Voya Global Advantage and Premium Opportunity Fund

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 6.49% on a net asset value (NAV) basis and a total return of 10.31% on a market price basis. For the same period, the Fund's reference Index, the MSCI World Value Index, returned 9.57%.

Equity portfolio

During the quarter, the Fund's equity sleeve underperformed the Index. Of the three primary return drivers for the strategy (proprietary core model, beta and dividend yield), only the dividend yield had a positive impact on relative returns. Within the proprietary core model, three out of five pillars had a negative impact on relative returns with the operations pillar the weakest.

On the regional level, portfolio holdings in Japan contributed and holdings in the United States detracted.

By contrast, stock selection in the health care, industrials and real estate sectors detracted. Among the key detractors were owning a non-benchmark position in McKesson Corp. and Applied Materials, Inc. as well as the overweight position in Valero Energy Corp.

On the sector level, stock selection in the consumer staples, financials and consumer discretionary sectors contributed the most to results. Among the key individual stock contributors were not owning Intel Corp., Micron Technology, Inc. and Shell PLC.

Option portfolio

During the quarter, the Fund's option strategy had a negative impact on returns. The strategy seeks to generate premiums and retain some potential for upside appreciation. The Fund implements 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

Inflation has continued to subside, reaching a three-year low in August, which has allowed the U.S. Federal Reserve to commence a gradual reduction in interest rates. The Fed initiated this process with a substantial 50 basis points cut in September, demonstrating a proactive approach to bolster the labor market. This shift underscores the Fed's pivot in focus from inflation to employment. Although the labor market has shown signs of softening, the rise in unemployment since its April 2023 low has been gradual and primarily due to an increase in labor supply driven by immigration, which is more manageable than unemployment caused by widespread layoffs. Furthermore, the September jobs report was better than expected, showing an increase of 254,000 new jobs and subsequently reducing the unemployment rate to 4.1%. This suggests that the economy may be more resilient than anticipated, supported by easing inflation and rising real wages. However, further rate cuts are probably necessary to stabilize the labor market as it adjusts to the balance between supply and demand.

The overall economic outlook is still positive, with Fed policy supporting employment and thereby consumer spending. The upcoming elections may dampen capital expenditures, but corporate spending should resume after November. We believe strong corporate earnings should also continue. The Fed projects that its rate-cutting cycle will conclude by the end of 2026, with Fed Funds rate settling at 2.9%. Given our view that the United States will avoid a recession due to the Fed's swift actions to support the labor market, we question whether the "neutral" rate of interest—the rate at which monetary policy neither stimulates nor constricts economic growth—will drop this low. Nonetheless, it is prudent to prepare for lower rates in the future. In an environment characterized by positive economic growth, solid employment and declining interest rates, stocks typically perform well.

The European economy is grappling with sluggish activity, exacerbated by weak demand from China and high domestic real interest rates, which hinder trade and overall economic growth. Germany, Europe's largest economy, continues to experience a notable slowdown in manufacturing activity and is toward its second consecutive year of contraction. Macroeconomic headwinds, including geopolitical risks and global trade disruptions, further dampen the outlook. Eurozone earnings are expected to be lackluster in the coming year, with recent data indicating flat near-term growth potential. Additionally, Europe's high labor costs, persistent core inflation and tighter fiscal policies, coupled with ongoing domestic political instability, contribute to a cautious investment environment. While relative valuations remain attractive, the overall uncertainty and weak economic indicators warrant caution.

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 09/30/24: in McKesson Corp. 0.51%, Valero Energy Corp. 0.00% and Applied Materials, Inc. 0.33% Intel Corp. 0.00%, Micron Technology, Inc. 0.00%, Shell PLC. 0.00%, %; 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.

This commentary has been prepared by Voya Investment Management for informational purposes. Nothing contained herein should be construed as (i) an offer to sell or solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. Any opinions expressed herein reflect our judgment and are subject to change. Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (1) general economic conditions, (2) performance of financial markets, (3) interest rate levels, (4) increasing levels of loan defaults, (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities. **Past performance is no guarantee of future results.**

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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