

Voya Global Perspectives™ | Investment Weekly

Markets. Insights. Opportunities.

As of October 31, 2014

Commentary and Statistics

- The market snapback continued last week, as major domestic averages surged on continued strong earnings and economic data, with an unexpected boost from the Bank of Japan. Both the S&P 500 and DJIA finished the week and October at new all-time highs, while Nasdaq closed at a 14-year high. European and Asian markets were also frothy during the week.
- Of the 362 S&P 500 companies that have reported third quarter results, 78% have beaten earnings expectations while 59% have beaten revenue expectations. The blended earnings growth rate for the second quarter stands at 7.3%, according to FactSet, up from 5.6% last week. Exxon, Clorox and Whirlpool impressed this week, while Time Warner Cable and Starbucks were among the disappointments.
- As expected, the Federal Reserve ended its asset-purchase program, citing “substantial improvement in the outlook for the labor market” and “sufficient underlying strength in the broader economy”. The Fed’s balance sheet now stands at approximately \$4.5 trillion, a level the central bank intends to maintain until it begins to raise short-term interest rates.
- The advance estimate of third quarter GDP growth in the U.S. came in at 3.5%, beating expectations of 3% but slower than the second quarter’s 4.6% pace of expansion. The solid growth was attributed to a spike in defense spending and a shrinking trade gap.
- The employment-cost index, a broad gauge of wage and benefit expenditures maintained by the Labor Department, rose 0.7% in the third quarter, matching its second quarter advance.
- Consumer spending declined for the first time in eight months in September, falling 0.2%, while personal income rose 0.2%. Consumer sentiment, meanwhile, rose to its highest level since 2007.

| Returns (%) | | | | |
|---------------------------------------|----------|-------|-------|----------|
| Global Market Returns (%) | One Week | MTD | YTD | One Year |
| Barclays Global Aggregate Bond Index | -0.91 | 0.01 | 1.65 | 0.22 |
| MSCI EAFE Index | 2.24 | -1.45 | -2.42 | -0.17 |
| MSCI United Kingdom Index | 1.88 | -2.34 | -3.49 | 0.16 |
| MSCI Europe ex-U.K. Index | 1.78 | -2.77 | -4.29 | -1.10 |
| MSCI Japan Index | 3.81 | -1.30 | -2.64 | -0.39 |
| MSCI AC Asia ex-Japan Index | 2.90 | 1.95 | 6.99 | 6.00 |
| MSCI Emerging Markets Index | 3.24 | 1.19 | 3.97 | 0.98 |
| JPM EMBI+ Emerging Markets Bond Index | 0.84 | 1.65 | 9.06 | 7.20 |
| NAREIT Global Real Estate Index | 2.92 | 6.21 | 13.84 | 9.35 |

| U.S. Market Indexes Returns | | | | |
|-------------------------------------|----------|------|-------|----------|
| | One Week | MTD | YTD | One Year |
| Dow Jones Industrial Average | 3.53 | 2.26 | 6.98 | 14.47 |
| S&P 500 Index | 2.74 | 2.44 | 10.99 | 17.27 |
| Russell 2000 Index | 4.90 | 6.59 | 1.90 | 8.06 |
| Russell MidCap Index | 2.75 | 3.08 | 10.16 | 15.32 |
| Barclays U.S. Aggregate Index | -0.21 | 0.98 | 5.12 | 4.14 |
| Barclays High Yield Bond Index | 0.08 | 1.19 | 4.72 | 5.82 |
| United States 20-Year Treasury Bond | -0.17 | 2.93 | 19.99 | 14.50 |
| S&P/LSTA Senior Loan Index | 0.61 | 0.61 | 2.09 | 3.08 |

| S&P 500 Sector Returns | | | | |
|------------------------|----------|-------|-------|----------|
| | One Week | MTD | YTD | One Year |
| Consumer Discretionary | 2.64 | 2.15 | 3.03 | 9.09 |
| Consumer Staples | 1.78 | 3.62 | 11.11 | 13.52 |
| Energy | 2.12 | -2.88 | 0.27 | 4.30 |
| Financials | 3.26 | 2.97 | 10.60 | 18.17 |
| Health Care | 3.24 | 5.35 | 22.86 | 29.71 |
| Industrials | 2.66 | 3.71 | 6.68 | 15.20 |
| Materials | 0.18 | -2.52 | 6.12 | 12.68 |
| Technology | 3.33 | 1.72 | 16.09 | 25.71 |
| Telecom | 3.02 | 0.91 | 8.44 | 5.39 |
| Utilities | 2.11 | 8.05 | 23.12 | 21.89 |

U.S. Returns by Style

| One Week (%) | | Year to Date (%) | | One Year (%) | |
|--------------|-----|------------------|------|--------------|------|
| Large Value | 2.6 | Large Value | 10.5 | Large Value | 16.5 |
| Large Growth | 2.8 | Large Growth | 10.7 | Large Growth | 17.1 |
| Mid Value | 2.6 | Mid Value | 11.9 | Mid Value | 16.2 |
| Mid Growth | 2.9 | Mid Growth | 8.6 | Mid Growth | 14.6 |
| Small Value | 4.7 | Small Value | 1.9 | Small Value | 7.9 |
| Small Growth | 5.1 | Small Growth | 1.9 | Small Growth | 8.3 |

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

Source: FactSet

- The Bank of Japan unexpectedly expanded its asset-purchase program, raising its annual target to ¥80 trillion from ¥60–70 trillion. The BOJ also indicated it would triple the rate at which it buys stocks and property funds. The bank cited weak consumer spending following Japan's April sales tax increase and falling oil prices as reasons for the changes.
- Russia raised its key interest rate by 1.5% in the face of surging inflation and a weakening currency. Sweden, on the other hand, cut its benchmark rate, to 0% from 0.25%, to combat deflation.

| Bond Rates (%) as of: | 10/31/2014 | 10/24/2014 | 12/31/2013 | 10/31/2013 |
|--------------------------------------|------------|------------|------------|------------|
| U.S. Federal Funds Target Rate | 0.25 | 0.25 | 0.25 | 0.25 |
| U.S. Two-Year Treasury Yield | 0.50 | 0.39 | 0.35 | 0.31 |
| U.S. Ten-Year Treasury Yield | 2.33 | 2.27 | 3.01 | 2.54 |
| High Yield (Merrill U.S. Corporates) | 5.59 | 5.61 | 6.08 | 5.97 |

| Commodity Prices as of: | 10/31/2014 | 10/24/2014 | 12/31/2013 | 10/31/2013 |
|-------------------------|------------|------------|------------|------------|
| Gold (USD/oz) | 1171.60 | 1231.80 | 1202.30 | 1323.70 |
| Crude Oil (USD/bbl) | 80.54 | 81.01 | 98.42 | 96.38 |
| Gasoline (USD/gal) | 3.14 | 3.22 | 3.47 | 3.42 |
| Copper (NYM \$/lbs) | 3.06 | 3.05 | 3.44 | 3.29 |

| Exchange Rates as of: | 10/31/2014 | 10/24/2014 | 12/31/2013 | 10/31/2013 |
|-----------------------|------------|------------|------------|------------|
| \$ per € | 1.25 | 1.27 | 1.38 | 1.36 |
| \$ per £ | 1.60 | 1.61 | 1.66 | 1.61 |
| ¥ per \$ | 112.11 | 108.17 | 105.11 | 98.11 |

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.

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) interest rate levels, (4) increasing levels of loan defaults, (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities.

Past performance is no guarantee of future results.

Economic Release Calendar

| Monday, November 3 | Tuesday, November 4 | Wednesday, November 5 | Thursday, November 6 | Friday, November 7 |
|---|-------------------------------------|--|--|--|
| Vehicle Sales (Oct) U.S. | PPI (Sep) Euro Zone | Composite PMI (Oct) Euro Zone | Leading and Coincident Indexes (Sep) Japan | Trade Balance (Sep) U.K. |
| Manufacturing PMI (Oct) U.S. | Trade Balance (Sep) U.S. | Retail Sales (Sep) Euro Zone | Industrial Production (Sep) U.K. | Unemployment Rate (Oct) U.S. |
| ISM Mnfg and Prices Paid (Oct) U.S. | ISM New York (Oct) U.S. | ADP Employment Change (Oct) U.S. | BOE Policy Announcement U.K. | |
| Construction Spending (Sep) U.S. | Factory Orders (Sep) U.S. | Composite PMI (Oct) U.S. | ECB Policy Announcement Euro Zone | |
| | Composite PMI (Oct) China | ISM Non-Mnfg (Oct) U.S. | | |

Source: Bloomberg

Earnings Announcements

| Monday, November 3 | Tuesday, November 4 | Wednesday, November 5 | Thursday, November 6 | Friday, November 7 |
|--|--|---|---|---|
| Allegheny Corp. Checkpoint Systems Church & Dwight Health Net Herbalife Loews Rock-Tenn Sprint Sysco Tenet Healthcare | AK Steel Alibaba Archer Daniels Midland Becton Dickinson Burger King CVS Dish Network International Paper Jazz Pharmaceuticals Office Depot | Avista CBS Duke Energy Genworth Financial Molycorp Mondelez International Pennymac Financial Stamps.com Tesla Whole Foods Market | AES AOL Cablevision DirecTV El Pollo Loco Houghton Mifflin Northeast Utilities Orbitz Zynga | Arbor Realty Brookfield Asset Management Cooper Tire EW Scripps Extended Stay America Fortis Humana |

Source: Wall Street Journal

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) interest rate levels, (4) increasing levels of loan defaults, (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities.

Past performance is no guarantee of future results.

Voya Investment Management

Our Promises

- Clients first
- Long-term perspective
- Unmatched service

Our Skills

- Disciplined processes
- Intensive research
- Expert portfolio construction

Our Core Capabilities

- Equities
- Fixed Income
- Multi-Asset Strategies and Solutions

A reliable partner committed to reliable investing

\$214 Billion AUM* | Over 850 Employees | Over 200 Investment Professionals

Data is as of 06/30/14.

* As of June 30, 2014, Voya IM assets of \$214 billion include proprietary insurance general account assets of \$85 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.

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) interest rate levels, (4) increasing levels of loan defaults, (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities.

Past performance is no guarantee of future results.

©2014 Voya Investments Distributor, LLC • 230 Park Ave, New York, NY 10169

BBGP-STATISTICS • 10952 • 163086

RETIREMENT | INVESTMENTS | INSURANCE

voyainvestments.com

VOYA[™]