

Focus on high income and total return through global value stocks and call options

Strategy overview

The Fund combines an actively-managed quantitative equity investment strategy with a call writing option strategy, seeking to create a diversified portfolio with enhanced total return potential and strong downside capture over a full market cycle.

Performance

For the quarter, the Voya Global Advantage and Premium Opportunity Fund provided a total return of 0.48% on a net asset value (NAV) basis and a total return of -0.54% on a market price basis. For the same period, the Fund's reference index, the MSCI World Value Index, returned -1.88%.

Equity portfolio

During the quarter, the Fund's equity sleeve outperformed the Index. Out of the three primary return drivers for the sleeve (proprietary core model, beta and dividend yield), the core model and low beta position contributed, while the higher dividend yield detracted modestly. Within the proprietary core model, all four out of five pillars had a positive impact on relative returns with the sentiment indicator contributing most. The operations indicator was the only detractor.

Regionally, holdings in North America contributed, while holdings in Asia/Pacific excluding Japan detracted.

On the sector level, stock selection in health care, consumer discretionary and industrials contributed most to results. Among the key individual stock contributors were the position in H&R Block, Inc., and overweight positions in Erie Indemnity Co. and Phillips 66.

By contrast, selection in communication services and consumer staples hurt. Among the key detractors were not owning a position in Exxon Mobil Corp. and Chevron Corp. and the underweight in UnitedHealth Group Inc.

Option portfolio

During the quarter, the Fund's option strategy had a positive impact on returns. The strategy seeks to generate premiums and retain some potential for upside appreciation. The Fund implemented this strategy by typically writing call options on regional indices, the selection and allocation of which resulted from an optimization intended to track the reference Index of the Fund closely. The strike prices of the options written were typically out of the money or near the money with expiration dates around six weeks at inception.

Outlook and current strategy

U.S. equity markets reversed course during the third quarter, weighed down by fears of interest rates remaining higher for longer. The S&P 500 Index fell by –3.27% for the quarter. Energy and information technology stocks led while utilities and consumer staples lagged. Growth stocks modestly outperformed value stocks during the quarter, and large caps beat small caps.

The U.S. bond market remained choppy during the quarter. The Bloomberg U.S. Aggregate Bond Index lost –3.23%, while a surprisingly resilient U.S. economy pushed the 10-year U.S. Treasury yield from 3.86% at the beginning of the quarter to 4.59% by quarter-end. In July, U.S. Federal Reserve raised rates by 25 basis points, bringing the Fed funds rate to a range of 5.25–5.50%. Rates were held steady at the September meeting, and Fed Chair Powell’s remarks maintained a hawkish tone as he reiterated the central bank’s strong commitment to returning inflation to its 2% target.

The U.S. economy has remained resilient as have corporate earnings, fueling the debate of a hard versus soft landing. We still believe there may be greater volatility to come given uncertainty over Fed rate policy through the end of the year; mixed business sentiment and slowing economic growth; and whether a recession will actually happen, and if so, the duration and depth.

The outlook for Japanese equities has improved thanks to governance reforms that have led to higher foreign inflows and earnings revisions that are turning positive. Another potential source of return for foreign investors could come from a stronger yen should the Bank of Japan relax yield-curve control. Still, we remain cautious on international developed equities given

our views on Europe, which lags the United States in the fight against inflation. What’s more, wages in Europe could be even stickier with labor’s relatively stronger bargaining power. While China’s economic slowdown could ease Eurozone price pressures on the margins, given the high correlation between the two economies, the European Central Bank still has more work to do. With policy rates set to move higher and economic momentum decelerating, we think most of Europe’s strong performance has already played out.

In China, frustrations linger — and according to our research could worsen. The post-pandemic economic reopening narrative has faltered, real estate looks shaky and the contraction in global manufacturing could create a headwind for cyclical assets broadly, resulting in more downside for China specifically. We think significant stimulus will be necessary to meaningfully boost asset prices, and incremental policy measures ultimately will fail. We believe China will reluctantly export deflation via a weaker currency, helping to nudge U.S. inflation lower and support the U.S. dollar.

Given these uncertainties in the global market outlook, we expect the Fund to continue to benefit from its option-writing activities.

Holdings detail

Companies mentioned in this report – percentage of Fund investments, as of 09/30/23: in H&R Block, Inc. 0.44%, Erie Indemnity Co. 0.52%, Phillips 66. 0.73%, Exxon Mobil Corp. 0%, Chevron Corp 0%, UnitedHealth Group, Inc. 0.29% 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to change daily.

Disclaimer

The **MSCI World Value Index** captures large- and mid-cap equity securities exhibiting overall value style characteristics across 23 developed market (DM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. **Investors cannot invest directly in an index.**

Past performance is no guarantee of future results. The performance quoted represents past performance. Current performance may be lower or higher than the performance data quoted. All investing involves the inherent risks of fluctuating prices and the uncertainties of rates of return and yield. Investment return and principal value of an investment will fluctuate, and shares, when sold, may be worth more or less than their original cost.

Total investment return at market share price 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 share price is not annualized for periods less than one year. Closed-end funds such as the Fund do not continuously offer shares for sale and are not required to buy shares back from investors upon request. Shares of closed-end funds trade on national stock exchanges. Market share prices therefore are not directly affected by Fund expenses or fees, which ordinarily have the effect of lowering total return.

Total investment return at net asset value has been calculated assuming a purchase at net asset value at the beginning of the period and a sale at net asset value at the end of the 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. NAV is total assets less total liabilities divided by the number of shares outstanding. NAV is net of all Fund expenses, including operating costs and management fees. Total investment return at net asset value is not annualized for periods less than one year.

Principal risks: 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 poses 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.

Options risks: The Fund may purchase put and call options and may write (sell) put options and call options and is subject to options risk. The risk in writing a call option is that the Fund gives up the opportunity for profit if the market price of the security increases and the option is exercised. The risk in buying an option is that the Fund pays a premium whether or not the option is exercised. Risks may also arise from an illiquid secondary market or from the inability of counterparties to meet the terms of the contract. When an option is exercised or closed out, the Fund may be required to sell portfolio securities or to deliver portfolio securities to satisfy its obligations when it would not otherwise choose to do so, or the Fund may choose to sell portfolio securities to realize gains to offset the losses realized upon option exercise. Such sales or delivery would involve transaction costs borne by the Fund and might also result in realization of taxable capital gains, including short-term capital gains taxed at ordinary income tax rates, and could adversely impact the Fund's after-tax returns.

This Fund has **additional risks** that you should consider, such as market discount risk, investment and market risk, foreign investment and emerging markets risk, foreign (non-US) currency risk, Asia Pacific regional and country risk, issuer risk, equity risk, distribution risk, tax risk, dividend risk, small-cap and mid-cap company risk.

The Fund employs a quantitative model to execute its investment strategy. Data imprecision, software or other technology malfunctions, programming inaccuracies and similar circumstances may impair the performance of these systems, which may negatively affect performance. Furthermore, there can be no assurance that the quantitative models used in managing the strategy will perform as anticipated or enable the strategy to achieve its objective.

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The opinions, views and information expressed in this commentary regarding holdings are subject to change without notice. The information provided regarding holdings is not a recommendation to buy or sell any security. Portfolio holdings are fluid and are subject to daily change based on market conditions and other factors.

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(800) 992-0180 Individual Investors | (800) 334-3444 Investment Professionals

CEF-COMM-IGA • 093023 • ex093024 • IM3197399

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