ING Emerging Markets High Dividend Equity Fund
Form N-CSRS
November 03, 2011
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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 Emerging Markets High Dividend Equity 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: **August 31, 2011**

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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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Semi-Annual Report

August 31, 2011

ING Emerging Markets High Dividend Equity Fund

E-Delivery Sign-up details inside

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

FUNDS

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Go Paperless with E-Delivery!

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

Just go to www.ingfunds.com, click on the E-Delivery icon from the home page, follow the directions and complete the quick 5 Steps to Enroll.

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

PROXY VOTING INFORMATION

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

QUARTERLY PORTFOLIO HOLDINGS

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

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PRESIDENT S LETTER

Dear Shareholder,

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

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

Based on net asset value (NAV), the Fund had a total return of (9.85)% for the

period from inception on April 26, 2011 through August 31, 2011(1). Based on its share price as of August 31, 2011, the Fund provided a total return of (20.48)% for the period from inception on April 26, 2011 through August 31, 2011(2). The Fund intends to implement a level distribution strategy and make regular quarterly distributions to shareholders based on the past and projected performance of the Fund.

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

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

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

Sincerely,

Shaun P. Mathews

President & Chief Executive Officer

ING Funds

October 7, 2011

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

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

(1) Total investment return at net asset value has been calculated assuming a purchase at net asset value at the beginning of each period and a sale at net asset value at the end of each period and assumes reinvestment of dividends, capital gain distributions and return of capital distributions/allocations, if any, in accordance with the provisions of the 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: SIX MONTHS ENDED AUGUST 31, 2011

As our new fiscal year started, commentators were wondering what it would take to spoil investors collective appetite for risky assets. Global equities in the form of the MSCI World Index^{SM} measured in local currencies including net reinvested dividends were already up nearly 5% in 2011, despite a continuing European sovereign debt crisis and the violent uncertainties of the Arab Spring in North Africa and the Middle East. As if this were not enough, a massive earthquake and tsunami hit Japan on March 11, causing severe local damage and disruption to global supplies of electrical and digital components. Yet global equities returned nearly 1% between March 10 and March 31. Many of the developed world s economies including the US, seemed to be returning to health, boosted by heavy, ongoing doses of stimulative and monetary medicine.

But as the year wore on, the patient took a turn for the worse and by the end of August global equities were down 11.03% for the six month period. (The MSCI World Index^{SM} returned (9.21)% for the six-month period, measured in U.S. dollars.)

It did not happen right away. In the U.S., the latest unemployment rate was reported in April at 8.8%, the lowest in 24 months. New private sector jobs well above 200,000 were added in each of January, February and March. But the average for the next three months slumped to 111,000, just 72,000 including the shrinking government sector. The unemployment rate rebounded to 9.1% and by the end of August the number of new weekly unemployment claims was still stuck above 400,000.

In the housing market, sales of new and existing homes seemed to be stabilizing at low levels. But by May both were in decline again and that month the double dip in home prices was confirmed when the S&P/Case-Shiller 20-City Composite Home Price Index was reported as having fallen below the near term trough recorded in April 2009.

Gross Domestic Product (GDP) growth had been reported at 3.1% (quarter-over-quarter, annualized) for the fourth quarter of 2010. On July 29 this was revised down to 2.3%, among other revisions that showed the recession had been deeper and started earlier than previously thought. Worse, growth in the first quarter of 2011 was a barely perceptible 0.4%. When the next quarter s figure was reported at just 1.0%, the common assessment was that the economy was operating at stall-speed .

There was to be no cheer on the political front as parties deadlocked on the issue of raising the debt ceiling. A stopgap agreement avoided the risk of the United States defaulting on its debt, but it did not stop Standard & Poors from downgrading the country s credit rating.

A slowdown of sorts was also taking place in China. Its economy was still growing fast, at 9.5% in the latest quarter, but activity was clearly slowing at the margin, which would significantly impact global growth. It was a self-inflicted slowdown, as the authorities used monetary tightening to battle inflation of 6.5% and a housing price bubble. By August, the closely watched Chinese purchasing managers index was registering near-stagnation.

Arguably the largest single depressant to investors risk appetite was renewed anxiety about Eurozone sovereign debt, when rumors started to swirl that Greece would seek a

restructuring of its debt, much of it held by European banks, threatening a Lehman-like event that might paralyze the banking system and trip the region back into recession. In late July, a second bail-out package was agreed to for Greece. But amid doubts about the political will necessary to carry it through, attention turned to the Italian bond market, the world s third largest, and Spain s. Bond yields soared to euro-era high levels, retreating only when the European Central Bank started buying the bonds, a role it was never meant to play.

In U.S. fixed income markets, the Barclays Capital U.S. Aggregate Bond Index of investment grade bonds rose 5.49% in the first half of the fiscal year. The sub-index representing government bonds returned 6.53% and short to medium Treasuries traded at record low yields. Conversely, the Barclays Capital High Yield Bond 2% Issuer Constrained Composite Index lost 1.57% in these more risk-averse times.

U.S. equities, represented by the S&P 500® Index including dividends, lost 7.23% in the six months through August, with negative returns in the last four, including the worst August since 2001. The operating earnings of S&P 500® companies in the second quarter of 2011 eclipsed their all-time record of exactly four years before and while that might have supported prices in the past, it was increasingly seen as unlikely to stand in near-recessionary conditions.

In currencies, the dollar benefited periodically from safe haven status, as the latest trauma of the Eurozone debt crisis played out. But in the end, many commentators argued that there was no haven that was truly safe and over the six months the dollar ultimately fell 4.98% against the euro, 1.46% against the pound and 5.95% to the yen, which briefly touched a post-war high.

In international markets, the MSCI Japan® Index plunged 19.23% in the first half of the fiscal year, weighed down by the disruptive aftermath of natural disaster, as the economy re-entered recession. The MSCI Europe ex UK® Index returned a similar (18.34)%, measures of business activity and confidence steadily deteriorating as the period progressed. The European Central Bank still saw fit, however, to raise interest rates twice. In the UK, GDP was barely higher than its mid 2010 level, with severe spending cuts on the way. Yet the MSCI UK® Index only fell 8.04%, with contributions from the defensive consumer staples and health care sectors moderating losses in the financials, energy and materials sectors.

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.ingfunds.com to obtain performance data current to the most recent month end.

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

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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.
S&P/Case-Shiller 20-City Composite Home Price Index	A composite index of the home price index for the top 20 Metropolitan Statistical Areas in the United States. The index is published monthly by Standard & Poor s.
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.
Barclays Capital High Yield Bond 2% Issuer Constrained Composite Index	An unmanaged index that includes all fixed income securities having a maximum quality rating of Ba1, a minimum amount outstanding of $150 million, and at least one year to maturity.
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 Europe® Index	A free float-adjusted market capitalization weighted index designed to measure the equity market performance of the developed markets in Europe.
MSCI All Country Asia Pacific ex-Japan® Index	A free float-adjusted market capitalization weighted index designed to measure the equity market performance of Asia, excluding Japan.

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ING EMERGING MARKETS HIGH DIVIDEND EQUITY FUND PORTFOLIO MANAGERS REPORT

Country Allocation

as of August 31, 2011

(as a percentage of net assets)

China	16.7%
Brazil	16.4%
South Korea	11.1%
Taiwan	9.0%
Hong Kong	7.1%
Russia	6.7%
South Africa	6.3%
Singapore	4.4%
Malaysia	3.4%
Mexico	2.4%
Countries between 0.5%-1.9%^	14.2%
Assets in Excess of Other Liabilities*	2.3%
Net Assets	100.0%

* Includes short-term investments.

^ Includes 13 countries, which each represents 0.5%-1.9% of net assets.

Portfolio holdings are subject to change daily.

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

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

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

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

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

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

The Fund s Options Strategy: The Fund writes (sells) call options on selected ETFs and/or international, regional or country indicies of equity securities, and/or on equity securities, with the underlying value of such calls having 15% to 50% of total value of the Fund s portfolio. The Fund

seeks to generate gains from the call writing strategy over a market cycle to supplement the dividend yield of its underlying portfolio.

Performance: Based on net asset value (NAV), the Fund had a total return of (9.85)% for the period from inception on April 26, 2011 through August 31, 2011. Based on its share price as of August 31, 2011, the Fund provided a total return of (20.48)% for the period from inception on April 26, 2011 through August 31, 2011. The Fund is not benchmarked to an index but uses the MSCI® Emerging Markets Index as a reference index, which returned (12.91)% for the period from May 1, 2011 to August 31, 2011. During the period, the Fund made quarterly distributions totaling $0.40 per share, which were characterized as $0.26 per share capital gains and $0.14 per share net investment income. As of August 31, 2011, the Fund had 19,255,000 shares outstanding.

Market Review: Emerging market (EM) equities retreated during a reporting period dominated by growth concerns across developed markets and sovereign debt worries in Europe. Housing and labor markets remained weak. Emerging markets underperformed developed markets. Continued inflationary pressures led by higher food

Top Ten Holdings

as of August 31, 2011*

(as a percentage of net assets)

Petroleo Brasileiro SA ADR	3.2%
China Mobile Ltd. ADR	2.8%
America Movil SAB de CV	2.4%
Samsung Electronics Co., Ltd.	2.2%
Vale SA	2.2%
Lukoil-Spon	2.2%
Gazprom OAO ADR	2.1%
Taiwan Semiconductor Manufacturing Co., Ltd.	1.8%
Mobile Telesystems OJSC ADR	1.7%
Telekomunikasi Indonesia Tbk PT	1.5%

* Excludes short-term investments.

Portfolio holdings are subject to change daily.

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prices in both China and India forced central banks to raise interest rates again. Reserve rate requirements were raised in China which also added to growth concerns encouraging debate between hard versus soft landing scenarios for the economy. August turned out to be an awful month for global equities, with many country indices posting double-digit declines. No sector escaped the sell-off but financials and cyclical sectors were particularly hard hit. The only sectors that were relatively resilient were consumer staples and telecommunications services.

Equity Portfolio: The Fund s equity portfolio outperformed the reference index during the reporting period. Both sector allocation and stock selection aided performance. Underweights in the energy and materials sectors contributed to results. Stock picking among financials, consumer discretionary and information technology companies helped performance, whereas selection among consumer staples and materials detracted.

Among the best performing stocks were China Mobile and HTC Corp. The worst detractors included industrials company China High Speed Transmission Equipment Group Co. Ltd. and energy company Petrobras Petroleo Brasileiro. During the period, we increased the Fund s underweight in South Africa and Taiwan, reduced its underweight in India and increased the overweight in China/Hong Kong. We also reduced the overweight in Brazil.

Options Portfolio: During the reporting period call options were written against the iShares MSCI Emerging Markets Index Fund ETF. The option portfolio consists of a series of short-dated call options on the iShares MSCI Emerging Markets Index Fund ETF. The options were generally sold with maturities of four to five weeks. Portfolio coverage was 20%. Generally, options were sold at-the-money and implemented in the over-the-counter market.

Almost all emerging markets indices ended lower, with the largest contraction in August when global equity markets tumbled. The result was low volatility in the earlier part of the period with much higher volatility toward the end of August. The option premiums received were stable early in the period but increased towards the end, with August premiums elevated. For the full period the total premium collected exceeded the amount that had to be settled at expiry and the strategy added value. The option overlay reduced the volatility of Fund returns and contributed to the Fund s ability to generate a relatively higher total return.

Outlook and Current Strategy: Earnings expectations have been significantly reduced in the last couple of months, especially in India. Risk events still lurk on the horizon, especially in Europe, and cyclical indicators may dip further. We believe that inflation will soon peak, especially in Asia, and then begin to slow. Food and commodity prices, which are key drivers of inflation in Asia, are leveling off; this offers some hope that the worst may be behind us.

We believe the EM universe will be affected by the declining global trade and falling material prices, and the risks of policy mistakes are increasing. Nonetheless, we still believe EM will be the main drivers of global growth. We maintain a positive view as EM valuations now are lower than their long-term averages compared to developed markets equities. Our focus for now is to concentrate Fund weightings towards countries with relatively solid domestic growth momentum, such as China, Russia and Brazil.

* Effective June 1, 2011, Moudy el Khodr was removed as a portfolio manager to the Fund.

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

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STATEMENT OF ASSETS AND LIABILITIES AS OF AUGUST 31, 2011 (UNAUDITED)

ASSETS:	
Investments in securities at value*	$ 316,340,913
Short-term investments at value***	10,488,611
Foreign currencies at value*****	289,036
Receivables:	
Dividends and interest	914,208
Receivable due from manager	166,506
Total assets	328,199,274
LIABILITIES:	
Payable to affiliates	335,756
Payable to custodian due to bank overdraft	1,228,238
Payable for trustee fees	1,818
Other accrued expenses and liabilities	116,306
Written options, at fair value^	2,746,223
Total liabilities	4,428,341
NET ASSETS	$ 323,770,933
NET ASSETS WERE COMPRISED OF:	
Paid-in capital	$ 366,933,332
Distributions in excess of net investment income	(142,574)
Accumulated net realized loss	(77)
Net unrealized depreciation	(43,019,748)
NET ASSETS	$ 323,770,933
* Cost of investments in securities	$ 359,133,332
*** Cost of short-term investments	$ 10,488,611
*****Cost of foreign currencies	$ 288,877
^ Premiums received on written options	$ 2,521,791
Net Assets	$ 323,770,933
Shares outstanding*	19,255,000
Net asset value	$ 16.81

* Unlimited shares authorized; $0.01 par value.

See Accompanying Notes to Financial Statements

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STATEMENT OF OPERATIONS (UNAUDITED)

		April 26, 2011[1] to August 31, 2011
INVESTMENT INCOME:		
Dividends, net of foreign taxes withheld*	$	5,505,638
Total investment income		5,505,638
EXPENSES:		
Investment management fees		1,356,156
Transfer agent fees		3,040
Administrative service fees		117,925
Shareholder reporting expense		10,386
Registration fees		10,250
Professional fees		19,643
Custody and accounting expense		112,650
Trustee fees		4,125
Organizational expense		50,000
Miscellaneous expense		6,091
Total expenses		1,690,266
Net waived and reimbursed fees		(50,000)
Net expenses		1,640,266
Net investment income		3,865,372
REALIZED AND UNREALIZED GAIN (LOSS)		
Net realized gain (loss) on:		
Investments		186,531
Foreign currency related transactions		(1,281,466)
Written options		4,717,244
Net realized gain		3,622,309
Net change in unrealized appreciation or depreciation on:		
Investments		(42,792,420)
Foreign currency related transactions		(2,896)
Written options		(224,432)
Net change in unrealized appreciation or depreciation		(43,019,748)
Net realized and unrealized loss		(39,397,439)
Decrease in net assets resulting from operations	$	(35,532,067)

*	Foreign taxes withheld	$	633,305
(1)	Commencement of operations		

See Accompanying Notes to Financial Statements

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STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)

	April 26, 2011[1] to August 31, 2011
FROM OPERATIONS:	
Net investment income	$ 3,865,372
Net realized gain	3,622,309
Net change in unrealized depreciation	(43,019,748)
Decrease in net assets resulting from operations	(35,532,067)
FROM DISTRIBUTIONS TO SHAREHOLDERS:	
Net investment income	(2,726,556)
Net realized gains	(4,903,776)
Return of capital	(71,668)
Total distributions	(7,702,000)
FROM CAPITAL SHARE TRANSACTIONS:	
Net proceeds from sale of shares[2]	367,005,000
Net increase in net assets	323,770,933
NET ASSETS:	
Beginning of period	
End of period	