

# Voya Global Perspectives

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As of November 10, 2017

## Investment Weekly

### Commentary and Statistics

- The Republican tax proposal that seemed a certainty a couple of weeks ago took a marked turn towards uncertainty disrupting high yield bonds and especially “Trump trade” smallcap stocks. Corporate earnings continued to climb the wall of worry that supported large cap stocks, in particular. Commodities as measured by the S&P GSCI index although flat kept recent strong gains as did Brent Crude Oil at \$63 indicative of stronger global growth in the big three China, Eurozone and the U.S. The 10-year U.S. Treasury yield closed at approximately 2.37%.
- With over 91% of S&P 500 companies reporting third-quarter results, 74% have beaten earnings expectations while 66% have beaten sales expectations. According to FactSet, the third-quarter blended earnings growth is 6.1%, up from 5.9% last week. Michael Kors, Planet Fitness and Weight Watchers impressed this week; Snap, Time-Warner and Fossil were among the disappointments.
- Taxes and the difficulty among Republicans to reach a consensus were widely covered during the period. The WSJ pointed out that House Republicans are particularly at odds over plans to eliminate deductions for state and local taxes.
- Senate Republicans are conflicted on whether to trade off significantly higher economic growth for significantly bigger budget deficits. Other press reports carried on discussion around the backlash facing eligibility limits for the new 25% rate on pass-through income and a new 20% tax that multinationals could face on payments they make to offshore affiliates (Bloomberg).

Index Prices (\$)		
Index	11/10/17	12/31/16
Dow Jones Industrial Average	23,422.21	19,762.60
S&P 500 Index	2,582.30	2,238.83

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	-0.35	0.34	20.99	7.81
S&P 500 Index	-0.14	0.37	17.33	6.42
Russell 2000 Index	-1.29	-1.80	9.88	7.82
Russell MidCap Index	-0.13	0.03	13.63	6.35
Bloomberg Barclays U.S. Aggregate Index	-0.40	-0.24	2.95	-0.11
Bloomberg Barclays High Yield Bond Index	-0.77	-0.78	6.62	1.13
United States 20-Year Treasury Bond	-1.02	-0.05	6.14	-0.93
S&P/LSTA Senior Loan Index	-0.19	-0.18	2.74	0.52

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	0.76	0.42	14.78	3.71
Consumer Staples	2.09	2.23	7.42	-0.68
Energy	1.34	2.40	-5.03	9.43
Financials	-2.64	-1.90	13.58	5.47
Health Care	-0.48	0.09	19.50	4.11
Industrials	-1.00	-0.61	13.67	4.47
Materials	-1.21	-1.51	18.48	8.88
Technology	0.11	1.15	38.82	14.26
Telecom	-1.35	-2.88	-14.49	-8.34
Utilities	0.54	0.76	17.13	3.55

U.S. Returns by Style					
One Week (%)		Year to Date (%)		3-Months (%)	
Large Value	Large Growth	Large Value	Large Growth	Large Value	Large Growth
-0.4	0.1	8.6	26.2	4.0	9.1
Mid Value	Mid Growth	Mid Value	Mid Growth	Mid Value	Mid Growth
0.0	-0.2	8.4	20.4	4.3	9.2
Small Value	Small Growth	Small Value	Small Growth	Small Value	Small Growth
-1.5	-1.1	3.7	16.7	6.3	9.3

**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	0.07	-0.02	5.83	-0.69
MSCI EAFE Index	-0.40	-0.09	22.20	4.32
MSCI United Kingdom Index	-0.44	-1.12	15.14	2.64
MSCI Europe ex-U.K. Index	-1.72	-1.55	25.17	3.13
MSCI Japan Index	1.24	2.46	22.86	8.57
MSCI AC Asia ex-Japan Index	0.44	1.55	39.55	8.76
MSCI Emerging Markets Index	0.22	0.86	33.78	7.28
JPM EMBI+ Emerging Markets Bond Index	-0.77	-1.22	7.59	0.42
FTSE EPRA/NAREIT GRE Index	1.52	2.20	12.80	3.49

Source: FactSet

- CNBC added that the Senate tax plan is not expected to include the controversial 20% excise tax on imports by multinationals. Bloomberg noted that House Republicans are moving closer to accepting President Trump's suggestion to combine tax legislation with a repeal of Obamacare's individual mandate and pointed out that while such a move would provide an estimated \$416B in deeply needed offsets, it risks alienating Republican senators.
- President Trump's declining approval ratings also caught some headlines. However, Trump's weak approval ratings have not been a concern for the market. A number of articles discussed the strength in stocks over the last year since Trump's surprise election victory.

Bond Rates (%) as of:	11/10/17	11/03/17	12/31/16	08/10/17
U.S. Federal Funds Target Rate	1.25	1.25	0.75	1.25
U.S. Two-Year Treasury Yield	1.66	1.62	1.20	1.34
U.S. Ten-Year Treasury Yield	2.40	2.34	2.43	2.21
High Yield (Merrill U.S. Corporates)	5.59	5.36	5.72	5.44

Commodity Prices as of:	11/10/17	11/03/17	12/31/16	08/10/17
Gold (USD/oz)	1,274.20	1,269.20	1,151.70	1,290.10
Crude Oil (USD/bbl)	56.74	55.64	53.72	48.59
Gasoline (USD/gal)	2.75	2.65	2.43	2.56
Copper (NYM \$/lbs)	3.07	3.11	2.50	2.91

Exchange Rates as of:	11/10/17	11/03/17	12/31/16	08/10/17
\$ per €	1.17	1.16	1.05	1.17
\$ per £	1.32	1.31	1.24	1.30
¥ per \$	113.29	114.26	116.64	109.37

### 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.

This commentary has been prepared by Voya Investment Management for informational purposes. Nothing contained herein should be construed as (i) an offer to sell or solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. Any opinions expressed herein reflect our judgment and are subject to change. Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (1) general economic conditions, (2) performance of financial markets, (3) changes in laws and regulations and (4) changes in the policies of governments and/or regulatory authorities. The opinions, views and information expressed in this commentary regarding holdings are subject to change without notice. The information provided regarding holdings is not a recommendation to buy or sell any security. Fund holdings are fluid and are subject to daily change based on market conditions and other factors.

**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, November 13	Tuesday, November 14	Wednesday, November 15	Thursday, November 16	Friday, November 17
<b>Retail Sales YoY (Oct)</b> China	<b>CPI YoY (Oct F)</b> Germany	<b>Jobless Claims Change (Oct)</b> U.K	<b>CPI YoY (Oct F)</b> Euro Zone	<b>Housing Starts MoM (Oct)</b> U.S.
	<b>CPI YoY (Oct)</b> U.K.	<b>CPI YoY (Oct)</b> U.S.	<b>Continuing Claims (Nov 4)</b> U.S.	<b>Building Permits MoM (Oct)</b> U.S.
	<b>House Price Index YoY (Sep)</b> U.K.		<b>Import Price Index MoM (Oct)</b> U.S.	
	<b>ZEW Survey Current Situation (Nov)</b> Germany		<b>Export Price Index MoM (Oct)</b> U.S.	
	<b>NFIB Small Business Optimism (Oct)</b> U.S.		<b>NAHB Housing Market Index (Nov)</b> U.S.	

Source: Bloomberg

## Earnings Announcements

Monday, November 13	Tuesday, November 14	Wednesday, November 15	Thursday, November 16	Friday, November 17
<b>AECOM</b> <b>TheStreet</b> <b>Tyson Foods</b>	<b>Dick's Sporting Goods</b> <b>Home Depot</b> <b>Westport Fuel Systems</b>	<b>Fidelity and Guaranty Life</b> <b>Sally Beauty Holdings</b> <b>Target</b>	<b>Best Buy</b> <b>Gap</b> <b>Viacom</b> <b>Wal-Mart</b>	<b>Abercrombie</b> <b>Foot Locker</b> <b>Hibbett Sports</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 \$230 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>

**84%** of the time our portfolios outperformed their benchmark on a rolling 3-year basis.<sup>3</sup>

**88%** of the time our portfolios outperformed their benchmark on a rolling 5-year basis.<sup>3</sup>

### Past performance does not guarantee future results.

<sup>1</sup> As of 09/30/17, Voya IM assets of \$230 billion include proprietary insurance general account assets of \$91 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 \$222 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 09/30/17. 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. <sup>3</sup> 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 09/30/17. 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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