

# Voya Global Perspectives

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As of August 24, 2018

## Investment Weekly

### Commentary and Statistics

- U.S. and global stocks ended an otherwise meandering week on a high note after Fed Chairman Jerome Powell said the fundamentals of the U.S. economic expansion look strong and warrant the central bank's plan to raise rates gradually. Fed meeting minutes released earlier in the week indicated that many participants felt it would be appropriate to raise interest rates "soon." The U.S. dollar eased on Powell's comments, while oil finished an already-strong week higher, largely on sentiment that sanctions against Iran will limit supply. The 10-year U.S. Treasury yield rose on Friday as stocks gained, a reversal from earlier in the week when headlines on Trump's potential legal challenges prompted some investors to seek safer assets.
- Friday August 24th's market close marked the longest S&P 500 bull market in history, surpassing the previous record set between November 1990 and March 2000.
- Existing-home sales for July fell 0.7% to a 5340K SAAR from June's 5380K, marking the fourth consecutive month of declines and the slowest pace in two years. However, median home prices increased 4.5% year-over-year to \$269,600 - the 77th straight month of annualized gains.
- New-home sales also declined in July, following a decline in June. Purchases of newly built single-family homes fell 1.7% to a seasonally adjusted annual rate of 627,000 in July. The drop went counter to economists' expectations and only adds to recent signs that rising input costs, supply constraints and financial conditions are weighing on a key segment of an otherwise robustly growing economy.
- Markit US Flash Manufacturing PMI fell to 54.5 in August from last month's 55.3 (est. 55.2), hitting a nine-month low. The report noted weak new order volumes and cautious hiring as companies have seen higher operating expenses.

Index Prices (\$)		
Index	08/24/18	12/31/17
Dow Jones Industrial Average	25,790.35	24,652.00
S&P 500 Index	2,874.69	2,676.00

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	0.51	1.75	5.90	4.55
S&P 500 Index	0.88	2.26	8.87	5.89
Russell 2000 Index	1.94	3.38	13.24	6.31
Russell MidCap Index	1.20	2.45	7.47	4.93
Bloomberg Barclays U.S. Aggregate Index	0.26	0.76	-0.84	1.42
Bloomberg Barclays High Yield Bond Index	0.36	0.66	1.92	2.11
United States 20-Year Treasury Bond	1.00	2.19	-2.40	3.51
S&P/LSTA Senior Loan Index	0.08	0.37	3.14	1.26

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	2.06	3.22	17.22	8.69
Consumer Staples	-1.79	0.93	-3.94	9.48
Energy	2.68	-3.16	4.90	-1.80
Financials	0.26	1.02	2.00	1.47
Health Care	0.76	3.28	12.13	10.97
Industrials	0.57	-0.21	2.08	1.52
Materials	1.17	-0.93	-1.14	0.39
Real Estate	-1.05	1.61	3.54	9.13
Technology	1.70	4.79	18.61	6.72
Telecom	-0.73	4.69	-1.82	7.81
Utilities	-1.42	1.61	3.84	7.89

#### U.S. Returns by Style

One Week (%)		Year to Date (%)		3-Months (%)	
Large Value 0.5	Large Growth 1.4	Large Value 3.4	Large Growth 14.5	Large Value 4.2	Large Growth 7.5
Mid Value 0.5	Mid Growth 2.3	Mid Value 3.7	Mid Growth 12.5	Mid Value 3.9	Mid Growth 6.4
Small Value 1.3	Small Growth 2.6	Small Value 9.8	Small Growth 16.5	Small Value 4.8	Small Growth 7.7

**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	0.55	0.10	-1.53	-0.18
MSCI EAFE Index	1.56	-2.19	-2.15	-2.66
MSCI United Kingdom Index	1.19	-3.40	-3.54	-4.44
MSCI Europe ex-U.K. Index	3.10	-2.11	-1.32	-1.02
MSCI Japan Index	-0.02	-1.47	-2.90	-4.64
MSCI AC Asia ex-Japan Index	2.25	-2.14	-5.83	-6.45
MSCI Emerging Markets Index	2.71	-3.26	-7.48	-6.21
JPM EMBI+ Emerging Markets Bond Index	0.36	-1.25	-4.48	-0.50
FTSE EPRA/NAREIT GRE Index	0.28	0.26	1.10	2.34

Source: FactSet

- Orders for durable goods declined a seasonally adjusted 1.7% in July from the prior month, led by easing aircraft sales. Excluding that, durable goods orders actually grew 0.2%.

Bond Rates (%) as of:	08/24/18	08/17/18	12/31/17	05/24/18
U.S. Federal Funds Target Rate	2.00	2.00	1.50	1.75
U.S. Two-Year Treasury Yield	2.63	2.62	1.89	2.51
U.S. Ten-Year Treasury Yield	2.83	2.87	2.41	2.98
U.S. 30-Year Treasury Yield	2.98	3.03	2.74	3.13
High Yield (Merrill U.S. Corporates)	6.30	6.36	5.59	6.44

Commodity Prices as of:	08/24/18	08/17/18	12/31/17	05/24/18
Gold (USD/oz)	1,213.30	1,184.20	1,309.30	1,304.40
Crude Oil (USD/bbl)	68.72	65.91	60.42	70.71
Gasoline (USD/gal)	2.96	2.99	2.66	3.11
Copper (NYM \$/lbs)	2.70	2.62	3.28	3.09

Exchange Rates as of:	08/24/18	08/17/18	12/31/17	05/24/18
\$ per €	1.16	1.14	1.20	1.17
\$ per £	1.29	1.27	1.35	1.34
¥ per \$	111.22	110.46	112.65	109.02

## 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 27	Tuesday, August 28	Wednesday, August 29	Thursday, August 30	Friday, August 31
<b>Chicago Fed Natl Activity Index (Jul)</b> U.S.  <b>Dallas Fed Mfg Activity (Aug)</b> U.S.	<b>Retail Inventories (Jul)</b> U.S.  <b>Nationwide House Prices (Aug)</b> U.K.  <b>S&amp;P CoreLogic CS 20-City (Jun)</b> U.S.  <b>Richmond Fed Mfg Index (Aug)</b> U.S.  <b>Conf. Board Consumer Confidence (Aug)</b> U.S.	<b>GDP Annualized (2Q18)</b> U.S.  <b>Personal Consumption (2Q18)</b> U.S.  <b>Core PCE (2Q18)</b> U.S.  <b>Pending Home Sales (Jul)</b> U.S.  <b>Retail Sales (Jul)</b> Japan	<b>Business Climate Indicator (Aug)</b> Euro Zone  <b>Lloyds Business Barometer (Aug)</b> U.K.  <b>Industrial Production (Jul)</b> Japan  <b>Composite PMI (Aug)</b> China	<b>Unemployment Rate (Jul)</b> Euro Zone  <b>CPI Core (Aug)</b> Euro Zone  <b>Chicago Purchasing Manager (Aug)</b> U.S.  <b>U. of Mich. Sentiment (Aug)</b> U.S.

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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 209 billion<sup>1</sup> 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.



**83%** of our assets outperformed their benchmark on a 10-year basis.<sup>2</sup>

**85%** of the time our portfolios outperformed their benchmark on a rolling 5-year basis.<sup>3</sup>

**87%** of the time our portfolios outperformed their benchmark on a rolling 7-year basis.<sup>3</sup>

## Past performance does not guarantee future results.

<sup>1</sup>As of 06/30/18. Voya Investment Management assets are calculated on a market value basis and include proprietary insurance general account assets of \$59 billion. The decline from \$227 billion as of 03/31/18 was largely due to the 06/01/18 closing of Voya Financial's sale of the majority of its annuities businesses, which resulted in a net \$18 billion transfer of assets. <sup>2</sup>Above benchmark metrics are calculated on an annualized, gross-of-fees basis and include 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 06/30/18. If terminated and other non-discretionary and special purpose accounts had been included, results may have differed. <sup>3</sup>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 06/30/18. 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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