

Voya Global Perspectives

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As of August 10, 2018

Investment Weekly

Commentary and Statistics

- Stocks took a leg down for the week. With 2Q18 earnings season nearly over, there were few counter-narratives to tariff issues and the shadow Turkish financial instability cast over world markets. As the Turkish lira plunged vs. the U.S. dollar, fears of contagion spreading to other emerging markets pushed investors into so-called “safe havens” such as the U.S. Treasury market, driving the 10-year Treasury yield from 2.94% to 2.86%. Oil prices fell and gold prices ended the week flat.
- With 91% of S&P 500 companies reporting second-quarter results, 79% have exceeded earnings per share expectations, while 72% have beaten sales expectations. As of August 10, 2018, FactSet estimated the S&P 500 index’s second-quarter earnings growth rate at 24.6% and its 12-month forward P/E ratio at 16.6, above the five- and ten-year averages of 16.2 and 14.4, respectively. Cooper Tire & Rubber, SeaWorld and Tyson Foods impressed this week, whereas Disney, Hostess Brands and Zillow disappointed.
- The Labor Department reported that the consumer price index (CPI) rose 0.2% in July, in line with expectations. Rising shelter costs offset declines in energy prices. The year-over-year CPI increase was 2.9%, unchanged from June. The YoY rate of core inflation — excluding volatile gasoline and food prices — rose to 2.4%, the highest point since September 2008.
- The Job Openings and Labor Turnover Survey (JOLTS) showed the job openings rate in June was unchanged at 4.3%. The hiring rate declined to 3.8% from 3.9% in May and the quits rate, the number of Americans voluntarily quitting their jobs, held at 2.3% for a fourth straight month.

Index Prices (\$)		
Index	08/10/18	12/31/17
Dow Jones Industrial Average	25,313.14	24,652.00
S&P 500 Index	2,833.28	2,676.00

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	-0.44	-0.24	3.82	2.95
S&P 500 Index	-0.18	0.70	7.21	4.58
Russell 2000 Index	0.82	1.00	10.63	5.51
Russell MidCap Index	-0.06	0.44	5.35	3.31
Bloomberg Barclays U.S. Aggregate Index	0.42	0.52	-1.08	1.28
Bloomberg Barclays High Yield Bond Index	0.12	0.28	1.54	1.60
United States 20-Year Treasury Bond	1.47	1.30	-3.25	2.46
S&P/LSTA Senior Loan Index	0.15	0.22	2.98	1.15

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	0.81	1.34	15.08	8.03
Consumer Staples	-1.87	-0.52	-5.32	8.41
Energy	-0.07	-2.35	5.78	-1.10
Financials	-0.49	0.13	1.10	-0.56
Health Care	-0.20	0.83	9.47	10.00
Industrials	-0.92	-2.25	-0.01	1.19
Materials	-0.85	-1.64	-1.85	0.30
Real Estate	-1.80	-0.34	1.55	4.86
Technology	0.44	3.15	16.75	4.59
Telecom	0.69	1.75	-4.58	7.49
Utilities	-0.53	0.22	2.41	6.36

U.S. Returns by Style

One Week (%)		Year to Date (%)		3-Months (%)	
Large Value -0.5	Large Growth 0.3	Large Value 1.9	Large Growth 12.5	Large Value 2.8	Large Growth 6.3
Mid Value -0.6	Mid Growth 0.7	Mid Value 2.1	Mid Growth 9.5	Mid Value 2.6	Mid Growth 4.2
Small Value 0.3	Small Growth 1.3	Small Value 7.7	Small Growth 13.4	Small Value 4.9	Small Growth 6.1

Large Value: Russell 1000 Value
MidCap Value: Russell MidCap Value
Small Value: Russell 2000 Value

Large Growth: Russell 1000 Growth
MidCap Growth: Russell MidCap Growth
Small Growth: Russell 2000 Growth

Global Market Returns (%)	One Week	MTD	YTD	3-Months
Bloomberg Barclays Global Aggregate Bond Index	-0.11	-0.38	-2.00	-1.01
MSCI EAFE Index	-1.46	-2.63	-2.59	-3.79
MSCI United Kingdom Index	-1.25	-3.10	-3.24	-4.51
MSCI Europe ex-U.K. Index	-2.40	-3.79	-3.02	-4.44
MSCI Japan Index	-0.89	-0.66	-2.11	-3.57
MSCI AC Asia ex-Japan Index	1.03	-0.85	-4.59	-5.67
MSCI Emerging Markets Index	-0.98	-2.21	-6.48	-6.87
JPM EMBI+ Emerging Markets Bond Index	-1.42	-1.70	-4.92	-0.66
FTSE EPRA/NAREIT GRE Index	-0.82	-0.94	-0.11	0.31

Source: FactSet

- The Sentix index of eurozone investor sentiment rose to 14.7 in August, from 12.1 in July, as worries eased over global trade. Sentix conducted the survey after President Trump and EU Commission Chief Jean-Claude Juncker agreed to a ceasefire in the transatlantic trade battle.
- A day after the United States said it would impose tariffs on another \$16 billion of Chinese goods, China responded with 25% tariffs on \$16 billion of U.S. imports, including large passenger cars, motorcycles, coal and recyclables.

Bond Rates (%) as of:	08/10/18	08/03/18	12/31/17	05/10/18
U.S. Federal Funds Target Rate	2.00	2.00	1.50	1.75
U.S. Two-Year Treasury Yield	2.60	2.65	1.89	2.54
U.S. Ten-Year Treasury Yield	2.86	2.95	2.41	2.97
U.S. 30-Year Treasury Yield	3.02	3.09	2.74	3.12
High Yield (Merrill U.S. Corporates)	6.36	6.36	5.59	6.36

Commodity Prices as of:	08/10/18	08/03/18	12/31/17	05/10/18
Gold (USD/oz)	1,219.00	1,223.20	1,309.30	1,322.30
Crude Oil (USD/bbl)	67.63	68.49	60.42	71.36
Gasoline (USD/gal)	3.00	3.01	2.66	3.08
Copper (NYM \$/lbs)	2.73	2.75	3.28	3.09

Exchange Rates as of:	08/10/18	08/03/18	12/31/17	05/10/18
\$ per €	1.14	1.16	1.20	1.19
\$ per £	1.28	1.30	1.35	1.35
¥ per \$	110.72	111.17	112.65	109.58

Index Definitions

Bloomberg Barclays Global Aggregate Bond Index measures a wide range of global government, government-related, corporate and securitized fixed-income investments, all with maturities greater than one year.

Bloomberg Barclays High Yield Bond Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

Bloomberg Barclays U.S. Aggregate Index is a bond market index composed of U.S. securities in Treasury, Government-Related, Corporate, and Securitized sectors that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$250 million.

Dow Jones Industrial Average is a price-weighted average computed from the stock prices of 30 of the largest and most widely held public companies in the United States, adjusted to reflect stock splits and stock dividends.

FTSE EPRA/NAREIT Global Real Estate Index represents general performance trends of the equity securities of real estate companies involved in the ownership, disposition and development of income-producing properties worldwide.

JPMorgan Emerging Markets Bond Index Plus (EMBI+) tracks total returns for traded foreign currency denominated debt instruments in the emerging markets which meet minimum criteria for face value outstanding and market trading liquidity.

MSCI EAFE Index is a free float-adjusted market capitalization weighted index designed to measure developed markets' equity performance, excluding the U.S. & Canada, for 21 countries.

MSCI Europe ex-U.K. Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of the 15 developed European markets except the United Kingdom.

MSCI U.K. Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of listed common stocks in the United Kingdom.

MSCI Asia ex-Japan Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of the 15 developed Asian markets except Japan.

MSCI Japan Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of listed common stocks in Japan.

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) changes in laws and regulations and (4) changes in the policies of governments and/or regulatory authorities. 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. Fund holdings are fluid and are subject to daily change based on market conditions and other factors.

Past performance is no guarantee of future results.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that measures emerging market equity performance of 23 countries.

Municipal Bond Index is a bond index that includes investment-grade, tax-exempt fixed-rate bonds with long-term maturities (greater than two years) selected from issues larger than \$50 million.

NASDAQ Composite Index is a market capitalization weighted index of the performance of domestic and international common stocks listed on The Nasdaq Stock Market including over 2,800 securities.

Russell 1000 Growth Index measures the large-cap growth segment of the U.S. equity market including Russell 1000 companies with higher price-to-book ratios and forecasted growth.

Russell 1000 Value Index measures the large-cap value segment of the U.S. equity market including Russell 1000 companies with lower price-to-book ratios and lower expected growth.

Russell MidCap Growth Index measures the performance of the mid-cap growth segment of the U.S. equity market including Russell Midcap Index companies with higher price-to-book ratios and forecasted growth.

Russell MidCap Value Index measures the performance of the mid-cap growth segment of the U.S. equity market including Russell Midcap Index companies with lower price-to-book ratios and forecasted growth.

Russell 2000 Growth Index measures the performance of small-cap growth stocks in the U.S. equity market including Russell 2000 companies with higher price-to-value ratios and forecasted growth.

Russell 2000 Value Index measures the performance of small-cap growth stocks in the U.S. equity market including Russell 2000 companies with lower price-to-value ratios and forecasted growth.

S&P 500 Index is a widely regarded as the best single gauge of the U.S. equities market, including 500 leading companies in major industries of the U.S. economy.

S&P 500 Sectors are defined as the GICS (Global Industry Classification Standard) sectors which provide standardized industry definitions consisting of 10 sectors, 24 industry groups, and 67 industries.

Economic Release Calendar

Monday, August 13	Tuesday, August 14	Wednesday, August 15	Thursday, August 16	Friday, August 17
Industrial Production (Jul) China	Industrial Production (Jun) Japan	CPI (Jul) U.K.	Philadelphia Fed Business Outlook (Aug) U.S.	CPI (Jul) Euro Zone
	Industrial Production (Jun) Euro Zone	Empire Manufacturing (Aug) U.S.	Housing Starts (Jul) U.S.	Leading Index (Jul) U.S.
	GDP (2Q18) Euro Zone	Retail Sales Advance (Jul) U.S.	Bloomberg Economic Expectations (Aug) U.S.	U. of Mich. Sentiment (Aug) U.S.
	ZEW Survey Expectations (Aug) Euro Zone	Industrial Production (Jul) U.S.	Bloomberg Consumer Comfort (Aug) U.S.	
	NFIB Small Business Optimism (Jul) U.S.	NAHB Housing Market Index (Aug) U.S.		

Source: Bloomberg

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Past performance is no guarantee of future results.

Voya Investment Management

Voya Investment Management (Voya IM) is the asset management business of Voya Financial, a Fortune 500 company with over 6,000 employees seeking to help clients plan, invest and protect their savings. Voya IM managed approximately 227 billion¹ in assets across Fixed Income, Senior Loans, Equities and Multi-Asset Strategies & Solutions. Drawing on over 40 years of experience and the expertise of 250+ investment professionals, Voya IM's capabilities span traditional products and solutions as well as those that cannot be easily replicated by an index.

Voya IM's award-winning culture is deeply rooted in a client-centric approach to helping investors meet their goals — from insurance companies, corporate and public pension funds, sovereign wealth funds, endowments and foundations, and consultants to intermediaries, and individual investors. Reliability is why our clients hire us and it is why they trust us to navigate the path ahead.



79% of our assets outperformed their benchmark or peer median on a 5-year basis.²

86% of the time our portfolios outperformed their benchmark on a rolling 5-year basis.³

87% of the time our portfolios outperformed their benchmark on a rolling 7-year basis.³

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¹ As of 03/31/18. Voya Investment Management assets are calculated on a market value basis and include proprietary insurance general account assets of \$87 billion. ² Metrics presented use pre-determined criteria to measure each individual investment product based on its ability to either A) rank above the median of its peer category; or B) outperform its benchmark index on a gross-of-fees basis. Generally speaking, the results for unconstrained, fully-active investment products were based on relevant peer category rankings while those of "enhanced index", rules-based, risk-constrained, or client-specific investment products were based on benchmark-relative performance. Metrics are calculated on an annualized basis and includes mutual funds as well as pooled and separately-managed institutional portfolios that fall within our traditional (long-only) commercial book of business that remain open as of 03/31/18. If terminated and other accounts had been included, results may have differed from that shown. Source of performance returns and peer medians is Voya Investment Management but is based in part on data from Morningstar (mutual funds) and eVestment (institutional composites). Further detailed information regarding these calculations is available upon request. ³ Metrics are based on observations of rolling 5-year or 7-year annualized returns over the last 30 months, calculated on an annualized, gross-of-fees basis, and includes mutual funds as well as pooled and separately-managed institutional portfolios that fall within our traditional long-only commercial book of business that remain open as of 03/31/18. If terminated and other accounts had been included, results may have differed from that shown. Source of performance returns is Voya Investment Management, and further detailed information regarding these calculations is available upon request.

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