

# Equal Positions in the 100 Largest S&P 500 Companies

## Strategy Overview

A rules-based strategy designed to exploit market inefficiencies in a disciplined systematic manner.

**You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options; or mutual funds offered through a retirement plan, carefully before investing. The prospectuses / prospectus summaries / information booklets contain this and other information, which can be obtained by contacting your local representative or by calling (800) 992-0180. Please read the information carefully before investing.**

## Key Takeaways

- For the quarter ended June 30, 2020, the Voya Corporate Leaders 100 Fund underperformed its benchmark, the S&P 500 index
- During the quarter, the Fund continued to follow its strict rules-based investment approach
- At the beginning of the quarter, the Fund held equal-weighted positions in the stocks of the S&P 100 index (implying that each holding represented about 1% of the portfolio)
- Over the course of the quarter, if the value of a security increased by more than 50%,\* the position size was reduced to 1%, and if the value of a security decreased by more than 30%,\* the position was eliminated

## Current Strategy and Outlook

The Fund's investment strategy follows a strict rules-based approach. It starts by holding equal-weighted positions in the stocks of the S&P 100 Index at the beginning of each calendar quarter (implying that each holding represents approximately 1% of the portfolio). On a quarterly basis, if the value of a security rises by more than 50%,\* the position size immediately is reduced to 1%, and if the value of a security of falls more than 30%,\* the position is eliminated. The portfolio is rebalanced quarterly in order to realign the strategy's holdings to its initial 1% weightings.

## Portfolio Review

Over the reporting period, the underweight and holdings in the information technology sector, and the overweight and holdings in the industrials and consumer staples sectors, detracted the most from relative results. Among the largest individual detractors for the period were underweight positions in Apple Inc., Amazon.com, Inc. and Microsoft Corporation.

By contrast, the overweight and holdings in the energy and financial sectors, and holdings in the materials sector, contributed to relative results. At the individual stock level, overweight positions in Occidental Petroleum Corporation, DuPont de Nemours, Inc. and Schlumberger NV were among the key contributors.

As of the end of the reporting period, the Fund's largest sector overweight was to the financial sector, while the largest sector underweight was information technology. Sector exposures are purely a function of the strategy's rules-based investment discipline and are not actively managed.

\* If a security is underperforming the S&P 500® index and the S&P 500® index is positive on an intra-quarter basis, the security will typically be sold when it declines by 30% or more irrespective of the percentage difference versus the S&P 500® index. If a security is underperforming the S&P 500® index and the S&P 500® index is negative on an intra-quarter basis, the security will typically be sold when it underperforms the S&P 500® index by 30 percentage points or more. This change went into effect on 5/18/20.

## Holdings Detail

Companies mentioned in this report – percentage of Fund investments, as of 6/30/20: Apple Inc. 0.98%, Amazon.com, Inc. 1.0%, Microsoft Corporation 1.0%, Occidental Petroleum 1.0%, DuPont de Nemours 0.98%, Schlumberger NV 0.99%; 0% indicates that the security is no longer in the Fund. Portfolio holdings are subject to daily change.

The **Standard & Poor's 500 index** is an unmanaged index that measures the performance of securities of approximately 500 of the largest companies in the United States. The Index does not reflect fees, brokerage commissions, taxes or other expenses of investing. **Investors cannot invest directly in an index.**

**Principal Risks:** All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield. Stocks fall into three broad **Market Capitalization** categories — large, mid and small. Investing primarily in one category carries the risk that, due to current market conditions, that category may be out of favor with investors. If valuations of large-capitalization companies appear to be greatly out of proportion to the valuations of mid- or small-capitalization companies, investors may migrate to the stock of mid- and small-sized companies causing a fund that invests in these companies to increase in value more rapidly than a fund that invests in larger, fully-valued companies. Investing in mid- and small-capitalization companies may be subject to special risks associated with narrower product lines, more limited financial resources, smaller management groups and a more limited trading market for their stock than with larger companies. As a result, stock of mid- and small-capitalization companies may decline significantly in market downturns. Investing in **Foreign (non-U.S.) Securities** may result in the Fund experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies due to smaller markets, differing reporting, accounting and auditing standards, and nationalization, expropriation or confiscatory taxation, foreign currency fluctuations, currency blockage, or political changes or diplomatic developments. **Derivative Instruments** are subject to a number of risks, including the risk of changes in the market price of the underlying securities, credit risk with respect to the counterparty, risk of loss due to changes in interest rates and liquidity risk. The use of certain derivatives could have a leveraging effect, which might increase the volatility of the Fund and reduce its returns. Other risks of the Fund include but are not limited to: **Company risk, Convertible Securities risk, Currency risk, Liquidity risk, Market risk, Other Investment Companies' Risks and Securities Lending risks. An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.**

The strategy is available as a mutual fund or variable portfolio. The mutual fund may be available to you as part of your employer sponsored retirement plan. There may be additional plan level fees resulting in personal performance that varies from stated performance. Please call your benefits office for more information.

Variable annuities and group annuities are long-term investments designed for retirement purposes. If withdrawals are taken prior to age 59½, an IRS 10% premature distribution penalty tax may apply. Money taken from the annuity will be taxed as ordinary income in the year the money is distributed. An annuity does not provide any additional tax deferral benefit, as tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject. However, an annuity does provide other features and benefits, such as lifetime income payments and death benefits, which may be valuable to you.

Variable investments, of any kind, are not guaranteed and are subject to investment risk including the possible loss of principal. The investment return and principal value of the security will fluctuate so that when redeemed, it may be worth more or less than the original investment. In addition, there is no guarantee that any variable investment option will meet its stated objective. All guarantees are based on the financial strength and claims paying ability of the issuing insurance company, who is solely responsible for all obligations under its policies.

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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.

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