

# Voya Global Perspectives

Markets. Insights. Opportunities.®

As of July 6, 2018

## Investment Weekly

### Commentary and Statistics

- Despite the rising winds of trade war, U.S. markets rallied on a buoyant labor market over a holiday-shortened week. Asian bourses delivered mixed results as trade tensions escalated between the United States and China. Oil prices declined for the week, whereas gold prices rose. The yield on the 10-year U.S. Treasury declined to 2.81%.
- The Trump administration followed through on its threat to impose 25% tariffs on \$34 billion worth of Chinese imports. China's State Council applied \$34 billion of its own tariffs on 545 U.S. products "including agricultural products, vehicles and aquatic products," aimed at supporters of President Trump.
- President Trump ratcheted up the rhetoric by noting that the U.S. could ultimately impose tariffs on more than \$500 billion of Chinese goods. The trade fight could last for months or even years, depending on how long it takes the strong U.S. economy to feel the pressure from tariffs.
- The Labor Department said nonfarm payrolls rose by 213,000 in June, ahead of expectations; in addition, the Department revised the April and May statistics upward by 37,000 jobs. At the same time, the unemployment rate rose from 3.8% to 4.0% as more job seekers entered the labor market.
- The Institute for Supply Management reported that its index of national factory activity jumped to 60.2 in June after reaching 58.7 in May. A reading above 50 indicates expansion in manufacturing, which accounts for about 12% of the U.S. economy.
- U.S. total vehicle sales increased to 17.5 million in June from 16.9 million in May. Vehicle sales reached an all-time high of 21.8 million in October 2001, and an all-time low of 9.1 million in February 2009.

Index Prices (\$)		
Index	07/06/18	12/31/17
Dow Jones Industrial Average	24,456.48	24,652.00
S&P 500 Index	2,759.82	2,676.00

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	0.82	0.82	0.09	2.79
S&P 500 Index	1.56	1.56	4.25	6.49
Russell 2000 Index	3.12	3.12	11.02	12.28
Russell MidCap Index	1.76	1.76	4.15	6.29
Bloomberg Barclays U.S. Aggregate Index	0.24	0.24	-1.38	0.13
Bloomberg Barclays High Yield Bond Index	0.01	0.01	0.17	0.75
United States 20-Year Treasury Bond	0.79	0.79	-2.25	1.91
S&P/LSTA Senior Loan Index	0.23	0.23	2.08	0.66

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	0.97	0.97	12.59	9.91
Consumer Staples	1.44	1.44	-7.23	0.14
Energy	-0.33	-0.33	6.45	13.21
Financials	0.40	0.40	-3.70	-1.41
Health Care	3.14	3.14	5.03	8.12
Industrials	0.73	0.73	-4.00	-0.45
Materials	0.65	0.65	-2.45	3.95
Real Estate	1.77	1.77	2.60	8.67
Technology	2.34	2.34	13.46	12.14
Telecom	2.17	2.17	-6.36	1.39
Utilities	2.44	2.44	2.76	6.40

U.S. Returns by Style					
One Week (%)		Year to Date (%)		3-Months (%)	
Large Value	Large Growth	Large Value	Large Growth	Large Value	Large Growth
1.3	1.9	-0.4	9.3	3.7	9.5
Mid Value	Mid Growth	Mid Value	Mid Growth	Mid Value	Mid Growth
1.5	2.1	1.4	7.6	5.1	7.6
Small Value	Small Growth	Small Value	Small Growth	Small Value	Small Growth
2.7	3.5	8.3	13.5	11.9	12.6

**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	0.48	0.48	-0.99	-2.08
MSCI EAFE Index	0.57	0.57	-1.81	-0.90
MSCI United Kingdom Index	0.29	0.29	-0.72	0.93
MSCI Europe ex-U.K. Index	1.84	1.84	-1.58	-1.03
MSCI Japan Index	-1.64	-1.64	-3.46	-3.72
MSCI AC Asia ex-Japan Index	-1.50	-1.50	-6.08	-5.93
MSCI Emerging Markets Index	-0.68	-0.68	-7.14	-7.81
JPM EMBI+ Emerging Markets Bond Index	1.25	1.25	-4.04	-2.64
FTSE EPRA/NAREIT GRE Index	0.92	0.92	0.91	4.37

Source: FactSet

- Eurozone unemployment stood at to 8.4% in May, unchanged from April but below the 9.2% reading of a year earlier. Joblessness remained at its lowest level since December 2008, as the number of unemployed continued to fall.
- Nikkei Japan Manufacturing PMI came in at 53.0 in June, somewhat above May's final figure of 52.8. Output and employment increased at faster rates and firms remained optimistic that output growth would continue over the coming 12 months.

Bond Rates (%) as of:	07/06/18	06/29/18	12/31/17	04/06/18
U.S. Federal Funds Target Rate	2.00	2.00	1.50	1.75
U.S. Two-Year Treasury Yield	2.54	2.53	1.89	2.27
U.S. Ten-Year Treasury Yield	2.83	2.85	2.41	2.78
U.S. 30-Year Treasury Yield	2.94	2.98	2.74	3.02
High Yield (Merrill U.S. Corporates)	6.63	6.52	5.59	6.23

Commodity Prices as of:	07/06/18	06/29/18	12/31/17	04/06/18
Gold (USD/oz)	1,255.80	1,254.50	1,309.30	1,336.10
Crude Oil (USD/bbl)	73.80	74.15	60.42	62.06
Gasoline (USD/gal)	3.02	3.02	2.66	2.93
Copper (NYM \$/lbs)	2.81	2.95	3.28	3.05

Exchange Rates as of:	07/06/18	06/29/18	12/31/17	04/06/18
\$ per €	1.18	1.17	1.20	1.23
\$ per £	1.33	1.32	1.35	1.41
¥ per \$	110.44	110.77	112.65	107.11

## 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, July 9	Tuesday, July 10	Wednesday, July 11	Thursday, July 12	Friday, July 13
<b>Sentix Investor Confidence (Jul)</b> Euro Zone	<b>Industrial Production (May)</b> U.K.	<b>Wholesale Trade Sales (May)</b> U.S.	<b>Industrial Production (May)</b> Euro Zone	<b>Industrial Production (May)</b> Japan
<b>PPI (Jun)</b> China	<b>ZEW Survey Expectations (Jul)</b> Euro Zone	<b>Wholesale Inventories (May)</b> U.S.	<b>CPI (Jun)</b> U.S.	<b>U. of Mich. Sentiment (Jul)</b> U.S.
<b>CPI (Jun)</b> China	<b>NFIB Small Business Optimism (Jun)</b> U.S.	<b>RICS House Price Balance (Jun)</b> U.K.	<b>Real Avg Hourly Earnings (Jun)</b> U.S.	
	<b>NIESR GDP Estimate (Jun)</b> U.K.			
	<b>JOLTS Job Openings (May)</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 \$227 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>

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

**87%** of the time our portfolios outperformed their benchmark on a rolling 7-year basis.<sup>3</sup>

### Past performance does not guarantee future results.

<sup>1</sup>As of 03/31/18. Voya Investment Management assets are calculated on a market value basis and include proprietary insurance general account assets of \$87 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 03/31/18. 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 5-year or 7-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 03/31/18. 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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