

Voya Global Perspectives

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As of December 16, 2016

Investment Weekly

Commentary and Statistics

- Major U.S. equity indexes finished the week relatively flat following Wednesday's largely predicted Federal Open Market Committee (FOMC) announcement of a 25 basis point (bp) increase to the Fed funds rate.
- Gold prices dipped and oil was slightly up. The 10-year U.S. Treasury note yield ended the week at approximately 2.60%.
- The FOMC voted unanimously for a 25 bp increase to the Fed funds rate retaining in their statement that near-term risks to the economic outlook appear roughly balanced.
- While the Fed projects three more hikes during 2017, Fed Chair Janet Yellen stressed that though the economy has made considerable progress toward its inflation and employment goals, the economic outlook remains highly uncertain.
- Rising market and investor confidence has been a recurring theme since the U.S. presidential election. The National Federation of Independent Business (NFIB) Small Business Optimism release was consistent with this trend, with November's reading coming in at a 98.4 level against October's 94.9.
- Economic sentiment also improved in the European Union with Zew Survey Expectations rising from 15.8 in November to 18.1 in December, beating the consensus of 16.5.
- December's fund manager survey by BofA Merrill Lynch suggests there are heightened expectations the reflation trade will continue into next year. 54% of respondents thought the rotation into cyclicals and inflationary sectors will continue into 2017, up from 44% in November. This comes as expectations for global growth jumped to 19-month highs.
- U.S. housing starts dove 18.7% during November after registering their strongest level since 2007 in October.

Index Prices (\$)		
Index	12/16/2016	12/31/2015
Dow Jones Industrial Average	19,843.41	17,425.03
S&P 500 Index	2,258.07	2,043.94

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	0.45	3.86	16.96	10.21
S&P 500 Index	-0.03	2.78	12.84	6.11
Russell 2000 Index	-1.68	3.24	21.83	11.79
Russell MidCap Index	-1.16	1.88	14.63	6.32
Barclays U.S. Aggregate Index	-0.61	-0.96	1.52	-3.49
Barclays High Yield Bond Index	-0.06	1.25	16.44	2.39
United States 20-Year Treasury Bond	-0.50	-2.88	-0.93	-12.30
S&P/LSTA Senior Loan Index	0.39	0.97	10.53	2.34

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	-1.31	1.72	7.79	6.01
Consumer Staples	0.87	3.82	6.04	-0.53
Energy	0.81	3.52	29.35	14.12
Financials	-1.13	4.41	23.40	22.38
Health Care	1.57	1.78	-1.68	-3.03
Industrials	-1.58	1.01	19.46	10.86
Materials	-1.49	1.55	18.36	8.50
Technology	0.21	2.52	14.92	3.40
Telecom	2.29	6.16	21.25	3.38
Utilities	1.90	4.55	15.85	-0.76

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	0.0	18.1	8.1	9.2	3.2
Mid Value	Mid Growth	Mid Value	Mid Growth	Mid Value	Mid Growth
-1.4	-0.8	20.6	8.4	8.7	3.5
Small Value	Small Growth	Small Value	Small Growth	Small Value	Small Growth
-1.9	-1.5	31.7	12.3	17.3	6.3

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	-1.19	-1.81	0.70	-7.35
MSCI EAFE Index	-0.55	2.41	0.50	0.78
MSCI United Kingdom Index	-0.30	2.87	-1.25	0.05
MSCI Europe ex-U.K. Index	0.33	3.72	-1.58	0.47
MSCI Japan Index	-1.21	1.71	3.46	2.94
MSCI AC Asia ex-Japan Index	-2.39	-1.52	6.26	-4.35
MSCI Emerging Markets Index	-2.43	-0.71	10.49	-3.06
JPM EMBI+ Emerging Markets Bond Index	-0.34	0.33	8.99	-3.74
FTSE EPRA/NAREIT GRE Index	-1.80	0.52	2.40	-5.67

Source: FactSet

- The U.S. consumer price index (CPI) measured 1.7% year-over-year in its November reading, this is the highest rate of inflation since October 2014.
- The U.K. and the European Union also demonstrated modest growth in November on a year-over-year basis. U.K. CPI rose 1.2% during the period while euro zone CPI crept up 0.6%.
- U.K. unemployment declined to 4.8% in the three months leading to October, the lowest level in 11 years.
- In China, retail sales grew 10.8 percent in November, year-over year. This is the strongest growth posted since December 2015. Industrial production also increased by 6.2 percent during the same period.

Bond Rates (%) as of:	12/16/2016	12/09/2016	12/31/2015	09/16/2016
U.S. Federal Funds Target Rate	0.75	0.50	0.50	0.50
U.S. Two-Year Treasury Yield	1.26	1.13	1.06	0.78
U.S. Ten-Year Treasury Yield	2.60	2.46	2.28	1.70
High Yield (Merrill U.S. Corporates)	5.85	5.79	7.24	5.80

Commodity Prices as of:	12/16/2016	12/09/2016	12/31/2015	09/16/2016
Gold (USD/oz)	1,137.40	1,161.90	1,060.20	1,310.20
Crude Oil (USD/bbl)	51.90	51.50	37.04	43.03
Gasoline (USD/gal)	2.37	2.36	2.23	2.34
Copper (NYM \$/lbs)	2.56	2.64	2.13	2.15

Exchange Rates as of:	12/16/2016	12/09/2016	12/31/2015	09/16/2016
\$ per €	1.04	1.05	1.09	1.12
\$ per £	1.24	1.26	1.47	1.31
¥ per \$	118.37	115.19	120.30	102.26

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 19	Tuesday, December 20	Wednesday, December 21	Thursday, December 22	Friday, December 23
No Data	No Data	MBA Mortgage Applications (Dec 16) U.S. Existing Home Sales (Nov) U.S.	ECB Publishes Economic Bulletin Euro Zone Real Personal Spending U.S. GDP Annualized QoQ (3Q T) U.S. Durable Goods Orders (Nov P) U.S. Personal Consumption (3Q T) U.S. Initial Jobless Claims (Dec 17) U.S. Bloomberg Consumer Comfort (Dec 18) U.S. Personal Income (Nov) U.S. Personal Spending (Nov) U.S.	GDP YoY (3Q F) U.K. Total Business Investment QoQ (3Q F) U.K. U. of Mich. Expectations (Dec F) U.S. U. of Mich. 1 Yr Inflation (Dec F) 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.¹

85% of our assets outperformed their benchmark or peer median on a 5-year basis.²

83% of our assets outperformed their benchmark on a 5-year basis.³

85% of the time our portfolios outperformed their benchmark on a rolling 3-year basis.⁴

Past performance does not guarantee future results.

¹ 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. 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 09/30/16. If terminated and other accounts had been included, results may have differed from that shown. ³ 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. ⁴ 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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