

# Voya Global Perspectives

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As of September 29, 2017

## Investment Weekly

### Commentary and Statistics

- U.S. equities notched up for the period with the S&P 500, Nasdaq and Dow Jones posting gains for the week. Oil also finished higher, gold experienced a loss. The 10-year U.S. Treasury yield closed at approximately 2.33%.
- Tensions between the U.S. and North Korea remain elevated. Foreign Minister Ri Young-ho commented that a recent tweet from president Donald Trump claiming that North Korea's leadership "won't be around much longer" constituted a declaration of war, and that North Korea reserves the right to shoot down U.S. strategic bombers.
- Germany also made headlines as Chancellor Angela Merkel's CDU/CSU party won a fourth term in government but performed worse-than-expected, securing 33% of the vote – the worst performance since the first national elections were held in 1949.
- Federal Reserve (Fed) Chair Janet Yellen commented about considerable uncertainties surrounding the inflation outlook. However, she also reiterated that transitory factors are likely holding back prices and the Fed should be wary about moving too gradually. Yellen added that it would be imprudent to keep policy on hold until inflation moves back to 2%.
- The second revision for Q2 GDP came in better than expected, rising 3.1% versus the 3% consensus estimate (which was also the first revision). That was an acceleration from +1.2% in Q1.
- August new home sales came in at a 560K seasonally adjusted annual rate (SAAR), below consensus for 580K and a drop from July's upwardly revised 580K (was 571K). On a year-to-year basis, sales were down 1.2%. The August average sales price came in at \$368,100, down from July's \$371,300.

| Index Prices (\$)            |           |           |
|------------------------------|-----------|-----------|
| Index                        | 09/29/17  | 12/31/16  |
| Dow Jones Industrial Average | 22,405.09 | 19,762.60 |
| S&P 500 Index                | 2,519.36  | 2,238.83  |

| Returns (%)                              |          |       |       |          |
|--|----------|-------|-------|----------|
| U.S. Market Indexes Returns              | One Week | MTD   | YTD   | 3-Months |
| Dow Jones Industrial Average             | 0.25     | 2.16  | 15.45 | 5.89     |
| S&P 500 Index                            | 0.72     | 2.06  | 14.24 | 4.65     |
| Russell 2000 Index                       | 2.83     | 6.24  | 10.94 | 5.61     |
| Russell MidCap Index                     | 1.09     | 2.77  | 11.74 | 3.77     |
| Bloomberg Barclays U.S. Aggregate Index  | -0.10    | -0.48 | 3.14  | 0.70     |
| Bloomberg Barclays High Yield Bond Index | 0.30     | 0.90  | 7.00  | 2.01     |
| United States 20-Year Treasury Bond      | -1.04    | -2.22 | 6.26  | 0.15     |
| S&P/LSTA Senior Loan Index               | 0.08     | 0.33  | 2.33  | 0.90     |

| S&P 500 Sector Returns | One Week | MTD   | YTD   | 3-Months |
|------------------------|----------|-------|-------|----------|
| Consumer Discretionary | 0.60     | 0.84  | 11.93 | 1.44     |
| Consumer Staples       | 0.05     | -0.86 | 6.57  | -1.14    |
| Energy                 | 1.87     | 9.94  | -6.63 | 7.24     |
| Financials             | 1.55     | 5.14  | 12.48 | 5.18     |
| Health Care            | 0.18     | 0.99  | 20.31 | 3.54     |
| Industrials            | 0.23     | 4.00  | 14.13 | 5.03     |
| Materials              | 0.38     | 3.52  | 15.82 | 6.54     |
| Technology             | 1.00     | 0.64  | 27.36 | 8.52     |
| Telecom                | 0.48     | 3.52  | -4.69 | 7.12     |
| Utilities              | -0.41    | -2.74 | 11.87 | 2.74     |

#### U.S. Returns by Style

| One Week (%) |              | Year to Date (%) |              | 3-Months (%) |              |
|--------------|--------------|------------------|--------------|--------------|--------------|
| Large Value  | Large Growth | Large Value      | Large Growth | Large Value  | Large Growth |
| 0.8          | 0.7          | 7.9              | 20.7         | 3.2          | 6.1          |
| Mid Value    | Mid Growth   | Mid Value        | Mid Growth   | Mid Value    | Mid Growth   |
| 1.2          | 0.9          | 7.4              | 17.3         | 2.4          | 5.7          |
| Small Value  | Small Growth | Small Value      | Small Growth | Small Value  | Small Growth |
| 3.0          | 2.6          | 5.7              | 16.8         | 4.9          | 6.3          |

**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 | -0.67    | -0.90 | 6.25  | 1.60     |
| MSCI EAFE Index                                | 0.01     | 2.53  | 20.47 | 4.77     |
| MSCI United Kingdom Index                      | 0.02     | 3.32  | 15.74 | 4.58     |
| MSCI Europe ex-U.K. Index                      | 0.10     | 3.32  | 26.59 | 6.37     |
| MSCI Japan Index                               | 0.51     | 2.08  | 14.63 | 3.52     |
| MSCI AC Asia ex-Japan Index                    | -1.59    | -0.11 | 31.22 | 6.23     |
| MSCI Emerging Markets Index                    | -1.82    | -0.37 | 28.14 | 7.70     |
| JPM EMBI+ Emerging Markets Bond Index          | -0.09    | -0.01 | 8.73  | 2.28     |
| FTSE EPRA/NAREIT GRE Index                     | -0.49    | 0.31  | 10.84 | 3.06     |

Source: FactSet

- Pending home sales fell 2.6% month-to-month in August. That was worse than the 0.5% decline expected, and was the fifth decline in the past six months. On a year-to-year basis, pending home sales fell 2.6%. The report noted while hurricane disruptions likely impacted the overall data, the weakness was widespread across the country.
- September consumer confidence slightly dipped, coming in at 119.8 vs. August's 120.4 level and the 120.0 consensus estimate. The Present Situation Index ticked down to 146.1 from 148.4 in August, while the Expectations Index rose to 102.2 from the prior month's 101.7.

| Bond Rates (%) as of:                | 09/29/17 | 09/22/17 | 12/31/16 | 06/29/17 |
|--------------------------------------|----------|----------|----------|----------|
| U.S. Federal Funds Target Rate       | 1.25     | 1.25     | 0.75     | 1.25     |
| U.S. Two-Year Treasury Yield         | 1.48     | 1.44     | 1.20     | 1.38     |
| U.S. Ten-Year Treasury Yield         | 2.33     | 2.26     | 2.43     | 2.27     |
| High Yield (Merrill U.S. Corporates) | 5.26     | 5.30     | 5.72     | 5.36     |

| Commodity Prices as of: | 09/29/17 | 09/22/17 | 12/31/16 | 06/29/17 |
|-------------------------|----------|----------|----------|----------|
| Gold (USD/oz)           | 1,284.80 | 1,297.50 | 1,151.70 | 1,245.80 |
| Crude Oil (USD/bbl)     | 51.67    | 50.66    | 53.72    | 44.93    |
| Gasoline (USD/gal)      | 2.74     | 2.79     | 2.43     | 2.47     |
| Copper (NYM \$/lbs)     | 2.94     | 2.92     | 2.50     | 2.68     |

| Exchange Rates as of: | 09/29/17 | 09/22/17 | 12/31/16 | 06/29/17 |
|-----------------------|----------|----------|----------|----------|
| \$ per €              | 1.18     | 1.20     | 1.05     | 1.14     |
| \$ per £              | 1.34     | 1.35     | 1.24     | 1.30     |
| ¥ per \$              | 112.57   | 111.94   | 116.64   | 112.59   |

## 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, October 2                                    | Tuesday, October 3  | Wednesday, October 4   | Thursday, October 5  | October 6   |
|--|---|--|--|---|
| <b>Markit U.S. Manufacturing PMI (Sep F)</b><br>U.S. | <b>PPI YoY (Aug)</b><br>Euro Zone<br><br><b>Wards Total Vehicle Sales (Sep)</b><br>U.S. | <b>Markit Germany Services PMI (Sep F)</b><br>Germany<br><br><b>Markit/CIPS UK Services PMI (Sep)</b><br>U.K.<br><br><b>Retail Sales YoY (Aug)</b><br>Euro Zone<br><br><b>ADP Employment Change (Sep)</b><br>U.S.<br><br><b>Markit U.S. Services PMI (Sep F)</b><br>U.S. | <b>Initial Jobless Claims (Sep 30)</b><br>U.S.<br><br><b>Continuing Claims (Sep 23)</b><br>U.S.<br><br><b>Durable Goods Orders (Aug F)</b><br>U.S. | <b>Halifax House Prices MoM (Sep)</b><br>U.K.<br><br><b>Average Hourly Earnings YoY (Sep)</b><br>U.S. |

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 \$224 billion in assets for investors.<sup>1</sup>

**84%** of our assets outperformed their benchmark on a 5-year basis.<sup>2</sup>

**87%** of our assets outperformed their benchmark or peer median on a 5-year basis.<sup>3</sup>

**85%** of the time our portfolios outperformed their benchmark on a rolling 3-year basis.<sup>4</sup>

### Past performance does not guarantee future results.

<sup>1</sup> As of 06/30/17, Voya IM assets of \$224 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 \$217 billion. <sup>2</sup> 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 06/30/17. If terminated and other non-discretionary and special purpose accounts had been included, results may have differed from that shown. <sup>3</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 06/30/17. If terminated and other accounts had been included, results may have differed from that shown. <sup>4</sup> 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 06/30/17. 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.

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