

Edgar Filing: Voya Natural Resources Equity Income Fund - Form N-Q

Voya Natural Resources Equity Income Fund  
Form N-Q  
January 25, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-21938

Voya Natural Resources Equity Income Fund  
(Exact name of registrant as specified in charter)

7337 East Doubletree Ranch Rd., Suite 100, Scottsdale, AZ 85258

(Address of principal executive offices) (Zip code)

Huey P. Falgout, Jr., 7337 East Doubletree Ranch Road, Suite 100, Scottsdale, AZ 85258  
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-992-0180

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Date of fiscal year end: February 28

Date of reporting period: November 30, 2018

Item 1. Schedule of Investments

The schedules of investments as of the close of the reporting period are set forth below for:

Voya Natural Resources Equity Income Fund

The schedules are not audited.

Voya Natural Resources Equity Income Fund PORTFOLIO OF INVESTMENTS  
as of November 30, 2018 (Unaudited)

| Shares               |                                       | Value      | Percentage<br>of Net<br>Assets |
|----------------------|---------------------------------------|------------|--------------------------------|
| COMMON STOCK: 99.2%  |                                       |            |                                |
| Canada: 15.4%        |                                       |            |                                |
| 173,216              | (1) B2Gold Corp.                      | \$424,379  | 0.4                            |
| 117,784              | Canadian Natural Resources Ltd.       | 2,962,268  | 2.5                            |
| 55,683               | Crescent Point Energy Corp.           | 164,822    | 0.1                            |
| 94,310               | Enbridge, Inc.                        | 3,086,766  | 2.6                            |
| 51,352               | Enerplus Corp.                        | 494,520    | 0.4                            |
| 102,167              | (1) Iamgold Corp.                     | 311,609    | 0.3                            |
| 51,235               | Kirkland Lake Gold Ltd.               | 1,064,663  | 0.9                            |
| 18,179               | Norbord, Inc.                         | 508,467    | 0.4                            |
| 78,632               | PAN American Silver Corp.             | 1,014,353  | 0.9                            |
| 15,974               | Pembina Pipeline Corp.                | 537,844    | 0.5                            |
| 142,541              | Suncor Energy, Inc.                   | 4,602,649  | 3.9                            |
| 41,240               | Teck Cominco Ltd. - Class B           | 837,172    | 0.7                            |
| 43,051               | TransCanada Corp.                     | 1,761,647  | 1.5                            |
| 141,939              | Yamana Gold, Inc.                     | 295,233    | 0.3                            |
|                      |                                       | 18,066,392 | 15.4                           |
| United Kingdom: 1.2% |                                       |            |                                |
| 62,066               | TechnipFMC PLC                        | 1,433,104  | 1.2                            |
| United States: 82.6% |                                       |            |                                |
| 42,951               | Anadarko Petroleum Corp.              | 2,272,108  | 1.9                            |
| 7,842                | Apache Corp.                          | 275,489    | 0.2                            |
| 15,322               | Avery Dennison Corp.                  | 1,477,041  | 1.3                            |
| 11,173               | Baker Hughes a GE Co.                 | 254,968    | 0.2                            |
| 7,843                | Ball Corp.                            | 385,170    | 0.3                            |
| 32,126               | (1) Carrizo Oil & Gas, Inc.           | 549,676    | 0.5                            |
| 4,980                | (1) Cheniere Energy, Inc.             | 304,378    | 0.3                            |
| 86,753               | Chevron Corp.                         | 10,318,402 | 8.8                            |
| 10,166               | Compass Minerals International, Inc.  | 509,317    | 0.4                            |
| 20,906               | (1) Concho Resources, Inc./Midland TX | 2,724,888  | 2.3                            |
| 90,935               | ConocoPhillips                        | 6,018,078  | 5.1                            |
| 19,309               | (1) Continental Resources, Inc.       | 882,807    | 0.8                            |
| 32,716               | (1) Crown Holdings, Inc.              | 1,677,676  | 1.4                            |
| 17,900               | Delek US Holdings, Inc.               | 712,241    | 0.6                            |
| 12,218               | Devon Energy Corp.                    | 330,253    | 0.3                            |
| 20,279               | (1) Dril-Quip, Inc.                   | 796,154    | 0.7                            |
| 14,894               | Eagle Materials, Inc.                 | 1,087,262  | 0.9                            |
| 49,583               | EOG Resources, Inc.                   | 5,122,420  | 4.4                            |

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|         |                                     |           |     |
|---------|-------------------------------------|-----------|-----|
| 32,895  | EQT Corp.                           | 615,465   | 0.5 |
| 26,316  | (1) Equitrans Midstream Corp.       | 587,373   | 0.5 |
| 31,114  | (1) Extraction Oil & Gas, Inc.      | 177,350   | 0.2 |
| 111,637 | Exxon Mobil Corp.                   | 8,875,141 | 7.5 |
| 33,137  | (1) Forum Energy Technologies, Inc. | 221,686   | 0.2 |
| 92,184  | Freeport-McMoRan, Inc.              | 1,100,677 | 0.9 |
| 19,915  | Greif, Inc. - Class A               | 1,021,042 | 0.9 |
| 40,683  | (1) Gulfport Energy Corp.           | 346,619   | 0.3 |
| 85,802  | Halliburton Co.                     | 2,696,757 | 2.3 |
| 5,542   | Helmerich & Payne, Inc.             | 335,845   | 0.3 |
| 4,839   | Hess Corp.                          | 260,774   | 0.2 |
| 24,431  | HollyFrontier Corp.                 | 1,526,205 | 1.3 |

| Shares |  | Value | Percentage<br>of Net<br>Assets |
|--------|--|-------|--------------------------------|
|--------|--|-------|--------------------------------|

COMMON STOCK: (continued)

| United States: (continued) |                                   |           |     |
|----------------------------|-----------------------------------|-----------|-----|
| 10,301                     | International Paper Co.           | \$475,803 | 0.4 |
| 92,405                     | Kinder Morgan, Inc.               | 1,577,353 | 1.3 |
| 107,788                    | (1) Laredo Petroleum, Inc.        | 471,034   | 0.4 |
| 46,471                     | Louisiana-Pacific Corp.           | 1,062,327 | 0.9 |
| 73,064                     | Marathon Oil Corp.                | 1,219,438 | 1.0 |
| 60,544                     | Marathon Petroleum Corp.          | 3,945,047 | 3.4 |
| 47,505                     | (1) McDermott International, Inc. | 413,769   | 0.4 |
| 9,090                      | National Oilwell Varco, Inc.      | 291,880   | 0.2 |
| 69,253                     | Newmont Mining Corp.              | 2,239,642 | 1.9 |
| 13,253                     | Noble Energy, Inc.                | 314,626   | 0.3 |
| 30,742                     | (1) Oasis Petroleum, Inc.         | 219,498   | 0.2 |
| 67,327                     | Occidental Petroleum Corp.        | 4,731,068 | 4.0 |
| 37,870                     | Oneok, Inc.                       | 2,326,354 | 2.0 |
| 16,227                     | Packaging Corp. of America        | 1,587,325 | 1.3 |
| 52,191                     | (1) Parsley Energy, Inc.          | 1,050,605 | 0.9 |
| 38,661                     | Patterson-UTI Energy, Inc.        | 536,615   | 0.5 |
| 23,825                     | PBF Energy, Inc.                  | 921,551   | 0.8 |
| 20,288                     | (1) PDC Energy, Inc.              | 688,575   | 0.6 |
| 28,437                     | Peabody Energy Corp.              | 885,528   | 0.8 |
| 39,526                     | Phillips 66                       | 3,696,471 | 3.1 |
| 14,785                     | Pioneer Natural Resources Co.     | 2,184,484 | 1.9 |
| 92,725                     | (1) QEP Resources, Inc.           | 744,582   | 0.6 |
| 11,099                     | Royal Gold, Inc.                  | 811,892   | 0.7 |
| 84,375                     | Schlumberger Ltd.                 | 3,805,312 | 3.2 |
| 62,646                     | (1) SRC Energy, Inc.              | 361,467   | 0.3 |
| 42,890                     | (1) Summit Materials, Inc.        | 621,905   | 0.5 |
| 6,139                      | Targa Resources Corp.             | 273,984   | 0.2 |
| 48,805                     | US Silica Holdings, Inc.          | 692,543   | 0.6 |
| 39,363                     | Valero Energy Corp.               | 3,145,104 | 2.7 |
| 3,273                      | Vulcan Materials Co.              | 345,989   | 0.3 |
| 7,123                      | WestRock Co.                      | 335,564   | 0.3 |
| 8,845                      | (1) Whiting Petroleum Corp.       | 267,738   | 0.2 |

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|                              |  |                      |              |
|------------------------------|--|----------------------|--------------|
| 54,173                       | Williams Cos., Inc.  | 1,371,660            | 1.2          |
|                              |  | <b>97,079,995</b>    | <b>82.6</b>  |
|                              | Total Common Stock<br>(Cost \$142,386,782)   | 116,579,491          | 99.2         |
| SHORT-TERM INVESTMENTS: 0.8% |  |                      |              |
|                              | Mutual Funds: 0.8%   |                      |              |
| 957,000                      | (2) Goldman Sachs Financial Square Government Fund - Institutional Shares,<br>2.100% |                      |              |
|                              | (Cost \$957,000)   | <b>957,000</b>       | <b>0.8</b>   |
|                              | Total Short-Term Investments<br>(Cost \$957,000)                                     | <b>957,000</b>       | <b>0.8</b>   |
|                              | <b>Total Investments in Securities</b><br><b>(Cost \$143,343,782)</b>                | <b>\$117,536,491</b> | <b>100.0</b> |
|                              | <b>Assets in Excess of Other Liabilities</b>   | <b>37,698</b>        | <b>0.0</b>   |
|                              | <b>Net Assets</b>  | <b>\$117,574,189</b> | <b>100.0</b> |

(1) Non-income producing security.

(2) Rate shown is the 7-day yield as of November 30, 2018.

## PORTFOLIO OF INVESTMENTS

Voya Natural Resources Equity Income Fund as of November 30, 2018 (Unaudited)(Continued)

| Industry Diversification              | Percentage<br>of Net Assets |          |
|---------------------------------------|-----------------------------|----------|
| Oil & Gas Exploration & Production    | 24.8                        | %        |
| Integrated Oil & Gas                  | 24.2                        |          |
| Oil & Gas Refining & Marketing        | 11.3                        |          |
| Oil & Gas Equipment & Services        | 7.8                         |          |
| Oil & Gas Storage & Transportation    | 7.1                         |          |
| Paper Packaging                       | 3.3                         |          |
| Mining                                | 3.1                         |          |
| Gold                                  | 2.9                         |          |
| Metal & Glass Containers              | 2.6                         |          |
| Diversified Metals & Mining           | 2.0                         |          |
| Utilities                             | 2.0                         |          |
| Oil & Gas                             | 1.9                         |          |
| Construction Materials                | 1.2                         |          |
| Building Materials                    | 0.9                         |          |
| Pipelines                             | 1.0                         |          |
| Materials                             | 0.9                         |          |
| Coal                                  | 0.8                         |          |
| Oil&Gas Services                      | 0.6                         |          |
| Oil & Gas Drilling                    | 0.5                         |          |
| Energy                                | 0.3                         |          |
| Short-Term Investments                | 0.8                         |          |
| Assets in Excess of Other Liabilities | –                           |          |
| <b>Net Assets</b>                     | <b>100.0</b>                | <b>%</b> |

**Fair Value Measurements**

The following is a summary of the fair valuations according to the inputs used as of November 30, 2018 in valuing the assets and liabilities:

| Asset Table                | Quoted Prices<br>in Active Markets<br>for Identical<br>Investments<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Fair Value<br>at<br>November 30,<br>2018 |
|----------------------------|---|---|--|--|
| Investments, at fair value |   |   |  |  |
| Common Stock*              | \$ 116,579,491  | \$–   | \$ –   | \$ 116,579,491                           |

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|                                  |                |              |      |                |
|----------------------------------|----------------|--------------|------|----------------|
| Short-Term Investments           | 957,000        | –            | –    | 957,000        |
| Total Investments, at fair value | \$ 117,536,491 | \$–          | \$ – | \$ 117,536,491 |
| Liabilities Table                |                |              |      |                |
| Other Financial Instruments+     |                |              |      |                |
| Written Options                  | \$ –           | \$(858,471 ) | \$ – | \$(858,471 )   |
| Total Liabilities                | \$ –           | \$(858,471 ) | \$ – | \$(858,471 )   |

Other Financial Instruments may include open forward foreign currency contracts, futures, centrally cleared swaps, OTC swaps and written options. Forward foreign currency contracts, futures and centrally cleared swaps are valued<sup>+</sup> at the unrealized gain (loss) on the instrument. OTC swaps and written options are valued at the fair value of the instrument.

\* For further breakdown of Common Stock by sector, please refer to the Portfolio of Investments.



## PORTFOLIO OF INVESTMENTS

Voya Natural Resources Equity Income Fund as of November 30, 2018 (Unaudited)(Continued)

At November 30, 2018, the following OTC written equity options were outstanding for Voya Natural Resources Equity Income Fund:

| Description                                     | Counterparty       | Put/Call | Expiration Date | Exercise Price |     | Number of Contracts | Notional Amount | Premiums Received | Fair Value  |
|---|--------------------|----------|-----------------|----------------|-----|---------------------|-----------------|-------------------|-------------|
| Energy Select Sector SPDR® Fund                 | HSBC Bank USA N.A. | Call     | 01/04/19        | 67.430         | USD | 512,782             | 33,900,018      | \$637,337         | \$(637,337) |
| Materials Select Sector SPDR® Fund              | Citibank N.A.      | Call     | 12/21/18        | 56.340         | USD | 139,392             | 7,612,197       | 94,717            | (43,605 )   |
| SPDR S&P Oil & Gas Exploration & Production ETF | Citibank N.A.      | Call     | 12/21/18        | 36.490         | USD | 368,345             | 12,085,399      | 355,858           | (124,229)   |
| VanEck Vectors Gold Miners ETF                  | HSBC Bank USA N.A. | Call     | 12/21/18        | 19.770         | USD | 242,518             | 4,629,669       | 106,683           | (53,300 )   |
|   |                    |          |                 |                |     |                     |                 | \$1,194,595       | \$(858,471) |

Currency Abbreviations  
USD-United States Dollar

**A summary of derivative instruments by primary risk exposure is outlined in the following tables.**

The fair value of derivative instruments as of November 30, 2018 was as follows:

|  | Instrument Type | Fair Value |
|--|-----------------|------------|
| Derivatives not accounted for as hedging instruments |                 |            |
| Liability Derivatives                                |                 |            |

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|                             |                 |            |
|-----------------------------|-----------------|------------|
| Equity contracts            | Written options | \$ 858,471 |
| Total Liability Derivatives |                 | \$ 858,471 |

The following is a summary by counterparty of the fair value of OTC derivative instruments subject to Master Netting Agreements and collateral pledged (received), if any, at November 30, 2018:

|   | Citibank N.A. | HSBC Bank USA<br>N.A. | Totals      |
|---|---------------|-----------------------|-------------|
| <b>Liabilities:</b>   |               |                       |             |
| Written options   | \$ 167,834    | \$ 690,637            | \$858,471   |
| Total Liabilities   | \$ 167,834    | \$ 690,637            | \$858,471   |
| Net OTC derivative instruments by counterparty, at fair value     | \$ (167,834 ) | \$ (690,637 )         | (858,471)   |
| Total collateral pledged by the Fund/(Received from counterparty) | \$ -          | \$ -                  | \$-         |
| <b>Net Exposure<sup>(1)</sup></b>                                 | \$ (167,834 ) | \$ (690,637 )         | \$(858,471) |

- (1) Positive net exposure represents amounts due from each respective counterparty. Negative exposure represents amounts due from the Fund.

At November 30, 2018, the aggregate cost of securities and other investments and the composition of unrealized appreciation and depreciation of securities and other investments at period end were:

Cost for federal income tax purposes was \$142,299,660.

Net unrealized depreciation consisted of:

|                               |                |
|-------------------------------|----------------|
| Gross Unrealized Appreciation | \$4,473,785    |
| Gross Unrealized Depreciation | (30,073,652)   |
| Net Unrealized Depreciation   | \$(25,599,867) |

Item 2. Controls and Procedures.

(a) Based on our evaluation conducted within 90 days of the filing date, hereof, the design and operation of the registrant's disclosure controls and procedures are effective to ensure that material information relating to the registrant is made known to the certifying officers by others within the appropriate entities, particularly during the period in which Forms N-Q are being prepared, and the registrant's disclosure controls and procedures allow timely preparation and review of the information for the registrant's Form N-Q and the officer certifications of such Form N-Q.

(b) There were no significant changes in the registrant's internal controls over financial reporting that occurred during the registrant's last fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2 under the Act (17 CFR 270.30a-2) is attached hereto as EX-99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant): Voya Natural Resources Equity Income Fund

By /s/ Michael Bell  
Michael Bell  
Chief Executive Officer

Date: January 25, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ Michael Bell  
Michael Bell  
Chief Executive Officer

Date: January 25, 2019

By /s/ Todd Modic  
Todd Modic  
Senior Vice President and Chief Financial Officer

Date: January 25, 2019