ING U.S. Investment Management is a leading asset management firm with $173 billion (as of 6/30/12) of assets under management for both affiliated and external institutions as well as individual investors. ING U.S. IM provides clients with access to domestic, regional and global investment solutions across asset classes and investment styles.

Mission
ING U.S. Investment Management’s mission is to find unrecognized value ahead of consensus by seeking original insights on markets and companies. Toward that end, we apply our proprietary research and analytics, benchmark awareness and risk management to serve client needs within the guidelines and objectives of each assignment.

STRATEGY

Summary
The ING Alternative Beta Strategy (the “Strategy”) offers investors hedge fund like returns and exposures via a low cost, transparent, fully regulated investment vehicle. The Strategy seeks to replicate broad based hedge fund index returns by applying a rule-based approach to a limited set of primarily traditional market factor investments. The allocations to risk factors are based on a regression model with the selection of factors based on explanatory power with respect to hedge fund returns and taking into account liquidity, transparency and implementation costs.

Objective
Quality of Replication: Produce a longer-term risk profile in line with the HFRI Fund Weighted Composite Index.
- The Strategy strives for low tracking error and high correlation with the HFRI Fund Weighted Composite Index

Performance: Longer-term outperformance of the HFRX Global Hedge Fund Index.
- HFRI Indexes are non-investable indexes that include returns of closed funds
- HFRX Indexes are investable alternative indexes and typically delivers lower returns than HFRI
- The uncorrelated alpha of hedge fund returns cannot be captured by a replication strategy

Investment Process
ING Investment Management has developed a sophisticated quantitative regression model to replicate the performance of hedge funds as reflected in the HFRI Fund Weighted Composite Index. The replication model closely approximates hedge fund index returns by investing (primarily) in traditional market investments. Freedom to take short positions, a flexible risk budget and permissible exposure to non-traditional investments like volatility and commodities support the accuracy of the replication. The model identifies the relevant exposures ("betas") of the investable market factors and dynamically adjusts portfolio weights to changing market conditions. The Strategy is updated and rebalanced on a monthly basis as soon as monthly data on the HFRI Index is available. Implementation is as efficient as possible using only highly liquid instruments so trading costs are limited. All investment decisions are generated by the quantitative model.

Competitive Advantages
- Hedge-fund like returns can potentially offer benefits not found in long-only strategies
- High quality of replication proven by extensive research over changing markets
- Daily liquidity and full transparency
- The dynamic factor weighting approach allows for adaption to structural changes in the market
- Highly experienced investment team involved in managing over $15 billion in structured assets

Portfolio Managers
Bas Peeters
Managing Director of Structured Investment Strategies
Years of experience: 14
Years with ING: 14

Willem van Dommelen
Head of Investments
Derivative Strategies
Years of experience: 10
Years with ING: 9

Paul Verloop
Investment Manager,
Derivative Strategies
Years of experience: 6
Years with ING: 5

Frank van Etten
Deputy Head of Multi-Asset Strategies and Solutions
Years of experience: 10
Years with ING: 10

For more information please contact your relationship manager or go to www.inginvestment.com
PERFORMANCE (%)  

<table>
<thead>
<tr>
<th>Composite</th>
<th>Quarter</th>
<th>YTD</th>
<th>1 Year</th>
<th>3 Years</th>
<th>Since inception (9/1/08)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross:</td>
<td>1.46</td>
<td>3.24</td>
<td>6.19</td>
<td>1.80</td>
<td>1.18</td>
</tr>
<tr>
<td>Net:</td>
<td>1.35</td>
<td>3.00</td>
<td>5.91</td>
<td>1.56</td>
<td>0.87</td>
</tr>
<tr>
<td>HFRX Global Hedge Fund Index</td>
<td>1.45</td>
<td>2.69</td>
<td>2.20</td>
<td>0.19</td>
<td>1.38</td>
</tr>
<tr>
<td>HFRI Fund Weighted Composite Index</td>
<td>2.97</td>
<td>4.76</td>
<td>5.65</td>
<td>3.93</td>
<td>11.07</td>
</tr>
<tr>
<td>Excess Return vs. HFRX</td>
<td>0.01</td>
<td>0.55</td>
<td>3.99</td>
<td>1.61</td>
<td>(0.20)</td>
</tr>
<tr>
<td>Excess Return vs. HFRI</td>
<td>(1.51)</td>
<td>(1.52)</td>
<td>0.54</td>
<td>(2.13)</td>
<td>(0.89)</td>
</tr>
</tbody>
</table>

COMMENTARY

Market Review

Market performance became somewhat disconnected from the economy this quarter, while investors worried about the euro zone’s challenges, U.S. economic weakness and the slowdown in China, the MSCI All Country World Index gained 6.84%, the MSCI Emerging Markets Index returned 6.05%, and the S&P 500 posted a gain of 6.39%, thanks mostly to contributions from the information technology, energy, financial and consumer discretionary sectors. Other sectors contributed to a lesser degree; only utilities posted a loss. Fixed income assets got a boost from the U.S. Federal Reserve’s announcement of a third round of quantitative easing. Credit risk assets benefited most: the Barclays Capital (BC) Corporate High Yield Bond Index rose 4.53%; the BC Corporate Investment Grade Index gained 3.83%. The widely watched BC Aggregate Index returned 1.58%; the BC Mortgage-backed Securities Index rose 1.13%. Ultimately, global monetary-policy intervention upstaged disappointing economic data, inspiring increased demand for riskier assets, at least for the moment.

Account Performance

Investment Policy

The ING Alternative Beta Strategy (the Strategy) seeks to achieve investment results that approximate the return and risk characteristics of the beta component of the returns of the broad universe of hedge funds as a broad asset class represented by the non-investable HFRI Fund Weighted Composite Index (HFRX Index).

The Strategy does not invest in hedge funds, but rather invests in financial instruments that give exposure to a limited set of traditional market return factors. The Strategy uses a quantitative regression model to determine the relevance of and the allocation to market factors and therefore strives to identify the relevant exposures and sensitivities that hedge funds have to traditional market betas.

The Strategy has a flexible risk budget, which allows short exposures, as well as exposure to less traditional asset classes/factors such as for example volatility and commodity indices. Factor selection is amongst others based on liquidity, transparency and the aim for low implementation costs.

Portfolio Specifics

During the quarter, the Strategy had positions in liquid financial instruments that provided exposure to five market factors. No market factor was added or removed during the reporting period. On a semi-annual basis, the fund managers reviews and determines whether new factors need to be added or existing factors to be eliminated. If required, the Strategy will adjust its exposure (long or short) to the factors, on a monthly basis.

From the beginning of July to the end of September, the Strategy invested in financial instruments providing exposure to the performance of the following factors/investment categories: U.S. small-cap equity (Russell 2000 Index), emerging market equity (MSCI EME), U.S. government bonds (U.S. Treasury 10-year Note), currencies (DXY Index being the U.S. dollar relative to a basket of foreign currencies) and volatility (VIX Index).

In July, Alternative Beta U.S. had short exposures to the U.S. 10-year Treasury note factor, the VIX and U.S. small-cap equities. The Strategy had long exposures to the emerging markets equity factor and the U.S. dollar currency factor.

In August, the Strategy increased its short positioning to the VIX and U.S. small-cap equities, while decreasing its short exposure to the U.S. 10-year Treasury note factor. At the same time, the Strategy increased its long exposure to emerging markets equities as well as the U.S. dollar currency factor.

In the last month of the quarter, the Strategy decreased its short exposures to the U.S. 10-year Treasury note factor and U.S. small-cap equities, while increasing the short position in the VIX. Long exposures to the emerging markets equity and the U.S. dollar currency factors were both reduced.

From a broad perspective, portfolio managers maintained consistent emphasis on transparency and liquidity.

Current Strategy and Outlook

On October 5, 2012, the Strategy’s Board of Directors approved a proposal to liquidate the strategy on or about December 7, 2012. The strategy was closed to new investment effective October 12, 2012. Any contingent deferred sales charge that would be applicable on redemption of the strategy’s shares shall be waived from October 12, 2012. You will be receiving an additional communication from the strategy explaining the liquidation, as well as providing information regarding your exchange options.
PORTFOLIO HIGHLIGHTS

Past performance does not guarantee future results. There is no guarantee that any forecasts or opinions in this material will be realized. Manager commentary is for informational purposes only and does not constitute investment advice and is not a recommendation to purchase or sell any of the securities referenced.

The Composite performance information represents the investment results of a group of fully discretionary accounts managed with the investment objective of outperforming the benchmark. Information is subject to change at any time. Gross returns are presented after all transaction costs, but before management fees. Returns include the reinvestment of income. Net performance is shown after the deduction of a model management fee equal to the highest fee charged. Benchmark source: Hedge Fund Research.

The investment strategy and performance contained herein is provided as supplemental information only. The strategy is currently managed by an affiliate of ING U.S. Investment Management ("ING U.S. IM"), to request the full GIPS compliant performance and disclosures, please contact your ING U.S. IM representative.

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Market Exposure

<table>
<thead>
<tr>
<th>% of Portfolio</th>
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</thead>
<tbody>
<tr>
<td>CBOE VIX Futures</td>
</tr>
<tr>
<td>Dollar Index</td>
</tr>
<tr>
<td>MSCI Emerging Markets Futures</td>
</tr>
<tr>
<td>Russell 2000 Mini Futures</td>
</tr>
<tr>
<td>U.S. 10Yr Note Futures</td>
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