

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
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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
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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