Portfolio Manager Quarterly Commentary | September 30, 2018

# Voya Global Perspectives® Market Models – Mutual Fund Series

## > Investment Objective

The Models seek total return.

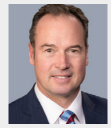
## > Main Investments

The portfolios invest in mutual funds that invest directly in securities, such as stocks and bonds, of issuers in a number of different countries.

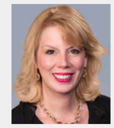
## > Portfolio Management

**Voya Investments, LLC,** Investment Adviser

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



**Douglas Coté, CFA**
Portfolio Manager



**Karyn Cavanaugh, CFA**
Portfolio Manager

## Key Takeaways

- Performance of all of the Voya Global Perspectives MF Series models was positive in the third quarter
- The Voya Global Perspectives MF Series Aggressive, Moderate and Conservative models underperformed their respective benchmarks
- The Voya Global Perspectives Income model outperformed its benchmark
- The tactical models benefited from relatively higher allocations to small-cap equities
- International exposure in the tactical models (emerging markets equities, global REITS and global bonds) detracted from absolute performance

## Portfolio Review

The Series models' tactical signal, based on fundamentals, continued to indicate a positive outlook during the period; accordingly, model allocations remained in their Base positioning.

The Voya Global Perspectives Aggressive Growth Model underperformed it benchmark the S&P Target Risk Aggressive Growth Index. The Voya Global Perspectives Moderate Growth Model underperformed it benchmark the S&P Target Risk Moderate Growth Index. The Voya Global Perspectives Conservative Growth Model underperformed it benchmark the S&P Target Risk Conservative Growth Index and the Voya Global Perspectives Income model outperformed its benchmark the Barclays Global Aggregate Bond Index.

In the equity allocations, performance of the tactical models was negatively impacted, primarily by the Voya Corporate Leaders 100 Fund. This detraction was somewhat offset by a relatively higher allocation to the Voya Midcap Opportunities Fund. In fixed income, the models' performance was negatively impacted primarily by the Voya GNMA Income Fund, somewhat offset by contributions from the Voya Intermediate Bond Fund.

Outperformance of the Income model was driven primarily by the Voya High Yield Bond Fund and the Voya Floating Rate Fund.

## Outlook and Current Strategy

Despite the spike in market volatility, we believe there is still plenty of good news as fundamentals are accelerating. The tax reform package will positively impact a key component of U.S. GDP that has been missing – capital investment. We think that impact will be constructive for productivity and future sustainable growth. Yet there is a distinct lack of euphoria in the markets, and we believe the biggest risk for investors is missing the next leg of this rally. The new path forward is not without risks. Trade wars, a stronger dollar, rising oil prices and Fed rate hikes are weighing on investor sentiment. However, long-term investors should pay attention to the most positive economic environment in 30 years, a decline in geopolitical tension and corporate earnings reaching all-time highs. In our view, this is a time when a broadly diversified portfolio, as near as the United States and as far away as the emerging markets, potentially can lower risk and increase return.

**The S&P Target Risk Index Series – Moderate Index** is an unmanaged index that measures the performance of a hypothetical, multi-asset portfolio designed to provide significant exposure to fixed income, while also providing increased opportunity for capital growth through equities. The universe of eligible assets includes U.S. large cap, U.S. mid cap, U.S. small cap, international equities, emerging markets, core fixed income, cash equivalents, Treasury inflation-protected securities and high yield corporate bonds. The Index does not reflect fees, brokerage commissions, taxes or other expenses of investing. **Investors cannot invest directly in an index.**

**The S&P Target Risk Aggressive Index** concentrates on exposure to equities to benefit from opportunities for long-term capital accumulation. To enhance portfolio efficiency, it may include small allocations to fixed income.

**The S&P Target Risk Conservative Index** emphasizes exposure to fixed income to maintain a consistent income stream and manage volatility.

**The Bloomberg Barclays Global Aggregate Index** measures global investment grade debt from twenty-four local currency markets including treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

**Principal Risks:** All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield. **Asset Allocation:** The success of the Fund's strategy depends on the Adviser's or Sub-Adviser's skill in allocating Fund assets between the asset classes and in choosing investments within those categories. There is a risk that the Fund may allocate assets to an asset class that underperforms other asset classes. **Investment Model:** The Fund or certain underlying funds invest based on a proprietary model managed by the manager. The manager's proprietary model may not adequately address existing or unforeseen market factors or the interplay between such factors. **Other Investment Companies:** The main risk of investing in other investment companies, including exchange-traded funds, is the risk that the value of the securities underlying an investment company might decrease. Because the Fund or an underlying fund may invest in other investment companies, you will pay a proportionate share of the expenses of those other investment companies (including management fees, administration fees, and custodial fees) in addition to the expenses of the Fund and a proportionate share of the expenses of each underlying fund. **Interest Rate:** With bonds and other fixed rate debt instruments, a rise in interest rates generally causes values to fall; conversely, values generally rise as interest rates fall. The higher the credit quality of the instrument, and the longer its maturity or duration, the more sensitive it is likely to be to interest rate risk. **Foreign Investments/Developing and Emerging Markets:** Investing in foreign (non-U.S.) securities may result in the Fund or the underlying funds experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies due to smaller markets different reporting, accounting and auditing standards; nationalization, expropriation, or confiscatory taxation; foreign currency fluctuations, currency blockage or replacement; potential for default on sovereign debt; or political changes or diplomatic developments.

Other risks of the Fund include but are not limited to **Credit, High-Yield Securities Investments, Call, Company, Currency, Liquidity, Market, Market Capitalization, Real Estate Companies and Real Estate Investment Trusts, U.S. Government Securities and Obligations. 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.**

**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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