

Voya Global Perspectives

Markets. Insights. Opportunities.®

As of February 3, 2017

Investment Weekly

Commentary and Statistics

- During another politically focused period, U.S. equity markets experienced a flat week while both gold and oil finished higher. The 10-year U.S. Treasury yield closed at approximately 2.47%.
- With 55% of S&P 500 companies having reported fourth quarter results, 65% have beaten earnings expectations while 52% have beaten sales expectations. According to FactSet, the fourth quarter blended earnings growth rate for the S&P 500 is 4.6%. If the index reports earnings growth for the quarter, it will mark the first time the index has recorded year-over-year earnings growth for two consecutive quarters since Q4 2014 and Q1 2015. Rent-A-Center, Momenta Pharmaceuticals and Mead Johnson Nutrition impressed this week; Rite Aid, Pitney Bowes and Under Armour were among the disappointments.
- Following the end of its two-day meeting, the Federal Open Market Committee (FOMC) announced that it will maintain current interest rates. The Fed further stated that it “expects that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace.”
- The U.S. jobs report cited the addition of 227,000 new jobs in January, beating the estimate of 175,000 and significantly above December’s addition of 156,000.
- December personal income rose 0.3% month-to-month, slightly worse than the 0.4% gain expected but above November’s 0.1% gain. Wages and salaries rose 0.4% after falling 0.1% in November.
- The January ISM manufacturing index came in at 56.0, beating the 55.0 consensus estimate and up from December’s 54.5 level. It was the highest reading since November 2014. New orders remained strong coming in at 60.4 in December comparative to November’s 60.3 reading.

Index Prices (\$)		
Index	02/03/17	12/31/16
Dow Jones Industrial Average	20,071.46	19,762.60
S&P 500 Index	2,297.42	2,238.83

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	-0.09	1.06	1.69	12.66
S&P 500 Index	0.16	0.85	2.76	10.57
Russell 2000 Index	0.54	1.19	1.59	19.52
Russell MidCap Index	0.43	0.87	3.30	12.47
Bloomberg Barclays U.S. Aggregate Index	-0.04	-0.17	0.02	-2.25
Bloomberg Barclays High Yield Bond Index	0.33	0.40	1.86	4.01
United States 20-Year Treasury Bond	-0.76	-1.00	-0.60	-8.61
S&P/LSTA Senior Loan Index	-0.13	-0.08	0.27	2.09

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	-0.71	-0.35	3.87	10.65
Consumer Staples	1.16	0.75	2.41	2.43
Energy	-1.15	0.70	-2.92	7.85
Financials	0.29	1.69	1.93	21.77
Health Care	2.51	1.51	3.79	8.74
Industrials	-1.32	0.37	1.79	13.01
Materials	-1.46	0.22	4.86	13.37
Technology	0.05	1.49	5.97	9.88
Telecom	-1.90	-1.58	-4.01	10.03
Utilities	1.05	-0.62	0.62	2.62

U.S. Returns by Style					
One Week (%)		Year to Date (%)		3-Months (%)	
Large Value	0.3	Large Growth	0.1	Large Value	11.9
Mid Value	0.4	Mid Growth	0.4	Large Growth	10.0
Small Value	0.2	Small Growth	0.9	Mid Value	13.4
				Mid Growth	11.3
				Small Value	21.7
				Small Growth	17.3

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
Bloomberg Barclays Global Aggregate Bond Index	0.68	-0.09	1.04	-4.18
MSCI EAFE Index	0.04	0.57	3.49	5.75
MSCI United Kingdom Index	-0.32	0.61	1.91	6.81
MSCI Europe ex-U.K. Index	0.32	1.05	3.49	7.39
MSCI Japan Index	-0.13	-0.32	3.39	1.91
MSCI AC Asia ex-Japan Index	0.08	0.50	6.73	3.07
MSCI Emerging Markets Index	0.33	1.07	6.60	4.31
JPM EMBI+ Emerging Markets Bond Index	0.72	0.71	2.16	-0.48
FTSE EPRA/NAREIT GRE Index	0.82	0.45	1.53	3.37

Source: FactSet

- Personal consumption expenditure (PCE) rose 0.2% month-to-month in December, and was up 1.6% year-over-year. This was the highest year-over-year reading since matching that mark in September 2014. December spending rose 0.5%, in line with consensus and better than November's 0.2% rise.
- Consumer confidence eased in January, coming in at 111.8 versus the December level of 113.3 and below the 112.9 consensus estimate.
- Pending home sales rose 1.6% in December month-to-month, better than the 0.6% increase expected and a bounce back from November's 2.5% decline. Sales were up 0.3% year-over-year.

Bond Rates (%) as of:	02/03/17	01/27/17	12/31/16	11/03/16
U.S. Federal Funds Target Rate	0.75	0.75	0.75	0.50
U.S. Two-Year Treasury Yield	1.21	1.22	1.20	0.81
U.S. Ten-Year Treasury Yield	2.49	2.48	2.43	1.81
High Yield (Merrill U.S. Corporates)	5.59	5.54	5.72	5.87

Commodity Prices as of:	02/03/17	01/27/17	12/31/16	11/03/16
Gold (USD/oz)	1,220.80	1,188.40	1,151.70	1,303.30
Crude Oil (USD/bbl)	53.83	53.17	53.72	44.66
Gasoline (USD/gal)	2.45	2.47	2.43	2.38
Copper (NYM \$/lbs)	2.61	2.68	2.50	2.24

Exchange Rates as of:	02/03/17	01/27/17	12/31/16	11/03/16
\$ per €	1.08	1.07	1.05	1.11
\$ per £	1.25	1.25	1.24	1.25
¥ per \$	112.39	115.06	116.64	103.18

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, February 6	Tuesday, February 7	Wednesday, February 8	Thursday, February 9	Friday, February 10
New Car Registrations YoY (Jan) U.K.	Halifax House Prices MoM (Jan) U.K.	MBA Mortgage Applications (3-Feb) U.S.	Initial Jobless Claims (4-Feb) U.S.	U. of Mich. Sentiment (Feb P) U.S.
Markit Eurozone Retail PMI (Jan) Euro Zone	JOLTS Job Openings (Dec) U.S.	RICS House Price Balance (Jan) U.K.	Continuing Claims (28-Jan) U.S.	
Sentix Investor Confidence (Feb) Euro Zone			Bloomberg Consumer Comfort (5-Feb) U.S.	
MBA Mortgage Foreclosures (4Q) U.S.			Imports YoY (Jan) China	
			Exports YoY (Jan) China	

Source: Bloomberg

Earnings Announcements

Monday, February 6	Tuesday, February 7	Wednesday, February 8	Thursday, February 9	Friday, February 10
Hasbro Loews Tyson Foods	General Motors Gilead Sciences Panera Bread Michael Kors Walt Disney	Omega Healthcare Rio Tinto Suncor Energy Time Warner Voya	Coca-Cola CVS Expedia Kellogg Company Viacom	Aon CBRE Group Nippon Telegraph and Telephone Sensient Technologies

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 \$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

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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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