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.

Portfolio Review
For the quarter ended December 31, 2020, the portfolio outperformed its benchmark due to favorable stock selection. Stock selection within the information technology sector, and to a lesser extent the communication services sector, contributed the most to performance. Stock selection within the consumer discretionary and health care sectors detracted the greatest value.

Key contributors to performance were Snap, Inc., Paycom Software, Inc. and Lam Research Corporation.

Owning a non-benchmark position in Snap, Inc. (SNAP), generated positive results during the quarter. The stock price advanced following is solid 3Q20 earnings report that came in well-ahead of expectations. Management cited strong audience growth, a significant improvement in advertising trends and resulting monetization gains.

An overweight position in Paycom Software, Inc. (PAYC), a company that provides comprehensive, cloud-based human capital management (HCM) software solutions, contributed to performance during the quarter. PAYC is benefiting from increased demand and a notable improvement in employment trends as the U.S. economy continues to re-emerge from the pandemic. Given these tailwinds, investors believe the company is well positioned to deliver strong bookings growth going into 2021.

An overweight position in Lam Research Corp. (LRCX) generated positive results. Shares advanced as memory pricing firmed and investors’ outlook for wafer fab equipment spending in 2021 improved as a result. With a rebound in economic activity and limited extra capacity, LRCX is now positioned to see strong revenue growth and healthy incremental margins, driving faster earnings per share (EPS) growth.

Key detractors from performance were Tesla Inc., SBA Communications Corp. and Vertex Pharmaceuticals Incorporated.

Not owning Tesla, Inc. (TSLA) detracted from results during the period. The stock price continued to grind higher on the announcement that it would be added to the S&P 500 index on December 21. Despite its lofty valuation, TSLA’s inclusion in the index removed an overhang from its growth story for some investors.

An overweight position in SBA Communications Corp. (SBAC) detracted from results. While SBAC provided better than expected 3Q20 funds from operations, mainly due to a better than expected international growth rate, the stock traded off in large part due to investors’ preference for reopening/cyclically exposed real estate investment trust (REIT) stocks. We continue to like SBAC because of its strong, above-average organic growth rate relative to the REIT benchmark, which we expect to persist over the next couple of years.

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.
An overweight position in Vertex Pharmaceuticals Inc. (VRTX) earlier in the period detracted from results. Shares traded off following the announced discontinuation, due to safety issues, of VX-814, its small-molecule corrector program for the treatment of a rare liver and lung disease called alpha-1 antitrypsin deficiency (AATD). Investor concerns regarding this news and the limited upside in its cystic fibrosis (CF) franchise pressured the stock.

**Current Strategy and Outlook**

Global stock markets ended a tumultuous 2020 on an upbeat note, rallying on expectations for synchronous, regional recoveries in 2021. The major U.S. market indexes posted solid gains for the monthly, quarterly and annual periods ended December 31, 2020. For the quarter, the NASDAQ Composite rose 15.41%, the S&P 500 index gained 12.01% and the Dow Jones Industrial Average increased by 10.73%. Gauged by market capitalization, small- and mid-cap stocks outperformed large caps, though all posted strong gains for the quarter. Non-U.S. markets, as measured by the MSCI EAFE index, gained 16.05%; the MSCI Emerging Markets index returned 19.70%.

Despite historically weak, choppy economic data and unsettling, pandemic-related headlines, risk assets have pushed higher on investor confidence that the future will be better than the present. With two Covid-19 vaccines in distribution and a new round of fiscal stimulus about to be deployed, we believe the U.S. economy is primed to accelerate in 2021. In our view, there is a clear bridge (vaccine) to post-Covid normalcy and abutments (fiscal stimulus and prolonged, accommodative monetary policy) that should keep the recovery on track and absorb unexpected jolts along with way.
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. Derivative Instruments 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 may also have a leveraging effect which may increase the volatility of the Portfolio and reduce its returns. Other risks of the Portfolio include, but are not limited to: Liquidity, Company, Currency, Foreign Investments, Market, Other Investment Companies and Securities Lending. Investors should consider the Portfolio’s prospectus and statements of additional information for a more detailed discussion of the Portfolio’s risks. An investment in the Portfolio 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 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.

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.

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