

ING Emerging Markets High Dividend Equity Fund  
Form N-CSR  
May 03, 2013  
Table of Contents

OMB APPROVAL

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF**

**REGISTERED MANAGEMENT INVESTMENT COMPANIES**

**Investment Company Act file number: 811-22438**

**ING Emerging Markets High Dividend Equity Fund**

(Exact name of registrant as specified in charter)

**7337 E. Doubletree Ranch Rd., Scottsdale AZ**  
(Address of principal executive offices)

**85258**  
(Zip code)

**Huey P. Falgout, Jr., 7337 Doubletree Ranch Rd. Scottsdale, AZ 85258**  
(Name and address of agent for service)

Registrant's telephone number, including area code: **1-800-992-0180**

Date of fiscal year end: **February 28**

Date of reporting period: **February 28, 2013**



**Table of Contents**

**Item 1. Reports to Stockholders.**

The following is a copy of the report transmitted to stockholders pursuant to Rule 30e-1 under the Act (17 CFR 270.30e-1):

**Table of Contents**

Annual Report

**February 28, 2013**

**ING Emerging Markets High Dividend Equity Fund**

E-Delivery Sign-up details inside

This report is submitted for general information to shareholders of the ING Funds. It is not authorized for distribution to prospective shareholders unless accompanied or preceded by a prospectus which includes details regarding the fund's investment objectives, risks, charges, expenses and other information. This information should be read carefully.

**MUTUAL FUNDS**

**Table of Contents**

TABLE OF CONTENTS

<u>President's Letter</u>	1
<u>Market Perspective</u>	2
<u>Portfolio Managers' Report</u>	4
<u>Report of Independent Registered Public Accounting Firm</u>	6
<u>Statement of Assets and Liabilities</u>	7
<u>Statement of Operations</u>	8
<u>Statements of Changes in Net Assets</u>	9
<u>Financial Highlights</u>	10
<u>Notes to Financial Statements</u>	11
<u>Summary Portfolio of Investments</u>	21
<u>Tax Information</u>	26
<u>Trustee and Officer Information</u>	27
<u>Advisory Contract Approval Discussion</u>	31
<u>Shareholder Meeting Information</u>	43
<u>Additional Information</u>	44

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Sign up now for on-line prospectuses, fund reports, and proxy statements. In less than five minutes, you can help reduce paper mail and lower fund costs.

Just go to [www.inginvestment.com](http://www.inginvestment.com), click on the E-Delivery icon from the home page, follow the directions and complete the quick 5 Steps to Enroll.

You will be notified by e-mail when these communications become available on the internet. Documents that are not available on the internet will continue to be sent by mail.

## **PROXY VOTING INFORMATION**

A description of the policies and procedures that the Fund uses to determine how to vote proxies related to portfolio securities is available (1) without charge, upon request, by calling Shareholder Services toll-free at (800) 992-0180; (2) on the Fund's website at [www.inginvestment.com](http://www.inginvestment.com) and (3) on the SEC's website at [www.sec.gov](http://www.sec.gov). Information regarding how the Fund voted proxies related to portfolio securities during the most recent 12-month period ended June 30 is available without charge on the Fund's website at [www.inginvestment.com](http://www.inginvestment.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov).

## **QUARTERLY PORTFOLIO HOLDINGS**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. This report contains a summary portfolio of investments for the Fund. The Fund's Forms N-Q are available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's Forms N-Q, as well as a complete portfolio of investments, are available without charge upon request from the Fund by calling Shareholder Services toll-free at (800) 992-0180.

Table of Contents

PRESIDENT'S LETTER

Dear Shareholder,

ING Emerging Markets High Dividend Equity Fund (the Fund) is a diversified closed-end management investment company whose shares are traded on the New York Stock Exchange under the symbol IHD. The Fund's investment objective is total return through a combination of current income, capital gains and capital appreciation.

The Fund seeks to achieve its investment objective by investing principally in a portfolio of equity securities, primarily of issuers in emerging market countries. The sub-adviser seeks to construct a portfolio with a weighted average gross dividend yield that exceeds the dividend yield of the MSCI Emerging Markets Index<sup>SM</sup>. The Fund will also normally seek to secure gains and enhance the stability of returns over a market cycle by writing (selling) call options on selected exchange-traded funds (ETFs) and/or international, regional or country indices of equity securities, and/or on equity securities.

For the year ended February 28, 2013, the Fund made quarterly distributions totaling \$1.52 per share, which were characterized as \$1.21 per share return of capital and \$0.31 per share of net investment income.

Based on net asset value (NAV), the Fund provided a total return of (2.95)% for the year ended February 28, 2013. This NAV return reflects a decrease in the Fund's NAV from \$16.60

on February 29, 2012 to \$14.53 on February 28, 2013. Based on its share price, the Fund provided a total return of 5.58% for the year ended February 28, 2013<sup>(2)</sup>. This share price return reflects a decrease in the Fund's share price from \$15.89 on February 29, 2012 to \$15.13 on February 28, 2013.

The global equity markets have witnessed a challenging and turbulent period. Please read the Market Perspective and Portfolio Managers Report for more information on the market and the Fund's performance.

At ING Funds, our mission is to set the standard in helping our clients manage their financial future. We seek to assist you and your financial advisor by offering a range of global investment solutions. We invite you to visit our website at [www.inginvestment.com](http://www.inginvestment.com). Here you will find information on our products and services, including current market data and fund statistics on our open-and closed-end funds. You will see that we offer a broad variety of equity, fixed income and multi-asset funds that aim to fulfill a variety of investor needs.

We thank you for trusting ING Funds with your investment assets, and we look forward to serving you in the months and years ahead.

Sincerely,

Shaun Mathews

President and Chief Executive Officer

ING Funds

April 1, 2013

The views expressed in the President's Letter reflect those of the President as of the date of the letter. Any such views are subject to change at any time based upon market or other conditions and ING Funds disclaim any responsibility to update such views. These views may not be relied on as investment advice and because investment decisions for an ING Fund are based on numerous factors, may not be relied on as an indication of investment intent on behalf of any ING Fund. Reference to specific company securities should not be construed as recommendations or investment advice. International investing does pose special risks including currency fluctuation, economic and political risks not found in investments that are solely domestic.

**For more complete information, or to obtain a prospectus for any ING Fund, please call your Investment Professional or the fund's Shareholder Service Department at (800) 992-0180 or log on to [www.inginvestment.com](http://www.inginvestment.com). The prospectus should be read carefully before investing. Consider the fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this information and other information about the fund. Check with your Investment Professional to determine which funds are available for sale within their firm. Not all funds are available for sale at all firms.**

- (1) Total investment return at net asset value has been calculated assuming a purchase at net asset value at the beginning of each period and a sale at net asset value at the end of each period and assumes reinvestment of dividends, capital gain distributions and return of capital distributions/allocations, if any, in accordance with the provisions of the Fund's dividend reinvestment plan.
- (2) Total investment return at market value measures the change in the market value of your investment assuming reinvestment of dividends, capital gain distributions, and return of capital distributions/allocations, if any, in accordance with the provisions of the Fund's dividend reinvestment plan.



**Table of Contents**

MARKET PERSPECTIVE: YEAR ENDED FEBRUARY 28, 2013

In the first half of our fiscal year global equities, in the form of the MSCI World Index<sup>SM</sup>, measured in local currencies including net reinvested dividends, edged up 0.72%, recovering from a slump of 11% in two months from early April. In the second half, the MSCI World Index<sup>SM</sup> built on this recovery and ended the fiscal year up 13.23% in the wake of central bank actions that made risky assets much more attractive to hold. (The MSCI World Index<sup>SM</sup> returned 10.69% for the one year ended February 28, 2013, measured in U.S. dollars.)

These actions were twofold. Firstly in July, as pessimism about the future of the euro mounted, European Central Bank ( ECB ) President Draghi announced that the ECB was ready to do whatever it takes to preserve the euro. He expanded on this in September: under certain conditions, the ECB would buy without limitation the 1-3 year bonds of a country in difficulties. Also in September, Federal Reserve Chairman Bernanke announced a third round of quantitative easing: an additional \$40 billion of agency mortgage-backed securities would be purchased monthly. Later, in December, Operation Twist was replaced by \$45 billion in monthly Treasury purchases. Exceptionally low policy interest rates would remain at least until the unemployment rate fell to 6.5%.

These initiatives were enough to sustain European markets through the fiscal year, and by the end the view seemed to have taken hold that the existential threat to the euro could be discounted. Even the worst possible Italian election result at the end of February a stalemate on low turnout that signaled the rejection of reform gave markets pause for barely a day.

In the U.S., sentiment ebbed and flowed as economic data from retail sales to consumer confidence to durable goods orders were mostly inconclusive. On the employment front the three-month average of 245,000 new jobs reported in March slumped to only 94,000 in September, before rebounding to 200,000 by February, with the unemployment rate still uncomfortably high at 7.7%. Third quarter gross domestic product ( GDP ) growth was finalized at 3.1%, which some commentators regarded as unrepresentative of true economic activity which felt considerably weaker. On the last day of February however, fourth quarter GDP growth was reported at just 0.1%, an anomalously weak reading, depressed by a reduction in government spending and in inventories.

In contrast to other economic data, the housing market was undoubtedly on the mend. The final S&P/Case-Shiller 20-City Composite Home Price Index showed a 6.8% year-over-year gain, the most in over six years, while new home sales in January were the highest since July 2008.

Political gridlock continued. The newly-elected Congress in November looked rather like the old one, and an ominous year-end cocktail of deflationary tax increases and spending cuts was forestalled by an eleventh-hour agreement. But large, indiscriminate federal spending cuts and an even bigger conflict on the debt ceiling loomed in March.

In U.S. fixed income markets the Barclays U.S. Aggregate Bond Index of investment grade bonds rose 3.12% in the fiscal year. The Barclays U.S. Treasury Index, a sub-index of the Barclays U.S. Aggregate Bond Index, underperformed, gaining just 2.00%, while the Barclays U.S. Corporate Investment Grade Bond Index, also a sub-index of the Barclays U.S. Aggregate Bond Index, was much stronger,

adding 6.41%. The Barclays High-Yield Bond 2% Issuer Constrained Composite Index (not part of the Barclays U.S. Aggregate Bond Index) surged an equity-like 11.79%.

U.S. equities, represented by the S&P 500® Index including dividends, returned 13.46% in the fiscal year, ending just 3.22% below its all-time high reached on October 9, 2007. All ten sectors gained, but it was a mixed picture. Telecommunications led the way with a return of 24.19%, while healthcare and financials also returned more than 20%. However only single digit gains were made by the materials, energy and technology sectors, the last named managing a barely positive 1.36%. Operating earnings per share for S&P 500® companies set a new record in the second quarter of 2012, but as the fiscal year ended fourth quarter earnings looked likely to come in about 9% below this level.

In currency markets, the dollar rose 2.05% against the euro over the fiscal year and 4.97% against the pound, most or all of it in February as recovery in Europe seemed ever more distant. But the dollar soared 14.06% over the yen. Japan's parliamentary opposition won a landslide victory in December elections and promised unlimited monetary easing.

In international markets, the MSCI Japan® Index jumped 19.54%, due mainly to the monetary stimulus referred to above. This was despite the dampening effect on Japan's export-focused economy of the euro zone crisis, of a slowdown in China and (to the outside world at least) a quite unnecessary dispute with that country over a few tiny islands. The Japanese economy returned to technical recession after consecutive quarters of declining GDP. The MSCI Europe ex UK® Index rose 14.23% due to central bank initiatives, as there was little else to cheer investors, with the exception of Germany. The euro zone's GDP recorded its third straight quarterly fall in the fourth quarter of 2012. Unemployment reached a record 11.7%, within which Spain and Greece both stood above 26%. The composite purchasing managers' index, a leading indicator of GDP growth, stayed in contraction territory as it had since February 2012. The MSCI UK® Index added 12.77%, boosted by financials but held back by the energy and telecommunications sectors, accounting for some 30% of the index, which actually fell in value. The economy grew 0.9% in the third quarter of 2012, largely due to one-time statistical anomalies, worth perhaps 0.8%. In the fourth quarter, GDP fell by 0.3% with the strong possibility that the U.K. would suffer a triple dip recession with negative growth in the first quarter of 2013.

**Parentheses denote a negative number.**

**Past performance does not guarantee future results. The performance quoted represents past performance. Investment return and principal value of an investment will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. The Fund's performance is subject to change since the period's end and may be lower or higher than the performance data shown. Please call (800) 992-0180 or log on to [www.inginvestment.com](http://www.inginvestment.com) to obtain performance data current to the most recent month end.**

*Market Perspective reflects the views of ING's Chief Investment Risk Officer only through the end of the period, and is subject to change based on market and other conditions.*

**Table of Contents**

## BENCHMARK DESCRIPTIONS

<b>Index</b>	<b>Description</b>
Barclays U.S. Aggregate Bond Index	An unmanaged index of publicly issued investment grade U.S. Government, mortgage-backed, asset-backed and corporate debt securities.
Barclays U.S. Corporate Investment Grade Bond Index	An unmanaged index consisting of publicly issued, fixed rate, nonconvertible, investment grade debt securities.
Barclays High Yield Bond Issuer 2% Constrained Composite Index	An unmanaged index that includes all fixed-income securities having a maximum quality rating of Ba1, a minimum amount outstanding of \$150 million, and at least one year to maturity.
Barclays U.S. Treasury Index	An unmanaged index that includes public obligations of the U.S. Treasury. Treasury bills, certain special issues, such as state and local government series bonds (SLGs), as well as U.S. Treasury TIPS and STRIPS, are excluded.
MSCI Emerging Markets Index <sup>SM</sup>	An unmanaged index that measures the performance of securities listed on exchanges in developing nations throughout the world.
MSCI Europe ex UK <sup>®</sup> Index	A free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe, excluding the UK.
MSCI Japan <sup>®</sup> Index	A free float-adjusted market capitalization index that is designed to measure developed market equity performance in Japan.
MSCI UK <sup>®</sup> Index	A free float-adjusted market capitalization index that is designed to measure developed market equity performance in the UK.
MSCI World Index <sup>SM</sup>	An unmanaged index that measures the performance of over 1,400 securities listed on exchanges in the U.S., Europe, Canada, Australia, New Zealand and the Far East.
S&P 500 <sup>®</sup> Index	An unmanaged index that measures the performance of securities of approximately 500 large-capitalization companies whose securities are traded on major U.S. stock markets.
S&P/Case-Shiller 20-City Composite	A composite index of the home price index for the top 20 Metropolitan Statistical Areas in the United States. The index is published monthly by Standard & Poor's.
Home Price Index	

**Table of Contents**

ING EMERGING MARKETS HIGH DIVIDEND EQUITY FUND

PORTFOLIO MANAGERS REPORT

**Geographic Diversification****as of February 28, 2013**

(as a percentage of net assets)

China	17.0%
Brazil	11.1%
South Korea	11.0%
Taiwan	6.8%
Russia	6.4%
South Africa	6.2%
India	4.3%
Malaysia	3.0%
United Kingdom	2.9%
Countries between 0.9%-2.5%^	18.9%
Assets in Excess of Other Liabilities*	12.4%
Net Assets	100.0%

\* Includes short-term investments.

^ Includes 13 countries, which each represents 0.9%-2.5% of net assets.

***Portfolio holdings are subject to change daily.***

ING Emerging Markets High Dividend Equity Fund's (the Fund) primary investment objective is to provide total return through a combination of current income, capital gains and capital appreciation. The Fund seeks to achieve its investment objectives by investing principally in a portfolio of equity securities, primarily of issuers in emerging market countries. The Fund will also normally seek to secure gains and enhance the stability of returns over a market cycle by writing (selling) call options on selected exchange-traded funds (ETFs) and/or international, regional or country indices of equity securities, and/or on equity securities.

**Portfolio Management:** The Fund is managed by Manu Vandenbulck, Nicolas Simar, Robert Davis, Willem van Dommelen and Edwin Cuppen, Portfolio Managers, ING Investment Management Advisors B.V. (Europe) the Sub-Adviser.\*

**Equity Portfolio Construction:** Under normal market conditions, the Fund will seek to achieve its investment objective by investing at least 80% of its managed assets in dividend producing equity securities of, or derivatives having economic characteristics similar to the equity securities of, issuers in emerging markets. The Sub-Adviser seeks to construct a portfolio with a weighted average gross dividend yield

that exceeds the dividend yield of the MSCI Emerging Markets Index<sup>SM</sup>.

The Fund will invest in approximately 60 to 120 equity securities and will select securities through a bottom-up process that is based upon quantitative screening and fundamental industry, sector and company analysis.

For the purpose of the Fund's investments, the following countries are considered emerging markets: Argentina, Bahrain, Brazil, Bulgaria, Chile, China, Colombia, Czech Republic, Egypt, Estonia, Hungary, India, Indonesia, Israel, Korea, Jordan, Kuwait, Latvia, Lithuania, Malaysia, Mauritius, Mexico, Morocco, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Romania, Russia, Saudi Arabia, Slovakia, South Africa, Sri Lanka, Taiwan, Thailand, Turkey, United Arab Emirates, and Zimbabwe.

In addition, the Fund may invest up to 20% of its Managed Assets in the equity securities of issuers in countries which are not considered emerging markets.

**The Fund's Options Strategy:** The Fund writes (sells) call options on selected ETFs, and/or international, regional or country indices of equity securities, and/or on equity securities, with the underlying value of such calls having 15% to 50% of total value of the Fund's portfolio. The Fund seeks to generate gains from the call writing strategy over a

market cycle to supplement the dividend yield of its underlying portfolio.

**Performance:** Based on net asset value (NAV), the Fund had a total return of (2.95)% for the year ended February 28, 2013. This NAV return reflects a decrease in the Fund's NAV from \$16.60 on February 29, 2012 to \$14.53 on February 28, 2013. Based on its share price as of February 28, 2013, the Fund provided a total return of 5.58% for the year. This share price return reflects a decrease in the Fund's share price from \$15.89 on February 29, 2012 to \$15.13 on February 28, 2013. The Fund is not benchmarked to an index but uses the MSCI Emerging Markets Index<sup>SM</sup> as a reference index, which returned 0.28% for the reporting period. During the year, the Fund made quarterly distributions totaling \$1.52 per share, which were characterized as \$1.21 per share return of capital and \$0.31 per share of net investment income. As of February 28, 2013, the Fund had 19,447,532 shares outstanding.

### Top Ten Holdings

as of February 28, 2013\*

(as a percentage of net assets)

China Mobile Ltd. ADR	2.6%
Gazprom OAO ADR	2.2%
Vale SA	1.9%
Embraer SA ADR	1.3%
Tim Participacoes SA	1.3%
Bank Negara Indonesia Persero Tbk PT	1.3%
Porto Seguro SA	1.3%
Woongjin Coway Co., Ltd.	1.2%
Oriflame Cosmetics S.A.	1.2%
Indofood Sukses Makmur Tbk PT	1.2%

\* Excludes short-term investments.

*Portfolio holdings are subject to change daily.*



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**Table of Contents**

PORTFOLIO MANAGERS REPORT

ING EMERGING MARKETS HIGH DIVIDEND EQUITY FUND

**Overview:** Emerging market equities finished relatively flat for the 12 month period ending February 2013. The period began negatively with the worst declines occurring during May as continued weak U.S. employment data, deteriorating economic momentum from China, Moody's downgrade of Spanish banks, inflation concerns in Brazil, development of stagflation in India and finally, severe currency weakness, negatively impacted risk appetite. Risk aversion and fears of a slowdown in China resulted in a disproportional sell-off in emerging markets relative to developed markets.

Emerging markets recovered during the summer months and were boosted significantly by increased global liquidity expectations in September when the U.S. Federal Reserve (the Fed), the European Central Bank and the Bank of Japan announced extended quantitative easing plans. The final quarter of 2012 was even stronger as economic growth in China pointed to a recovery.

After a strong rally, emerging markets equities ended the period with headwinds despite further improvements in macroeconomic indicators in China. Underperformance in Asia was to a certain extent related to the weakness of the Japanese yen, which had a negative impact on the main exporters in the region. Less dovish comments from the Fed regarding its monetary stimulus package and tightening concerns in China provoked fears of a liquidity drain.

**Equity Portfolio:** The equity portfolio underperformed the reference index over the period. In terms of stock selection, the most positive effects came from the telecommunication services, energy and consumer staples sectors. In contrast, security selection detracted in the information technology, and materials sectors. From a country perspective, our stock picks in Brazil, Indonesia and South Korea, contributed to results but were erased by negative results in China, Hong Kong and India. A significant cash position also detracted from the results for the reporting period. Please see Note 13 - Subsequent Events in the accompanying financial statements.

In December we completed our last quarterly rebalancing of 2012. Overall, the changes leave the Fund with no position in Mexico; Taiwan and South Korea are the largest country underweights. Mexican valuations are too rich in our view, while we have concerns on dividend sustainability at many Korean companies. Our main overweight is China/Hong Kong, which we are comfortable with given recent macro developments. In sector terms, we maintain underweights in technology and consumer staples on lack of dividend opportunities and valuations respectively, while our largest overweights are in utilities and industrials.

**Options Portfolio:** During the reporting period call options were written against the emerging markets portfolio. The option portfolio consists of a series of short-dated call options on the iShares ETF with the MSCI Emerging Markets Index as underlying. The options were generally sold having a maturity in the range of four to five weeks. The overall portfolio coverage was 20%. Options were sold generally at-the-money and implemented in the over-the-counter market to enable the fund managers to profit from its flexibility, liquidity and opportunities.

During the reporting period, emerging markets experienced a downward trend and reached a low in the beginning of June. This was accompanied by an increase in implied volatility resulting in higher premiums collected by the covered call writing strategy. By the end of the calendar year markets had recovered their losses. From then until the end of the reporting period, markets were again in decline and ended lower than a year ago. Towards the end of the reporting period, implied volatility reached 12-month lows.

For the full reporting period the total premium collected exceeded the amount that had to be settled at expiry; therefore the strategy added value. Overall, the option overlay reduced the volatility of Fund returns.

**Outlook and Current Strategy:** In our view, prospects are better for emerging markets than for developed markets. We believe that emerging markets should outperform as developed market problems will resurface, while the emerging markets ( EM ) should benefit from domestic stimulus and quantitative easing by developed market central banks. China is the key to catalyzing broad risk-taking within emerging market equities. At nearly 18% of the index, China matters as much to emerging markets as investment technology matters for the U.S. equity outlook. A strong China bodes well for EM performance, and since the fears of hard landing have abated and we are in the midst of a Chinese recovery, EM equities ought to be well supported.

\* Effective September 15, 2012, Robert Davis was added as a portfolio manager to the Fund.

***Portfolio holdings and characteristics are subject to change and may not be representative of current holdings and characteristics. The outlook for this Fund is based only on the outlook of its portfolio managers through the end of this period, and may differ from that presented for other ING Funds. Performance data represents past performance and is no guarantee of future results. Past performance is not indicative of future results. The indices do not reflect fees, brokerage commissions, taxes or other expenses of investing. Investors cannot invest directly in an index.***



**Table of Contents**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders and Board of Trustees

ING Emerging Markets High Dividend Equity Fund

We have audited the accompanying statement of assets and liabilities, including the summary portfolio of investments, of ING Emerging Markets High Dividend Equity Fund as of February 28, 2013, the related statement of operations for the year then ended, and the statements of changes in net assets and the financial highlights for the year then ended and the period from April 26, 2011 (commencement of operations) to February 29, 2012. These financial statements and financial highlights are the responsibility of management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of February 28, 2013, by correspondence with the custodian, transfer agent, and brokers, or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of ING Emerging Markets High Dividend Equity Fund as of February 28, 2013, the results of its operations for the year then ended, and the changes in its net assets and the financial highlights for the year then ended and the period from April 26, 2011 (commencement of operations) to February 29, 2012, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts

April 25, 2013

**Table of Contents**

## STATEMENT OF ASSETS AND LIABILITIES AS OF FEBRUARY 28, 2013

**ASSETS:**

Investments in securities at fair value*	\$ 247,374,221
Short-term investments at fair value**	34,286,542
<b>Total Investments at fair value</b>	<b>\$ 281,660,763</b>
Foreign currencies at value***	92,312
<b>Receivables:</b>	
Investment securities sold	385,729
Dividends	980,618
Prepaid expenses	1,812
<b>Total assets</b>	<b>283,121,234</b>

**LIABILITIES:**

Payable for investment management fees	251,997
Payable for administrative fees	21,913
Payable for trustee fees	2,722
Other accrued expenses and liabilities	135,136
Written options, at fair value^	98,825
<b>Total liabilities</b>	<b>510,593</b>

**NET ASSETS** \$ 282,610,641

**NET ASSETS WERE COMPRISED OF:**

Paid-in capital	\$ 326,640,216
Distributions in excess of net investment income	(1,658)
Accumulated net realized loss	(33,146,153)
Net unrealized depreciation	(10,881,764)

**NET ASSETS** \$ 282,610,641

* Cost of investments in securities	\$ 259,001,657
** Cost of short-term investments	\$ 34,286,542
*** Cost of foreign currencies	\$ 92,576
^ Premiums received on written options	\$ 835,422
<b>Net assets</b>	<b>\$ 282,610,641</b>

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Shares authorized	unlimited
Par value	\$ 0.01
Shares outstanding	19,447,532
Net asset value and redemption price per share	\$ 14.53

See Accompanying Notes to Financial Statements

**Table of Contents**

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED FEBRUARY 28, 2013

**INVESTMENT INCOME:**

Dividends, net of foreign taxes withheld*	\$ 9,810,106
Total investment income	9,810,106

**EXPENSES:**

Investment management fees	3,254,706
Transfer agent fees	17,721
Administrative service fees	283,015
Shareholder reporting expense	45,671
Professional fees	62,739
Custody and accounting expense	339,916
Trustee fees	10,948
Miscellaneous expense	59,487
Total expenses	4,074,203

Net investment income	5,735,903
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**REALIZED AND UNREALIZED GAIN (LOSS):**

Net realized gain (loss) on:	
Investments (net of Indian capital gains tax withheld <sup>^</sup> )	(22,119,700)
Foreign currency related transactions	(452,535)
Written options	4,627,700
Net realized loss	(17,944,535)

## Net change in unrealized appreciation (depreciation) on:

Investments	1,571,128
Foreign currency related transactions	(5,520)
Written options	273,806

Net change in unrealized appreciation (depreciation)	1,839,414
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Net realized and unrealized loss	(16,105,121)
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<b>Decrease in net assets resulting from operations</b>	<b>\$ (10,369,218)</b>
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* Foreign taxes withheld	\$ 906,273
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^ Foreign taxes on sale of Indian investments	\$ 71,194
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See Accompanying Notes to Financial Statements

**Table of Contents**

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended February 28, 2013	April 26, 2011 <sup>(1)</sup> to February 29, 2012
<b>FROM OPERATIONS:</b>		
Net investment income	\$ 5,735,903	\$ 4,710,885
Net realized loss	(17,944,535)	(16,324,063)
Net change in unrealized appreciation (depreciation)	1,839,414	(12,721,178)
Decrease in net assets resulting from operations	(10,369,218)	(24,334,356)
<b>FROM DISTRIBUTIONS TO SHAREHOLDERS:</b>		
Net investment income	(5,994,073)	(3,346,360)
Return of capital	(23,408,633)	(19,759,640)
Total distributions	(29,402,706)	(23,106,000)
<b>FROM CAPITAL SHARE TRANSACTIONS:</b>		
Net proceeds from sale of shares <sup>(2)</sup>		367,005,000
Reinvestment of distributions	2,817,921	
	2,817,921	367,005,000
Net increase in net assets resulting from capital share transactions	2,817,921	367,005,000
Net increase (decrease) in net assets	(36,954,003)	319,564,644
<b>NET ASSETS:</b>		
Beginning of year or period	319,564,644	
End of year or period	\$ 282,610,641	\$ 319,564,644
Undistributed (distributions in excess of) net investment income at end of year or period	\$ (1,658)	\$ 284,844

(1) Commencement of operations.

(2) Proceeds from sales of shares net of sales load paid of \$17,335,000 and offering costs of \$770,000.

See Accompanying Notes to Financial Statements

**Table of Contents**

FINANCIAL HIGHLIGHTS

Selected data for a share of beneficial interest outstanding throughout each year or period.

	Per Share Operating Performance								Ratios and Supplemental Data						
	Income (loss) from investment operations			Less Distributions					Net asset value, end of year or period	Market value, end of year or period	Total investment return at net asset value <sup>(1)</sup>	Total investment return at market value <sup>(2)</sup>	Net assets, end of period (000 s)	Ratios to assets	
	Net asset value, beginning of year or period	Net investment income gain (loss)	Net realized and unrealized gain (loss)	Total from operations	From net investment income	From net capital gains	From netized capital distributions	Total						Gross expenses prior to expense waiver <sup>(3)</sup>	Net expenses after expense waiver <sup>(3)</sup>
ended	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(%)	(%)	(\$000 s)	(%)	(%)
	16.60	0.30	(0.85)	(0.55)	0.31	1.21	1.52	14.53	15.13	(2.95)	5.58	282,611	1.44	1.44	
02-29-12	19.06 <sup>(6)</sup>	0.24	(1.50)	(1.26)	0.17	1.03	1.20	16.60	15.89	(5.96)	(14.21)	319,565	1.43	1.41	

- (1) Total investment return at net asset value has been calculated assuming a purchase at net asset value at the beginning of each period and a sale at net asset value at the end of each period and assumes reinvestment of dividends, capital gain distributions and return of capital distributions/allocations, if any, in accordance with the provisions of the dividend reinvestment plan. Total investment return at net asset value is not annualized for periods less than one year.
- (2) Total investment return at market value measures the change in the market value of your investment assuming reinvestment of dividends, capital gain distributions and return of capital distributions/allocations, if any, in accordance with the provisions of the Fund's dividend reinvestment plan. Total investment return at market value is not annualized for periods less than one year.
- (3) Annualized for periods less than one year.
- (4) The Investment Adviser has entered into a written expense limitation agreement with the Fund under which it will limit the expenses of the Fund (excluding interest, taxes, leverage expenses and extraordinary expenses) subject to possible recoupment by the Investment Adviser within three years of being incurred.
- (5) Commencement of operations.
- (6) Net asset value at beginning of period reflects the deduction of the sales load of \$0.90 per share and offering costs of \$0.04 per share paid by the shareholder from the \$20.00 offering price.



- Calculated using average number of shares outstanding throughout the period.

See Accompanying Notes to Financial Statements

**Table of Contents**

NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2013

**NOTE 1 ORGANIZATION**

ING Emerging Markets High Dividend Equity Fund (the Fund ) is a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act ). The Fund is organized as a Delaware statutory trust.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

The following significant accounting policies are consistently followed by the Fund in the preparation of its financial statements, and such policies are in conformity with U.S. generally accepted accounting principles ( GAAP ) for investment companies.

**A. Security Valuation.** All investments in securities are recorded at their estimated fair value, as described below. Investments in equity securities traded on a national securities exchange are valued at the last reported sale price. Securities reported by NASDAQ are valued at the NASDAQ official closing prices. Securities traded on an exchange or NASDAQ for which there has been no sale and equity securities traded in the over-the-counter-market are valued at the mean between the last reported bid and ask prices. All investments quoted in foreign currencies are valued daily in U.S. dollars on the basis of the foreign currency exchange rates prevailing at that time. Debt securities with more than 60 days to maturity are fair valued using matrix pricing methods determined by an independent pricing service which takes into consideration such factors as yields, maturities, liquidity, ratings and traded prices in similar or identical securities. Securities for which valuations are not readily available from an independent pricing service may be valued by brokers which use prices provided by market makers or estimates of fair market value obtained from yield data relating to investments or securities with similar characteristics. Investments in open-end mutual funds are valued at the net asset value. Investments in securities of sufficient credit quality maturing in 60 days or less from date of acquisition are valued at amortized cost which approximates fair value.

Securities and assets for which market quotations are not readily available (which may include certain restricted securities that are subject to limitations as to their sale) are valued at their fair values, as defined by the 1940 Act, and as determined in good faith by or under the supervision of the Fund's Board of Trustees ( Board ), in accordance with methods that are specifically authorized by the Board. Securities traded on exchanges, including foreign exchanges, which close

earlier than the time that the Fund calculates its net asset value ( NAV ) may also be valued at their fair values, as defined by the 1940 Act, and as determined in good faith by or under the supervision of the Board, in accordance with methods that are specifically authorized by the Board. The value of a foreign security traded on an exchange outside the United States is generally based on its price on the principal foreign exchange where it trades as of the time the Fund determines its NAV or if the foreign exchange closes prior to the time the Fund determines its NAV, the most recent closing price of the foreign security on its principal exchange. Trading in certain non-U.S. securities may not take place on all days on which the NYSE Euronext ( NYSE ) is open. Further, trading takes place in various foreign markets on days on which the NYSE is not open. Consequently, the calculation of the Fund's NAV may not take place

contemporaneously with the determination of the prices of securities held by the Fund in foreign securities markets. Further, the value of the Fund's assets may be significantly affected by foreign trading on days when a shareholder cannot purchase or redeem shares of the Fund. In calculating the Fund's NAV, foreign securities denominated in foreign currency are converted to U.S. dollar equivalents. If an event occurs after the time at which the market for foreign securities held by the Fund closes but before the time that the Fund's NAV is calculated, such event may cause the closing price on the foreign exchange to not represent a readily available reliable market value quotation for such securities at the time the Fund determines its NAV. In such a case, the Fund will use the fair value of such securities as determined under the Fund's valuation procedures. Events after the close of trading on a foreign market that could require the Fund to fair value some or all of its foreign securities include, among others, securities trading in the U.S. and other markets, corporate announcements, natural and other disasters, and political and other events. Among other elements of analysis in the determination of a security's fair value, the Board has authorized the use of one or more independent research services to assist with such determinations. An independent research service may use statistical analyses and quantitative models to help determine fair value as of the time the Fund calculates its NAV. There can be no assurance that such models accurately reflect the behavior of the applicable markets or the effect of the behavior of such markets on the fair value of securities, or that such markets will continue to behave in a fashion that is consistent with such models. Unlike the closing price of a security on an

**Table of Contents**

NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2013 (CONTINUED)

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

exchange, fair value determinations employ elements of judgment. Consequently, the fair value assigned to a security may not represent the actual value that the Fund could obtain if it were to sell the security at the time of the close of the NYSE. Pursuant to procedures adopted by the Board, the Fund is not obligated to use the fair valuations suggested by any research service, and valuation recommendations provided by such research services may be overridden if other events have occurred or if other fair valuations are determined in good faith to be more accurate. Unless an event is such that it causes the Fund to determine that the closing prices for one or more securities do not represent readily available reliable market value quotations at the time the Fund determines its NAV, events that occur between the time of the close of the foreign market on which they are traded and the close of regular trading on the NYSE will not be reflected in the Fund's NAV.

Options that are traded over-the-counter will be valued using one of three methods: (1) dealer quotes; (2) industry models with objective inputs; or (3) by using a benchmark arrived at by comparing prior-day dealer quotes with the corresponding change in the underlying security or index. Exchange traded options will be valued using the last reported sale. If no last sale is reported, exchange traded options will be valued using an industry accepted model such as Black Scholes. Options on currencies purchased by the Fund are valued using industry models with objective inputs at their last bid price in the case of listed options or at the average of the last bid prices obtained from dealers in the case of over-the-counter options.

Fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. Each investment asset or liability of the Fund is assigned a level at measurement date based on the significance and source of the inputs to its valuation. Quoted prices in active markets for identical securities are classified as Level 1, inputs other than quoted prices for an asset or liability that are observable are classified as Level 2 and unobservable inputs, including the sub-adviser's judgment about the assumptions that a market participant would use in pricing an asset or liability are classified as Level 3. The inputs used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Short-term securities of

sufficient credit quality which are valued at amortized cost, which approximates fair value, are generally considered to be Level 2 securities under applicable accounting rules. A table summarizing the Fund's investments under these levels of classification is included following the Summary Portfolio of Investments.

The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated the responsibility for applying the valuation methods to the Pricing Committee as established by the Fund's Administrator. The Pricing Committee considers all facts they deem relevant that are reasonably available, through either public information or information available to the Investment Adviser or sub-adviser, when determining the fair value of the security. In the event that a security or asset cannot be valued

pursuant to one of the valuation methods established by the Board, the fair value of the security or asset will be determined in good faith by the Pricing Committee. When the Fund uses these fair valuation methods that use significant unobservable inputs to determine its NAV, securities will be priced by a method that the Pricing Committee believes accurately reflects fair value and are categorized as Level 3 of the fair value hierarchy. The methodologies used for valuing securities are not necessarily an indication of the risks of investing in those securities valued in good faith at fair value nor can it be assured the Fund can obtain the fair value assigned to a security if they were to sell the security.

To assess the continuing appropriateness of security valuations, the Pricing Committee may compare prior day prices, prices on comparable securities, and traded prices to the prior or current day prices and the Pricing Committee challenges those prices exceeding certain tolerance levels with the third party pricing service or broker source. For those securities valued in good faith at fair value, the Pricing Committee reviews and affirms the reasonableness of the valuation on a regular basis after considering all relevant information that is reasonably available.

For fair valuations using significant unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for reported fair values that presents changes attributable to total realized and unrealized gains or losses, purchases and sales, and transfers in or out of the Level 3 category during the period. The end of period timing recognition is used for the transfers between Levels of the Fund's assets and

**Table of Contents**

NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2013 (CONTINUED)

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

liabilities. A reconciliation of Level 3 investments is presented when the Fund has a significant amount of Level 3 investments.

For the period ended February 28, 2013, there have been no significant changes to the fair valuation methodologies.

**B. Security Transactions and Revenue Recognition.** Security transactions are recorded on the trade date. Realized gains or losses on sales of investments are calculated on the identified cost basis. Interest income is recorded on the accrual basis. Premium amortization and discount accretion are determined using the effective yield method. Dividend income is recorded on the ex-dividend date, or in the case of some foreign dividends, when the information becomes available to the Fund.

**C. Foreign Currency Translation.** The books and records of the Fund are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

- (1) Market value of investment securities, other assets and liabilities at the exchange rates prevailing at the end of the day.
- (2) Purchases and sales of investment securities, income and expenses at the rates of exchange prevailing on the respective dates of such transactions.

Although the net assets and the market values are presented at the foreign exchange rates at the end of the day, the Fund does not isolate the portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses from investments. For securities, which are subject to foreign withholding tax upon disposition, liabilities are recorded on the Statement of Assets and Liabilities for the estimated tax withholding based on the securities current market value. Upon disposition, realized gains or losses on such securities are recorded net of foreign withholding tax. Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's

books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at period end, resulting from changes in the exchange rate. Foreign security and currency transactions may involve certain

considerations and risks not typically associated with investing in U.S. companies and U.S. government securities. These risks include, but are not limited to, revaluation of currencies and future adverse political and economic developments which could cause securities and their markets to be less liquid and prices more volatile than those of comparable U.S. companies and U.S. government securities.

**D. *Distributions to Shareholders.*** The Fund intends to make quarterly distributions from its cash available for distribution, which consists of the Fund's dividends and interest income after payment of Fund expenses, net option premiums and net realized and unrealized gains on investments. Such quarterly distributions may also consist of return of capital. At least annually, the Fund intends to distribute all or substantially all of its net realized capital gains. Distributions are recorded on the ex-dividend date. Distributions are determined annually in accordance with federal tax principles, which may differ from U.S. generally accepted accounting principles for investment companies.

The tax treatment and characterization of the Fund's distributions may vary significantly from time to time depending on whether the Fund has gains or losses on the call options written on its portfolio versus gains or losses on the equity securities in the portfolio. Each quarter, the Fund will provide disclosures with distribution payments made that estimate the percentages of that distribution that represent net investment income, other income or capital gains, and return of capital, if any. The final composition of the tax characteristics of the distributions cannot be determined with certainty until after the end of the Fund's tax year, and will be reported to shareholders at that time. A significant portion of the Fund's distributions may constitute a return of capital. The amount of quarterly distributions will vary, depending on a number of factors. As portfolio and market conditions change, the rate of dividends on the common shares will change. There can be no assurance that the Fund will be able to declare a dividend in each period.

**E. *Federal Income Taxes.*** It is the policy of the Fund to comply with the requirements of subchapter M of the

**Table of Contents**

NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2013 (CONTINUED)

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

Internal Revenue Code that are applicable to regulated investment companies and to distribute substantially all of its net investment income and any net realized capital gains to its shareholders. Therefore, a federal income tax or excise tax provision is not required. Management has considered the sustainability of the Fund's tax positions taken on federal income tax returns for all open tax years in making this determination. No capital gain distributions shall be made until the capital loss carryforwards have been fully utilized or expire.

**F. Use of Estimates.** The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

**G. Risk Exposures and the use of Derivative Instruments.** The Fund's investment strategies permit the Fund to enter into various types of derivatives contracts, including, but not limited to, forward foreign currency exchange contracts and purchased and written options. In doing so, the Fund will employ strategies in differing combinations to permit it to increase or decrease the level of risk, or change the level or types of exposure to market risk factors. This may allow the Fund to pursue its objectives more quickly, and efficiently than if it were to make direct purchases or sales of securities capable of affecting a similar response to market factors.

**Market Risk Factors.** In pursuit of its investment objectives, the Fund may seek to use derivatives to increase or decrease its exposure to the following market risk factors:

**Credit Risk.** Credit risk relates to the ability of the issuer to meet interest and principal payments, or both, as they come due. In general, lower-grade, higher-yield bonds are subject to credit risk to a greater extent than lower-yield, higher-quality bonds.

**Equity Risk.** Equity risk relates to the change in value of equity securities as they relate to increases or decreases in the general market.

**Foreign Exchange Rate Risk.** Foreign exchange rate risk relates to the change in U.S. dollar value of a security held that is denominated in a foreign currency. The U.S. dollar value of a foreign currency denominated security will decrease as the dollar appreciates against the currency, while the U.S. dollar value will increase as the dollar depreciates against the currency.

**Interest Rate Risk.** Interest rate risk refers to the fluctuations in value of fixed-income securities resulting from the inverse relationship between price and yield. For example, an increase in general interest rates will tend to reduce the



market value of already issued fixed-income investments, and a decline in general interest rates will tend to increase their value. In addition, debt securities with longer durations, which tend to have higher yields, are subject to potentially greater fluctuations in value from changes in interest rates than obligations with shorter durations. The Fund may lose money if short-term or long-term interest rates rise sharply or otherwise change in a manner not anticipated by the Sub-Adviser. As of the date of this report, interest rates in the United States are at, or near, historic lows, which may increase the Fund's exposure to risks associated with rising interest rates.

***Risks of Investing in Derivatives.*** The Fund's use of derivatives can result in losses due to unanticipated changes in the market risk factors and the overall market. In instances where the Fund is using derivatives to decrease, or hedge, exposures to market risk factors for securities held by the Fund, there are also risks that those derivatives may not perform as expected resulting in losses for the combined or hedged positions.

The use of these strategies involves certain special risks, including a possible imperfect correlation, or even no correlation, between price movements of derivative instruments and price movements of related investments. While some strategies involving derivative instruments can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favorable price movements in related investments or otherwise, due to the possible inability of the Fund to purchase or sell a portfolio security at a time that otherwise would be favorable or the possible need to sell a portfolio security at a disadvantageous time because the Fund is required to maintain asset coverage or offsetting positions in connection with transactions in derivative instruments. Additional associated risks from investing in derivatives also exist and potentially could have significant effects on the valuation of the derivative and the Fund.

**Table of Contents**

NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2013 (CONTINUED)

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

Associated risks are not the risks that the Fund is attempting to increase or decrease exposure to, per its investment objectives, but are the additional risks from investing in derivatives. Examples of these associated risks are liquidity risk, which is the risk that the Fund will not be able to sell the derivative in the open market in a timely manner, and counterparty credit risk, which is the risk that the counterparty will not fulfill its obligation to the Fund. Associated risks can be different for each type of derivative and are discussed by each derivative type in the following notes.

**Counterparty Credit Risk and Credit Related Contingent Features.** Certain derivative positions are subject to counterparty credit risk, which is the risk that the counterparty will not fulfill its obligation to the Fund. The Fund's derivative counterparties are financial institutions who are subject to market conditions that may weaken their financial position. The Fund intends to enter into financial transactions with counterparties that it believes to be creditworthy at the time of the transaction. To reduce this risk, the Fund generally enters into master netting arrangements, established within the Fund's International Swap and Derivatives Association, Inc. ( ISDA ) Master Agreements ( Master Agreements ). These agreements are with select counterparties and they govern transactions, including certain over-the-counter ( OTC ) derivative and forward foreign currency contracts, entered into by the Fund and the counterparty. The Master Agreements maintain provisions for general obligations, representations, agreements, collateral, and events of default or termination. The occurrence of a specified event of termination may give a counterparty the right to terminate all of its contracts and affect settlement of all outstanding transactions under the applicable Master Agreement.

The Fund may also enter into collateral agreements with certain counterparties to further mitigate credit risk associated with OTC derivative and forward foreign currency contracts. Subject to established minimum levels, collateral is generally determined based on the net aggregate unrealized gain or loss on contracts with a certain counterparty. Collateral pledged to the Fund is held in a segregated account by a third-party agent and can be in the form of cash or debt securities issued by the U.S. government or related agencies.

The Fund's maximum risk of loss from counterparty credit risk on OTC derivatives is generally the aggregate unrealized gain in excess of any collateral pledged by the counterparty to the Fund. For purchased OTC options, the Fund bears the risk of loss in the amount of the premiums paid and the change in market value of the options should the counterparty not perform under the contracts. The Fund did not enter into any purchased OTC options during the period ended February 28, 2013. There were no credit events during the period ended February 28, 2013 that triggered any credit related contingent features.

The Fund's master agreements with derivative counterparties have credit related contingent features that if triggered would allow its derivatives counterparties to close out and demand payment or additional collateral to cover their exposure from the Fund. Credit related contingent features are established between the Fund and its derivatives

counterparties to reduce the risk that the Fund will not fulfill its payment obligations to its counterparties. These triggering features include, but are not limited to, a percentage decrease in the Fund's net assets and or a percentage decrease in the Fund's NAV, which could cause the Fund to accelerate payment of any net liability owed to the counterparty. The contingent features are established within the Fund's Master Agreements.

Written options by the Fund do not give rise to counterparty credit risk, as written options obligate the Fund to perform and not the counterparty. As of February 28, 2013, the total value of written OTC call options subject to Master Agreements in a net liability position was \$98,825. If a contingent feature had been triggered, the Fund could have been required to pay this amount in cash to its counterparties. The Fund did not hold or post collateral for its open written OTC call options at period end. There were no credit events during the period ended February 28, 2013 that triggered any credit related contingent features.

**H. *Options Contracts.*** The Fund may purchase put and call options and may write (sell) put options and covered call options. The premium received by the Fund upon the writing of a put or call option is included in the Statement of Assets and Liabilities as a liability which is subsequently marked-to-market until it is exercised or closed, or it expires. The Fund will realize a gain or loss upon the expiration or closing of the option contract. When an option is exercised, the proceeds on sales of the underlying security for a written call option or purchased put option or the purchase cost of the security for a written put option or a purchased call option is adjusted by the amount of premium received or paid. The risk in writing a call

**Table of Contents**

NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2013 (CONTINUED)

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

option is that the Fund gives up the opportunity for profit if the market price of the security increases and the option is exercised. The risk in buying an option is that the Fund pays a premium whether or not the option is exercised. Risks may also arise from an illiquid secondary market or from the inability of counterparties to meet the terms of the contract.

The Fund seeks to generate gains from the OTC call options writing strategy over a market cycle to supplement the dividend yield of its underlying portfolio of high dividend yield equity securities. Please refer to Note 8 for the volume of written OTC call option activity during the period ended February 28, 2013.

**I. Indemnifications.** In the normal course of business, the Fund may enter into contracts that provide certain indemnifications. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, management considers the risk of loss from such claims remote.

**NOTE 3 INVESTMENT MANAGEMENT AND ADMINISTRATIVE FEES**

ING Investments, LLC ( *ING Investments* or the *Investment Adviser* ), an Arizona limited liability company, is the Investment Adviser of the Fund. The Fund pays the Investment Adviser for its services under the investment management agreement ( *Management Agreement* ), a fee, payable monthly, based on an annual rate of 1.15% of the Fund's average daily managed assets. Managed assets are defined as the Fund's average daily gross asset value, minus the sum of the Fund's accrued and unpaid dividends on any outstanding preferred shares and accrued liabilities (other than liabilities for the principal amount of any borrowings incurred, commercial paper or notes issued by the Fund and the liquidation preference of any outstanding preferred shares). As of February 28, 2013, there were no preferred shares outstanding.

The Investment Adviser entered into a sub-advisory agreement (a *Sub-Advisory Agreement* ) with ING Investment Management Advisors B.V. ( *IIMA* ) a subsidiary of ING Groep, domiciled in The Hague, The Netherlands. Subject to policies as the Board or the Investment Adviser might determine, IIMA manages the Fund's assets in accordance with the Fund's investment objectives, policies and limitations.

The Investment Adviser has also retained ING Investment Management Co. LLC ( *ING IM* or *Consultant* ), a Delaware limited liability company, to provide certain consulting services for the Investment Adviser. These services include, among other things, furnishing statistical and other factual information; providing advice with respect to potential investment strategies that may be employed for the Fund, including, but not limited to, potential options strategies; developing economic models of the anticipated investment performance and yield for the Fund; and providing advice to the Investment Adviser and/or Sub-Adviser with respect to the Fund's level and/or managed distribution policy. For

its services, the Consultant will receive a consultancy fee from the Investment Adviser. No fee will be paid by the Fund directly to the Consultant.

ING Funds Services, LLC (the Administrator), a Delaware limited liability company, serves as Administrator to the Fund. The Fund pays the Administrator for its services a fee based on an annual rate of 0.10% of the Fund's average daily managed assets.

#### **NOTE 4 OTHER TRANSACTIONS WITH AFFILIATED AND RELATED PARTIES**

The Fund has adopted a Deferred Compensation Plan (the Plan), which allows eligible non-affiliated trustees as described in the Plan to defer the receipt of all or a portion of the trustees fees payable. Amounts deferred are treated as though invested in various notional funds advised by ING Investments until distribution in accordance with the Plan.

#### **NOTE 5 PURCHASES AND SALES OF INVESTMENT SECURITIES**

The cost of purchases and proceeds from sales of investments for the period ended February 28, 2013, excluding short-term securities, were \$177,710,120 and \$227,425,804, respectively.

#### **NOTE 6 OTHER ACCRUED EXPENSES AND LIABILITIES**

At February 28, 2013, the Fund had the following payable included in Other Accrued Expenses and Liabilities on the Statement of Assets and Liabilities that exceeded 5% of total liabilities:

##### **Accrued**

<b>Expense</b>	<b>Amount</b>
Custody	\$ 101,888

**Table of Contents**

## NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2013 (CONTINUED)

**NOTE 7 EXPENSE LIMITATION**

The Investment Adviser has entered into a written expense limitation agreement ( Expense Limitation Agreement ) with the Fund under which it will limit the expenses of the Fund, excluding interest, taxes, leverage expenses, and extraordinary expenses to 1.50% of average daily managed assets. The Investment Adviser may at a later date recoup from the Fund fees waived and other expenses assumed by the Investment Adviser during the previous 36 months, but only if, after such reimbursement, the Fund's expense ratio does not exceed the percentage described above. The Expense Limitation Agreement is contractual and shall renew automatically for one-year terms unless ING Investments or the Fund provides written notice of the termination within 90 days of the end of the then current term or upon written termination of the Management Agreement.

Waived and reimbursed fees and any recoupment by the Investment Adviser of such waived and reimbursed fees are reflected on the accompanying Statement of Operations for the Fund.

As of February 28, 2013, there are no amounts of waived and reimbursed fees that are subject to possible recoupment by the Investment Adviser.

**NOTE 8 TRANSACTIONS IN WRITTEN OPTIONS**

Transactions in written OTC call options on indices were as follows:

	<b>Number of Contracts</b>	<b>Premiums Received</b>
Balance at 02/29/12	1,433,100	\$ 1,604,535
Options Written	17,150,300	16,216,078
Options Expired	(7,539,900)	(7,046,751)
Options Exercised		
Options Terminated in Closing Purchase Transactions	(9,746,200)	(9,938,440)
Balance at 02/28/13	1,297,300	\$ 835,422

**NOTE 9 CONCENTRATION OF INVESTMENT RISKS**

All mutual funds involve risk some more than others and there is always the chance that you could lose money or not earn as much as you hope. The Fund's risk profile is largely a factor of the principal securities in which it invests and investment techniques that it uses. For more information regarding the types of securities and investment techniques that may be used by the Fund and its corresponding risks, see the Fund's Prospectus and/or the Statement of Additional Information.

**Foreign Securities and Emerging Markets.** The Fund makes significant investments in foreign securities and securities issued by companies located in countries with emerging markets. Investments in foreign securities may entail risks not present in domestic investments. Since investments in securities are denominated in foreign currencies, changes in the relationship of these foreign currencies to the U.S. dollar can significantly affect the value of the investments and earnings of the Fund. Foreign investments may also subject the Fund to foreign government exchange restrictions, expropriation, taxation or other political, social or economic developments, as well as from movements in currency, security value and interest rate, all of which could affect the market and/or credit risk of the investments. The risks of investing in foreign securities can be intensified in the case of investments in issuers located in countries with emerging markets.

**Leverage.** Although the Fund has no current intention to do so, the Fund is authorized to utilize leverage through the issuance of preferred shares and/or borrowings, including the issuance of debt securities. In the event that the Fund determines in the future to utilize investment leverage, there can be no assurance that such a leveraging strategy will be successful during any period in which it is employed.

#### NOTE 10 CAPITAL SHARES

Transactions in capital shares and dollars were as follows:

<b>Year or period ended</b>	<b>Shares sold #</b>	<b>Reinvestment of distributions #</b>	<b>Net increase (decrease) in shares outstanding #</b>	<b>Shares sold (\$)</b>	<b>Reinvestment of distributions (\$)</b>	<b>Net increase (decrease) (\$)</b>
2/28/2013		192,532	192,532		2,817,921	2,817,921
4/26/2011 <sup>(1)</sup> - 2/29/2012	19,255,000		19,255,000	367,005,000 <sup>(2)</sup>		367,005,000

(1) Commencement of operations.

(2) Proceeds from sales of shares net of sales load paid of \$17,325,000 and offering costs of \$770,000.

**Table of Contents**

NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2013 (CONTINUED)

**NOTE 11 FEDERAL INCOME TAXES**

The amount of distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles for investment companies. These book/tax differences may be either temporary or permanent. Permanent differences are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences are not reclassified. Key differences include the treatment of short-term capital gains, foreign currency transactions, income from passive foreign investment companies (PFICs) and wash sale deferrals. Distributions in excess of net investment income and/or net realized capital gains for tax purposes are reported as return of capital.

The following permanent tax differences have been reclassified as of the Fund's tax year ended December 31, 2012:

<b>Undistributed Net Investment Income</b>	<b>Accumulated Net Realized Gains/(Losses)</b>
\$ (28,332)	\$ 28,332

Dividends paid by the Fund from net investment income and distributions of net realized short-term capital gains are, for federal income tax purposes, taxable as ordinary income to shareholders.

The tax composition of dividends and distributions in the current period will not be determined until after the Fund's tax year-end of December 31, 2013. The tax composition of dividends and distributions as of the Fund's most recent tax year-end was as follows:

<b>Tax Year Ended December 31, 2012</b>	
<b>Ordinary Income</b>	<b>Return of Capital</b>
\$ 5,994,073	\$ 23,408,633

<b>Tax Year Ended December 31, 2011</b>	
<b>Ordinary Income</b>	<b>Return of Capital</b>
\$ 3,346,360	\$ 19,759,640



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The tax-basis components of distributable earnings and the capital loss carryforwards which may be used to offset future realized capital gains for federal income tax purposes as of December 31, 2012 are detailed below. The Regulated Investment Company Modernization Act of 2010 (the Act) provides an unlimited carryforward period for newly generated capital losses. Under the Act, there may be a greater likelihood that all or a portion of the Fund's pre-enactment capital loss carryforwards may expire without being utilized due to the fact that post-enactment capital losses are required to be utilized before pre-enactment capital loss carryforwards.

Late Year Ordinary Losses Deferred	Post-October Capital Losses Deferred	Unrealized Appreciation/ (Depreciation)	Capital Loss Carryforwards		
			Amount	Character	Expiration
\$(75,644)	\$(1,067,539)	\$ (14,342,779)	\$(11,859,322)	Short-term	None
			(15,614,184)	Long-term	None
			\$(27,473,506)		

The Fund's major tax jurisdictions are U.S. federal and Arizona. The earliest tax year that remains subject to examination by these jurisdictions is the Fund's initial tax year of 2011.

As of February 28, 2013, no provision for income tax is required in the Fund's financial statements as a result of tax positions taken on federal and state income tax returns for open tax years. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state department of revenue.

### NOTE 12 RESTRUCTURING PLAN

The Investment Adviser, ING IM, and the Administrator, are indirect, wholly-owned subsidiaries of ING U.S., Inc. (ING U.S.). ING U.S. is a U.S.-based financial institution whose subsidiaries operate in the retirement, investment, and insurance industries. As of February 28, 2013, ING U.S. and IIMA are wholly-owned subsidiaries of ING Groep N.V. (ING Groep), which is a global financial institution of Dutch origin, with operations in more than 40 countries.

In October 2009, ING Groep submitted a restructuring plan (the Restructuring Plan) to the European Commission in order to receive approval for state aid

**Table of Contents**

NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2013 (CONTINUED)

**NOTE 12 RESTRUCTURING PLAN (continued)**

granted to ING Groep by the Kingdom of the Netherlands in November 2008 and March 2009. To receive approval for this state aid, ING Groep was required to divest its insurance and investment management businesses, including ING U.S., before the end of 2013. In November 2012, the Restructuring Plan was amended to permit ING Groep additional time to complete the divestment. Pursuant to the amended Restructuring Plan, ING Groep must divest at least 25% of ING U.S. by the end of 2013, more than 50% by the end of 2014, and the remaining interest by the end of 2016 (such divestment, the Separation Plan ).

On November 9, 2012, ING U.S. filed a Registration Statement on Form S-1 (the Form S-1 ) with the U.S. Securities and Exchange Commission ( SEC ) to register an initial public offering of ING U.S. common stock (the IPO ). Following an IPO, ING Groep would likely continue to own a majority of the common stock of ING U.S. Subsequent to an IPO, ING Groep would likely sell its controlling ownership interest in ING U.S. over time. While the base case for the Separation Plan is the IPO, all options remain open and it is possible that ING Groep s divestment of ING U.S. may take place by means of a sale to a single buyer or group of buyers. Notwithstanding the filing of the Form S-1, there can be no assurance that the IPO will occur.

It is anticipated that one or more of the transactions contemplated by the Separation Plan would result in the automatic termination of the existing advisory and sub-advisory agreements under which the Adviser and sub-adviser(s) provide services to the Fund. In order to ensure that the existing investment advisory and sub-advisory services can continue uninterrupted, the Board approved new advisory and sub-advisory agreements for the Fund in connection with the IPO. In addition, shareholders of the Fund will be asked to approve new investment advisory and sub-advisory agreements prompted by the IPO, as well as any future advisory and sub-advisory agreements prompted by the Separation Plan that are approved by the Board and whose terms are not be materially different from the current agreements. This means that shareholders may not have another opportunity to vote on a new agreement with the Adviser or an affiliated sub-adviser even if they undergo a change of control, as long as no single person or group of persons acting together gains control (as defined in the 1940 Act) of ING U.S.

The Separation Plan, whether implemented through public offerings or other means, may be disruptive to

the businesses of ING U.S. and its subsidiaries, including the Adviser and affiliated entities that provide services to the Fund, and may cause, among other things, interruption of business operations or services, diversion of management s attention from day-to-day operations, reduced access to capital, and loss of key employees or customers. The completion of the Separation Plan is expected to result in the Adviser s and affiliated entities loss of access to the resources of ING Groep, which could adversely affect its business. It is anticipated that ING U.S., as a stand-alone entity, may be a publicly held U.S. company subject to the reporting requirements of the Securities Exchange Act of 1934 as well as other U.S. government and state regulations, and subject to the risk of changing regulation.

During the time that ING Groep retains a majority interest in ING U.S., circumstances affecting ING Groep, including restrictions or requirements imposed on ING Groep by European and other authorities, may also affect ING U.S. A failure to complete the Separation Plan could create uncertainty about the nature of the relationship between ING U.S. and ING Groep, and could adversely affect ING U.S. and the Adviser and its affiliates. Currently, the Adviser and its affiliates do not anticipate that the Separation Plan will have a material adverse impact on their operations or the Fund and its operation.

**NOTE 13 SUBSEQUENT EVENTS**

On April 23, 2013, IIMA made a payment of \$1,730,621 to reimburse the Fund for the foregone investment opportunities attributable to available cash amounts not properly reported on IIMA's portfolio management reporting system.

*Dividends:* Subsequent to February 28, 2013, the Fund made a distribution of:

<b>Per Share Amount</b>	<b>Declaration Date</b>	<b>Payable Date</b>	<b>Record Date</b>
\$ 0.3600	3/15/2013	4/15/2013	4/3/2013

Each quarter, the Fund will provide disclosures with distribution payments made that estimate the percentages of that distribution that represent net investment income, capital gains, and return of capital, if any. A significant portion of the quarterly distribution payments made by the Fund may constitute a return of capital.

At a meeting of the Board on January 10, 2013, the Board nominated to Class II of the Board five

**Table of Contents**

NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2013 (CONTINUED)

**NOTE 13 SUBSEQUENT EVENTS (continued)**

individuals (collectively, the Nominees ) for election as Trustees of the Trust. The Nominees include John V. Boyer, Patricia W. Chadwick, and Sheryl K. Pressler, each of whom is a current member of the Board. In addition, the Board has nominated to Class II of the Board Albert E. DePrince Jr. and Martin J. Gavin and appointed to Class I of the Board Joseph E. Obermeyer and Russell H. Jones, each of whom is not currently a member of the Board, but serves as a director or trustee to other investment companies in the ING Fund complex. If the Nominees are approved by shareholders, the election of the Nominees and appointment of Messrs. Obermeyer and Jones are expected to be effective May 21, 2013. These nominations and appointments are, in part, the result of an effort on the part of the Board, another board in the ING Fund complex, and the Investment Adviser to the Fund to consolidate the membership of the boards

so that the same members serve on each board in the ING Fund complex. A proxy statement has been sent to shareholders of the Fund included in this report, as well as shareholders of other ING Funds, seeking approval of the same Nominees. If these proposals were all approved by shareholders, the result would be that all ING Funds would be governed by a board made up of the same individuals.

The Fund has evaluated events occurring after the Statement of Assets and Liabilities date (subsequent events) to determine whether any subsequent events necessitated adjustment to or disclosure in the financial statements. Other than the above, no such subsequent events were identified.

**Table of Contents**

ING EMERGING MARKETS HIGH

SUMMARY PORTFOLIO OF INVESTMENTS

DIVIDEND EQUITY FUND

AS OF FEBRUARY 28, 2013

Shares		Value	Percentage of Net Assets
<b>COMMON STOCK: 86.5%</b>			
<b>Belgium: 1.2%</b>			
101,342	Oriflame Cosmetics S.A.	\$ 3,498,839	1.2
<b>Brazil: 11.1%</b>			
466,212	BM&F Bovespa S.A.	3,158,484	1.1
249,000	Cia Energetica de Minas Gerais ADR	2,963,100	1.1
109,100	Embraer SA ADR	3,702,854	1.3
181,171	Itau Unibanco Holding S.A.	3,209,895	1.1
190,184	Petroleo Brasileiro SA ADR	3,181,778	1.1
265,248	Porto Seguro SA	3,517,611	1.3
825,584	Tim Participacoes SA	3,607,811	1.3
289,306	Vale SA	5,342,091	1.9
519,747	Other Securities	2,625,781	0.9
		<b>31,309,405</b>	<b>11.1</b>
<b>Chile: 1.1%</b>			
8,179,877	Enersis SA	3,125,301	1.1
<b>China: 17.0%</b>			
908,000	BOC Hong Kong Holdings Ltd.	3,058,431	1.1
5,054,000	China Communications Services Corp., Ltd.	3,154,209	1.1
3,605,000	China Construction Bank	2,969,820	1.1
130,700	China Mobile Ltd. ADR	7,162,360	2.5
2,612,000	China Petroleum & Chemical Corp.	2,965,872	1.1
1,184,000	China Resources Power Holdings Co.	3,195,132	1.1
4,007,000	China Shanshui Cement Group Ltd.	2,862,438	1.0
1,861,000	China Shineway Pharmaceutical Group Ltd.	3,165,693	1.1
3,434,000	Harbin Electric Co. Ltd.	2,998,060	1.1
4,128,000	Industrial and Commercial Bank of China Ltd.	2,959,442	1.0
2,882,000	Jiangsu Expressway Co. Ltd.	2,910,074	1.0
3,709,000	Zhejiang Expressway Co., Ltd.	3,117,299	1.1
6,852,500	Other Securities	7,667,208	2.7
		<b>48,186,038</b>	<b>17.0</b>
<b>Shares</b>		<b>Value</b>	<b>Percentage of Net Assets</b>

## Assets

**COMMON STOCK: (continued)**

<b>Colombia: 1.1%</b>			
366,900	Petrominerales Ltd.	\$ 3,059,724	1.1
<b>Czech Republic: 1.9%</b>			
13,746	Komerční Banka AS	2,793,955	1.0
84,587	Other Securities	2,542,869	0.9
		<b>5,336,824</b>	<b>1.9</b>
<b>Hong Kong: 1.9%</b>			
749,000	Hang Lung Properties Ltd.	2,903,128	1.0
23,780,000	Other Securities	2,601,380	0.9
		<b>5,504,508</b>	<b>1.9</b>
<b>Hungary: 0.9%</b>			
17,132	Other Securities	2,614,652	0.9
<b>India: 4.3%</b>			
970,903	NTPC Ltd.	2,693,018	1.0
575,578	Oil & Natural Gas Corp., Ltd.	3,315,981	1.2
1,197,875	Other Securities	6,139,670	2.1
		<b>12,148,669</b>	<b>4.3</b>
<b>Indonesia: 2.5%</b>			
7,529,000	Bank Negara Indonesia Persero Tbk PT	3,578,183	1.3
4,594,000	Indofood Sukses Makmur Tbk PT	3,463,569	1.2
		<b>7,041,752</b>	<b>2.5</b>
<b>Malaysia: 3.0%</b>			
1,994,866	Berjaya Sports Toto BHD	2,712,504	1.0
2,381,600	Gamuda BHD	2,957,536	1.0
1,770,400	IOI Corp. Bhd	2,806,976	1.0
		<b>8,477,016</b>	<b>3.0</b>
<b>Poland: 1.9%</b>			
21,690	Powszechny Zakład Ubezpieczeń SA	2,745,616	1.0
488,732	Other Securities	2,493,665	0.9
		<b>5,239,281</b>	<b>1.9</b>
<b>Qatar: 2.1%</b>			
141,775	Commercial Bank of Qatar	2,668,538	1.0
67,846	Industries Qatar QSC	3,167,101	1.1
		<b>5,835,639</b>	<b>2.1</b>

See Accompanying Notes to Financial Statements

**Table of Contents**

ING EMERGING MARKETS HIGH

SUMMARY PORTFOLIO OF INVESTMENTS

DIVIDEND EQUITY FUND

AS OF FEBRUARY 28, 2013 (CONTINUED)

Shares		Value	Percentage of Net Assets
<b>COMMON STOCK: (continued)</b>			
<b>Russia: 5.4%</b>			
336,900	CTC Media, Inc.	\$ 3,267,930	1.1
694,822	@ Gazprom OAO ADR	6,183,916	2.2
161,148	Mobile Telesystems OJSC ADR	3,334,152	1.2
229,810	Other Securities	2,549,170	0.9
		<b>15,335,168</b>	<b>5.4</b>
<b>Singapore: 1.0%</b>			
179,000	United Overseas Bank Ltd.	2,749,344	1.0
<b>South Africa: 6.2%</b>			
465,865	Adcock Ingram Holdings Ltd.	2,889,228	1.0
337,515	Barloworld Ltd.	3,452,286	1.2
149,577	MTN Group Ltd.	2,909,118	1.0
67,543	Sasol Ltd.	2,872,739	1.0
229,676	Standard Bank Group Ltd.	2,963,586	1.1
487,326	Other Securities	2,348,535	0.9
		<b>17,435,492</b>	<b>6.2</b>
<b>South Korea: 11.0%</b>			
100,122	Hite Jinro Co. Ltd.	3,152,841	1.1
27,699	Hyundai Motor Co.	3,563,038	1.3
376,540	Hyundai Securities Co.	3,087,461	1.1
103,340	Kangwon Land, Inc.	3,135,251	1.1
85,660	KB Financial Group, Inc.	3,101,486	1.1
9,484	Posco	3,088,830	1.1
21,878	Samsung Engineering Co. Ltd.	3,099,218	1.1
13,818	Samsung Fire & Marine Insurance Co. Ltd	2,907,967	1.0
76,250	Woongjin Coway Co., Ltd.	3,510,320	1.2
35,884	Other Securities	2,558,350	0.9
		<b>31,204,762</b>	<b>11.0</b>
<b>Taiwan: 6.8%</b>			
4,756,080	Chinatrust Financial Holding Co., Ltd.	2,838,880	1.0
3,575,000	E Ink Holdings, Inc.	2,778,825	1.0
<b>Shares</b>		<b>Value</b>	<b>Percentage of Net Assets</b>

**COMMON STOCK: (continued)**

<b>Taiwan: (continued)</b>			
256,000	MediaTek, Inc.	\$ 2,901,611	1.0
1,831,700	Powertech Technology, Inc.	2,692,253	1.0
1,437,000	Synnex Technology International Corp.	2,930,135	1.1
2,873,959	Other Securities	4,955,762	1.7
		<b>19,097,466</b>	<b>6.8</b>
<b>Thailand: 1.1%</b>			
259,300	PTT PCL	3,051,044	1.1
<b>Turkey: 1.1%</b>			
736,222	Turk Telekomunikasyon AS	3,035,729	1.1
<b>United Kingdom: 2.9%</b>			
531,179	Eurasian Natural Resources Corp.	2,707,221	1.0
117,866	Standard Chartered PLC	3,199,445	1.1
522,929	Other Securities	2,382,451	0.8
		<b>8,289,117</b>	<b>2.9</b>
<b>United States: 1.0%</b>			
75,773	Southern Copper Corp.	2,863,462	1.0
	Total Common Stock (Cost \$256,460,463)	<b>244,439,232</b>	<b>86.5</b>
<b>PREFERRED STOCK: 1.0%</b>			
<b>Russia: 1.0%</b>			
1,176,381	Sberbank of Russia	2,843,868	1.0
	Total Preferred Stock (Cost \$2,541,194)	<b>2,843,868</b>	<b>1.0</b>
<b>RIGHTS: 0.1%</b>			
<b>Chile: 0.1%</b>			
4,122,658	Enersis SA	55,782	0.1
<b>Taiwan: 0.0%</b>			
408,584	Other Securities	35,339	0.0
	Total Rights (Cost \$ )	<b>91,121</b>	<b>0.1</b>
	Total Long-Term Investments (Cost \$259,001,657)	<b>247,374,221</b>	<b>87.6</b>

See Accompanying Notes to Financial Statements



**Table of Contents**

ING EMERGING MARKETS HIGH

SUMMARY PORTFOLIO OF INVESTMENTS

DIVIDEND EQUITY FUND

AS OF FEBRUARY 28, 2013 (CONTINUED)

Shares		Value	Percentage of Net Assets
<b>SHORT-TERM INVESTMENTS: 12.1%</b>			
	<b>Mutual Funds: 12.1%</b>		
34,286,542	BlackRock Liquidity Funds, TempFund, Institutional Class (Cost \$34,286,542)	34,286,542	12.1
	Total Short-Term Investments (Cost \$34,286,542)	<b>34,286,542</b>	<b>12.1</b>
	<b>Total Investments in Securities (Cost \$293,288,199) Assets in Excess of Other Liabilities</b>	<b>\$ 281,660,763 949,878</b>	<b>99.7 0.3</b>
	<b>Net Assets</b>	<b>\$ 282,610,641</b>	<b>100.0</b>

Other Securities represents issues not identified as the top 50 holdings in terms of market value and issues or issuers not exceeding 1% of net assets individually or in aggregate respectively as of February 28, 2013.

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

@ Non-income producing security

ADR American Depositary Receipt

Cost for federal income tax purposes is \$295,420,404.

Net unrealized depreciation consists of:

Gross Unrealized Appreciation	\$ 16,702,521
Gross Unrealized Depreciation	(30,462,162)

Net Unrealized Depreciation \$ (13,759,641)

Sector Diversification	Percentage of Net Assets
Financials	21.6%
Industrials	9.7%
Energy	9.7%

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Materials	9.5%
Telecommunication Services	8.3%
Consumer Discretionary	7.5%
Information Technology	6.7%
Utilities	6.2%
Consumer Staples	5.4%
Health Care	3.0%
Short-Term Investments	12.1%
Assets in Excess of Other Liabilities	0.3%
<b>Net Assets</b>	<b>100.0%</b>

**Fair Value Measurements<sup>^</sup>**

The following is a summary of the fair valuations according to the inputs used as of February 28, 2013 in valuing the assets and liabilities:<sup>(1)</sup>

	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs# (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at February 28, 2013
<b>Asset Table</b>				
<b>Investments, at fair value</b>				
Common Stock				
Belgium	\$	\$ 3,498,839	\$	\$ 3,498,839
Brazil	31,309,405			31,309,405
Chile	3,125,301			3,125,301
China	7,162,360	41,023,678		48,186,038
Colombia	3,059,724			3,059,724
Czech Republic		5,336,824		5,336,824
Hong Kong		5,504,508		5,504,508
Hungary		2,614,652		2,614,652
India		12,148,669		12,148,669
Indonesia		7,041,752		7,041,752
Malaysia	2,806,976	5,670,040		8,477,016
Poland		5,239,281		5,239,281
Qatar		5,835,639		5,835,639
Russia	12,785,998	2,549,170		15,335,168
Singapore		2,749,344		2,749,344
South Africa	351,395	17,084,097		17,435,492

See Accompanying Notes to Financial Statements



**Table of Contents**

ING EMERGING MARKETS HIGH

SUMMARY PORTFOLIO OF INVESTMENTS

DIVIDEND EQUITY FUND

AS OF FEBRUARY 28, 2013 (CONTINUED)

	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs# (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at February 28, 2013
South Korea	\$ 6,068,670	\$ 25,136,092	\$	\$ 31,204,762
Taiwan		19,097,466		19,097,466
Thailand		3,051,044		3,051,044
Turkey		3,035,729		3,035,729
United Kingdom		8,289,117		8,289,117
United States	2,863,462			2,863,462
<b>Total Common Stock</b>	<b>69,533,291</b>	<b>174,905,941</b>		<b>244,439,232</b>
Preferred Stock		2,843,868		2,843,868
Rights	55,782	35,339		91,121
Short-Term Investments	34,286,542			34,286,542
<b>Total Investments, at fair value</b>	<b>\$ 103,875,615</b>	<b>\$ 177,785,148</b>	<b>\$</b>	<b>\$ 281,660,763</b>
<b>Liabilities Table</b>				
<b>Other Financial Instruments+</b>				
Written Options	\$	\$ (98,825)	\$	\$ (98,825)
<b>Total Liabilities</b>	<b>\$</b>	<b>\$ (98,825)</b>	<b>\$</b>	<b>\$ (98,825)</b>

(1) For the year ended February 28, 2013, as a result of the fair value pricing procedures for international equities utilized by the Fund, certain securities have transferred in and out of Level 1 and Level 2 measurements during the year. The Fund's policy is to recognize transfers between levels at the end of the reporting period. At February 28, 2013, securities valued at \$2,455,383 and \$2,686,278 were transferred from Level 1 to Level 2 and Level 2 and Level 1, respectively, within the fair value hierarchy.

^ See Note 2, "Significant Accounting Policies" in the Notes to Financial Statements for additional information.

+ Other Financial Instruments are derivatives not reflected in the Portfolio of Investments and may include open forward foreign currency contracts, equity forwards, futures, swaps, and written options. Forward foreign currency contracts, equity forwards and futures are valued at the unrealized gain (loss) on the instrument. Swaps and written options are valued at the fair value of the instrument.

# The earlier close of the foreign markets gives rise to the possibility that significant events, including broad market moves, may have occurred in the interim and may materially affect the value of those securities. To account for this, the Fund may frequently value many of its foreign equity securities using fair value prices based on third party vendor modeling tools to the extent available. Accordingly, a portion of the Fund's investments are categorized as Level 2 investments.

ING Emerging Markets High Dividend Equity Fund Written OTC Options on February 28, 2013:

Number of Contracts	Counterparty	Description	Exercise Price		Expiration Date	Premiums Received	Fair Value
<b>Options on Indices</b>							
647,800	Morgan Stanley	Call on iShares MSCI Emerging Markets Index Fund	44.527	USD	03/01/13	\$ 449,693	\$
649,500	Societe Generale	Call on iShares MSCI Emerging Markets Index Fund	44.008	USD	03/15/13	385,729	(98,825)
Total Written OTC Options						\$ 835,422	\$ (98,825)

A summary of derivative instruments by primary risk exposure is outlined in the following tables.

The fair value of derivative instruments as of February 28, 2013 was as follows:

**Derivatives not accounted for as hedging**

instruments	Location on Statement of Assets and Liabilities	Fair Value
<b>Liability Derivatives</b>		
Equity contracts	Written options, at fair value	\$ 98,825
Total Liability Derivatives		\$ 98,825

See Accompanying Notes to Financial Statements

**Table of Contents**

ING EMERGING MARKETS HIGH

SUMMARY PORTFOLIO OF INVESTMENTS

DIVIDEND EQUITY FUND

AS OF FEBRUARY 28, 2013 (CONTINUED)

The effect of derivative instruments on the Fund's Statement of Operations for the year ended February 28, 2013 was as follows:

<b>Derivatives not accounted for as hedging instruments</b>	<b>Amount of Realized Gain or (Loss) on Derivatives Recognized in Income Written options</b>	
Equity contracts	\$	4,627,700
Total	\$	4,627,700

<b>Derivatives not accounted for as hedging instruments</b>	<b>Change in Unrealized Appreciation or Depreciation on Derivatives Recognized in Income Written options</b>	
Equity contracts	\$	273,806
Total	\$	273,806

**Supplemental Option Information (Unaudited)**

**Supplemental Call Option Statistics as of February 28, 2013:**

% of Total Net Assets against which calls written	19.95%
Average Days to Expiration at time written	28days
Average Call Moneyness* at time written	ATM
Premiums received for calls	\$ 835,422
Value of calls	\$ (98,825)

\* Moneyness is the term used to describe the relationship between the price of the underlying asset and the option's exercise or strike price. For example, a call (buy) option is considered in-the-money when the value of the underlying asset exceeds the strike price. Conversely, a put (sell) option is considered in-the-money when its strike price exceeds the value of the underlying asset. Options are characterized for the purpose of Moneyness as, in-the-money (ITM), out-of-the-money (OTM) or at-the-money (ATM), where the underlying asset value is at the strike price.

See Accompanying Notes to Financial Statements

**Table of Contents**

TAX INFORMATION (UNAUDITED)

Dividends and distributions paid during the tax year ended December 31, 2012 were as follows:

<b>Fund Name</b>	<b>Type</b>	<b>Per Share Amount</b>	
ING Emerging Markets High Dividend Equity Fund	NII	\$	0.3099
	ROC	\$	1.2101

NII - Net investment income

ROC - Return of capital

Of the ordinary distributions made during the tax year ended December 31, 2012, 4.97% qualifies for the dividends received deduction (DRD) available to corporate shareholders.

For the tax year ended December 31, 2012, 82.23% of ordinary income dividends paid by the Fund (including creditable foreign taxes paid) are designated as qualifying dividend income (QDI) subject to reduced income tax rates for individuals.

Pursuant to Section 853 of the Internal Revenue Code, the Fund designates the following amounts as foreign taxes paid for the tax year ended December 31, 2012:

<b>Creditable</b>	<b>Per Share</b>	<b>Portion of Ordinary Income</b>
<b>Foreign</b>	<b>Amount</b>	<b>Distribution Derived from</b>
<b>Taxes Paid</b>	<b>Amount</b>	<b>Foreign Sourced Income*</b>
\$ 751,670	\$ 0.0387	95.76%

\* None of the Fund's income was derived from ineligible foreign sources as defined under Section 901(j) of the Internal Revenue Code.

Foreign taxes paid or withheld should be included in taxable income with an offsetting deduction from gross income or as a credit for taxes paid to foreign governments. Shareholders are strongly advised to consult their own tax advisors regarding the appropriate treatment of foreign taxes paid.



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Above figures may differ from those cited elsewhere in this report due to differences in the calculation of income and gains under U.S. generally accepted accounting principles (book) purposes and Internal Revenue Service (tax) purposes.

Shareholders are strongly advised to consult their own tax advisers with respect to the tax consequences of their investments in the Fund. In January, shareholders, excluding corporate shareholders, receive an IRS 1099-DIV regarding the federal tax status of the dividends and distributions they received in the calendar year.

**Table of Contents**

## TRUSTEE AND OFFICER INFORMATION (UNAUDITED)

The business and affairs of the Trust are managed under the direction of the Trust's Board. A Trustee, who is not an interested person of the Trust, as defined in the 1940 Act, is an independent trustee ( Independent Trustee ). The Trustees and Officers of the Trust are listed below. The Statement of Additional Information includes additional information about trustees of the Trust and is available, without charge, upon request at (800) 992-0180.

<b>Name, Address and Age Independent Trustees:</b>	<b>Position(s) Held with the Trust</b>	<b>Term of Office and Length of Time Served<sup>(1)</sup></b>	<b>Principal Occupation(s) During the Past 5 Years</b>	<b>Number of Funds in Fund Complex Overseen by Trustee<sup>(2)</sup></b>	<b>Other Board Held by</b>
Colleen D. Baldwin  7337 East Doubletree Ranch Rd.  Suite 100  Scottsdale, Arizona 85258  Age: 52	Trustee	August 2010 - Present	President, Glantuum Partners, LLC, a business consulting firm (January 2009 - Present).	143	None.
John V. Boyer  7337 East Doubletree Ranch Rd.  Suite 100  Scottsdale, Arizona 85258  Age: 59	Trustee	August 2010 - Present	President and Chief Executive Officer, Bechtler Arts Foundation, an arts and education foundation (January 2008 - Present).	143	None.
Patricia W. Chadwick  7337 East Doubletree Ranch Rd.	Trustee	August 2010 - Present	Consultant and President, Ravengate Partners LLC, a consulting firm that provides advice regarding	143	Wisconsin E Corporation - Present) ar Royce Fund

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Suite 100			financial markets and the global economy (January 2000 - Present).		(December 2000 - Present).
Scottsdale, Arizona 85258					
Age: 64					
Peter S. Drotch	Trustee	August 2010 - Present	Retired.	143	First Marblehead Corporation (2003- Present)
7337 East Doubletree Ranch Rd.					
Suite 100					
Scottsdale, Arizona 85258					
Age: 71					
J. Michael Earley	Trustee	August 2010 - Present	Retired. Formerly, Banking President and Chief Executive Officer, Bankers Trust Company, N.A., Des Moines (June 1992 - December 2008).	143	None.
7337 East Doubletree Ranch Rd.					
Suite 100					
Scottsdale, Arizona 85258					
Age: 67					
Patrick W. Kenny	Trustee	August 2010 - Present	Retired. Formerly, President and Chief Executive Officer, International Insurance Society (June 2001 - June 2009).	143	Assured Guaranty (April 2004 - Present)
7337 East Doubletree Ranch Rd.					
Suite 100					
Scottsdale, Arizona 85258					
Age: 70					
Sheryl K. Pressler	Trustee	August 2010 - Present	Consultant (May 2001 - Present).	143	Stillwater Management Company (May 2001 - Present).
7337 East Doubletree Ranch Rd.					
Suite 100					
Scottsdale, Arizona 85258					
Age: 62					
Roger B. Vincent	Chairperson/Trustee	August 2010 - Present	Retired. Formerly, President, Springwell Corporation, a corporate	143	UGI Corporation (February 2000 - Present) and
7337 East Doubletree					

Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 67

finance firm (March 1989  
- August 2011).

Utilities, Inc  
2006 - Present

**Table of Contents**

TRUSTEE AND OFFICER INFORMATION (UNAUDITED) (CONTINUED)

<b>Name, Address and Age</b>	<b>Position(s) Held with the Trust</b>	<b>Term of Office and Length of Time Served<sup>(1)</sup></b>	<b>Principal Occupation(s) During the Past 5 Years</b>	<b>Number of Funds in Fund Complex Overseen by Trustee<sup>(2)</sup></b>	<b>Other Board Position Held by Trustee</b>
<b>Trustees who are Interested Persons :</b>					
Robert W. Crispin <sup>(3)</sup> 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 66	Trustee	August 2010 - Present	Retired.	143	Intact Financial Corporation (December 2004 - Present) and PFM Group (November 2010 - Present).
Shaun P. Mathews <sup>(3)</sup> 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 57	Trustee	August 2010 - Present	President and Chief Executive Officer, ING Investments, LLC (November 2006 - Present).	177	ING Capital Corporation, LLC (December 2005 - Present).

(1) The Board is divided into three classes, with the term of one class expiring at each annual meeting of the Trust. At each annual meeting, one class of Trustees is elected to a three - year term and serves until their successors are duly elected and qualified. The tenure of each Trustee is subject to the Board's retirement policy, which states that each duly elected or appointed Trustee who is not an interested person of the Trust, as defined in the Investment Company Act of 1940, as amended ( Independent Trustee ), shall retire from and cease to be a member of the Board of Trustees as of the close of business on December 31 of the calendar year in which the Independent Trustee attains the age of 73. A majority vote of the Board's other Independent Trustees may extend the retirement date of an Independent Trustee if the retirement would trigger a requirement to hold a meeting of shareholders of the Trust under applicable law, whether for purposes of appointing a successor to the Independent Trustee or otherwise comply with applicable law, in which case the extension would apply until such time as the shareholder

meeting can be held or is no longer required (as determined by a vote of a majority of the other Independent Trustees).

- (2) Except for Mr. Mathews and for the purposes of this table **Fund Complex** means the following investment companies: ING Asia Pacific High Dividend Equity Income Fund; ING Emerging Markets High Dividend Equity Fund; ING Emerging Markets Local Bond Fund; ING Equity Trust; ING Funds Trust; ING Global Equity Dividend and Premium Opportunity Fund; ING Global Advantage and Premium Opportunity Fund; ING Global Strategic Income Fund; ING Infrastructure, Industrials and Materials Fund; ING International High Dividend Equity Income Fund; ING Investors Trust; ING Mayflower Trust; ING Mutual Funds; ING Partners, Inc.; ING Prime Rate Trust; ING Risk Managed Natural Resources Fund; ING Senior Income Fund; ING Separate Portfolios Trust; ING Short Duration High Income Fund; ING Variable Insurance Trust; and ING Variable Products Trust. For Mr. Mathews, the ING Fund Complex also includes the following investment companies: ING Balanced Portfolio, Inc.; ING Intermediate Bond Portfolio; ING Money Market Portfolio; ING Series Fund, Inc.; ING Strategic Allocation Portfolios, Inc.; ING Variable Funds; and ING Variable Portfolios, Inc. Therefore, for the purposes of this table with reference to Mr. Mathews, **Fund Complex** includes these investment companies. The number of funds in the ING Fund Complex is as of March 31, 2013.
- (3) Messrs. Crispin and Mathews are deemed **Interested Persons** of the Trust because of their current or prior affiliation with ING Groep, N.V., the parent corporation of the Investment Adviser(s) and the Distributor.

**Table of Contents**

TRUSTEE AND OFFICER INFORMATION (UNAUDITED) (CONTINUED)

Name, Address and Age	Position(s) Held With the Trust	Term of Office and Length of Time Served <sup>(1)</sup>	Principal Occupation(s) During the Past 5 Years
<p>Shaun P. Mathews</p> <p>7337 East Doubletree Ranch Rd.</p> <p>Suite 100</p> <p>Scottsdale, Arizona 85258</p> <p>Age: 57</p>	<p>President and Chief Executive Officer</p>	<p>July 2010 - Present</p>	<p>President and Chief Executive Officer, ING Investments, LLC (November 2006 - Present).</p>
<p>Michael J. Roland</p> <p>7337 East Doubletree Ranch Rd.</p> <p>Suite 100</p> <p>Scottsdale, Arizona 85258</p> <p>Age: 54</p>	<p>Executive Vice President</p>	<p>July 2010 - Present</p>	<p>Managing Director and Chief Operating Officer, ING Investments, LLC and ING Funds Services, LLC (April 2012 - Present) and Chief Compliance Officer, Directed Services LLC and ING Investments, LLC (March 2011 - Present). Formerly, Executive Vice President and Chief Operating Officer, ING Investments, LLC and ING Funds Services, LLC (January 2007 - April 2012) and Chief Compliance Officer, ING Funds (March 2011 - February 2012).</p>
<p>Stanley D. Vyner</p> <p>230 Park Avenue</p> <p>New York, New York 10169</p> <p>Age: 62</p>	<p>Executive Vice President</p> <p>Chief Investment Risk Officer</p>	<p>July 2010 - Present</p>	<p>Executive Vice President, ING Investments, LLC (July 2000 - Present) and Chief Investment Risk Officer, ING Investments, LLC (January 2003 - Present).</p>
<p>Kevin M. Gleason</p>	<p>Chief Compliance Officer</p>	<p>February 2012 - Present</p>	<p>Senior Vice President, ING Investments, LLC (February 2012 -</p>

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7337 East Doubletree Ranch Rd.  
Suite 100  
Scottsdale, Arizona 85258

Present). Formerly, Assistant General Counsel and Assistant Secretary, The Northwestern Mutual Life Insurance Company (June 2004 - January 2012).

Age: 46

Todd Modic	Senior Vice President, Chief/Principal Financial Officer and Assistant Secretary	July 2010 - Present	Senior Vice President, ING Funds Services, LLC (March 2005 - Present).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 45

Kimberly A. Anderson	Senior Vice President	July 2010 - Present	Senior Vice President, ING Investments, LLC (October 2003 - Present).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 48

Robert Terris	Senior Vice President	July 2010 - Present	Senior Vice President, Head of Division Operations, ING Funds Services, LLC (January 2006 - Present).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 42

Julius A. Drelick, III	Senior Vice President	July 2012 - Present	Senior Vice President - Fund Compliance, ING Funds Services, LLC (June 2012 - Present). Formerly, Vice President - Platform Product Management & Project Management, ING Investments, LLC (April 2007 - June 2012).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 46



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<p>Fred Bedoya 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258</p>	<p>Vice President and Treasurer</p>	<p>September 2012 - Present</p>	<p>Vice President, ING Funds Services, LLC (March 2012 - Present). Formerly, Assistant Vice President - Director, ING Funds Services, LLC (March 2003 - March 2012).</p>
<p>Age: 40 Robyn L. Ichilov 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258</p>	<p>Vice President</p>	<p>July 2010 - Present</p>	<p>Vice President and Treasurer, ING Funds Services, LLC (November 1995 - Present) and ING Investments, LLC (August 1997 - Present). Formerly, Treasurer, ING Funds (November 1999 - February 2012).</p>
<p>Age: 45 Maria M. Anderson 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258</p>	<p>Vice President</p>	<p>July 2010 - Present</p>	<p>Vice President, ING Funds Services, LLC (September 2004 - Present).</p>
<p>Age: 54 Lauren D. Bensinger 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258</p>	<p>Vice President</p>	<p>July 2010 - Present</p>	<p>Vice President, ING Investments, LLC and ING Funds Services, LLC (February 1996 - Present); Director of Compliance, ING Investments, LLC (October 2004 - Present); and Vice President and Money Laundering Reporting Officer, ING Investments Distributor, LLC (April 2010 - Present). Formerly, Chief Compliance Officer, ING Investments Distributor, LLC (August 1995 - April 2010).</p>

**Table of Contents**

## TRUSTEE AND OFFICER INFORMATION (UNAUDITED) (CONTINUED)

<b>Name, Address and Age</b>	<b>Position(s) Held With the Trust</b>	<b>Term of Office and Length of Time Served <sup>(1)</sup></b>	<b>Principal Occupation(s) During the Past 5 Years</b>
Jason Kadavy 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 37	Vice President	September 2012 - Present	Vice President, ING Funds Services, LLC (July 2007 - Present).
Kimberly K. Springer 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 55	Vice President	July 2010 - Present	Vice President - Platform Product Management & Project Management, ING Investments, LLC (July 2012 - Present); Vice President, ING Investment Management - ING Funds (March 2010 - Present) and Vice President, ING Funds Services, LLC (March 2006 - Present). Formerly Managing Paralegal, Registration Statements (June 2003 - July 2012).
Craig Wheeler 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 44	Assistant Vice President	July 2010 - Present	Vice President - Director of Tax, ING Funds Services, LLC (March 2013 - Present). Formerly, Assistant Vice President - Director of Tax, ING Funds Services, LLC (March 2008 - March 2013).
Huey P. Falgout, Jr. 7337 East Doubletree Ranch Rd.	Secretary	July 2010 - Present	Senior Vice President and Chief Counsel, ING Investment Management - ING Funds (March 2010- Present). Formerly, Chief Counsel, ING Americas, U.S. Legal

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Suite 100			Services (October 2003 - March 2010).
Scottsdale, Arizona 85258			
Age: 49			
Theresa K. Keley	Assistant Secretary	July 2010 - Present	Vice President and Senior Counsel, ING Investment Management - ING Funds (March 2010 - Present). Formerly, Senior Counsel, ING Americas, U.S. Legal Services (April 2008 - March 2010) and Counsel, ING Americas, U.S. Legal Services (April 2003 - April 2008).
7337 East Doubletree Ranch Rd.			
Suite 100			
Scottsdale, Arizona 85258			
Age: 50			
Paul A. Caldarelli	Assistant Secretary	July 2010 - Present	Vice President and Senior Counsel, ING Investment Management - ING Funds (March 2010 - Present). Formerly, Senior Counsel, ING Americas, U.S. Legal Services (April 2008 - March 2010) and Counsel, ING Americas, U.S. Legal Services (May 2005 - April 2008).
7337 East Doubletree Ranch Rd.			
Suite 100			
Scottsdale, Arizona 85258			
Age: 61			

- (1) The Officers hold office until the next annual meeting of the Board of Trustees and until their successors shall have been elected and qualified.

**Table of Contents**

ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED)

**BOARD CONSIDERATION AND RE-APPROVAL OF INVESTMENT ADVISORY AND SUB-ADVISORY CONTRACTS**

Section 15(c) of the Investment Company Act of 1940, as amended (the 1940 Act ) provides that, after an initial period, the existing investment advisory and sub-advisory contracts for ING Emerging Markets High Dividend Equity Fund (the Fund ) will remain in effect only if the Board of Trustees (the Board ) of the Fund, including a majority of Board members who have no direct or indirect interest in the advisory and sub-advisory contracts, and who are not interested persons of the Fund, as such term is defined under the 1940 Act (the Independent Trustees ), annually review and approve them. Thus, at a meeting held on November 29, 2012, the Board, including a majority of the Independent Trustees, considered whether to renew the investment advisory contract (the Advisory Contract ) between ING Investments, LLC ( ING Investments or the Adviser ) and the Fund and the sub-advisory contract ( Sub-Advisory Contract ) with ING Investment Management Advisors B.V. ( IIMA or the Sub-Adviser ).

The Independent Trustees also held separate meetings on October 24 and November 27, 2012 to consider the renewal of the Advisory and Sub-Advisory Contracts. As a result, subsequent references herein to factors considered and determinations made by the Independent Trustees include, as applicable, factors considered and determinations made on those earlier dates by the Independent Trustees.

At its November 29, 2012 meeting, the Board voted to renew the Advisory and Sub-Advisory Contracts for the Fund. In reaching these decisions, the Board took into account information furnished to it throughout the year at meetings of the Board and the Board's committees, as well as information prepared specifically in connection with the annual renewal process. Determinations by the Independent Trustees also took into account various factors that they believed, in light of the legal advice furnished to them by K&L Gates LLP ( K&L Gates ), their independent legal counsel, and their own business judgment, to be relevant. Further, while the Board considered at the same meeting the advisory contracts and sub-advisory contracts that were subject to renewal for each of the ING Funds under its jurisdiction, the Trustees considered the Fund's advisory and sub-advisory relationships separately.

Provided below is an overview of the Board's contract approval process in general, as well as a discussion of certain specific factors that the Board considered at its

renewal meeting. While the Board gave its attention to the information furnished at the request of the Independent Trustees that was most relevant to its considerations, discussed below are a number of the primary factors relevant to the Board's consideration as to whether to renew the Advisory and Sub-Advisory Contracts for the one-year period ending November 30, 2013. Each Board member may have accorded different weight to the various factors in reaching his or her conclusions with respect to the Fund's advisory and sub-advisory arrangements.

**Overview of the Contract Renewal and Approval Process**

The Board follows a structured process pursuant to which it seeks and considers relevant information when it decides whether to approve new or existing advisory and sub-advisory arrangements for the investment companies in the ING

Fund complex under its jurisdiction, including the Fund's existing Advisory and Sub-Advisory Contracts. Among other actions, the Independent Trustees of the Board: retain the services of independent consultants with experience in the mutual fund industry to assist the Independent Trustees in working with the personnel employed by the Adviser or its affiliates who administer the Fund ( Management ) to identify the types of information presented to the Board to inform its deliberations with respect to advisory and sub-advisory relationships and to help evaluate that information; evaluate industry best practices in regard to the consideration of investment advisory and sub-advisory contracts; establish a specific format in which certain requested information is provided to the Board; and determine the process for reviewing such information in connection with advisory and sub-advisory contract renewals and approvals. The result is a process (the Contract Review Process ) employed by the Board and its Independent Trustees to review and analyze information in connection with the annual renewal of the ING Funds' advisory and sub-advisory contracts, as well as the review and approval of new advisory and sub-advisory relationships.

Since the Contract Review Process was first implemented, the Board's membership has changed through periodic retirements of some Trustees and the appointment and election of new Trustees. In addition, the Independent Trustees have reviewed and refined the renewal and approval process at least annually in order to request additional or revised information from Management and address certain unique characteristics related to new or existing ING Funds.

**Table of Contents**

ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)

The Board has established (among other committees) two Investment Review Committees (each, an IRC), which meet independently and, at times, jointly, and a Contracts Committee. Among other matters, the Contracts Committee provide oversight with respect to the Contract Review Process, and the Fund is assigned to the IRCs, jointly, which provide oversight regarding, among other matters, the investment performance of the Adviser and Sub-Adviser, as well as the oversight by the Adviser of the performance of the Sub-Adviser. The IRCs may apply a heightened level of scrutiny in cases where performance has lagged the Fund's relevant benchmark, Lipper, Inc. (Lipper) category median, and/or Morningstar, Inc. (Morningstar) category median.

The type and format of the information provided to the Board or to legal counsel for the Independent Trustees in connection with the Contract Review Process has been codified in the ING Funds' 15(c) Methodology Guide. This Guide was developed under the direction of the Independent Trustees and sets out a blueprint pursuant to which the Independent Trustees request certain information that they deem important to facilitate an informed review in connection with initial and annual approvals of advisory and sub-advisory contracts. The Independent Trustees review and update the 15(c) Methodology Guide annually.

Management provides certain of the information requested by the 15(c) Methodology Guide in Fund Analysis and Comparison Tables (FACT sheets) prior to the Independent Trustees' review of advisory and sub-advisory arrangements (including the Fund's Advisory and Sub-Advisory Contracts). The Independent Trustees previously retained an independent firm to verify and test the accuracy of certain FACT sheet data for a representative sample of funds in the ING Fund complex. In addition, the Contracts Committee routinely employs the services of an independent consultant to assist in its review and analysis of, among other matters, the 15(c) Methodology Guide, the content and format of the FACT sheets, and selected peer group of investment companies (Selected Peer Group) to be used by the Fund for certain comparison purposes during the renewal process. As part of an ongoing process, the Contracts Committee recommends or considers recommendations from Management for refinements to the 15(c) Methodology Guide and other aspects of the review process, and the Board's IRCs review benchmarks used to assess the performance of funds in the ING Fund complex.

The Board employed its process for reviewing contracts when considering the renewals of the Fund's Advisory and Sub-Advisory Contracts that would be effective through November 30, 2013. Set forth below is a discussion of many of the Board's primary considerations and conclusions resulting from this process.

**Nature, Extent and Quality of Service**

In determining whether to approve the Advisory and Sub-Advisory Contracts for the Fund for the year ending November 30, 2013, the Independent Trustees received and evaluated such information as they deemed necessary regarding the nature, extent and quality of services provided to the Fund by the Adviser and Sub-Adviser. This included information regarding the Adviser and Sub-Adviser provided throughout the year at meetings of the Board and its committees, as well as information furnished in connection with the contract renewal meetings.

The materials requested by the Independent Trustees and provided to the Board, K&L Gates and/or independent consultants that assist the Independent Trustees prior to the November 29, 2012 Board meeting included, among other information, the following items for the Fund: (1) FACT sheets that provided information regarding the expenses of the Fund and other similarly managed funds in its Selected Peer Group, as well as information regarding the Fund's performance, investment portfolio, objective and strategies; (2) reports providing risk and attribution analyses of the Fund; (3) the 15(c) Methodology Guide, which describes how the FACT sheets were prepared, including the manner in which the Fund's benchmark and Selected Peer Group were selected and how profitability was determined; (4) responses from the Adviser and Sub-Adviser to a series of questions posed by K&L Gates on behalf of the Independent Trustees; (5) copies of the forms of Advisory and Sub-Advisory Contracts; (6) copies of the Forms ADV for the Adviser and Sub-Adviser; (7) financial statements for the Adviser and Sub-Adviser; (8) a draft of a narrative summary addressing key factors the Board customarily considers in evaluating the renewals of the ING Funds (including the Fund's) advisory contracts and sub-advisory contracts, including a written analysis for the Fund of how performance, fees and expenses compare to its Selected Peer Group and/or designated benchmark(s); (9) independent analyses of Fund performance by the Fund's Chief Investment Risk Officer; and (10) other information relevant to the Board's evaluations.

**Table of Contents**

ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)

The Board also noted that ING Groep, N.V. ( ING Groep ), the ultimate parent company of the Adviser and the Sub-Adviser, has announced plans for the separation of its U.S.-based insurance, retirement services and investment management operations, which include the Adviser, into an independent, standalone company by the end of 2016. The Board further noted that this separation may result in the Adviser's loss of access to the services and resources of their current ultimate parent company, which could adversely affect its businesses and profitability. The Board recognized that, if the separation plan is deemed to be a change of control, the investment advisory and sub-advisory agreements for the Fund would terminate and trigger the necessity for new agreements, which would require the approval of the Board and, potentially, the shareholders of the Fund. The Board also recognized that there can be no assurance that the separation plan will be carried out. The Board considered the potential effects of the separation on the Fund, the Adviser, and Sub-Adviser, including their ability prior to, during and after the separation to perform the same level of service to the Fund as the Adviser and Sub-Adviser, currently provide. In this regard, the Board noted that the Adviser and Sub-Adviser do not currently anticipate that the separation would have a material adverse impact on the Fund or their operations and administration.

The Fund's common shares were used for purposes of certain comparisons to the funds in its Selected Peer Group. Common shares were selected because they are the only Fund class issued and outstanding. The common shares were compared to the analogous class of shares for each fund in the Selected Peer Group. The mutual funds included in the Fund's Selected Peer Group were selected based upon criteria designed to represent the Fund share class being compared to the Selected Peer Group.

In arriving at its conclusions with respect to the Advisory Contract, the Board was mindful of the manager-of-managers platform of the ING Funds that has been developed by the Adviser. The Board recognized that the Adviser is responsible for monitoring the investment program and performance of the Sub-Adviser under this manager-of-managers arrangement. The Board also considered the techniques and resources that the Adviser has developed to provide ongoing oversight of the nature, extent and quality of the services the Sub-Adviser provides to the Fund and the Sub-Adviser's compliance with applicable laws and regulations. The Board noted that to assist in

the selection and monitoring of the Sub-Adviser, the Adviser has developed an oversight process formulated by its Manager Research & Selection Group ( MRSG ), which analyzes both qualitative (such as in-person meetings and telephonic meetings with the Sub-Adviser and research on sub-advisers) and quantitative information (such as performance data, portfolio data and attribution analysis) about the Sub-Adviser and the Fund that it manages. The Board recognized that the MRSG also typically provides in-person reports to the IRCs at their meetings prior to any Sub-Adviser presentations. In addition, the Board noted that the MRSG prepares periodic due diligence reports regarding the Sub-Adviser based on on-site visits and information and analysis which, team members use to attempt to gain and maintain an in-depth understanding of the Sub-Adviser's investment processes and to try to identify issues that may be relevant to the Sub-Adviser's services to the Fund and/or its performance. The Board also noted that the MRSG provides written reports on these due diligence analyses to the pertinent IRC. The Board noted the resources that the Adviser has committed to its services as a manager-of-managers, including resources for reporting to the Board and the IRCs to assist them with their assessment of the investment performance of the Fund on an on-going basis throughout the year. This includes the appointment of a Chief Investment Risk Officer and his staff, who report



directly to the Board and who have developed attribution analyses and other metrics used by the IRCs to analyze the key factors underlying investment performance for the funds in the ING Fund complex.

The Board also considered the techniques that the Adviser has developed to screen and perform due diligence on new sub-advisers if and when the Adviser recommends to the Board a new sub-adviser to manage a fund in the ING Fund complex. The Board noted that, for new non-ING-affiliated sub-advisers, the MRSG is responsible for: identifying qualified candidates; analyzing their investment process, personnel and resources; conducting due diligence on the candidates; and selecting the firm to propose as a new sub-adviser, as well as preparing written materials and reports to the committees and the Board as part of the process of approving any new sub-adviser for the Fund.

The Board also considered that in the course of monitoring performance of the Sub-Adviser, the MRSG has developed, based on guidance from the IRCs, a methodology for comparing performance of the Fund to the Fund's Morningstar category median, Lipper

**Table of Contents**

ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)

category median, and/or primary benchmark. The Board also recognized that the MRSG provides the IRCs with regular updates on the Fund and alerts the IRCs to potential issues as they arise. The Board noted that another service provided by the MSRSG is the preparation of the Fund Dispersion Report. The Board also noted that the Adviser regularly monitors performance, personnel, compliance and a myriad of other issues that may arise on a day-to-day basis with regards to the Sub-Adviser and noted that, if issues are identified either through formal or informal processes, they are brought before the IRCs and the Board for consideration and action and the Adviser consistently makes its resources available to the Board and the IRCs to assist with addressing any issues that arise.

The Board noted that the Fund also benefits from the services of the Adviser's Investment Risk Management Department (the IRMD), under the leadership of the Chief Investment Risk Officer, the costs of which are shared by the Fund and the Adviser. The Board noted that the IRMD regularly presents written materials and reports to the IRCs that focus on the investment risks of the Fund. The Board also noted that the IRMD provides the IRCs with analyses that are developed to assist the IRCs in identifying trends in Fund performance and other areas over consecutive periods. The Board noted that the services provided by the IRMD are meant to provide an additional perspective for the benefit of the IRCs, which may vary from the perspective of the MRSG.

The Board also noted the techniques used by the Adviser to monitor the performance of the Sub-Adviser and the proactive approach that the Adviser, working in cooperation with the IRCs, has taken to advocate or recommend, when it believed appropriate, changes designed to assist in improving the Fund's performance.

In considering the Fund's Advisory Contract, the Board also considered the extent of benefits provided to the Fund's shareholders, beyond advisory services, from being part of the ING family of funds. This includes, in most cases, the right to exchange or transfer investments, without a sales charge, between the same class of shares of such funds or among ING Funds available on a product platform, and the wide range of ING Funds available for exchange or transfer. The Board also took into account the Adviser's ongoing efforts to reduce the expenses of the ING Funds through renegotiated arrangements with the ING Funds' service providers. In addition, the Board considered the efforts of the Adviser and the expenses that it incurred in recent years to help make the ING Fund complex more balanced and efficient by the

launch of new investment products and the combinations of similar funds.

Further, the Board received periodic reports showing that the investment policies and restrictions for the Fund were consistently complied with and other periodic reports covering matters such as compliance by Adviser and Sub-Adviser personnel with codes of ethics. The Board considered reports from the Fund's Chief Compliance Officer (CCO) evaluating whether the regulatory compliance systems and procedures of the Adviser and Sub-Adviser are reasonably designed to assure compliance with the federal securities laws, including those related to, among others, late trading and market timing, best execution, fair value pricing, proxy voting and trade allocation practices. The Board also took into account the CCO's annual and periodic reports and recommendations with respect to service provider compliance programs. In this regard, the Board also considered the policies and procedures developed by the CCO in consultation with the Board's Compliance Committee that guide the CCO's compliance oversight function.

The Board reviewed the level of staffing, quality and experience of the Fund's portfolio management team. The Board took into account the respective resources and reputations of the Adviser and Sub-Adviser, and evaluated the ability of the Adviser and the Sub-Adviser to attract and retain qualified investment advisory personnel. The Board also considered the adequacy of the resources committed to the Fund (and other relevant funds in the ING Fund complex) by the Adviser and Sub-Adviser, and whether those resources are commensurate with the needs of the Fund and are sufficient to sustain appropriate levels of performance and compliance needs. In this regard, the Board considered the financial stability of the Adviser and the Sub-Adviser.

Based on their deliberations and the materials presented to them, the Board concluded that the advisory and related services provided by the Adviser and Sub-Adviser are appropriate in light of the Fund's operations, the competitive landscape of the investment company business, and investor needs, and that the nature, extent, and quality of the overall services provided by the Adviser and the Sub-Adviser were appropriate.

### **Fund Performance**

In assessing advisory and sub-advisory relationships, the Board placed emphasis on the investment returns of the Fund. While the Board considered the performance

**Table of Contents**

ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)

reports and discussions with portfolio managers at Board and committee meetings during the year, particular attention in assessing performance was given to the FACT sheets furnished in connection with the renewal process. The FACT sheet prepared for the Fund included its investment performance compared to the Fund's Morningstar category median, Lipper category median, and/or primary benchmark. The FACT sheet performance data was as of June 30, 2012. In addition, the Board also considered at its November 29, 2012 meeting certain additional data regarding performance and Fund asset levels as of September 30 and October 31, 2012.

The Fund's performance was compared to its Morningstar category median and average, as well as its primary benchmark, a broad-based securities market index that appears in the Fund's shareholder report. With respect to Morningstar quintile rankings, the first quintile represents the highest (best) performance and the fifth quintile represents the lowest performance. The Fund's management fee and expense ratio were compared to the fees and expense ratios of the funds in its Selected Peer Group.

In considering whether to approve the renewal of the Advisory and Sub-Advisory Contracts for the Fund, the Board considered that, based on performance data for the periods ended June 30, 2012: (1) the Fund underperformed its Morningstar category median for all periods presented; (2) the Fund outperformed its primary benchmark for all periods presented with the exception of the year-to-date period, during which it underperformed; and (3) the Fund is ranked in the third quintile of its Morningstar category for the one-year period, and the fourth quintile for the most recent calendar quarter and year-to-date periods.

In analyzing this performance data, the Board took into account: (1) that the Fund commenced operations in April 2011, and therefore had a limited operating history for the purpose of analyzing its performance; and (2) Management would continue to monitor, and the Board or its Investment Review Committee would periodically review, the Fund's performance.

**Economies of Scale**

When evaluating the reasonableness of advisory fee rates, the Board considered whether economies of scale likely will be realized by the Adviser and Sub-Adviser as the Fund grows larger and the extent to which any such economies are reflected in contractual fee rates. The Board noted that the Fund, as a closed-end fund,

generally does not issue new shares and is less likely to realize economies of scale from additional share purchases. The Board also considered that the Fund does not have advisory fee rate breakpoints. In the case of sub-advisory fees, the Board considered that breakpoints would inure to the benefit of the Adviser, except to the extent that there are corresponding advisory fee rate breakpoints or waivers. In evaluating fee rate breakpoint arrangements and economies of scale, the Independent Trustees also considered prior periodic management reports, industry information on this topic and the Fund's investment performance.

**Information Regarding Services to Other Clients**

The Board requested and considered information regarding the nature of services and fee rates offered by the Adviser and Sub-Adviser to other clients, including other registered investment companies and relevant institutional accounts. When fee rates offered to other clients differed materially from those charged to the Fund, the Board considered any underlying rationale provided by the Adviser or the Sub-Adviser for these differences. The Board also noted that the fee rates charged to the Fund and other institutional clients of the Adviser or Sub-Adviser (including other investment companies) may differ materially due to, among other reasons: differences in services; different regulatory requirements associated with registered investment companies, such as the Fund, as compared to non-registered investment company clients; market differences in fee rates that existed when the Fund first was organized; investment capacity constraints that existed when certain contracts were first agreed upon or that might exist at present; and different pricing structures that are necessary to be competitive in different marketing channels.

### **Fee Rates and Profitability**

The Board reviewed and considered the contractual investment advisory fee rate, combined with the administrative fee rate, payable by the Fund to the Adviser. The Board also considered the contractual sub-advisory fee rate payable by the Adviser to the Sub-Adviser for sub-advisory services for the Fund, including the portion of the contractual advisory fees that are paid to the Sub-Adviser, as compared to the portion retained by the Adviser. In addition, the Board considered fee waivers and expense limitations applicable to the fees payable by the Fund.

The Board considered: (1) the fee structure of the Fund as it relates to the services provided under the

**Table of Contents**

ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)

contracts; and (2) the potential fall-out benefits to the Adviser and the Sub-Adviser and their respective affiliates from their association with the Fund. For the Fund, the Board separately determined that the fee rate payable to the Adviser and the fee rate payable to the Sub-Adviser are reasonable for the services that each performs, which were considered in light of the nature, extent and quality of the services that each has performed and is expected to perform.

In considering the fee rates payable under the Advisory and Sub-Advisory Contracts for the Fund, the Board took into account the factors described above and also considered: (1) the fairness of the compensation under an Advisory Contract with a level fee rate that does not include breakpoints; and (2) the pricing structure (including the expense ratio to be borne by shareholders) of the Fund, as compared to its Selected Peer Group, including that: (a) the management fee rate (inclusive of a 0.10% administration fee) for the Fund is above the median and the average management fee rates of the funds in its Selected Peer Group; and (b) the expense ratio for the Fund is below the median and the average expense ratios of the funds in its Selected Peer Group.

In analyzing this fee data, the Board took into account: (1) Management's representations that closed-end funds have unique distribution characteristics and their pricing structures are highly driven by the market and competitive environment at the time of their initial offering when their fee structures were established; (2) Management's representations regarding the reasonableness of the Fund's management fee rate; and (3) that Management, at the Board's request, would propose an expense limitation agreement for the Fund.

The Board considered information on revenues, costs and profits realized by the Adviser and the Sub-Adviser, which was prepared by Management in accordance with the allocation methodology (including related assumptions) specified in the 15(c) Methodology Guide. In analyzing the profitability of the Adviser and the Sub-Adviser in connection with its services to the Fund, the Board took into account the sub-advisory fee rate payable by the Adviser to the Sub-Adviser. In addition, the Board considered information that it requested and was provided by Management with respect to the profitability of service providers affiliated with the Adviser. In this regard, the Board also noted that the Adviser (and not the Fund) pays the sub-advisory fees earned by the Sub-Adviser.

Although the 15(c) Methodology Guide establishes certain standards for profit calculation, the Board recognized that profitability analysis on a client-by-client basis is not an exact science and there is no uniform methodology within the asset management industry for determining profitability for this purpose. In this context, the Board realized that Management's calculations regarding its costs incurred in establishing the infrastructure necessary for the Fund's operations may not be fully reflected in the expenses allocated to the Fund in determining profitability, and that the information presented may not portray all of the costs borne by the Adviser and Management or capture their entrepreneurial risk associated with offering and managing a mutual fund complex in the current regulatory and market environment. In addition, the Board recognized that the use of different methodologies for purposes of calculating profit data can give rise to dramatically different profit and loss results.

In making its determinations, the Board based its conclusions as to the reasonableness of the advisory and sub-advisory fee rates of the Adviser and Sub-Adviser primarily on the factors described for the Fund herein. At the request of the Board, the Adviser has from time to time agreed to implement remedial actions regarding certain funds

in the ING Fund complex. These remedial actions have included, among others: reductions in effective fee rates through expense limitation or fee waiver arrangements or through contractual fee rate revisions, such as the addition of the fee schedule breakpoints at higher asset levels; changes in sub-adviser or portfolio managers; and strategy modifications.

**Conclusion**

After its deliberation, the Board reached the following conclusions: (1) the Fund's management fee rate is reasonable in the context of all factors considered by the Board; (2) the Fund's expense ratio is reasonable in the context of all factors considered by the Board; (3) the Fund's performance is reasonable in the context of all factors considered by the Board; and (4) the sub-advisory fee rate payable by the Adviser to the Sub-Adviser is reasonable in the context of all factors considered by the Board. Based on these conclusions and other factors, the Board voted to renew the Advisory and Sub-Advisory Contracts for the Fund for the year ending November 30, 2013. During this renewal process, different Board members may have given different weight to different individual factors and related conclusions.

**Table of Contents**

ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)

**APPROVAL OF NEW SUB-ADVISORY CONTRACT WITH ING INVESTMENT MANAGEMENT CO. LLC**

At a meeting of the Board held on January 10, 2013, the Board, including a majority of the Independent Trustees, determined to: (1) appoint ING Investment Management Co. LLC ( ING IM ) as Sub-Adviser to the Fund; and (2) approve a sub-advisory agreement with ING IM (the Proposed ING IM Sub-Advisory Agreement ) under which it would serve as an additional sub-adviser to the Fund.

In determining whether to approve the Proposed ING IM Sub-Advisory Agreement, the Board received and evaluated such information as it deemed necessary for an informed determination of whether the Proposed ING IM Sub-Advisory Agreement should be approved for the Fund. The materials provided to the Board to inform its consideration of whether to approve the Proposed ING IM Sub-Advisory Agreement included: (1) memoranda and related materials provided to the Board in advance of its January 10, 2013 meeting discussing Management 's rationale for recommending that ING IM serve as Sub-Adviser to the Fund to secure additional resources for the Fund, which may be used in managing Fund assets in the future; (2) ING IM 's responses to inquiries from K&L Gates, counsel to the Independent Trustees; (3) supporting documentation, including copies of the forms of the Proposed ING IM Sub-Advisory Agreement; and (4) other information relevant to the Board 's evaluation.

In reaching its decision to engage ING IM as Sub-Adviser to the Fund, the Board, including a majority of the Independent Trustees, considered a number of factors, including, but not limited to, the following: (1) ING Investments ' view with respect to the reputation of ING IM as a manager to similar funds; (2) ING IM 's strength and reputation in the industry; (3) the nature, extent, and quality of the services to be provided by ING IM under the Proposed ING IM Sub-Advisory Agreement; (4) the personnel, operations, financial condition, and investment management capabilities, methodologies, and resources of ING IM and its fit among the stable of managers in the ING Funds line-up; (5) that no Fund assets would be allocated to ING IM immediately upon its appointment but that such assets could be allocated to ING IM 's management in the future; (6) that the portfolio management team for the Fund would not change and the appointment of ING IM did not involve a modification to the resources currently devoted to the Fund 's management or its investment philosophy or strategies; (7) the fairness of the compensation under

the Proposed ING IM Sub-Advisory Agreement in light of the services to be provided by ING IM and the projected profitability of ING IM as a sub-adviser to the Fund; (8) the costs for the services to be provided by ING IM, including that the management fee rate would not change upon the appointment of ING IM; (9) the sub-advisory fee rate payable by ING Investments to ING IM; (10) ING IM 's operations and compliance program, including its policies and procedures intended to assure compliance with the federal securities laws; (11) the appropriateness of the selection of ING IM in light of the Fund 's investment objective and investor base; and (12) ING IM 's Code of Ethics, which had been approved by the Board previously, and related procedures for complying with that Code.

In determining to approve the Proposed ING IM Sub-Advisory Agreement, the Board considered the same factors and reached the same conclusions, as applicable, as described in the above under the section titled BOARD



**CONSIDERATION AND RE-APPROVAL OF INVESTMENT ADVISORY AND SUB-ADVISORY CONTRACTS.**

After its deliberation, the Board reached the following conclusions: (1) ING IM should be appointed to serve as a Sub-Adviser to the Fund under the Proposed ING IM Sub-Advisory Agreement; (2) the sub-advisory fee rate payable by ING Investments to ING IM is reasonable in the context of all factors considered by the Board; and (3) ING IM maintains an appropriate compliance program, with this conclusion based upon, among other things, reports from the Fund's Chief Compliance Officer evaluating whether ING IM's compliance policies and procedures are reasonably designed to assure compliance with the federal securities laws. Based on these conclusions and other factors, the Board voted to approve the Proposed ING IM Sub-Advisory Agreement for the Fund. During their deliberations, different Board members may have given different weight to different individual factors and related conclusions.

**APPROVAL OF INVESTMENT ADVISORY AND SUB-ADVISORY CONTRACTS IN CONNECTION WITH SEPARATION PLAN**

Pursuant to an agreement with the European Commission, ING Groep has announced its intention to divest ING U.S., Inc. ( ING U.S. ), a wholly owned, indirect subsidiary of ING Groep and a parent company of ING Investments and ING IM (such divestment, the Separation Plan ). ING Groep's base case to achieve the Separation Plan is through an initial public offering

**Table of Contents**

ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)

of ING U.S. (the IPO ) followed by the divestment of ING Groep s remaining ownership interest over time through one or more additional public offerings of ING U.S. stock, or, possibly, through one or more privately negotiated sales of the stock. (While the Separation Plan is the base case, it is possible that the Separation Plan may be achieved by means of a sale to a single buyer or group of buyers.)

The Fund is subject to the 1940 Act, which provides that any investment advisory agreement, including any sub-advisory agreement, must terminate automatically upon its assignment. As used in the 1940 Act, the term assignment includes any transfer of a controlling block of outstanding voting securities of an adviser or the parent company of an adviser. Such a transfer is often referred to as a Change of Control Event. It is anticipated that one or more of the transactions contemplated by the Separation Plan would be deemed a Change of Control Event.

As described above, the Separation Plan contemplates one or more transactions, commencing with the IPO, that are expected to result ultimately in a direct or indirect Change of Control Event for ING Investments and ING IM, which in turn would result in the automatic termination of the current advisory agreement and current sub-advisory agreements, including the sub-advisory agreement with IIMA (collectively, the Current Agreements ). The decisions by the Board, including a majority of the Independent Trustees, to approve a proposed new advisory agreement and a proposed new sub-advisory agreements for the Fund (collectively, the Proposed Agreements ) were based on a determination by the Board that it would be in the best interests of the shareholders of the Fund for ING Investments, ING IM and IIMA to continue providing investment advisory, sub-advisory, and related services for the Fund, without interruption, as consummation of the Separation Plan proceeds.

The Board was aware that the IPO may not result immediately in a Change of Control Event, but also recognized that the Separation Plan contemplates a series of transactions that are expected to result in one or more Change of Control Events in the future. The Board concluded that approval by shareholders at this time of both the Proposed Agreements and future agreements that may become effective upon certain Change of Control Events in the future will permit the Fund to benefit from the continuation of services by the Adviser, Sub-Advisers and their affiliates throughout the Separation Plan without the need for

multiple shareholder meetings. The Board was informed by the Adviser and its counsel that the Adviser is seeking to obtain regulatory assurances that the staff of the SEC would not object to approval of future agreements by shareholders at this time.

Prior to its approval of the Proposed Agreements, the Board reviewed, among other matters, the quality, extent, and nature of the services currently being provided by ING Investments, ING IM and IIMA under the Current Agreements and to be provided under the Proposed Agreements. A substantial portion of this review was conducted as part of, and in conjunction with, the Board s annual reviews of the Current Agreements, which were most recently approved for continuation at an in-person meeting of the Board held on November 29, 2012. During the review process that led to its approval of the Current Agreements on November 29, 2012, the Board was aware that it likely would be asked in the very near future to consider approval of the Proposed Agreements.

On November 29, 2012, as applicable, the Board concluded, in light of all factors it considered, including undertakings by the Adviser relating to certain follow-up actions, that the approval of the Current Agreements was in the best interests of the Fund and its shareholders and that the fee rates set forth in the Current Agreements were fair and reasonable. Among other factors, the Board considered: (1) the nature, extent and quality of services provided and to be provided under the Current Agreements; (2) the extent to which economies of scale are reflected in fee rate schedules under the Current Agreements; (3) the existence of any fall-out benefits to the Adviser, Sub-Advisers and their affiliates; (4) a comparison of fee rates, expense ratios, and investment performance to those of similar funds; and (5) the costs incurred and profits realized by the Adviser, Sub-Advisers and their affiliates with respect to their services to the Fund. A further description of the process followed by the Board in approving the continuation of the Current Agreements on November 29, 2012, including the information reviewed, certain material factors considered and certain related conclusions reached, is set forth above under the section titled **BOARD CONSIDERATION AND RE-APPROVAL OF INVESTMENT ADVISORY AND SUB-ADVISORY CONTRACTS**.

In connection with its approval of the Proposed Agreements, on January 10, 2013, the Board considered its conclusions in connection with its November 29, 2012 approvals of those Current Agreements that were in effect on that date, including the Board's general

**Table of Contents**

ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)

satisfaction with the nature, extent and quality of services being provided and, as applicable, actions taken or to be taken in certain instances to improve the relationship between the costs and the quality of services being provided. Also in connection with its January 10, 2013 approvals of the Proposed Agreements, the Board considered a representation made to it on that date by the Adviser's president that there were no additional developments not already disclosed to the Board since November 29, 2012 that would be a material consideration to the Board in connection with its consideration of the Proposed Agreements.

As a result, in addition to the information identified above, in considering the Proposed Agreements, the Board focused its review on, and requested and evaluated other information relating to, the potential impact of implementing the Separation Plan on the operations, personnel, organizational structure, capitalization, and financial and other resources of the Adviser and its affiliates that render investment sub-advisory, administrative, distribution, compliance and other services to the Fund. When making its decisions on January 10, 2013, the Board took into account that, commencing in early 2011, it had posed ongoing inquiries to, and received regular updates from, management relating to the Separation Plan.

Between November 2012 and January 2013, the Board and its committees accelerated their due diligence processes by engaging in an extensive review and analysis of additional information regarding the proposed IPO and related matters. This analysis focused on, among other matters, the expectations for continuity and stability of ING U.S. throughout implementation of the Separation Plan and thereafter. In this connection, the Board considered that the Separation Plan is being implemented as a result of legal and regulatory commitments by ING Groep, that the Board generally has been satisfied with the nature, extent and quality of the services provided to the Fund, including investment advisory, administrative and support services, and that it would be in the Fund's best interests to maintain continuity and stability of the services currently being provided. The Board carefully considered ING U.S.'s anticipated future plans related to capitalization, operational matters, and the retention of current levels of staffing and related compensation structures, as well as the desires of its senior executives and key employees and the importance of the investment management operations within the ING U.S. business structure going forward.

Among other steps in its nearly two-year due diligence process, which accelerated upon ING U.S.'s Form S-1 filing, the following actions were taken and considered by or on behalf of the Board:

1. The Independent Trustees solicited and received ongoing advice regarding the Board's legal duties from K&L Gates, legal counsel for such Board members, which law firm has extensive experience regarding such matters.
2. The Independent Trustees established an Ad Hoc IPO Transaction Committee (the "IPO Committee"), consisting exclusively of Independent Trustees, to help oversee, coordinate, and perform portions of the Board's due diligence activities. In this connection, the IPO Committee considered, among other matters, relevant legal guidance and the processes followed by certain other investment company boards of directors or trustees when they approved contracts in connection with Change of Control events.

3. The Independent Trustees, with assistance from K&L Gates, prepared written inquiries to the Adviser and its affiliates regarding the IPO, including details regarding ING U.S.'s anticipated business plan for continuing operations after the IPO and potential Change of Control Events.

4. The Board received and evaluated written responses from the Adviser and its affiliates pursuant to inquiries made on the Board's behalf. These evaluations were conducted through a series of separate meetings by the Board's Audit Committee, Compliance Committee, Contracts Committee, Domestic Equity Funds Investment Review Committee, International/Balanced/Fixed Income Funds Investment Review Committee, Nominating and Governance Committee, and IPO Committee (collectively, the Committees), and by the Independent Trustees (which, at times, included one or both Board members who are not Independent Trustees). With respect to services to be rendered to the Fund by ING U.S. during implementation of the Separation Plan, each Committee evaluated matters relating to those services typically overseen by such Committee (and, in the case of the IPO Committee, relevant matters not otherwise assigned to a standing Committee). Future references herein to actions taken by the Board or the Independent Trustees may include, in some instances, actions taken by one or more of the Committees.

5. The Board requested and participated in a series of in-person and/or telephonic meetings involving presentations from senior management personnel at

**Table of Contents**

ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)

ING U.S. (including its Chief Executive Officer, Chief Operating Officer, Chief Risk Officer, Head of Corporate Development, Head of Proprietary Investments, and the heads of each proposed primary operating unit of ING U.S.), as well as from senior management of the Adviser and its affiliates, including senior human resources personnel, senior investment personnel, and senior compliance personnel at ING IM. The Board also requested and had such meetings with the Fund's Chief Compliance Officer and Chief Investment Risk Officer who, as a matter of course, report directly to the Board or its Committees.

6. The Board received and reviewed the preliminary Form S-1 that contained extensive information relating to, among other matters, ING U.S.'s anticipated business plans and financial structure. In this connection, the Board considered, among other matters: the anticipated arrangements between ING Groep and ING U.S. over the course of the Separation Plan; the anticipated use of potential proceeds of the capital that would be raised through the Form S-1 offering (including that portion of potential proceeds that may be retained by ING Groep and that portion that may be dedicated to the capitalization and operations of ING U.S., including its asset management operations); the potential short-term and long-term financial consequences to ING U.S. of the closed book of variable annuity business that would be maintained by ING U.S.-affiliated insurance companies; and other information provided by the Adviser and its affiliates.

7. K&L Gates retained Grail Partners LLC ( Grail ), an independent investment banking firm with extensive experience relating to business operations such as those to be conducted by ING U.S., in order to help K&L Gates evaluate and advise the Board with respect to, among other matters, details of ING U.S.'s anticipated business plan and financial capitalization as set forth in its Form S-1 and related information provided by the Adviser and its affiliates, including the potential implications to the Adviser and its non-insurance affiliates of insurance regulations and related capitalization matters. The Independent Trustees or IPO Committee members attended certain in-person and telephone conference call meetings at which Grail rendered advice to K&L Gates regarding these matters and responded to questions.

8. The Independent Trustees, the Board, and many of its Committees held in-person meetings on November 27, 28, and 29, 2012 during which, among other actions, they evaluated the responsive due diligence information provided to date by the Adviser

and its affiliates, and considered input from K&L Gates, Grail, and others regarding the Form S-1. At the conclusion of these meetings, the Independent Trustees and the Committees posed to the Adviser and its affiliates a series of follow-up information requests.

9. Among the follow-up actions arising from the November 27, 28, and 29 meetings, the Independent Trustees requested and received written assurances that the Adviser and its affiliates: are committed to maintaining appropriate levels of overall staffing, ongoing resources and service quality; and throughout the time period during which the Separation Plan is implemented, will notify and consult with the Board in advance if management proposes to take certain actions with respect to these matters. The Board considered that such services include, but are not limited to, portfolio management services, administrative services, and regulatory compliance services. In this regard, the Board

considered representations by the Adviser and its affiliates that their separation from ING Groep as contemplated by the Separation Plan will not lead to a reduction in the quality or scope of these and other services provided by those firms to the Fund. The Board also considered that the importance of the asset management operations to the overall success of ING U.S., as described by the Form S-1 and during presentations by senior ING U.S. management personnel, could provide a strong incentive to ING U.S. to provide appropriate resource allocations to support those asset management operations.

10. The Board considered representations by the Adviser and its affiliates that approval of the Proposed Agreements would be necessary for the Fund to continue receiving investment management services from ING Investments, ING IM and IIMA following the Change of Control Events contemplated by the Separation Plan.

11. The Board considered representations by the Adviser and its affiliates, as well as related supporting documentation, indicating that the Proposed Agreements, including the fees payable thereunder, are substantially similar to and, in any event, are no less favorable to the Fund than, the terms of the corresponding Current Agreements.

12. The Board considered that, to the extent that the Proposed Agreements do have changes, those changes are designed to benefit shareholders and/or to provide management, subject to Board supervision, with greater flexibility to manage the Fund in a manner

**Table of Contents**

ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)

consistent with stated investment objectives. In this connection, the Board considered, among other matters, the Adviser's representation that no material changes would be made to the Proposed Agreements, as compared to the Current Agreements, with respect to the material contractual terms that were previously negotiated under which the Fund and ING Investments, ING IM and IIMA currently operate, including contractual provisions relating to fees and expenses.

13. The Board considered representations by the Adviser and its affiliates, including senior investment management personnel, as well as related supporting documentation, indicating that: (a) ING Investments, ING IM and IIMA can be expected to provide services of the same nature, extent, and quality under the Proposed Agreements as are provided thereby under the Current Agreements; and (b) the Separation Plan is not expected to result in any changes to: (i) the management of the Fund, including the continuity of the Fund's portfolio managers and other personnel responsible for the management operations of the Fund; or (ii) the investment objective of or the principal investment strategies used to manage any of the Fund.

14. The Board considered the steps by the Adviser and its affiliates that have been taken and are planned to be taken to retain the employment of key personnel, including incentive compensation plan arrangements, as well as the overall positive indications by many such personnel regarding the opportunities presented by the Separation Plan to create and grow an investment management operation that is independent from other ING Groep banking and insurance operations that will not be part of ING U.S.

15. The Board considered that the Adviser and its affiliates have agreed to bear all expenses associated with obtaining shareholder approval of the Proposed Agreements.

16. The Board considered ING U.S.'s preliminary branding plans regarding the future name of its asset management operations, as well as its anticipated ability to continue to use the ING brand name for such operations for a period of time following the IPO.

17. The Board considered the advice provided by Dechert LLP, legal counsel to the Fund and the Adviser, with respect to the Proposed Agreements (including advice relating to the process and timing of seeking shareholder approval of the Proposed Agreements, and whether shareholder approvals would be required in connection with any future aspects of the Separation Plan following the IPO) and regarding the Board's role

and responsibilities with respect to ING Groep's restructuring.

18. The Board considered the legal obligation of ING Groep under the Separation Plan to divest its ownership interest in ING U.S., as well as certain potential advantages and disadvantages to shareholders of the Fund of this divestiture, and certain potential advantages and disadvantages of alternative divestiture actions that ING Groep might be forced to take if the Proposed Agreements are not approved by the Board or by shareholders of the Fund.



19. The Board considered peer group and benchmark investment performance comparison data relating to the Fund that was more current than related comparison data considered by it in connection with the November 29, 2012 approvals of the Current Agreements.

20. The Board considered actions taken by the Adviser subsequent to the November 29, 2012 approvals of the Current Agreements with respect to certain ING Funds in response to requests made by the Board in connection with those approvals.

21. The Board considered the potential benefits to be realized by the Adviser and its affiliates as a result of the Proposed Agreements.

22. The Board considered that, if shareholders approve the Proposed Agreements, the Board currently expects to continue to conduct an annual contracts review process consistent with the process it would have conducted had the Current Agreements continued in effect and not been replaced by the Proposed Agreements, notwithstanding the two-year initial term set forth in the Proposed Agreements. For example, if the Proposed Agreements are approved by shareholders in 2013, the Board would not legally be required to review or renew those contracts until 2015. However, the Board currently intends to conduct annual reviews of such contracts in 2013 and 2014, and ING has consented to this process. Thus, the Board emphasized that it would be able to, and intends to, monitor on a regular basis the ability of the Adviser and its affiliates to comply with their undertakings to the Board and to monitor on an ongoing basis the quality of services to, and expenses of, the Fund. In addition, the Board considered that, under the Proposed Agreements, it will continue to have the authority, should the need arise in its view, to terminate any of the Proposed Agreements without penalty upon 60 days notice.

**Table of Contents**

ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)

Based on the foregoing and other relevant considerations, at a meeting of the Board held on January 10, 2013, the Board, including a majority of the Independent Trustees, voted to approve the Proposed Agreements and to recommend approval of the Proposed Agreements by shareholders of the Fund. In this connection, the Board concluded that, in light of all factors considered, the terms of the Proposed Agreements, including fee rates, were fair and reasonable, and that it would be in the best interests of shareholders of the Fund to approve the Proposed Agreements so as to enable there to be a continuation

without interruption of the current services being provided by the current service providers pursuant to the Current Agreements. In this connection, the Board noted that no one factor was determinative of its decisions which, instead, were premised upon the totality of factors considered. In this connection, the Board also noted that different Board members likely placed emphasis on different factors in reaching their individual conclusions to vote in favor of the Proposed Agreements and to recommend approval of the Proposed Agreements to shareholders.

**Table of Contents**

SHAREHOLDER MEETING INFORMATION (UNAUDITED)

**An annual meeting of shareholders of the ING Emerging Markets High Dividend Equity Fund was held July 5, 2012, at the offices of ING Funds, 7337 East Doubletree Ranch Road, Suite 100, Scottsdale, AZ 85258.**

**ING Emerging Markets High Dividend Equity Fund, Class I Trustees**

- 1 To elect three members of the Board of Trustees to represent the interests of the holders of Common Shares of the Fund, with all three individuals to serve as Class I Trustees, for a term of three-years, and until the election and qualification of their successors.

	<b>Proposal*</b>	<b>Shares voted for</b>	<b>Shares voted against or withheld</b>	<b>Shares abstained</b>	<b>Total Shares Voted</b>
Class I Trustees	<b>Colleen D. Baldwin</b>	18,053,056.336	195,310.557		18,248,366.893
	<b>Robert W. Crispin</b>	15,668,126.225	2,580,240.668		18,248,366.893
	<b>Peter S. Drotch</b>	18,024,017.122	224,349.771		18,248,366.893

\* Proposal Passed

**Table of Contents**

ADDITIONAL INFORMATION (UNAUDITED)

During the period, there were no material changes in the Fund's investment objective or policies that were not approved by the shareholders or the Fund's charter or by-laws or in the principal risk factors associated with investment in the Fund. Effective September 15, 2012, Robert Davis was added as a person responsible for the day-to-day management of the Fund.

During the fiscal year, the Fund reduced its quarterly distribution from \$0.40 to \$0.36 per quarter, commencing with the distribution paid on October 1, 2012.

**Dividend Reinvestment Plan**

Unless the registered owner of Common Shares elects to receive cash by contacting Computershare Shareowner Services LLC (the Plan Agent), all dividends declared on Common Shares of the Fund will be automatically reinvested by the Plan Agent for shareholders in additional Common Shares of the Fund through the Fund's Dividend Reinvestment Plan (the Plan). Shareholders who elect not to participate in the Plan will receive all dividends and other distributions in cash paid by check mailed directly to the shareholder of record (or, if the Common Shares are held in street or other nominee name, then to such nominee) by the Plan Agent. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Agent prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution. Some brokers may automatically elect to receive cash on your behalf and may re-invest that cash in additional Common Shares of the Fund for you. If you wish for all dividends declared on your Common Shares of the Fund to be automatically reinvested pursuant to the Plan, please contact your broker.

The Plan Agent will open an account for each Common Shareholder under the Plan in the same name in which such Common Shareholder's Common Shares are registered. Whenever the Fund declares a dividend or other distribution (together, a Dividend) payable in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the equivalent in Common Shares. The Common Shares will be acquired by the Plan Agent for the participants' accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized Common Shares from the Fund ( Newly Issued Common Shares ) or (ii) by purchase of

outstanding Common Shares on the open market ( Open-Market Purchases ) on the NYSE or elsewhere. Open-market purchases and sales are usually made through a broker affiliated with the Plan Agent.

If, on the payment date for any Dividend, the closing market price plus estimated brokerage commissions per Common Share is equal to or greater than the net asset value per Common Share, the Plan Agent will invest the Dividend amount in Newly Issued Common Shares on behalf of the participants. The number of Newly Issued Common Shares to be credited to each participant's account will be determined by dividing the dollar amount of the Dividend by the net asset value per Common Share on the payment date; provided that, if the net asset value is less than or equal to 95% of the closing market value on the payment date, the dollar amount of the Dividend will be divided by 95% of the closing market price per Common Share on the payment date. If, on the payment date for any

Dividend, the net asset value per Common Share is greater than the closing market value plus estimated brokerage commissions, the Plan Agent will invest the Dividend amount in Common Shares acquired on behalf of the participants in Open-Market Purchases. In the event of a market discount on the payment date for any Dividend, the Plan Agent will have until the last business day before the next date on which the Common Shares trade on an ex-dividend basis or 30 days after the payment date for such Dividend, whichever is sooner (the Last Purchase Date ), to invest the Dividend amount in Common Shares acquired in Open-Market Purchases.

The Fund pays quarterly Dividends. Therefore, the period during which Open-Market Purchases can be made will exist only from the payment date of each Dividend through the date before the next ex-dividend date, which typically will be approximately ten days.

If, before the Plan Agent has completed its Open-Market Purchases, the market price per common share exceeds the net asset value per Common Share, the average per Common Share purchase price paid by the Plan Administrator may exceed the net asset value of the Common Shares, resulting in the acquisition of fewer Common Shares than if the Dividend had been paid in Newly Issued Common Shares on the Dividend payment date. Because of the foregoing difficulty with respect to Open-Market Purchases, the Plan provides that if the Plan Agent is unable to invest the full Dividend amount in Open-Market Purchases during the purchase period or if the market discount shifts to a

**Table of Contents**

ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)

market premium during the purchase period, the Plan Agent will cease making Open-Market Purchases and will invest the un-invested portion of the Dividend amount in Newly Issued Common Shares at the net asset value per common share at the close of business on the Last Purchase Date provided that, if the net asset value is less than or equal to 95% of the then current market price per Common Share, the dollar amount of the Dividend will be divided by 95% of the market price on the payment date.

The Plan Agent maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Common Shares in the account of each Plan participant will be held by the Plan Agent on behalf of the Plan participant, and each shareholder proxy will include those shares purchased or received pursuant to the Plan. The Plan Agent will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instructions of the participants.

In the case of shareholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of Common Shares certified from time to time by the record shareholder's name and held for the account of beneficial owners who participate in the Plan.

There will be no brokerage charges with respect to Common Shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commissions incurred in connection with Open-Market Purchases. The automatic reinvestment of Dividends will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such Dividends. Participants that request a partial or full sale of shares through the Plan Agent are subject to a \$15.00 sales fee and a \$0.10 per share brokerage commission on purchases or sales, and may be subject to certain other service charges.

The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants with regard to purchases in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All questions concerning the Plan should be directed to the Fund's Shareholder Service Department at (800) 992-0180.

**KEY FINANCIAL DATES CALENDAR 2012 DISTRIBUTIONS:**

<b>Declaration Date</b>	<b>Ex Date</b>	<b>Payable Date</b>
March 15, 2013	April 1, 2013	April 15, 2013
June 17, 2013	July 1, 2013	July 15, 2013
September 16, 2013	October 1, 2013	October 15, 2013
December 16, 2013	December 27, 2013	January 15, 2014

*Record date will be two business days after each Ex-Dividend Date. These dates are subject to change.*

### **Stock Data**

The Fund's common shares are traded on the NYSE (Symbol: IHD).

### **Repurchase of Securities by Closed-End Companies**

In accordance with Section 23(c) of the 1940 Act, and Rule 23c-1 under the 1940 Act the Fund may from time to time purchase shares of beneficial interest of the Fund in the open market, in privately negotiated transactions and/or purchase shares to correct erroneous transactions.

### **Number of Shareholders**

The approximate number of record holders of Common Stock as of February 28, 2013 was 7, which does not include approximately 6,285 beneficial owners of shares held in the name of brokers of other nominees.

### **Certifications**

In accordance with Section 303A.12 (a) of the New York Stock Exchange Listed Company Manual, the Fund's CEO submitted the Annual CEO Certification on August 2, 2012 certifying that he was not aware, as of the date of submission, of any violation by the Fund of the NYSE's Corporate governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Fund's principal executive and financial officers have made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q, relating to, among other things, the Fund's disclosure controls and procedures and internal controls over financial reporting.

**Table of Contents**

**Investment Adviser**

ING Investments, LLC

7337 East Doubletree Ranch Road, Suite 100

Scottsdale, Arizona 85258

**Administrator**

ING Funds Services, LLC

7337 East Doubletree Ranch Road, Suite 100

Scottsdale, Arizona 85258

**Transfer Agent**

Computershare Shareowner Services LLC.

480 Washington Boulevard

Jersey City, New Jersey 07310-1900

**Independent Registered Public Accounting Firm**

KPMG LLP

Two Financial Center

60 South Street

Boston, Massachusetts 02111

**Custodian**

The Bank of New York Mellon

One Wall Street

New York, New York 10286

**Legal Counsel**

Dechert LLP

1900 K Street, N.W.



Washington, D.C. 20006

**Toll-Free Shareholder Information**

Call us from 9:00 a.m. to 7:00 p.m. Eastern time on any business day for account or other information, at (800) 992-0180

AR-UIHD

(0213-042413)

## **Table of Contents**

### **Item 2. Code of Ethics.**

As of the end of the period covered by this report, Registrant had adopted a code of ethics, as defined in Item 2 of Form N-CSR, that applies to the Registrant's principal executive officer and principal financial officer. There were no amendments to the Code during the period covered by the report. The Registrant did not grant any waivers, including implicit waivers, from any provisions of the Code during the period covered by this report. The code of ethics is filed herewith pursuant to Item 10(a)(1), Exhibit 99.CODE ETH.

### **Item 3. Audit Committee Financial Expert.**

The Board of Trustees has determined that J. Michael Earley, Peter S. Drotch and Colleen Baldwin are audit committee financial experts, as defined in Item 3 of Form N-CSR. Mr. Earley, Mr. Drotch and Ms. Baldwin are independent for purposes of Item 3 of Form N-CSR.

### **Item 4. Principal Accountant Fees and Services.**

- (a) **Audit Fees:** The aggregate fees billed for each of the last two fiscal years for professional services rendered by KPMG LLP ( KPMG ), the principal accountant for the audit of the registrant's annual financial statements, for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were \$24,500 for the year ended February 28, 2013 and \$24,500 for the year ended February 29, 2012.
- (b) **Audit-Related Fees:** The aggregate fees billed in each of the last two fiscal years for assurance and related services by KPMG that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this item were \$2,400 for the year ended February 28, 2013 and \$2,400 for the year ended February 29, 2012.
- (c) **Tax Fees:** The aggregate fees billed in each the last two fiscal years for professional services rendered by KPMG for tax compliance, tax advice, and tax planning were \$8,926 in the year ended February 28, 2013 and \$7,278 for the year ended February 29, 2012. Such services included review of excise distribution calculations (if applicable), preparation of the Funds' federal, state and excise tax returns, tax services related to mergers and routine consulting.
- (d) **All Other Fees:** The aggregate fees billed in each of the last two fiscal years for all other fees were \$2,500 for the year ended February 28, 2013 and \$0 for the year ended February 29, 2012.
- (e)(1) **Audit Committee Pre-Approval Policies and Procedures**

**Table of Contents**

**AUDIT AND NON-AUDIT SERVICES**

**PRE-APPROVAL POLICY**

**I. Statement of Principles**

Under the Sarbanes-Oxley Act of 2002 (the Act), the Audit Committee of the Board of Directors or Trustees (the Committee) of the ING Funds (each a Fund, collectively, the Funds) set out on Exhibit A to this Audit and Non-Audit Services Pre-Approval Policy (Policy) is responsible for the oversight of the work of the Funds' independent auditors. As part of its responsibilities, the Committee must pre-approve the audit and non-audit services performed by the auditors in order to assure that the provision of these services does not impair the auditors' independence from the Funds. The Committee has adopted, and the Board has ratified, this Policy, which sets out the procedures and conditions under which the services of the independent auditors may be pre-approved.

Under Securities and Exchange Commission (SEC) rules promulgated in accordance with the Act, the Funds may establish two different approaches to pre-approving audit and non-audit services. The Committee may approve services without consideration of specific case-by-case services (general pre-approval) or it may pre-approve specific services (specific pre-approval). The Committee believes that the combination of these approaches contemplated in this Policy results in an effective and efficient method for pre-approving audit and non-audit services to be performed by the Funds' independent auditors. Under this Policy, services that are not of a type that may receive general pre-approval require specific pre-approval by the Committee. Any proposed services that exceed pre-approved cost levels or budgeted amounts will also require the Committee's specific pre-approval.

For both types of approval, the Committee considers whether the subject services are consistent with the SEC's rules on auditor independence and that such services are compatible with maintaining the auditors' independence. The Committee also considers whether a particular audit firm is in the best position to provide effective and efficient services to the Funds. Reasons that the auditors are in the best position include the auditors' familiarity with the Funds' business, personnel, culture, accounting systems, risk profile, and other factors, and whether the services will enhance the Funds' ability to manage and control risk or improve audit quality. Such factors will be considered as a whole, with no one factor being determinative.

The appendices attached to this Policy describe the audit, audit-related, tax-related, and other services that have the Committee's general pre-approval. For any service that has been approved through general pre-approval, the general pre-approval will remain in place for a period 12 months from the date of pre-approval, unless the Committee determines that a different period is appropriate. The Committee will annually review and pre-approve the services that may be provided by the independent auditors without specific pre-approval. The Committee will revise the list of services subject to general pre-approval as appropriate. This Policy does not serve as a delegation to Fund management of the Committee's duty to pre-approve services performed by the Funds' independent auditors.

## **Table of Contents**

### **II. Audit Services**

The annual audit services engagement terms and fees are subject to the Committee's specific pre-approval. Audit services are those services that are normally provided by auditors in connection with statutory and regulatory filings or engagements or those that generally only independent auditors can reasonably provide. They include the Funds' annual financial statement audit and procedures that the independent auditors must perform in order to form an opinion on the Funds' financial statements (*e.g.*, information systems and procedural reviews and testing). The Committee will monitor the audit services engagement and approve any changes in terms, conditions or fees deemed by the Committee to be necessary or appropriate.

The Committee may grant general pre-approval to other audit services, such as statutory audits and services associated with SEC registration statements, periodic reports and other documents filed with the SEC or issued in connection with securities offerings.

The Committee has pre-approved the audit services listed on Appendix A. The Committee must specifically approve all audit services not listed on Appendix A.

### **III. Audit-related Services**

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or the review of the Funds' financial statements or are traditionally performed by the independent auditors. The Committee believes that the provision of audit-related services will not impair the independent auditors' independence, and therefore may grant pre-approval to audit-related services. Audit-related services include accounting consultations related to accounting, financial reporting or disclosure matters not classified as audit services; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; agreed-upon or expanded audit procedures relating to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements under Form N-SAR or Form N-CSR.

The Committee has pre-approved the audit-related services listed on Appendix B. The Committee must specifically approve all audit-related services not listed on Appendix B.

### **IV. Tax Services**

The Committee believes the independent auditors can provide tax services to the Funds, including tax compliance, tax planning, and tax advice, without compromising the auditors' independence. Therefore, the Committee may grant general pre-approval with respect to tax services historically provided by the Funds' independent auditors that do not, in the Committee's view, impair auditor independence and that are consistent with the SEC's rules on auditor independence.

The Committee will not grant pre-approval if the independent auditors initially recommends a transaction the sole business purpose of which is tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Committee may consult outside counsel to determine that tax planning and reporting positions are consistent with this Policy.



## **Table of Contents**

The Committee has pre-approved the tax-related services listed on Appendix C. The Committee must specifically approve all tax-related services not listed on Appendix C.

### **V. Other Services**

The Committee believes it may grant approval of non-audit services that are permissible services for independent auditors to a Fund. The Committee has determined to grant general pre-approval to other services that it believes are routine and recurring, do not impair auditor independence, and are consistent with SEC rules on auditor independence.

The Committee has pre-approved the non-audit services listed on Appendix D. The Committee must specifically approve all non-audit services not listed on Appendix D.

A list of the SEC's prohibited non-audit services is attached to this Policy as Appendix E. The SEC's rules and relevant guidance should be consulted to determine the precise definitions of these impermissible services and the applicability of exceptions to certain of the SEC's prohibitions.

### **VI. Pre-approval of Fee levels and Budgeted Amounts**

The Committee will annually establish pre-approval fee levels or budgeted amounts for audit, audit-related, tax and non-audit services to be provided to the Funds by the independent auditors. Any proposed services exceeding these levels or amounts require the Committee's specific pre-approval. The Committee considers fees for audit and non-audit services when deciding whether to pre-approve services. The Committee may determine, for a pre-approval period of 12 months, the appropriate ratio between the total amount of fees for the Fund's audit, audit-related, and tax services (including fees for services provided to Fund affiliates that are subject to pre-approval), and the total amount of fees for certain permissible non-audit services for the Fund classified as other services (including any such services provided to Fund affiliates that are subject to pre-approval).

### **VII. Procedures**

Requests or applications for services to be provided by the independent auditors will be submitted to management. If management determines that the services do not fall within those services generally pre-approved by the Committee and set out in the appendices to these procedures, management will submit the services to the Committee or its delegate. Any such submission will include a detailed description of the services to be rendered. Notwithstanding this paragraph, the Committee will, on a quarterly basis, receive from the independent auditors a list of services provided for the previous calendar quarter on a cumulative basis by the auditors during the Pre-Approval Period.

**Table of Contents**

**VIII. Delegation**

The Committee may delegate pre-approval authority to one or more of the Committee's members. Any member or members to whom such pre-approval authority is delegated must report any pre-approval decisions, including any pre-approved services, to the Committee at its next scheduled meeting. The Committee will identify any member to whom pre-approval authority is delegated in writing. The member will retain such authority for a period of 12 months from the date of pre-approval unless the Committee determines that a different period is appropriate. The period of delegated authority may be terminated by the Committee or at the option of the member.

**IX. Additional Requirements**

The Committee will take any measures the Committee deems necessary or appropriate to oversee the work of the independent auditors and to assure the auditors' independence from the Funds. This may include reviewing a formal written statement from the independent auditors delineating all relationships between the auditors and the Funds, consistent with Independence Standards Board No. 1, and discussing with the auditors their methods and procedures for ensuring independence.

Effective April 23, 2008, the KPMG LLP ( KPMG ) audit team for the ING Funds accepted the global responsibility for monitoring the auditor independence for KPMG relative to the ING Funds. Using a proprietary system called Sentinel, the audit team is able to identify and manage potential conflicts of interest across the member firms of the KPMG International Network and prevent the provision of prohibited services to the ING entities that would impair KPMG independence with the respect to the ING Funds. In addition to receiving pre-approval from the ING Funds Audit Committee for services provided to the ING Funds and for services for ING entities in the Investment Company Complex, the audit team has developed a process for periodic notification via email to the ING Funds Audit Committee Chairpersons regarding requests to provide services to ING Groep NV and its affiliates from KPMG offices worldwide. Additionally, KPMG provides a quarterly summary of the fees for services that have commenced for ING Groep NV and Affiliates at each Audit Committee Meeting.

Last Approved: November 29, 2012

**Table of Contents**

Appendix A

Pre-Approved Audit Services for the Pre-Approval Period January 1, 2013 through December 31, 2013

Service	The Fund(s)	Fee Range
Statutory audits or financial audits (including tax services associated with audit services)	ü	As presented to Audit Committee <sup>1</sup>
Services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings (e.g., consents), and assistance in responding to SEC comment letters.	ü	Not to exceed \$9,750 per filing
Consultations by Fund management with respect to accounting or disclosure treatment of transactions or events and/or the actual or potential effect of final or proposed rules, standards or interpretations by the SEC, Financial Accounting Standards Board, or other regulatory or standard setting bodies.	ü	Not to exceed \$8,000 during the Pre-Approval Period
Seed capital audit and related review and issuance of consent on the N-2 registration statement	ü	Not to exceed \$13,000 per audit

<sup>1</sup> For new Funds launched during the Pre-Approval Period, the fee ranges pre-approved will be the same as those for existing Funds, pro-rated in accordance with inception dates as provided in the auditors' Proposal or any Engagement Letter covering the period at issue. Fees in the Engagement Letter will be controlling.



**Table of Contents**

Appendix B

Pre-Approved Audit-Related Services for the Pre-Approval Period January 1, 2013 through December 31, 2013

Service	The Fund(s)	Fund Affiliates	Fee Range
Services related to Fund mergers (Excludes tax services. See Appendix C for tax services associated with Fund mergers)	ii	ii	Not to exceed \$10,000 per merger
Consultations by Fund management with respect to accounting or disclosure treatment of transactions or events and/or the actual or potential effect of final or proposed rules, standards or interpretations by the SEC, Financial Accounting Standards Board, or other regulatory or standard setting bodies. [Note: Under SEC rules some consultations may be audit services and others may be audit-related services.]	ii		Not to exceed \$5,000 per occurrence during the Pre-Approval Period
Review of the Funds' semi-annual and quarterly financial statements	ii		Not to exceed \$2,400 per set of financial statements per fund
Reports to regulatory or government agencies related to the annual engagement	ii		Up to \$5,000 per occurrence during the Pre-Approval Period
Regulatory compliance assistance	ii	ii	Not to exceed \$5,000 per quarter
Training courses		ii	Not to exceed \$2,000 per course
For Prime Rate Trust, agreed upon procedures for quarterly reports to rating agencies	ii		Not to exceed \$9,450 per quarter



**Table of Contents**

Appendix C

Pre-Approved Tax Services for the Pre-Approval Period January 1, 2013 through December 31, 2013

Service	The Fund(s)	Fund	Fee Range
Preparation of federal and state income tax returns and federal excise tax returns for the Funds including assistance and review with excise tax distributions	ü	Affiliates	As presented to Audit Committee <sup>2</sup>
Review of IRC Sections 851(b) and 817(h) diversification testing on a real-time basis	ü		As presented to Audit Committee <sup>2</sup>
Assistance and advice regarding year-end reporting for 1099 s	ü		As presented to Audit Committee <sup>2</sup>
Tax assistance and advice regarding statutory, regulatory or administrative developments	ü	ü	Not to exceed \$5,000 for the Funds or for the Funds' investment adviser during the Pre-Approval Period

<sup>2</sup> For new Funds launched during the Pre-Approval Period, the fee ranges pre-approved will be the same as those for existing Funds, pro-rated in accordance with inception dates as provided in the auditors' Proposal or any Engagement Letter covering the period at issue. Fees in the Engagement Letter will be controlling.

**Table of Contents**

Appendix C, *continued*

Service	The Fund(s)	Fund Affiliates	Fee Range
Tax training courses		ü	Not to exceed \$2,000 per course during the Pre-Approval Period
Tax services associated with Fund mergers	ü	ü	Not to exceed \$4,000 per fund per merger during the Pre-Approval Period
Other tax-related assistance and consultation, including, without limitation, assistance in evaluating derivative financial instruments and international tax issues, qualification and distribution issues, and similar routine tax consultations.	ü		Not to exceed \$120,000 during the Pre-Approval Period

**Table of Contents**

Appendix D

Pre-Approved Other Services for the Pre-Approval Period January 1, 2013 through December 31, 2013

Service	The Fund(s)	Fund Affiliates	Fee Range
Agreed-upon procedures for Class B share 12b-1 programs		ü	Not to exceed \$60,000 during the Pre-Approval Period
Security counts performed pursuant to Rule 17f-2 of the 1940 Act (i.e., counts for Funds holding securities with affiliated sub-custodians)	ü	ü	Not to exceed \$5,000 per Fund during the Pre-Approval Period
Cost to be borne 50% by the Funds and 50% by ING Investments, LLC.			
Agreed upon procedures for 15 (c) FACT Books	ü		Not to exceed \$35,000 during the Pre-Approval Period

**Table of Contents**

Appendix E

Prohibited Non-Audit Services

Dated: January 1, 2013 to December 31, 2013

Bookkeeping or other services related to the accounting records or financial statements of the Funds

Financial information systems design and implementation

Appraisal or valuation services, fairness opinions, or contribution-in-kind reports

Actuarial services

Internal audit outsourcing services

Management functions

Human resources

Broker-dealer, investment adviser, or investment banking services

Legal services

Expert services unrelated to the audit

Any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible

Table of Contents

**EXHIBIT A**

ING ASIA PACIFIC HIGH DIVIDEND EQUITY INCOME FUND

ING EMERGING MARKETS LOCAL BOND FUND

ING EMERGING MARKETS HIGH DIVIDEND EQUITY FUND

ING EQUITY TRUST

ING FUNDS TRUST

ING GLOBAL ADVANTAGE AND PREMIUM OPPORTUNITY FUND

ING GLOBAL EQUITY DIVIDEND AND PREMIUM OPPORTUNITY FUND

ING GLOBAL STRATEGIC INCOME FUND

ING INFRASTRUCTURE, INDUSTRIALS, AND MATERIALS FUND

ING INTERNATIONAL HIGH DIVIDEND EQUITY INCOME FUND

ING INVESTORS TRUST

ING MAYFLOWER TRUST

ING MUTUAL FUNDS

ING PARTNERS, INC.

ING PRIME RATE TRUST

ING RISK MANAGED NATURAL RESOURCES FUNDING INVESTORS TRUST

ING SENIOR INCOME FUND

ING SEPARATE PORTFOLIOS TRUST

ING VARIABLE INSURANCE TRUST

ING VARIABLE PRODUCTS TRUST

**Table of Contents**

- (e)(2) Percentage of services referred to in 4(b) – (4)(d) that were approved by the audit committee  
100% of the services were approved by the audit committee.
- (f) Percentage of hours expended attributable to work performed by other than full time employees of KPMG if greater than 50%.  
Not applicable.
- (g) Non-Audit Fees: The non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser, and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant were \$574,179 for the year ended February 28, 2013 and \$1,233,678 for the year ended February 29, 2012.
- (h) Principal Accountants Independence: The Registrant's Audit committee has considered whether the provision of non-audit services that were rendered to the registrant's investment adviser and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to Rule 2-01(c)(7)(ii) of Regulation S-X is compatible with maintaining KPMG's independence.

**Item 5. Audit Committee of Listed Registrants.**

- a. The registrant has a separately-designated standing audit committee. The members are J. Michael Earley, Patricia W. Chadwick and Peter S. Drotch.
- b. Not applicable.



**Table of Contents**

**Item 6. Schedule of Investments**

**Report of Independent Registered Public Accounting Firm**

The Shareholders and Board of Trustees

ING Emerging Markets High Dividend Equity Fund

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statements of assets and liabilities, including the summary portfolio of investments, of ING Emerging Markets High Dividend Equity Fund as of February 28, 2013, the related statement of operations for the year then ended, and the statements of changes in net assets and the financial highlights for the year then ended and the period from April 26, 2011 (commencement of operations) to February 29, 2012 and have issued our unqualified report thereon dated April 24, 2013 (which report and financial statements are included in Item 1 of this Certified Shareholder Report on Form N-CSR). In connection with our audits of the aforementioned financial statements and financial highlights, we also audited the related portfolio of investments included in Item 6 of this Form N-CSR. The portfolio of investments is the responsibility of management. Our responsibility is to express an opinion on the portfolio of investments based on our audits.

In our opinion, the portfolio of investments, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

Boston, Massachusetts

April 24, 2013

**Table of Contents**

**ING EMERGING MARKETS HIGH DIVIDEND EQUITY FUND**

**PORTFOLIO OF INVESTMENTS**

AS OF FEBRUARY 28, 2013

Shares		Value	Percentage of Net Assets
<b>COMMON STOCK:</b>		<b>86.5%</b>	
<b>Belgium:</b>		<b>1.2%</b>	
101,342	Oriflame Cosmetics S.A.	3,498,839	1.2
<b>Brazil:</b>		<b>11.1%</b>	
466,212	BM&F Bovespa S.A.	3,158,484	1.1
249,000	Cia Energetica de Minas Gerais ADR	2,963,100	1.1
519,747	Cia Siderurgica Nacional S.A.	2,625,781	0.9
109,100	Embraer SA ADR	3,702,854	1.3
181,171	Itau Unibanco Holding S.A.	3,209,895	1.1
190,184	Petroleo Brasileiro SA ADR	3,181,778	1.1
265,248	Porto Seguro SA	3,517,611	1.3
825,584	Tim Participacoes SA	3,607,811	1.3
289,306	Vale SA	5,342,091	1.9
		<b>31,309,405</b>	<b>11.1</b>
<b>Chile:</b>		<b>1.1%</b>	
8,179,877	Enersis SA	3,125,301	1.1
<b>China:</b>		<b>17.0%</b>	
908,000	BOC Hong Kong Holdings Ltd.	3,058,431	1.1
5,054,000	China Communications Services Corp., Ltd.	3,154,209	1.1
3,605,000	China Construction Bank	2,969,820	1.1
130,700	China Mobile Ltd. ADR	7,162,360	2.5
2,612,000	China Petroleum & Chemical Corp.	2,965,872	1.1
1,184,000	China Resources Power Holdings Co.	3,195,132	1.1
4,007,000	China Shanshui Cement Group Ltd.	2,862,438	1.0
1,861,000	China Shineway Pharmaceutical Group Ltd.	3,165,693	1.1
1,307,000	CNOOC Ltd.	2,554,421	0.9
1,645,000	Digital China Holdings Ltd.	2,578,339	0.9
3,434,000	Harbin Electric Co. Ltd.	2,998,061	1.1
4,128,000	Industrial and Commercial Bank of China Ltd.	2,959,442	1.0
2,882,000	Jiangsu Expressway Co. Ltd.	2,910,074	1.0
3,900,500	Parkson Retail Group Ltd.	2,534,447	0.9
3,709,000	Zhejiang Expressway Co., Ltd.	3,117,299	1.1
		<b>48,186,038</b>	<b>17.0</b>
<b>Colombia:</b>		<b>1.1%</b>	
366,900	Petrominerales Ltd.	3,059,724	1.1
<b>Czech Republic:</b>		<b>1.9%</b>	
84,587	CEZ A/S	2,542,869	0.9
13,746	Komerční Banka AS	2,793,955	1.0
		<b>5,336,824</b>	<b>1.9</b>
<b>Hong Kong:</b>		<b>1.9%</b>	
23,780,000	Emperor Watch & Jewellery Ltd.	2,601,380	0.9
749,000	Hang Lung Properties Ltd.	2,903,128	1.0

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			<b>5,504,508</b>	<b>1.9</b>
	<b>Hungary:</b>		<b>0.9%</b>	
17,132	Richter Gedeon Nyrt		<b>2,614,652</b>	<b>0.9</b>
	<b>India:</b>		<b>4.3%</b>	
648,904	Bharat Heavy Electricals Ltd.		2,393,702	0.8
970,903	NTPC Ltd.		2,693,018	1.0
575,578	Oil & Natural Gas Corp., Ltd.		3,315,981	1.2
446,163	Oriental Bank Of Commerce		2,255,151	0.8
102,808	Punjab National Bank		1,490,817	0.5
			<b>12,148,669</b>	<b>4.3</b>

**Table of Contents**

<b>Indonesia:</b>		<b>2.5%</b>		
7,529,000	Bank Negara Indonesia Persero Tbk PT		3,578,183	1.3
4,594,000	Indofood Sukses Makmur Tbk PT		3,463,569	1.2
			<b>7,041,752</b>	<b>2.5</b>
<b>Malaysia:</b>		<b>3.0%</b>		
1,994,866	Berjaya Sports Toto BHD		2,712,503	1.0
2,381,600	Gamuda BHD		2,957,537	1.0
1,770,400	IOI Corp. Bhd		2,806,976	1.0
			<b>8,477,016</b>	<b>3.0</b>
<b>Poland:</b>		<b>1.9%</b>		
488,732	PGE SA		2,493,665	0.9
21,690	Powszechny Zaklad Ubezpieczen SA		2,745,616	1.0
			<b>5,239,281</b>	<b>1.9</b>
<b>Qatar:</b>		<b>2.1%</b>		
141,775	Commercial Bank of Qatar		2,668,538	1.0
67,846	Industries Qatar QSC		3,167,101	1.1
			<b>5,835,639</b>	<b>2.1</b>
<b>Russia:</b>		<b>5.4%</b>		
336,900	CTC Media, Inc.		3,267,930	1.1
694,822	@ Gazprom OAO ADR		6,183,916	2.2
161,148	Mobile Telesystems OJSC ADR		3,334,152	1.2
229,810	Severstal		2,549,170	0.9
			<b>15,335,168</b>	<b>5.4</b>
<b>Singapore:</b>		<b>1.0%</b>		
179,000	United Overseas Bank Ltd.		<b>2,749,344</b>	<b>1.0</b>
<b>South Africa:</b>		<b>6.2%</b>		
465,865	Adcock Ingram Holdings Ltd.		2,889,228	1.0
337,515	Barloworld Ltd.		3,452,286	1.2
243,663	Gold Fields Ltd.		1,997,140	0.7
149,577	MTN Group Ltd.		2,909,118	1.1
67,543	Sasol Ltd.		2,872,739	1.0
243,663	Sibanye Gold Ltd.		351,395	0.1
229,676	Standard Bank Group Ltd.		2,963,586	1.1
			<b>17,435,492</b>	<b>6.2</b>
<b>South Korea:</b>		<b>11.0%</b>		
100,122	Hite Jinro Co. Ltd.		3,152,841	1.1
15,414	Hyundai Motor Co.		1,105,173	0.4
12,285	Hyundai Motor Co.		2,457,866	0.9
376,540	Hyundai Securities Co.		3,087,460	1.1
103,340	Kangwon Land, Inc.		3,135,251	1.1
85,660	KB Financial Group, Inc.		3,101,486	1.1
35,884	KT&G Corp.		2,558,350	0.9
9,484	Posco		3,088,830	1.1
21,878	Samsung Engineering Co. Ltd.		3,099,218	1.1
13,818	Samsung Fire & Marine Insurance Co. Ltd		2,907,967	1.0
76,250	Woongjin Coway Co., Ltd.		3,510,320	1.2

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		<b>31,204,762</b>	<b>11.0</b>
<b>Taiwan:</b>		<b>6.8%</b>	
1,197,959	Cheng Uei Precision Industry Co., Ltd.	2,292,726	0.8
4,756,080	Chinatrust Financial Holding Co., Ltd.	2,838,880	1.0
3,575,000	E Ink Holdings, Inc.	2,778,825	1.0
256,000	MediaTek, Inc.	2,901,611	1.0
1,831,700	Powertech Technology, Inc.	2,692,253	1.0
1,437,000	Synnex Technology International Corp.	2,930,135	1.0
1,676,000	TXC Corp.	2,663,036	1.0
		<b>19,097,466</b>	<b>6.8</b>
<b>Thailand:</b>		<b>1.1%</b>	
259,300	PTT PCL	<b>3,051,044</b>	<b>1.1</b>
<b>Turkey:</b>		<b>1.1%</b>	
736,222	Turk Telekomunikasyon AS	<b>3,035,729</b>	<b>1.1</b>

**Table of Contents**

<b>United Kingdom:</b>		<b>2.9%</b>		
531,179	Eurasian Natural Resources Corp.		2,707,221	1.0
522,929	Petropavlovsk PLC		2,382,451	0.8
117,866	Standard Chartered PLC		3,199,445	1.1
			<b>8,289,117</b>	<b>2.9</b>
<b>United States:</b>		<b>1.0%</b>		
75,773	Southern Copper Corp.		<b>2,863,462</b>	<b>1.0</b>
Total Common Stock (Cost \$ 256,460,463)			<b>244,439,232</b>	<b>86.5</b>
<b>PREFERRED STOCK:</b>		<b>1.0%</b>		
<b>Russia:</b>		<b>1.0%</b>		
1,176,381	Sberbank of Russia		<b>2,843,868</b>	<b>1.0</b>
Total Preferred Stock (Cost \$ 2,541,194)			<b>2,843,868</b>	<b>1.0</b>
<b>RIGHTS:</b>		<b>0.1%</b>		
<b>Chile:</b>		<b>0.1%</b>		
4,122,658	Enersis SA		<b>55,782</b>	<b>0.1</b>
<b>Taiwan:</b>		<b>0.0%</b>		
408,584	Chinatrust Financial Holding Co., Ltd.		<b>35,339</b>	<b>0.0</b>
Total Rights (Cost \$ )			<b>91,121</b>	<b>0.1</b>
Total Long-Term Investments (Cost \$ 259,001,657)			<b>247,374,221</b>	<b>87.6</b>
<b>SHORT-TERM INVESTMENTS:</b>		<b>12.1%</b>		
<b>Mutual Funds:</b>		<b>12.1%</b>		
34,286,542	BlackRock Liquidity Funds, TempFund, Institutional Class (Cost \$ 34,286,542)		<b>34,286,542</b>	<b>12.1</b>