Commentary | 3Q20
Voya High Yield Bond Fund

Comprehensive Research, Broad Diversification

Strategy overview
Total return approach, investing in below investment grade corporate securities.

Key Takeaways
- For the quarter, the Fund outperformed its benchmark, the Bloomberg Barclays U.S. High Yield 2% Issuer Constrained index, on a gross basis and net-of-fees.
- The high-yield (HY) market has continued to bounce back from the March lows with another strong quarter. The market has also seen record issuance as companies refinance further out of the curve, taking advantage of attractive rates and market conditions.
- The HY market has seen some support from the Federal Reserve (the "Fed"). The Fed made an announcement to purchase fallen angels and HY exchange-traded funds (ETFs) in March through a bond-buying program, the primary market corporate credit facility (PMCCF) and secondary market corporate credit facility (SMCCF). That announcement alone influenced the rebound from March lows. Since the announcement, the SMCCF officially started buying ETFs in May and individual corporate bonds in June, including purchasing both HY ETFs and fallen angels, though the total dollar amount of purchases has not been material.
- The largest positive contributors to performance were an underweight position to the oil field services sector and security selection within the gaming sector. The largest detractors were the Fund’s security selection within the consumer cyclical services and leisure sector.

Portfolio Review

Contributors
- **Oil Field Services.** The Fund maintained an underweight to energy-related sectors. The underweight positioning to the oil field services sector added the most to performance given oil price pressure and default activity within offshore drilling issuers.

- **Gaming.** Security selection in the sector contributed to performance for the quarter. As casinos have begun to re-open, we have favored regional casinos which have bounced back more quickly than Las Vegas casinos as air travel and the convention business have been slow to recover given the COVID-19 environment.

- **Technology.** The Fund also benefitted from security selection within the technology sector, with the largest driver being positioning in Veritas Technologies bonds.

- **Supermarkets.** Security selection in the sector positively contributed to performance. The sector has benefitted from the shift in consumer activity away from restaurants to grocery shopping and preparing more meals at home due to the pandemic.

Detractors
- **Consumer Cyclical Services.** The Fund maintained an underweight to the consumer cyclical services sector. Security selection and sector allocation detracted from performance as the sector saw a bounce back over the period.

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.
Leisure. Security selection within the sector detracted from performance as theatres, amusement parks and cruise lines have been slow to recover. We believe this sector would see potential upside with news of a successful vaccine.

Current Strategy and Outlook

Credit fundamentals for the HY market remain decent. Generally, earnings and operations continue to be challenged on a year-over-year basis across various sectors. However, auto and home sales continue to show momentum month-over-month given the current interest rate environment as well as COVID-19 lifestyle changes aiding these industries.

In the HY market, downgrades and defaults continue to be focused in the energy and retail sectors, as the coronavirus out-break pushed companies that were already facing challenges over the edge. Overall, the market has done a reasonable job sorting out COVID-19 impacts, but there are still unknowns remaining around a potential vaccine and the election. From a macro perspective, we take into account the Fed’s direct involvement in the HY market, while also being cognizant of potential election turbulence that could come from contested election results.

From a long-term perspective, valuations remain attractive. We remain cautious on the energy sector as it is difficult for HY issuers to generate results at current oil prices; most of our energy exposure remains in fallen angels, higher quality and more diversified issuers. We also favor building materials as the sector has benefitted from a healthy housing market. As the market continues to recover, we remain focused on high-quality survivors with ample liquidity and those only moderately impacted by the economic downturn, along with taking advantage of dislocations, and selling issuers where impact is under-appreciated.

Companies mentioned in this report – percentage of portfolio investments, as of 9/30/20:

<table>
<thead>
<tr>
<th>Company</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Veritas Technologies</td>
<td>-0.49%</td>
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Portfolio holdings are subject to change on a daily basis.