

# Voya Global Perspectives

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As of April 13, 2018

## Investment Weekly

### Commentary and Statistics

- Heavy news flow — slaughter in Syria, trade spats with China, political drama in DC and an ambivalent start to earnings season — drove a volatile week for markets. Nonetheless, stocks ended with decent gains. Escalating Middle East tensions sent oil prices to three-year highs. Gold regained its luster as signs of inflation emerged. The 10-year Treasury yield was unchanged at 2.8%.
- Banks led earnings season, meeting expectations for 1Q18, yet investors sent shares lower on disappointing loan growth. Still, FactSet estimates the first quarter S&P 500 earnings growth rate may exceed 17%.
- The University of Michigan Consumer Sentiment Index fell in April, its first decline since January, as respondents worried about the impact of President Trump's trade agenda on the economy. Despite the drop, the index remains at elevated levels.
- The consumer price index (CPI) fell in March but underlying inflation rose. Gasoline prices briefly fell, pushing the index down. Core consumer prices — excluding energy and food — rose 0.2%, reflecting higher costs for housing and medical care.
- The producer price index (PPI), which measures the prices businesses receive for goods and services, increased 0.3% in March, well above expectations of 0.1%. Sharply rising food prices and continued service sector growth led to the surprise. After a 0.2% gain in February, economists took the result as a sign inflation pressures were building.
- The Congressional Budget Office released its first projections for the U.S. economy and federal budget since Congress passed the \$1.5 trillion tax overhaul and the \$1.3 trillion spending bill. The CBO predicted that spending would push economic growth above 3% in 2018, but also that the budget deficit would jump to \$804 billion in 2018 from \$665 billion last year, and exceed \$1 trillion starting in 2020.

Index Prices (\$)		
Index	04/13/18	12/31/17
Dow Jones Industrial Average	24,360.14	24,652.00
S&P 500 Index	2,656.30	2,676.00

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	1.80	1.12	-0.87	-5.08
S&P 500 Index	2.04	0.66	-0.10	-4.20
Russell 2000 Index	2.41	1.34	1.26	-2.36
Russell MidCap Index	1.41	-0.16	-0.62	-4.01
Bloomberg Barclays U.S. Aggregate Index	-0.18	-0.23	-1.69	-1.20
Bloomberg Barclays High Yield Bond Index	0.79	1.09	0.22	-0.47
United States 20-Year Treasury Bond	-0.28	-1.03	-4.35	-2.55
S&P/LSTA Senior Loan Index	0.18	0.19	1.61	1.10

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	0.53	-0.10	2.99	-3.32
Consumer Staples	0.26	-0.01	-7.13	-6.74
Energy	6.03	5.92	-0.31	-7.04
Financials	1.05	-0.35	-1.30	-5.74
Health Care	2.45	0.75	-0.48	-5.32
Industrials	1.66	-0.42	-1.97	-7.64
Materials	2.80	2.10	-3.53	-8.00
Technology	3.75	1.41	4.98	-0.19
Telecom	0.72	0.54	-6.98	-4.88
Utilities	-1.35	-1.47	-4.72	-0.20

U.S. Returns by Style					
One Week (%)		Year to Date (%)		3-Months (%)	
Large Value	1.8	Large Value	-2.2	Large Value	-5.4
Large Growth	2.1	Large Growth	2.0	Large Growth	-2.8
Mid Value	1.2	Mid Value	-2.4	Mid Value	-4.9
Mid Growth	1.7	Mid Growth	1.7	Mid Growth	-2.9
Small Value	1.9	Small Value	-1.3	Small Value	-4.6
Small Growth	2.8	Small Growth	3.7	Small Growth	-0.2

**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	0.10	-0.14	1.22	0.99
MSCI EAFE Index	1.49	2.00	0.56	-3.01
MSCI United Kingdom Index	2.39	4.75	0.71	-1.70
MSCI Europe ex-U.K. Index	1.49	2.02	0.92	-3.01
MSCI Japan Index	0.42	-0.29	0.68	-3.92
MSCI AC Asia ex-Japan Index	1.72	0.85	1.56	-2.54
MSCI Emerging Markets Index	0.74	0.01	1.47	-2.73
JPM EMBI+ Emerging Markets Bond Index	-0.19	0.16	-1.62	-1.67
FTSE EPRA/NAREIT GRE Index	0.53	0.55	-2.81	-2.06

Source: FactSet

- House Speaker Paul Ryan announced he would not seek re-election and would retire at the end of his current term, stirring up a scramble in the GOP to replace him. Ryan's departure heightens uncertainty about the coming midterm elections, as analysts of both parties say the House is up for grabs.

Bond Rates (%) as of:	04/13/18	04/06/18	12/31/17	01/12/18
U.S. Federal Funds Target Rate	1.75	1.75	1.50	1.50
U.S. Two-Year Treasury Yield	2.37	2.27	1.89	2.01
U.S. Ten-Year Treasury Yield	2.83	2.78	2.41	2.55
U.S. 30-Year Treasury Yield	3.04	3.02	2.74	2.85
High Yield (Merrill U.S. Corporates)	6.08	6.23	5.59	5.52

Commodity Prices as of:	04/13/18	04/06/18	12/31/17	01/12/18
Gold (USD/oz)	1,347.90	1,336.10	1,309.30	1,334.90
Crude Oil (USD/bbl)	67.39	62.06	60.42	64.30
Gasoline (USD/gal)	2.92	2.93	2.66	2.72
Copper (NYM \$/lbs)	3.07	3.05	3.28	3.20

Exchange Rates as of:	04/13/18	04/06/18	12/31/17	01/12/18
\$ per €	1.23	1.23	1.20	1.21
\$ per £	1.42	1.41	1.35	1.37
¥ per \$	107.52	107.11	112.65	111.32

## 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.

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**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, April 16	Tuesday, April 17	Wednesday, April 18	Thursday, April 19	Friday, April 20
<b>Retail Sales (Mar)</b> U.S.	<b>Industrial Production (Feb)</b> Japan	<b>CPI (Mar)</b> U.K.	<b>Philadelphia Fed Business Outlook (Apr)</b> U.S.	<b>Consumer Confidence (Apr)</b> Euro Zone
<b>Empire Manufacturing (Apr)</b> U.S.	<b>ZEW Survey Expectations (Apr)</b> Euro Zone	<b>House Price Index (Feb)</b> U.K.	<b>Leading Index (Mar)</b> U.S.	
<b>NAHB Housing Market Index (Apr)</b> U.S.	<b>Housing Starts (Mar)</b> U.S.	<b>CPI (Mar)</b> Euro Zone	<b>Natl CPI (Mar)</b> Japan	
<b>GDP (1Q18)</b> China	<b>Industrial Production (Mar)</b> U.S.			
<b>Retail Sales (Mar)</b> China				

Source: Bloomberg

## Earnings Announcements

Monday, April 16	Tuesday, April 17	Wednesday, April 18	Thursday, April 19	Friday, April 20
<b>Bank of America</b> <b>Celanese</b> <b>Netflix</b>	<b>CSX Corp.</b> <b>Goldman Sachs</b> <b>IBM</b> <b>Johnson &amp; Johnson</b> <b>Northern Trust</b> <b>Progressive</b>	<b>Abbott Labs</b> <b>Alcoa Corp.</b> <b>Am. Express</b> <b>Morgan Stanley</b> <b>Pier 1 Imports</b> <b>US Bancorp</b>	<b>BONY Mellon</b> <b>E Trade</b> <b>GATX Corp.</b> <b>Novartis</b> <b>Philip Morris</b> <b>Quest Diagnostic</b> <b>Snap-On Inc.</b> <b>Taiwan Semiconductor</b>	<b>Baker Hughes</b> <b>GE</b> <b>Honeywell Int'l</b> <b>Procter &amp; Gamble</b> <b>Steven Madden</b> <b>Waste Mgt</b>

Source: Bloomberg

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**Past performance is no guarantee of future results.**

# Voya Investment Management



## Equity | Fixed Income | Multi-Asset Strategies & Solutions

Voya Investment Management is the asset management arm of Voya Financial, a leader in retirement services and investing. Our investment platform has been carefully built to help meet the long-term needs and goals of our clients, supported by more than 200 investment professionals. Our deep understanding of managing risk exposure and capturing unrecognized investment potential through intense fundamental research and skilled portfolio construction has delivered a consistency of results across continuously evolving market cycles. Today, we are proud to manage more than \$232 billion in assets for investors.<sup>1</sup>

**79%** of our assets outperformed their benchmark or peer median on a 5-year basis.<sup>2</sup>

**84%** of the time our portfolios outperformed their benchmark on a rolling 3-year basis.<sup>3</sup>

**88%** of the time our portfolios outperformed their benchmark on a rolling 5-year basis.<sup>3</sup>

### Past performance does not guarantee future results.

<sup>1</sup> As of 12/31/17, Voya IM assets of \$232 billion include proprietary insurance general account assets of \$90 billion calculated on a market value basis. Voya IM assets, as reported in Voya Financial, Inc. SEC filings, include general account assets valued on a statutory book value basis and total approximately \$224 billion. <sup>2</sup> 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 12/31/17. 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. <sup>3</sup> Metrics are based on observations of rolling 3-year or 5-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 12/31/17. 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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