

Voya Global Perspectives

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As of August 12, 2016

Investment Weekly

Commentary and Statistics

- U.S. stocks had a choppy week, reaching new highs on central bank support, then stumbling on lackluster retail sales but still eking out slight gains. European and Asian bourses also gained. Oil rose on speculation that OPEC might restart production freeze talks. Gold was flat for the week. The ten-year U.S. Treasury yield declined to about 1.5%.
- With 91% of S&P 500 companies having reported second quarter results, 70% have beaten earnings expectations and 54% have beaten sales expectations. According to FactSet, the second quarter blended earnings rate is -3.5%, marking the first time the index has sustained five consecutive quarters of year-over earnings declines since 3Q08–3Q09. CVS, Disney and Macy's impressed this week. Perrigo, Ruby Tuesday and Wendys were among the disappointments.
- U.S. retail sales were flat in July, the Commerce Department reported. Although the news challenges the economic outlook, it isn't the whole picture — consumer spending accounts for nearly 70% of GDP, but retail spending represents only about a third of consumer outlays.
- The June job openings and labor turnover survey showed a slight rise in job openings but a stable quits rate. New openings rose to 5.6 million from an upwardly revised 5.5 million in May. Hires continued to exceed separations in June, implying an overall employment increase.
- U.S. productivity fell at a 0.5% annualized rate in 2Q16 following a 0.6% decline in 1Q16. It was the third straight quarter of contraction and the first YoY decline since 2Q13, raising concerns that if productivity stays weak, companies may have to trim hiring to protect profit margins.

Index Prices (\$)		
Index	08/12/2016	12/31/2015
Dow Jones Industrial Average	18,576.47	17,425.03
S&P 500 Index	2,184.05	2,043.94

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	One Year
Dow Jones Industrial Average	0.33	0.98	8.43	9.61
S&P 500 Index	0.12	0.61	8.32	7.04
Russell 2000 Index	-0.08	0.87	9.26	3.30
Russell MidCap Index	0.13	-0.06	10.25	4.74
Barclays U.S. Aggregate Index	0.42	-0.11	5.87	5.58
Barclays High Yield Bond Index	0.88	1.24	13.39	7.98
United States 20-Year Treasury Bond	1.41	-0.91	17.55	15.28
S&P/LSTA Senior Loan Index	0.21	0.29	7.37	3.66

S&P 500 Sector Returns	One Week	MTD	YTD	One Year
Consumer Discretionary	0.57	0.51	5.80	7.22
Consumer Staples	0.77	0.66	10.40	12.46
Energy	1.54	1.50	15.57	2.09
Financials	-0.60	0.92	1.32	-2.19
Health Care	-0.61	-0.58	4.77	1.03
Industrials	0.33	0.76	10.92	11.60
Materials	-0.68	-0.59	12.27	8.51
Technology	0.15	1.89	9.58	12.51
Telecom	0.18	-1.64	24.04	24.35
Utilities	0.26	-2.38	19.65	16.85

U.S. Returns by Style					
One Week (%)		Year to Date (%)		One Year (%)	
Large Value	Large Growth	Large Value	Large Growth	Large Value	Large Growth
0.1	0.1	9.9	6.8	6.3	6.2
Mid Value	Mid Growth	Mid Value	Mid Growth	Mid Value	Mid Growth
0.1	0.2	13.2	7.4	7.2	2.3
Small Value	Small Growth	Small Value	Small Growth	Small Value	Small Growth
-0.2	0.0	12.9	5.7	8.4	-1.6

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	One Year
Barclays Global Aggregate Bond Index	0.90	0.29	10.10	9.17
MSCI EAFE Index	2.85	1.46	2.31	-3.88
MSCI United Kingdom Index	1.34	0.84	0.50	-9.02
MSCI Europe ex-U.K. Index	3.04	1.62	0.88	-5.50
MSCI Japan Index	4.37	1.99	2.73	-1.31
MSCI AC Asia ex-Japan Index	2.39	3.83	11.43	7.27
MSCI Emerging Markets Index	2.81	4.29	16.83	8.61
JPM EMBI+ Emerging Markets Bond Index	1.02	1.48	14.29	13.90
NAREIT Global Real Estate Index	0.85	-0.54	13.68	13.07

Source: FactSet

- Unemployment claims totaled 266,000 for the week ended August 6, a decrease from the previous week. The report marked 75 consecutive weeks of initial claims below 300,000, the longest streak since 1970. The continuing claims rate was 1.6%, unchanged from the prior week.
- Three-month GDP growth expanded by 0.3% in the U.K. for July, half the rate measured in June. U.K. manufacturing continued to shrink; production fell 0.3% in June after contracting 0.6% in May. Year-over-year production rose 0.9% in June versus 1.5% the prior month.

Bond Rates (%) as of:	08/12/2016	08/05/2016	12/31/2015	08/12/2015
U.S. Federal Funds Target Rate	0.50	0.50	0.50	0.25
U.S. Two-Year Treasury Yield	0.72	0.72	1.06	0.66
U.S. Ten-Year Treasury Yield	1.52	1.58	2.28	2.13
High Yield (Merrill U.S. Corporates)	5.65	5.78	7.24	6.57

Commodity Prices as of:	08/12/2016	08/05/2016	12/31/2015	08/12/2015
Gold (USD/oz)	1,343.20	1,344.40	1,060.20	1,123.60
Crude Oil (USD/bbl)	44.49	41.80	37.04	43.30
Gasoline (USD/gal)	2.28	2.30	2.24	2.88
Copper (NYM \$/lbs)	2.14	2.15	2.13	2.36

Exchange Rates as of:	08/12/2016	08/05/2016	12/31/2015	08/12/2015
\$ per €	1.12	1.11	1.09	1.12
\$ per £	1.29	1.31	1.47	1.56
¥ per \$	100.91	101.88	120.30	123.88

Index Definitions

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.

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.

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.

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.

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Past performance is no guarantee of future results.

Economic Release Calendar

Monday, August 15	Tuesday, August 16	Wednesday, August 17	Thursday, August 18	Friday, August 19
Industrial Production (Jun) Japan	CPI (Jul) U.K.	Employment 3 Mo. Change (Jun) U.K.	Machine Tool Orders (Jul) Japan	All Industry Activity Index (Jun) Japan
Capacity Utilization (Jun) Japan	ZEW Survey Expectations (Aug) Euro Zone	Minutes of July FOMC Mtg U.S.	Construction Output (Jun) Euro Zone	
Empire Manufacturing (Aug) U.S.	Housing Starts/Building Permits (Jul) U.S.		CPI (Jul) Euro Zone	
NAHB Housing Market Index (Aug) U.S.	CPI (Jul) U.S.		ECB Acct of Policy Mtg Euro Zone	
	Industrial Production (Jul) U.S.		Phila. Fed Business Outlook (Aug) U.S.	
			Leading Index (Jul) U.S.	

Source: Bloomberg

Earnings Announcements

Monday, August 15	Tuesday, August 16	Wednesday, August 17	Thursday, August 18	Friday, August 19
Asterias Biotherapeutics Sysco	BHP Billiton Home Depot TJX Cos. Urban Outfitters	American Eagle Outfitters Cisco Lowe's Staples Target	The Gap Hormel Foods Perry Ellis Wal-Mart Stores	Cheetah Mobile Deere & Company Estee Lauder

Source: Bloomberg

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Voya Investment Management

A reliable partner committed to reliable investing®



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 \$218 billion i/n assets for investors.¹

Equity | Fixed Income | Multi-Asset Strategies & Solutions

86% of our assets outperformed their benchmark or peer median on a 5-year basis.²

73% of our assets outperformed their benchmark or peer median on a 10-year basis.²

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

Past performance does not guarantee future results.

¹ As of 06/30/16, Voya IM assets of \$218 billion include proprietary insurance general account assets of \$93 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 \$204 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 06/30/16. 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 3-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 06/30/16. 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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