

Voya Global Perspectives

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As of December 8, 2017

Investment Weekly

Commentary and Statistics

- Stocks gave ground for the week, declining everywhere except Europe. U.S. bourses slid during the week as Congress grappled with the details of tax reform. Stocks regained momentum, however, on encouraging employment data and news that the U.K. and European Union had reached an agreement on Brexit terms. Oil prices were slightly down for the week, whereas gold fell significantly. The yield on the 10-year U.S. Treasury note closed at 2.38%, up slightly from the prior week.
- November payrolls beat expectations while wages disappointed. Nonfarm payrolls increased 228,000 in November, following a downwardly revised 241,000 October increase, yet still ahead of consensus expectations for 200,000. Unemployment remained at 4.1%, nearly a 17-year low. Average hourly earnings disappointed, increasing 0.2% vs. October and 2.5% year-over-year, vs. the 0.3%/2.7% consensus.
- The jobs report will likely to play into the ongoing Phillips Curve debate, though the Federal Reserve consensus still seems to revolve around expectations that a tight labor market will eventually drive a more pronounced acceleration in wage growth. The report is not expected to influence next week's Fed meeting.
- The Fed is expected to deliver a third 25-basis point rate for 2017 as the combination of labor market tightness, easy financial conditions and a desire to move further off the zero bound continue to drive its policy calculus.
- November's ISM non-manufacturing index came in at 57.4, still well in expansionary territory but down from October's 60.1 reading and missing the consensus for 59.0. Markit's U.S. services PMI also was down, with November coming in at 54.5 vs. October's 55.1 level. This was a slight miss from consensus of 54.7.

| Index Prices (\$) | | |
|------------------------------|-----------|-----------|
| Index | 12/08/17 | 12/31/16 |
| Dow Jones Industrial Average | 24,329.16 | 19,762.60 |
| S&P 500 Index | 2,651.50 | 2,238.83 |

| Returns (%) | | | | |
|--|----------|-------|-------|----------|
| U.S. Market Indexes Returns | One Week | MTD | YTD | 3-Months |
| Dow Jones Industrial Average | 0.46 | 4.55 | 26.06 | 12.27 |
| S&P 500 Index | 0.39 | 3.26 | 20.72 | 8.26 |
| Russell 2000 Index | -0.97 | 1.42 | 13.47 | 9.10 |
| Russell MidCap Index | 0.31 | 3.46 | 17.53 | 8.35 |
| Bloomberg Barclays U.S. Aggregate Index | -0.02 | 0.14 | 3.34 | -0.56 |
| Bloomberg Barclays High Yield Bond Index | 0.05 | -0.20 | 7.24 | 0.95 |
| United States 20-Year Treasury Bond | -0.26 | 1.91 | 8.22 | -1.30 |
| S&P/LSTA Senior Loan Index | 0.11 | 0.22 | 3.14 | 0.98 |

| S&P 500 Sector Returns | One Week | MTD | YTD | 3-Months |
|------------------------|----------|------|-------|----------|
| Consumer Discretionary | 0.61 | 5.73 | 20.85 | 9.49 |
| Consumer Staples | 0.68 | 6.65 | 12.06 | 3.71 |
| Energy | -0.57 | 1.99 | -5.40 | 8.91 |
| Financials | 1.52 | 5.33 | 21.95 | 16.80 |
| Health Care | -0.40 | 2.32 | 22.15 | 1.04 |
| Industrials | 1.38 | 4.07 | 19.02 | 8.90 |
| Materials | 0.60 | 0.73 | 21.18 | 8.72 |
| Technology | 0.08 | 0.66 | 38.15 | 10.37 |
| Telecom | 0.25 | 6.76 | -6.00 | 6.86 |
| Utilities | -0.96 | 1.40 | 17.88 | 1.75 |

U.S. Returns by Style

| One Week (%) | | Year to Date (%) | | 3-Months (%) | |
|--------------|--------------|------------------|--------------|--------------|--------------|
| Large Value | Large Growth | Large Value | Large Growth | Large Value | Large Growth |
| 0.3 | 0.4 | 12.4 | 29.2 | 7.9 | 8.7 |
| Mid Value | Mid Growth | Mid Value | Mid Growth | Mid Value | Mid Growth |
| 0.3 | 0.4 | 12.3 | 24.4 | 7.7 | 9.2 |
| Small Value | Small Growth | Small Value | Small Growth | Small Value | Small Growth |
| -1.2 | -0.7 | 7.2 | 20.4 | 9.4 | 8.8 |

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 | -0.47 | 0.65 | 6.54 | -1.71 |
| MSCI EAFE Index | 0.10 | 0.34 | 22.72 | 3.18 |
| MSCI United Kingdom Index | 0.40 | -0.19 | 16.23 | 2.08 |
| MSCI Europe ex-U.K. Index | 0.53 | -0.54 | 26.45 | 1.65 |
| MSCI Japan Index | -0.36 | 2.16 | 22.50 | 8.42 |
| MSCI AC Asia ex-Japan Index | -0.41 | -0.09 | 37.30 | 4.31 |
| MSCI Emerging Markets Index | -0.45 | -0.68 | 31.74 | 2.04 |
| JPM EMBI+ Emerging Markets Bond Index | 0.06 | -0.10 | 8.82 | -0.61 |
| FTSE EPRA/NAREIT GRE Index | -0.27 | 2.02 | 12.60 | 0.44 |

Source: FactSet

- The U.S. managed to avoid a government shutdown, at least for the next two weeks, as both the House and Senate passed a stopgap funding bill. In terms of taxes, some of the focus in the press was on Sen. Susan Collins (R-ME) and the potential stumbling block she could present if Congress does not address the healthcare fixes that she was promised in exchange for her support on the tax bill despite its repeal of the individual mandate.

| Bond Rates (%) as of: | 12/08/17 | 12/01/17 | 12/31/16 | 09/08/17 |
|--------------------------------------|----------|----------|----------|----------|
| U.S. Federal Funds Target Rate | 1.25 | 1.25 | 0.75 | 1.25 |
| U.S. Two-Year Treasury Yield | 1.80 | 1.78 | 1.20 | 1.27 |
| U.S. Ten-Year Treasury Yield | 2.38 | 2.36 | 2.43 | 2.06 |
| U.S. 30-Year Treasury Yield | 2.78 | 2.76 | 3.05 | 2.68 |
| High Yield (Merrill U.S. Corporates) | 5.57 | 5.55 | 5.72 | 5.37 |

| Commodity Prices as of: | 12/08/17 | 12/01/17 | 12/31/16 | 09/08/17 |
|-------------------------|----------|----------|----------|----------|
| Gold (USD/oz) | 1,248.40 | 1,282.30 | 1,151.70 | 1,351.20 |
| Crude Oil (USD/bbl) | 57.36 | 58.36 | 53.72 | 47.48 |
| Gasoline (USD/gal) | 2.69 | 2.72 | 2.43 | 2.84 |
| Copper (NYM \$/lbs) | 2.96 | 3.07 | 2.50 | 3.02 |

| Exchange Rates as of: | 12/08/17 | 12/01/17 | 12/31/16 | 09/08/17 |
|-----------------------|----------|----------|----------|----------|
| \$ per € | 1.18 | 1.19 | 1.05 | 1.20 |
| \$ per £ | 1.34 | 1.35 | 1.24 | 1.32 |
| ¥ per \$ | 113.54 | 112.80 | 116.64 | 107.91 |

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, December 11 | Tuesday, December 12 | Wednesday, December 13 | Thursday, December 14 | Friday, December 15 |
|---|--|---|---------------------------------------|--|
| JOLTS Job Openings (Oct) U.S. | Retail Sales (Oct) Japan | Industrial Output (Nov) China | Retail Sales (Nov) U.K. | Empire State Index (Dec) U.S. |
| | PPI Output (Nov) U.K. | Retail Sales (Nov) China | BoE Official Bank Rate U.K. | Capacity Utilization (Nov) U.S. |
| | NFIB Small Business Index (Nov) U.S. | Industrial Production (Oct) Japan | Retail Sales (Nov) U.S. | Industrial Production (Nov) U.S. |
| | PPI (Nov) U.S. | CPI (Nov) U.S. | Markit PMI Mfng (Dec) U.S. | |
| | | FOMC Meeting U.S. | Markit PMI Svcs (Dec) U.S. | |

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 \$230 billion in assets for investors.¹

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

84% of the time our portfolios outperformed their benchmark on a rolling 3-year basis.³

88% of the time our portfolios outperformed their benchmark on a rolling 5-year basis.³

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¹ As of 09/30/17, Voya IM assets of \$230 billion include proprietary insurance general account assets of \$91 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 \$222 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 09/30/17. 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. ³ 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 09/30/17. 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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