

Voya Global Perspectives

Markets. Insights. Opportunities.®

As of December 15, 2017

Investment Weekly

Commentary and Statistics

- U.S. stock markets rose strongly for the week, propelled by a Friday surge as hope rose for passage of the tax overhaul. Japan and Europe bucked the trend, posting declines. Oil prices fell, continuing last week's decline, while gold rose. The 10-year U.S. Treasury yield declined slightly to 2.35%.
- Central bank policies made the news, though there were no surprises. The Federal Reserve raised rates by 25 bp for the third time in 2017, and left unchanged its projections for three rate hikes in 2018 and two in 2019. By contrast, the European Central Bank and Bank of England left their key rates and QE plans unchanged.
- Core retail sales, which excludes food services, auto dealers, building materials stores and gasoline stations, rose 0.8% in November vs. October, and a jump of 5.8% over November 2016. The October reading was revised up 0.1% to 0.4%. The biggest winners were electronics and appliance stores, up 2.1% m/m and 6.4% y/y. Online retailers saw sales jump 2.5% m/m and 10.4% y/y.
- The NFIB index of small business optimism increased to 107.5 in November from 103.8 in October. The release noted this is the second-highest reading in the index's 44-year history, adding that such optimism has not been seen in 34 years.
- November headline inflation (CPI) increased 0.4% vs. October, ahead of expectations for a 0.3% gain. Energy prices increased 3.9%, mainly from a rise in gasoline prices. The headline reading was overshadowed by the core CPI, which increased 0.1%, below expectations for a 0.2% gain. This pushed the year-over-year increase down to 1.7% from 1.8% in October.

| Index Prices (\$) | | |
|------------------------------|-----------|-----------|
| Index | 12/15/17 | 12/31/16 |
| Dow Jones Industrial Average | 24,651.74 | 19,762.60 |
| S&P 500 Index | 2,675.81 | 2,238.83 |

| Returns (%) | | | | |
|--|----------|-------|-------|----------|
| U.S. Market Indexes Returns | One Week | MTD | YTD | 3-Months |
| Dow Jones Industrial Average | 1.34 | 5.95 | 27.75 | 11.33 |
| S&P 500 Index | 0.95 | 4.24 | 21.86 | 7.53 |
| Russell 2000 Index | 0.61 | 2.04 | 14.17 | 7.25 |
| Russell MidCap Index | -0.04 | 3.42 | 17.49 | 6.62 |
| Bloomberg Barclays U.S. Aggregate Index | 0.29 | 0.43 | 3.64 | 0.24 |
| Bloomberg Barclays High Yield Bond Index | 0.03 | -0.17 | 7.27 | 0.76 |
| United States 20-Year Treasury Bond | 1.53 | 3.47 | 9.88 | 1.87 |
| S&P/LSTA Senior Loan Index | -0.05 | 0.16 | 3.09 | 0.86 |

| S&P 500 Sector Returns | One Week | MTD | YTD | 3-Months |
|------------------------|----------|-------|-------|----------|
| Consumer Discretionary | 1.16 | 6.95 | 22.25 | 9.73 |
| Consumer Staples | 1.26 | 7.99 | 13.47 | 4.07 |
| Energy | -0.09 | 1.90 | -5.49 | 5.16 |
| Financials | -0.12 | 5.20 | 21.80 | 12.88 |
| Health Care | 1.30 | 3.64 | 23.73 | 1.84 |
| Industrials | 0.36 | 4.45 | 19.45 | 6.97 |
| Materials | -0.17 | 0.56 | 20.97 | 5.90 |
| Technology | 1.77 | 2.44 | 40.59 | 10.76 |
| Telecom | 4.01 | 11.04 | -2.23 | 6.98 |
| Utilities | -0.58 | 0.81 | 17.19 | 1.50 |

U.S. Returns by Style

| One Week (%) | | Year to Date (%) | | 3-Months (%) | |
|--------------|--------------|------------------|--------------|--------------|--------------|
| Large Value | Large Growth | Large Value | Large Growth | Large Value | Large Growth |
| 0.5 | 1.2 | 13.1 | 30.7 | 6.1 | 8.8 |
| Mid Value | Mid Growth | Mid Value | Mid Growth | Mid Value | Mid Growth |
| -0.1 | 0.0 | 12.2 | 24.4 | 5.7 | 7.8 |
| Small Value | Small Growth | Small Value | Small Growth | Small Value | Small Growth |
| 0.5 | 0.8 | 7.7 | 21.3 | 6.7 | 7.8 |

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 | 0.35 | 1.00 | 6.91 | -0.32 |
| MSCI EAFE Index | 0.14 | 0.48 | 22.90 | 2.74 |
| MSCI United Kingdom Index | 0.89 | 0.70 | 17.26 | 2.18 |
| MSCI Europe ex-U.K. Index | -0.46 | -1.00 | 25.87 | 0.27 |
| MSCI Japan Index | 0.11 | 2.27 | 22.64 | 8.57 |
| MSCI AC Asia ex-Japan Index | 0.52 | 0.43 | 38.01 | 3.63 |
| MSCI Emerging Markets Index | 0.71 | 0.03 | 32.68 | 1.69 |
| JPM EMBI+ Emerging Markets Bond Index | 0.38 | 0.28 | 9.23 | 0.00 |
| FTSE EPRA/NAREIT GRE Index | 1.11 | 3.15 | 13.85 | 0.89 |

Source: FactSet

- November headline PPI increased 0.4% vs. October and 3.1% yoy, besting expectations. It was the biggest y/y increase in nearly six years. Eurozone flash manufacturing PMI hit a record high. Japan's flash manufacturing PMI also beat expectations.
- U.S. industrial production rose 0.2% in November from the prior month, slightly below economists' forecast of 0.3%, and representing a 3.4% yoy increase. October's gain was revised up to 1.2% from an initial estimate of 0.9%. China's November industrial production and FAI growth were largely in line.

| Bond Rates (%) as of: | 12/15/17 | 12/08/17 | 12/31/16 | 09/15/17 |
|--------------------------------------|----------|----------|----------|----------|
| U.S. Federal Funds Target Rate | 1.50 | 1.25 | 0.75 | 1.25 |
| U.S. Two-Year Treasury Yield | 1.84 | 1.80 | 1.20 | 1.38 |
| U.S. Ten-Year Treasury Yield | 2.36 | 2.38 | 2.43 | 2.20 |
| U.S. 30-Year Treasury Yield | 2.69 | 2.78 | 3.05 | 2.77 |
| High Yield (Merrill U.S. Corporates) | 5.58 | 5.57 | 5.72 | 5.33 |

| Commodity Prices as of: | 12/15/17 | 12/08/17 | 12/31/16 | 09/15/17 |
|-------------------------|----------|----------|----------|----------|
| Gold (USD/oz) | 1,257.50 | 1,248.40 | 1,151.70 | 1,325.20 |
| Crude Oil (USD/bbl) | 57.30 | 57.36 | 53.72 | 49.89 |
| Gasoline (USD/gal) | 2.66 | 2.69 | 2.43 | 2.80 |
| Copper (NYM \$/lbs) | 3.11 | 2.96 | 2.50 | 2.93 |

| Exchange Rates as of: | 12/15/17 | 12/08/17 | 12/31/16 | 09/15/17 |
|-----------------------|----------|----------|----------|----------|
| \$ per € | 1.18 | 1.18 | 1.05 | 1.20 |
| \$ per £ | 1.33 | 1.34 | 1.24 | 1.36 |
| ¥ per \$ | 112.66 | 113.54 | 116.64 | 111.05 |

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, December 18 | Tuesday, December 19 | Wednesday, December 20 | Thursday, December 21 | Friday, December 22 |
|--|---|--|--|---|
| NAHB Housing Market Index (Dec) U.S. | Building Permits (Nov) U.S. Current Account (Q317) U.S. Housing Starts (Nov) U.S. | GfK Consumer Confidence (Dec) U.K. Existing Home Sales (Nov) U.S. | Chicago Fed National Activity Index (Nov) U.S. GDP (Q317) U.S. Philadelphia Fed Index (Dec) U.S. FHFA Home Price Index (Oct) U.S. | GDP (Q317) U.K. Building Permits (Nov) U.S. Personal Consumption Expenditure (Nov) U.S. Michigan Sentiment (Dec) U.S. New Home Sales (Nov) U.S. |

Source: Bloomberg

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.

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

Past performance does not guarantee future results.

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.

A reliable partner committed to reliable investing®

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.

©2017 Voya Investments Distributor, LLC • 230 Park Ave, New York, NY 10169 • All rights reserved.
BBGP-STATISTICS IM1218-39128-1017 • 163086

PLAN | INVEST | PROTECT

voyainvestments.com

VOYA®