

Seeking a More Favorable Risk/Return Trade-off

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Strategy overview

Actively managed mid-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

- Equity markets advanced in 4Q25, buoyed by moderating inflation and robust earnings. Technology remained dominant, fueled by accelerating artificial intelligence (AI) adoption, while industrials benefited from strong capital expenditure trends, although energy softened after early strength. Broader market participation persisted, with small caps and cyclicals contributing.
- For the quarter ended December 31, 2025, the Voya Mid Cap Growth SMA underperformed its benchmark, the Russell Mid Cap Growth Index (the Index), on both a gross- and net-of-fees basis due largely to unfavorable stock selection.
- Looking ahead, investors face geopolitical risks and policy uncertainty. Market leadership is widening beyond mega-cap growth, supported by AI-driven innovation and sustained corporate capital expenditure. Opportunities are emerging in defensives and rate-sensitive sectors, reinforcing the need for nimble positioning amid evolving macro conditions.

Market review

U.S. equity markets closed 4Q25 on a positive note, driven by moderating inflation and robust earnings. The S&P 500 Index advanced 2.66%, and the technology-heavy Nasdaq Composite gained 2.57%. The healthcare and communications services sectors led, while real estate and utilities sectors lagged. Large cap stocks beat small cap stocks, and value outperformed growth stocks.

The U.S. Federal Reserve supported markets in 4Q25 with two 25 basis point rate cuts. At its December meeting, the Fed signaled a balanced tone and improved growth and inflation outlook. At the same time, artificial intelligence (AI) remained a dominant theme, with strong headlines around innovation and elevated capital investment by major technology firms. Increased spending on AI infrastructure and adoption trends reinforced optimism about its role as a key driver of future growth.

Portfolio review

For the quarter, the SMA underperformed the Index on both a gross- and net-of-fees basis due largely to unfavorable stock selection. Stock selection in the consumer discretionary, industrials, and health care sectors detracted from results. Conversely, stock selection within the energy, consumer staples, and information technology sectors contributed the most to performance.

Key detractors from performance included Roblox Corp., Doximity, Inc., and Natera, Inc.

An overweight position in Roblox Corp. (RBLX) detracted from performance. The stock declined following quarterly earnings, which signaled slower profit growth and uncertainty around future bookings.

An overweight position in Doximity, Inc. (DOCS) detracted from performance. The stock declined following a quarterly earnings report signaling cautious guidance and uncertainty after recent healthcare policy changes.

Not owning Natera, Inc. (NTRA) detracted from performance. The stock rose after its earnings announcement, signaling a strong revenue beat.

Key contributors to performance included Vera Therapeutics, Inc., Comfort Systems USA, Inc., and Dollar Tree, Inc.

Owning a non-benchmark position in Vera Therapeutics, Inc. Class A (VERA) contributed to performance driven by positive phase three clinical trial results for their kidney disease treatment, and AI-enabled drug discovery.

An overweight position in Comfort Systems USA, Inc. (FIX) contributed to performance. The stock rallied after the company reported stronger-than-expected 3Q25 revenue, driven by robust demand for data centers and AI-related infrastructure.

A non-benchmark position in Dollar Tree, Inc. (DLTR) contributed to performance driven by better-than-expected third-quarter earnings due to increased seasonal demand. The company's move to offer prices above \$1 boosted margins and profitability.

Outlook

The U.S. economy enters 2026 with a foundation of

resilience. We expect moderate growth supported by consumer spending and productivity gains, helped by lower rates. The Fed's recent rate cut reflects heightened concern over labor market softening and confidence that tariff-driven inflation pressures will fade.

While the outlook suggests a soft landing with moderate growth and gradual disinflation, caution is warranted as geopolitical risks and policy uncertainty persist. In addition, broadening of the narrow market leadership beyond mega-cap growth, underpinned by AI innovation and corporate investment should support market growth.

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The **Russell Midcap Growth Index** is an unmanaged index that measures the performance of those companies included in the Russell Midcap Index with relatively higher price-to-book ratios and higher forecasted growth values. Index returns do not reflect fees, brokerage commissions, taxes or other expenses of investing. **Investors cannot invest directly in an index.**

The principal risks are generally those attributable to stock investing. Holdings are subject to market, issuer and other risks, and their values may fluctuate. Market risk is the risk that securities may decline in value due to factors affecting the securities markets or particular industries. Issuer risk is the risk that the value of a security may decline for reasons specific to the issuer, such as changes in its financial condition. More particularly, growth-oriented stocks typically sell at higher valuations than other stocks. If a growth-oriented stock does not exhibit the level of growth expected, its price may drop sharply. Additionally, growth-oriented stocks have been more volatile than value-oriented stocks.

The Composite performance information represents the investment results of a group of fully discretionary accounts managed with the investment objective of outperforming the benchmark.

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