Voya Infrastructure, Industrials and Materials Fund

Total return with enhanced stability through focused infrastructure investments and call writing

Strategy overview

The Fund seeks potential enhanced stability of returns over a market cycle – through investments in global companies with potential to benefit from increased infrastructure spending, and by selling call options on select equity Indexes or exchange-traded funds.

Performance

For the quarter, the Fund provided a total return of –2.03% on a net asset value basis, and a total return of 1.35% on a market price basis. For the same period, the Fund's reference Index, the Voya Infrastructure Industrials and Materials Custom Index, returned –0.80%.

Equity portfolio

For the reporting period, the equity sleeve of the Fund underperformed its reference Index, the Voya Infrastructure Industrials and Materials Custom Index, due to unfavorable stock selection. On the regional level portfolio holdings in the United States detracted while portfolio holdings in Asia excluding Japan contributed the most.

At the sector level, stock selection within the communication services sector had the largest positive impact on performance. Among the key contributors was an overweight position in Vedanta Ltd., an underweight position in Airbus SE and an overweight position in Hon Hai Precision Industry Co., Ltd.

Conversely, stock selection in materials, industrials and information technology detracted from performance. At the stock level, the overweight position in Fortune Brands Innovations, Inc., not owning Amphenol Corp. and the overweight position in Sherwin-Williams Co. detracted.

Option portfolio

During the quarter, the Fund's option strategy had a positive impact on returns. The covered call strategy seeks to generate premiums and retain some potential for upside appreciation. The Fund implemented this strategy by typically writing call options on sector and regional exchange-traded funds (ETFs), the selection and allocation of which resulted from an optimization intended to closely track the Fund's reference Index. 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

Emerging market equities outperformed developed markets during the second quarter thanks to strength in some Asian markets. Weaker economic data from the U.S. helped ease worries about the U.S. Federal Reserve's rate-cut path; a rebound in Chinese housing also helped. From a country perspective, Turkey and Taiwan were the strongest performers during the quarter, followed by South Africa and emerging Europe. Korea, Kuwait, Saudia Arabia and Colombia lagged, and Mexico and Brazil posted the largest losses in U.S. dollars.

U.S. stocks advanced during the second quarter on continued strength in the labor market and in several key economic measures. The S&P 500 Index rose by 4.28% during the quarter and the Nasdaq Composite grew by 8.26%. The information technology and communication services sectors led, while energy and materials lagged. Large-cap stocks outperformed small caps and growth significantly beat value. The Federal Open Market Committee held interest rates steady throughout the quarter and is now expected to cut rates only once in 2024. While Fed Chair Powell acknowledged modest progress on taming inflation at the central bank's June meeting, he emphasized the need for more confidence about the inflation situation before making any changes to rates.

Global equities were mostly positive during the quarter. Japanese, U.S. and United Kingdom equities performed well, while equities in the eurozone region struggled amid France's parliamentary elections and fading expectations of steep interest rate cuts. The Bank of England held rates steady during the quarter, while the European Central Bank cut rates by 25 basis points in June. Second-quarter earnings season in Japan produced stronger-than-expected results, while the yen further depreciated due to the strength of the U.S. dollar.

The resilience of the U.S. economy persists. Despite the effects from continued monetary tightness, economic growth remains strong, driven by gains in payrolls and productivity. Consumer spending is stable, supported by a significant increase in household net worth. However, consumer confidence remains below average due to the lasting impact of higher prices. While inflation has fallen to more manageable levels, concerns about overheating persist. While core inflation has declined for 14 consecutive months, core services prices are still rising. A downshift in growth and loosening of the labor market may be necessary to maintain inflation near the Fed's 2% target. This does not imply significant economic weakness, but it may keep rates higher for longer than expected.

Strong earnings momentum—which could continue through the year—has supported U.S. stocks. The growth and quality of earnings have justified expensive stock valuations, particularly in mega-cap technology stocks. However, we expect the rally to broaden, with value-oriented and smaller cap segments taking the lead. The economic soft landing and anticipated rate cuts should create favorable conditions for U.S. stocks, despite potential near-term pullbacks.

Holdings detail

Companies mentioned in this report – percentage of portfolio investments, as of 06/30/24: Vedanta Ltd. 0.45%, Airbus SE 0.22%, Hon Hai Precision Industry Co., Ltd. 0.76%, Fortune Brands Innovations, Inc. 0.50%, Amphenol Corp. 0% and Sherwin-Williams Co. 1.12%; 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to change daily.

Disclaimer

The **MSCI All Country World Index (MSCI ACWI)** captures large- and mid-cap representation across 23 developed market (DM) and 24 emerging market (EM) countries. With 2,882 constituents, the index covers approximately 85% of the global investable equity opportunity set. **Investors cannot invest directly in an Index.**

The **Voya Infrastructure Industrials and Materials Custom Index** consists of selected Global Industry Classification Standard ("GICS") sectors, industry groups, industries and sub-industries of the MSCI ACWI Index.SM As of December 31, 2022, the Custom Index was comprised of the following GICS sectors: communication services, energy, industrials, information technology, materials and utilities; within the energy sector, the sub-industries of oil and gas drilling, oil and gas equipment and services, oil gas and consumable fuels, oil and gas storage and transportation; and within the information technology (IT) sector, IT services, communications equipment and electronic equipment instruments. **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 like 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. 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 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. Net asset value equals total assets minus total liabilities, divided by the number of shares outstanding. Net asset value 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 does pose 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 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.

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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