

# Voya Global Perspectives

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As of February 23, 2018

## Investment Weekly

### Commentary and Statistics

- The S&P 500, Nasdaq and Dow Jones finished the week higher after another bumpy ride as investors continue their adjustment to a rising rates environment. The 10-year U.S. Treasury yield was a touch down on Friday at approximately 2.86%.
- With 90% of S&P 500 companies having reported fourth-quarter results, 74% have reported positive earnings per share (EPS) while 78% have beaten sales expectations. According to FactSet, the fourth quarter blended earnings growth estimate for the S&P 500 is 14.8%. As of February 23, 2018, the forward 12-month P/E ratio for the S&P 500 stood at 16.9, above the five-year average of 16.0 and higher than the ten-year average of 14.3. Noble Energy, NXP Semiconductors and Rite Aid impressed this week while Snap, Cracker Barrel and Gap disappointed.
- The release of January's Federal Open Market Committee (FOMC) minutes noted that most members viewed recent data as suggesting a modestly stronger near-term outlook than they had anticipated in December. The minutes also noted that the effects of the recent tax overhaul on consumer and business spending might be greater in the near-term than had previously been thought.
- The Markit Flash Manufacturing PMI increased to 55.9 from December's 55.5, ahead of the consensus estimate of 55.3. The report cited incoming new business as a source of strength, as new order volume hit a three and a half-year high.
- The Flash Services PMI of 55.9 also beat estimates of 54.0, and was ahead of December's print of 53.3. The report highlighted new order volume and job creation, which hit multi-year highs.

Index Prices (\$)		
Index	02/23/18	12/31/17
Dow Jones Industrial Average	25,309.99	24,652.00
S&P 500 Index	2,747.30	2,676.00

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	0.36	-2.96	2.74	8.18
S&P 500 Index	0.58	-2.53	3.05	6.29
Russell 2000 Index	0.38	-1.56	1.01	2.46
Russell MidCap Index	0.33	-2.48	1.19	4.01
Bloomberg Barclays U.S. Aggregate Index	0.00	-0.99	-2.13	-2.06
Bloomberg Barclays High Yield Bond Index	-0.07	-1.14	-0.55	-0.06
United States 20-Year Treasury Bond	-0.33	-3.65	-6.81	-6.48
S&P/LSTA Senior Loan Index	0.10	-0.03	1.07	1.56

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	1.01	-1.77	7.40	12.59
Consumer Staples	-2.24	-6.12	-4.63	-0.32
Energy	1.03	-8.11	-4.61	2.20
Financials	0.40	-2.08	4.26	11.47
Health Care	-0.10	-3.12	3.32	5.03
Industrials	0.42	-2.68	2.48	8.83
Materials	1.29	-2.68	1.35	5.10
Technology	1.91	0.17	7.81	6.84
Telecom	-2.41	-5.91	-5.40	6.14
Utilities	0.50	-1.34	-4.36	-8.91

#### U.S. Returns by Style

One Week (%)		Year to Date (%)		3-Months (%)	
Large Value	Large Growth	Large Value	Large Growth	Large Value	Large Growth
-0.1	1.1	0.3	5.4	4.5	7.5
Mid Value	Mid Growth	Mid Value	Mid Growth	Mid Value	Mid Growth
0.0	0.8	-0.8	3.7	2.6	5.8
Small Value	Small Growth	Small Value	Small Growth	Small Value	Small Growth
0.0	0.8	-1.0	2.8	0.2	4.5

**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	-0.43	-0.61	0.57	0.84
MSCI EAFE Index	-0.44	-3.90	0.93	2.89
MSCI United Kingdom Index	-0.88	-4.83	-1.94	3.54
MSCI Europe ex-U.K. Index	-0.99	-4.69	1.35	2.16
MSCI Japan Index	0.42	-1.90	2.59	3.49
MSCI AC Asia ex-Japan Index	1.49	-3.90	3.38	3.22
MSCI Emerging Markets Index	1.42	-2.92	5.18	6.04
JPM EMBI+ Emerging Markets Bond Index	-0.21	-2.16	-2.35	-1.70
FTSE EPRA/NAREIT GRE Index	-0.04	-5.13	-3.88	-2.28

Source: FactSet

- January existing home sales fell 3.2% month-to-month, to a 5.38M annualized rate. Estimates were for an increase of 0.9% to a 5.65M annualized rate. January's reading represented a four-month low, and the largest decline on an annual basis in more than three years. December was revised slightly lower by 0.01M to 5.56M. The report further noted that total housing inventory at the end of January increased by 4.1% to 1.68M. However, that is still down 9.5% year-over-year.
- U.S. jobless claims hit a five-week low and continue to sit near a 45-year bottom.

Bond Rates (%) as of:	02/23/18	02/16/18	12/31/17	11/23/17
U.S. Federal Funds Target Rate	1.50	1.50	1.50	1.25
U.S. Two-Year Treasury Yield	2.24	2.19	1.89	1.72
U.S. Ten-Year Treasury Yield	2.87	2.88	2.41	2.32
U.S. 30-Year Treasury Yield	3.16	3.14	2.74	2.75
High Yield (Merrill U.S. Corporates)	6.06	5.98	5.59	5.50

Commodity Prices as of:	02/23/18	02/16/18	12/31/17	11/23/17
Gold (USD/oz)	1,330.30	1,356.20	1,309.30	1,292.20
Crude Oil (USD/bbl)	63.55	61.55	60.42	58.02
Gasoline (USD/gal)	2.77	2.81	2.66	2.75
Copper (NYM \$/lbs)	3.21	3.24	3.28	3.13

Exchange Rates as of:	02/23/18	02/16/18	12/31/17	11/23/17
\$ per €	1.23	1.24	1.20	1.18
\$ per £	1.40	1.40	1.35	1.33
¥ per \$	106.62	106.04	112.65	111.25

## 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, February 26	Tuesday, February 27	Wednesday, February 28	Thursday, March 1	Friday, March 2
<b>New Home Sales (Jan)</b> U.S.	<b>Durable Goods Orders (MoM) (Jan)</b> U.S.  <b>Manufacturing PMI (Feb)</b> China  <b>Non-Manufacturing PMI (Feb)</b> China	<b>German Unemployment Change (Feb)</b> Germany  <b>CPI (YoY) (Feb) P</b> Euro Zone  <b>GDP (QoQ) (Q4)</b> U.S.  <b>Pending Home Sales (MoM) (Jan)</b> U.S.	<b>GDP (QoQ) (Q4)</b> China  <b>Retail Sales (YoY) (Jan)</b> China  <b>German Manufacturing PMI (Feb)</b> Germany  <b>Unemployment Rate (January)</b> Euro Zone  <b>Initial Jobless Claims</b> U.S.  <b>ISM Manufacturing PMI (Feb)</b> U.S.	<b>Michigan Consumer Expectations (Feb)</b> 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 \$232 billion in assets for investors.<sup>1</sup>

**79%** of our assets outperformed their benchmark or peer median on a 5-year basis.<sup>2</sup>

**84%** of the time our portfolios outperformed their benchmark on a rolling 3-year basis.<sup>3</sup>

**86%** of the time our portfolios outperformed their benchmark on a rolling 5-year basis.<sup>3</sup>

### Past performance does not guarantee future results.

<sup>1</sup> As of 12/31/17, Voya IM assets of \$232 billion include proprietary insurance general account assets of \$90 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 \$224 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 12/31/17. 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. <sup>3</sup> 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 12/31/17. 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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