ING Infrastructure, Industrials & Materials Fund
Form N-CSRS
November 04, 2010
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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: 811-22144

ING Infrastructure, Industrials and Materials Fund

(Exact name of registrant as specified in charter)

7337 E. Doubletree Ranch Rd., Scottsdale, AZ	**85258**
(Address of principal executive offices)	**(Zip code)**

The Corporation Trust Company, 1209 Orange

Street, Wilmington, DE 19801

(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, 2010**

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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, 2010

ING Infrastructure, Industrials and Materials 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 Infrastructure, Industrials and Materials Fund (the Fund) is a diversified, closed-end management investment company whose shares are traded on the New York Stock Exchange under the symbol IDE. 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 in companies that own and/or operate infrastructure facilities in the infrastructure sector, and in a broad range of companies, principally in the industrials and materials sector that ING Investment Management Co. (the Sub-Adviser) believes will benefit from the building, renovation, expansion and utilization of infrastructure.

For the six month period ended August 31, 2010, the Fund made quarterly total distributions of $0.90 per share, including net investment income of $0.11 per share, capital gains of $0.01 per share and return of capital of $0.78 per share. Based on net asset value (NAV), the Fund had a total return of (1.79)% for the six months ended August 31, 2010[(1)]. This NAV return reflects a decrease in its NAV from $19.20 on February 28, 2010 to $17.96 on August 31, 2010. Based on its share price as of August 31, 2010, the Fund provided a total return of (14.70)% for the six

months ended August 31, 2010[(2)]. This share price return reflects a decrease in its share price from $20.00 on February 28, 2010 to $16.25 on August 31, 2010. 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.

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

ING Funds

October 8, 2010

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.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 dividend reinvestment plan. Total investment return at net asset value is not annualized for periods less than one year.

(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. Total investment return at market value is not annualized for periods less than one year.

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MARKET PERSPECTIVE: SIX MONTHS ENDED AUGUST 31, 2010

Our previous fiscal year ended near the anniversary of March 9, 2009, when global equities in the form of the MSCI World Index[SM] measured in local currencies, including net reinvested dividends (MSCI for regions discussed below), touched levels last seen six years earlier. From that low point, the index was 58% higher as the new fiscal year started and continued to rise through mid April 2010. But from there a confluence of local and global concerns sent prices on a downward path. For the six months to August 31, 2010 global equities fell 3.35%. (The MSCI World Index[SM] fell 3.48% for the six months ended August 31, 2010, measured in U.S. dollars.) In currencies, the dollar gained 7.3% against the euro, but lost 4.7% to the yen and 1.8% against the pound.

The 12-month rally in equities had become increasingly edgy. The rescue of failing institutions by governments and central banks in Europe and the U.S., together with unprecedented fiscal and monetary stimulus to counter the ensuing recession, had led to enormous, unsustainable budget deficits. Not only would stimulus programs end, but debt would need to be wound down.

Beacons of hope in this rather bleak outlook were the United States and emerging markets, centered on China. The U.S. with its vast, dynamic, flexible economy would surely bounce back most quickly in the developed world and generate global economic activity. Emerging market economies, much more fiscally robust these days, had never suffered much of a financial crisis and recession anyway and were again showing vibrant growth. The demand for capital goods from China might sustain Japan s export led revival, while in Europe, growth may be tepid but at least the situation was stable.

By early May all of these premises were disintegrating, the erosion gathering pace over the summer, as attention lurched from one economic statistic to the next.

In the U.S., the critical housing market seemed to be improving, boosted by tax credits for home buyers. After sliding for more than three years, house prices (based on the S&P/Case-Shiller 20-City Composite Home Price Index), finally showed year-over-year increases from February. But when the credits expired, sales of new and existing homes slumped to multi-year low levels. Prices would surely follow. Unemployment remained stubbornly high, near 10%, barely scratched by new private sector jobs only averaging about 50,000 per month. Gross Domestic Product (GDP) growth in the second quarter of 2010 decelerated to 1.6% annualized. In July testimony, Federal Reserve Chairman Bernanke referred to an unusually uncertain outlook, exactly what investors didn t want to hear and three weeks later the Federal Open Market Committee formally downgraded its assessment for the U.S. economy. Record low Treasury bond yields in the U.S., Germany and the U.K. in August were compelling evidence to some commentators that developed economies were on the cusp of a second recession.

China s version of a recession was to grow at only 9.1% in 2009. In response, the government instructed the banks to expand lending. They did so and first quarter GDP growth rebounded to 11.9%. But inflation picked up and a housing bubble developed. The authorities quickly back-pedaled and repeatedly raised banks reserve ratio requirements while tightening the rules on mortgage issuance. Second quarter GDP growth slipped to 10.3% and by the end of

August the official Chinese manufacturing purchasing managers suggested the slowest activity in 17 months. The unofficial version compiled by HSBC signaled contraction.

In the Eurozone, default on billions of euro of Greece s maturing bonds loomed. Amid downgrades, ballooning yields, fears of contagion and doubts about the viability of the euro itself, Eurozone countries dithered until, at last in May, finance ministers and the International Monetary Fund agreed on a Financial Stabilization mechanism funded with up to €750 billion. The European Central Bank (ECB) started buying the worst-affected countries sovereign debt, much of it held in the vulnerable European banking system. The new mechanism and positive results from some rather soft stress testing on banks in July seemed to calm nerves. But uncertainty remained: August ended with a gaping 9.48% spread between the yields on Greek and German 10-year bonds.

U.S. equities, represented by the S&P 500® Index including dividends, fell 4.04% in the first half of the fiscal year. Early economic data were, on balance, favorable, with stock prices also supported by strong earnings reports. First quarter operating earnings per share for S&P 500® companies were, on average, about 92% above those for the corresponding quarter of 2009. By April 23, 2010 the index was up over 10% and at the high point for 2010, before factors described above drove investor sentiment and the market back down amid surging volatility.

In international markets, the MSCI Japan® Index sagged 9.72% for the six months through August. Apparently impressive 1.1% quarterly GDP growth in the first quarter was heavily exports-dependent and gave way to a barely perceptible 0.1% in the second, with domestic demand and consumer prices falling. The MSCI Europe ex UK® Index fell just 0.05%. The sovereign debt trauma subsided after it became clear that the ECB stood behind the banking system, and stress testing on the latter at least revealed no new problems. In the meantime, GDP grew 1.0% in the second quarter. The MSCI UK® Index slipped 0.61%, but excluding BP would have risen about 2%. Having suffered during the sovereign debt crisis due to the U.K. s own 11% budget deficit, investors seemed to take heart from the newly elected coalition government s aggressively austere budget that would reduce the deficit to 3.9% by 2015. Supporting this was the return to profit of most banks and second quarter GDP growth of 1.2%.

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.
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 World® Index	A free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets.

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ING INFRASTRUCTURE, INDUSTRIALS AND MATERIALS FUND PORTFOLIO MANAGERS REPORT

Country Allocation

as of August 31, 2010

(as a percent of net assets)

United States	42.1%
United Kingdom	10.3%
Germany	8.3%
France	5.5%
Brazil	5.1%
Hong Kong	3.3%
Luxembourg	3.0%
Ireland	2.9%
Netherlands	2.2%
Canada	1.9%
South Korea	1.6%
Countries between 1.4% 1.5%[1]	5.9%
Countries less than 1.4%[2]	7.2%
Other Assets and Liabilities Net*	0.7%
Net Assets	100.0%

* Includes short-term investments related to ING Institutional Prime Money Market Fund Class I.
(1) Includes four countries, which each represents 1.4% 1.5% of net assets.
(2) Includes seven countries, which each represents less than 1.4% of net assets.

Portfolio holdings are subject to change daily.

ING Infrastructure, Industrials and Materials Fund (the Fund) seeks total return through a combination of current income, capital gains and capital appreciation.

The Fund will seek to achieve its investment objective by investing in companies that own and/or operate infrastructure facilities in the infrastructure sector, and in a broad range of companies, principally in the industrials and materials sectors, that the Sub-Adviser believes will benefit from the building, renovation, expansion and utilization of infrastructure.

The Fund is managed by Christopher Corapi, Martin Jansen, Brian Madonick, Joseph Vultaggio, Paul Zemsky, Frank van Etten and David Powers, Portfolio Managers, ING Investment Management Co. 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 the equity securities of, or derivatives having economic characteristics similar to the equity securities of, issuers in three broad market sectors infrastructure, industrials and materials.

The Sub-Adviser seeks to construct a diversified equity portfolio of 60 to 100 equity securities, with a focus on companies that will potentially benefit from increased government and private spending in six areas: power, construction, materials, communications, transportation and water.

The Sub-Adviser has constructed a broad universe of approximately 1500 global companies that operate in industries which are related to its six investment areas. The Sub-Adviser will seek to identify, through bottom-up fundamental research, companies that it believes to be undervalued relative to their business fundamentals and outlook, and whose revenues or growth in revenues are driven by infrastructure spending.

The Sub-Adviser seeks to invest in companies with the following characteristics:

1. Good growth prospects
2. Resilient earnings potential across market cycles
3. Disciplined capital allocation management
4. Strong competitive position

Options Strategy: Under normal market conditions, the Fund will also seek to secure gains and enhance the stability of returns over a market cycle by writing (selling) call options on either (1) the value of subsets of stocks in its portfolio or (2) selected equity securities held in its portfolio, generally comprised of a portion of the Fund s large-capitalization holdings.

The underlying value against which such calls will be written may vary depending on the cash flow requirements of the portfolio and on the Sub-Adviser s assessment of market conditions, generally within a range of 15% to 50%.

The Fund expects initially to write (sell) call options primarily with shorter maturities (typically ten days to three months until expiration) generally, at-the-money or near-the-money , in the over-the-counter markets with major international banks, broker-dealers and financial institutions. The Fund may also write (sell) call options on selected indices and/or exchange traded funds (ETFs).

Performance: Based on net asset value (NAV) as of August 31, 2010, the Fund provided a total return of (1.79)% for the six month period. This NAV return reflects a decrease in the Fund s NAV from $19.20 on February 28, 2010 to $17.96 on August 31, 2010, including the reinvestment of $0.90 per share in quarterly total distributions, including net investment income of $0.11 per share, capital gains of $0.01 per share and a return of capital of $0.78 per share. Based on its share price as of August 31, 2010, the Fund provided a total return of (14.70)% for the six month period. This share price return reflects a decrease in its share price from $20.00 on February 28, 2010 to $16.25 on August 31, 2010, including the reinvestment of $0.90 per share in quarterly total distributions, including net investment income of $0.11 per share, capital gains of $0.01 per share and a return of capital of $0.78 per share. The Fund is not benchmarked to an index but uses the MSCI All Country World Index SM[(1)] as a reference index. The MSCI All Country World® Index, returned (2.39)% over the same period. As of August 31, 2010, the Fund had 19,805,000 shares outstanding.

Market Review**:** Stronger global equity markets through late April were followed by a sharp sell-off as the European sovereign debt crisis escalated, which raised concerns that the global economic recovery could be derailed. In June the markets stabilized, followed by a recovery, which resulted in a loss for the reference index over the review period.

Top Ten Holdings

as of August 31, 2010

(as a percent of net assets)

Anglo American PLC	2.5%
United Parcel Service, Inc. - Class B	2.4%
Caterpillar, Inc.	2.4%
Vodafone Group PLC	2.3%
Fluor Corp.	2.3%
Deere & Co.	2.2%
European Aeronautic Defence and Space Co. NV	2.2%
CenterPoint Energy, Inc.	2.1%
Honeywell International, Inc.	2.0%
Schlumberger Ltd.	2.0%

Portfolio holdings are subject to change daily.

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Equity Portfolio**:** In a volatile quarter, the equity portfolio s return lagged that of the opportunity set from which it selects securities. The Fund s regional positioning detracted from results, due largely to underweighting a relatively strong developed-Asia ex-Japan and overweighting a weak Europe, where a sharply lower euro reduced the outcome for U.S. based investors. Positioning within the industrials sector had a material positive impact, but security selection in energy detracted. Based upon the six themes according to which the Fund stratifies its investment universe (communications, construction, food and water, materials, power and transportation), stock selection detracted in the power and food and water themes, but added value in construction, communications and transportation.

Options Portfolio**:** To supplement its distributions, the Fund writes call options on a portion of the larger cap stocks in the portfolio. These individual options are grouped in a number of baskets and are sold and settled on this basis. Equity market volatility as measured by the VIX index rose significantly in May and June as markets retreated in the wake of the euro zone crisis, but fell thereafter as markets recovered. The options were sold at or near the money with maturity averaging one month, as most value could be obtained there. In a choppy period which ended essentially unchanged, the premiums received fell marginally short the amounts to be settled, with the result that the options activities detracted from performance. The coverage ratio was maintained in the 30-35% range.

Current Outlook & Strategy**:** Despite economic and market volatility, the developed world, in our opinion, appears to be on track for positive, albeit muted economic growth. The emerging economies continue to grow strongly and have an acute need (as well as the financial resources) to accelerate infrastructure development. We believe companies linked to infrastructure development continue to be well-positioned for above average growth in a global market where secular growth in the developed world is relatively scarce. We believe market volatility is likely to remain above average, which may continue to be reflected in levels of premiums the Fund receives on its call writing activities.

* Effective July 15, 2010, Martin Jansen was added as a portfolio manager to the Fund. Effective September 30, 2010, Frank van Etten was added as a portfolio manager to the Fund.

Portfolio holdings and characteristic are subject to change and may not be representative of current holdings and characteristics.

Performance data represents past performance and is no guarantee of future results.

An index has no cash in its portfolio, imposes no sales charges and incurs no operating expenses. An investor cannot invest directly in an index.

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STATEMENT OF ASSETS AND LIABILITIES AS OF AUGUST 31, 2010 (UNAUDITED)

ASSETS:	
Investments in securities at value*	$ 353,414,278
Short-term investments in affiliates**	3,510,000
Cash	1,590
Dividends and interest receivable	902,461
Total assets	357,828,329
LIABILITIES:	
Payable to affiliates	341,467
Payable for trustees fees	5,362
Other accrued expenses and liabilities	160,582
Written options, at fair value ^	1,611,607
Total liabilities	2,119,018
NET ASSETS (equivalent to $17.96 per share on 19,805,000 shares outstanding)	$ 355,709,311
NET ASSETS WERE COMPRISED OF:	
Paid-in capital shares of beneficial interest at $0.01 par value (unlimited shares authorized)	$ 362,068,497
Undistributed net investment income	477,489
Accumulated net realized loss	(550,004)
Net unrealized depreciation	(6,286,671)
NET ASSETS	$ 355,709,311
* Cost of investments in securities	$ 361,873,109
** Cost of short-term investments in affiliates	$ 3,510,000
^ Premiums received on written options	$ 3,787,279

See Accompanying Notes to Financial Statements

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STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED AUGUST 31, 2010 (UNAUDITED)

INVESTMENT INCOME:	
Dividends, net of foreign taxes withheld*[(1)]	$ 5,027,159
Total investment income	5,027,159
EXPENSES:	
Investment management fees	1,880,244
Transfer agent fees	16,689
Administrative service fees	188,022
Shareholder reporting expense	53,024
Professional fees	32,261
Custody and accounting expense	54,728
Trustees fees	7,821
Miscellaneous expense	24,724
Total expenses	2,257,513
Net waived and reimbursed fees	(3,207)
Net expenses	2,254,306
Net investment income	2,772,853
REALIZED AND UNREALIZED GAIN (LOSS)	
Net realized gain (loss) on:	
Investments	2,515,294
Foreign currency related transactions	(49,942)
Written options	(1,704,677)
Net realized gain	760,675
Net change in unrealized appreciation or depreciation on:	
Investments	(10,985,540)
Foreign currency related transactions	(4,707)
Written options	835,824
Net change in unrealized appreciation or depreciation	(10,154,423)
Net realized and unrealized loss	(9,393,748)
Decrease in net assets resulting from operations	$ (6,620,895)

*	Foreign taxes withheld	$ 476,396
(1)	Dividends from affiliates	$ 8,006

See Accompanying Notes to Financial Statements

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STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)

	Six Months Ended August 31, 2010	January 26, 2010[1] to February 28, 2010
FROM OPERATIONS:		
Net investment income (loss)	$ 2,772,853	$ (35,396)
Net realized gain (loss)	760,675	(1,165,650)
Net change in unrealized appreciation or depreciation	(10,154,423)	3,867,752
Increase (decrease) in net assets resulting from operations	(6,620,895)	2,666,706
FROM DISTRIBUTIONS TO SHAREHOLDERS:		
Net investment income	(2,259,968)	
Net realized gains	(145,029)	
Return of capital	(15,419,503)	
Total distributions	(17,824,500)	
FROM CAPITAL SHARE TRANSACTIONS:		
Net proceeds from sale of shares[2][3]	24,778,000	352,710,000