

Voya Global Perspectives

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As of November 18, 2016

Investment Weekly

Commentary and Statistics

- U.S. equity indexes were relatively flat as a Federal Reserve interest rate hike becomes more imminent. The Dow, S&P500 and Nasdaq each posted small gains following another week of political spectating and policy predictions. The 10-year Treasury yield reached its highest level of 2016 during the period and closed at approximately 2.34%. Oil prices rose and gold lost ground. The U.S. dollar reached a new 13-year high.
- There were no surprises in Fed Chair Yellen's appearance before Congress's Joint Economic Committee during the week. In response to questions, Yellen remarked that uncertainty may persist for a considerable time following the U.S. presidential election, but that a gradual tightening path may still be appropriate.
- Yellen's prepared remarks did not explicitly mention a December hike, however she reiterated the FOMC's October statement that the case for a rate hike continues to strengthen. Fed funds futures are pricing a greater than 90% probability for a December increase.
- Headline U.S. month-to-month October CPI rose 0.4%, in line with consensus and better than September's 0.3% rate. The index rose 1.6% year-to-year, its best annual rate since October 2014. Core prices (all items less food and energy) rose 0.1% month-to-month, the same level as September but below consensus for a 0.2% rise.
- October housing starts came in well ahead of consensus at a seasonally adjusted annual rate of 1.323M, better than consensus for 1.160M and ahead of last month's upwardly revised 1.054M level. Starts were up 23.3% year-to-year.
- The advance seasonally adjusted U.S. initial unemployment claim for the week ending November 12 measured 235,000 – the lowest level for initial claims in over forty years and below the 257,000 consensus.

Index Prices (\$)		
Index	11/18/2016	12/31/2015
Dow Jones Industrial Average	18,867.93	17,425.03
S&P 500 Index	2,181.90	2,043.94

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	0.26	4.34	10.98	2.12
S&P 500 Index	0.89	2.83	8.87	0.31
Russell 2000 Index	2.62	10.53	17.34	6.76
Russell MidCap Index	2.04	4.17	11.22	0.50
Barclays U.S. Aggregate Index	-1.02	-2.33	2.54	-3.16
Barclays High Yield Bond Index	-0.32	-1.25	14.11	0.13
United States 20-Year Treasury Bond	-1.98	-7.65	2.06	-12.79
S&P/LSTA Senior Loan Index	0.10	-0.22	9.03	1.43

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	1.76	3.86	5.11	0.00
Consumer Staples	-0.11	-4.42	2.00	-7.63
Energy	2.13	3.69	19.52	0.41
Financials	2.26	12.31	16.50	14.22
Health Care	-1.11	3.44	-1.99	-5.97
Industrials	0.39	7.10	16.36	4.10
Materials	0.30	3.29	12.65	-0.73
Technology	1.07	-0.28	12.13	2.28
Telecom	3.02	0.61	10.91	-7.82
Utilities	0.47	-6.37	9.67	-8.30

U.S. Returns by Style

One Week (%)		Year to Date (%)		3-Months (%)	
Large Value	Large Growth	Large Value	Large Growth	Large Value	Large Growth
1.2	1.0	12.9	5.5	2.1	-1.0
Mid Value	Mid Growth	Mid Value	Mid Growth	Mid Value	Mid Growth
2.2	1.9	15.7	6.6	1.5	-0.7
Small Value	Small Growth	Small Value	Small Growth	Small Value	Small Growth
3.0	2.2	24.6	10.4	9.3	4.2

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
Barclays Global Aggregate Bond Index	-2.22	-3.76	2.79	-7.14
MSCI EAFE Index	-1.52	-2.95	-2.83	-4.92
MSCI United Kingdom Index	-1.50	-1.45	-5.73	-7.27
MSCI Europe ex-U.K. Index	-2.23	-4.10	-6.03	-6.98
MSCI Japan Index	-0.20	-2.40	1.73	0.53
MSCI AC Asia ex-Japan Index	-1.20	-4.94	5.62	-5.79
MSCI Emerging Markets Index	-0.52	-6.65	8.89	-7.49
JPM EMBI+ Emerging Markets Bond Index	-1.88	-4.22	8.56	-5.52
NAREIT Global Real Estate Index	-0.68	-4.90	-0.09	-11.72

Source: FactSet

- The U.K. labor market showed weakness in a 3-month to 3-month comparison falling to 49,000 from 106,000. However, average weekly earnings were positive with a 2.4% increase year-over-year.
- Investor confidence rocketed in Germany with the ZEW expectations measure climbing to 13.8 in November compared to 6.2 in October. The euro zone ZEW measurement also increased from 12.3 in October to 15.8 in November.

Bond Rates (%) as of:	11/18/2016	11/11/2016	12/31/2015	8/18/2016
U.S. Federal Funds Target Rate	0.50	0.50	0.50	0.50
U.S. Two-Year Treasury Yield	1.06	0.94	1.06	0.71
U.S. Ten-Year Treasury Yield	2.34	2.17	2.28	1.54
High Yield (Merrill U.S. Corporates)	6.09	5.94	7.24	5.56

Commodity Prices as of:	11/18/2016	11/11/2016	12/31/2015	8/18/2016
Gold (USD/oz)	1,208.70	1,224.30	1,060.20	1,357.20
Crude Oil (USD/bbl)	46.36	43.41	37.04	48.22
Gasoline (USD/gal)	2.35	2.39	2.23	2.26
Copper (NYM \$/lbs)	2.46	2.51	2.13	2.17

Exchange Rates as of:	11/18/2016	11/11/2016	12/31/2015	8/18/2016
\$ per €	1.06	1.09	1.09	1.13
\$ per £	1.23	1.26	1.47	1.32
¥ per \$	110.66	106.60	120.30	100.17

Index Definitions

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.

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.

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.

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.

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Past performance is no guarantee of future results.

Economic Release Calendar

Monday, November 21	Tuesday, November 22	Wednesday, November 23	Thursday, November 24	Friday, November 25
Chicago Fed Nat Activity Index (Oct) U.S.	Consumer Confidence (Nov A) Euro Zone Existing Home Sales MoM (Oct) U.S.	Markit Eurozone Composite PMI (Nov P) Euro Zone Initial Jobless Claims (Nov 19) U.S. New Home Sales MoM (Oct) U.S. U. of Michigan Sentiment (Nov) U.S. U. of Michigan 1 Yr Inflation (Nov) U.S. FOMC Meeting Minutes (Nov 2) U.S.	No Data	GDP QoQ (3Q P) U.K. GDP YoY (3Q P) U.K. Exports QoQ (3Q P) U.K. Imports QoQ (3Q P) U.K. Markit US Services PMI (Nov P) U.S. Markit US Composite PMI (Nov P) U.S.

Source: Bloomberg

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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 \$221 billion in assets for investors.¹

85% of our assets outperformed their benchmark or peer median on a 5-year basis.²

83% of our assets outperformed their benchmark on a 5-year basis.³

85% of the time our portfolios outperformed their benchmark on a rolling 3-year basis.⁴

Past performance does not guarantee future results.

¹ As of 09/30/16, Voya IM assets of \$221 billion include proprietary insurance general account assets of \$93 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 \$208 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 09/30/16. If terminated and other accounts had been included, results may have differed from that shown. ³ Above benchmark metrics are calculated on an annualized, gross-of-fees basis and include 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 09/30/16. If terminated and other non-discretionary and special purpose accounts had been included, results may have differed from that shown. ⁴ Metrics are based on observations of rolling 3-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 09/30/16. 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.

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