

ING Asia Pacific High Dividend Equity Income Fund  
Form N-CSR  
May 03, 2012  
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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: 811-22004

**ING Asia Pacific High Dividend Equity Income 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 29, 2012**

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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 29, 2012**

**ING Asia Pacific High Dividend Equity Income 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**

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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**

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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 Forms 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.

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PRESIDENT'S LETTER

Dear Shareholder,

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

The Fund seeks to achieve its investment objective by investing primarily in a portfolio of high dividend yielding equity securities of Asia Pacific companies. The Fund also seeks to enhance total returns over a market cycle by selling call options on selected Asia Pacific Indices and/or equity securities of Asia Pacific Companies and/or exchange traded funds.

For the fiscal year ended February 29, 2012, the Fund made quarterly distributions totaling \$1.68 per share, characterized as \$0.70 per share return of capital of \$0.70 and \$0.98 per share net investment income.

Based on net asset value (NAV), the Fund provided a total return of 0.63% for the year ended February 29, 2012. This NAV return reflects an decrease in the Fund's NAV from \$18.16

on February 28, 2011 to \$16.51 on February 29, 2012. Based on its share price as of February 29, 2012, the Fund provided a total return of 0.92% for the year ended February 29, 2012.<sup>(2)</sup> This share price return reflects an decrease in the Fund's share price from \$18.82 on February 28, 2011 to \$17.16 on February 29, 2012.

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 help you grow, protect and enjoy your wealth. 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 2, 2012

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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.

**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.

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**MARKET PERSPECTIVE:** YEAR ENDED FEBRUARY 29, 2012

By the half way point in our fiscal year, global equities, in the form of the MSCI World Index<sup>SM</sup> measured in local currencies including net reinvested dividends, were down more than 11%. The slump continued in September before better news from the U.S. drove a rebound in October, which held to year-end and gathered new strength in the first two months of 2012. For the whole tumultuous fiscal year the MSCI World Index<sup>SM</sup> lost just 1.57% (The MSCI World Index<sup>SM</sup> returned (1.69)% for the year ended February 29, 2012, measured in U.S. dollars.)

In our semi-annual report we described how the domestic economy seemed to be on the brink of another recession and according to many commentators it was all about jobs. Healthy employment conditions, it was said, boost wages, consumer confidence, spending, house prices, and ultimately investment and Gross Domestic Product ( GDP ) itself. While the cause and effect relationships are arguably more complex, the fact remained that the most recent reports had shown no jobs created at all in August, the unemployment rate at 9.1%, GDP meandering up at a rate of 1.3% (quarter-over-quarter, annualized), wages & salaries and retail sales flat and home prices falling.

Markets were greatly relieved therefore, when more positive data started to emerge in October. The employment report showed 103,000 new jobs created in September, with upward revisions of 99,000 to the prior two months. Improvement continued into 2012 and by February the Bureau of Labor Statistics was reporting 243,000 jobs created in January, with a three-month average of 201,000 and the unemployment rate down to 8.3%. On the last day of February, the Commerce Department's news release showed a much improved fourth quarter 2011 GDP growth rate of 3.0% and an acceleration in the growth of wages & salaries to 5.2% over the fourth quarter of 2010.

Not all economic statistics were favorable as the fiscal year ended. Retail sales were still sluggish and home prices still falling. But a return to recession, feared just a few months earlier, was now out of the question.

The euro zone's sovereign debt crisis continued to move markets. Greece sought to restructure its debt which stands at about 160% of GDP. Much of this debt, as well as the bonds of the much larger Italy and Spain, is held by European banks. Concern deepened into a crisis in confidence, threatening to paralyze the banking system and trip the region back into recession. In August, the European Central Bank ( ECB ) started to buy Italian and Spanish bonds, a role it was never meant to play. By October, French and German leaders Sarkozy and Merkel were pledging, yet again, to deliver a comprehensive plan to address the crisis.

In the end, the plan amounted to very little. The agreement, struck at yet another summit of European Union leaders on December 11, included legally enforceable restrictions on budget deficits: a baby step towards closer fiscal union. But it provided no lender of last resort to governments, nor measures to promote growth and liberalize markets.

A second bailout package for Greece was finally approved on February 21<sup>st</sup>, involving 130 billion in new funds, spending cuts, asset sales and lay-offs. Private sector lenders to Greece

would take a 75% reduction in the value of their holdings. The ECB would lend to banks for three years at an interest rate of just 1%, and by the end of our fiscal year banks had borrowed more than 1 trillion.

This bought time, but investors were under no illusions that the problems had been solved.

In U.S. fixed income markets the Barclays Capital U.S. Aggregate Bond Index of investment grade bonds rose 8.37% in the fiscal year. Both the corporate investment grade bond and Treasury sub-indices outperformed; the former were seen as good value while Treasuries were supported during periods of risk-aversion. Agency mortgage backed securities underperformed, especially in the second half, on fears that measures to help the mortgage market would lead to a high volume of early repayments.

U.S. equities, represented by the S&P 500<sup>®</sup> Index including dividends, rose by 5.12%, thanks to a 22% surge after September, as the perceived risk of recession eased. Despite this, the price/earnings ratio for the index at fiscal year-end, as calculated by Standard and Poor's based on 2011 earnings, was still just 14.2. The 40-quarter average ratio through December 2011 was 17.85. Whether this implies good value however, depends



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on the sustainability of earnings, and earnings estimates have been falling.

In currency markets the euro zone's problems finally took their toll on the euro, which dropped sharply after October, before recovering. The U.S. dollar appreciated 2.36% over the fiscal year. Dollar demand also affected the pound, the dollar gaining 1.66%. But the dollar lost 1.43% against the yen, despite Bank of Japan intervention, as that currency repeatedly breached post-war high levels.

In international markets, the MSCI Japan® Index fell 11.24% in the fiscal year. The economy contracted in four quarters out of the last five, weighed down by ten consecutive monthly trade deficits, as it struggled to recover from natural disasters, and burdened by a strong yen. The MSCI Europe ex UK® Index lost 9.58%, relieved at the better data from the US but still depressed by the recessionary threat of the sovereign debt crisis, with unemployment perched at 10.6%, a euro-era high. The MSCI UK® Index added 1.60%. GDP fell 0.2% in the fourth quarter from the third, in the face of weak euro zone demand and fiscal austerity at home. But surprisingly, good purchasing managers' indices suggested that a return to technical recession might yet be avoided.

**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.*

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**BENCHMARK DESCRIPTIONS**

<b>Index</b>	<b>Description</b>
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.
Barclays Capital U.S. Aggregate Bond Index	An unmanaged index of publicly issued investment grade U.S. Government, mortgage-backed, asset-backed and corporate debt securities.
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.
MSCI Japan <sup>®</sup> Index	A free float-adjusted market capitalization index that is designed to measure developed market equity performance in Japan.
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 UK <sup>®</sup> Index	A free float-adjusted market capitalization index that is designed to measure developed market equity performance in the UK.
MSCI All Country Asia Pacific ex-Japan <sup>®</sup> Index	A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia, excluding Japan. As of January 2009 the index consisted of the following 10 developed and emerging market country indices: China, Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand.

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ING ASIA PACIFIC HIGH DIVIDEND EQUITY INCOME FUND

PORTFOLIO MANAGERS REPORT

**Geographic Diversification****as of February 29, 2012**

(as a percentage of net assets)

Australia	25.2%
China	19.7%
South Korea	14.5%
Hong Kong	9.5%
Taiwan	9.4%
India	7.4%
Singapore	5.0%
Indonesia	3.2%
Thailand	2.4%
Malaysia	1.2%
Countries between 0.8%-1.0%^	1.8%
Assets in Excess of Other Liabilities	0.7%
<b>Net Assets</b>	<b>100.0%</b>

^ Includes 2 countries, which each represents 0.8%-1.0% of net assets.

*Portfolio holdings are subject to change daily.*

ING Asia Pacific High Dividend Equity Income Fund (the Fund) is a diversified, closed-end fund with the investment objective of total return through a combination of current income, realized capital gains and capital appreciation.

The Fund seeks to achieve its investment objective by investing primarily in a portfolio of dividend yielding equity securities of Asia Pacific Companies<sup>(1)</sup>, which are selected by one of the Fund's sub-advisers<sup>(2)</sup> according to a quantitative model that utilizes a diversified set of financial and market criteria. The Fund also seeks to enhance returns over a market cycle by selling call options on selected Asia Pacific Indices and/or equity securities of Asia Pacific companies and/or exchange traded funds (ETFs).

The Fund is managed by Sam Lam, Portfolio Manager, of ING Investment Management Asia/Pacific (Hong Kong) Limited; and Alexander van Eekelen, Willem van Dommelen and Edwin Cuppen, Portfolio Managers of ING Investment Management Advisors B.V.<sup>(3)</sup>

**Equity Portfolio Construction and Option Strategy:**

The Fund uses a quantitative model to identify what it

believes are the most attractive stocks. The universe is screened to select stocks using financial and market signals such as Valuation, Quality, Market Sentiment, Technical, Growth, etc. The Sub-Adviser may also use fundamental analyst stock rankings as an additional input in the screening process

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The portfolio seeks to target a dividend yield higher than that of the MSCI All Country ( AC ) Asia Pacific ex Japan<sup>®</sup> Index dividend yield. Stocks that do not pay dividends may also be selected for portfolio construction and risk control purposes

Under normal market conditions, the Fund invests in a diversified portfolio of 90-200 dividend producing equity securities of Asia Pacific companies

The Fund employs a strategy of writing call options on selected Asia Pacific indices and/or equity securities of Asia Pacific companies and/or ETFs, with the underlying value of such calls representing 0% to 50% of the value of its holdings in equity securities

**Performance:** Based on net asset value ( NAV ) as of February 29, 2012, the Fund provided a total return of 0.63% for the fiscal year. This NAV return reflects a decrease in its NAV from \$18.16 on February 28, 2011 to \$16.51 on February 29, 2012. Based on its share price as of February 29, 2012, the Fund provided a total return of 0.92% for the

fiscal year. This share price return reflects a decrease in its share price from \$18.82 on February 28, 2011 to \$17.16 on February 29, 2012. To reflect the strategic emphasis of the Fund, the equity portfolio uses the MSCI AC Asia Pacific ex-Japan<sup>®</sup> Index as a reference index. The MSCI AC Asia Pacific ex-Japan<sup>®</sup> Index (a market weighted equity index without any style tilt and without call option writing) returned 0.92% for the reporting period.

- (1) Asia Pacific companies are companies that are listed and traded principally on Asia Pacific exchanges, including Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan and Thailand.
- (2) ING Investments, LLC is the Fund's investment adviser. ING Investment Management Asia/Pacific (Hong Kong) Limited and ING Investment Management Advisors B.V. are the Fund's sub-advisers. ING Investment Management Asia/Pacific (Hong Kong) Limited is the sub-adviser responsible for implementing the overall investment strategy, while ING Investment Management Advisors B.V. is the sub-adviser responsible for structuring and implementing the Fund's sale of call options.
- (3) Effective November 28, 2011 Pranay Gupta and Bing Li were removed as portfolio managers to the Fund. Effective February 29, 2012, Alexander van Eekelen replaced Bas Peeters as a portfolio manager to the Fund.

### Top Ten Holdings

as of February 29, 2012

(as a percentage of net assets)

Samsung Electronics Co., Ltd.	3.8%
BHP Billiton Ltd.	3.4%
Commonwealth Bank of Australia	2.7%
Taiwan Semiconductor Manufacturing Co., Ltd.	2.4%
Westpac Banking Corp.	2.4%
China Mobile Ltd.	2.3%
National Australia Bank Ltd.	1.9%
Industrial and Commercial Bank of China Ltd.	1.7%
China Construction Bank	1.4%
Woolworths Ltd.	1.3%

*Portfolio holdings are subject to change daily.*

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**PORTFOLIO MANAGERS REPORT**

**ING ASIA PACIFIC HIGH DIVIDEND EQUITY INCOME FUND**

**Overview:** 2011 was a tempestuous year for the financial markets. Increased turbulence in the European government bond markets, where the future of the euro zone sometimes seemed to be at stake, was the clearest sign of this. Tensions started to mount in April as speculation arose about a possible restructuring of Greek sovereign debt. This led to contagion of other euro zone countries such as Portugal, Ireland, Spain and Italy. Policymakers took important steps towards greater budgetary and political integration of the euro zone, but partly due to the lack of details, these steps did not create any lasting recovery of investor confidence. Additionally, Asian markets disappointed in 2011, which was a direct consequence of tighter monetary policy in the beginning of the year, global growth worries and rising risk-aversion.

Because of market turbulence during reporting period, the option strategy contributed to performance, while the stock selection model detracted. On the whole, the Fund outperformed its reference index, prior to the deduction of expenses.

**Equity Portfolio:** The equity portfolio underperformed the reference index for the reporting period, due to negative security selection effects. Selection within the utilities, consumer discretionary, materials and consumer staples sectors detracted the most from relative results. In contrast, selection among telecommunication services, information technology and financials contributed to results.

Country allocation also was a net drag on performance. The most significant detractors were Hong Kong, Australia, Malaysia and India. By contrast, active bets in China, Taiwan and Singapore contributed the most to results.

**Options Portfolio:** The Fund generates premiums and seeks gains by writing (selling) call options on a basket of international indices on a portion of the equity portfolio's value. During the reporting period, the managers sold call options on the Australia (ASX), Hong Kong (Hang Seng), Korea (KOSPI 200) and Taiwan (TWSE) indices. The coverage ratio was kept low and stable at around 25% of total Fund value. The Fund managers generally sold options at-the-money, with a maturity of about four weeks.

During the third quarter of 2011, implied volatility increased due to weak equity markets. This enabled the Fund to collect relatively more premium from the calls written as compared to the first few months of 2011. The premiums received diminished throughout the latter months of the reporting period, with decreasing volatility. Overall the option overlay strategy added value, as the Fund collected more premium from writing calls than needed to be settled due to options expiring in the money.

**Outlook and Current Strategy:** We anticipate a further slowdown in the global economy, from an estimated GDP growth rate of 3.5% in 2011 to 3.0% in 2012. For the developed economies as a whole, we believe growth will be below the long-term average but with large regional differences. In our opinion, emerging markets are unlikely to escape the growth slowdown in the global economy due to declining export demand from the developed economies. We believe countries such as China and India, however, have the most room to stimulate their domestic economies by loosening their monetary and budgetary policies.

The search for high and lasting dividends continues to be an important theme. In a low-growth climate, with low bond yields and high volatility, dividends provide an important source of income. Even if there is a slight drop in earnings growth, dividends are expected to remain stable. Selectivity is important, however, as dividends in the banking, telecom and utilities sectors may be vulnerable to downgrades.

*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.*

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Shareholders and Board of Trustees

ING Asia Pacific High Dividend Equity Income Fund

We have audited the accompanying statement of assets and liabilities, including the summary portfolio of investments, of ING Asia Pacific High Dividend Equity Income Fund as of February 29, 2012, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the four-year period then ended and the period from March 27, 2007 (commencement of operations) to February 29, 2008. 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 29, 2012, by correspondence with the custodian 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 Asia Pacific High Dividend Equity Income Fund as of February 29, 2012, 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, 2012

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## STATEMENT OF ASSETS AND LIABILITIES AS OF FEBRUARY 29, 2012

**ASSETS:**

Investments in securities at value*	\$ 205,893,504
Cash	1,553,804
Foreign currencies at value*****	626,102
Receivables:	
Investments securities sold	54,949
Dividends	841,881
Foreign tax reclaims	143
Prepaid expenses	1,668
<b>Total assets</b>	<b>208,972,051</b>

**LIABILITIES:**

Payable for investment securities purchased	54,741
Payable to affiliates	200,761
Payable for trustee fees	1,445
Other accrued expenses and liabilities	244,122
Written options, at fair value^	1,052,430
<b>Total liabilities</b>	<b>1,553,499</b>

**NET ASSETS** \$ 207,418,552

**NET ASSETS WERE COMPRISED OF:**

Paid-in capital	\$ 227,966,567
Undistributed net investment income	810,745
Accumulated net realized loss	(37,078,653)
Net unrealized appreciation	15,719,893

**NET ASSETS** \$ 207,418,552

* Cost of investments in securities	\$ 190,067,391
***** Cost of foreign currencies	\$ 625,681
^ Premiums received on written options	\$ 943,588
<b>Net assets</b>	<b>\$ 207,418,552</b>
Shares authorized	unlimited
Par value	\$ 0.01
Shares outstanding	12,566,390
Net asset value and redemption price per share	\$ 16.51

See Accompanying Notes to Financial Statements





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## STATEMENT OF OPERATIONS FOR THE YEAR ENDED FEBRUARY 29, 2012

**INVESTMENT INCOME:**

Dividends, net of foreign taxes withheld*	\$ 7,937,079
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Total investment income	7,937,079
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**EXPENSES:**

Investment management fees	2,380,612
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Transfer agent fees	18,571
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Administrative service fees	207,007
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Shareholder reporting expense	83,838
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Professional fees	74,850
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Custody and accounting expense	260,170
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Trustee fees	5,958
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Miscellaneous expense	46,007
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Total expenses	3,077,013
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Net expenses	3,077,013
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Net investment income	4,860,066
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**REALIZED AND UNREALIZED GAIN (LOSS):**

Net realized gain (loss) on:	
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Investments	(856,586)
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Foreign currency related transactions	(506,522)
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Written options	4,734,396
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Net realized gain	3,371,288
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Net change in unrealized appreciation (depreciation) on:	
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Investments	(7,481,151)
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Foreign currency related transactions	5,051
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Written options	(465,129)
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Net change in unrealized appreciation (depreciation)	(7,941,229)
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Net realized and unrealized loss	(4,569,941)
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Increase in net assets resulting from operations	\$ 290,125
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* Foreign taxes withheld	\$ 567,790
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See Accompanying Notes to Financial Statements



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## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended February 29, 2012	Year Ended February 28, 2011
<b>FROM OPERATIONS:</b>		
Net investment income	\$ 4,860,066	\$ 4,061,596
Net realized gain	3,371,288	30,286,747
Net change in unrealized appreciation (depreciation)	(7,941,229)	921,818
Increase in net assets resulting from operations	290,125	35,270,161
<b>FROM DISTRIBUTIONS TO SHAREHOLDERS:</b>		
Net investment income	(12,207,734)	(21,284,552)
Return of capital	(8,711,456)	
Total distributions	(20,919,190)	(21,284,552)
<b>FROM CAPITAL SHARE TRANSACTIONS:</b>		
Reinvestment of distributions	2,072,579	3,378,698
Net increase (decrease) in net assets	(18,556,486)	17,364,307
<b>NET ASSETS:</b>		
Beginning of year or period	225,975,038	208,610,731
End of year or period	\$ 207,418,552	\$ 225,975,038
Undistributed net investment income at end of year or period	\$ 810,745	\$ 310,271

See Accompanying Notes to Financial Statements

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**FINANCIAL HIGHLIGHTS**

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

Income (loss) from investment operations	Per Share Operating Performance										Ratio		
	Less distributions						Net asset value, end of period	Market value, end of period	Total investment return at net asset value(3)	Total investment return at market value(4)		Net assets, end of period (000's)	Gross expenses prior to expense waiver(5)
	Net realized and unrealized gain (loss) on investments	Total from investment operations	From net investment income	From net realized gains on investments	From return of capital	Total distributions							
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(%)	(%)	(\$)	(%)	
0.38*	(0.35)	0.03	0.98		0.70	1.68	16.51	17.16	<b>0.63</b>	<b>0.92</b>	207,419	1.43	
0.33*	2.54	2.87	1.73			1.73	18.16	18.82	<b>17.31</b>	<b>14.64</b>	225,975	1.42	
0.32*	7.30	7.62	0.34		1.60	1.94	17.02	18.05	<b>69.95</b>	<b>100.78</b>	208,611	1.43	
0.64*	(10.30)	(9.66)	0.64		1.35	1.99	11.34	10.18	<b>(43.57)</b>	<b>(43.61)</b>	138,220	1.43	
0.72	0.13	0.85	0.77	0.92		1.69	22.99	20.65	<b>3.61</b>	<b>(11.31)</b>	281,759	1.42	

(1) Commencement of operations.

(2) Net asset value at beginning of period reflects the deduction of the sales load of \$1.125 per share and offering costs of 0.05 per share paid by the shareholder from the \$25.00 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.

\* Calculated using average number of shares outstanding throughout the period.

See Accompanying Notes to Financial Statements

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 29, 2012

**NOTE 1 ORGANIZATION**

ING Asia Pacific High Dividend Equity Income Fund (the Fund) is a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). Pursuant to guidance from the U.S. Securities and Exchange Commission, the Fund's classification changed from a non-diversified fund to a diversified fund. As a result of this classification change, the Fund is limited in the proportion of its assets that may be invested in the securities of a single issuer. Further, the classification change to a diversified fund may cause the Fund to benefit less from appreciation in a single issuer than if it had greater exposure to that issuer. 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 will be 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 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 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



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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 29, 2012 (CONTINUED)

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

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 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.

For the year ended February 29, 2012, 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:



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- (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

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 29, 2012 (CONTINUED)

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

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. The foregoing risks are even greater with respect to securities in emerging markets.

**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.

**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 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 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.

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**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

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 29, 2012 (CONTINUED)

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

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.

**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 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.

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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.

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 29, 2012 (CONTINUED)

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

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 year ended February 29, 2012. There were no credit events during the year ended February 29, 2012 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 29, 2012, the total value of written OTC call options subject to Master Agreements in a liability position was \$1,052,430. 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 year ended February 29, 2012 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 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 6 for the volume of written OTC call option activity during the year ended February 29, 2012.

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. For 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

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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 29, 2012, there were no preferred shares outstanding.

The Investment Adviser entered into sub-advisory agreements (each a Sub-Advisory Agreement and collectively the Sub-Advisory Agreements ) with ING Investment Management Asia/Pacific (Hong Kong) Limited ( ING IM Asia/Pacific ) and ING Investment

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 29, 2012 (CONTINUED)

**NOTE 3 INVESTMENT MANAGEMENT AND ADMINISTRATIVE FEES (continued)**

Management Advisors B.V. ( IIMA ). Subject to policies as the Board or the Investment Adviser might determine, ING IM Asia/Pacific and IIMA manage the Fund's assets in accordance with the Fund's investment objectives, policies and limitations.

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 Asia/Pacific, IIMA, 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.

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 Groep has adopted a formal restructuring plan that was approved by the European Commission in November 2009 under which the ING life insurance businesses, including the retirement services and investment management businesses, which include the Adviser and its immediate affiliates, would be separated from ING Groep by the end of 2013. To achieve this goal, in a series of announcements beginning November 2010, ING Groep announced that it plans to pursue transactions to restructure certain businesses, including an initial public offering for its U.S. based insurance, retirement services, and investment management operations; and other transactions, which could include an initial public offering or other type of transaction, for its European based insurance and investment management operations and Asian based insurance and investment management operations. There can be no assurance that all or part of the restructuring plan will be carried out.

The restructuring plan and the uncertainty about its implementation, whether implemented through the planned public offerings or through other means, in whole or in part, may be disruptive to the businesses of ING entities, including the ING entities that service the Fund, and may cause, among other things, interruption or reduction of business and services, diversion of management's attention from day-to-day operations, and loss of key employees or customers. A failure to complete the offerings or other means of implementation on favorable terms could have a material adverse impact on the operations of the businesses subject to the restructuring plan. The restructuring plan may result in the Investment Adviser's loss of access to services and resources of ING Groep, which could adversely affect its businesses and profitability. In addition, the divestment of ING businesses, including the Investment Adviser, may potentially be deemed a change of control of each entity. A change of control would result in the termination of the Fund's advisory and sub-advisory agreements, which would trigger the necessity for new agreements that would require approval of the board, and may trigger the need for shareholder approval. Currently, the Investment Adviser does not anticipate that the restructuring will have a material adverse impact on the Fund or its operations and administration.

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

At February 29, 2012, the Fund had the following amounts recorded as payable to affiliates on the accompanying Statement of Assets and Liabilities:



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<b>Fund</b>	<b>Accrued Investment Management Fees</b>	<b>Accrued Administrative Fees</b>	<b>Total</b>
Asia Pacific High Dividend Equity Income	\$ 184,700	\$ 16,061	\$ 200,761

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.

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 29, 2012 (CONTINUED)

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

The cost of purchases and proceeds from sales of investments for the year ended February 29, 2012, excluding short-term securities, were \$255,382,723 and \$266,019,946, respectively.

**NOTE 6 TRANSACTIONS IN WRITTEN OPTIONS**

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

	Number of Contracts	Premiums Received
Balance at 02/28/11	49,841,600	\$ 937,657
Options Written	579,177,800	15,054,860
Options Expired	(382,668,200)	(8,072,831)
Options Exercised		
Options Terminated in Closing Purchase Transactions	(191,110,500)	(6,976,098)
Balance at 02/29/12	55,240,700	\$ 943,588

**NOTE 7 CAPITAL SHARES**

Transactions in capital shares and dollars were as follows:

Year or period ended	Reinvestment of distributions #	Net increase in shares outstanding #	Reinvestment of distributions (\$)	Net increase (\$)
2/29/2012	120,307	120,307	2,072,579	2,072,579
2/28/2011	187,804	187,804	3,378,698	3,378,698

**NOTE 8 CONCENTRATION OF 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

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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.

**Asia Pacific Regional and Country Risks.** Investments in the Asia Pacific region are subject to special risks. The Asia Pacific region includes countries in all stages of economic development. Some Asia Pacific economies may be characterized by over-extension of credit, currency devaluations and restrictions, underdeveloped financial services sectors, heavy reliance on international trade, and economic recessions. In addition, the economies of many Asia Pacific countries are dependent on the economies of the United States, Europe and other Asian countries, and a deceleration in any of these economies could negatively impact the economies of Asia Pacific countries. Currency fluctuations, devaluations and trading restrictions in any one country can have a significant effect on the entire Asia Pacific region. Increased political and social instability in any Asia Pacific country could cause further economic and market uncertainty in the region, or result in significant downturns and volatility in the economies of Asia Pacific countries. The development of Asia Pacific economies, and particularly those of China, Japan and South Korea, may also be affected by political, military, economic and other factors related to North Korea.

### **NOTE 9 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

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NOTES TO FINANCIAL STATEMENTS AS OF FEBRUARY 29, 2012 (CONTINUED)

**NOTE 9 FEDERAL INCOME TAXES (continued)**

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 year ended December 31, 2011<sup>(1)</sup>:

Paid-in	Undistributed	Accumulated
Capital	Net Investment	Net Realized
	Income	Gains/ (Losses)
\$ (8,440,362)	\$ 7,848,142	\$ 592,220

<sup>(1)</sup> \$8,440,362 relates to distributions in excess of net investment income taxed as ordinary income due to current year earnings and profits. 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. Under certain conditions, federal tax regulations may also cause some or all of the return of capital to be taxed as ordinary income.

The tax composition of dividends and distributions as of the Fund's most recent tax year-ends was as follows:

Ordinary	Tax Year Ended December 31, 2011	Return of Capital	Tax Year Ended December 31, 2010
Income			Ordinary Income
\$ 12,207,734		\$ 8,711,456	\$ 21,284,552

The tax-basis components of distributable earnings and the expiration dates of the capital loss carryforwards which may be used to offset future realized capital gains for federal income tax purposes as of the tax year ended December 31, 2011 were:

Unrealized	Post-October	Short-term	Expiration
Appreciation/	Capital Loss	Capital Loss	

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(Depreciation)	Deferred	Carryforwards	2017
\$ (12,971,111)	\$ (1,340,479)	\$ (34,061,490)	

The Fund's major tax jurisdictions are federal and Arizona. The earliest tax year that remains subject to examination by these jurisdictions is the Fund's initial tax year of 2007.

As of February 29, 2012, 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.

The Regulated Investment Company Modernization Act of 2010 (the Act) was enacted on December 22, 2010. The Act makes changes to several tax rules impacting the Fund. In general, the provisions of the Act will be effective for the Fund's tax year ending December 31, 2011. Although the Act provides several benefits, including the unlimited carryforward of future capital losses, 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.

### NOTE 10 OTHER ACCOUNTING PRONOUNCEMENTS

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04 Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements. ASU No. 2011-04 amends FASB ASC Topic 820, Fair Value Measurements and Disclosures, to establish common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and the International Financial Reporting Standards (IFRSs). The ASU is effective prospectively for interim and annual periods beginning after December 15, 2011. As of February 29, 2012, management of the Fund is currently assessing the potential impact to financial statement disclosure that may result from adopting this ASU.

### NOTE 11 SUBSEQUENT EVENTS

*Dividends:* Subsequent to February 29, 2012, the Fund made distributions of:

Per Share	Declaration	Payable	Record
Amount	Date	Date	Date
\$ 0.396	3/15/2012	4/16/2012	4/4/2012

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.

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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Shares		Value	Percentage of Net Assets
<b>COMMON STOCK: 99.3%</b>			
<b>Australia: 25.2%</b>			
195,545	Ancor Ltd.	\$ 1,485,550	0.7
106,334	Australia & New Zealand Banking Group Ltd.	2,487,460	1.2
182,738	BHP Billiton Ltd.	7,074,816	3.4
100,942	Coca-Cola Amatil Ltd.	1,297,147	0.6
104,452	Commonwealth Bank of Australia	5,516,206	2.7
74,205	Iluka Resources Ltd.	1,316,007	0.6
367,082	Insurance Australia Group	1,296,521	0.6
55,063	Macquarie Group Ltd.	1,570,081	0.8
159,372	National Australia Bank Ltd.	4,023,194	1.9
111,147	QBE Insurance Group Ltd.	1,380,038	0.7
37,334	Rio Tinto Ltd.	2,682,129	1.3
218,480	Westpac Banking Corp.	4,874,024	2.4
53,287	Woodside Petroleum Ltd.	2,116,736	1.0
99,383	Woolworths Ltd.	2,691,261	1.3
2,233,916	Other Securities	12,380,028	6.0
		<b>52,191,198</b>	<b>25.2</b>
<b>China: 19.7%</b>			
2,904,000	Agricultural Bank of China Ltd.	1,436,560	0.7
1,633,000	Bank of Communications Co., Ltd.	1,341,266	0.7
3,520,960	China Construction Bank	2,942,956	1.4
438,500	China Mobile Ltd.	4,661,563	2.3
994,000	China National Building Material Co., Ltd.	1,425,871	0.7
1,778,000	China Petroleum & Chemical Corp.	2,022,251	1.0
283,000	China Shenhua Energy Co., Ltd.	1,300,297	0.6
1,137,000	CNOOC Ltd.	2,581,682	1.2
2,324,000	Evergrande Real Estate Group Ltd.	1,464,360	0.7
626,000	Great Wall Motor Co. Ltd.	1,253,948	0.6
4,902,000	Industrial and Commercial Bank of China Ltd.	3,576,818	1.7
<b>Percentage of Net Assets</b>			
Shares		Value	Percentage of Net Assets
<b>COMMON STOCK: (continued)</b>			
<b>China: (continued)</b>			
234,100	Inner Mongolia Yitai Coal Co.	\$ 1,320,250	0.6
1,374,000	Want Want China Holdings Ltd.	1,362,316	0.7
19,160,400	Other Securities	14,163,932	6.8
		<b>40,854,070</b>	<b>19.7</b>
<b>Hong Kong: 9.5%</b>			
198,000	CLP Holdings Ltd.	1,745,682	0.8
229,000	Henderson Land Development Co., Ltd.	1,431,741	0.7
133,500	Swire Pacific Ltd.	1,514,946	0.7
9,091,900	Other Securities	15,043,917	7.3
		<b>19,736,286</b>	<b>9.5</b>
<b>India: 7.4%</b>			
206,613	Bharat Heavy Electricals Ltd.	1,293,718	0.6
186,051	HDFC Bank Ltd.	1,959,318	1.0
38,944	Infosys Technologies Ltd.	2,273,938	1.1
1,583,770	Other Securities	9,767,835	4.7

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		<b>15,294,809</b>	<b>7.4</b>
	<b>Indonesia: 3.2%</b>		
1,676,500	Bank Rakyat Indonesia	1,277,896	0.6
3,144,500	Bank Negara Indonesia Persero Tbk PT	1,313,258	0.6
6,846,000	Other Securities	4,101,319	2.0
		<b>6,692,473</b>	<b>3.2</b>
	<b>Macau: 0.8%</b>		
518,400	Other Securities	1,652,813	0.8
	<b>Malaysia: 1.2%</b>		
1,546,700	Other Securities	2,540,930	1.2
	<b>Philippines: 1.0%</b>		
366,335	Other Securities	2,077,728	1.0
	<b>Singapore: 5.0%</b>		
195,600	Keppel Corp., Ltd.	1,722,251	0.8
619,000	Singapore Telecommunications Ltd.	1,566,942	0.8
94,000	United Overseas Bank Ltd.	1,351,365	0.7
1,661,000	Other Securities	5,674,776	2.7
		<b>10,315,334</b>	<b>5.0</b>

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AS OF FEBRUARY 29, 2012 (CONTINUED)

Shares		Value	Percentage of Net Assets
<b>COMMON STOCK: (continued)</b>			
<b>South Korea: 14.5%</b>			
72,730	Hynix Semiconductor, Inc.	\$ 1,951,910	0.9
18,189	Hyundai Engineering & Construction Co. Ltd.	1,370,574	0.7
8,135	Hyundai Mobis	2,071,217	1.0
7,321	Hyundai Motor Co.	1,410,141	0.7
28,043	Kia Motors Corp.	1,768,052	0.8
7,301	Samsung Electronics Co., Ltd.	7,851,232	3.8
537,666	Other Securities	13,671,966	6.6
		<b>30,095,092</b>	<b>14.5</b>
<b>Taiwan: 9.4%</b>			
96,500	HTC Corp.	2,154,532	1.0
979,327	Lite-On Technology Corp.	1,325,597	0.7
1,787,052	Taiwan Semiconductor Manufacturing Co., Ltd.	4,890,868	2.4
760,867	Wistron Corp.	1,262,605	0.6
9,997,779	Other Securities	9,788,166	4.7
		<b>19,421,768</b>	<b>9.4</b>
<b>Thailand: 2.4%</b>			
242,300	Advanced Info Service PCL	1,276,980	0.6
339,800	Kasikornbank PCL	1,663,179	0.8
524,038	Other Securities	2,080,844	1.0
		<b>5,021,003</b>	<b>2.4</b>
	Total Common Stock (Cost \$190,067,391)	<b>205,893,504</b>	<b>99.3</b>
	<b>Assets in Excess of Other Liabilities</b>	<b>1,525,048</b>	<b>0.7</b>
	<b>Net Assets</b>	<b>\$ 207,418,552</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 29, 2012.

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.

Cost for federal income tax purposes is \$190,236,609.

**Net unrealized appreciation consists of:**

Gross Unrealized Appreciation	\$ 25,163,699
Gross Unrealized Depreciation	(9,506,804)

Net Unrealized Appreciation \$ 15,656,895

**Sector Diversification**
**Percentage of  
Net Assets**



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Consumer Discretionary	7.8%
Consumer Staples	5.9%
Energy	7.4%
Financials	33.6%
Health Care	1.1%
Industrials	9.2%
Information Technology	13.8%
Materials	12.0%
Telecommunications	5.3%
Utilities	3.2%
Assets in Excess of Other Liabilities	0.7%
<b>Net Assets</b>	<b>100.0%</b>

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AS OF FEBRUARY 29, 2012 (CONTINUED)

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

The following is a summary of the fair valuations according to the inputs used as of February 29, 2012 in valuing the 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 2/29/2012
<b>Asset Table</b>				
<b>Investments, at value</b>				
<b>Common Stock</b>				
Australia	\$ 7,074,816	\$ 45,116,382	\$	\$ 52,191,198
China		40,854,070		40,854,070
Hong Kong		19,736,286		19,736,286
India	945,514	14,349,295		15,294,809
Indonesia		6,692,473		6,692,473
Macau		1,652,813		1,652,813
Malaysia		2,540,930		2,540,930
Philippines		2,077,728		2,077,728
Singapore		10,315,334		10,315,334
South Korea	1,251,838	28,843,254		30,095,092
Taiwan		19,421,768		19,421,768
Thailand	818,818	4,202,185		5,021,003
Total Common Stock	10,090,986	195,802,518		205,893,504
<b>Total Investments, at value</b>	<b>\$ 10,090,986</b>	<b>\$ 195,802,518</b>	<b>\$</b>	<b>\$ 205,893,504</b>
<b>Liabilities Table</b>				
<b>Other Financial Instruments<sup>+</sup></b>				
Written Options	\$	\$ (1,052,430)	\$	\$ (1,052,430)
<b>Total Liabilities</b>	<b>\$</b>	<b>\$ (1,052,430)</b>	<b>\$</b>	<b>\$ (1,052,430)</b>

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund's assets and liabilities during the year ended February 29, 2012:

	Beginning Balance 2/28/2011	Purchases	Sales	Accrued Discounts/ (Premiums)	Total Realized Gain/(Loss)	Total Unrealized Appreciation/ (Depreciation)	Transfers Into Level 3	Transfers Out of Level 3	Ending Balance 2/29/2012
<b>Asset Table</b>									
<b>Investments, at value</b>									
Common Stock	\$ 431,174	\$	\$	\$	\$	\$	\$	\$ (431,174)	\$
<b>Total Investments, at value</b>	<b>\$ 431,174</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ (431,174)</b>	<b>\$</b>

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As of February 29, 2012, total change in unrealized gain (loss) on Level 3 securities still held at year end and included in the change in net assets was \$0.

- ^ 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 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.

There were no significant transfers between Level 1 and 2 during the year ended February 29, 2012.

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AS OF FEBRUARY 29, 2012 (CONTINUED)

ING Asia Pacific High Dividend Equity Income Fund Written OTC Options on February 29, 2012.

# of Contracts	Counterparty	Description	Exercise Price	Expiration Date	Premiums Received	Fair Value
<b>Options On Indices</b>						
4,600	Morgan Stanley	Call on S&P/ASX 200 Index	4,249.834	AUD 03/08/12	\$ 337,384	\$ (294,896)
2,600	Goldman Sachs & Co.	Call on Hang Seng Index	20,969.407	HKD 03/08/12	151,635	(250,368)
55,200,000	Morgan Stanley	Call on Korea Stock Exchange KOSPI 200 Index	264.179	KRW 03/08/12	290,352	(229,690)
33,500	Royal Bank of Scotland PLC	Call on Taiwan Stock Exchange Weighted Index	7,898.890	TWD 03/08/12	164,217	(277,476)
Total Written OTC Options					\$ 943,588	\$ (1,052,430)

The effect of derivative instruments on the Fund's Statement of Operations for the year ended February 29, 2012 was as follows:

**Derivatives not accounted for as hedging  
instruments**

**Amount of Realized Gain or (Loss) on  
Derivatives Recognized in Income  
Written**

	options
Equity contracts	\$ 4,734,396
Total	\$ 4,734,396

**Derivatives not accounted for as hedging  
instruments**

**Change in Unrealized Appreciation or Depreciation  
on Derivatives Recognized in Income  
Written**

	options
Equity contracts	\$ (465,129)
Total	\$ (465,129)

**Supplemental Option Information (Unaudited)**

Supplemental Call Options Statistics as of February 29, 2012

% Of Total Net Assets against which calls written	24.79%
Average Days to Expiration at time written	27 days
Average Call Moneyness* at time written	ATM
Premium received for calls	\$ 943,588
Value of calls	\$ (1,052,430)

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\* 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 equals the strike price.

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**TAX INFORMATION (UNAUDITED)**

Dividends and distributions paid during the tax year ended December 31, 2011 were as follows:

<b>Fund Name</b>	<b>Type</b>	<b>Per Share Amount</b>
ING Asia Pacific High Dividend Equity Income Fund	NII	\$ 0.9769
	ROC	\$ 0.6971

NII - Net investment income

ROC - Return of Capital

For the tax year ended December 31, 2011, 34.81% 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, 2011.

<b>Creditable Foreign Taxes Paid</b>	<b>Per Share Amount</b>	<b>Portion of Ordinary Income Distribution Derived from Foreign Sourced Income*</b>
\$422,567	\$ 0.0337	99.55%

\* 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.

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.

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**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.

Name, Address and Age Independent Trustees:	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	Number of	Other Board Positions held by Trustee
				Funds in Fund Complex Overseen by Trustee <sup>(2)(3)</sup>	
Colleen D. Baldwin  7337 East Doubletree Ranch Rd.  Suite 100  Scottsdale, Arizona 85258  Age: 51	Trustee	October 2007 - Present	President, Glantuum Partners, LLC, a business consulting firm (January 2009 - Present).	138	None.
John V. Boyer  7337 East Doubletree Ranch Rd.  Suite 100  Scottsdale, Arizona 85258  Age: 58	Trustee	January 2007 - Present	President and Chief Executive Officer, Bechtler Arts Foundation, an arts and education foundation (January 2008 - Present). Formerly, Consultant (July 2007 - February 2008) and President and Chief Executive Officer, Franklin and Eleanor Roosevelt Institute, a public policy foundation (March 2006 - July 2007).	138	None.
Patricia W. Chadwick  7337 East Doubletree Ranch Rd.  Suite 100	Trustee	January 2007 - Present	Consultant and President, Ravengate Partners LLC, a consulting firm that provides advice regarding financial markets and the global economy (January 2000 - Present).	138	Wisconsin Energy Corporation (June 2006 - Present) and The Royce Funds, (35 funds) (December 2009 - Present).

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Scottsdale, Arizona 85258

Age: 63

Peter S. Drotch	Trustee	October 2007 - Present	Retired.	138	First Marblehead Corporation (September 2003 - Present).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 70

J. Michael Earley	Trustee	January 2007 - Present	Retired. Formerly, Banking President and Chief Executive Officer, Bankers Trust Company, N.A., Des Moines (June 1992 - December 2008).	138	None.
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 66

Patrick W. Kenny	Trustee	January 2007 - Present	Retired. Formerly, President and Chief Executive Officer, International Insurance Society (June 2001 - June 2009).	138	Assured Guaranty Ltd. (April 2004 - Present).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 69

Sheryl K. Pressler	Trustee	January 2007 - Present	Consultant (May 2001 - Present).	138	Stillwater Mining Company (May 2002 - Present).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 61

Roger B. Vincent	Chairperson/Trustee	January 2007 - Present	Retired. Formerly, President, Springwell Corporation, a corporate finance firm (March 1989 - August 2011).	138	UGI Corporation (February 2006 - Present) and UGI Utilities, Inc. (February 2006 - Present).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 66



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TRUSTEE AND OFFICER INFORMATION (UNAUDITED) (CONTINUED)

Name, Address and Age Trustees who are Interested Persons :	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	Number of	Other Board Positions held by Trustee
				Funds in Fund Complex Overseen by Trustee <sup>(2)(3)</sup>	
Robert W. Crispin <sup>(3)</sup> 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 65	Trustee	October 2007 - Present	Retired. Formerly, Chairman and Chief Executive Officer, ING Investment Management Co. (July 2001 - December 2007).	138	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: 56	Trustee	January 2007 - 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 each Fund. 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 an Independent Trustee shall retire from service as a Trustee at the conclusion of the first regularly scheduled meeting of the Board that is held after the Trustee reaches the age of 72. A unanimous vote of the Board may extend the retirement date of a Trustee for up to one year. An extension may be permitted if the retirement would trigger a requirement to hold a meeting of shareholders of the Funds, under applicable law, whether for purposes of appointing a successor to the Trustee or if otherwise necessary under applicable law, in which case the extension would apply until such time as the shareholder can be held or is no longer needed.

(2) Except for Mr. Mathews and for the purposes of this table, ING 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 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 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, 2012.

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- <sup>(3)</sup> Messrs. Crispin and Matthews 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.

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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
Shaun P. Mathews 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 56	President and Chief Executive Officer	January 2007 - Present	President and Chief Executive Officer, ING Investments, LLC (November 2006 - Present).
Michael J. Roland 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 53	Executive Vice President	January 2007 - Present	Chief Compliance Officer, Directed Services LLC and ING Investments, LLC (March 2011 - Present) and Executive Vice President and Chief Operating Officer, ING Investments, LLC and ING Funds Services, LLC (January 2007 - Present). Formerly, Chief Compliance Officer, ING Funds (March 2011 - February 2012).
Stanley D. Vyner 230 Park Avenue New York, New York 10169 Age: 61	Executive Vice President Chief Investment Risk Officer	January 2007 - Present	Executive Vice President, ING Investments, LLC (July 2000 - Present) and Chief Investment Risk Officer, ING Investments, LLC (January 2003 - Present).
Kevin M. Gleason 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 45	Chief Compliance Officer	February 2012 - Present	Senior Vice President, ING Investment Management LLC. (February 2012 - Present). Formerly, Assistant General Counsel and Assistant Secretary, The Northwestern Mutual Life Insurance Company (June 2004 - January 2012).
Kimberly A. Anderson 7337 East Doubletree Ranch Rd. Suite 100	Senior Vice President	January 2007 - Present	Senior Vice President, ING Investments, LLC (October 2003 - Present).

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Scottsdale, Arizona 85258

Age: 47

Todd Modic	Senior Vice President, Chief/Principal Financial Officer and Assistant Secretary	January 2007 - 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: 44

Robert Terris	Senior Vice President	January 2007 - Present	Senior Vice President, Head of Division Operations, ING Funds Services, LLC (May 2006 - Present).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 41

Gregory K. Wilson	Senior Vice President	September 2011 - Present	Senior Vice President - Fund Compliance, ING Funds Services, LLC (March 2012 - Present). Formerly, Vice President - Fund Compliance, ING Funds Services, LLC (October 2009 - March 2012) and Finance Director, ING Funds Services, LLC (September 2006 - October 2009).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 52

Robyn L. Ichilov	Vice President	January 2007 - Present	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).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 44

Maria M. Anderson	Vice President	January 2007 - Present	Vice President, ING Funds Services, LLC (September 2004 - Present).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 53

Lauren D. Bensinger	Vice President	January 2007 - Present	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).
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7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 58

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William Evans	Vice President	September 2007 - Present	Senior Vice President (March 2010 - Present) and Head of Manager Research and Selection Group, ING Investment Management (April 2007 - Present). Formerly, Vice President, U.S. Mutual Funds and Investment Products (May 2005 - April 2007).
One Orange Way			
Windsor, Connecticut 06095			
Age: 39			

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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
Denise Lewis 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 48	Vice President  Treasurer	January 2007 - Present  February 2012 - Present	Vice President, ING Funds Services, LLC (December 2006 - Present).
Kimberly K. Springer 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 54	Vice President	January 2007 - Present	Vice President, ING Investment Management - ING Funds (March 2010 - Present); Vice President, ING Funds Services, LLC (March 2006 - Present) and Managing Paralegal, Registration Statements (June 2003 - Present).
Craig Wheeler 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 43	Assistant Vice President	May 2008 - Present	Assistant Vice President - Director of Tax, ING Funds Services, LLC (March 2008 - Present). Formerly, Tax Manager, ING Funds Services, LLC (March 2005 - March 2008).
Huey P. Falgout, Jr. 7337 East Doubletree Ranch Rd. Suite 100 Scottsdale, Arizona 85258 Age: 48	Secretary	January 2007 - Present	Senior Vice President and Chief Counsel, ING Investment Management - ING Funds (March 2010 - Present). Formerly, Chief Counsel, ING Americas, U.S. Legal Services (October 2003 - March 2010).
Paul Caldarelli 7337 East Doubletree Ranch Rd.	Assistant Secretary	June 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,

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Suite 100

ING Americas, U.S. Legal Services (May 2005 - April 2008).

Scottsdale, Arizona 85258

Age: 60

Theresa K. Kelety

Assistant Secretary

January 2007 - 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: 49

Kathleen Nichols

Assistant Secretary

May 2008 - Present

Vice President and Counsel, ING Investment Management - ING Funds (March 2010 - Present). Formerly, Counsel, ING Americas, U.S. Legal Services (February 2008 - March 2010) and Associate, Ropes & Gray LLP (September 2005 - February 2008).

7337 East Doubletree Ranch Rd.

Suite 100

Scottsdale, Arizona 85258

Age: 36

(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.

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**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 the ING Asia Pacific High Dividend Equity Income 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 17, 2011, the Board, including a majority of the Independent Trustees, considered whether to renew the investment advisory contract (the Advisory Contract ) between ING Investments, LLC (the Adviser ) and the Fund and the sub-advisory contracts ( Sub-Advisory Contracts ) with ING Investment Management Asia/Pacific (Hong Kong) Limited and ING Investment Management Advisors B.V., the sub-adviser to the Fund (together, the Sub-Advisers ).

The Independent Trustees also held separate meetings on October 12 and November 15, 2011 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 17, 2011 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 regular 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 the funds under its jurisdiction, the Trustees considered each Portfolio'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, 2012. 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 regards to the consideration of investment advisory and sub-advisory contracts; established 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 substantially 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 information from Management and address certain

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**ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)**

unique characteristics related to the introduction of new ING Funds.

The Board has established two Investment Review Committees (each, an IRC), which meet independently and, at times, jointly, and a Contracts Committee. Among other matters, the Contracts Committee provides oversight with respect to the contracts renewal and approval 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-Advisers, as well as the oversight by the Adviser of the performance of the Sub-Advisers. The IRCs may apply a heightened level of scrutiny in cases where performance has lagged a portfolio's relevant benchmark and/or selected peer group of investment companies (Selected Peer Groups).

The type and format of the information provided to the Board or to legal counsel for the Independent Trustees in connection with the contract approval and renewal 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.

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 Groups 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, 2012. 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, 2012, 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-Advisers. This included information regarding the Adviser and Sub-Advisers provided throughout the year at regular 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 17, 2011 Board meeting included, among other information, the following items for the Fund: (1) FACT sheets that provided information regarding the performance and expenses of the Fund and other similarly managed funds in its Selected Peer Group, as well as information regarding the Fund's 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-Advisers 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-Advisers; (7) financial statements for the Adviser and Sub-Advisers; (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.



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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 Sub-Advisers , 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 2013. In addition ING Groep also announced that it will pursue an initial public offering for its European based insurance and investment management operations and explore options other than an initial public offering for its Asian insurance and investment management operations. The Board further noted that this separation may result in the Adviser and Sub-Advisers loss of access to the services and resources of their current ultimate parent company, which could adversely affect their businesses and profitability. The Board recognized that, if the separation plans are 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 a 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 and the Adviser and Sub-Advisers, 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-Advisers currently provides. In this regard, the Board noted that the Adviser and Sub-Advisers did 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 mirror 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-Advisers 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 and quality of the services the Sub-Advisers provide to the Fund and the Sub-Advisers compliance with applicable laws and regulations. The Board noted that to assist in the selection and monitoring of the Sub-Advisers, 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 sub-advisers and research on sub-advisers) and quantitative information (such as performance data, portfolio data and attribution analysis) about the Sub-Advisers and the Fund. 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-Advisers 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-Advisers investment processes and to try to identify issues that may be relevant to the Sub-Advisers 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 and Management 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 an ING Fund.

The Board also considered that in the course of monitoring performance of the Sub-Advisers, the MRSG has developed, based on guidance from the IRCs, a methodology for comparing performance of the Fund to a Selected Peer Group. 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 also noted that the Adviser regularly monitors performance, personnel, compliance



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ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)

and myriad other issues that may arise on a day-to-day basis with regards to the Sub-Advisers 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 Committees 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 Committees, 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-Advisers 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-Advisers 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-Advisers, and evaluated the ability of the Adviser and the Sub-Advisers 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-Advisers, 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-Advisers.

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-Advisers are appropriate in light of the Fund's operations, the competitive landscape of the investment company business, and investor needs, and that the nature and quality of the overall services provided by the Adviser and the Sub-Advisers were appropriate.

**Fund Performance**

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

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**ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)**

investment performance compared to the Fund's Morningstar category median and/or Lipper category median, Selected Peer Group and primary benchmark. The FACT sheet performance data was as of June 30, 2011. In addition, the Board also considered at its November 17, 2011 meeting certain additional data regarding performance and Fund asset levels as of October 31, 2011.

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 reports. 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, 2011: (1) the Fund outperformed its Morningstar category median for all periods presented, with the exception of the most recent calendar quarter, during which it underperformed; (2) the Fund underperformed its primary benchmark for all periods presented, with the exception of the most recent calendar quarter and the three-year period, during which it outperformed; and (3) the Fund is ranked in the first (highest) quintile of its Morningstar category for the year-to-date, one-year, and three-year periods, and the fifth (lowest) quintile for the most recent calendar quarter.

In analyzing this performance data, the Board took into account: (1) Management's representations regarding the effect that the Fund's options writing strategy had on the Fund's performance; (2) Management's discussion of the effect that stock selection and the Fund's dividend strategy had on its performance; (3) Management's confidence in the investment strategy employed on behalf of the Fund; and (4) Management's representations regarding the reasonableness of the Fund's performance during certain periods.

**Economies of Scale**

When evaluating the reasonableness of advisory fee rates, the Board also considered whether economies of scale likely will be realized by the Adviser and Sub-Advisers 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. In this regard, the Board considered that the Fund does not have advisory fee breakpoints. In the case of sub-advisory fees, the Board considered that breakpoints would inure to the benefit of the Adviser. In this connection, the Board considered the extent to which economies of scale could be realized through such fee waivers, expense reimbursements or other expense reductions. In evaluating fee 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-Advisers 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 a Fund, the Board considered any underlying rationale provided by the Adviser or Sub-Advisers for these differences. The Board also noted that the fee rates charged to the Fund and other institutional clients of the Adviser or Sub-Advisers (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 Fund, as compared to non-registered investment company clients; market differences in fee rates that existed when a Fund first was organized; differences in the original sponsors of the Fund that now are managed by the Adviser; 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**



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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-Advisers for sub-advisory services for the Fund, including the portion of the contractual advisory fees that are paid to the Sub-Advisers, as compared to the

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**ADVISORY CONTRACT APPROVAL DISCUSSION (UNAUDITED) (CONTINUED)**

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

In considering the fees 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 (inclusive of a 0.10% administration fee) for the Fund is above the median and the average management fees of the funds in its Selected Peer Group; and (b) the expense ratio for the Fund is above 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; and (2) Management's representations regarding the reasonableness of the Fund's management fee and expense ratio.

In analyzing the profitability of the Adviser and Sub-Adviser in connection with their services to the Fund, the Board considered information on revenues, costs and profits realized by the Adviser and Sub-Adviser which was prepared by Management in accordance with the allocation methodology (including stated assumptions) contained in the 15(c) Methodology Guide. In analyzing the profitability of the Adviser in connection with its services, 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 fees 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 ING Funds. These remedial actions have included, among others: reductions in fee rates; changes in sub-advisers 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

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performance is reasonable in the context of all factors considered by the Board; and (4) the sub-advisory fee rates payable by the Adviser to the Sub-Advisers are 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, 2012. During this renewal process, different Board members may have given different weight to different individual factors and related conclusions.

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SHAREHOLDER MEETING INFORMATION (UNAUDITED)

An annual meeting of shareholders of the ING Asia Pacific High Dividend Equity Income Fund was held July 6, 2011, at the offices of ING Funds, 7337 East Doubletree Ranch Road, Scottsdale, AZ 85258.

**Proposal:**

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

	Proposal*	Shares voted for	Shares voted		Total Shares Voted
			against or withheld	Shares abstained	
Class I Trustees	<b>J. Michael Earley</b>	10,827,458.276	227,631.810		11,055,090.086
	<b>Patrick W. Kenny</b>	10,828,578.221	226,511.865		11,055,090.086
	<b>Shaun P. Mathews</b>	10,849,543.055	205,547.031		11,055,090.086
	<b>Roger B. Vincent</b>	10,828,693.221	226,396.865		11,055,090.086

\* Proposal Passed

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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 November 28, 2011 Pranay Gupta and Bing Li were removed as individuals who are responsible for the day-to-day management of the Fund's portfolio. Effective February 29, 2012, Alexander van Ekelen replaced Bas Peeters as an individual who is responsible for the day-to-day management of the Fund's portfolio.

During the fiscal year, the Fund reduced its quarterly distribution from \$0.426 to \$0.396 per quarter, commencing with the distribution paid on January 17, 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,

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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

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**ADDITIONAL INFORMATION (UNAUDITED) (CONTINUED)**

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 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-Dividend Date</b>	<b>Payable Date</b>
March 15, 2012	April 2, 2012	April 16, 2012
June 15, 2012	July 2, 2012	July 16, 2012
September 17, 2012	October 1, 2012	October 15, 2012
December 17, 2012	December 27, 2012	January 15, 2013

*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: IAE).

**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 29, 2012 was 11,599 which does not include 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 July 29, 2011 certifying that he was not aware, as of that date, 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.



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**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

1775 I Street, N.W.

Washington, D.C. 20006

**Toll-Free Shareholder Information**

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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

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(0212-042012)

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### **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 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, was \$25,000 for the year ended February 29, 2012 and \$24,500 for the year ended February 28, 2011.
- (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 29, 2012 and \$2,150 for the year ended February 28, 2011.
- (c) **Tax Fees:** The aggregate fees billed for professional services rendered by KPMG for tax compliance, tax advice, and tax planning was \$7,589 in the year ended February 29, 2012 and \$7,572 in the year ended February 28, 2011. Such services include review of excise distribution calculations (if applicable), preparation of the Fund's federal, state and excise tax returns, tax services related to mergers and routine consulting.
- (d) **All Other Fees:** NONE.
- (e)(1) **Audit Committee Pre-Approval Policies and Procedures**

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**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.

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### **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.

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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 delatee. 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.

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### **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 17, 2011

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Appendix A

Pre-Approved Audit Services for the Pre-Approval Period January 1, 2012 through December 31, 2012

**Service**

	<b>The Fund(s)</b>	<b>Fee Range</b>
Statutory audits or financial audits (including tax services associated with audit services)	ii	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.	ii	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.	ii	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	ii	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.



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Appendix B

Pre-Approved Audit-Related Services for the Pre-Approval Period January 1, 2012 through December 31, 2012

**Service**

	<b>The Fund(s)</b>	<b>Fund Affiliates</b>	<b>Fee Range</b>
Services related to Fund mergers (Excludes tax services - See Appendix C for tax services associated with Fund mergers)	ü	ü	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.]	ü		Not to exceed \$5,000 per occurrence during the Pre-Approval Period
Review of the Funds' semi-annual and quarterly financial statements	ü		Not to exceed \$2,400 per set of financial statements per fund
Reports to regulatory or government agencies related to the annual engagement	ü		Up to \$5,000 per occurrence during the Pre-Approval Period
Regulatory compliance assistance	ü	ü	Not to exceed \$5,000 per quarter
Training courses		ü	Not to exceed \$2,000 per course
For Prime Rate Trust, agreed upon procedures for quarterly reports to rating agencies	ü		Not to exceed \$9,450 per quarter

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Appendix C

Pre-Approved Tax Services for the Pre-Approval Period January 1, 2012 through December 31, 2012

**Service**

	<b>The Fund(s)</b>	<b>Fund Affiliates</b>	<b>Fee Range</b>
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		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.

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Appendix C, *continued*

**Service**

	<b>The Fund(s)</b>	<b>Fund Affiliates</b>	<b>Fee Range</b>
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

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Appendix D

Pre-Approved Other Services for the Pre-Approval Period January 1, 2012 through December 31, 2012

**Service**

	<b>The Fund(s)</b>	<b>Fund Affiliates</b>	<b>Fee Range</b>
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

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Appendix E

Prohibited Non-Audit Services

Dated: January 1, 2012 to December 31, 2012

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

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**EXHIBIT A**

ING EQUITY TRUST

ING FUNDS TRUST

ING ASIA PACIFIC HIGH DIVIDEND EQUITY INCOME FUND

ING GLOBAL ADVANTAGE AND PREMIUM OPPORTUNITY FUND

ING GLOBAL EQUITY DIVIDEND AND PREMIUM OPPORTUNITY FUND

ING INTERNATIONAL HIGH DIVIDEND EQUITY INCOME FUND

ING INFRASTRUCTURE, INDUSTRIALS, AND MATERIALS FUND

ING RISK MANAGED NATURAL RESOURCES FUNDING INVESTORS TRUST

ING MAYFLOWER TRUST

ING MUTUAL FUNDS

ING PARTNERS, INC.

ING PRIME RATE TRUST

ING SENIOR INCOME FUND

ING SEPARATE PORTFOLIOS TRUST

ING VARIABLE INSURANCE TRUST

ING VARIABLE PRODUCTS TRUST

ING EMERGING MARKETS LOCAL BOND FUND

ING EMERGING MARKETS HIGH DIVIDEND EQUITY FUND

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- (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 \$1,233,678 for year ended February 29, 2012 and \$1,084,113 for the year ended February 28, 2011.
- (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.

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**Item 6. Schedule of Investments**

**Report of Independent Registered Public Accounting Firm**

The Shareholders and Board of Directors

ING Asia Pacific High Dividend Equity Income Fund

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of assets and liabilities, including the summary portfolio of investments, of ING Asia Pacific High Dividend Equity Income Fund as of February 29, 2012, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended and have issued our unqualified report thereon dated April 26, 2012 (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 26, 2012



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**PORTFOLIO OF INVESTMENTS**

**ING ASIA PACIFIC HIGH DIVIDEND EQUITY INCOME FUND**

**as of February 29, 2012**

Shares		Value	Percentage of Net Assets
<b>COMMON STOCK:</b>			<b>99.3%</b>
<b>Australia:</b>			<b>25.2%</b>
195,545	Amcors Ltd.	1,485,550	0.7
106,334	Australia & New Zealand Banking Group Ltd.	2,487,460	1.2
182,738	BHP Billiton Ltd.	7,074,816	3.4
16,247	Campbell Brothers Ltd.	1,029,467	0.5
100,942	Coca-Cola Amatil Ltd.	1,297,147	0.6
104,452	Commonwealth Bank of Australia	5,516,206	2.7
16,136	CSL Ltd.	566,399	0.3
163,570	Fortescue Metals Group Ltd.	966,612	0.5
74,205	Iluka Resources Ltd.	1,316,007	0.6
367,082	Insurance Australia Group	1,296,521	0.6
103,080	Lend Lease Corp., Ltd.	823,260	0.4
55,063	Macquarie Group Ltd.	1,570,081	0.8
237,555	Metcash Ltd.	1,078,613	0.5
159,372	National Australia Bank Ltd.	4,023,194	1.9
14,798	Newcrest Mining Ltd.	528,132	0.3
60,577	OZ Minerals Ltd.	706,267	0.3
111,147	QBE Insurance Group Ltd.	1,380,038	0.7
37,334	Rio Tinto Ltd.	2,682,129	1.3
308,821	Stockland	1,043,838	0.5
142,545	Suncorp-Metway Ltd.	1,246,173	0.6
291,029	Sydney Airport	816,218	0.4
318,957	TABCORP Holdings Ltd.	931,910	0.4
462,763	Tattersall's Ltd.	1,178,861	0.6
25,145	Wesfarmers Ltd.	781,978	0.4
72,693	Westfield Group	682,300	0.3
218,480	Westpac Banking Corp.	4,874,024	2.4
53,287	Woodside Petroleum Ltd.	2,116,736	1.0
99,383	Woolworths Ltd.	2,691,261	1.3
		<b>52,191,198</b>	<b>25.2</b>
<b>China:</b>			<b>19.7%</b>
2,904,000	Agricultural Bank of China Ltd.	1,436,560	0.7
1,639,200	Bank of China Ltd.	711,073	0.3
1,633,000	Bank of Communications Co., Ltd.	1,341,266	0.6
418,500	BOC Hong Kong Holdings Ltd.	1,167,342	0.6
539,000	China Communications Construction Co., Ltd.	549,915	0.3
3,520,960	China Construction Bank	2,942,956	1.4
206,000	China Life Insurance Co., Ltd.	636,841	0.3
438,500	China Mobile Ltd.	4,661,563	2.2
994,000	China National Building Material Co., Ltd.	1,425,871	0.7
1,778,000	China Petroleum & Chemical Corp.	2,022,251	1.0
628,000	China Resources Power Holdings Co.	1,233,145	0.6
283,000	China Shenhua Energy Co., Ltd.	1,300,297	0.6
531,000	China Yurun Food Group Ltd.	801,625	0.4
1,137,000	CNOOC Ltd.	2,581,682	1.2
1,142,000	Dongyue Group	1,165,627	0.6
2,324,000	Evergrande Real Estate Group Ltd.	1,464,360	0.7
626,000	Great Wall Motor Co. Ltd.	1,253,948	0.6

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630,000	Guangzhou Automobile Group Co. Ltd.	740,233	0.4
664,400	Guangzhou R&F Properties Co., Ltd.	873,010	0.4
107,000	Hengan International Group Co., Ltd.	967,693	0.5
4,902,000	Industrial and Commercial Bank of China Ltd.	3,576,818	1.7
234,100	Inner Mongolia Yitai Coal Co.	1,320,250	0.6
1,854,000	Lonking Holdings Ltd	748,719	0.4
572,000	PetroChina Co., Ltd.	860,644	0.4
9,038,000	Renhe Commercial Holdings Co. Ltd.	1,080,768	0.5
943,000	Shimao Property Holdings Ltd.	1,225,315	0.6
28,900	Tencent Holdings Ltd.	748,421	0.4
1,374,000	Want Want China Holdings Ltd.	1,362,316	0.7
219,400	ZTE Corp.	653,561	0.3
		<b>40,854,070</b>	<b>19.7</b>
	<b>Hong Kong:</b>	<b>9.5%</b>	
275,000	AIA Group Ltd.	1,038,025	0.5
527,000	Cathay Pacific Airways Ltd.	1,041,525	0.5
73,000	Cheung Kong Holdings Ltd.	1,063,697	0.5
186,000	Cheung Kong Infrastructure Holdings Ltd.	1,089,115	0.5
198,000	CLP Holdings Ltd.	1,745,682	0.8
539,000	Dah Chong Hong Holdings Ltd.	759,634	0.4
1,518,000	Fushan International Energy Group Ltd.	648,016	0.3
40,500	Hang Seng Bank Ltd.	566,143	0.3
229,000	Henderson Land Development Co., Ltd.	1,431,741	0.7
36,400	Hong Kong Exchanges and Clearing Ltd.	674,496	0.3
116,000	Hutchison Whampoa Ltd.	1,147,518	0.6
2,331,000	Lee & Man Paper Manufacturing Ltd.	1,230,986	0.6
280,000	Li & Fung Ltd.	638,496	0.3
335,500	MTR Corp.	1,190,403	0.6
2,218,000	Skyworth Digital Holdings Ltd.	1,233,839	0.6
51,000	Sun Hung Kai Properties Ltd.	782,532	0.4
133,500	Swire Pacific Ltd.	1,514,946	0.7
355,000	Wheelock & Co., Ltd.	1,216,479	0.6
210,500	Yue Yuen Industrial Holdings	723,013	0.3
		<b>19,736,286</b>	<b>9.5</b>

See Accompanying Notes to Financial Statements

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	<b>India:</b>	<b>7.4%</b>		
206,613	Bharat Heavy Electricals Ltd.		1,293,718	0.6
69,973	Bharat Petroleum Corp. Ltd.		945,514	0.5
71,837	Cipla Ltd.		464,165	0.2
131,141	GAIL India Ltd.		1,001,445	0.5
186,051	HDFC Bank Ltd.		1,959,318	0.9
125,602	Hindustan Lever Ltd.		973,412	0.5
72,553	IndusInd Bank Ltd.		460,735	0.2
38,944	Infosys Technologies Ltd.		2,273,938	1.1
64,495	Lupin Ltd.		631,689	0.3
179,241	Oil & Natural Gas Corp., Ltd.		1,070,387	0.5
83,869	Ranbaxy Laboratories Ltd.		732,398	0.4
32,387	Reliance Industries Ltd.		540,970	0.3
64,364	Reliance Infrastructure Ltd		777,321	0.4
233,530	Rural Electrification Corp. Ltd.		1,023,616	0.5
454,778	Sterlite Industries India Ltd.		1,146,183	0.5
			<b>15,294,809</b>	<b>7.4</b>
	<b>Indonesia:</b>	<b>3.2%</b>		
59,000	Astra International Tbk PT		461,922	0.2
1,676,500	Bank Rakyat Indonesia		1,277,896	0.6
3,144,500	Bank Negara Indonesia Persero Tbk PT		1,313,258	0.6
3,905,000	Bumi Resources Tbk PT		1,054,873	0.5
204,000	Indo Tambangraya Megah PT		977,106	0.5
2,078,000	Perusahaan Gas Negara PT		860,279	0.4
600,000	Semen Gresik Persero Tbk PT		747,139	0.4
			<b>6,692,473</b>	<b>3.2</b>
	<b>Macau:</b>	<b>0.8%</b>		
268,400	Sands China Ltd.		998,860	0.5
250,000	Wynn Macau Ltd.		653,953	0.3
			<b>1,652,813</b>	<b>0.8</b>
	<b>Malaysia:</b>	<b>1.2%</b>		
831,600	AirAsia BHD		1,014,345	0.5
415,100	Digi.com BHD		556,826	0.3
300,000	Sime Darby Bhd		969,759	0.4
			<b>2,540,930</b>	<b>1.2</b>
	<b>Philippines:</b>	<b>1.0%</b>		
17,335	Philippine Long Distance Telephone Co.		1,157,299	0.6
349,000	San Miguel Corp.		920,429	0.4
			<b>2,077,728</b>	<b>1.0</b>
	<b>Singapore:</b>	<b>5.0%</b>		
51,000	DBS Group Holdings Ltd.		576,640	0.3
195,600	Keppel Corp., Ltd.		1,722,251	0.8
142,000	Oversea-Chinese Banking Corp.		1,016,093	0.5
278,000	SembCorp Industries Ltd.		1,170,183	0.6
103,000	Singapore Airlines Ltd.		904,850	0.4
619,000	Singapore Telecommunications Ltd.		1,566,942	0.8

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94,000	United Overseas Bank Ltd.	1,351,365	0.6
313,000	United Overseas Land Ltd.	1,170,203	0.6
774,000	Yangzijiang Shipbuilding Holdings Ltd.	836,807	0.4
		<b>10,315,334</b>	<b>5.0</b>
	<b>South Korea:</b>	<b>14.5%</b>	
66,490	BS Financial Group, Inc.	826,548	0.4
72,730	Hynix Semiconductor, Inc.	1,951,910	0.9
18,189	Hyundai Engineering & Construction Co. Ltd.	1,370,574	0.7
3,379	Hyundai Heavy Industries	1,022,167	0.5
26,490	Hyundai Hysco Co. Ltd.	899,134	0.4
40,070	Hyundai Marine & Fire Insurance Co., Ltd.	1,155,225	0.6
8,135	Hyundai Mobis	2,071,217	1.0
7,321	Hyundai Motor Co.	1,410,141	0.7
5,509	Hyundai Wia Corp.	680,454	0.3
92,490	Industrial Bank Of Korea	1,071,898	0.5
28,043	Kia Motors Corp.	1,768,052	0.8
138,550	Korea Exchange Bank	1,006,270	0.5
22,879	Korean Air Lines Co. Ltd.	1,078,553	0.5
63,610	KP Chemical Corp.	945,742	0.5
27,960	KT Corp.	816,030	0.4
19,132	KT&G Corp.	1,251,838	0.6
2,637	Posco	978,563	0.5
7,301	Samsung Electronics Co., Ltd.	7,851,232	3.8
19,710	Samsung Heavy Industries Co., Ltd.	716,224	0.3
4,089	SK Corp.	616,527	0.3
4,671	SK Telecom Co., Ltd.	606,793	0.3
		<b>30,095,092</b>	<b>14.5</b>
	<b>Taiwan:</b>	<b>9.4%</b>	
439,800	Cheng Shin Rubber Industry Co. Ltd.	1,081	