

Focus on total return and high income through Asia Pacific stocks and call options

Strategy overview

Combines an actively managed quantitative equity investment strategy with a call writing option strategy to create a diversified portfolio with potential for enhanced total return and strong downside capture over a full market cycle.

You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options; or mutual funds offered through a retirement plan, carefully before investing. The prospectuses / prospectus summaries / information booklets contain this and other information, which can be obtained by contacting your local representative or by calling (800) 992-0180. Please read the information carefully before investing.

Performance

For the quarter, the Voya Asia Pacific High Dividend Equity Income Fund (the Fund) provided a total return of 2.71% on a net asset value basis, and a total return of 5.32% on a market price basis. For the same period, the Fund's reference Index, the MSCI All Country Asia Pacific ex-Japan Index, returned 2.08%.

Equity portfolio

For the quarter ending March 31, 2024, the equity sleeve of the Fund outperformed its reference Index on a gross-of-fees basis. In terms of the sleeve's performance for the quarter the core model contributed most to returns. Within the core model, performance in the sentiment pillar was strongest.

On the sector level, stock selection in the financials, information technology and materials contributed. The key individual stock contributors included the position in Yutong Bus Co., Ltd., not owning Samsung Electronics Co., Ltd and the underweight in AIA Group Ltd.

By contrast, stock selection in the consumer discretionary detracted. On an individual stock level basis, the underweight position in Reliance Industries Ltd. and overweight positions in China Medical System Holdings Ltd. and Acer Inc. detracted from relative returns.

Option portfolio

For the period, the Fund's option strategy had a positive impact on returns.

The strategy seeks to generate premiums and to 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 result from an optimization intended to track the reference index of the Fund closely. The strike prices of the options written were typically at or near the money, with expiration dates around one month at inception.

Outlook and current strategy

U.S. stocks enjoyed a strong first quarter as inflation's downward trend continued and U.S. economic growth beat expectations. The S&P 500 Index reached a new high and advanced by 10.56% on a total return basis during the quarter and the Nasdaq

Composite had a price return of 9.11%. The communication services, energy and information technology sectors led, while real estate and utilities lagged. Large-cap stocks outperformed small caps and growth beat value. The Federal Open Market Committee voted to hold interest rates steady for the fifth consecutive time at its March meeting; however, three rate cuts are still expected this year, with the first likely to happen in June.

U.S. bonds slipped during the quarter amid persistently tight credit spreads and a rising U.S. Treasury yield curve. The Bloomberg U.S. Aggregate Bond Index fell –0.78%. The 10-year U.S. Treasury yield rose from 3.95% in January to 4.20% by quarter end on early concerns that lingering high inflation could change the U.S. Federal Reserve’s rate cut plans; however, it remained essentially flat in March following favorable comments from Fed Chair Powell.

The U.S. economy remains strong, with positive gains in payrolls and productivity. Consumer spending momentum appears soft but stable. Household net worth has increased significantly since the pandemic, but consumer confidence remains below long-term averages due to the lasting negative impact of higher prices on consumers’ psyches. Interest rates may remain higher for longer than some participants expect. The economic soft landing and easier financial conditions, coupled with anticipated rate cuts, should create favorable conditions for U.S. stocks. Although a lot of price appreciation

has already taken place and a near-term pullback is possible, there is significant potential for further rally once the Fed starts cutting rates.

Global equities were mostly positive during the quarter.

Developed markets outperformed emerging markets. The U.S. dollar rallied during much of the quarter relative to major global currencies. Japan’s central bank ended its ultra-loose monetary policy after decades of deflation. China’s economic growth surprised on the upside, beating expectations. However, China’s real estate sector has not yet bottomed out and is expected to weigh down growth this year.

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 03/31/2024: Yutong Bus Co., Ltd. 0.47%, Samsung Electronics Co., Ltd. 3.05%, AIA Group Ltd 0.64%, Reliance Industries Ltd. 0.06%, China Medical System Holdings Ltd. 0.19% and Acer, Inc. 0.56%; 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to change daily.

Disclaimer

The **MSCI All Country Asia Pacific ex-Japan Index** captures large- and mid-cap equity representation across four of five developed market countries (excluding Japan) and eight emerging market countries in the Asia Pacific region. With 1,249 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in each country. **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 sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.

Total investment return at 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 this 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. Therefore, market share prices 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 (NAV) 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 per share equals total assets minus 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. All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investing. All security transactions involve substantial risk of loss. 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 not found in solely domestic investments, including currency fluctuation, economic and political risks. Risks of foreign investing are generally intensified for investments in emerging markets.

Options risk. 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 counter-parties 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 may also result in realization of taxable capital gains, including short-term capital gains taxed at ordinary income tax rates, and may adversely impact the Fund's after-tax returns.

The 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 risks.

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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