

Voya Global Perspectives

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As of March 9, 2018

Investment Weekly

Commentary and Statistics

- The S&P 500, Dow Jones and Nasdaq all finished the week higher. Oil and gold dipped and the 10-year U.S. Treasury note finished the period at approximately 2.90%.
- President Trump signed steel and aluminum tariffs into law, applying a 25% tariff on imported steel and a 10% tariff on imported aluminum. Mexico and Canada will be exempt, indefinitely, but this could be dependent on the outcome of NAFTA negotiations.
- There was some press during the week that downplayed concerns over a trade war. A New York Times Upshot column said that despite the hawkish rhetoric, the administration is acting within the rules of global trade, citing carve-outs for Canada and Mexico, and progress in the last round of NAFTA negotiations. A Bloomberg article noted that an importer can ask the Commerce Department for a waiver if there is a limited supply of the product in the U.S. or if national security is at stake. The article cited representatives from the can, automobile and pipeline industries, who are all building their case on why they should receive tariff exemptions.
- The Federal Reserve released its Beige Book, which reported all districts seeing modest-to-moderate expansion. The report noted that most districts saw employers raising wages and expanding benefit packages, and prices increasing in all districts, notably in steel, transportation and building materials.
- The nonfarm payrolls report showed an increase of 313K jobs in February, ahead of estimates of 200K. The prior two months were also revised higher by 54K. The unemployment rate was unchanged at 4.1% (for the fifth straight month), vs. a consensus of 4.0%.

| Index Prices (\$) | | |
|------------------------------|-----------|-----------|
| Index | 03/09/18 | 12/31/17 |
| Dow Jones Industrial Average | 25,335.74 | 24,652.00 |
| S&P 500 Index | 2,786.57 | 2,676.00 |

| Returns (%) | | | | |
|--|----------|-------|-------|----------|
| U.S. Market Indexes Returns | One Week | MTD | YTD | 3-Months |
| Dow Jones Industrial Average | 3.34 | 1.32 | 3.02 | 4.69 |
| S&P 500 Index | 3.59 | 2.75 | 4.63 | 5.59 |
| Russell 2000 Index | 4.20 | 5.65 | 4.21 | 5.29 |
| Russell MidCap Index | 3.76 | 3.71 | 3.17 | 4.03 |
| Bloomberg Barclays U.S. Aggregate Index | -0.12 | -0.13 | -2.22 | -2.03 |
| Bloomberg Barclays High Yield Bond Index | 0.35 | -0.15 | -0.40 | -0.15 |
| United States 20-Year Treasury Bond | -0.42 | -0.45 | -6.71 | -6.06 |
| S&P/LSTA Senior Loan Index | 0.18 | 0.10 | 1.26 | 1.41 |

| S&P 500 Sector Returns | One Week | MTD | YTD | 3-Months |
|------------------------|----------|------|-------|----------|
| Consumer Discretionary | 3.09 | 2.14 | 7.81 | 9.71 |
| Consumer Staples | 1.74 | 2.30 | -4.14 | -2.92 |
| Energy | 2.18 | 2.43 | -5.17 | -0.77 |
| Financials | 4.42 | 2.85 | 6.46 | 6.67 |
| Health Care | 3.43 | 2.87 | 4.82 | 4.76 |
| Industrials | 4.45 | 2.37 | 3.54 | 5.30 |
| Materials | 4.13 | 2.84 | 1.47 | 3.70 |
| Technology | 4.30 | 3.52 | 11.52 | 12.08 |
| Telecom | 1.81 | 2.43 | -4.28 | 0.56 |
| Utilities | 0.90 | 0.68 | -6.17 | -10.77 |

| U.S. Returns by Style | | | | | |
|-----------------------|-----|------------------|-----|--------------|-----|
| One Week (%) | | Year to Date (%) | | 3-Months (%) | |
| Large Value | 3.2 | Large Value | 1.5 | Large Value | 2.6 |
| Large Growth | 3.9 | Large Growth | 7.5 | Large Growth | 8.4 |
| Mid Value | 3.4 | Mid Value | 0.5 | Mid Value | 1.4 |
| Mid Growth | 4.3 | Mid Growth | 6.6 | Mid Growth | 7.4 |
| Small Value | 3.7 | Small Value | 1.0 | Small Value | 1.5 |
| Small Growth | 4.7 | Small Growth | 7.2 | Small Growth | 8.8 |

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 | -0.19 | 0.25 | 0.55 | 1.36 |
| MSCI EAFE Index | 1.88 | -0.41 | -0.11 | 2.25 |
| MSCI United Kingdom Index | 3.00 | 0.72 | -2.84 | 2.31 |
| MSCI Europe ex-U.K. Index | 3.19 | 0.64 | 0.96 | 2.04 |
| MSCI Japan Index | -0.97 | -3.31 | -0.40 | 1.14 |
| MSCI AC Asia ex-Japan Index | 1.80 | 0.76 | 3.01 | 6.59 |
| MSCI Emerging Markets Index | 2.18 | 1.06 | 4.46 | 9.22 |
| JPM EMBI+ Emerging Markets Bond Index | 0.20 | 0.04 | -2.11 | -1.66 |
| FTSE EPRA/NAREIT GRE Index | 1.97 | 1.94 | -3.73 | -1.67 |

Source: FactSet

- Average hourly earnings was the most eagerly anticipated number of the report, though the +0.1% print was below expectations of +0.3%. The average hourly wage increase of 2.6% year-to-year was also below estimates of a 2.8% increase.
- Private-sector employment was up 235K, better than the consensus 195K. January was revised up 10K to 244K, and December was revised up 7K to 249K.
- ISM non-manufacturing for February hit 59.5, beating expectations of 58.5. However, this is down from January's print of 59.9. New orders were stronger at 64.8, up from last month's 62.7.

| Bond Rates (%) as of: | 03/09/18 | 03/02/18 | 12/31/17 | 12/08/17 |
|--------------------------------------|----------|----------|----------|----------|
| U.S. Federal Funds Target Rate | 1.50 | 1.50 | 1.50 | 1.25 |
| U.S. Two-Year Treasury Yield | 2.27 | 2.24 | 1.89 | 1.80 |
| U.S. Ten-Year Treasury Yield | 2.89 | 2.86 | 2.41 | 2.38 |
| U.S. 30-Year Treasury Yield | 3.16 | 3.13 | 2.74 | 2.78 |
| High Yield (Merrill U.S. Corporates) | 6.06 | 6.12 | 5.59 | 5.57 |

| Commodity Prices as of: | 03/09/18 | 03/02/18 | 12/31/17 | 12/08/17 |
|-------------------------|----------|----------|----------|----------|
| Gold (USD/oz) | 1,324.00 | 1,323.40 | 1,309.30 | 1,248.40 |
| Crude Oil (USD/bbl) | 62.04 | 61.25 | 60.42 | 57.36 |
| Gasoline (USD/gal) | 2.77 | 2.77 | 2.66 | 2.69 |
| Copper (NYM \$/lbs) | 3.12 | 3.10 | 3.28 | 2.96 |

| Exchange Rates as of: | 03/09/18 | 03/02/18 | 12/31/17 | 12/08/17 |
|-----------------------|----------|----------|----------|----------|
| \$ per € | 1.23 | 1.23 | 1.20 | 1.18 |
| \$ per £ | 1.39 | 1.38 | 1.35 | 1.34 |
| ¥ per \$ | 106.96 | 105.48 | 112.65 | 113.54 |

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, March 12 | Tuesday, March 13 | Wednesday, March 14 | Thursday, March 15 | Friday, March 16 |
|------------------|---|---|--|---|
| No Data | NFIB Small Business Optimism U.S. Zew Economic Sentiment Euro Zone Retail Sales (YoY) China | German CPI (YoY) (Feb) Euro Zone Retail Sales (MoM) (Feb) U.S. | PPI (YoY) (Feb) China Initial Jobless Claims U.S. | CPI (YoY) (Feb) Euro Zone Building Permits (Feb) U.S. JOLTS Job Openings (Jan) U.S. Michigan Consumer Sentiment (Mar) P U.S. |

Source: Bloomberg

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Past performance is no guarantee of future results.

Voya Investment Management



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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.¹

79% of our assets outperformed their benchmark or peer median on a 5-year basis.²

84% of the time our portfolios outperformed their benchmark on a rolling 3-year basis.³

86% of the time our portfolios outperformed their benchmark on a rolling 5-year basis.³

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¹ 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. ² 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. ³ 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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