

ING Infrastructure, Industrials & Materials Fund
Form N-CSR
May 07, 2010
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OMB APPROVAL
OMB Number: 3235-0570
Expires: August 31, 2011
Estimated average burden
hours per response: 18.9

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: 811-22144

ING Infrastructure, Industrials and Materials Fund

(Exact name of registrant as specified in charter)

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

85258
(Zip code)

The Corporation Trust Company, 1209 Orange

Street, Wilmington, DE 19801

(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, 2010**

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):

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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):

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Annual Report

February 28, 2010

ING Infrastructure, Industrials and Materials 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.

FUNDS

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Go Paperless with E-Delivery!

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.ingfunds.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.ingfunds.com and (3) on the SEC's website at 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.ingfunds.com and on the SEC's website at 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. The Fund's Forms N-Q are available on the SEC's website at 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; and is available upon request from the Fund by calling Shareholder Services toll-free at (800) 992-0180.

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PRESIDENT'S LETTER

Dear Shareholder,

ING Infrastructure, Industrials and Materials Fund (the Fund) is a newly organized, diversified, closed-end management investment company whose shares are traded on the New York Stock Exchange under the symbol IDE. The Fund's investment objective is total return through a combination of current income, capital gains and capital appreciation.

The Fund will seek to achieve its investment objective by investing in companies that own and/or operate infrastructure facilities in the infrastructure sector, and in a broad range of companies, principally in the industrials and materials sector that ING Investment Management Co. (the Sub-Adviser) believes will benefit from the building, renovation, expansion and utilization of infrastructure.

Based on net asset value (NAV), the Fund had a total return of 0.73% for the period from inception on January 26, 2010 through February 28, 2010⁽¹⁾. Based on its share price as of February 28, 2010, the Fund provided a total return of 0.00% for the period from inception on January 26, 2010 through February 28, 2010⁽²⁾. The Fund intends to implement a level distribution strategy and make regular quarterly distributions to shareholders based on the past and projected performance of the Fund.

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.ingfunds.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 P. Mathews

President

ING Funds

April 9, 2010

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 disclaims 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.

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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.ingfunds.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 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.

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MARKET PERSPECTIVE: YEAR ENDED FEBRUARY 28, 2010

Global equities in the form of the MSCI World Index^{SM(1)} measured in local currencies, including net reinvested dividends (MSCI for regions discussed below), staged a dramatic recovery beginning on March 9, from a 22% deficit for the calendar year to date. Smaller gains were made in the second half of the fiscal year, and for the whole fiscal year the index rose 46.06%. (The MSCI World Index^{SM(1)} returned 54.30% for the entire fiscal year, measured in U.S. dollars.) In currencies, the U.S. dollar, on a trade weighted basis, touched a 15-month low in late November but rebounded somewhat against European currencies. For the fiscal year, the U.S. dollar lost 6.9% to the euro, 9.0% against the yen, and 6.4% against the pound.

Gradually, the seeds of recovery from global recession started to bear fruit as opposed to just the green shoots on which the prices of risky assets had improbably surged since March. The financial crisis that caused the recession led governments to intervene massively to recapitalize companies considered systemically important, or at least make practically unlimited amounts of liquidity available to them at low cost. These were mainly banks and other financial institutions, but in the U.S. also included major auto makers. Some financial giants once thought impregnable now sit meekly under government control. Interest rates have been reduced to record low levels to encourage these institutions to lend and generally to support demand. Bank lending has continued to stagnate however (except in China, where banks tend to follow government directions).

Cash-for-Clunkers programs were successfully introduced in a number of countries, under which governments subsidized the trade-in of old vehicles for newer models. In the U.S. the government offered an \$8,000 tax credit to first-time home buyers and extended jobless benefits. In Europe, to reduce the number of workers being laid off, corporations were subsidized to keep them on part time. The U.K. reduced value added tax (VAT).

Government budget deficits have soared to modern-day records: in the U.S. alone \$1.42 trillion for the fiscal year ending September 2009. To keep interest rates down the Federal Reserve Board and the Bank of England have been buying U.S. Treasury bonds in a strategy known as quantitative easing.

What will happen when large-scale government intervention ends, is probably the greatest concern for investors. But China's rate of gross domestic product

(GDP) growth is now back above 10% and some key areas of the economy are clearly looking better.

House prices have started to rise again. The Standard & Poor's (S&P)/Case-Shiller National U.S. Home Price Index of house prices in 20 cities was reported in February to have risen for seven consecutive months and was only down 3.1% from a year earlier. Sales of existing homes reached the highest levels since February 2007 but then fell in December and January, perhaps distorted by tax credit effects.

On the employment front, improvement has so far been too slow to sustain a vigorous recovery. Jobs were still being lost as our fiscal year ended, although the trend is falling. The unemployment rate was reported at 9.7% in February, having peaked at 10.2%. Wage growth remains weak and the participation rate (percentage of the population in the labor force) fell to 64.6%, the lowest level since August 1985, before edging up in January.

At least the economy has started to expand again after four quarterly declines. In the third quarter of 2009, GDP in the U.S. rose by 2.2% at an annual rate and in the fourth quarter 5.90%, largely due to inventory rebuilding. U.S. equities, represented by the S&P 500[®] Composite Stock Price (S&P 500) Index⁽²⁾ including dividends returned 53.62% in the fiscal year, five sixths of it in the first half. The rally was led by the financials sector which almost doubled in value. The index suffered its first monthly fall since February 2009 in October, when a rather flat personal incomes report issued on the last day of the month drove the market down by over 2%. A more serious setback took place in January, when, after a bright start, concerns over the employment situation, enforced credit tightening in China and the possibility of sovereign debt default in Greece depressed risk appetites and sent markets tumbling. Profits for S&P 500[®] companies suffered their ninth straight quarter of annual decline in the third quarter before showing strong improvement in the fourth.

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In international markets, the MSCI Japan® Index⁽⁴⁾ rose 21.76% over the fiscal year, but actually fell nearly 6.00% in the second half. GDP resumed growth in the fourth quarter, bolstered by government stimulus and because imports are falling faster than exports. But domestic demand is generally weak, with wages down for 18 consecutive months and deflation again the norm. The MSCI Europe ex UK® Index⁽⁵⁾ surged 44.27% for the entire fiscal year. As in the U.S. the region's economy returned to growth in the third quarter of

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MARKET PERSPECTIVE: YEAR ENDED FEBRUARY 28, 2010

2009, by 0.4% over the previous quarter, but only rose by 0.1% in the fourth quarter. Adding to the sense of a stalled recovery, composite sentiment and purchasing managers' indices slipped after months of increase. Unemployment rose to a decade-high 9.9% and stayed there. Greece's credit rating was downgraded on concerns about its burgeoning budget deficit. The MSCI UK Index⁽⁶⁾ gained 46.17% for the entire fiscal year. The U.K. had to wait until the fourth quarter for a rise in GDP, of 0.3%. Consumers continued to pay down debt at record rates and the household savings rate rose to 8.6%, the highest since 1998. Yet unemployment stabilized at 7.8% and purchasing managers' indices held firmly in expansion mode. House prices resumed rising on an annual basis but ominously fell in February for the first month in ten.

(1) The MSCI World IndexSM is 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.

(2) The S&P/Case-Shiller National U.S. Home Price Index tracks the value of single-family housing within the United States. The index is a composite of single-family home price indices for the nine U.S. Census divisions and is calculated quarterly.

(3) The S&P 500[®] Index is 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.

(4) The MSCI Japan[®] Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Japan.

(5) The MSCI Europe ex UK[®] Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe, excluding the UK.

(6) The MSCI UK[®] Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in the UK.

All indices are unmanaged and investors cannot invest directly in an index.

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.ingfunds.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.

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ING INFRASTRUCTURE, INDUSTRIALS AND MATERIALS FUND

PORTFOLIO MANAGERS REPORT

ING Infrastructure, Industrials and Materials Fund (the Fund) seeks total return through a combination of current income, capital gains and capital appreciation.

The Fund will seek to achieve its investment objective by investing in companies that own and/or operate infrastructure facilities in the infrastructure sector, and in a broad range of companies, principally in the industrials and materials sectors, that the Sub-Adviser believes will benefit from the building, renovation, expansion and utilization of infrastructure.

The Fund is managed by Christopher Corapi, Brian Madonick, Joseph Vultaggio, Paul Zemsky and David Powers, Portfolio Managers, ING Investment Management Co. 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 the equity securities of, or derivatives having economic characteristics similar to the equity securities of, issuers in three broad market sectors infrastructure, industrials and materials.

The Sub-Adviser seeks to construct a diversified equity portfolio of 60 to 100 equity securities, with a focus on companies that will potentially benefit from increased government and private spending in six areas: power, construction, materials, communications, transportation and water.

The Sub-Adviser has constructed a broad universe of approximately 1500 global companies that operate in industries which are related to its six investment areas. The Sub-Adviser will seek to identify, through bottom-up fundamental research, companies that it believes to be undervalued relative to their business fundamentals and outlook, and whose revenues or growth in revenues are driven by infrastructure spending.

The Sub-Adviser seeks to invest in companies with the following characteristics:

1. Good growth prospects
2. Resilient earnings potential across market cycles
3. Disciplined capital allocation management
4. Strong competitive position

Options Strategy: Under normal market conditions, the Fund will also seek to secure gains and enhance the stability of returns over a market cycle by writing (selling) call option on either (1) the value of subsets of stocks in its portfolio or (2) selected equity securities held in its portfolio, generally comprised of a portion of the Fund's large-capitalization holdings.

The underlying value against which such calls will be written may vary depending on the cash flow requirements of the portfolio and on the Sub-Adviser's assessment of market conditions, generally within a range of 15% to 50%.

The Fund expects initially to write (sell) call options primarily with shorter maturities (typically ten days to three months until expiration) generally, at-the-money or near-the-money, in the over-the-counter markets with major international banks, broker-dealers and financial institutions.

Performance: Based on net asset value (NAV) as of February 28, 2010, the Fund provided a total return of 0.73% for the period from inception on January 26, 2010 through February 28, 2010. Based on its share price as of February 28, 2010, the Fund provided a total return of 0.00% for the period from inception on January 26, 2010 through February 28, 2010. The Fund is not benchmarked to an index but uses the MSCI World Index^{SM(1)} as a reference index. The MSCI World IndexSM, returned 1.41% over the same period. As of February 28, 2010, the Fund had 18,505,000 shares outstanding.

Equity Portfolio: For the reporting period, the Fund's underlying equity portfolio underperformed its reference index. While security selection contributed to results within the Fund's themes, negative allocation effects erased those contributions. Selection within the Fund's transportation theme made the largest contribution the top-contributing transportation stock was Atlas Air Worldwide Holdings. Negative selection effects in the power theme overwhelmed the benefit of the Fund's underweight there: the worst detractor was Outotec Oyj, a Finnish mining services company. Communications was one theme where allocation and selection effects both contributed to Fund performance. The top communications contributor was Millicom International Cellular S.A., a mobile phone service

provider in Africa and the Americas.

Top Ten Holdings

as of February 28, 2010

(as a percent of net assets)

Rio Tinto PLC	2.9%
Anglo American PLC	2.6%
Schlumberger Ltd.	2.3%
Alstom	2.3%
Siemens AG	2.3%
Vodafone Group PLC	2.2%
Caterpillar, Inc.	2.1%
Goodrich Corp.	2.1%
Vale S.A. ADR	2.1%
ThyssenKrupp AG	2.0%

Portfolio holdings are subject to change daily.

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PORTFOLIO MANAGERS REPORT

ING INFRASTRUCTURE, INDUSTRIALS AND MATERIALS FUND

Option Portfolio: The Fund's option strategy contributed to results for the period. Because equity prices were generally volatile in February, many of the Fund's call options expired worthless, and the Fund collected more in premiums than it had to pay out in settlements. The Sub-Adviser wrote index calls in the over-the-counter market. Average call option life when written was 28 days and calls were written at the money. As of February 28, 2010, the average time to maturity of the calls was 19 days, and the portion of portfolio assets with call options was 30.85%.

Outlook and Current Strategy: Despite a rather healthy earnings season, the overhang created by a confluence of issues such as Greece's budgetary problems, the UK's upcoming elections and a mixed bag of economic indicators caused investors to grapple with the notion of holding risky assets.

Volatility has come down markedly during the past several weeks. We continue to believe, however, that volatility will preside over the market until there is more certainty around the macroeconomic backdrop. In our opinion, this should create opportunities for the Fund to benefit from its call-writing activities. Overall, we continue to be constructive on U.S. and global economic prospects and therefore have exposure to companies that we believe are highly levered to a continued market recovery.

* Effective April 19, 2010, Uri Landesman is no longer a portfolio manager to the Fund.

(1) The MSCI World IndexSM is 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.

Portfolio holdings and characteristic are subject to change and may not be representative of current holdings and characteristics.

Performance data represents past performance and is no guarantee of future results.

An index has no cash in its portfolio, imposes no sales charges and incurs no operating expenses. An investor cannot invest directly in an index.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders and Board of Trustees

ING Infrastructure, Industrials and Materials Fund

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of ING Infrastructure, Industrials and Materials Fund as of February 28, 2010, and the related statements of operation and changes in net assets, and the financial highlights for the period from January 26, 2010 (commencement of operations) to February 28, 2010. 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 audit.

We conducted our audit 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, 2010, by correspondence with the custodian, transfer agent, and brokers. 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 audit provides 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 Infrastructure, Industrials and Materials Fund as of February 28, 2010, and the results of its operations, the changes in its net assets, and the financial highlights for the periods specified in the first paragraph above, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts

April 26, 2010

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STATEMENT OF ASSETS AND LIABILITIES AS OF FEBRUARY 28, 2010

ASSETS:

Investments in securities at value*	\$ 354,182,399
Short-term investments in affiliates**	3,039,000
Cash	1,040
Foreign currencies at value***	1,132,746
Dividends and interest receivable	335,598
 Total assets	 358,690,783

LIABILITIES:

Payable to affiliates	246,447
Payable for trustee fees	3,007
Other accrued expenses and liabilities	797,601
Written options^	2,267,022
 Total liabilities	 3,314,077

NET ASSETS (equivalent to \$19.20 per share on 18,505,000 shares outstanding) \$ 355,376,706

NET ASSETS WERE COMPRISED OF:

Paid-in capital shares of beneficial interest at \$0.01 par value (unlimited shares authorized)	\$ 352,710,000
Accumulated net investment loss	(35,396)
Accumulated net realized loss on foreign currency related transactions and written options	(1,165,650)
Net unrealized appreciation on investments, foreign currency related transactions and written options	3,867,752

NET ASSETS \$ 355,376,706

* Cost of investments in securities	\$ 351,655,690
** Cost of short-term investments in affiliates	\$ 3,039,000
*** Cost of foreign currencies	\$ 1,130,680
^ Premiums received on written options	\$ 3,606,870

See Accompanying Notes to Financial Statements

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STATEMENT OF OPERATIONS

	January 26, 2010 ⁽¹⁾
	to February 28,
	2010
INVESTMENT INCOME:	
Dividends, net of foreign taxes withheld ^{*(2)}	\$ 334,922
Interest	2,998
Total investment income	337,920
EXPENSES:	
Investment management fees	298,945
Administrative service fees	29,894
Shareholder reporting expense	11,997
Registration fees	2,170
Professional fees	8,990
Custody and accounting expense	11,997
Trustee fees	3,007
Organizational costs	50,000
Miscellaneous expense	6,820
Total expenses	423,820
Net waived and reimbursed fees	(50,504)
Net expenses	373,316
Net investment loss	(35,396)
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FOREIGN CURRENCY RELATED TRANSACTIONS AND WRITTEN OPTIONS:	
Net realized loss on:	
Foreign currency related transactions	(427,548)
Written options	(738,102)
Net realized loss on foreign currency related transactions and written options	(1,165,650)
Net change in unrealized appreciation or depreciation on:	
Investments	2,526,709
Foreign currency related transactions	1,195
Written options	1,339,848
Net change in unrealized appreciation or depreciation on investments, foreign currency related transactions, and written options	3,867,752
Net realized and unrealized gain on investments, foreign currency related transactions, and written options	2,702,102

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Increase in net assets resulting from operations	\$	2,666,706
* Foreign taxes withheld	\$	9,096
(1) Commencement of operations		
(2) Dividends from affiliates	\$	864

See Accompanying Notes to Financial Statements

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STATEMENT OF CHANGES IN NET ASSETS

	January 26, 2010 ⁽¹⁾
	to February 28,
	2010
FROM OPERATIONS:	
Net investment loss	\$ (35,396)
Net realized loss on foreign currency related transactions and written options	(1,165,650)
Net change in unrealized appreciation or depreciation on investments, foreign currency related transactions, and written options	3,867,752
Increase in net assets resulting from operations	2,666,706
FROM CAPITAL SHARE TRANSACTIONS:	
Net proceeds from sale of shares ⁽²⁾	352,710,000
Net increase in net assets resulting from capital share transactions	352,710,000
Net increase in net assets	355,376,706
NET ASSETS:	
Beginning of period	
End of period	\$ 355,376,706
Accumulated net investment loss at end of period	\$ (35,396)

⁽¹⁾ Commencement of operations

⁽²⁾ Proceeds from sales of shares net of sales load paid of \$16,650,000 and offering costs of \$740,000.

See Accompanying Notes to Financial Statements

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**ING INFRASTRUCTURE, INDUSTRIALS
AND MATERIALS FUND**

FINANCIAL HIGHLIGHTS

Selected data for a share of beneficial interest outstanding throughout the period.

	January 26,
	2010⁽¹⁾ to
	February 28,
	2010
Per Share Operating Performance:	
Net asset value, beginning of period	\$ 19.06 ⁽²⁾
Income (loss) from investment operations:	
Net investment loss	\$ (0.00)*
Net realized and unrealized gain on investments	\$ 0.14
Total from investment operations	\$ 0.14
Net asset value, end of period	\$ 19.20
Market value, end of period	\$ 20.00
Total investment return at net asset value⁽³⁾	% 0.73
Total investment return at market value⁽⁴⁾	% 0.00
Ratios and Supplemental Data:	
Net assets, end of period (000 s)	\$ 355,377
Ratios to average net assets:	
Gross expenses prior to expense waiver ⁽⁵⁾	% 1.42
Net expenses after expense waiver ⁽⁵⁾⁽⁶⁾	% 1.25
Net investment loss after expense waiver ⁽⁵⁾⁽⁶⁾	% (0.12)
Portfolio turnover rate	% 2

(1) Commencement of operations.

(2) 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.

(3) 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.

(4) 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.

(5) Annualized for periods less than one year.

(6) 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.

* Amount is more than \$(0.005).

Impact of waiving the advisory fee for the ING Institutional Prime Money Market Fund holding has less than 0.005% impact on the expense ratio and net investment income or loss ratio (Note 3).

See Accompanying Notes to Financial Statements

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2010

NOTE 1 ORGANIZATION

ING Infrastructure, Industrials and Materials 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 for investment companies.

- A. *Security Valuation.* 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 will be valued daily in U.S. dollars on the basis of the foreign currency exchange rates prevailing at that time. Debt securities acquired with more than 60 days to maturity are 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 maturing 60 days or less from date of acquisition are valued at amortized cost which approximates market 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

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2010 (CONTINUED)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 Portfolio of Investments.

For the period ended February 28, 2010, 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.

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- (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

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2010 (CONTINUED)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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 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.

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Risk Exposures and the use of Derivative Instruments. The Fund's investment objectives 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 them 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

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2010 (CONTINUED)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 their 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 maturities, which tend to have higher yields, are subject to potentially greater fluctuations in value from changes in interest rates than obligations with shorter maturities.

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. 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

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2010 (CONTINUED)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, 2010.

The Fund has 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, 2010, the total value of written OTC call options subject to Master Agreements in a net liability position was

\$2,267,022. 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.

- H. *Forward Foreign Currency Contracts.* The Fund may enter into forward foreign currency contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities. When entering into a currency forward contract, the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. These contracts are valued daily and the Fund's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in the statement of assets and liabilities. Realized and unrealized gains and losses on forward foreign currency contracts are included on the Statement of Operations. These instruments involve market and/or credit risk in excess of the amount recognized in the statement of assets and liabilities. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates. The Fund did not enter into any forward foreign currency contracts during the period ended February 28, 2010.
- I. *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

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premium received or paid. The risk in writing a call 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

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2010 (CONTINUED)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 is subject to equity price risk in the normal course of pursuing its investment objectives. During the period ended February 28, 2010, the Fund has written OTC call options on custom baskets of equity securities in an attempt to manage this risk. Please refer to Note 8 for the volume of written OTC call option activity during the period ended February 28, 2010.

J. *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 believes the risk of loss from such claims is considered 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 1.00% of the Fund's average daily managed assets. For the purposes of the Management Agreement, 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, 2010, there were no preferred shares outstanding.

The Investment Adviser entered into a sub-advisory agreement (a *Sub-Advisory Agreement*) with ING Investment Management Co. (*ING IM*). Subject to policies as the Board or the Investment Adviser might determine, ING IM manages the Fund's assets in accordance with the Fund's investment objectives, policies and limitations.

ING Funds are permitted to invest end-of-day cash balances into ING Institutional Prime Money Market Fund. Investment management fees paid by the Fund will be reduced by an amount equal to the management fees paid indirectly to the ING Institutional Prime Money Market Fund with respect to assets invested by the Fund. For period ended February 28, 2010, the Fund waived \$504 of such management fees. These fees are not subject to recoupment.

ING Funds Services, LLC (the *Administrator*) 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. The Investment Adviser, ING IM, and the Administrator are indirect, wholly-owned subsidiaries of ING Groep N.V. (*ING Groep*). ING Groep is a global financial institution of Dutch origin offering banking, investments, life insurance and retirement services.

On October 19, 2008, ING Groep announced that it reached an agreement with the Dutch government to strengthen its capital position. ING Groep issued non-voting core Tier-1 securities for a total consideration of EUR 10 billion to the Dutch State. The transaction boosted ING Bank's core Tier-1 ratio, strengthened the insurance balance sheet and reduced ING Groep's Debt/Equity ratio.

On October 26, 2009, ING Groep announced that it will move towards a complete separation of its banking and insurance operations. A formal restructuring plan (*Restructuring Plan*) was submitted to the European Commission (*EC*), which approved it on November 18, 2009. It is expected that the Restructuring Plan will be achieved over the next four years by a divestment of all insurance operations (including ING Investment Management) as well as a divestment of ING Direct US by the end of 2013. ING Groep will explore all options, including initial

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public offerings, sales or combinations thereof.

On December 21, 2009, ING Groep announced that it has completed its planned repurchase of EUR 5 billion of Core Tier 1 securities issued in November 2008 to the Dutch State and its EUR 7.5 billion rights issue.

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2010, (CONTINUED)

NOTE 4 OTHER TRANSACTIONS WITH AFFILIATED AND RELATED PARTIES

As of February 28, 2010, the Fund had the following amounts recorded in payable to affiliates on the accompanying Statement of Assets and Liabilities:

Accrued	Accrued	Total
Investment	Administrative	
Management	Fees	
Fees	Fees	Total
\$ 219,452	\$ 26,995	\$ 246,447

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, 2010, excluding short-term securities, were \$354,781,192 and \$3,125,502, respectively.

NOTE 6 OTHER ACCRUED EXPENSES AND LIABILITIES

At February 28, 2010, the Fund had the following expense included in Other Accrued Expenses and Liabilities on the Statement of Assets and Liabilities that exceeded 5% of total liabilities.

Expense	Amount
Accrued Offering	\$ 715,298

NOTE 7 EXPENSE LIMITATIONS

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 1.25% 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.

As of February 28, 2010, the Fund did not have any amounts waived or reimbursed that are subject to recoupment by the Investment Adviser.

NOTE 8 TRANSACTIONS IN WRITTEN OPTIONS

Written OTC call option activity for the period ended February 28, 2010 was as follows:

	Number of Contracts	Premium
Balance at 02/28/09*		\$
Options Written	2,141,358	6,606,794
Options Expired		
Options Exercised		
Options Terminated in Closing Purchase Transactions	(1,033,920)	(2,999,924)
Balance at 02/28/10	1,107,438	\$ 3,606,870

* Fund inception on January 26, 2010.

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 most recent 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

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2010 (CONTINUED)

NOTE 9 CONCENTRATION OF INVESTMENT RISKS (continued)

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.

Infrastructure-Related Investment. Because the Fund invests in infrastructure companies, it has greater exposure to potentially adverse economic, regulatory, political and other changes affecting such companies. Infrastructure companies are subject to a variety of factors that may adversely affect their business or operations including interest rates and costs in connection with capital construction projects, costs associated with environmental and other regulations, the effects of economic slowdowns, surplus capacity, increased competition from other suppliers of services, uncertainties concerning the availability of necessary fuels, energy costs, the effects of energy conservation policies and other factors.

Industrials Sector. The industrials sector can be significantly affected by general economic trends, including employment, economic growth, and interest rates, changes in consumer sentiment and spending, the supply of and demand for specific industrial and energy products or services, commodity prices, legislation, government regulation and spending, import controls, and worldwide competition. Furthermore, a company in the industrials sector can be subject to liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control.

Materials Sector. The materials sector can be significantly affected by the level and volatility of commodity prices, the exchange value of the dollar, import controls, and worldwide competition. At times, worldwide production of materials has exceeded demand as a result of over-building or economic downturns, which has led to commodity price declines and unit price reductions. Companies in the materials industries can also be adversely affected by liability for environmental damage, depletion of resources, mandated expenditures for safety and pollution control, labor relations, and government regulations.

NOTE 10 CAPITAL SHARES

Transactions in capital shares and dollars were as follows:

	January 26, 2010 ⁽¹⁾ to February 28, 2010
Number of Shares	
Shares sold	18,505,000
Net increase in shares outstanding	18,505,000
\$	
Shares sold ⁽²⁾	\$ 352,710,000

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Net increase \$ 352,710,000

(1) Commencement of operations.

(2) Proceeds from sales of shares net of sales load paid of \$16,650,000 and offering costs of \$740,000.

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 corporations 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.

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 Fund paid no dividends or distributions during the period ended February 28, 2010.

The Fund's major tax jurisdictions are federal and Arizona. The earliest tax year that will be subject to examination by these jurisdictions is the Fund's initial tax year of 2010.

As of February 28, 2010, no provision for income tax is required in the Fund's financial statements; the Fund will have its initial tax period ending December 31, 2010.

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2010 (CONTINUED)

NOTE 12 SUBSEQUENT EVENTS

Distributions: Subsequent to February 28, 2010, the Fund made a distribution of:

Per Share Amount	Declaration Date	Payable Date	Record Date
\$0.450	3/19/2010	4/15/2010	4/6/2010

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. At the Fund's tax year end, the Fund may re-characterize payments over the course of the year across ordinary 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.

On March 16, 2010, the Fund announced that Citigroup Global Markets Inc., as a representative for the Fund's underwriters, notified the Fund that it would exercise its right to purchase an additional 1.3 million shares of the Fund's common stock pursuant to the over-allotment option granted to the underwriters in connection with the Fund's initial public offering (IPO). With the closing of this additional purchase of shares on March 17, 2010, the Fund's total raise-up in its IPO is an aggregate of \$396 million, or 19.8 million shares. In relation to this exercise, the Fund incurred an additional \$52,000 in offering expense.

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.

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AND MATERIALS FUND****PORTFOLIO OF INVESTMENTS**

AS OF FEBRUARY 28, 2010

Shares		Value
COMMON STOCK: 98.6%		
Brazil: 3.1%		
407,300	All America Latina Logistica S.A.	\$ 3,628,658
265,900	Vale S.A. ADR	7,407,974
		11,036,632
Canada: 1.7%		
1,112,600	Bombardier, Inc. - Class B	6,016,626
		6,016,626
Finland: 1.1%		
129,400	Outotec OYJ	3,756,252
		3,756,252
France: 7.9%		
127,603	Alstom	8,163,230
81,398	Lafarge S.A.	5,276,719
134,080	Suez Environnement S.A.	2,950,312
153,436	Veolia Environnement	4,971,888
129,679	Vinci S.A.	6,780,102
		28,142,251
Germany: 6.8%		
138,896	E.ON AG	4,942,736
215,904	GEA Group AG	4,032,807
93,731	Siemens AG	8,036,921
228,963	ThyssenKrupp AG	7,247,074
		24,259,538
Hong Kong: 3.1%		
108,100	China Mobile Ltd. ADR	5,343,383
465,700	China Unicom Ltd. ADR	5,667,569
		11,010,952
Ireland: 3.3%		
284,472	CRH PLC ADR	6,602,595
156,100	Ingersoll-Rand PLC	4,981,151
		11,583,746
Italy: 1.4%		
290,000	Prysmian S.p.A.	4,992,179
		4,992,179

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Japan: 1.4%			
257,900		Komatsu Ltd.	5,163,238
			5,163,238
Luxembourg: 3.4%			
173,100		ArcelorMittal	6,615,882
64,300		Millicom International Cellular S.A.	5,448,782
			12,064,664
Norway: 1.0%			
84,550		Yara International ASA	3,482,988
			3,482,988
Russia: 1.4%			
97,600		Mobile Telesystems Finance SA ADR	5,109,360
			5,109,360
South Korea: 1.9%			
59,173		Posco ADR	6,832,115
			6,832,115
Shares			Value
Spain: 3.8%			
1,155,122		Iberdrola Renovables	\$ 4,836,963
218,921		Telefonica S.A.	5,133,819
126,073		Telvent GIT S.A.	3,561,562
			13,532,344
Sweden: 2.6%			
378,323		Atlas Copco AB - Class A	5,354,239
226,109		Skanska AB	3,737,346
			9,091,585
Switzerland: 3.5%			
282,432	@	ABB Ltd.	5,722,222
432,765	@	Xstrata PLC	6,802,373
			12,524,595
United Kingdom: 11.6%			
251,747	@	Anglo American PLC	9,176,310
512,586	@	Cookson Group PLC	3,594,152
1,364,560		International Power PLC	6,752,581
201,000		Rio Tinto PLC	10,379,813
3,577,414		Vodafone Group PLC	7,730,295
288,474		Weir Group PLC	3,435,787
			41,068,938
United States: 39.6%			
108,900	@	AGCO Corp.	3,729,825
55,600		Airgas, Inc.	3,566,184
74,000	@	Ansys, Inc.	3,245,640

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94,500	@	Atlas Air Worldwide Holdings, Inc.	4,260,060
185,700	@	BE Aerospace, Inc.	4,809,630
361,300	@	Cal Dive International, Inc.	2,547,165
132,000		Caterpillar, Inc.	7,530,600
79,400	@	Cooper Industries PLC	3,601,584
114,000		Cummins, Inc.	6,472,920
101,000		Deere & Co.	5,787,300
149,600		Fluor Corp.	6,402,880
87,100		Gardner Denver, Inc.	3,798,431
113,300		Goodrich Corp.	7,435,879
153,300		Honeywell International, Inc.	6,156,528
55,000		Joy Global, Inc.	2,794,000
305,100	@	McDermott International, Inc.	6,971,535
164,300		National Oilwell Varco, Inc.	7,142,121
119,400		Peabody Energy Corp.	5,488,818
285,800	@	Quanta Services, Inc.	5,430,200
102,000	@	SBA Communications Corp.	3,606,720
134,200		Schlumberger Ltd.	8,199,620
72,000	@	TransDigm Group, Inc.	3,615,840
80,800	@	Transocean Ltd.	6,449,456
212,000		Trinity Industries, Inc.	3,567,960
82,900		Union Pacific Corp.	5,584,973
78,200		United Technologies Corp.	5,368,430
174,700		WABCO Holdings, Inc.	4,671,478
156,500	@	Willbros Group, Inc.	2,363,150
			140,598,927
		Total Common Stock (Cost \$ 347,989,481)	350,266,930

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AS OF FEBRUARY 28, 2010 (CONTINUED)

Shares		Value
PREFERRED STOCK: 1.1%		
Brazil: 1.1%		
138,200	Usinas Siderurgicas de Minas Gerais S.A.	\$ 3,915,469
	Total Preferred Stock (Cost \$3,666,209)	3,915,469
	Total Long-Term Investments (Cost \$351,655,690)	354,182,399
SHORT-TERM INVESTMENTS: 0.8%		
Affiliated Mutual Fund: 0.8%		
3,039,000	ING Institutional Prime Money Market Fund - Class I	3,039,000
	Total Short-Term Investments (Cost \$ 3,039,000)	3,039,000
	Total Investments in Securities (Cost \$354,694,690)*	100.5% \$ 357,221,399
	Other Assets and Liabilities - Net	(0.5) (1,844,693)
	Net Assets	100.0% \$ 355,376,706

@ Non-income producing security

ADR American Depository Receipt

* Cost for federal income tax purposes is the same as for financial statement purposes.

Net unrealized appreciation consists of:		
Gross Unrealized Appreciation		\$ 12,243,547
Gross Unrealized Depreciation		(9,716,838)
Net Unrealized Appreciation		\$ 2,526,709

Industry	Percentage of Net Assets
Aerospace/Defense	6.0%
Auto Parts & Equipment	1.3
Building Materials	3.4
Chemicals	2.0
Coal	1.6
Commercial Services	1.5
Computers	1.0
Electric	3.3
Electrical Components & Equipment	1.4
Energy - Alternate Sources	1.4
Engineering & Construction	8.3

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Holding Companies - Diversified	1.2
Iron/Steel	6.9
Machinery - Construction & Mining	6.9
Machinery - Diversified	8.8
Mining	9.5
Miscellaneous Manufacturing	10.1
Oil & Gas	1.8
Oil & Gas Services	5.7
Software	0.9
Telecommunications	10.7
Transportation	3.8
Water	2.2
Short-Term Investments	0.8
Other Assets and Liabilities - Net	(0.5)
Net Assets	100.0%

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AS OF FEBRUARY 28, 2010 (CONTINUED)

Fair Value Measurements[^]

The following is a summary of the fair valuations according to the inputs used as of February 28, 2010 in valuing the Fund's assets and liabilities:

	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs# (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at 2/28/2010
Asset Table				
Investments, at value				
Common Stock				
Brazil	\$ 11,036,632			\$ 11,036,632
Canada	6,016,626			6,016,626
Finland		3,756,252		3,756,252
France		28,142,251		28,142,251
Germany		24,259,538		24,259,538
Hong Kong	11,010,952			11,010,952
Ireland	4,981,151	6,602,595		11,583,746
Italy		4,992,179		4,992,179
Japan		5,163,238		5,163,238
Luxembourg	12,064,664			12,064,664
Norway		3,482,988		3,482,988
Russia	5,109,360			5,109,360
South Korea	6,832,115			6,832,115
Spain	3,561,562	9,970,782		13,532,344
Sweden		9,091,585		9,091,585
Switzerland		12,524,595		12,524,595
United Kingdom		41,068,938		41,068,938
United States	140,598,927			140,598,927
Total Common Stock	201,211,989	149,054,941		350,266,930
Preferred Stock		3,915,469		3,915,469
Short-Term Investments	3,039,000			3,039,000
Total Investments, at value	\$ 204,250,989	\$ 152,970,410	\$	\$ 357,221,399
Liabilities Table				
Other Financial Instruments+:				
Written options			(2,267,022)	(2,267,022)
Total Liabilities	\$	\$	\$ (2,267,022)	\$ (2,267,022)

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund's assets and liabilities during the period ended February 28, 2010:

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	Beginning		Accrued	Total	Total	Transfers		Ending
	Balance		Discounts/	Realized	Unrealized	Into	Out of	Balance at
	2/28/2009	Purchases	Sales	(Premiums)	Gain/(Loss)	Level	Level	2/28/2010
					(Depreciation)	3	3	
Liabilities Table								
Other Financial Instruments+:								
Written options	\$	\$ (6,606,794)	\$ 3,738,026	\$	\$ (738,102)	\$ 1,339,848	\$	\$ (2,267,022)
Total Liabilities	\$	\$ (6,606,794)	\$ 3,738,026	\$	\$ (738,102)	\$ 1,339,848	\$	\$ (2,267,022)

As of February 28, 2010, total change in unrealized gain (loss) on Level 3 securities still held at period end and included in the change in net assets was \$1,339,848.

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

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- + Other Financial Instruments are derivatives not reflected in the Portfolio of Investments and may include open forward foreign currency contracts, futures, swaps, and written options. Forward foreign currency contracts and futures are reported at their unrealized gain/loss at measurement date which represents the amount due to/from the Fund. Swaps and written options are reported at their market value at measurement date. Transfers into Level 3 represents either the beginning balance (for transfer in), or the ending value (for transfers out) of any security or derivative instrument where a change in the pricing level occurred from the beginning to the end of the period.
- # 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 Portfolio 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 significant portion of the Portfolio's investments are categorized as Level 2 investments.

Written OTC Call Options

# of Contracts	Counterparty	Description	Expiration Date	Strike Price/Rate		Premiums Received	Value
245,448	Goldman Sachs & Co.	Custom Basket of Equity Securities	03/19/10	100.00	EUR	784,136	(291,230)
118,790	Goldman Sachs & Co.	Custom Basket of Equity Securities	03/19/10	100.00	GBP	607,626	(237,945)
408,760	JPMorgan Chase	Custom Basket of Equity Securities	03/19/10	100.00	USD	1,422,485	(1,192,505)
334,440	JPMorgan Chase	Custom Basket of Equity Securities	03/19/10	100.00	USD	792,623	(545,342)
						\$ 3,606,870	\$ (2,267,022)

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, 2010 was as follows:

Derivatives not accounted for as hedging instruments under FASB ASC 815

