Voya Global Diversified Payment Fund

Targeting Your Income Needs

Strategy Overview

Investment Objectives*

The Fund seeks to meet the managed payment policy of the Fund, while seeking to preserve investors' capital over the long term. The Fund's secondary objective is to seek the potential for long-term capital appreciation.

Portfolio Management

Voya Investments, LLC,
Investment Adviser

Voya Investment Management Co., LLC,
Investment Sub-Adviser

* There is no guarantee that this objective will be achieved.

Key Takeaways

- The Fund achieved its primary investment objective, to meet its managed payment policy by delivering level monthly payments
- For the quarter, the Fund outperformed the S&P Target Risk Moderate index, but underperformed its composite benchmark
- Tactical asset allocation and manager selection both detracted from performance

Current Strategy and Outlook

Our overarching investment thesis continues to be that the global growth slowdown outside the United States, which began in 2018, is abating. Policy responses from the Federal Reserve and other central banks around the world are starting to feed through to the real economy. Dubbed as “insurance” cuts, the Fed moves are bearing fruit: inflation is ticking up towards the Fed's 2% target, confidence has been revived and economic activity is increasing. Although the effects from fiscal stimulus are dwindling, U.S. policy is still priced for growth, in our view.

Reaccelerating economic growth is a global phenomenon and we think global equities are at an inflection point. Growth is turning, but our research suggests that it has not been fully incorporated into asset prices. We see light institutional equity positioning and relatively weak mutual fund flows. Additionally, liquidity is abundant and is flowing through raw materials prices, which are rising.

Even with the exceptional returns produced by stocks in 2019, we maintain our overweight to equity with a preference for U.S. large caps, where promising fundamentals outweigh valuations above historical averages. We expect US stocks, which are dominated by technology companies, to outperform EAFE stocks, which are heavily weighted in financials. However, we have become more sanguine on international stocks overall, but prefer emerging to developed market equities. The quieting of trade tensions is helping developing countries. China Manufacturing PMIs are hooking up, as modest stimulus measures initiated at the beginning of 2019 start to take effect. In a sign of commitment to keep the momentum of industrial improvement going, the People's Bank of China announced it will cut banks' reserve requirement ratio by 50 basis points. Barring an abrupt, significant and sustained change in the economic data, we think U.S. monetary policy is unlikely to change any time soon. Therefore, a stable to slightly weaker U.S. dollar should serve as an additional tailwind for China and other export oriented or dollar debt leveraged EM countries.

As always, risks to our outlook are manifold. Perhaps the most concerning are those of a geopolitical nature. In recognition of our limited visibility on that front, we remain overweight investment grade bonds within our multi-asset portfolios. While geopolitically induced volatility could derail our forecast, such events and their impacts on the markets are nearly impossible to predict. We think there is a higher probability that markets will be driven by fundamentals, which are solid.

Portfolio Review

The Fund achieved its primary investment objective: to meet its managed payment policy by delivering level monthly payments. In addition, the Fund attempts to outperform its strategic composite benchmark through tactical asset allocation (i.e., deviating from the composite benchmark over the short- and medium-term) and active manager selection. The Fund underperformed its composite benchmark over the quarter. Tactical asset allocation and manager selection both detracted from performance.

Fundamental tactical asset allocation was a detractor from performance in the fourth quarter. The biggest drag on results was an overweight to duration. Third-quarter 2019 real GDP growth of 2.1% was the third consecutive quarter above trend, showing that the U.S. economy continues to do well. With the unemployment rate near a 50-year low, there was some upward pressure on real wages, which helped buoy confidence during the holiday spending season. Strength in the housing sector is another reflection of consumers' optimism. The better growth outlook contributed to modestly higher bond yields throughout 4Q19, hampering rate sensitive assets such as real estate investment trusts and long duration bonds. The biggest contributor during the period was an overweight to equities. The impressive year-end advance in global equities seemed to be at least partially attributable to a general lessening of geopolitical tensions, which included the "Phase One" trade deal between the U.S. and China.

The Fund's cross-asset relative value (CARV) strategy was a detractor over the period, while the tactical currency (TC) strategy added to returns. Overall, the systematic tactical asset allocation strategies detracted from returns during the period. CARV's losses were attributed primarily to an underweight of emerging markets equities versus U.S. equities in October and December. TC was positive in all three months, with gains spread across various currency pairs.

The Fund also attempts to outperform its strategic allocation benchmark through the selection of managers to run the underlying funds, which represent the various asset classes within the composite. Manager selection was a detractor during the fourth quarter. The underlying funds with the largest outperformance relative to their respective asset class benchmarks were Voya Multi-Manager International Equity Fund, Voya Multi-Manager Mid Cap Value Fund and Voya Strategic Income Opportunities Fund. The largest underperformers were Voya U.S. High Dividend Low Volatility Fund, Voya Large Cap Growth Fund and Voya Small Company Fund.

The Fund generates premiums and seeks gains by writing (selling) call options tied to various equity indexes and index exchange-traded funds (ETFs), including the S&P 500® index, S&P 400® index, MSCI EAFE® index and MSCI Emerging Markets® index. The options overlay was a detractor from performance over the period. The call option overwrite coverage remains at its historical low of 15%.

The **S&P Target Risk Growth Index** is comprised of nine multi-asset class indexes, each corresponding to a particular risk level. The nine multi-asset classes include U.S. large-cap equities, U.S. mid-cap equities, U.S. small-cap equities, international equities, emerging markets, U.S. real estate investment trusts (REITs), core fixed income, short-term U.S. Treasury securities and Treasury inflation-protected securities (TIPS). Each index is designed to provide varying levels of exposure to equities and fixed income. **Investors cannot invest directly in an index.**

Risks specific to Managed Payment: The Fund is expected to make monthly payments under its Managed Payment Policy regardless of the Fund's investment performance. Because these payments will be made from Fund assets, the Fund's monthly payments may reduce the amount of assets available for investment by the Fund. It is possible for the Fund to suffer substantial investment losses and simultaneously experience additional asset reductions as a result of its payments to shareholders under the Managed Payment Policy. The Fund may, under its Managed Payment Policy, return capital to shareholders which will decrease their costs basis in the Fund and will affect the amount of any capital gain or loss that shareholders realize when selling or exchanging their Fund shares.

Principal Risks: All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield. Investing in stocks of **Small- and Mid-Sized Companies** may entail greater volatility and less liquidity than larger companies. **Foreign Investing** poses special risks including currency fluctuation, economic and political risks not found in investments that are solely domestic. **Emerging Markets** securities may be especially volatile. **Convertible Securities** with longer maturities tend to be more sensitive to changes in interest rates, usually making them more volatile than convertible securities with shorter maturities. Prices of **Value-Oriented Securities** tend to correlate more closely with economic cycles than growth-oriented securities, and generally are more sensitive to changing economic conditions. The Fund may use **Derivatives**, such as options and futures, which can be illiquid, may disproportionately increase losses and have a potentially large impact on Fund performance. Other risks of the Fund include but are not limited to: **Market Trends Risks, Other Investment Companies' Risks, Price Volatility Risks, Inability to Sell Securities Risks and Securities Lending Risks. Investors should consult the Fund's Prospectus and Statement of Additional Information for a more detailed discussion of the Fund's risks. An investment in the Fund is not a bank deposit and is not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.**

The strategy employs a quantitative model to execute the strategy. Data imprecision, software or other technology malfunctions, programming inaccuracies and similar circumstances may impair the performance of these systems, which may negatively affect performance. Furthermore, there can be no assurance that the quantitative models used in managing the strategy will perform as anticipated or enable the strategy to achieve its objective.

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.

Insurance products, annuities and funding agreements issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), One Orange Way, Windsor, CT 06095, which is solely responsible for meeting its obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services, LLC ("VIPS"). Securities distributed by or offered through Voya Financial Partners, LLC ("VFP") (member SIPC)or other broker-dealers with which it has a selling agreement. Only Voya Retirement Insurance and Annuity Company is admitted and can issue products in the state of New York. All companies are members of Voya Financial.

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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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