# Disclosure and Glossary

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**You should consider the investment objectives, risks, charges and expenses of the investment options offered through a retirement plan carefully before investing. The prospectus contains this and other information. Please read the prospectus carefully before investing. You can obtain a free prospectus for the portfolio/fund and/or the separate account prior to making an investment decision or at any time by contacting your local representative or 1-800-262-3862. If a different toll-free number is shown on the first page of the prospectus summary or in your enrollment material, please call that number.**

If you participate in an IRC Section 403(b), 401 or 457 retirement plan funded by an SEC registered group annuity contract, this material must be preceded or accompanied by a prospectus summary for the contract.

If you are an individual contract holder of an individual retirement annuity or a non-qualified annuity, this material must be preceded or accompanied by a prospectus for the contract.

**Morningstar Style Box™**
The Morningstar Style Box reveals a fund's investment strategy. For equity funds and fixed-income funds respectively, the vertical axis shows the market capitalization of the stocks owned or the average credit quality of the bonds owned. The horizontal axis shows investment style (value, blend, or growth) or interest rate sensitivity as measured by a bond's duration (short, intermediate or long). Duration is a measure of interest-rate sensitivity-the longer a fund's duration, the more sensitive the fund is to shifts in interest rates.

**Fees & Expenses:**
The amounts shown are estimated operating expenses as a ratio of expenses to average daily net assets. These estimates are based on the Portfolio's actual operating expenses for its most recently completed fiscal year, adjusted for contractual charges, if any, if any, and fee waivers to which the investment advisor has agreed.

Fees and expenses may be subject to change based on several factors, including but not limited to fund size or fee waiver arrangements. Please refer to the fund's prospectus for more information.

Funds or their affiliates may pay compensation to ING companies offering a fund. Such compensation may be paid out of distribution, service and/or 12b-1 fees that are deducted from the fund's assets, and/or may be paid directly by the fund's affiliates. Any fees deducted from fund assets are discussed in the fund's prospectus and disclosed in the fund fact sheet. Because these fees are paid on an on-going basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges.

If offered through a retirement program, additional fees and expenses may be charged under that program.

**Risks:**
As with any mutual fund, you could lose money on your investment unless otherwise noted. The share price of the fund normally changes daily based on changes in the value of the securities that the fund holds. The investment strategies that the sub advisor uses may not produce the intended results. Additional information about the investment risks are provided on the applicable fund fact sheets. For detailed information about these risks, please refer to the fund's prospectus.

NOT A DEPOSIT. NOT FDIC INSURED. NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY. NOT GUARANTEED BY THE INSTITUTION. MAY GO DOWN IN VALUE.

**Glossary:**
**A American Depository Receipts (ADRs):** ADRs are securities that represent shares in a foreign company. They are traded on major U.S. stock exchanges and over the counter.

**Asset base:** The amount of money that a fund has under management. Frequently called assets or net assets.

**B**
**Benchmark:** An index or other standard against which an investment's performance is measured. A stock fund's returns are often compared with those of the S&P 500 index.

**Beta:** Beta is a measure of a fund's sensitivity to market movements, as defined by a benchmark index. It measures the relationship between an investment's excess return over 90-day Treasury-bills and the excess return of the benchmark index. By definition, the beta of the benchmark is 1.00. A fund with a beta greater than 1 is more volatile than the market, and a fund with a beta less than 1 is less volatile than the market. A fund with a 1.10 beta has performed 10% better than its benchmark index (after deducting the T-bill rate) in up markets, and 10% worse in down markets, assuming all other factors remain constant. A beta of 0.85 indicates that the fund has performed 15% worse than the index in up markets, and 15% better in down markets. A low beta does not imply that the fund has a low level of volatility; rather, it means only that the fund's market-related risk is low.

**Bull market:** A period in which security prices in a given market are generally rising.

**C**
**Capital appreciation:** An increase in the share price of a security. This is one of the two primary sources of an investor's total return. The other primary source is income.

**Composition:** A portfolio's composition will tell you something about its risk level. Funds that hold a large percentage of assets in cash usually carry less risk because not all of their holdings are exposed to the market. We use a pie chart to help you see how much of your investment consists of stocks, bonds, or cash. We also show how much of your investment is held in foreign stocks.

**Concentrated portfolio:** A portfolio that is limited to relatively few securities or industries although its manager can invest in a diversified universe.

**Country weightings:** The returns of international investments will be affected by the performance of the international markets in which they invest. Consequently, you will want to know which countries your investment is most exposed to. The Morningstar Investment Profile shows the percentage of assets invested in each of an international investment's five largest country positions.

**Credit analysis:** For corporate-bond and municipal bond funds, the credit analysis depicts the quality of the U.S. and non-U.S. bonds in the fund's portfolio. Credit quality can influence the returns of portfolios that invest heavily in bonds. The Credit Analysis graph shows the percentage of fund assets that are invested in each of the major credit ratings, as determined by Standard & Poor's or Moody's. At the top of the ratings are AAA bonds. Bonds within a BBB rating are the lowest bonds that are still considered to be of investment grade. Bonds that are rated at or lower than BB (often called junk bonds or high-yield bonds) are considered to be quite speculative and are more risky than higher-rated credits. Any bonds that appear in the NR/NA category are either not rated by Standard & Poor's or Moody's or did not have a rating available.

**Currency risk:** For a U.S.-based investor, the risk that the currency in which a foreign holding is denominated will depreciate relative to the U.S. dollar. In that case, an investor's profits would suffer when the foreign security was sold and the proceeds from this sale were exchanged for U.S. dollars.

**Current-coupon bond:** A bond that is trading at its face value or par because it is paying a market-level rate of interest.

**D**
**Debt:** Another term for a bond or fixed-income security.

**Derivative:** A security that has been crafted from an existing asset or security. Derivatives' value (and investors' returns) derive from the value of the underlying asset or security. Examples of equity derivatives include futures contracts and options. Collateralized mortgage obligations (CMOs) and mortgage-backed securities are examples of fixed-income derivatives.

**Diversification:** Diversification is essentially the opposite of "keeping all your eggs in one basket". If you own just one investment, you'll have a limited amount of diversification. By owning several investments, particularly mutual funds that follow different investment strategies and hold different types of assets, you may lower your portfolio's overall risk. Diversification does not guarantee a profit or protect against loss in a declining market.

**Dividend:** A distribution of a portion of a company's earnings to its stockholders. Older, larger, and more-established companies are more likely to pay dividends. Young, growing companies often need to reinvest all of their profits into their businesses, and thus are less likely to pay out dividends to investors.

**Duration:** Duration is a measure, expressed in years, of a bond or bond fund's sensitivity to interest-rate movements. Generally speaking, a one-percentage-point move in interest rates will cause an opposite move in a bond's price roughly equal to the bond's duration. Therefore, a bond with a five-year duration would incur a 5% loss if interest rates moved up 1%.

**E**

**Equity:** Another term for stock, which is issued by a corporation and trades on an exchange.

**Expense ratio:** The percentage of fund assets paid for operating expenses and management fees. Sales charges are not included in the expense ratio.

**F**

**Fixed-income security:** Another term for a bond or debt security.

**G**

**Growth:** There are two common uses of the word growth in the investment industry. In the first sense, growth refers to an increase in a firm's profits or sales. In the second sense, growth refers to a style of investing in which managers seek firms with rapidly increasing profits or sales, often paying little attention to the prices they pay for such stocks.

**H**

**High-yield bond:** Also referred to as a junk bond, this is a fixed-income security that has a credit rating of less than BBB, as measured by Standard & Poor's, or BAA as measured by Moody's. These bonds are much more sensitive to the economic cycle than are high-quality securities, but they offer the potential for higher coupons (interest payments), or yield, in return to investors who take on the added risk.

**I**

**Income:** Payment to an investor of a dividend from a stock or of interest on a bond. Income is one of the two sources of total return, the other being capital appreciation.

**Index:** As a noun, index refers to a benchmark, such as the S&P 500, that is used to measure a fund's performance. As a verb, it refers to the practice of buying and holding the securities that compose an index, or securities that are representative of an index.

**Inflation risk:** This term refers to the probability that a general rise in consumer prices will erode the buying power of dollars paid back to investors in the future. This risk is especially relevant for longer-term investors.

**Interest-rate risk:** Interest-rate risk represents vulnerability to changes interest rates. When interest rates rise, the prices of bonds and other income-oriented securities drop. The longer the duration for a bond or fund, the greater its interest-rate risk.

**Investment-grade bonds:** A bond that carries a Standard & Poor's rating of BBB or a Moody's rating of BAA or better.

**L**

**Large cap:** For domestic companies, a firm of the 250 largest ones. For international companies, a firm in excess of $5 billion assets. A large-cap fund has a median market capitalization of greater than that of the 250th largest stock.

**M**

**Manager:** The person who determines which investments belong in a portfolio.

**Market capitalization:** The value of a company based on the current selling price of its stock and the number of shares it has issued. Market capitalization equals the number of shares issued multiplied by the share price.

**Market risk:** The risk posed by movements in the stock or bond market. Investments that act the most like these markets (as measured by r-squared and beta) have the greatest market risk, while investments that are weakly linked to the broader markets have the least market risk.

**Mid-cap (also Medium cap):** For domestic companies, a firm with the market capitalization of between 250th largest and 1,000th largest stock. For international companies, a firm with market capitalization of $1 billion to $5 billion. A mid-cap fund has a portfolio with a median market capitalization of between 250th largest and 1,000th largest stock.

**Money-market fund:** A fund that invests exclusively in short-term securities, such as Treasury bills, certificates of deposit, and commercial paper. The maximum average maturity of these securities is generally 120 days.

**N**

**Net Asset Value (NAV):** An investment's expense ratio is the percentage of assets deducted each fiscal year for fund operational costs, including management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund.

**O**

**Operations and expenses:** A fund’s share price.

**P**

**Premium bond:** A bond that sells for a price greater than its face value, usually because the bond pays a rate of interest greater than the market's. A bond that has a face value of $1,000 and sells for $1,025 has a 2.5% premium.

**Principal:** The face value of a bond that its owner receives at maturity. The term also refers to the amount invested in a fund or security, independent of any earnings or losses on the investment.

**Prospectus objective:** Indicates a particular fund's investment goals, based on the fund's prospectus.

**Prospectus risks:** Indicates a fund's investment risks, based on the fund's prospectus.

**R**

**Real Estate Investment Trust (REITs):** A company that invests in multiple real-estate properties. REITs trade on major stock exchanges, and are held by many mutual funds.

**Regional exposure:** The percentage of assets a fund has invested in the various regions of the world. Regional exposure is a major determinant of the return of world and foreign funds.

**S**

**Sector weightings:** Morningstar determines how much of each investment is held in each of the 10 major industrial sectors, which are listed on your Investment Profile page in order from least risky (utilities) to most risky (technology). For domestic-stock funds, sector weightings provide another avenue into understanding the relative riskiness of different investment strategies. If a fund's sector allocation is similar to the overall market-as measured by the S&P 500 index-then the fund manager is likely following a conservative style. If management heavily overweights individual sectors by owning two or three times as much as the S&P 500 holds, then the fund's strategy typically takes on more risk.

**Small-cap:** For domestic companies, a firm with a market capitalization of less than that of the 1,000th largest stock. For international companies, a firm with less than $1 billion. A small-cap fund has a median market capitalization of less than that of 1,000th largest stock.

**Security:** This term can refer to any financial asset, including stocks, bonds, and derivative issues.

**Standard & Poor's 500 Index (S&P 500):** A collection of 500 large, widely held stocks used as a measure of stock-market performance. The 500 stocks in the index include 400 industrial companies, 20 transportation firms, 40 financial companies, and 40 public utilities.

**Standard Deviation:** A statistical measure of the volatility of the fund's returns.

**T**

**Top holdings:** A mutual fund's top holdings show which securities (stocks or bonds) will have the most influence on the fund's returns. The percentage of assets each holding claims in the portfolio provides an indication of the fund's riskiness. Conservative managers will usually devote no more than 3% to 4% of the fund's total assets to their favorite stocks. More aggressive managers may allocate 7%, 8%, or an even greater percentage of assets to their top picks. The total weighting of the top five holdings is also a measure of a manager's risk tolerance. Those who restrict the total amount of the top five holdings to 15% of assets or less are generally conservative, while those who devote more than 25% may be considered aggressive.

**Total return:** The combined profits of a fund, including undistributed capital gains, capital appreciation, capital gains, and ordinary income.

**Turnover ratio:** A proxy for how frequently a manager trades his or her portfolio.

**V**

**Volatility:** Although volatility and risk are closely related, the volatility measure is different from the Morningstar risk measure (a component of the star rating) shown at the top of each page. The risk measure compares a fund with other funds in its star rating group, while the volatility measure shows where the fund ranks relative to all mutual funds.

*Low:* In the past, this investment has shown a relatively small range of price fluctuations relative to other investments within the category. Based on this measure, currently more than two thirds of all investments have shown higher levels of risk. Consequently, this investment may appeal to investors looking for a more conservative investment strategy.

*Moderate:* Moderate: In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments within the category. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

*High:* In the past, this investment has shown a wide range of price fluctuations relative to other investments within the category. This investment may experience significant price increases in favorable markets or undergo large price declines in adverse markets. Some of this risk may be offset by owning other investments within different portfolio makeups or investment strategies.

The volatility measure is not displayed for investments with fewer than three years of history. The category average, however is shown.