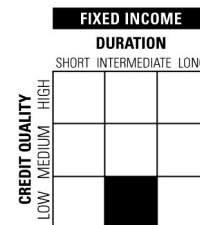


# PIMCO High Yield Fund - Institutional Class



PIMCO is widely regarded as the country's premier fixed income investment manager. Founded in 1971 by Bill Gross, PIMCO was one of the first investment firms to specialize in active bond management. PIMCO has been a leader in the innovation of new fixed income securities and continues to seek new ways to add value for its clients. PIMCO is one of the largest active bond managers in the U.S.

Asset Class: **Bonds**  
Category: **High Yield Bond**

## FUND FACTS

Inception date: **December 15, 1992**

Investment advisory fee for period ended March 31, 2007: **0.25%**

Other expenses: **0.25%**

Gross fund expense ratio for period ended March 31, 2007: **0.50%**

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.

The Fund or its affiliates may pay compensation to ING affiliates offering this Fund. Such compensation may be paid out of 12b-1 fees or service fees that are deducted from Fund assets, and/or may be paid directly by the Fund's affiliate. Any fees deducted from Fund assets are disclosed in the Fund Facts above. "Other Expenses" reflect an administrative fee of 0.25%.

If you participate in an IRC Sections 403(b), 401 or 457 retirement plan funded by an SEC-registered group annuity contract, this material must be accompanied by the current Performance Update and a Prospectus Summary for the contract.

**You should consider the investment objectives, risks, and 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 Fund and/or the separate account prior to making an investment decision or at any time by contact 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.**

## Investment Adviser

Pacific Investment Management Company LLC (PIMCO)

## Portfolio Manager

Mark T. Hudoff, Executive Vice President, PIMCO.

## Investment Objective

Seeks maximum total return, consistent with preservation of capital and prudent investment management.

## Strategy

Invests at least 80 percent of its assets in a diversified portfolio of high yield securities ("junk bonds") rated below investment grade but rated at least Caa by Moody's or equivalently rated by S&P or Fitch, or, determined by PIMCO to be of comparable quality, subject to a maximum of 5 percent of its total assets in securities rated Caa by Moody's or CCC by S&P, or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The remainder of the assets may be invested in investment grade Fixed Income Instruments. The average portfolio duration normally varies within a two- to six-year time frame based on PIMCO's forecast for interest rates. The Fund will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20 percent of its total assets. The Fund may invest all of its total assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The "total return" sought consists of income earned on investments, plus capital appreciation, if any, which generally arises from decreases in interest rates or improving credit fundamentals for a particular sector or security.

## Principal Risks

**Interest Rate Risk-** As interest rates rise, the value of fixed-income securities held are likely to decrease. Securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations; **Credit Risk-** The issuer or the guarantor is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligation; **High Yield Risk-** Funds that invest in high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") may be

subject to greater levels of interest rate, credit and liquidity risk; **Market Risk-** The value of a security may decline due to general market conditions such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, interest or currency rates, or adverse investor sentiment generally; **Issuer Risk-** The value of a security may decline for reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services; **Liquidity Risk-** Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing a Fund from selling illiquid securities at an advantageous time or price; **Derivatives Risk-** Use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments; **Mortgage Risk-** Rising interest rates tend to extend the duration of mortgage-related securities, making them more sensitive to changes in interest rates; **Foreign (Non-U.S.) Investment Risk-** Funds that invest a substantial portion of their assets in foreign securities may experience more rapid and extreme changes in the value of a fund than those where assets are invested exclusively in securities of U.S. companies; **Currency Risk -** Funds that invest directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar. **Leveraging Risk-** Certain transactions may give rise to a form of leverage including, reverse repurchase agreements, loans of portfolios securities and the use of when-issued, delayed delivery or forward commitment transactions and may cause a Fund to be more volatile; **Management Risk-** PIMCO and the portfolio manager will apply investment techniques and risk analyses in making investment decisions, but there can be no guarantee that these will produce desired results.

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

# PORTFOLIO UPDATE

## PIMCO High Yield Fund - Institutional Class

### 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.

AS OF DECEMBER 31, 2007

(shown in percentages)

### Fund Facts

Market Benchmark <sup>1</sup>	Merrill Lynch U.S. High Yield BB-B Rated Index
Total Net Assets	\$7.2 billion
Beta*	1.07

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

### Top Ten Holdings

Information not available at this time.

### Credit Quality\*\*\*

AAA	9.0
AA	5.0
A	3.0
BBB	6.0
BB	27.0
B	47.0
CCC	3.0
Average	BA-

### Asset Allocation

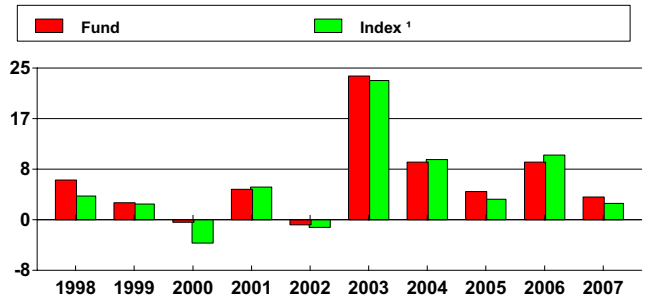
High Yield Bonds	70.0
US Treasury Bonds	18.0
Agency Bonds & MBS	12.0
Investment Grade Corporate Bonds	10.0
Emerging Markets	7.0
Foreign Bonds	4.0
Municipals	3.0
Cash & Equivalents	-24.0

### Average annual total returns

	Qtr <sup>#</sup>	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Fund	0.31	3.74	5.92	9.98	6.21	N/A
Index <sup>1</sup>	-0.65	2.69	5.51	9.69	5.40	N/A

<sup>#</sup> Return Not Annualized

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



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Fund	6.54	2.82	-0.44	4.99	-0.85	23.70	9.47	4.64	9.47	3.74
Index <sup>1</sup>	3.88	2.58	-3.86	5.40	-1.28	22.96	9.94	3.36	10.65	2.69

<sup>1</sup>The Merrill Lynch U.S. High Yield BB-B Rated Index is an unmanaged index of bonds rated BB and B by Moody's or S&P. 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.

\*\*\*The credit quality of the securities in the portfolio is generally calculated by a national rating organization; if unrated, the investment manager may determine a comparable rating, which is included in the portfolio breakdown. The credit quality of the investment in the portfolio does not apply to the stability or safety of the Fund.