

# Voya Global Perspectives

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As of January 27, 2017

## Investment Weekly

### Commentary and Statistics

- It was a strong week for the U.S. equity market with the Dow Jones industrial setting a new record and breaking through 20,000. The S&P 500 and Nasdaq were also up. Gold dipped and oil concluded the period with a gain. The 10-year U.S. Treasury yield closed at approximately 2.49%.
- With 34% 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 4.2%. 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. Northern Oil and Gas, Alibaba and GoPro impressed this week; Verizon, Johnson & Johnson and Brinker International were among the disappointments.
- President Trump opened his first week with a focus on manufacturing. Trump said he believes his administration can cut corporate regulations by 75% or more, and argued that companies wishing to build factories could benefit from an expedited environmental clearance process. On taxes, he said he planned to cut taxes “massively” for companies and the middle class, positing a new corporate tax rate in the 15-20% range.
- President Trump also issued executive orders calling for a federal hiring freeze and a withdrawal from the Trans-Pacific Partnership.
- Markit’s flash manufacturing PMI for January came in at 55.1, beating consensus for 54.4 and ahead of December’s 54.3 level. The release noted overall operating conditions improved at the quickest pace since September 2014.

| Index Prices (\$)            |           |           |
|------------------------------|-----------|-----------|
| Index                        | 01/27/17  | 12/31/16  |
| Dow Jones Industrial Average | 20,093.78 | 19,762.60 |
| S&P 500 Index                | 2,294.69  | 2,238.83  |

| Returns (%)                              |          |      |      |          |
|--|----------|------|------|----------|
| U.S. Market Indexes Returns              | One Week | MTD  | YTD  | 3-Months |
| Dow Jones Industrial Average             | 1.34     | 1.78 | 1.78 | 11.31    |
| S&P 500 Index                            | 1.04     | 2.60 | 2.60 | 8.16     |
| Russell 2000 Index                       | 1.40     | 1.05 | 1.05 | 15.60    |
| Russell MidCap Index                     | 1.10     | 2.86 | 2.86 | 10.21    |
| Bloomberg Barclays U.S. Aggregate Index  | 0.04     | 0.06 | 0.06 | -2.10    |
| Bloomberg Barclays High Yield Bond Index | 0.41     | 1.52 | 1.52 | 2.43     |
| United States 20-Year Treasury Bond      | -0.27    | 0.17 | 0.17 | -7.81    |
| S&P/LSTA Senior Loan Index               | 0.06     | 0.40 | 0.40 | 1.88     |

| S&P 500 Sector Returns | One Week | MTD   | YTD   | 3-Months |
|------------------------|----------|-------|-------|----------|
| Consumer Discretionary | 1.42     | 4.61  | 4.61  | 9.50     |
| Consumer Staples       | -0.38    | 1.23  | 1.23  | 0.64     |
| Energy                 | -0.54    | -1.80 | -1.80 | 6.80     |
| Financials             | 2.16     | 1.63  | 1.63  | 19.72    |
| Health Care            | -0.15    | 1.25  | 1.25  | 1.15     |
| Industrials            | 1.43     | 3.15  | 3.15  | 13.80    |
| Materials              | 3.44     | 6.42  | 6.42  | 14.10    |
| Technology             | 2.31     | 5.92  | 5.92  | 7.21     |
| Telecom                | -1.74    | -2.15 | -2.15 | 9.26     |
| Utilities              | -0.48    | -0.42 | -0.42 | 1.11     |

| U.S. Returns by Style |     |                  |     |              |      |
|-----------------------|-----|------------------|-----|--------------|------|
| One Week (%)          |     | Year to Date (%) |     | 3-Months (%) |      |
| Large Value           | 0.8 | Large Growth     | 1.3 | Large Value  | 9.8  |
| Mid Value             | 1.1 | Mid Growth       | 1.1 | Large Growth | 7.2  |
| Small Value           | 1.5 | Small Growth     | 1.3 | Mid Value    | 11.0 |
|                       |     |                  |     | Mid Growth   | 9.3  |
|                       |     |                  |     | Small Value  | 18.4 |
|                       |     |                  |     | Small Growth | 12.7 |

**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 | 0.11     | 0.36 | 0.36 | -3.94    |
| MSCI EAFE Index                                | 1.30     | 3.45 | 3.45 | 4.81     |
| MSCI United Kingdom Index                      | 1.73     | 2.24 | 2.24 | 6.63     |
| MSCI Europe ex-U.K. Index                      | 1.11     | 3.16 | 3.16 | 5.04     |
| MSCI Japan Index                               | 1.14     | 3.53 | 3.53 | 2.84     |
| MSCI AC Asia ex-Japan Index                    | 2.39     | 6.64 | 6.64 | 1.05     |
| MSCI Emerging Markets Index                    | 2.55     | 6.25 | 6.25 | 1.64     |
| JPM EMBI+ Emerging Markets Bond Index          | 0.34     | 1.43 | 1.43 | -1.66    |
| FTSE EPRA/NAREIT GRE Index                     | -0.01    | 0.70 | 0.70 | 1.31     |

Source: FactSet

- December existing home sales came in at a 5.49M SAAR, below expectations for 5.53M and November's upwardly revised 5.65M rate. The release noted higher mortgage rates and housing prices combined with record low inventory stunted sales for much of the country during the month.
- Initial jobless claims came in at 259K, higher than the 245K consensus. However, the 246K four-week average still represented a new cycle low. New home sales fell 10.4% to a 536K SAAR in December, much weaker than the 588K consensus and November's 598K reading.

| Bond Rates (%) as of:                | 01/27/17 | 01/20/17 | 12/31/16 | 10/27/16 |
|--------------------------------------|----------|----------|----------|----------|
| U.S. Federal Funds Target Rate       | 0.75     | 0.75     | 0.75     | 0.50     |
| U.S. Two-Year Treasury Yield         | 1.22     | 1.20     | 1.20     | 0.88     |
| U.S. Ten-Year Treasury Yield         | 2.48     | 2.47     | 2.43     | 1.84     |
| High Yield (Merrill U.S. Corporates) | 5.54     | 5.64     | 5.72     | 5.52     |

| Commodity Prices as of: | 01/27/17 | 01/20/17 | 12/31/16 | 10/27/16 |
|-------------------------|----------|----------|----------|----------|
| Gold (USD/oz)           | 1,188.40 | 1,204.90 | 1,151.70 | 1,269.50 |
| Crude Oil (USD/bbl)     | 53.17    | 53.22    | 53.72    | 49.72    |
| Gasoline (USD/gal)      | 2.47     | 2.49     | 2.43     | 2.39     |
| Copper (NYM \$/lbs)     | 2.68     | 2.62     | 2.50     | 2.17     |

| Exchange Rates as of: | 01/27/17 | 01/20/17 | 12/31/16 | 10/27/16 |
|-----------------------|----------|----------|----------|----------|
| \$ per €              | 1.07     | 1.07     | 1.05     | 1.09     |
| \$ per £              | 1.25     | 1.23     | 1.24     | 1.22     |
| ¥ per \$              | 115.06   | 115.06   | 116.64   | 105.04   |

## 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, January 30                                   | Tuesday, January 31                             | Wednesday, February 1                             | Thursday, February 2                      | Friday, February 3 |
|--|---|---|---|--------------------|
| <b>Economic Confidence (Jan)</b><br>Euro Zone        | <b>Mortgage Approvals (Dec)</b><br>U.K.         | <b>MBA Mortgage Applications (Jan 27)</b><br>U.S. | <b>Continuing Claims (Jan 21)</b><br>U.S. | <b>No Data</b>     |
| <b>Business Climate Indicator (Jan)</b><br>Euro Zone | <b>Chicago Purchasing Manager (Jan)</b><br>U.S. | <b>ADP Employment Change (Jan)</b><br>U.S.        |   |                    |
| <b>Consumer Confidence (Jan F)</b><br>Euro Zone      | <b>Manufacturing PMI (Jan)</b><br>China         | <b>FOMC Rate Decision</b><br>U.S.                 |   |                    |
| <b>CPI YoY (Jan P)</b><br>Germany                    |   |   |   |                    |
| <b>Personal Income (Dec)</b><br>U.S.                 |   |   |   |                    |
| <b>Personal Spending (Dec)</b><br>U.S.               |   |   |   |                    |
| <b>Pending Home Sales MoM (Dec)</b><br>U.S.          |   |   |   |                    |
| <b>Lloyds Business Barometer (Jan)</b><br>U.K.       |   |   |   |                    |

Source: Bloomberg

## Earnings Announcements

| Monday, January 30  | Tuesday, January 31   | Wednesday, February 1   | Thursday, February 2  | Friday, February 3                                   |
|---|---|---|---|--|
| <b>Enterprise Products</b><br><b>Reinsurance Group of America</b> | <b>Aetna</b><br><b>Apple</b><br><b>Harley Davidson</b><br><b>Pfizer</b><br><b>Xerox</b> | <b>Anthem</b><br><b>Facebook</b><br><b>Marathon Petroleum</b><br><b>MetLife</b><br><b>Qorvo</b> | <b>Amazon</b><br><b>Cigna</b><br><b>Estee Lauder</b><br><b>Nokia</b><br><b>Vodafone</b> | <b>Clorox</b><br><b>Hershey</b><br><b>Mitsubishi</b> |

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.<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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