

# Voya Global Perspectives

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As of September 9, 2016

## Investment Weekly

### Commentary and Statistics

- Interest rate speculation, once again, dominated investor sentiment with key U.S. equity indexes concluding the period lower. The Dow Jones, Nasdaq and S&P 500 all posted losses during a holiday-shortened week. International markets also expressed ripples of concern around the next U.S. Federal Reserve (Fed) interest rate hike with the Global Dow and the Euro 600 index both finishing the period lower. The U.K. FTSE 100 was also down. Oil and gold both gained during the period. The U.S. ten-year Treasury note yield rose to approximately 1.67%.
- U.S. Labor Department's Job Openings and Labor Turnover Survey (JOLTS) data expressed underlying economic growth, with a July 2016 total jobs openings of 5.9 million. Initial jobless claims also decreased in early September to the lowest number since July, however, U.S. business activity showed an ease in momentum. The Markit U.S. Services purchasing manager's index (PMI) came in at 51.0, slightly below its July reading of 51.4.
- The European Central Bank declined to pledge additional stimulus or modify its asset-purchase plan, further contributing to international market volatility. Flat European consumer price index (CPI) data were not surprising in either their quarter-over-quarter or year-to-year measurements. 2Q16 over 2Q15 actual, consensus and previous numbers came in at 0.3%, they were 1.6% year to year in the same three areas.
- U.K. housing prices from June – August 2016 were 0.7% higher than the preceding three months, reflecting the continuation of slight but steady economic growth in light of June's Brexit vote. The U.K. RICS housing price balance, which reflects a population that experiences a rise in house prices, was up to 12% in August, a significant increase following its July

Index Prices (\$)		
Index	09/09/2016	12/31/2015
Dow Jones Industrial Average	18,085.45	17,425.03
S&P 500 Index	2,127.81	2,043.94

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	One Year
Dow Jones Industrial Average	-2.15	-1.66	5.87	14.28
S&P 500 Index	-2.36	-1.95	5.71	12.01
Russell 2000 Index	-2.59	-1.64	8.42	7.82
Russell MidCap Index	-2.81	-2.13	7.70	8.78
Barclays U.S. Aggregate Index	-0.38	-0.53	5.30	5.18
Barclays High Yield Bond Index	0.03	0.04	14.40	8.39
United States 20-Year Treasury Bond	-2.18	-2.93	14.07	14.30
S&P/LSTA Senior Loan Index	0.15	0.27	8.13	4.41

S&P 500 Sector Returns	One Week	MTD	YTD	One Year
Consumer Discretionary	-3.01	-2.68	1.17	6.75
Consumer Staples	-3.83	-3.14	5.71	15.95
Energy	0.71	1.35	16.73	14.35
Financials	-2.18	-2.10	2.05	7.42
Health Care	-1.59	-1.74	0.11	4.67
Industrials	-3.01	-2.55	8.16	14.87
Materials	-3.53	-2.41	10.14	13.55
Technology	-2.50	-1.80	7.85	17.67
Telecom	-2.49	-1.93	16.66	22.22
Utilities	-2.34	-1.54	13.89	21.84

#### U.S. Returns by Style

One Week (%)		Year to Date (%)		One Year (%)	
Large Value	Large Growth	Large Value	Large Growth	Large Value	Large Growth
-2.1	-2.7	8.4	3.4	13.3	9.1
Mid Value	Mid Growth	Mid Value	Mid Growth	Mid Value	Mid Growth
-2.5	-3.2	11.2	4.2	13.0	4.7
Small Value	Small Growth	Small Value	Small Growth	Small Value	Small Growth
-2.5	-2.7	12.6	4.3	13.5	2.4

**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	One Year
Barclays Global Aggregate Bond Index	0.04	-0.18	9.05	8.41
MSCI EAFE Index	-0.13	1.33	2.26	2.03
MSCI United Kingdom Index	-2.07	1.25	1.09	-2.28
MSCI Europe ex-U.K. Index	-0.53	1.18	0.81	-0.73
MSCI Japan Index	1.40	1.59	2.72	6.27
MSCI AC Asia ex-Japan Index	2.30	2.66	13.93	15.47
MSCI Emerging Markets Index	1.12	1.88	17.00	15.49
JPM EMBI+ Emerging Markets Bond Index	0.06	-0.06	14.59	14.54
NAREIT Global Real Estate Index	-1.76	-1.22	10.50	18.73

Source: FactSet

plunge to 5%. U.K. industrial production rose 2.1% in July, year over year, while manufacturing production grew 0.8% during the same period.

- In China, yearly CPI (as measured in August) grew 1.3%. Imports in China rose 1.5% during the same period while exports were down -2.8%. Asian markets dipped at the end of the week following geopolitical tensions regarding the latest North Korean nuclear test.

Bond Rates (%) as of:	09/09/2016	09/02/2016	12/31/2015	09/09/2015
U.S. Federal Funds Target Rate	0.50	0.50	0.50	0.25
U.S. Two-Year Treasury Yield	0.79	0.80	1.06	0.75
U.S. Ten-Year Treasury Yield	1.67	1.60	2.28	2.18
High Yield (Merrill U.S. Corporates)	5.64	5.55	7.24	6.46

Commodity Prices as of:	09/09/2016	09/02/2016	12/31/2015	09/09/2015
Gold (USD/oz)	1,334.50	1,326.70	1,060.20	1,102.00
Crude Oil (USD/bbl)	45.88	44.44	37.04	44.15
Gasoline (USD/gal)	2.33	2.34	2.24	2.65
Copper (NYM \$/lbs)	2.09	2.07	2.13	2.44

Exchange Rates as of:	09/09/2016	09/02/2016	12/31/2015	09/09/2015
\$ per €	1.12	1.12	1.09	1.12
\$ per £	1.33	1.33	1.47	1.54
¥ per \$	102.73	104.16	120.30	120.97

## 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, September 12	Tuesday, September 13	Wednesday, September 14	Thursday, September 15	Friday, September 16
<b>Industrial Production YoY (Aug)</b> China	<b>CPI YoY (Aug)</b> Euro Zone	<b>Jobless Claims Change (Aug)</b> Euro Zone	<b>CPI YoY (Aug)</b> Euro Zone	<b>CPI YoY (Aug)</b> U.S.
<b>Retail Sales YoY (Aug)</b> China	<b>CPI YoY (Aug)</b> U.K.		<b>Initial Jobless Claims (Sep)</b> U.S.	<b>U. of Mich. Sentiment (Sep)</b> U.S.
	<b>House Price Index YoY (Jul)</b> U.K.		<b>Continuing Claims (Sep)</b> U.S.	<b>U. of Mich. Current Conditions (Sep)</b> U.S.
	<b>Employment YoY (2Q)</b> Euro Zone		<b>Industrial Production MoM (Aug)</b> U.S.	

Source: Bloomberg

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# Voya Investment Management

## A reliable partner committed to reliable investing®



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 \$218 billion i/n assets for investors.<sup>1</sup>

### Equity | Fixed Income | Multi-Asset Strategies & Solutions

**86%** of our assets outperformed their benchmark or peer median on a 5-year basis.<sup>2</sup>

**73%** of our assets outperformed their benchmark or peer median on a 10-year basis.<sup>2</sup>

**86%** of the time our portfolios outperformed their benchmark on a rolling 3-year basis.<sup>3</sup>

#### Past performance does not guarantee future results.

- <sup>1</sup> As of 06/30/16, Voya IM assets of \$218 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 \$204 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 06/30/16. 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.
- <sup>3</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 06/30/16. 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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