Seeking the Growth Potential and Stability of Large Caps

Strategy Overview
Actively managed large cap growth strategy that relies on fundamental research and analysis to identify companies with strong and accelerating business momentum, increasing market acceptance and attractive valuations.

Key Takeaways
- Despite a September downdraft, equity markets posted gains for the quarter
- The economy continues to recover, albeit more slowly than before. The Federal Reserve is committed to providing economic and financial market stability; but fiscal stimulus also will be needed to sustain the recovery
- For the quarter ended September 30, 2020, the strategy underperformed its benchmark

Current Strategy and Outlook
After five straight months of gains, stock markets felt the pull of gravity in September as coronavirus cases resurfaced and confidence in the economic outlook faltered. Nevertheless, strong gains in July and August offset the September downdraft, resulting in net increases for the quarter. Expectations for further fiscal stimulus, optimism about progress in developing a coronavirus vaccine, positive economic momentum and better-than-expected corporate earnings were among the widely cited market drivers.

The economy continues to recover, albeit more slowly than before. The Federal Reserve has been resolute in its commitment to provide economic and financial market stability; but fiscal stimulus also will be needed and may not be possible until after the November elections. As a disciplined manager, we remain true to our investment process regardless of the unpredictable market environment, investing in companies with strong fundamentals and attractive relative valuations.

Portfolio Review
For the quarter, the strategy underperformed its benchmark due to stock selection. Selection within the information technology and consumer discretionary sectors detracted the most from performance. Stock selection within the communication services and real estate sectors modestly contributed to performance.

Key detractors from performance were Apple Inc., Tesla Inc. and NVIDIA Corporation.

An underweight position in Apple, Inc. (AAPL) detracted from results. Shares rebounded off of 1Q20 lows as the economy gradually re-opened and investors gained greater confidence in improving smartphone sales. Despite a big decline in smartphone units in China, the mix within the market was positive. AAPL’s high margin services business also saw a healthy acceleration as consumers stayed home and bought more games/applications. Furthermore, the expected launch of its 5G phone at the end of 2020 remains a potential catalyst for AAPL and the industry as a whole.

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.
Not owning Tesla Inc. (TSLA) detracted from performance during the quarter. Shares advanced on increasingly bullish speculation into the September 22 Battery Day and increasing expectations of a Biden win driving higher EV adoption. Since Battery Day, the stock has traded off, as TSLA was passed over once again for S&P 500 inclusion and investor focus now shifts to 2H20 unit growth, where upside may be limited.

Not owning NVIDIA Corp. (NVDA) during the period detracted from results. Shares advanced following strong earnings reports and positive guidance driven by datacenter strength as cloud customers increased capacity to meet the demand, as well as better than expected gaming revenue results.

Key contributors to performance during the quarter were Advanced Micro Devices, Inc., Alphabet Inc. and DocuSign, Inc.

An overweight position in Advanced Micro Devices, Inc. (AMD) generated positive results. Shares advanced after the company solidly beat quarterly earnings expectations and significantly raised guidance; largely driven by server and gaming strength, as well as favorable demand for one of its key new products, Ryzen. Investors also gained greater confidence in AMD’s ability to execute and realize multi-year market share gains.

Not owning the Google complex, Alphabet, Inc. (GOOG/GOOGL) added value. While management reported solid 2Q20 earnings above expectations and improving trends, advertising revenues experienced a significant decline (~8% year-over-year) due to COVID-related headwinds. Uncertainty as to the timing of needed broader economic improvement, which would drive recovery in travel spending, continues to weigh on the stock.

An overweight position in DocuSign, Inc. (DOCU) added value. It became more evident DOCU is a long-term beneficiary of the shift to digital signatures, a trend accelerated by COVID. In addition, DOCU made further progress in becoming more integrated into the entire contract lifecycle, which meaningfully expands DOCU’s long-term total addressable market (TAM).

**Holding Detail**

Companies mentioned in this report – percentage of strategy investments, as of 9/30/20: Apple Inc. 12.27%, Tesla Inc. 0%, NVIDIA Corporation 0%, Advanced Micro Devices, Inc. 2.58%, Alphabet Inc. 1.42%, DocuSign, Inc. 0.61%; 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to daily change.
The Russell 1000 Growth Index is an unmanaged index that measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted directly in an index. 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. Growth Investing Prices of growth stocks typically reflect high expectations for future company growth, and may fall quickly and significantly if investors suspect that actual growth may be less than expected. Growth companies typically lack any dividends that might cushion price declines. Growth stocks tend to be more volatile than value stocks, and may underperform the market as a whole over any given time period.

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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.

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