

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

Voya Natural Resources Equity Income Fund
Form N-Q
January 20, 2017

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, 2016

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, 2016 (Unaudited)

| Shares | | Value | Percentage of Net Assets |
|----------------------|-------------------------------------|-------------|--------------------------------|
| COMMON STOCK: 100.4% | | | |
| Energy: 83.1% | | | |
| 70,062 | Anadarko Petroleum Corp. | \$4,844,787 | 2.9 |
| 15,954 | Apache Corp. | 1,052,166 | 0.6 |
| 45,755 | Baker Hughes, Inc. | 2,943,419 | 1.8 |
| 140,061 | Canadian Natural Resources Ltd. | 4,729,860 | 2.9 |
| 37,974 | @ Carrizo Oil & Gas, Inc. | 1,607,819 | 1.0 |
| 87,750 | Cenovus Energy, Inc. | 1,356,615 | 0.8 |
| 127,270 | Chevron Corp. | 14,198,241 | 8.6 |
| 114,047 | @ Cloud Peak Energy, Inc. | 654,630 | 0.4 |
| 12,021 | @ Concho Resources, Inc./Midland TX | 1,719,243 | 1.0 |
| 89,233 | ConocoPhillips | 4,329,585 | 2.6 |
| 86,500 | Crescent Point Energy Corp. | 1,102,875 | 0.7 |
| 279,187 | @ Denbury Resources, Inc. | 1,055,327 | 0.6 |
| 50,088 | Devon Energy Corp. | 2,420,753 | 1.5 |
| 22,767 | @ Dril-Quip, Inc. | 1,287,474 | 0.8 |
| 105,522 | Enbridge, Inc. | 4,436,145 | 2.7 |
| 169,644 | EnCana Corp. | 2,137,514 | 1.3 |
| 45,807 | ENI SpA ADR | 1,278,473 | 0.8 |
| 39,459 | EOG Resources, Inc. | 4,045,337 | 2.5 |
| 34,171 | EQT Corp. | 2,394,704 | 1.5 |
| 122,067 | Exxon Mobil Corp. | 10,656,449 | 6.5 |
| 21,992 | @ Forum Energy Technologies, Inc. | 478,326 | 0.3 |
| 57,389 | Halliburton Co. | 3,046,782 | 1.8 |
| 7,985 | Hess Corp. | 446,841 | 0.3 |
| 196,136 | Kinder Morgan, Inc. | 4,354,219 | 2.6 |
| 95,149 | @ Laredo Petroleum, Inc. | 1,521,433 | 0.9 |
| 71,532 | Marathon Oil Corp. | 1,291,868 | 0.8 |
| 24,308 | Marathon Petroleum Corp. | 1,142,962 | 0.7 |
| 40,284 | Nabors Industries Ltd. | 648,572 | 0.4 |
| 14,825 | @ Newfield Exploration Co. | 670,387 | 0.4 |
| 61,016 | Noble Energy, Inc. | 2,328,371 | 1.4 |
| 81,169 | Occidental Petroleum Corp. | 5,792,220 | 3.5 |
| 35,662 | @ Parsley Energy, Inc. | 1,360,505 | 0.8 |
| 26,728 | Phillips 66 | 2,220,562 | 1.3 |
| 17,436 | Pioneer Natural Resources Co. | 3,330,973 | 2.0 |
| 12,334 | Plains GP Holdings L.P. | 433,663 | 0.3 |
| 173,959 | Precision Drilling Corp. | 921,983 | 0.6 |
| 92,979 | QEP Resources, Inc. | 1,827,967 | 1.1 |
| 32,686 | Range Resources Corp. | 1,149,894 | 0.7 |

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| | | | |
|---------|-------------------------------------|------------|-----|
| 41,334 | @ Rice Energy, Inc. | 1,006,483 | 0.6 |
| 58,768 | Rowan Companies PLC | 1,047,246 | 0.6 |
| 23,961 | Royal Dutch Shell PLC - Class A ADR | 1,224,407 | 0.7 |
| 145,581 | Schlumberger Ltd. | 12,236,083 | 7.4 |
| 24,338 | SM Energy Co. | 970,113 | 0.6 |
| 40,140 | Spectra Energy Corp. | 1,643,733 | 1.0 |
| 181,505 | Suncor Energy, Inc. | 5,782,749 | 3.5 |
| 13,788 | Targa Resources Corp. | 734,763 | 0.4 |
| 4,480 | Tesoro Corp. | 364,448 | 0.2 |
| 90,202 | TransCanada Corp. | 4,043,756 | 2.5 |
| 94,202 | @ Transocean Ltd. | 1,215,206 | 0.7 |

| Shares | | Value | Percentage of Net Assets |
|--------|--|-------|--------------------------------|
|--------|--|-------|--------------------------------|

COMMON STOCK: (continued)

Energy: (continued)

| | | | |
|--------|---------------------|--------------------|-------------|
| 44,417 | @ Unit Corp. | \$ 1,079,333 | 0.7 |
| 62,163 | Valero Energy Corp. | 3,826,754 | 2.3 |
| 29,402 | Williams Cos., Inc. | 902,641 | 0.5 |
| | | 137,296,659 | 83.1 |

Industrials: 0.5%

| | | | |
|--------|---------------|----------------|------------|
| 41,380 | Arconic, Inc. | 797,807 | 0.5 |
|--------|---------------|----------------|------------|

Materials: 16.8%

| | | | |
|---------|--------------------------------------|-----------|-----|
| 21,641 | Agnico-Eagle Mines Ltd. | 888,363 | 0.5 |
| 18,065 | Alcoa Corp. | 523,343 | 0.3 |
| 5,024 | Ball Corp. | 377,101 | 0.2 |
| 137,763 | Barrick Gold Corp. | 2,069,200 | 1.3 |
| 37,703 | @ Berry Plastics Group, Inc. | 1,876,478 | 1.1 |
| 32,965 | @ Boise Cascade Co. | 751,602 | 0.5 |
| 18,049 | Compass Minerals International, Inc. | 1,399,700 | 0.8 |
| 32,810 | @ Crown Holdings, Inc. | 1,784,536 | 1.1 |
| 20,445 | Domtar Corp. | 802,875 | 0.5 |
| 10,998 | Eagle Materials, Inc. | 1,069,006 | 0.6 |
| 4,593 | Franco-Nevada Corp. | 266,027 | 0.2 |
| 39,711 | Freeport-McMoRan, Inc. | 609,564 | 0.4 |
| 28,606 | GoldCorp, Inc. | 377,313 | 0.2 |
| 82,069 | Graphic Packaging Holding Co. | 1,031,607 | 0.6 |
| 18,330 | Greif, Inc. - Class A | 941,612 | 0.6 |
| 172,942 | Hecla Mining Co. | 1,051,487 | 0.6 |
| 54,122 | International Paper Co. | 2,636,824 | 1.6 |
| 62,425 | KapStone Paper and Packaging Corp. | 1,275,343 | 0.8 |
| 107,988 | @ Kinross Gold Corp. | 355,281 | 0.2 |
| 2,399 | Martin Marietta Materials, Inc. | 526,461 | 0.3 |
| 68,828 | Newmont Mining Corp. | 2,232,780 | 1.4 |
| 22,549 | Packaging Corp. of America | 1,911,253 | 1.2 |
| 20,818 | Sealed Air Corp. | 949,301 | 0.6 |
| 76,784 | Tahoe Resources, Inc. | 735,591 | 0.4 |
| 3,229 | Vulcan Materials Co. | 405,724 | 0.2 |

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| | | | |
|--------|-------------------|-------------------|-------------|
| 12,701 | WestRock Co. | 650,291 | 0.4 |
| 99,010 | Yamana Gold, Inc. | 296,040 | 0.2 |
| | | 27,794,703 | 16.8 |

| | | | |
|--|--|--------------------|--------------|
| | Total Common Stock (Cost \$167,088,394) | 165,889,169 | 100.4 |
|--|--|--------------------|--------------|

RIGHTS: 0.0%

| | | | |
|-------|---------------------|--------------|------------|
| | Materials: 0.0% | | |
| 6,188 | @ Yamana Gold, Inc. | 1,520 | 0.0 |

| | | | |
|--|--------------------------------|--------------|------------|
| | Total Rights (Cost \$2,617) | 1,520 | 0.0 |
|--|--------------------------------|--------------|------------|

| | | | |
|--|---|--------------------|--------------|
| | Total Long-Term Investments (Cost \$167,091,011) | 165,890,689 | 100.4 |
|--|---|--------------------|--------------|

Voya Natural Resources Equity Income Fund **PORTFOLIO OF INVESTMENTS**
as of November 30, 2016 (Unaudited) (Continued)

| Shares | | Value | Percentage of Net Assets |
|-------------------------------------|---|----------------------|--------------------------------|
| SHORT-TERM INVESTMENTS: 0.8% | | | |
| | Mutual Funds: 0.8% | | |
| 1,356,000 | BlackRock Liquidity Funds, FedFund, Institutional Class, 0.310% (Cost \$1,356,000) | \$1,356,000 | 0.8 |
| | Total Short-Term Investments (Cost \$1,356,000) | 1,356,000 | 0.8 |
| | Total Investments in Securities (Cost \$168,447,011) | \$167,246,689 | 101.2 |
| | Liabilities in Excess of Other Assets | (1,928,310) | (1.2) |
| | Net Assets | \$165,318,379 | 100.0 |

@ Non-income producing security.
ADR American Depositary Receipt

Cost for federal income tax purposes is \$168,839,466.

Net unrealized depreciation consists of:

| | |
|-------------------------------|----------------|
| Gross Unrealized Appreciation | \$12,837,937 |
| Gross Unrealized Depreciation | (14,430,714) |
| Net Unrealized Depreciation | \$(1,592,777) |

Industry Diversification as of November 30,
2016
(as a percentage of net assets)

| | |
|------------------------------------|--------|
| Integrated Oil & Gas | 23.6 % |
| Oil & Gas Exploration & Production | 23.1 % |
| Oil & Gas Equipment & Services | 12.1 % |
| Oil & Gas Storage & Transportation | 7.0 % |
| Oil & Gas | 5.8 % |
| Oil & Gas Refining & Marketing | 4.5 % |
| Materials | 3.2 % |

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| | | |
|--|-------|----|
| Pipelines | 3.0 | % |
| Paper Products | 2.9 | % |
| Gold | 2.9 | % |
| Energy | 2.3 | % |
| Metal & Glass Containers | 1.9 | % |
| Mining | 1.8 | % |
| Packaging & Containers | 1.5 | % |
| Oil & Gas Drilling | 1.3 | % |
| Paper Packaging | 1.2 | % |
| Building Materials | 0.7 | % |
| Aerospace/Defense | 0.5 | % |
| Coal & Consumable Fuels | 0.4 | % |
| Diversified Metals & Mining | 0.4 | % |
| Construction Materials | 0.3 | % |
| Liabilities in Excess of Other Assets* | (0.4) |)% |
| Net Assets | 100.0 | % |

Voya Natural Resources Equity Income Fund **PORTFOLIO OF INVESTMENTS**
as of November 30, 2016 (Unaudited) (Continued)

Fair Value Measurements

The following is a summary of the fair valuations according to the inputs used as of November 30, 2016 in valuing the assets and liabilities:

| | Quoted Prices in Active Markets for Identical Investments (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Fair Value at November 30, 2016 |
|----------------------------------|---|---|--|--|
| Asset Table | | | | |
| Investments, at fair value | | | | |
| Common Stock* | \$ 165,889,169 | \$— | \$ — | \$ 165,889,169 |
| Rights | — | 1,520 | — | 1,520 |
| Short-Term Investments | 1,356,000 | — | — | 1,356,000 |
| Total Investments, at fair value | \$ 167,245,169 | \$ 1,520 | \$ — | \$ 167,246,689 |
| Liabilities Table | | | | |
| Other Financial Instruments+ | | | | |
| Written Options | \$ — | \$(2,155,436) | \$ — | \$(2,155,436) |
| Total Liabilities | \$ — | \$(2,155,436) | \$ — | \$(2,155,436) |

Other Financial Instruments are derivatives not reflected in the portfolio of investments and 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 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.

At November 30, 2016, the following over-the-counter written options were outstanding for Voya Natural Resources Equity Income Fund:

| Number of Contracts | Counterparty | Description | Exercise Price | Expiration Date | Premiums Received |
|---------------------------|-----------------------------|--|-------------------|--------------------|----------------------|
| Options on Indices | | | | | |
| 833,966 | Goldman Sachs International | Call on Energy Select Sector SPDR® Fund | 72.550 | USD 12/16/16 | \$ 866,074 |
| 327,401 | HSBC Bank PLC | Call on Materials Select Sector SPDR® Fund | 49.590 | USD 12/16/16 | 77,528 |

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| | | | | | | |
|---------|---------------|--|--------|-----|----------|-------------|
| 187,648 | Citibank N.A. | Call on VanEck Vectors Gold Miners ETF | 21,470 | USD | 12/16/16 | 158,000 |
| | | Total Written OTC Options | | | | \$1,101,600 |

Voya Natural Resources Equity Income Fund **PORTFOLIO OF INVESTMENTS**
as of November 30, 2016 (Unaudited) (Continued)

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, 2016 was as follows:

| | | <u>Fair Value</u> |
|--|-----------------|-------------------|
| Derivatives not accounted for as hedging instruments | | |
| Liability Derivatives | Instrument Type | |
| Equity contracts | Written options | \$2,155,436 |
| Total Liability Derivatives | | \$2,155,436 |

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, 2016:

| | Citibank N.A. | Goldman Sachs International | HSBC Bank PLC | Totals |
|---|---------------------|--------------------------------|----------------------|-----------------------|
| Liabilities: | | | | |
| Written options | \$ 93,044 | \$ 1,841,691 | \$ 220,701 | \$2,155,436 |
| Total Liabilities | \$ 93,044 | \$ 1,841,691 | \$ 220,701 | \$2,155,436 |
| Net OTC derivative instruments by counterparty, at fair value | \$ (93,044) | \$ (1,841,691) | \$ (220,701) | \$ (2,155,436) |
| Total collateral pledged by the Fund/(Received from counterparty) | \$ - | \$ - | \$ - | \$ - |
| Net Exposure⁽¹⁾ | \$ (93,044) | \$ (1,841,691) | \$ (220,701) | \$ (2,155,436) |

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

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/ Shaun P. Mathews
Shaun P. Mathews
President and Chief Executive Officer

Date: January 20, 2017

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/ Shaun P. Mathews
Shaun P. Mathews
President and Chief Executive Officer

Date: January 20, 2017

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

Date: January 20, 2017