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	**85258**
(Address of principal executive offices)	**(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, click on the E-Delivery icon from the home page, follow the directions and complete the quick 5 Steps to Enroll.

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

PROXY VOTING INFORMATION

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

QUARTERLY PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. 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. 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.[1] 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.[2] 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. 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

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. 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℠ 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℠ lost just 1.57% (The MSCI World Index℠ 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 21st, 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® 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 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 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

Index	Description
MSCI World Index℠	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® 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® Index	A free float-adjusted market capitalization index that is designed to measure developed market equity performance in Japan.
MSCI Europe ex UK® Index	A free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe, excluding the UK.
MSCI UK® 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® 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.

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%
Net Assets	100.0%

^ 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(1), which are selected by one of the Fund s sub-advisers(2) 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.(3)

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

The portfolio seeks to target a dividend yield higher than that of the MSCI All Country (AC) Asia Pacific ex Japan® 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® Index as a reference index. The MSCI AC Asia Pacific ex-Japan® 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
Total assets	208,972,051
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
Total liabilities	1,553,499
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
Net assets	$ 207,418,552
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
Total investment income	7,937,079
EXPENSES:	
Investment management fees	2,380,612
Transfer agent fees	18,571
Administrative service fees	207,007
Shareholder reporting expense	83,838
Professional fees	74,850
Custody and accounting expense	260,170
Trustee fees	5,958
Miscellaneous expense	46,007
Total expenses	3,077,013
Net expenses	3,077,013
Net investment income	4,860,066
REALIZED AND UNREALIZED GAIN (LOSS):	
Net realized gain (loss) on:	
Investments	(856,586)
Foreign currency related transactions	(506,522)
Written options	4,734,396
Net realized gain	3,371,288
Net change in unrealized appreciation (depreciation) on:	
Investments	(7,481,151)
Foreign currency related transactions	5,051
Written options	(465,129)
Net change in unrealized appreciation (depreciation)	(7,941,229)
Net realized and unrealized loss	(4,569,941)
Increase in net assets resulting from operations	$ 290,125
* Foreign taxes withheld	$ 567,790

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
FROM OPERATIONS:		
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
FROM DISTRIBUTIONS TO SHAREHOLDERS:		
Net investment income	(12,207,734)	(21,284,552)
Return of capital	(8,711,456)	
Total distributions	(20,919,190)	(21,284,552)
FROM CAPITAL SHARE TRANSACTIONS:		
Reinvestment of distributions	2,072,579	3,378,698
Net increase (decrease) in net assets	(18,556,486)	17,364,307
NET ASSETS:		
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.

Per Share Operating Performance												Ratio
Income (loss) from investment operations			**Less distributions**									
Net estment ncome	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	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)
($)	($)	($)	($)	($)	($)	($)	($)	($)	(%)	(%)	($)	(%)
0.38*	(0.35)	0.03	0.98		0.70	1.68	16.51	17.16	**0.63**	**0.92**	207,419	1.49
0.33*	2.54	2.87	1.73			1.73	18.16	18.82	**17.31**	**14.64**	225,975	1.42
0.32*	7.30	7.62	0.34		1.60	1.94	17.02	18.05	**69.95**	**100.78**	208,611	1.41
0.64*	(10.30)	(9.66)	0.64		1.35	1.99	11.34	10.18	**(43.57)**	**(43.61)**	138,220	1.45
0.72	0.13	0.85	0.77	0.92		1.69	22.99	20.65	**3.61**	**(11.31)**	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 data. 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:

(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.

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

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.

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.

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 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:

Fund	Accrued Investment Management Fees	Accrued Administrative Fees	Total
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

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[1]:

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

[1] $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:

Tax Year Ended December 31, 2011		Tax Year Ended December 31, 2010
Ordinary Income	Return of Capital	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 Appreciation/	Post-October Capital Loss	Short-term Capital Loss	Expiration

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

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 Amount	Declaration Date	Payable Date	Record 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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SUMMARY PORTFOLIO OF INVESTMENTS

ING Asia Pacific High Dividend Equity Income Fund

as of February 29, 2012

Shares		Value	Percentage of Net Assets
COMMON STOCK: 99.3%			
	Australia: 25.2%		
195,545	Amcor 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
		52,191,198	**25.2**
	China: 19.7%		
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

Shares		Value	Percentage of Net Assets
COMMON STOCK: (continued)			
	China: (continued)		
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
		40,854,070	**19.7**
	Hong Kong: 9.5%		
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
		19,736,286	**9.5**
	India: 7.4%		
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

		15,294,809	**7.4**
	Indonesia: 3.2%		
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
6,846,000	Other Securities	4,101,319	2.0
		6,692,473	**3.2**
	Macau: 0.8%		
518,400	Other Securities	1,652,813	0.8
	Malaysia: 1.2%		
1,546,700	Other Securities	2,540,930	1.2
	Philippines: 1.0%		
366,335	Other Securities	2,077,728	1.0
	Singapore: 5.0%		
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
		10,315,334	**5.0**

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SUMMARY
PORTFOLIO OF INVESTMENTS

ING Asia Pacific High Dividend
Equity Income Fund

as of February 29, 2012 (continued)

Shares		Value	Percentage of Net Assets
COMMON STOCK: (continued)			
	South Korea: 14.5%		
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
		30,095,092	**14.5**
	Taiwan: 9.4%		
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
		19,421,768	**9.4**
	Thailand: 2.4%		
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
		5,021,003	**2.4**
	Total Common Stock (Cost $190,067,391)	**205,893,504**	**99.3**
	Assets in Excess of Other Liabilities	**1,525,048**	**0.7**
	Net Assets	**$ 207,418,552**	**100.0**

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

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%
Net Assets	**100.0%**

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SUMMARY PORTFOLIO OF INVESTMENTS

ING ASIA PACIFIC HIGH DIVIDEND EQUITY INCOME FUND

AS OF FEBRUARY 29, 2012 (CONTINUED)

Fair Value Measurements^

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
Asset Table				
Investments, at value				
Common Stock				
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
Total Investments, at value	$ 10,090,986	$ 195,802,518	$	$ 205,893,504
Liabilities Table				
Other Financial Instruments+				
Written Options	$	$ (1,052,430)	$	$ (1,052,430)
Total Liabilities	$	$ (1,052,430)	$	$ (1,052,430)

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
Asset Table									
Investments, at value									
Common Stock	$ 431,174	$	$	$	$	$	$	$ (431,174)	$
Total Investments, at value	$ 431,174	$	$	$	$	$	$	$ (431,174)	$

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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SUMMARY
PORTFOLIO OF INVESTMENTS

ING ASIA PACIFIC HIGH DIVIDEND
EQUITY INCOME FUND

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