

## ING MPF Master Trust Comprehensive Scheme

### Second Addendum To Explanatory Memorandum

This Second Addendum should be read in conjunction with and forms an integral part of the ING MPF Master Trust Comprehensive Scheme Explanatory Memorandum dated 6 January 2006, as amended by the Addendum to the Explanatory Memorandum dated 31 March 2008 (the "First Addendum") (together, the "Explanatory Memorandum") and should not be distributed separately.

#### 1. Front Cover of the Explanatory Memorandum

With immediate effect, the following disclosure statements are inserted to the inside front cover of the Explanatory Memorandum:

#### IMPORTANT

- **ING MPF MASTER TRUST COMPREHENSIVE SCHEME (THE "SCHEME") IS A MANDATORY PROVIDENT FUND SCHEME REGISTERED WITH THE MANDATORY PROVIDENT FUND SCHEMES AUTHORITY. REGISTRATION DOES NOT IMPLY RECOMMENDATION.**
- **YOU SHOULD CONSIDER YOUR OWN RISK TOLERANCE LEVEL AND FINANCIAL CIRCUMSTANCES BEFORE MAKING ANY INVESTMENT CHOICES. WHEN, IN YOUR SELECTION OF CONSTITUENT FUNDS, YOU ARE IN DOUBT AS TO WHETHER A CERTAIN CONSTITUENT FUND IS SUITABLE FOR YOU (INCLUDING WHETHER IT IS CONSISTENT WITH YOUR INVESTMENT OBJECTIVES), YOU SHOULD SEEK FINANCIAL AND/OR PROFESSIONAL ADVICE AND CHOOSE THE CONSTITUENT FUND(S) MOST SUITABLE FOR YOU TAKING INTO ACCOUNT YOUR CIRCUMSTANCES.**
- **IN THE EVENT THAT YOU DO NOT MAKE ANY INVESTMENT CHOICES, PLEASE BE REMINDED THAT YOUR CONTRIBUTIONS MADE AND/OR BENEFITS TRANSFERRED INTO THE SCHEME WILL BE INVESTED INTO THE ING MPF COMPREHENSIVE SCHEME CAPITAL GUARANTEED PORTFOLIO WHICH MAY NOT NECESSARILY BE SUITABLE FOR YOU.**
- **THE ING MPF COMPREHENSIVE SCHEME MPF CONSERVATIVE PORTFOLIO, ING MPF COMPREHENSIVE SCHEME CAPITAL GUARANTEED PORTFOLIO, ING MPF COMPREHENSIVE SCHEME ASIAN EQUITY PORTFOLIO AND ING MPF COMPREHENSIVE SCHEME HONG KONG EQUITY PORTFOLIO IN THE SCHEME EACH INVESTS ITS ASSETS SOLELY IN AN INSURANCE POLICY ISSUED BY ING LIFE INSURANCE COMPANY (BERMUDA) LIMITED ("ING LIFE"). YOUR INVESTMENTS ARE THEREFORE SUBJECT TO THE CREDIT RISKS OF ING LIFE.**
- **THE ING MPF COMPREHENSIVE SCHEME CAPITAL GUARANTEED PORTFOLIO IS A CAPITAL GUARANTEED FUND. THE GUARANTEE IS ALSO GIVEN BY ING LIFE. YOUR INVESTMENTS IN THE ING MPF COMPREHENSIVE SCHEME CAPITAL GUARANTEED PORTFOLIO, IF ANY, ARE THEREFORE SUBJECT TO THE CREDIT RISKS OF ING LIFE. THE GUARANTEE IS SUBJECT TO QUALIFYING CONDITIONS. PLEASE REFER TO PARAGRAPHS 19 THROUGH 28 OF PART II OF THE EXPLANATORY MEMORANDUM FOR DETAILS OF THE GUARANTEE FEATURES AND CONDITIONS.**

#### IMPORTANT NOTES:

- **INVESTMENT INVOLVES RISK AND NOT ALL CONSTITUENT FUNDS AVAILABLE UNDER THE SCHEME WOULD BE SUITABLE FOR EVERYONE. THERE IS NO ASSURANCE ON INVESTMENT RETURNS AND YOUR INVESTMENTS/ACCRUED BENEFITS MAY SUFFER SIGNIFICANT LOSSES.**
- **FOR FURTHER DETAILS INCLUDING THE FEATURES OF THE SCHEME AND EACH CONSTITUENT FUND, THE INVESTMENT OBJECTIVES OF EACH CONSTITUENT FUND AND RISKS INVOLVED, PLEASE REFER TO THE DETAILS IN THE EXPLANATORY MEMORANDUM OF THE SCHEME (AS AMENDED FROM TIME TO TIME). IF YOU ARE IN DOUBT ABOUT THE MEANING OR EFFECT OF THE CONTENTS OF THE EXPLANATORY MEMORANDUM OR ANY ADDENDUM THERETO, YOU SHOULD SEEK PROFESSIONAL ADVICE.**

## **2. Change of Name of a Constituent Fund**

The following changes will take effect from 30 September 2009:

- (a) The "ING MPF Comprehensive Scheme Capital Preservation Portfolio" shall be renamed as "ING MPF Comprehensive Scheme MPF Conservative Portfolio" and any reference to the "ING MPF Comprehensive Scheme Capital Preservation Portfolio" and "Capital Preservation Portfolio" in the Explanatory Memorandum shall be changed to the "ING MPF Comprehensive Scheme MPF Conservative Portfolio" and "MPF Conservative Portfolio" respectively.
- (b) The "ING MPF Capital Preservation Policy" shall be renamed as "ING MPF Conservative Policy" and any reference to the "ING MPF Capital Preservation Policy" and "Capital Preservation Policy" in the Explanatory Memorandum shall be changed to "ING MPF Conservative Policy" and "MPF Conservative Policy" respectively.

## **3. Changes to Part II "Introduction"**

With immediate effect, Part II of the Explanatory Memorandum is amended as follows:

### **3.1** The following is inserted at the end of paragraph 9:

"Please read carefully the qualifying conditions of the ING MPF Comprehensive Scheme Capital Guaranteed Portfolio in paragraphs 19 through 28 of Part II of the Explanatory Memorandum."

### **3.2** The following is inserted at the end of paragraph 10:

"Investment involves risks. Not all the Constituent Funds would be suitable for everyone. Before selecting the Constituent Fund(s), you should read carefully the Explanatory Memorandum and understand the statement of investment policy and objectives of each Constituent Fund and the risks involved and select such Constituent Fund(s) that are consistent with your investment objective and personal circumstances. When you are in doubt as to which Constituent Fund is suitable for you, you should seek financial and/or professional advice."

### **3.3** The following is inserted at the end of paragraph 14:

"Your investments are therefore subject to the credit risks of ING Life."

### **3.4** The following is inserted at the end of paragraph 16:

"It should be noted that, in respect of each member, the accrued benefits are fully exposed to fluctuations in the value of the assets of the Capital Preservation Policy (to be renamed as MPF Conservative Policy with effect from 30 September 2009) at each valuation date. As a consequence of the general nature of varied investments and possible interest rate fluctuations and default risks, the yield of the MPF Conservative Policy may go down as well as up which will affect the return of the MPF Conservative Portfolio. There is no guarantee that your investments in the MPF Conservative Portfolio can be fully recovered."

### **3.5** The following is inserted after the first sentence under paragraph 19:

"Your investments are therefore subject to the credit risks of ING Life."

In addition, the last sentence under paragraph 19 is deleted and replaced with the following:

"In respect of each member, the Capital Guaranteed Portfolio guarantees that the capital will be preserved at the end of every 5-year period of continuous investment (i.e. starting from the date when the member invests in the Capital Guaranteed Portfolio) or over a shorter period if the member reaches the age of 65."

### **3.6** The following is inserted at the end of paragraph 27:

"As a consequence of the general nature of varied investments and possible exchange or interest rate fluctuations and default risks, the yield of the Capital Guaranteed Policy may go down as well as up which will affect the return of the Capital Guaranteed Portfolio. There is no guarantee that your investments in the Capital Guaranteed Portfolio can be fully recovered during the above-mentioned 5-year period except upon the end of the above-mentioned 5-year period or over a shorter period if the member reaches the age of 65."

## **4. Changes to Part III "Statement of Investment Policy & Objectives"**

With immediate effect, Part III of the Explanatory Memorandum is amended as follows:

### **4.1** The following is inserted before the last sentence of "The Stable Portfolio is considered medium risk." under paragraph 10:

"It should be noted that there can be no assurance that the investment objective of the Capital Stable Fund will be achieved. As a consequence of the general nature of the investments and possible exchange or interest rate fluctuations and default risks, the value of the Capital Stable Fund may go down as well as up which will affect the return of the Stable Portfolio."

### **4.2** The following is inserted at the end of paragraph 11:

"There can be no assurance that the objective sought to be attained from the use of these techniques and instruments will be achieved. Participation in such techniques and instruments involves investment risks and transaction costs to which a fund would not be subject if it did not use these techniques and instruments. There may be an imperfect correlation between instruments and the underlying investments or market sectors being hedged. In addition, if the manager's predictions of movements in the direction of the relevant securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to the fund may leave the fund in a less favourable position than if such techniques and instruments were not used."

- 4.3 The following is inserted before the last sentence of “The Stable Growth Portfolio is considered medium risk.” under paragraph 12:  
“As a result, the price of units in the Stable Growth Fund or the value of the Stable Growth Fund, and the level of income from it, may go down as well as up and changes in exchange rates between currencies may also cause the value of an investment in the Stable Growth Fund to change, which will affect the return of the Stable Growth Portfolio.”
- 4.4 The following is inserted at the end of paragraph 13:  
“There can be no assurance that the objective sought to be attained from the use of these techniques and instruments will be achieved. Participation in such techniques and instruments involves investment risks and transaction costs to which a fund would not be subject if it did not use these techniques and instruments. There may be an imperfect correlation between instruments and the underlying investments or market sectors being hedged. In addition, if the manager's predictions of movements in the direction of the relevant securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to the fund may leave the fund in a less favourable position than if such techniques and instruments were not used.”
- 4.5 The following is inserted before the last sentence of “The Balanced Growth Portfolio is considered high risk.” under paragraph 14:  
“It should be noted that there can be no assurance that the investment objective of the Balanced Investment Fund will be achieved. As a consequence of the general nature of the investments and possible exchange or interest rate fluctuations and default risks, the value of the Balanced Investment Fund may go down as well as up which will affect the return of the Balanced Growth Portfolio.”
- 4.6 The following is inserted at the end of paragraph 15:  
“There can be no assurance that the objective sought to be attained from the use of these techniques and instruments will be achieved. Participation in such techniques and instruments involves investment risks and transaction costs to which a fund would not be subject if it did not use these techniques and instruments. There may be an imperfect correlation between instruments and the underlying investments or market sectors being hedged. In addition, if the manager's predictions of movements in the direction of the relevant securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to the fund may leave the fund in a less favourable position than if such techniques and instruments were not used.”
- 4.7 The words “, with an emphasis on Asian markets” are inserted at the end of the second sentence under paragraph 16.  
In addition, the following is inserted before the last sentence of “The Growth Portfolio is considered high risk.” under paragraph 16:  
“As a result of an emphasis on Asian markets, the volatility of the Growth Fund is higher than investments spread more evenly in global equities. As a result, the price of units in the Growth Fund or the value of the Growth Fund, and the level of income from it, may go down as well as up and changes in exchange rates between currencies may also cause the value of an investment in the Growth Fund to change, which will affect the return of the Growth Portfolio.”
- 4.8 The following is inserted at the end of paragraph 17:  
“There can be no assurance that the objective sought to be attained from the use of these techniques and instruments will be achieved. Participation in such techniques and instruments involves investment risks and transaction costs to which a fund would not be subject if it did not use these techniques and instruments. There may be an imperfect correlation between instruments and the underlying investments or market sectors being hedged. In addition, if the manager's predictions of movements in the direction of the relevant securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to the fund may leave the fund in a less favourable position than if such techniques and instruments were not used.”
- 4.9 The following is inserted before the last sentence of “The International Equity Portfolio is considered high risk.” under paragraph 18:  
“The Global Equity Fund is subject to market fluctuations and to the risks inherent in its investment policy including possible exchange or interest rate fluctuations and default risks. The price of units of the Global Equity Fund and the income from it may go down as well as up which will affect the return of the International Equity Portfolio.”
- 4.10 The following is inserted at the end of paragraph 19:  
“There can be no assurance that the objective sought to be attained from the use of these techniques and instruments will be achieved. Participation in such techniques and instruments involves investment risks and transaction costs to which a fund would not be subject if it did not use these techniques and instruments. There may be an imperfect correlation between instruments and the underlying investments or market sectors being hedged. In addition, if the manager's predictions of movements in the direction of the relevant securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to the fund may leave the fund in a less favourable position than if such techniques and instruments were not used.”
- 4.11 The following is inserted at the end of the first sentence of “The ING MPF Comprehensive Scheme Asian Equity Portfolio (the “Asian Equity Portfolio”) invests its assets in the ING MPF Asian Equities Policy (the “Asian Equities Policy”)” under paragraph 20:  
“, an insurance policy issued by ING Life. Your investments are therefore subject to the credit risks of ING Life.”
- 4.12 The following is inserted before the last sentence of “The Asian Equities Policy will not trade futures or options and will not engage in security lending.” under paragraph 21:  
“It should be noted that, in respect of each member, the accrued benefits are fully exposed to fluctuations in the value of the Asian Equities Policy's assets at each valuation date. As a consequence of the great volatility in equities market, the general nature of varied investments and possible exchange or interests rate fluctuations and default risks, the unit price of the Asian Equities Policy may go down as well as up which will affect the return of the Asian Equity Portfolio.”

4.13 The following is inserted at the end of the first sentence of “The ING MPF Comprehensive Scheme Hong Kong Equity Portfolio (the “Hong Kong Equity Portfolio”) invests its assets in the ING MPF Hong Kong Equities Policy (the “Hong Kong Equities Policy”)” under paragraph 22:

“, an insurance policy issued by ING Life. Your investments are therefore subject to the credit risks of ING Life.”

4.14 The following is inserted before the last sentence of “The Hong Kong Equities Policy will not trade futures or options and will not engage in security lending.” under paragraph 23:

“It should be noted that, in respect of each member, the accrued benefits are fully exposed to fluctuations in the value of the Hong Kong Equities Policy's assets at each valuation date. As a consequence of the great volatility in equities market, the general nature of varied investments and possible exchange or interests rate fluctuations and default risks, the unit price of the Hong Kong Equities Policy may go down as well as up which will affect the return of the Hong Kong Equity Portfolio.”

4.15 The following additional risk factors are inserted as paragraphs 27(g), (h), (i), (j), (k) and (l) after paragraph 27(f):

“(g) **Business Conditions and General Economy** - The profitability of the investments of each Constituent Fund could be adversely affected by a worsening of general economic conditions globally or in certain individual markets. Factors such as interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices could significantly affect the value of the investments held by a Constituent Fund. For example: (a) an economic downturn or significantly higher interest rates could adversely affect the credit quality of the assets; (b) a market downturn or worsening of the economy could cause the investments held by a Constituent Fund to incur mark to market losses in its trading portfolios.

(h) **Recent Developments in Financial Services Industry** - In light of the market turmoil and the overall weakening of the financial services industry in the latter half of 2008, the financial condition of certain financial institutions may be adversely affected and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the Scheme or a Constituent Fund's business and operations.

(i) **Emerging and Developing Markets** - Members should note that Constituent Fund(s) which invest in securities of issuers located in emerging and less developed markets such as the Eastern Europe, Asia Pacific and Latin American region could involve special considerations and risks. The special risks are those such as currency fluctuations, political risks, the risks of investing in countries with smaller capital markets, price volatility and restrictions on foreign investment. Companies of the relevant markets may have standards of financial reporting, accounting and information disclosure which are not comparable to those of developed markets. Information and accounts may thus not be publicly available nor be in accordance with international standards.

Procedures currently in place for custody, settlement, clearing and registration of securities transactions in emerging markets may be less developed than those in place in other more developed markets and thus can increase settlement risk or result in delay in realising securities and adversely affect prices. The issuers and stock exchanges and other market participants may be subject to a level of regulation which may be less than that of developed markets. Less efficient banking and telecommunications systems can give rise to delayed payments and in extreme cases could lead to dispute over the title of securities. Investments may be affected by changes in law and government policy as well as political changes which may affect the stability of governments and markets and/or result in restrictions on foreign investment or the repatriation of monies.

(j) **Interest Rates** - The value of fixed income securities held by any Constituent Fund generally will vary inversely with changes in interest rates and such variation may affect unit prices accordingly.

(k) **Counterparty and Settlement Risk** - The investments of a Constituent Fund will be exposed to counterparty risk on parties with whom they trade and when placing cash on deposit. The investments of a Constituent Fund will also be exposed to the risk of settlement default by a counterparty with which the Constituent Fund trades when buying and selling financial instruments (settlement risk).

(l) **Operational Risk** - In the event of a bankruptcy or insolvency of a service provider of the Scheme or a Constituent Fund, members could experience delays (for example, delays in the processing of subscriptions, conversions and redemption of units) or other disruptions.”

## 5. Changes to Part VI "Fees, Charges & Expenses"

With immediate effect, the following is inserted at the end of paragraph 2 of Part VI of the Explanatory Memorandum:

“Fees and charges of an MPF conservative fund can be deducted from either (i) the assets of the fund or (ii) members' account by way of unit deduction. The ING MPF Comprehensive Scheme MPF Conservative Portfolio uses method (i) and, therefore, unit prices/NAV/fund performance quoted have incorporated the impact of fees and charges.”

**ING PENSION TRUST LIMITED**

25 September 2009