

# Voya Global Perspectives

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As of July 13, 2018

## Investment Weekly

### Commentary and Statistics

- Markets mostly gained for the week as investors bet on upcoming earnings news, ignoring trade tensions and President Trump's NATO provocations. Trade tensions did pressure gold and oil; the latter also fell on news that Libya would resume exports. The yield curve flattened a little more as middle-maturity bond prices fell slightly. The 10-year U.S. Treasury yield ended the week about even at 2.83%.
- Trade tensions drove bouts of global risk-off sentiment. The White House said it would impose 10% tariffs on another \$200 billion of Chinese products, including consumer goods. China quickly vowed to take "necessary countermeasures."
- New tariffs on imported goods have Americans worrying more about fallout from an expanding trade war. The University of Michigan's index of consumer sentiment fell to 97.1 in July (vs. 98.0 expected) from 98.2 in June, representing a six-month low. The index's current conditions gauge, which measures Americans' perceptions of their finances, dropped to 113.9 from 116.5. Nevertheless, consumer confidence remains historically high — the index is up 4% from a year ago thanks to steady job growth and low unemployment.
- Inflation has been eroding workers' wage gains. The Consumer Price Index (CPI) increased 0.1% in June, below estimates of 0.2% and down 0.1% from May. This was the second month in a row that annualized inflation fully offset average hourly wage growth. Annualized growth of 2.9% was in line with estimates, marking the highest reading since February 2012.

Index Prices (\$)		
Index	07/13/18	12/31/17
Dow Jones Industrial Average	25,019.41	24,652.00
S&P 500 Index	2,801.31	2,676.00

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	2.32	3.16	2.41	3.31
S&P 500 Index	1.55	3.13	5.86	5.97
Russell 2000 Index	-0.39	2.71	10.58	9.21
Russell MidCap Index	0.77	2.54	4.95	5.61
Bloomberg Barclays U.S. Aggregate Index	0.18	0.42	-1.20	0.49
Bloomberg Barclays High Yield Bond Index	0.49	0.51	0.67	0.45
United States 20-Year Treasury Bond	0.20	0.99	-2.05	2.40
S&P/LSTA Senior Loan Index	0.27	0.51	2.36	0.74

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	2.11	3.09	14.97	11.63
Consumer Staples	0.98	2.43	-6.33	0.86
Energy	0.79	0.45	7.29	7.62
Financials	1.15	1.55	-2.60	-1.32
Health Care	1.66	4.85	6.77	7.29
Industrials	2.25	2.99	-1.84	0.13
Materials	0.30	0.95	-2.17	1.42
Real Estate	-0.79	0.97	1.79	9.04
Technology	2.32	4.72	16.10	10.59
Telecom	-0.29	1.88	-6.63	0.37
Utilities	-1.18	1.22	1.55	6.58

U.S. Returns by Style					
One Week (%)		Year to Date (%)		3-Months (%)	
Large Value	0.7	Large Growth	2.2	Large Value	2.6
Mid Value	0.3	Mid Growth	1.5	Mid Value	4.2
Small Value	-0.8	Small Growth	0.0	Small Value	8.9
				Large Growth	9.5
				Mid Growth	7.5
				Small Growth	9.5

**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	0.05	-1.41	-2.60
MSCI EAFE Index	0.16	0.73	-1.66	-2.20
MSCI United Kingdom Index	0.02	0.31	-0.70	-1.40
MSCI Europe ex-U.K. Index	-0.10	1.74	-1.68	-2.58
MSCI Japan Index	0.65	-1.00	-2.83	-3.49
MSCI AC Asia ex-Japan Index	1.85	0.33	-4.34	-5.80
MSCI Emerging Markets Index	1.71	1.01	-5.56	-6.93
JPM EMBI+ Emerging Markets Bond Index	0.72	1.98	-3.35	-1.76
FTSE EPRA/NAREIT GRE Index	-0.40	0.51	0.50	3.41

Source: FactSet

- Initial jobless claims fell to 214,000 last week, below estimates of 225,000 and below the previous revised print of 232,000 (was 231,000). Continuing claims of 1,739,000 fell from last week's revised 1,742,000, and the four-week moving average ranged near its lowest levels since 1973.
- The ZEW Indicator of Economic Sentiment for the eurozone fell to -18.6 in July, from -12.6 in June, marking the lowest reading since August 2012. The current situation indicator also fell and inflation expectations decreased. By contrast, the Sentix index of eurozone investor confidence rose in July to 12.1 vs 9.0 expected as the Italian political situation cooled down.

Bond Rates (%) as of:	07/13/18	07/06/18	12/31/17	04/13/18
U.S. Federal Funds Target Rate	2.00	2.00	1.50	1.75
U.S. Two-Year Treasury Yield	2.58	2.54	1.89	2.37
U.S. Ten-Year Treasury Yield	2.83	2.83	2.41	2.83
U.S. 30-Year Treasury Yield	2.93	2.94	2.74	3.04
High Yield (Merrill U.S. Corporates)	6.54	6.63	5.59	6.08

Commodity Prices as of:	07/13/18	07/06/18	12/31/17	04/13/18
Gold (USD/oz)	1,241.20	1,255.80	1,309.30	1,347.90
Crude Oil (USD/bbl)	71.01	73.80	60.42	67.39
Gasoline (USD/gal)	3.03	3.02	2.66	2.92
Copper (NYM \$/lbs)	2.77	2.81	3.28	3.07

Exchange Rates as of:	07/13/18	07/06/18	12/31/17	04/13/18
\$ per €	1.17	1.18	1.20	1.23
\$ per £	1.32	1.33	1.35	1.42
¥ per \$	112.40	110.44	112.65	107.52

## 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 16	Tuesday, July 17	Wednesday, July 18	Thursday, July 19	Friday, July 20
<b>Tokyo Dept Store Sales (Jun)</b> Japan	<b>Employment Change (May)</b> U.K.	<b>CPI (Jun)</b> U.K.	<b>Machine Tool Orders (Jun)</b> Japan	<b>All Industry Activity Index (May)</b> Japan
<b>Retail Sales Advance (Jun)</b> U.S.	<b>Industrial Production (Jun)</b> U.S.	<b>House Price Index (May)</b> U.K.	<b>Philadelphia Fed Business Outlook (Jul)</b> U.S.	<b>ECB Current Account (May)</b> Euro Zone
<b>Empire Manufacturing (Jul)</b> U.S.	<b>NAHB Housing Market Index (Jul)</b> U.S.	<b>CPI (Jun)</b> Euro Zone	<b>Natl CPI (Jun)</b> Japan	<b>Current Account (May)</b> Euro Zone
		<b>Housing Starts (Jun)</b> U.S.		
		<b>Building Permits (Jun)</b> U.S.		

Source: Bloomberg

## Earnings Announcements

Monday, July 16	Tuesday, July 17	Wednesday, July 18	Thursday, July 19	Friday, July 20
<b>BANK OF AMER</b> <b>BLACKROCK</b> <b>LUBY'S</b> <b>NETFLIX</b>	<b>CSX CORP</b> <b>GOLDMAN SACHS</b> <b>JOHNSON &amp; JOHNSON</b> <b>PROGRESSIVE CORP</b> <b>SANDVIK</b> <b>UNITED CONT</b>	<b>ALCOA</b> <b>AMER EXPRESS</b> <b>CDN PAC RLWY</b> <b>EBAY</b> <b>IBM</b> <b>MORGAN STANLEY</b> <b>NOVARTIS</b>	<b>CAPITAL ONE</b> <b>CELANESE</b> <b>DOMINOS PIZZA</b> <b>E TRADE</b> <b>GATX</b> <b>MICROSOFT</b> <b>SAP</b> <b>SNAP-ON</b> <b>TRAVELERS COS</b> <b>UNILEVER</b>	<b>BAKER HUGHES</b> <b>GE</b> <b>HONEYWELL INTL</b> <b>MANPOWER</b> <b>REGIONS FINL</b> <b>STANLEY B&amp;D</b> <b>STATE ST</b> <b>SUNTRUST BKS</b>

Source: Bloomberg

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**Past performance is no guarantee of future results.**

# Voya Investment Management

Voya Investment Management (Voya IM) is the asset management business of Voya Financial, a Fortune 500 company with over 6,000 employees seeking to help clients plan, invest and protect their savings. Voya IM managed approximately 227 billion<sup>1</sup> in assets across Fixed Income, Senior Loans, Equities and Multi-Asset Strategies & Solutions. Drawing on over 40 years of experience and the expertise of 250+ investment professionals, Voya IM's capabilities span traditional products and solutions as well as those that cannot be easily replicated by an index.

Voya IM's award-winning culture is deeply rooted in a client-centric approach to helping investors meet their goals — from insurance companies, corporate and public pension funds, sovereign wealth funds, endowments and foundations, and consultants to intermediaries, and individual investors. Reliability is why our clients hire us and it is why they trust us to navigate the path ahead.



**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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