

# ING Government Fund - Class

## A

		FIXED INCOME		
		DURATION		
CREDIT QUALITY	SHORT	INTERMEDIATE	LONG	
	HIGH			
MEDIUM				
LOW				

ING Investments, LLC (ING Investments) is an indirect wholly owned subsidiary of ING Groep N.V. (ING). ING Investments offers over 62 open-end funds, 2 closed-end funds and 50 variable portfolios featuring domestic and international growth, domestic and international value and fixed income portfolios designed to help meet the needs of serious investors.

### FUND FACTS

Inception date: **April 15, 1994**

Investment advisory fee for period ended March 31, 2005: **0.50%**

12b-1 fee: **0.25%**

Other expenses: **0.28%**

Total fund annual expenses without waivers or reductions for period ended March 31, 2005: **1.03%**

Total waivers, recoupments and reductions: **0.08%**

Net fund annual expenses after waivers or reductions for period ended March 31, 2005: **0.95%**

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

### Important Information

Category is interpreted by ING using Fund company and/or Morningstar category information.

### Pending shareholder approval, ING Government Fund is scheduled to merge into ING GNMA Income Fund during the fourth quarter of 2005.

Fees and expenses may be subject to change based on fund size or fee waiver arrangements, please refer to the prospectus for more information. More detailed information is included in the enrollment material. ING Funds Services, LLC receives an annual administrative fee equal to 0.08% of average daily net assets. The Investment Adviser has entered into a written expense limitation agreement under which it will exclude interest, taxes, brokerage and extraordinary expenses, subject to possible recoupment by ING within three years. The amount waived, reimbursed or recouped during the last fiscal year is shown in the above table above. The expense limit will continue through August 1, 2006 for the Fund.

**You should consider the investment objectives, risks, charges and expenses of the variable product, if applicable, and its underlying fund options carefully before**

**investing. The prospectus contains this and other information. Please read the prospectus carefully before investing. You can obtain a free copy of the prospectus for the fund at any time by calling your local representative or 1-800-262-3862. If a different toll-free number is provided in your enrollment material, please call that number.**

### Investment Adviser

ING Investments, LLC. Subadviser: ING Investment Management Co. (ING IM)

### Portfolio Manager

Managed by James B. Kauffmann and Chris Diaz

### Investment Objective

Seeks to provide income consistent with the preservation of capital through investment in securities issued or guaranteed by the U.S. government, its agencies or instrumentalities.

### Strategy

Under normal market conditions, invests at least 80 percent of its total assets in U.S. government securities. U.S. government securities include securities issued by the U.S. Treasury, individual government agencies and certain organizations created through federal legislation. Securities issued by the U.S. Treasury are backed by the full faith and credit of the federal government, the strongest form of credit backing in the U.S. Securities issued by individual agencies and organizations may be backed by the full faith and credit of the federal government as to principal or interest, but are not direct obligations of the U.S. Treasury. Government securities also include certain mortgage-related securities that are sponsored by a U.S. government agency or organization and are not direct obligations of the U.S. government. In managing the Fund, the subadviser looks to construct an intermediate-term portfolio by selecting investments (securities that each have a duration of 1-10 years) with the potential to enhance the portfolio's overall yield and total return; and uses quantitative computer models to identify attractive investments within the U.S. government securities markets. As a result, the Fund may, at times, emphasize one type of U.S. government security rather than another. May also invest up to 20 percent of its

Asset Class: **Bonds**  
Category: **Intermediate Government**

assets in non-government securities including corporate debt, derivatives, non-agency mortgage-backed, asset-backed, or foreign securities. May lend portfolio securities on a short-term or long-term basis, up to 33-1/3 percent of its total assets. The Fund may engage in frequent and active trading of portfolio securities to achieve its investment objective.

### Principal Risks

The principal risks are those generally attributable to bond investing. When interest rates rise, bond prices fall. Bonds with longer maturities tend to be more sensitive to changes in interest rates. The Fund is subject to credit risk. If the issuer of a security is unable to meet its financial obligations or goes bankrupt, the Fund could lose money. Prices of mortgage-related securities also are sensitive to changes in the prepayment patterns on the underlying instruments. If the principal on the underlying mortgage notes is repaid faster than anticipated, the price of the mortgage-related security may fall. The Fund is subject to prepayment risk which is the risk that mortgage-related securities can be paid off early thereby forcing the Fund to invest the money at lower yields if interest rates are falling. Slower than expected principal payments on a mortgage-backed security may extend such security's life, thereby locking in a below-market interest rate, increasing the security's duration and reducing the value of the security. Some U.S. government agency securities may be subject to varying degrees of credit risk, particularly those not backed by the full faith and credit of the U.S. government. Foreign investing may be riskier than U.S. investments due to possible changes in currency exchange rates, unstable political, social and economic conditions or lack of adequate or accurate corporate information. Derivatives are subject to the risk of changes in the market price of the underlying security, credit risk, and the risk of loss due to changes in interest rates. When lending securities, the securities may not be available to the Fund on a timely basis and the Fund may lose the opportunity to sell the securities at a desirable price. A high portfolio turnover rate involves greater expenses and is likely to generate more taxable short term gains.

Securities are offered through ING Financial Advisers, LLC (member SIPC) or other broker-dealers with which it has a selling agreement.

# PORTFOLIO UPDATE

## ING Government Fund - Class A

### Important Information

Past performance does not guarantee future results. For most recent month-end performance which may be lower or higher than the past performance data shown please call 1-800-262-3862. Investment return and the principal value of an investment will fluctuate so that, when sold, an investment may be worth more or less than the original cost.

Average annual total returns and calendar year returns are net of all fund expenses, but do not include retirement plan charges which, if included, would reduce the total return. Please see the accompanying Performance Update for standardized product level returns. Performance results assume reinvestment of all earnings and do not include the deduction of any fund sales charges, which are waived under the terms of this retirement program.

### Fund Trading Issues

The fund industry has been under scrutiny because some fund managers have allowed improper market timing and late day trading. To review the practices and procedures regarding market timing and late day trading, please refer to the current prospectus and supplement(s) for each fund.

AS OF SEPTEMBER 30, 2005

(shown in percentages)

### Fund Facts

Market Benchmark <sup>1</sup> LB Intermediate Government Bond Index  
 Total Net Assets \$50.3 million  
 Beta\* 0.76

\*Beta is a means of measuring the volatility of a security or portfolio of securities in comparison with the market as a whole. A beta of 1 indicates that the security's price will move with the market. A beta higher than 1 indicates that the price will be more volatile than the market and a beta of less than 1 means that it will be less volatile.

### Top Ten Holdings

US Treasury Note/Bond, 13.2%, 05/15/2014	13.1
Freddie Mac, 5.9%, 03/21/2011	7.2
US Treasury Note/Bond, 4.0%, 08/31/2007	6.1
US Treasury Note/Bond, 4.1%, 08/15/2010	6.0
US Treasury Note/Bond, 14.0%, 11/15/2011	5.1
Banc of America Mortgage Securities, 4.2%, 05/25/2034	4.6
US Treasury Inflation Indexed Bonds, 2.0%, 01/15/2014	4.5
Fannie Mae, 3.5%, 01/12/2007	4.0
Freddie Mac, 3.9%, 01/12/2009	3.9
US Treasury Note/Bond, 4.2%, 08/15/2015	3.5

### S&P Ratings \*\*\*

AAA	83.5
Average	AAA

### Asset Allocation

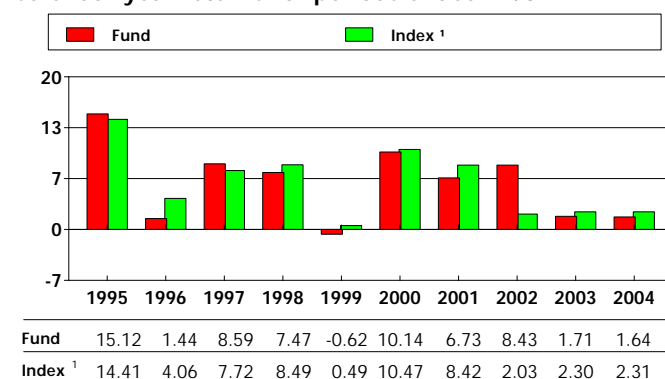
Government Security	40.2
Mortgage Backed Related Security	37.2
Cash Equivalent	12.0
Asset Backed Security	9.2
Municipal Bond	0.9
Corporate Bond	0.5

### Average annual total returns

	Qtr <sup>†</sup>	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Fund	-0.49	1.18	1.60	4.59	4.99	N/A
Index <sup>1</sup>	-0.52	1.31	-0.19	4.00	5.02	N/A

<sup>†</sup> Return Not Annualized

### Calendar year returns for periods ended 12/31



<sup>1</sup> Lehman Brothers Intermediate Government Bond Index is an unmanaged index that includes those bonds found in the Lehman Brothers Government Bond Index that have a maturity of one to 9.99 years. Please note that indexes are unmanaged and their returns do not take into account any of the fees and expenses of the mutual funds to which they are compared. Individuals cannot invest directly in any index.

\*\*\*Standard & Poor's is an independent rating agency.