ING GLOBAL EQUITY DIVIDEND & PREMIUM OPPORTUNITY FUND
Form N-CSR
May 08, 2006



# 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: 811-21553**

# ING Global Equity Dividend and Premium Opportunity 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: **February 28, 2006**

**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):

**Funds**

# Annual Report

**February 28, 2006**

**ING Global Equity Dividend and Premium Opportunity 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 funds investment objectives, risks, charges, expenses and other information. This information should be read carefully.

TABLE OF CONTENTS



**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.

(THIS PAGE INTENTIONALLY LEFT BLANK)

PRESIDENT S LETTER

JAMES M. HENNESSY

Dear Shareholder,

As you may recall in my last letter, I described the enthusiasm that we were experiencing here at ING Funds as we worked to bring more of the world s investment opportunities to you, the investor.

I am happy to report that that enthusiasm is continuing to thrive. With the New Year, we have launched a series of new international mutual funds, each created to bring more of the world s opportunities to you.

Meanwhile, we have also heard you loud and clear. Our research tells us that many investors report that they find investing an intimidating and overly-complex endeavor. That is why ING is committed to helping investors across the country cut through the confusion and clutter. Your future. Made easier.SM are more than words, they represent our promise to you.

Those two objectives bringing you more of the world s opportunities and doing it in a way that is easier for you are behind the development of the ING Diversified International Fund. The new Fund is among those that we launched in January but it is unique in that it is a fund-of-funds. It is also, we believe, simply an easier way to invest internationally.

The ING Diversified International Fund brings together six distinct, international mutual funds, each managed by well-known asset managers who specialize in key international sub-asset classes. What s more, the Fund is periodically reviewed by a seasoned team of ING asset allocation experts who re-adjust the Fund s allocation based on prevailing market conditions.

Best of all: we ve made it easy. With just one investment, investors can now acquire a broadly diversified, actively managed international equity portfolio.

The ING Diversified International Fund marks one more way that we at ING Funds are continuing to offer you the global expertise, product innovation and world-class service that you have come to expect from us.

On behalf of everyone at ING Funds, I thank you for your continued support and loyalty. We look forward to serving you in the future.

Sincerely,

James M. Hennessy

President

ING Funds
April 10, 2006

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 on any ING fund, please call your Investment Professional or ING Fund Distributor, LLC at (800) 992-0180 or log on to www.ingfunds.com. The prospectus should be read carefully investing. Consider the fund s investment objectives, risks, and 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.

## MARKET PERSPECTIVE: YEAR ENDED FEBRUARY 28, 2006

In our report on the five months to August 31, 2005, we described solid if unspectacular gains in **global equities** markets, achieved mostly in July of 2005. In the following six months ended February 28, 2006, gains powered ahead, fuelled, as we shall see, from abroad. The Morgan Stanley Capital International ( MSCI ) World® Index[1] calculated in dollars, including net reinvested dividends, rose 10.3% for the six months ended February 28, 2006 and gained 15.5% since March 30, 2005 (inception date of the Fund). Again however the vast bulk of this took place in a much shorter interval: the last two months of 2005 and the first week of the 2006 New Year. As for **currencies**, the dollar extended its run, rising 3.6% against the euro (8.8% since March 30, 2005), 4.7% against the yen (8.0% since March 30, 2005), and 2.9% against the pound (7.8% since March 30, 2005). Commentators explained the dollar s unexpected strength by pointing to relatively high U.S. interest rates, especially the re-cycling of oil exporters burgeoning wealth into dollar securities, the tax-related repatriation into dollars of U.S. corporations foreign currency balances, and, regarding the yen s particular weakness, non-Japanese investors pouring into the stock market but hedging their currency risk. Each dynamic was losing steam by the 2005 year-end.

As in the earlier period, the main issue for **U.S. fixed-income** investors in the following six months ended February 28, 2006 was the unexpected flattening of the yield curve, i.e. the shrinking difference between short-term and long-term interest rates. From June 2004 through August 2005, the Federal Open Market Committee ( FOMC ) had raised the Federal Funds rate by 25 basis points ten times, pulling other short-term rates up as well. But the yield on the ten-year U.S. Treasury Note had actually fallen by 64 basis points over the fifteen months. This was put down to an apparently growing perception in the market that inflation was a problem solved, due to a vigilant Federal Reserve Board, cheap goods and labor abroad, consistent productivity growth at home and foreign investors hunger for U.S. investments. At one point the effect of rising oil prices, exacerbated by Hurricanes Katrina and Rita, threatened to break the trend. However, by February 28, 2006, the FOMC had raised Federal Reserve rates four more times, oil prices and the inflation scare had subsided and foreigners were still buying vast amounts of U.S. securities. From August 2005 the yield on the ten-year U.S. Treasury Note did rise, by 53 basis points to 4.6%, but the 13-week U.S. Treasury Bill followed the Federal Funds rate, rising by 108 basis points to 4.5%. The broader Lehman Brothers Aggregate Bond Index[2] essentially broke even, returning -0.1% for the six months ended February 28, 2006 (3.3% since March 30, 2005) while the Lehman Brothers High Yield Bond Index[3] returned 1.9% for the six months ended February, 28, 2006 (6.8% since March 30, 2005).

The **U.S. equities** market in the form of the Standard & Poor s 500® Composite Stock Price Index ( S&P 500® ), added 5.9%, including dividends, for the six months through February 28, 2006 (10.4% since March 30, 2005) and at that point it was trading at a fairly undemanding a price-to-earnings ( P/E ) ratio of just under 15.3 times earnings for the current fiscal year. From an early August 2005 peak stock prices had been drifting as resurgent oil prices made records almost daily. This continued in September and October 2005 with Hurricanes Katrina and Rita seldom out of the news. Two attempted rallies fizzled in the face of already high prices at the pump, the certainty of an expensive winter for heating fuel and slumping consumer confidence. Although, as November approached, an evidently swift recovery from the Hurricanes Katrina and Rita reassured investors and stock prices powered ahead through mid-December 2005, as oil prices fell back below $60 per barrel, inflation moderated, corporate profits remained buoyant and gross domestic product ( GDP ) growth, at 4.1% per annum, was the envy of the developed world. Yet the market gave back nearly 1.6% between Christmas and New Year, when new reports suggested that the end of the bubbling housing market might be at hand. Investors returned to work in buying mood, however and were immediately cheered by the release of the latest FOMC minutes confirming that the end to rising short-term interest rates was in sight. The mood lasted until January 11, 2006, when the S&P 500® reached its best level since May 2001. This was fractionally bettered on February 27, 2006, but that was as good as it got as a number of high profile earnings disappointments and mixed, ultimately soft economic reports took their toll. February ended with the index slightly lower than its level on January 6, 2006.

In international markets **Japan** was the star of the six-month period, soaring 28.5%, based on the Morgan Stanley Capital International ( MSCI ) Japan® Index[5] in dollars plus net dividends, and 34.0% in yen for the six months ended February 28, 2006 (33.9% since March 30, 2005) as the market repeatedly broke five-year records amid new optimism among investors, albeit mainly foreign ones, that Japan is re-emerging as a balanced economy. Japanese corporations and banks have repaired their balance sheets at last. Core consumer prices were up two consecutive months and fourth quarter GDP growth, led by domestic demand, recorded a bumper 5.5% annualized increase. European ex UK markets leaped 13.7% for the six months ended February 28, 2006 (18.8% since March 30, 2005) according to the MSCI Europe ex UK® Index(6) in dollars including net dividends, and 17.6% for the six months ended February 28, 2006 (29.8% since March 30, 2005) in local currencies to the best levels in over four years, despite the first interest rate increase, to 2.25%, in over five years. Mounting evidence of a recovery in local demand, resilient profits and an upsurge of merger and acquisition activity boosted markets that are not particularly expensive. **UK equities** advanced 7.3% for the six months ended February 28, 2006 (11.5% since March 30 2005), based on the MSCI UK® Index(7) in dollars including net dividends, concealing a more impressive 10.2% increase in pounds for the six months ended February 28, 2006 (20.3% since March 30 2005), to the highest in well over four years. The period was dominated by the effect of five interest rate increases to restrain over-stretched consumers and soaring real estate prices. Yet, notwithstanding mostly miserable economic reports, fourth quarter GDP growth recovered to 2.4% and investors, again heartened by merger and acquisition activity, bought a reasonably valued market yielding over 3%.

---

(1) The **MSCI World® Index** is 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.

(2) The **Lehman Brothers Aggregate Bond Index** is a widely recognized, unmanaged index of publicly issued investment grade U.S. Government, mortgage-backed, asset-backed and corporate debt securities.

(3) The **Lehman Brothers High Yield Bond Index** is an unmanaged index that measures the performance of fixed-income securities generally representative of corporate bonds rated below investment-grade.

(4) The **Standard & Poor s 500 Composite Stock Price Index** is 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.

(5) The **MSCI Japan® Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Japan.

(6) The **MSCI Europe ex UK® Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe, excluding the UK.

(7) The **MSCI UK® Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in the UK.

**All indices are unmanaged and investors cannot invest directly in an index.**

**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 Funds 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 the Chief Investment Risk Officer only through the end of the period, and is subject to change based on market and other conditions.*

**Country Allocation**

**as of February 28, 2006**

*(as a percent of total investments)*

*** Includes 11 countries, which each represent 1.5% or less of net assets.**

***Portfolio holdings are subject to change daily***

The ING Global Equity Dividend and Premium Opportunity Fund (the Fund ) seeks to provide a high level of income. Capital appreciation is a secondary investment objective.

The Fund seeks to achieve its objectives by:

Investing in a portfolio of global common stocks that have attractive dividend yields.

Seeking to earn additional income through a strategy of writing covered call options on a substantial portion of the portfolio of common stocks.

Seeking to provide a measure of downside protection on a portion of the value of the Fund in the event of severe market disruption through the strategic purchase of out-of the-money put options on selected global, regional or local securities indices.

The Fund is managed by Moudy EI Khodr, Nicolas Simar, Nina Hodzic, Bas Peeters, Frank van Etten, Ruud Boeve, and Willem van Dommelen, Portfolio Managers, ING Investment Management Advisors B.V. the Sub-Adviser. Effective January 19, 2006, Nicolas Simar and Moudy El Khodr replaced Jorik van den Bos, Joris Franssen, and Joost de Graaf as Portfolio Managers.

[The following individuals share responsibility for the day-to-day management, since January 2006:

Nicolas Simar, Head of Value/High Dividend, is responsible for the High Dividend strategies. Mr. Simar started his career at the Banque Bruxelles Lambert in 1996 (now part of ING) as an Investment Manager of Fixed Income and moved three years later to the Equity team to manage the Euro High Dividend strategy. Mr. Simar has ten years of investment experience.

Moudy El Khodr, Senior Investment Manager Equities, is responsible for the management of the global and US high dividend strategies. Mr. Khodr has been in charge of the globally investing EUR 3.1 bn large Star fund since he entered ING IM, in March 2001. Prior to this, he was an equity fund manager at Banque Générale du Luxembourg (BGL). Mr. Khodr started his career at the Belgian stock exchange (now Euronext Brussels) in the study & statistical department. He has eight years of investment experience and is a European Certified Financial Analyst.]

***Portfolio Construction:*** The selection process begins with constructing an eligible universe of global common stocks with market capitalizations typically over $1 billion and that have a history of paying dividend yields in excess of 3% annually. Through a multi-step screening process of various fundamental factors and fundamental analysis the portfolio managers construct a portfolio generally consisting of 65 90 common stocks with a history of attractive dividend yields and stable or growing dividends that are supported by business fundamentals.

***The Fund s Integrated Option Strategy:*** To generate premiums, the Fund writes covered call options on a substantial portion of the common stocks held in the Fund s portfolio, a strategy known as covered call option writing. Writing covered call options involves selling options granting the buyer the right to purchase certain common stock at a particular price (the strike price ) either at a particular time or during a particular span of time. If the purchaser exercises a covered call option sold by the Fund, either the common stock will be called away from the Fund and the Fund will receive payment equal to the strike price in addition to the original

**Top Ten Industries**

**as of February 28, 2006**

*(as a percent of net assets)*

| | |
|---|---|
| Banks | 21.1% |
| Telecommunications | 12.2% |
| Oil & Gas | 9.4% |
| Electric | 9.2% |
| Pharmaceuticals | 5.2% |
| Agriculture | 4.9% |
| Real Estate Investment Trust | 4.2% |
| Diversified Financial Services | 2.9% |
| Retail | 2.9% |
| Food | 2.5% |

***Portfolio holdings are subject to change daily***

premium received, or the Fund will pay the purchaser the difference between the cash value of the common stock and the strike price of the option. The payment received for the common stock may be lower than the market value of the common stock at that time.

Most of the common stocks held by the Fund may be part of the Fund s covered call writing strategy. Once the underlying common stock portfolio is constructed, the percentage of each underlying common stock to be used for covered call option writing will be determined based on three factors: stock outlook; market opportunities and attractiveness of the option price

During the reporting period, The Fund has generally sold covered call options that are about 30 days long and at strike prices that are at-the-money or near-the-money

A portion of the premiums generated from the covered call option strategy may be used to buy index puts on global, regional or local securities indices to provide a measure of downside protection on a portion of the value of the Fund in the event of severe market disruption.

***Performance:*** During the eleven-month period ended February 28, 2006, the Fund succeeded in meeting its goals of providing a high level of income and capital appreciation as well as being able to provide a level monthly distribution to shareholders. The Fund provided a total return of 7.84% based on net asset value and 2.13% based on market value. Morgan Stanley Capital International ( MSCI ) World® Index and the Chicago Board Options Exchange Buy Write Monthly Index returned 16.00% and 7.05%, respectively, for the same period.

Over the reporting period, call options were written on approximately 30-40% of the Fund s assets and the focus was on common stocks with higher implied volatility. Since the market was up during the reporting period, all the puts that expired had no value at maturity.

***Market Review:*** The world financial markets have had a strong performance over the last 12 months. The markets were boosted by strong global economic data, good earnings results from companies, continued increases in commodity prices and a relatively calm geopolitical environment. The markets were not overly concerned with the interest rate hikes by both the U.S. Federal Reserve Board and the European Central Bank and continued their strong momentum.

Backed by rising commodity prices, the Materials, Energy and Utilities sectors outperformed the market. The low interest rate environment continued to support the Real Estate sector. Rising stock markets and a spate of mergers and acquisition activity was positive for the Financials sector, especially for the Diversified Financials and Insurance sectors. Telecoms lagged the market on concerns of growth prospects for the sector. The Information Technology sector was plagued by companies reporting weak results. The Consumer sectors underperformed as they were affected by rising input costs and a highly competitive operating environment. Regionally, Emerging Markets was the best performing market as they benefited from higher economic growth rates. Japan also outperformed as investors were positive on the country s restructuring prospects. Europe outperformed but the U.S. lagged.

***Equity Portfolio Commentary:*** The Fund benefited from its overweight stance in the Utilities, Financials Banks and Real Estate sectors. The Fund has large positions in Utilities as it generates enormous cash flows, which has resulted in significant dividend increases. We are overweight the Real Estate and Financials sectors as they offer attractive dividend yields, especially compared with Treasury yields, and the fundamentals of the sector remain strong. Our overweight sector positioning in the Telecoms lagged as the sector underperformed. Regionally, the Fund benefited from the overweight stance in Emerging Markets, especially Brazil. Due to the lack of suitable dividend paying opportunities the strategy has no exposure to Japan and hence the strategy suffered as the region performed well. The overweight positioning in Europe was advantageous as Europe slightly outperformed. The underweight positioning in the U.S. was beneficial as the region lagged. The Fund was adversely impacted by the strengthening in the U.S. dollar and has since put a currency hedge for a small portion of the Fund in place.

The main outperformers were Brazilian and Chinese oil and gas companies. Petroleo Brasilerio and PetroChina both benefited from rising oil prices and continued strong demand out of China. TDC, Denmark s leading telecom operator performed strongly as it was taken over by KKR & Co., a private equity firm. The main underperformers were Telecom Italia and China Steel. Our key bet of the telecom sector, Telecom Italia, Italy s largest telecom company lagged as the whole sector was under severe pressure. Telecom Italia was also affected by a minority shareholder buyout in its mobile subsidiary for a substantial price. China Steel, Taiwan s largest steel maker with substantial exports to China faced some difficulty as the demand supply dynamics resulted in a sharp decline in the price of steel products.

***Option Portfolio Commentary:*** The option strategy of the Fund is designed to create more stable returns as well as income by selling covered calls on individual common stock and buying puts on global, regional and local indices.

The calls created premium income; however in the rising markets the strategy also dampened the returns on the equity portfolio to some extent during the reporting period. Because of the strong equity markets, the puts all have expired with no value at their maturities. Buying protective puts was relatively cheap at low volatility levels. Out-of-the money puts are an attractive and strong hedge against potential market declines together with a simultaneous rise in volatility levels.

Over the reporting period, covered calls were written on approximately 30-40% of the common stocks in the Fund. The focus was to seek to profit in an efficient way from attractive risk premiums on volatility across the portfolio by implementing the trades for the strategy in the over-the-counter option market. Option market specific factors are monitored by a dedicated research and option trading team with the purpose to add value in the implementation process. These option market specific factors include: volatility risk premium, option and cash market s liquidity and volatility skew and term structure.

A significant part of the Fund s investments have direct exposure to currency risk, which is partially hedged. In order to maintain full upside potential during advantageous currency moves, the Fund uses foreign exchange put options in an attempt to protect against adverse currency moves. The current low implied volatility in foreign exchange markets enables us to hedge a significant part of the risk at low costs.

***Current Strategy and Outlook:*** We believe investments in defensive sectors like Utilities, Telecommunication Services, Real Estate and Consumer Staples could give the strategy downside protection. We believe these sectors are relatively cheap, less dependent on the economic environment and offer stable, high dividend yields. If markets fall significantly, we believe that defensive sectors will continue to yield high dividends, covered calls will continue to generate premium income and the protective puts will continue to offer downside protection.

If the equity markets move sideways, stock selection and the consistent, disciplined strategy are expected to add value. In this scenario, we believe that dividends and the premiums from the covered call writing are likely to make up a substantial part of the total return. In the case of a strong rally, the strategy is expected to generate an absolute positive return. However, the upside will be limited as the covered calls written will be exercised thus taking away some of the upside.

We expect to maintain the Fund s current strategy in the current low volatility environment as risk premiums on volatility are still positive in general. We believe volatility levels are picking up a bit, which we believe will lead to lower coverage ratios for the covered calls to gain an equal amount of option premium.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Trustees and Shareholders
ING Global Equity Dividend and Premium Opportunity Fund

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of ING Global Equity Dividend and Premium Opportunity Fund as of February 28, 2006, and the related statement of operations, statement of changes in net assets, and the financial highlights for the period from March 30, 2005 (commencement of operations) to February 28, 2006. 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 audit.

We conducted our audit 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 28, 2006 by correspondence with the custodian and brokers. 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 audit provides 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 Global Equity Dividend and Premium Opportunity Fund as of February 28, 2006, the results of its operations, the changes in its net assets, and the financial highlights for the period from March 30, 2005 to February 28, 2006, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts
April 21, 2006

## STATEMENT OF ASSETS AND LIABILITIES AS OF FEBRUARY 28, 2006

| | | |
|---|---|---|
| **ASSETS:** | | |
| Investments in securities at value* | $ | 1,845,215,553 |
| Cash | | 6,700,930 |
| Receivables: | | |
| Dividends and interest | | 5,851,552 |
| Prepaid expenses | | 25,462 |
| Total assets | | 1,857,793,497 |
| **LIABILITIES:** | | |
| Payable to affiliates | | 1,136,877 |
| Payable to custodian due to overdraft of foreign currency** | | 242,686 |
| Payable for trustee fees | | 7,961 |
| Other accrued expenses and liabilities | | 2,077,809 |
| Options written (premium received $18,285,910) | | 28,483,924 |
| Total liabilities | | 31,949,257 |
| **NET ASSETS (equivalent to $19.08 per share on 95,671,504 shares outstanding)** | $ | 1,825,844,240 |
| **NET ASSETS WERE COMPRISED OF:** | | |
| Paid-in capital shares of beneficial interest at $0.01 par value (unlimited shares authorized) | $ | 1,790,685,666 |
| Distributions in excess of net investment income | | (7,677,210) |
| Accumulated net realized loss on investments, foreign currency related transactions and options | | (17,325,715) |
| Net unrealized appreciation on investments, foreign currency related transactions and options | | 60,161,499 |