

# Voya Global Perspectives

Markets. Insights. Opportunities.®

As of December 9, 2016

## Investment Weekly

### Commentary and Statistics

- After pausing last week, U.S. equity markets again resumed their post-election rally. Three of four major indexes closed at fresh all-time highs during the period – oil surged on a weekend OPEC deal that sent crude oil to nearly \$57.
- The S&P 500, Dow Jones and Nasdaq all posted gains – gold finished slightly down. The 10-year U.S. Treasury note yield ended the week slightly higher at approximately 2.47%.
- A *Wall Street Journal* survey of economists found expectations for the Fed to pick up the pace of interest rate hikes in the coming year. Respondents see the fed fund rate at 1.26%, on average, by December 2017. This implies four rate hikes from the current level, including one at the December 14 meeting.
- The European Central Bank announced that it will extend its quantitative easing program beyond March 2017. The ECB also said that the program could be extended beyond 2017 if necessary.
- The preliminary December reading for the University of Michigan Consumer Sentiment index came in at 98.0, only one-tenth of a point lower than the recent peak in January 2015, which was the highest level for the index since 2004. Both current and expected conditions components posted a strong rise.
- The U.S. job market was flat in October compared to the previous month. 5.5 million job openings came available during the month, compared to 5.6 million in September. Initial jobless claims for the latest week fell 10K to 258K, slightly below the 260K consensus estimate.
- Euro zone investor confidence dipped in December to 10.0 from November's 13.1. However, during October, euro zone retail sales grew at the most impressive rate in over two years, climbing 1.1 percent from September to October. November inflation for the euro zone measured at a dismal 0.6 percent.

Index Prices (\$)		
Index	12/09/2016	12/31/2015
Dow Jones Industrial Average	19,756.85	17,425.03
S&P 500 Index	2,259.53	2,043.94

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	3.13	3.39	16.43	9.98
S&P 500 Index	3.13	2.81	12.87	6.77
Russell 2000 Index	5.64	5.01	23.91	14.28
Russell MidCap Index	3.50	3.07	15.98	7.69
Barclays U.S. Aggregate Index	-0.26	-0.35	2.14	-3.00
Barclays High Yield Bond Index	1.21	1.31	16.51	1.85
United States 20-Year Treasury Bond	-1.67	-2.39	-0.43	-12.71
S&P/LSTA Senior Loan Index	0.46	0.57	10.10	1.82

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	3.55	3.07	9.22	7.96
Consumer Staples	2.90	2.92	5.12	-0.56
Energy	2.30	2.69	28.31	9.93
Financials	4.86	5.60	24.81	22.30
Health Care	0.66	0.21	-3.19	-3.30
Industrials	1.91	2.63	21.37	12.22
Materials	3.06	3.09	20.15	9.09
Technology	4.25	2.30	14.68	6.34
Telecom	3.84	3.78	18.53	1.61
Utilities	2.59	2.60	13.69	-0.18

U.S. Returns by Style					
One Week (%)		Year to Date (%)		3-Months (%)	
Large Value	3.3	Large Value	18.4	Large Value	9.3
Large Growth	3.0	Large Growth	8.1	Large Growth	4.5
Mid Value	3.7	Mid Value	22.3	Mid Value	10.0
Mid Growth	3.3	Mid Growth	9.3	Mid Growth	4.9
Small Value	6.2	Small Value	34.2	Small Value	19.2
Small Growth	5.1	Small Growth	14.0	Small Growth	9.3

**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
Barclays Global Aggregate Bond Index	-0.79	-0.63	1.91	-6.55
MSCI EAFE Index	2.91	2.98	1.06	-1.17
MSCI United Kingdom Index	2.53	3.18	-0.95	-2.02
MSCI Europe ex-U.K. Index	3.98	3.38	-1.91	-2.70
MSCI Japan Index	2.13	2.95	4.72	1.95
MSCI AC Asia ex-Japan Index	1.81	0.88	8.86	-4.45
MSCI Emerging Markets Index	2.92	1.76	13.24	-3.22
JPM EMBI+ Emerging Markets Bond Index	1.16	0.66	9.35	-4.57
FTSE EPRA/NAREIT GRE Index	2.92	2.36	4.28	-5.64

Source: FactSet

- U.K. industrial production dropped 1.1 percent year-over-year as of October 2016. Industrial production gained 0.4 percent in October compared to September.
- Following a 7.3 percent drop in September, China exports grew for the first time this year since March, rising 0.1 percent in November compared to November 2015. China imports rose 6.7 percent in November following a 1.4 percent fall in October.

Bond Rates (%) as of:	12/09/2016	12/02/2016	12/31/2015	9/09/2016
U.S. Federal Funds Target Rate	0.50	0.50	0.50	0.50
U.S. Two-Year Treasury Yield	1.13	1.11	1.06	0.79
U.S. Ten-Year Treasury Yield	2.46	2.39	2.28	1.67
High Yield (Merrill U.S. Corporates)	5.79	6.05	7.24	5.64

Commodity Prices as of:	12/09/2016	12/02/2016	12/31/2015	9/09/2016
Gold (USD/oz)	1,161.90	1,175.10	1,060.20	1,334.50
Crude Oil (USD/bbl)	51.50	51.68	37.04	45.88
Gasoline (USD/gal)	2.36	2.31	2.23	2.33
Copper (NYM \$/lbs)	2.64	2.62	2.13	2.09

Exchange Rates as of:	12/09/2016	12/02/2016	12/31/2015	9/09/2016
\$ per €	1.05	1.07	1.09	1.12
\$ per £	1.26	1.27	1.47	1.33
¥ per \$	115.19	113.81	120.30	102.73

## 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, December 12	Tuesday, December 13	Wednesday, December 14	Thursday, December 15	Friday, December 16
<b>Industrial Production YoY (Nov)</b> China  <b>Retail Sales YoY</b> China	<b>CPI YoY</b> Germany  <b>CPI YoY</b> U.K.  <b>Employment YoY (3Q)</b> Euro Zone  <b>ZEW Survey Expectations (Dec)</b> Euro Zone	<b>Employment Change 3M/3M (Oct)</b> U.K.  <b>MBA Mortgage Applications (Dec 9)</b> U.S.  <b>FOMC Rate Decision</b> U.S.	<b>General Government Debt (Oct)</b> Italy  <b>CPI YoY</b> U.S.  <b>Initial Jobless Claims (Dec 10)</b> U.S.  <b>Markit US Manufacturing PMI (Dec P)</b> U.S.	<b>CPI YoY</b> Euro Zone  <b>Housing Starts MoM (Nov)</b> U.S.

Source: Bloomberg

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# 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 \$221 billion in assets for investors.<sup>1</sup>

**85%** of our assets outperformed their benchmark or peer median on a 5-year basis.<sup>2</sup>

**83%** of our assets outperformed their benchmark on a 5-year basis.<sup>3</sup>

**85%** of the time our portfolios outperformed their benchmark on a rolling 3-year basis.<sup>4</sup>

### Past performance does not guarantee future results.

<sup>1</sup> As of 09/30/16, Voya IM assets of \$221 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 \$208 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 09/30/16. If terminated and other accounts had been included, results may have differed from that shown. <sup>3</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 09/30/16. If terminated and other non-discretionary and special purpose accounts had been included, results may have differed from that shown. <sup>4</sup> 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 09/30/16. 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.

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