) Rent a Fund.

The net asset value of each class of Share of each Sub-Fund will be published on each bank business day in Hong Kong in the South China Morning Post and the Hong Kong Economic Times.

Dealings in Shares are priced on a forward basis. The price per Share of a Sub-Fund is determined by reference to the net asset value of the Share on a Valuation Day.

### **Swing Single Price**

Large net cash inflows and outflows of a Sub-Fund may create "dilution" of such Sub-Fund's assets because the price at which an investor buys or sells Shares in such Sub-Fund may not entirely reflect the associated dealing and other costs as such costs are shared amongst all the Shareholders, including not only the incoming or outgoing shareholders but also the existing shareholders.

In order to counter this and enhance the protection of the existing shareholders, Swinging Single Pricing ("**SSP**") has been introduced. The purpose of SSP shall be to adjust the net asset value of each Sub-Fund where there are large net capital inflows or outflows in such Sub-Fund. The SSP shall be applied when the net capital inflow or outflow of the Sub-Fund is greater than a predetermined threshold (the "**Threshold**"). Once the Threshold is reached, the net asset value shall be adjusted by a predetermined amount (the "**Swing Factor**"). The Swing Factor will depend on the liquidity and cost of trading the underlying assets of the Sub-Fund. As the underlying assets

of each Sub-Fund are different, the cost of trading and therefore the Swing Factor may be different for each Sub-Fund. Except in exceptional circumstances, the Swing Factor should not be materially significant. Both the Threshold and Swing Factor shall be determined and reviewed by the Board of Directors from time to time.

The table below shows the application of the SSP:

<b>Event</b>	<b>Amount of inflow/outflow</b>	<b>Application of SSP</b>	<b>Net Asset Value</b>
Net capital inflow	Does not exceed the Threshold	No	NAV is not adjusted
	Exceeds the Threshold	Yes	Swing Factor is added to the NAV
Net capital outflow	Does not exceed the Threshold	No	NAV is not adjusted
	Exceeds the Threshold	Yes	Swing Factor is subtracted from the NAV

In any event, the same NAV applies to all incoming and outgoing investors on a particular dealing date. If the Threshold is not reached, then SSP shall not be applied.

The application of the SSP is solely to the benefit of the Sub-Fund as the full amount of the net asset value, after the Swing Factor is applied, would be credited to such Sub-Fund. The end result is that existing investors will no longer have to indirectly bear the transactions costs associated with large net capital movement because with SSP the charge of the transaction costs is directly borne by incoming and outgoing investors as such costs are integrated into the net asset value through the Swing Factor.

### **Timetable for Subscriptions, Redemptions and Conversions**

Completed applications for subscriptions, redemptions or conversions received by the Hong Kong Representative:

- (a) before 5.00 p.m. Hong Kong time will be priced based on the net asset value of the Share on the Valuation Day following receipt of the application and executed on the second Valuation Day following receipt of the application; or
- (b) after 5.00 p.m. Hong Kong time will be priced based on the net asset value of the Share on the second Valuation Day following receipt of the application and executed on the third Valuation Day following receipt of the application.

Applications sent to persons other than the Hong Kong Representative may be subject to a different timetable.

## Dealing Instructions By Facsimile

Investors who send dealing instructions by facsimile should sign and submit the original subscription, redemption or conversion form (as appropriate). Neither ING (L) Renta Fund, the Management Company nor the Hong Kong Representative assumes any responsibility for any loss caused as a result of the dealings instructions submitted by facsimile, including but not limited to illegibility, non receipt or acceptance of such forms.

## Suspension of Dealings

The Board of Directors is authorised to temporarily suspend the calculation of the net asset value per Share of one or several Sub-Funds and/or the issue, redemption and conversion of Shares, which for the avoidance of doubt includes the suspension of any or all part of the processing of the request for subscription, redemption or conversion, the issue of Shares or payment of redemption proceeds, in the following cases:

- (a) in the event of the closure, for periods other than normal holidays, of a stock exchange or other regulated market that operates regularly, is recognised and open to the public and supplies prices for a significant portion of the assets of one or more Sub-Funds, or in the event that transactions on such exchange or markets are suspended, subject to restrictions or impossible to execute in the required quantities;
- (b) where there is a breakdown in the methods of communication normally used to determine the value of ING (L) Renta Fund's investments or the current value on any investment or when, for any reason whatsoever, the value of investments cannot be promptly and accurately ascertained;
- (c) where exchange or capital transfer restrictions prevent the execution of transactions on behalf of one or more Sub-Funds or where purchases and sales made on its behalf cannot be executed at normal exchange rates;
- (d) where factors relating inter alia to the political, economic, military or monetary situation, and which are beyond the control, responsibility and operational ability of ING (L) Renta Fund, prevent it from disposing of its assets and determining their net asset value in a normal or reasonable way;
- (e) following any decision to dissolve one, several or all Sub-Funds;
- (f) where the market of a currency in which a significant portion of the assets of one or more Sub-Funds is expressed is closed for periods other than normal holidays, or where trading on such a market is either suspended or subject to restrictions; or
- (g) to establish exchange parities in the context of a merger, contribution of assets, split or any restructuring operation, within or by one or more Sub-Funds.

Furthermore, in order to prevent market timing opportunities arising when a net asset value is calculated on the basis of market prices which are no longer up-to-date, the Board of Directors is authorised to temporarily suspend the issue, redemption and conversion of shares of one or several Sub-Funds when the stock exchanges or regulated markets that provide the prices for a significant portion of the assets of one or several Sub-Funds are closed.

In all the above cases, applications for dealings received will be executed at the first net asset value applicable upon the expiry of the suspension period. In exceptional circumstances which may have an adverse effect on the interests of shareholders, in the event of large volumes of subscription, redemption or conversion requests or in the event of a lack of liquidity on the markets, the Board of Directors reserves the right to set the net asset value of the Shares only after carrying out the required purchases and sales of securities on behalf of ING (L) Renta Fund. In this case, any subscriptions, redemptions and conversions simultaneously pending will be executed on the basis of a single net asset value.

### **Other Dealing Matters**

ING (L) Renta Fund may limit or forbid the subscription of Shares by any natural or legal person and may compulsorily redeem any Shares of any shareholder in circumstances prescribed by its articles of association.

ING (L) Renta Fund does not authorise practices associated with market timing and reserves the right to reject subscription and conversion requests from an investor if it suspects that market timing practices are employed and, where applicable, to take the measures necessary to protect the interests of ING (L) Renta Fund and other investors.

ING (L) Renta Fund may, upon the request of an investor, agree to issue Shares of a Sub-Fund in exchange for a contribution in kind of eligible assets, subject to compliance with Luxembourg law and the production of an independent auditor's evaluation report. The nature and type of assets to be accepted will be determined by the Board of Directors and must correspond to the investment policy and objectives of the Sub-Fund. Expenses relating to such subscriptions in kind are to be borne by investors who apply to subscribe in this way.

ING (L) Renta Fund may agree to redeem Shares of a Sub-Fund being made in kind, provided that (i) equal treatment is afforded to shareholders, (ii) redeeming shareholders have so agreed, and (iii) the nature and type of assets to be transferred are determined on a fair and reasonable basis and without prejudicing the interests of other shareholders. Expenses relating to such redemptions in kind are to be borne by the portfolio of assets for the Sub-Fund.

The Hong Kong Representative, the Management Company or their respective agents may collect, use and disclose the personal data of investors to enable the Hong Kong Representative, the Management Company or their respective agents to carry out its obligations to the ING (L) Renta Fund and for other related purposes, including but not limited to marketing, monitoring and analysis of its business, fraud and crime prevention, anti-money laundering and other legal and regulatory compliance. The Hong Kong Representative, the Management Company or their respective agents may also transfer the personal data of investors outside Hong Kong to any other country provided that the personal data will be protected by a strict code of secrecy and security.

## **PART 6: FEES AND EXPENSES**

### **Management and Administration Fees**

#### **Management Company**

The Management Company receives each month for each Sub-Fund (i) an administrative management services fee not exceeding 0.15% p.a. and (ii) an investment management fee, based on the average net asset value of each class of Share of the Sub-Fund. The amount of the investment management fee varies for each Sub-Fund and each class of Share and is set out in the description of each Sub-Fund in Part 4 above. ING (L) Renta Fund will provide investors with at least one (1) month's prior notice if it proposes to increase (i) the administrative management services fee; and/or (ii) the investment management fee applicable to each Sub-Fund.

The Management Company may charge each Sub-Fund at cost for all expenses normally and reasonably connected, directly or indirectly, with the management of the Sub-Fund. If the Management Company appoints any service provider and the service provider receives a remuneration directly charged to ING (L) Renta Fund's assets or the assets of the relevant Sub-Funds, such payment will be deducted from the remuneration payable to the Management Company.

#### **Custodian**

In accordance with the terms of the custodian agreement between ING (L) Renta Fund and the Custodian, the Custodian receives (i) transaction fees; and (ii) a custody fee of up to 0.07% p.a. of the value of the portfolio holdings attributable to each class of Share at the end of each month, except for positions held on emerging markets, for which the Custodian has the right to additionally charge for the corresponding sub-custody and/or banking costs. These fees are invoiced monthly.

### **Expenses**

#### **Marketing Expenses**

ING (L) Renta Fund will not bear expenses relating to the advertising and promotion of ING (L) Renta Fund and the Sub-Funds. The cost of distribution, translation and publication of prospectuses and net asset values are charged to ING (L) Renta Fund.

#### **Brokerage Expenses**

ING (L) Renta Fund may pay brokerage fees which will not be in excess of customary institutional full service brokerage rates.

#### **General Expenses**

ING (L) Renta Fund may pay a variety of other general expenses relating to the formation and operation of ING (L) Renta Fund. Such expenses may include without limitation professional fees, commissions, taxes, general costs of the business and remuneration of the directors. All start up expenses of ING (L) Renta Fund have been fully amortized.

## **Taxation**

### **Taxation of ING (L) Renta Fund**

The tax position of ING (L) Renta Fund is as follows:

- (a) ING (L) Renta Fund will not be subject to Hong Kong profits tax.
- (b) ING (L) Renta Fund is subject to Luxembourg subscription tax at an annual rate of 0.05% p.a. on net assets. This tax may be reduced to 0.01% p.a. on the net assets of money market Sub-Funds and assets of Sub-Funds and/or classes of Shares reserved for institutional investors as defined in Art. 129 of the Luxembourg law of 20 December 2002 ("**UCITS III Law**") and may not be applicable on the part of the assets invested in other Luxembourg undertakings for collective investments. Under certain conditions, some Sub-Funds and/or classes of Shares reserved for institutional investors may be entirely exempt from this tax when the Sub-Funds invest in money market instruments and in deposits with credit institutions.
- (c) Dividends and interest income earned by ING (L) Renta Fund may be subject to withholding taxes at various rates in the country of origin.

### **Taxation of Shareholders**

The tax position of shareholders of ING (L) Renta Fund is set out below. However, investors should seek advice from professionals on the laws and regulations (in particular those relating to taxation and exchange controls) applicable to dealing and ownership in the Shares:

- (a) Shareholders are not subject to Hong Kong tax in respect of any gains made from dealing in Shares, save that persons carrying on a business in Hong Kong of trading in securities may be subject to Hong Kong profits tax if those gains arise from such business.
- (b) Corporate shareholders (with certain exceptions) are not subject to any taxation or withholding tax in Luxembourg on their income, realised or unrealised capital gains, the transfer of shares or the distribution of income in the event of dissolution.
- (c) In the context of the system set up by the Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments, non-resident natural persons may be subject to withholding tax on income from interest payments, regardless of whether this income comes from the distribution of ING (L) Renta Fund dividends or from income realised through the sale or redemption of the Shares.

## **PART 7: CONFLICTS OF INTEREST**

The Management Company, each Sub-Manager, the Custodian, the Registrar, the Transfer Agent and the Administrative Agent and the Hong Kong Representative as well as their subsidiaries, directors, managers, shareholders and agents (each a “**Party**”) are or may be involved in professional and financial activities which may give rise to a conflict of interests with the management and administration of ING (L) Renta Fund. Without limitation to the foregoing, conflicts of interest may arise from the management by a Party of more than one Sub-Fund or other funds, the purchase and sale of securities between a Party and ING (L) Renta Fund or by a Party in respect of securities which may also be subject to a purchase or sale by ING (L) Renta Fund, the provision of brokerage services by a Party to ING (L) Renta Fund, the safeguarding of securities by a Party and the fact of acting as a director, manager, advisor or agent for another fund or company in which ING (L) Renta Fund may invest. Each Party respectively undertakes that the performance of its obligations as regards ING (L) Renta Fund are not compromised by such conflicts. In the event that a conflict of interests arises, the Party concerned undertake to resolve this issue in a fair way, within a reasonable period of time and in the interests of the shareholders of ING (L) Renta Fund.

### **Soft Dollars and Rebates**

Neither the Sub-Managers nor any of their connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions in the Sub-Funds’ property to the broker or dealer save that goods and services (including but not limited to research) may be retained if (a) the goods or services are of demonstrable benefit to the shareholders of the Sub-Funds; (b) transaction execution is consistent with best execution standards; and (c) brokerage rates are not in excess of customary institutional full service brokerage rates.

### **Connected Person Transactions**

Transactions for Sub-Funds may be executed through parties connected to the Sub-Managers provided that (a) execution will be consistent with best execution standards; and (b) brokerage rates will not be in excess of customary institutional full service brokerage rates.

## **PART 8: GENERAL INFORMATION**

### **Financial Year**

The financial year of ING (L) Renta Fund runs from April 1 until March 31 of the following year.

### **Reports and Accounts**

ING (L) Renta Fund publishes and distributes annual reports within 4 months of the end of its financial year and half-yearly reports within 2 months of the end of the period they cover. These reports include financial information relating to each of the Sub-Funds, the composition and progress of their assets, and the consolidated situation of all Sub-Funds. Copies of annual reports and half-yearly reports will be available to shareholders at the offices of the Hong Kong Representative as set out in "Directory of Parties" in Part 3.

### **Inspection of Documents**

A copy of the articles of association of ING (L) Renta Fund, the investment management agreement between ING (L) Renta Fund and the Management Company and the custodian agreement between ING (L) Renta Fund and the Custodian are available to all investors free of charge at the offices of the Hong Kong Representative as set out in "Directory of Parties" in Part 3. These documents set out specific rights and obligations which may be relevant to shareholders and investors may wish to consult them before making an investment decision.

### **Termination and Mergers of Sub-Funds**

The Board of Directors has the discretion to merge or wind-up Sub-Funds where:

- (a) the level of assets under the management of a Sub-Fund render it no longer commercially viable to manage the Sub-Fund;
- (b) Sub-Funds adopt similar investment strategies allowing them to be merged; or
- (c) there is a substantial change in the political, economic or monetary situation, or in the framework of an economic restructuring.

In the event that ING (L) Renta Fund intends to merge or wind-up any of the Sub-Funds of ING (L) Renta Fund which are authorised in Hong Kong, ING (L) Renta Fund will provide Shareholders at least one month's notice.

## PART 9: 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 prospectus before taking any investment decision.**

**The price of Shares may decrease or increase. There is no guarantee that the investment policy or objectives of any Sub-Fund will be met. There is a possibility that investors may not, in part or in full, recover their initial investment.**

Any investment in ING (L) Renta Fund involves risks, including those inherent in any investment. By investing in ING (L) Renta Fund, investors may expose themselves to one or more of the risks set out below, which includes some of the more common risks but is not meant to be exhaustive. These risks are set out for your informational purposes only. You, as a potential investor, should make your investment decision after assessment of risks based on your individual situation and circumstances and after the intermediary who sells a Sub-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.

Investors should refer to the description of each Sub-Fund in the fund fact sheets in Part 4 for further details of the specific risk(s) associated with investing in each particular Sub-Fund.

### **Market Risk**

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 the countries in which a Sub-Fund has invested in. 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 the portfolio manager of a Sub-Fund 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 Risk**

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 law and regulations of countries in which investments are 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 Sub-Fund is invested into may not always be secured or may be restricted.

ING (L) Renta Fund is domiciled in Luxembourg 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.

### **Currency Risk**

A Sub-Fund may invest in securities denominated in foreign currencies, which may not be freely convertible. Also, changes in exchange rates may increase or decrease the value of investments in a Sub-Fund made in a currency other than the reference currency of the Sub-Fund. It may not be possible or practicable to hedge against the consequent currency risk exposure.

### **Interest Rate Risk**

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

### **Reinvestment Risk**

Reinvestment risk arises when an issuer of bonds decides to exercise its right to pay principal on an obligation earlier than the expected maturity date, especially during times of declining interest rates. Therefore, where a Sub-Fund investments in debt securities, there is a risk that such Sub-Fund may receive a return which is lower than it expected and would then be required to reinvest in lower yielding securities.

### **Risk of Issuer Default**

A Sub-Fund will be exposed to the issuer of the bonds, securities and other instruments it purchases. In parallel to the general trends prevailing in the financial markets, developments particular to each issuer of investment which a Sub-Fund invests in can affect the value of an investment. Even a careful selection of transferable securities cannot, for example, eliminate the risk of losses caused by a decline in the assets of an issuer. A Sub-Fund will be subject to the possibility of the insolvency, bankruptcy or default of an issuer with which a Sub-Fund trades, which could result in substantial losses to the Sub-Fund.

Where a Sub-Fund invests in debt securities, the value of those investments may fall if the issuer of those securities default. A Sub-Fund may also bear the risk of settlement default.

### **Risks Associated with Derivatives**

A Sub-Fund may use derivatives within the framework of its investment objective and policy. In addition to being used for hedging purposes, the use of derivatives may also form an integral part of the investment strategy in order to optimise returns. Risks inherent in the use of derivatives, including but not limited to options, foreign currency contracts, swaps, futures contracts and options on these contracts, include:

- (a) the fact that success depends on the ability of the portfolio manager(s) 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;
- (e) 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;
- (f) 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, a portfolio 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, a portfolio manager may be unable to divest an investment in a Derivative, extending losses in the investment or rendering the investment worthless;
- (g) the fact that there is no guarantee that the objective sought through the use of Derivatives will be achieved in full or at all; and
- (h) investments in OTC Derivatives may be less regulated.

### **Counterparty Risk**

Investments in derivatives, including those traded over the counter, may become valueless if the counterparty to such derivative transactions defaults. Not all derivative transactions are afforded the same protections as may apply to participants trading futures or options on organized exchanges, such as the performance guarantee of an exchange clearing house. For the purpose of risk management, the credit rating of a counterparty for derivatives will be reviewed on a regular and ongoing basis and should there be a downgrade of the credit rating, the instruments may be divested depending on the circumstances. However, none of the risk management measures may reduce any loss resulting from the counterparty risks.

### **Liquidity Risk**

There is no guarantee that investment in securities will always have a very liquid market. The ability of a Sub-Fund to buy or sell securities at the desired time, price and quantity will depend on the liquidity of the securities. Particular investments in a Sub-Fund may become difficult to sell at the desired time, price and quantity or may suffer from very volatile prices. Further, when securities are not actively traded, there is a risk that a Sub-Fund may not be able to buy or sell securities at the desired time, price and/or in the desired quality, which in turn may affect the performance of the Sub-Fund.

### **Risk of Flexibility**

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

## **Risks Associated with Rule 144A Securities**

Rule 144A securities are not registered with the US Securities and Exchange Commission in accordance with the stipulations of the Code of Federal Regulations, Title 177, Par. 230, 144A.

These Rule 144A securities are considered as newly issued transferable securities and may only be purchased by qualified professional investors. Therefore, the market for Rule 144A securities is more limited and illiquid. Also, investments of a Sub-Fund in Rule 144A securities may be less regulated and their value may fall as a result of improper conduct by their issuers.

## **Risk Associated with Emerging Markets**

A Sub-Fund may invest in securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. The value of investments in the Sub-Funds, and in particular those in emerging markets, may fall as a result of:

- (a) the suspension and cessation of payments by issuers due to political and economic instability, internal conflicts, the absence of any political will to pursue the settlement of previously contracted debts and other factors;
- (b) issuers of such investments being subject to new and adverse decrees, laws and rulings enacted by government authorities, such as modification of exchange controls and amendments to the legal and regulatory system, expropriations and nationalisations and the introduction of new taxes. Also, there can be uncertainty with regards to legal environment or incapacity to establish definitive and legal ownership rights in emerging markets; and
- (c) information relied upon by a portfolio manager in making such investments being incorrect or incomplete as a result of legal uncertainty, non-compliant accounting methods, lack of financial and commercial controls and other factors.

## **Risks Associated with Concentration in Issuers**

Subject to each Sub-Fund's investment objectives and restrictions, a Sub-Fund may invest a sizeable or significant portion of its investments in a small or limited number of issuers. While there may be benefits gained from such concentration, investors should be aware that in such situations, the Sub-Fund may not be well diversified and therefore may be exposed to increased risks as compared to other investments with more diversification among issuers of securities. Accordingly, the performance of such Sub-Funds may be more volatile and adversely affected.

## **Risks Associated with Concentration in Sectors**

Investments in a Sub-Fund may concentrate in certain sectors and may rise or fall as a result of developments in those sectors. Prices of investments in certain sectors may be more volatile than prices of investments generally or in other sectors.

## **Risks Associated with Concentration in Geographical Sector**

Investments in a Sub-Fund may concentrate in certain geographical areas and may rise or fall as a result of developments in those geographical areas. As a result, prices of investments concentrating in securities relating to specific geographical area may be more volatile than prices of investments globally or in other geographical areas.

## **Risks Associated with Small Market Capitalisation Companies**

Investments in the Sub-Funds in any small market capitalisation companies may be subject to greater volatility in price due to lower liquidity, smaller market capitalisation, less information being available and greater sensitivity to changes in market conditions as compared to companies with larger market capitalisation.

The value of investments in small market capitalisation companies may experience a greater risk of falling as compared to large market capitalisation companies as such small companies may be at greater risk of being incapable of generating new funds to guarantee their growth and development and such small companies may focus on developing products for new and uncertain markets.

## **Risks Associated with Distribution**

For distribution Shares, a dividend may be distributed regardless of any realised or unrealised capital gains or losses. However, no distribution may have the effect of reducing the capital of all the Sub-Funds of ING (L) Renta Fund to an amount below the minimum capital required under Luxembourg law. Where an investor has invested in distribution Shares, investors should be aware that any distributions made from the capital of the Sub-Fund may have the effect of reducing the net asset value of the Sub-Fund. Investors should also understand that any declaration of a distribution may not indicate whether the Sub-Fund has made a profit. Dividends are proposed by the portfolio manager of a relevant Sub-Fund based on various factors including the net income of the year which is available for distribution and is then approved by the Management Company before they are distributed. A notice will be issued to the relevant shareholders before the distribution of dividends.

## **Risks Associated with Suspensions of Dealings**

The Board of Directors is authorised to temporarily suspend the calculation of the net asset value and/or also the issue, redemption and conversion of Shares of one or more Sub-Funds, which includes the suspension of the processing of dealing requests and payment of redemption proceeds, in the circumstances set out under the paragraph headed "Suspension of Dealings" in Part 5. Therefore, there is a risk that investors may not be able to subscribe, redeem or convert Shares at a time or in the quantity and price that they desire.

## **PART 10: RISK MANAGEMENT**

The Management Company monitors risk, including market risk, currency risk and interest rate risk, assumed in the Sub-Funds independently of their managers.

In addition, Sub-Managers employ a wide range of measures and information technology systems to manage the risk of loss in the Sub-Funds. In so doing, they act in accordance with policies and procedures and risk profiles established by the Management Company. Some of the measures taken by the Sub-Managers to manage risks are set out below.

### **Diversification**

Sub-Managers may diversify investments of the Sub-Fund to reduce the impact on the value of the entire portfolio of the Sub-Fund on a default of an issuer of an investment.

### **Instrument Eligibility**

Sub-Managers may limit investments to instruments that meet minimum eligibility criteria, such as inclusion in a widely accepted market index, a minimum outstanding amount in the case of a fixed income instrument or a minimum market capitalization in the case of an equity instrument.

Sub-Managers may limit investments in instruments to particular uses.

### **Legal Review**

Sub-Managers may use legal counsel to review the enforceability of derivative contracts.

### **Position Limits**

Sub-Managers may establish limits on and may monitor exposures to investments issued by any given issuer, of any given credit rating, in any given sector, for any given investment maturity, for any given level of liquidity, based on value-at-risk (VaR) or on the basis of other factors.

### **Leverage Limits**

Sub-Managers may limit the amount of leverage of a Sub-Fund as a percentage of net assets.

### **Counterparty Limits**

Sub-Managers may limit dealings to counterparties who meet minimum eligibility criteria, may establish limits on exposures to any given counterparty and may measure counterparty risk on a daily basis. Sub-Managers are required to manage collateral held by counterparties in accordance with the techniques described under the paragraph headed "Collateral Management" in Part 11-D.

### **Stress Testing**

Sub-Managers may stress test portfolios to assess the impact of catastrophic events on the value of investments in Sub-Funds with a view to taking steps to limit losses should such events occur.

### **Performance Measurement**

Sub-Managers may measure the absolute and relative performance of the Sub-Funds.

## **Pricing and Valuation**

Sub-Managers may obtain pricing information for listed derivatives on feeds from multiple sources and for derivatives from multiple counterparties. In the case of Derivatives, the prices received from counterparties may be checked against the price calculated by a theoretical model formula developed by an internationally recognized audit firm.

## PART 11: INVESTMENT RESTRICTIONS

According to UCITS III Law, unless otherwise restricted by the investment objectives and restrictions applicable to a Sub-Fund, in managing the Sub-Funds, the Management Company and the Sub-Managers:

- may invest the Sub-Funds in instruments set out under “Eligible Investments” in Part 11-A;
- must adhere to the limits set out under “Borrowings” and “Investment Limits” in Parts 11-B and 11-C except when exercising subscription rights attached to transferable securities or money market instruments which form an existing part of the assets of a Sub-Fund;
- must employ the measures set out under “Techniques” in Part 11-D.

A description of the investment objectives and restrictions of each Sub-Fund is set out in the fund fact sheet of each Sub-Fund in Part 4.

In respect of a legal entity with multiple sub-funds, where the assets of a sub-fund are exclusively liable for the rights of investors and creditors in relation to such sub-fund, then each sub-fund is to be considered as a separate issuing entity of this Part 11 except for “Sovereign Issues” and “Issuer Limits” under Part 11-C.

Any breach of investment restrictions arising for reasons beyond the control of ING (L) Renta Fund, the Management Company or the Sub-Managers or from the exercise of subscription rights must be rectified on a priority basis taking into account the interests of shareholders of ING (L) Renta Fund.

### A. Eligible Investments

#### Glossary

**Acceptable Country** means a member state of OECD or a country situated in Europe, North America, South America, Africa, Asia or Oceania

**Acceptable Credit Institution** means a credit institution that has its registered office in an EU Member State or if located in another country provided that it is subject to prudential rules considered by CSSF as equivalent to those under European Community law

**Acceptable Market** means (a) a regulated market within the meaning of Article 1 (13) of the Council Directive 93/22 EEC, (b) a market of an EU Member State that is regulated, operating regularly, recognized and open to the public, and (c) a market that is in an Acceptable Country and that is regulated, operating regularly, recognized and open to the public

**CSSF** means Commission de Surveillance du Secteur Financier

**Derivatives** means derivative financial instruments, both physically settled and cash settled, including options, contracts in foreign currencies, swaps, futures contracts and options

<b>MMI</b>	means money market instruments
<b>OECD</b>	means Organisation for Economic Cooperation and Development
<b>OTC</b>	means over-the-counter
<b>Prescribed Bonds</b>	means bonds issued by a credit institution which has its registered office in an EU Member State and subject to prescribed regulatory requirements protecting bondholders. In particular, the proceeds resulting from the issue of these bonds must be invested, in accordance with the applicable laws, in assets which, during the entire validity of the bonds, sufficiently cover the liabilities arising there from and that in the event of the issuer's default are assigned with priority to the repayment of capital and the payment of accrued interest.
<b>Prescribed Instruments</b>	means TS or MMI issued or guaranteed by an EU Member State, by its local public authorities, by a non-EU Member State or by international public bodies of which one or more EU Member States are members
<b>Rule 144A Securities</b>	means securities described in the US CFR, Title 177, §230.144A
<b>TS</b>	means transferable securities
<b>UCI</b>	means an undertaking for collective investment including without limitation UCITS
<b>UCITS</b>	means a UCITS as defined under the UCITS III Law

The eligible investments for ING (L) Renta Fund under the UCITS III Directive are:

### **1. Transferable Securities & Money Market Instruments Traded on Acceptable Markets**

TS and MMI admitted to listing or traded on Acceptable Markets.

### **2. New Issues**

Newly issued TS and MMI, provided that:

- (a) the issue is conditional on an application being made for admission to listing on a stock exchange or other regulated market that is recognized, operating regularly, open to the public and situated in an Acceptable Country; and
- (b) the listing is secured within one year of issue.

### **3. Rule 144A Securities**

Rule 144A Securities provided that:

- (a) They are traded before the exchange on the US OTC fixed income market;

- (b) They include an exchange contract registered under the Securities Act of 1933 that forfees a right to exchange such securities for similar registered securities that are traded on the US OTC fixed income market;
- (c) Where the exchange contract has not been asserted within one year after the acquisition of the securities, such securities will be subject to the limited described in Part 11-A Point 8(a) below.

#### **4. UCITs or UCIs**

UCITS authorized according to Directive 85/611/EEC (“**UCITS I Directive**”) as amended and/or other UCIs within the meaning of the first and second indent of Article 1(2) of the UCITS I Directive provided that:

- (a) the UCIs are authorized under laws which provide for supervision considered by CSSF as equivalent to that under EU law and where there is sufficient cooperation between authorities;
- (b) the level of protection for unit-holders in the UCIs is equivalent to that provided for unit-holders in the UCITS and in particular, rules on asset segregation, borrowing, lending and short sales of TS and MMI are equivalent to the requirements of the UCITS I Directive as amended;
- (c) the business of the other UCIs is reported in semi-annual and annual reports enabling assessment of assets, liabilities, income and operations over the reporting period;
- (d) no more than 10% of the UCITS or the other UCIs’ assets are invested in aggregate in units of other UCITS or other UCIs.

#### **5. Deposits**

Deposits with Acceptable Credit Institutions which are repayable on demand or have the right to be withdrawn and maturing in no more than 12 months.

#### **6. Derivatives**

Derivatives traded on Acceptable Markets or OTC provided that:

- (a) the underlying consists of instruments listed in Part 11-A points 1 to 7, financial indices, interest rates, foreign exchange rates or currencies permitted by the investment objectives;
- (b) the counterparties to OTC Derivatives being first class financial institutions specialized in OTC Derivatives transactions and subject to prudential supervision;
- (c) the OTC derivatives being subject to reliable and verifiable valuation daily and can be sold, liquidated or closed by an offsetting transaction at any time at fair value at ING (L) Renta Fund’s initiative.

## **7. Money Market Instruments Not Traded on a Regulated Market**

MMI other than those traded on a regulated market, which are liquid, have a value which can be accurately determined at any time and are, or are issued by an issuer who is, regulated for the purpose of protecting investors and savings, provided that the instruments are:

- (a) issued or guaranteed by a central, regional or local government authority or central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
- (b) issued by a body any securities of which are traded on Acceptable Markets, or
- (c) issued or guaranteed by a body subject to prudential supervision under European Community law or laws considered by CSSF to be at least as stringent as those prescribed by EU legislation, or
- (d) issued by members of a class approved by CSSF and subject to investor protection equivalent to those stipulated in (a), (b) or (c) above provided that the issuer is a company whose capital and reserves equal or exceed EUR 10 million and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC as amended, or is an entity, within a group of companies which includes one or more listed companies, is dedicated to the financing of the group or an entity dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

## **8. Other Assets**

ING (L) Renta Fund may also invest in:

- (a) TS and MMI other than those set out in Part 11-A points 1 to 7 up to 10% of the net assets of each Sub-Fund.
- (b) Movable and immovable property essential for the direct pursuit of the business of ING (L) Renta Fund.
- (c) Cash, on an ancillary basis, for each Sub-Fund.

ING (L) Renta Fund may not acquire precious metals or certificates representing precious metals.

## **B. Borrowings etc.**

### **1. Short Sales**

ING (L) Renta Fund may not carry out short sales of TS, MMI or other financial instruments as referred to in Part 11-A points 4, 5 and 6.

## **2. Borrowing Restrictions**

ING (L) Renta Fund is not authorized to borrow except:

- (a) on a temporary basis in an amount up to 10% of its net assets (this restriction does not prohibit the purchase for Sub-Funds of foreign currencies by means of back-to-back loans), or
- (b) in an amount up to 10% of its net assets for the purpose of acquiring real estate assets required for the direct exercise of its activities,

provided that the total borrowings under these exceptions may not exceed 15% of net assets.

## **3. Lending Restrictions**

ING (L) Renta Fund may not grant loans or provide guarantees for the benefit of third parties. This restriction does not prevent the purchase for a Sub-Fund of TS, MMI or other financial instruments as referred to in Part 11-A points 4,6 and 7 and which are not fully paid up.

## **C. Investment Limits**

### **Portfolio Limits**

#### **1. Portfolio Concentration**

Subject to the exceptions below and to the limits set out under "Large Holdings Concentration", no more than 10% of the net assets of each Sub-Fund may be invested in TS or MMI issued by a single entity:

- (a) this limit is increased to 35% for Prescribed Instruments; and
- (b) this limit is increased to 25% for Prescribed Bonds.

#### **2. Large Holdings Concentration**

- (a) The aggregate value of each investment of a Sub-Fund in TS and MMI (excluding Prescribed Instruments and Prescribed Bonds) issued by a single entity in which over 5% of the net assets of the Sub-Fund are invested may not exceed 40% of the value of these net assets. This limitation does not apply to deposits with credit institutions subject to prudential monitoring or to OTC derivative transactions with these institutions.
- (b) The total value of investments of a Sub-Fund in Prescribed Bonds issued by a single entity in which over 5% of the net assets of the Sub-Fund are invested may not exceed 80% of the value of the net assets of the Sub-Fund.

#### **3. Deposit Limits**

No more than 20% of the net assets of each Sub-Fund may be invested in deposits with the same entity.

#### **4. Counterparty Limits**

The risk exposure to a counterparty in an OTC Derivative transaction may not exceed:

- (a) 10% of the net assets of each Sub-Fund when the counterparty is an Acceptable Credit Institution; or
- (b) 5% of the net assets of each Sub-Fund otherwise.

#### **5. Limit Aggregation**

- (a) The total value of all investments with a single entity, including TS or MMI issued by the entity, deposits with the entity, and value at risk in OTC Derivatives with the entity may not in aggregate exceed 20% of the net assets of a Sub-Fund.
- (b) The total value of all investments with a single entity, including TS or MMI (including Prescribed Instruments and Prescribed Bonds) issued by the entity, deposits with the entity, and value at risk in OTC Derivatives with the entity may not exceed 35% of the net assets of a Sub-Fund.

#### **6. Corporate Groups**

Companies in the same group for the purpose of consolidated accounts within the meaning of Directive 83/349/EEC or in accordance with recognized international accounting regulations are regarded as a single entity for the calculation of these limits. ING (L) Renta Fund may cumulatively invest up to 20% of the net assets of each Sub-Fund in TS and MMI issued by a single group.

### **Special Limits**

#### **1. Index Funds**

Notwithstanding the Portfolio Limits, where a Sub-Fund's investment policy is to reproduce the composition of a specific equity or bond index recognized by CSSF as where (i) the composition of the index is sufficiently diversified; (ii) the index constitutes a representative benchmark of the market to which it refers; and (iii) it is published in an appropriate manner, then ING (L) Renta Fund may invest up to:

- (a) 20% of the net assets of each Sub-Fund in shares and/or bonds issued by a single entity or,
- (b) when exceptional market conditions so justify, including in regulated markets where certain TS or MMI are highly dominant, 35% of the net assets of each Sub-Fund in shares and/or bonds issued by a single entity.

#### **2. Sovereign Issues**

Notwithstanding the Portfolio Limits, ING (L) Renta Fund may invest up to 100% of the net assets of a Sub-Fund in TS and MMI issued or guaranteed by an EU Member State, a member state of the OECD, by the local public authorities of an EU Member State or by international public bodies which include one or more EU Member States, provided that the TS and MMI are from at least 6 different issues and no single issue accounts for 30% or more of the net assets of the Sub-Fund.

### 3. Funds

- (a) No more than 20% of the net assets of a Sub-Fund may be invested in a single UCITS or other UCI. For this purpose, each Sub-Fund of a multiple Sub-Fund UCI is regarded as a separate issuer provided that the principle of segregation of the liabilities of the different sub-funds in relation to third parties is ensured.
- (b) No more than 30% of the net assets for each Sub-Fund may be invested in UCIs other than UCITS. The assets of UCIs are not combined for the purpose of Portfolio Limits.
- (c) When ING (L) Renta Fund invests on behalf of Sub-Funds in UCIs which are managed by the Management Company or by another company related to the Management Company, neither the Management Company nor the other company may charge subscription or redemption fees on account of such investment.

### 4. Issuer Limits

ING (L) Renta Fund may not acquire:

- (a) such number of voting shares of an issuer enabling it to exert significant influence on the management of an issuer;
- (b) more than 10% of the non-voting shares issued by a single entity;
- (c) more than 10% of the bonds issued by a single entity;
- (d) more than 25% of the shares in a single UCITS and/or other UCI; and
- (e) more than 10% of MMI issued by a single issuer.

The restrictions in (c), (d) and (e) above do not apply if at the time of purchase, the gross amount of the bonds or MMI or the net amount of issued securities cannot be calculated.

The restrictions in (a) to (e) above do not apply to:

- (i) TS and MMI issued or guaranteed by an EU Member State or its local public authorities, a non-EU Member State or a public international body of which one or more EU Member State is a member;
- (ii) shares in a company in a non-EU Member State which primarily invests in securities from issuers of that state, which complies with these investment limits (other than those relating to Sovereign Issues and Index Funds) and which, by virtue of applicable law, provide the only means of investment in securities from issuers of that state. However, if this company does not comply with these restrictions (other than those relating to Sovereign Issues, Index Funds and Issuer Limits), Art. 49 of the UCITS III Law will apply *mutatis mutandis*; or
- (iii) shares in subsidiaries solely carrying out management, advisory or marketing activities in the country in which the subsidiary is located as regards the redemption of shares at the request of the shareholders of ING (L) Renta Fund.

## **5. Derivative Limits**

Where investments of a Sub-Fund include Derivatives:

- (a) the Sub-Fund's overall exposure to underlying assets of the Derivatives may not exceed Portfolio Limits except in relation to index-based Derivatives;
- (b) the overall risk of the Sub-Fund from Derivatives may not exceed the net asset value of the Sub-Fund; and
- (c) the overall risk of ING (L) Renta Fund from Derivatives may not exceed its net assets.

The risks are calculated taking into account the current value of the underlying assets, counterparty risk, future market developments and time available to liquidate positions.

Derivatives embedded in TS or MMI are treated as Derivatives.

## **D. Techniques**

Under no circumstances will the use of techniques and financial instruments cause ING (L) Renta Fund to deviate from the investment policy set forth for each Sub-Fund.

### **1. Securities Borrowing & Lending**

As at the date of this prospectus, ING (L) Renta Fund does not undertake any securities borrowing and lending transactions. However, ING (L) Renta Fund may borrow and/or lend securities in the future.

### **2. Repurchase Agreements**

As at the date of this prospectus, ING (L) Renta Fund does not participate in repurchase agreements. However, ING (L) Renta Fund may participate in repurchase agreements in the future.

### **3. Collateral Management**

In order to reduce counterparty risk faced by ING (L) Renta Fund, a guarantee ("collateral") system may be put in place for certain assets with the counterparty. ING (L) Renta Fund will ensure that the following conditions are met:

- (a) assets offered as collateral will be valued daily at the market price and will exceed the value of the amount exposed;
- (b) assets offered as collateral will be liquid and will involve minimum risk (e.g. first-class government bonds or cash);
- (c) assets offered as collateral will be kept by a third-party custodian (i.e. a legal entity distinct from the counterparty or entity granting the collateral) that is legally protected from the consequences of the default of an associated party; and
- (d) assets offered as collateral may be wholly mobilised by ING (L) Renta Fund at any time.