Portfolio Manager Quarterly Commentary | September 30, 2018

Voya CBRE Long/Short Fund

> Strategy Overview

The Voya CBRE Long/Short Fund seeks to deliver total return while attempting to preserve capital and mitigate risk. It pursues this aim by taking long and short positions in equity securities of companies that are principally engaged in the real estate industry. The strategy is managed by CBRE Clarion Securities, which uses proprietary analytics to construct a portfolio it believes can provide attractive risk-adjusted returns.

> Expected Contribution to Returns

High

Security selection — uses proprietary analytics to conduct fundamental analysis, evaluate performance characteristics of securities and identify candidates for both long and short positions.

Market exposure — actively manages gross and net exposures to market, property sectors and geographic regions.

Downside protection — seeks to protect principal during periods of increased market risk, through security selection and net exposure management.

Low

Key Takeaways

- For the third quarter, the Fund underperformed the MSCI U.S. REIT index
- The Fund outperformed the HFRX benchmark Equity Hedge index for the quarter
- The Fund began the period with 179.9% gross exposure and 82.9% net exposure
- Given the strong performance of real estate stocks during the second quarter, early in the third quarter we reduced the Fund's net exposure by decreasing long positions

Outlook and Current Strategy

In our view, real estate investment trust (REIT) valuations are attractive. Initial yields for commercial real estate equities remain high relative to fixed income, supporting continued institutional demand and rising property values. We believe mergers and acquisition (M&A) activity is likely to continue and be supportive of positive total return potential. Real estate fundamentals are good in most markets, supported by favorable economic conditions. We expect earnings remain stable and grow about 5% in 2018 and in 2019.

Commercial real estate markets show favorable long-term supply and demand conditions and well-supported, growing dividends with current yields around of around 4%. Improving economic growth and employment are good for real estate demand, but uncertainty related to diverging central bank polices and political risk remains. In our view, the macro environment remains supportive of asset classes. Historically U.S. REITs have performed well in rising interest rate environments, benefiting from improving economic growth and inflation

Portfolio Review

While positive for 2018, the long side of the portfolio did not capture enough upside. The Fund was overexposed to the office and storage sectors, which were negative in a flat REIT market during the quarter.

- **Contributors to results:**
  - Weighted average net long exposure of +14.0% to the U.S. mall sector
  - Weighted average net long exposure of +9.6% to the U.S. technology sector
  - Weighted average net short exposure of -7.8% to the U.S. net lease sector
- **Detractors from results:**
  - A weighted average net long exposure of +4.2% to the U.S. self-storage sector
  - A weighted average net long exposure of +11.4% to the U.S. office sector
  - A weighted average net long exposure of +12.1% to the U.S. residential sector

Portfolio Positioning

From a regional perspective, during the third quarter we maintained net exposure in the Americas, exited the Asia-Pacific region and decreased the European region. Our largest property sector net exposures were residential (+16.3%), office (+14.3%), technology (+13.4%) and A-quality malls (+10.9%). These four property sectors scored best in our ranking system for their combination of value and growth. The technology and real estate sector, consisting of data center and tower stocks, offered strong earnings growth.

We believe A-quality mall stocks are high quality, "fortress" assets, which are discounted deeply relative to private market valuations and offer a good growth outlook. Investor sentiment around mall stocks has been historically poor due to the "Amazon effect," as internet retailers take sales away from bricks and mortar stores. We believe we are taking advantage of poor investor sentiment: resilience in the face of the Sears bankruptcy reinforces our view that much bad news has been priced into mall shares over the past 18 months.

Asia-Pacific markets were hurt by geopolitical sentiment surrounding the escalation and implementation of tariffs between the United States and China. As a result, we exited all the Fund's Asia-Pacific positions. In the UK, after strong year-to-date performance, we sold two of the three stocks on valuation. The Fund still owns a student housing company, as it continues to score well in our ranking system due to its strong fundamentals and limited competition.

Voya CBRE Long/Short Fund

The **HFRX Equity Hedge index** includes equity hedge strategies which maintain both long and short positions in primarily equity and equity derivative securities. Equity Hedge funds included in this index can contain a wide variety of investment processes which can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. Equity Hedge managers included in this index would typically maintain at least 50%, and may in some case be substantially entirely invested in equities, both long and short.

The **MSCI US REIT Index** is a free float-adjusted market capitalization weighted index that is comprised of equity REITs that are included in the MSCI U.S. Investable Market 2500 Index, with the exception of specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The index represents approximately 85% of the US REIT universe, and is an end of day, gross return index. The Index does not reflect fees, brokerage commissions, taxes or other expenses of investing. **Investors cannot invest directly in an index.**

Principal Risks

Mutual fund investing involves risk, including possible loss of principal. In addition to the normal risks associated with investing, short sales losses are potentially unlimited and the expenses involved with the short strategy may impact the performance of the Fund. With short sales, you risk paying more for a security than you received from its sale. There can be no assurance that the Fund will achieve its stated objectives. The Fund may engage in leveraging and other speculative investment practices which could increase the risk of loss. It may also invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gain or losses. Real estate investments are subject to changes in economic conditions, credit risk, and interest rate fluctuations. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. The Fund is non-diversified. Other risks of the Fund include but are not limited to: **Company; Concentration; Convertible Securities; Currency; Initial Public Offerings; Investment Model; Liquidity; Market; Market Capitalization; and Other Investment Companies risks. Investors should consult the Fund's Prospectus and Statement of Additional Information for a more detailed discussion of the Fund's risks. Investors should consult the Portfolio's Prospectus and Statement of Additional Information for a more detailed discussion of the Portfolio's risks. An investment in the Portfolio is not a bank deposit and is not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.**

An investor should consider the investment objectives, risks, charges and expenses of the Fund(s) carefully before investing. For a free copy of the Funds' prospectus, or summary prospectus, which contains this and other information, visit us at www.voyainvestments.com or call (800) 992-0180. Please read the prospectus carefully before investing.

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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. Portfolio holdings are fluid and are subject to daily change based on market conditions and other factors.

The Fund discussed may be available to you as part of your employer sponsored retirement plan. There may be additional plan level fees resulting in personal performance to vary from stated performance. Please call your benefits office for more information.

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