

# Voya Global Perspectives

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As of July 20, 2018

## Investment Weekly

### Commentary and Statistics

- It was a week of maximal noise and minimal signal for stocks. Markets retreated after the Putin–Trump Helsinki press conference, then advanced as investors shrugged off new tariff threats to focus on robust corporate earnings. On Thursday President Trump berated the Federal Reserve for raising interest rates and stocks pulled back again, finishing the week about where they started.
- U.S. oil prices slipped early in the week but recovered after Saudi Arabia denied plans to ramp up exports. Gold prices slid as trade tensions mounted and U.S. Treasury yields climbed. The 10-year Treasury ended the week higher at 2.89%.
- With 17% of S&P 500 companies reporting second-quarter results, 87% have exceeded earnings per share (EPS) expectations, while 77% have beaten sales expectations. As of July 20, 2018, FactSet estimated the S&P 500 index's second-quarter earnings growth rate at 20.8% and its 12-month forward P/E ratio at 16.5, above the five- and ten-year averages of 16.2 and 14.4, respectively. Bank of America, Johnson & Johnson and Snap–On impressed this week; American Airlines, eBay and Netflix disappointed.
- U.S. retail sales rose by 0.5% in June, marking five monthly increases and signaling that consumer spending is picking up after a tepid start this year. May sales were revised from 0.8% to 1.3%, due to gains at auto dealers and non-store vendors.
- U.S. industrial production rose 0.6% after May's 0.5% decline. U.S. manufacturing production gained 0.8% compared to May's decline of 1.0%.
- The Empire State Manufacturing Survey fell 2.4 points in July, to 22.6, after hitting an eight-month high of 25 in June. The Survey provided no hard evidence that

Index Prices (\$)		
Index	07/20/18	12/31/17
Dow Jones Industrial Average	25,058.12	24,652.00
S&P 500 Index	2,801.83	2,676.00

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	0.20	3.36	2.61	3.03
S&P 500 Index	0.04	3.17	5.90	5.44
Russell 2000 Index	0.58	3.31	11.23	8.81
Russell MidCap Index	0.09	2.64	5.04	4.75
Bloomberg Barclays U.S. Aggregate Index	-0.27	0.15	-1.47	0.85
Bloomberg Barclays High Yield Bond Index	0.09	0.59	0.76	0.59
United States 20-Year Treasury Bond	-1.63	-0.65	-3.65	2.58
S&P/LSTA Senior Loan Index	0.16	0.66	2.52	0.73

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	-0.43	2.65	14.47	9.26
Consumer Staples	0.21	2.65	-6.13	5.51
Energy	-1.86	-1.41	5.30	2.94
Financials	2.24	3.82	-0.42	-0.70
Health Care	-0.82	3.99	5.89	6.09
Industrials	0.90	3.92	-0.95	-1.11
Materials	-0.49	0.45	-2.65	-0.62
Real Estate	-1.55	-0.60	0.20	8.47
Technology	0.11	4.83	16.22	10.93
Telecom	-1.84	0.00	-8.35	-1.16
Utilities	-0.54	0.67	0.99	4.90

U.S. Returns by Style					
One Week (%)		Year to Date (%)		3-Months (%)	
Large Value	0.0	Large Value	0.3	Large Value	2.0
Large Growth	0.1	Large Growth	11.8	Large Growth	8.9
Mid Value	-0.1	Mid Value	1.5	Mid Value	3.0
Mid Growth	0.4	Mid Growth	9.7	Mid Growth	7.0
Small Value	0.4	Small Value	7.9	Small Value	8.1
Small Growth	0.8	Small Growth	14.4	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	-0.02	0.03	-1.43	-1.91
MSCI EAFE Index	0.63	1.37	-1.03	-2.10
MSCI United Kingdom Index	-0.57	-0.26	-1.27	-1.90
MSCI Europe ex-U.K. Index	0.87	2.62	-0.83	-2.46
MSCI Japan Index	1.33	0.32	-1.54	-3.21
MSCI AC Asia ex-Japan Index	-0.67	-0.34	-4.98	-5.90
MSCI Emerging Markets Index	-0.44	0.57	-5.98	-7.22
JPM EMBI+ Emerging Markets Bond Index	-0.15	1.83	-3.50	-1.12
FTSE EPRA/NAREIT GRE Index	-0.82	-0.31	-0.32	3.48

Source: FactSet

tariffs are yet hurting business investment. July's Philadelphia Fed Index came in at 25.7 against June's 19.9, a sharp drop from May's 34.4.

- The National Association of Home Builders Housing Market Index registered 68 for July, unchanged from June, and below estimates of 69. Expectations over the next six months declined. Housing starts fell 12.3% in June to a nine-month-low of 1.2 million units, below May's downwardly revised 1.3 million. According to Bespoke, the report was the biggest miss since January 2007.

Bond Rates (%) as of:	07/20/18	07/13/18	12/31/17	04/20/18
U.S. Federal Funds Target Rate	2.00	2.00	1.50	1.75
U.S. Two-Year Treasury Yield	2.60	2.58	1.89	2.46
U.S. Ten-Year Treasury Yield	2.89	2.83	2.41	2.95
U.S. 30-Year Treasury Yield	3.03	2.93	2.74	3.14
High Yield (Merrill U.S. Corporates)	6.41	6.54	5.59	6.14

Commodity Prices as of:	07/20/18	07/13/18	12/31/17	04/20/18
Gold (USD/oz)	1,231.10	1,241.20	1,309.30	1,338.30
Crude Oil (USD/bbl)	68.26	71.01	60.42	68.40
Gasoline (USD/gal)	3.02	3.03	2.66	2.96
Copper (NYM \$/lbs)	2.75	2.77	3.28	3.13

Exchange Rates as of:	07/20/18	07/13/18	12/31/17	04/20/18
\$ per €	1.17	1.17	1.20	1.23
\$ per £	1.31	1.32	1.35	1.40
¥ per \$	111.84	112.40	112.65	107.71

## 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 23	Tuesday, July 24	Wednesday, July 25	Thursday, July 26	Friday, July 27
<b>Chicago Fed Nat'l Activity Index (Jun)</b> U.S.  <b>Consumer Confidence (Jul)</b> Euro Zone  <b>Existing Home Sales (Jun)</b> U.S.  <b>Nikkei Japan PMI Mfg (Jul)</b> Japan	<b>Leading &amp; Coincident Indexes (May)</b> Japan  <b>Markit Eurozone Composite PMI (Jul)</b> Euro Zone  <b>FHFA House Price Index (May)</b> U.S.  <b>Markit U.S. Composite PMI (Jul)</b> U.S.  <b>Richmond Fed Mfg Index (Jul)</b> U.S.	<b>New Home Sales (Jun)</b> U.S.  <b>PPI Services (Jun)</b> Japan	<b>Advance Goods Trade Balance (Jun)</b> U.S.  <b>Initial Jobless Claims (Jul 21)</b> U.S.  <b>Durable Goods Orders (Jun)</b> U.S.  <b>Kansas City Fed Mfg Activity (Jul)</b> U.S.	<b>GDP Annualized (2Q18)</b> U.S.  <b>Personal Consumption (2Q18)</b> U.S.  <b>GDP Price Index (2Q18)</b> U.S.  <b>Core PCE (2Q18)</b> U.S.  <b>U. of Mich. Sentiment (Jul)</b> U.S.

Source: Bloomberg

## Earnings Announcements

Monday, July 23	Tuesday, July 24	Wednesday, July 25	Thursday, July 26	Friday, July 27
<b>ALPHABET</b> <b>ENTERPRISE FINL</b> <b>HASBRO</b> <b>KAISER ALUMINUM</b> <b>NETGEAR</b> <b>OWENS-ILLINOIS</b> <b>TD AMERITRADE</b> <b>WHIRLPOOL</b>	<b>3M</b> <b>CIT GROUP</b> <b>HARLEY-DAVIDSON</b> <b>JETBLUE AIRWAYS</b> <b>KIMBERLY CLARK</b> <b>LOCKHEED MARTIN</b> <b>QUEST DIAGNOSTC</b> <b>TEXAS INSTRS</b> <b>VERIZON COMM</b>	<b>BOEING</b> <b>COCA COLA</b> <b>FACEBOOK</b> <b>FORD</b> <b>GRUBHUB</b> <b>MATTEL</b> <b>OWENS CORNING</b> <b>QUALCOMM</b> <b>TUPPERWARE</b> <b>VISA</b>	<b>AMAZON.COM</b> <b>AMER AIRLINES</b> <b>BOSTON BEER</b> <b>DISCOVER</b> <b>DUNKIN BRANDS</b> <b>HERSHEY</b> <b>MCDONALDS</b> <b>STARBUCKS</b> <b>UNDER ARMOUR</b>	<b>ABBVIE</b> <b>COLGATE PALMOLIVE</b> <b>EXXON MOBIL</b> <b>HITACHI</b> <b>MERCK &amp; CO</b> <b>MOODYS</b> <b>TWITTER</b> <b>WEYERHAEUSER</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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