ING Risk Managed Natural Resources

Closed-End Fund | Strategy Brief — June | 2012

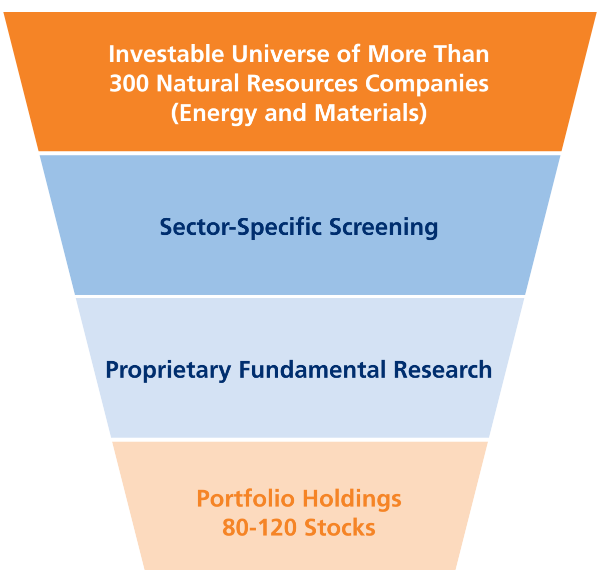
NYSE Symbol: IRR	**Inception Date:** 10/24/06
CUSIP #: 449810100	**Inception NAV:** $18.96
NAV Symbol: XIRRX	**Inception Share Price:** $20.00

Fund Overview

Natural Resources	Invests in equity securities of companies engaged in the energy, materials and natural resources industries.
Risk Management	Employs a collar strategy to potentially reduce volatility of returns.
Total Return	Seeks to generate capital gains in declining markets from the purchase of put options and premiums generated from writing call options.

Equity Investment Process

- To enhance the efficacy of the Fund's collar strategy, that portion of the Fund's equity portfolio on which the collar strategy is implemented (approximately 70%) is generally invested in equity securities in the index in proportion to the index weights.
- The remainder of the portfolio is managed in the sub-adviser's global natural resources strategy, which is designed to identify undervalued companies with proven track records, superior capital allocations, strong competitive positions and the ability to grow production capacities.



Investment Objective[1]

- Seeks to provide investors with total return through a combination of current income, capital gains and capital appreciation.

Investment Strategy

- The Fund seeks to achieve its investment objective by investing at least 80% of its managed assets in the equity securities of, or derivatives linked to the equity securities of companies that are primarily engaged in owning or developing energy, other natural resources and basic materials, or supplying goods and services to such natural resources companies.

Collar Strategy[2]

The collar strategy seeks to exploit the high implied volatility of the natural resources sector by attempting to protect the portfolio from large Net Asset Value (NAV) draw-downs while seeking to provide current income and the potential for upside appreciation.

- To engineer a "collared," risk-managed return profile, the Fund purchases put options and writes call options on selected energy and material indices and/or ETFs.
- Weighting of 80% in energy and 20% in materials indices is used for the collar strategy, which is correlated with the composition of the Fund's equity portfolio.
- Primarily uses over-the-counter options for their enhanced liquidity.

Purchase put protection against 100% of the assets

- Generally purchases three-month put options (5% "out-of-the-money").

The Fund seeks to finance the ongoing cost of put options and seek gains by writing call options on Indices and/or ETFs.

- Generally writes one-month call options ("at-the-money" or "near-the-money") on 50-100% of the underlying assets.

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

2 ING's Collar Strategy is created by purchasing three-month (5% "out-of-the-money") put options while simultaneously writing one-month "at-the-money" or "near-the-money" call options.

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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. The U.S. fixed income market posted 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 zone 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 negative territory. Global equity market indexes posted losses of approximately 2–7%, pushing valuations about back to where they started the year.

Broader energy indices underperformed during the period as oil prices tumbled due to fears of a weakening global economy and bolstered petroleum supply. Demand trends in both Organizations for Economic Co-operation and Development (OECD) and non-OECD markets faltered compared to earlier expectations.

Portfolio Review

The equity portfolio lagged its reference index due to negative stock selection in both energy and materials. In the energy sector, holdings in the oil and gas equipment and services sub-sector hurt returns as our positions in stocks such as Key Energy Services Inc. and Basic Energy Services Inc. were unfavorable for the period. Both stocks were negatively impacted by their exposure to North American onshore oil services, where there has been mobilization of capacity from natural gas to oil. We believe that there will be greater stability and ultimately growth in North American drilling activity.

Within the materials sector our position in Cliffs Natural Resources Inc., a producer of iron ore and metallurgical coal, was unfavorable for returns. The stock was hurt by weakness in coal and iron ore due to falling steel demand from China. We think there will be demand for natural resources as growth improves in emerging markets. The stimulus measures being taken by China and Europe should benefit growth.

Also within the energy sector, our position in oil and gas exploration company Range Resources Corp. was beneficial to returns. The company provided an operations and pricing update as it announced an increase in production. The company also provided a hedging update for pricing, including a floor for the majority of its natural gas and natural gas liquid production, which provides more downside protection than its peers.

Our position in integrated oil and gas giant Exxon Mobil Corp. also added to returns. The stock benefited from broad gains for U.S. equities following fresh moves to address Spain and Italy's borrowing costs. The stock also benefited from a subsequent rise in crude oil prices.

Option Portfolio

For the period, the Fund's collar strategy had a positive impact on relative returns. The Fund purchased put options and wrote call options on the XLE and XLB ETFs to implement its collar. During the period, the Fund generally held put options against 100% of the value of the underlying equity portfolio, with strike prices roughly 5% out of the money and expiration dates three months or shorter at inception. The Fund typically wrote calls on 50–70% of the value of the underlying equity portfolio. These options were generally at or near the money and had expirations of about one month at inception.

The Fund's collar strategy seeks to exploit the high volatility of the natural resources sector. In particular, it attempts to protect the portfolio from large net asset value (NAV) declines while seeking to generate premiums and retain some potential for upside appreciation. This strategy contributed to returns as the energy and materials sectors were weak during the period. As a result of this weakness, the call options were generally worthless at expiration and the put options expired with some value.

Near the end of the period, the Fund implemented its new strategic option overlay strategy. The Fund invests in put spread collars Whereby it purchasesput options that are roughly 5% out of the money and sells put options that are roughly 12.5% out-of-the-money. Both put options have expiration dates of about three months at inception, and the notional amounts of both generally represent 100% of the value of the underlying equity portfolio. The call overwrite

Outlook and Strategy

Looking ahead, energy prices have rebounded from their earlier lows during the second quarter, although global economic concerns abound. We continue to believe that natural gas price strength — globally and in North America — will be increasingly apparent through the summer and later in the year. Oil prices should improve further as supply is precarious and demand trends improve. Against this backdrop, the sentiment surrounding oil services should become more positive due to further oil directed activity — North America and globally — while any resurgence in natural gas drilling is an added benefit to tighten the service market. Within materials, we see attractive valuations and expect a recovery. We are seeing price stability within materials, with the prices being close to marginal costs, particularly in China.

Performance

For the quarter, the Fund returned -5.44% on a net asset value basis, and -6.83% on a market value basis. The Fund's reference index, the S&P North America Natural Resources Sector Index, returned -9.72% 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, Emerging Market Risk, Foreign (non U.S.) Currency Risk, Asia pacific Regional and Country Risk, Option Risk, Index Call Option Risk, Issuer Risk, Small-Cap and Mid-Cap Companies Risk, Derivatives Risk, Interest Rate Risk, Distribution Risk, Tax Risk, Portfolio Turnover Risk, Management Risk, Initial Public Offering ("IPOs") Risk, Depository Receipts Risk, Securities Lending Risk, Non-Diversification Risk, Market Disruption and Geo-Political Risk, Dividend Risk, Temporary Defensive Strategies 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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