

ING Global Advantage and Premium Opportunity

Closed-End Fund | Strategy Brief

June | 2012

NYSE Symbol: IGA
CUSIP #: 44982N109
NAV Symbol: XIGAX

Inception Date: 10/26/05
Inception NAV: \$19.06
Inception Share Price: \$20.00

Fund Overview

Global	Invests in global equity markets with a target allocation of 60% U.S. and 40% international equity securities.
Quantitatively Managed	Potential for systematic excess returns through a quantitative equity investment approach.
Option Strategy	Seek gains over a full market cycle through a call writing strategy and NAV stability through a currency hedging strategy.

Equity Investment Process

- The equity selection process seeks to generate a portfolio of approximately 750-1,500 common stocks using a quantitative equity investment process.
- The Fund's managers may sell common stocks within the Fund's portfolio to secure gains, limit losses, redeploy assets into opportunities they believe are more promising, or to meet obligations arising out of the Fund's call-option writing.



Investment Objective¹

- Seeks to provide a high level of income. Capital appreciation is the Fund's secondary investment objective.

Investment Strategy

- The Fund seeks to achieve its investment objective by investing at least 80% of its managed assets in a diversified portfolio of common stocks of companies located in a number of different countries throughout the world. In addition, the Fund utilizes an integrated options writing strategy.

Call Writing Strategy

- Once the underlying portfolio is constructed, the level of option coverage is determined based on global outlook, market opportunities and volatility of option price.
- Typically the Fund sells call options on broad-base global or regional indices and/or exchange traded funds (ETFs) for 60-100% of the value of the equity portfolio. Calls written (sold) are:
 - Short-term (between 10 days and three months until expiration).
 - At-the-money or near-the-money.

Currency Hedging Strategy

- The Fund hedges the vast majority of its foreign currency exposure in which its equity holdings are denominated, including, but not limited to, the Australian Dollar, Swiss Franc, Euro, GB Pound Sterling and Japanese Yen.

¹ There can be no assurance that the Fund will achieve its investment objective.

Manager Commentary

Market Review

Global markets spent a good part of the second quarter of 2012 giving up gains achieved during the first quarter. Concerns about everything from the future of the euro, to Chinese economic strength, to the U.S. jobs picture and the impact of elections across the globe, turned sentiment and stocks lower. With so much weighing on the equity markets, investors sought refuge in safe-haven assets such as gold and the U.S. dollar, as well as U.S., German and U.K. government bonds. U.S. fixed income market gauges built on positive monthly returns to good results for the quarter. Global fixed income gauges fell in May but overcame those losses with gains in June.

The month of June brought some relief to investors. In Greece, a pro-European government coalition was formed and the euro summit for once did not disappoint. The last day of the quarter ended on a decidedly upbeat note that sent global equity markets soaring and locked in gains for June. Even though stocks rebounded somewhat from their quarterly lows, they finished the second quarter in the red. Global equity market indexes posted losses of approximately 2–7%, pushing valuations about back to where they started the year.

The third quarter is likely to be driven by the same concerns that dominated the second. Can Europe bring down borrowing costs for Spain and Italy? Will job growth in the United States tick up again, and will we see more signs of a housing recovery? Can China avoid a hard landing? The recalibration of growth expectations across the developed and emerging worlds will continue to affect markets until fiscal disunion and competitive imbalances are addressed. Investors should be prepared for more volatility and surprises in the coming months.

Equity Portfolio

The domestic sleeve posted a modest negative absolute return during the second quarter, but outperformed its reference index. Within the sleeve, security selections in consumer staples, telecommunications services and information technology had the biggest negative impact on performance. Within information technology, Western Digital Corp. and Symantec Corp. detracted from results. AT&T Corp. also posted a negative return. Stronger contributors were Expedia Inc. and Nike Inc. within consumer discretionary. Other companies that contributed to results were underweights in Cisco Systems Inc. and Goldman Sachs Group Inc.

The international sleeve also posted a negative absolute return while outperforming its reference index. Within the international sleeve, security selection in materials, consumer discretionary and telecommunication services had the biggest negative impact on performance. Within materials, overweights in Iluka Resources Ltd. and Lanxess AG hurt performance. In the consumer discretionary sector, an overweight in Yamada Denki Co. Ltd. hurt performance. Top relative contributors included no exposure to Nokia Corp., Daimler AG and BG Group PLC.

Option Portfolio

The Fund generates premiums and seeks gains by writing (selling) call options on a variety of market indices on a portion of the value of the equity portfolio. During the period, the Fund sold short-maturity options on the S&P 500 Index, the DJ Eurostoxx 50 Index, the Nikkei 225 Index, the FTSE 100 Index and the S&P/ASX 200. The construction of the international option portfolio is such that there is a low tracking error with the reference index of the international portion of the equity portfolio, which is the MSCI EAFE Index.

The strike prices of the traded options were typically at or near the money, and the expiration dates ranged between three and six weeks. We maintained the coverage ratio at approximately 65–70% throughout the quarter. Option positions contributed to performance during the period. Equity markets remained volatile and the positive contributions of the options during the beginning part of the period were greater than the negative contribution realized in June. Volatility, as measured by the VIX Index, was also volatile during the quarter as there were a number of spikes with a peak at the beginning of June, only to subsequently retreat substantially by the end of the quarter.

Performance

For the quarter, the Fund returned -1.73% on a net asset value basis and -4.13% on a market value basis. The Fund's reference index, a blend of 60% the S&P 500 index and 40% the MSCI EAFE index, returned -4.47% for the same period.

Past performance is no guarantee of 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. Current performance may be lower or higher than the performance data quoted.

Principal Risks: All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investing. Price volatility, liquidity, and other risks that accompany an investment in equity securities of domestic and foreign companies, and small and mid sized capitalized companies. International investing does pose special risks including currency fluctuation, economic and political risks not found in investments that are solely domestic. Risks of foreign investing are generally intensified for investments in emerging markets. Bond investments are subject to interest rate risk such that when interest rates rise, the prices of bonds, and thus the value of the Fund, can decline and the investor can lose principal value. This Fund has additional risks which you should consider, such as: Market Discount Risk, Investment and Market Risk, Issuer Risk, Equity Risk, Small-Cap and Mid-Cap Companies Risk, Index Call Option Risk, Option Related Risk, Foreign Investment and Emerging Markets Risk, Foreign (non-U.S.) Currency Risk, Derivatives Risk, Interest Rate Risk, Restricted and Illiquid Securities Risk, Distribution Risk, Tax Risk. **These and other risks are described more fully in the Fund's prospectus and the most current annual or semi-annual report. The prospectus should be read carefully before investing. Consider the Fund's investment objective, risks, and charges and expenses carefully before investing.**

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The Fund continued its policy of hedging currencies back to the U.S. dollar in an attempt to reduce volatility of net asset value returns. These hedges contributed to performance as the U.S. dollar strengthened against a number of the major currencies during the second quarter.

Outlook and Current Strategy

Our strategy uses a quantitative investment process to construct enhanced index portfolios. This process employs multiple, uncorrelated alpha streams and advance forecasting techniques to determine which stocks to over- and underweight relative to the benchmark. The process then combines the forecasted alpha with estimates of risk and trading costs for each stock to construct a portfolio designed to maximize return and control for risk relative to the benchmark.