Voya MidCap Opportunities Strategy

> Investment Objective

Portfolio seeks long-term capital appreciation.

> Portfolio Management

Voya Investments, LLC, Investment Adviser

Voya Investment Management Co., LLC, Sub-Adviser

Jeff Bianchi, CFA
Portfolio Manager

Michael Pytosh
Portfolio Manager

Key Takeaways

- We believe unprecedented, post-financial crisis quantitative easing measures and massive inflows to passive investments are fueling a momentum rally that is disconnected from underlying equity fundamentals—we urge investors to be cautious in this environment, as previous momentum rallies have ended with sharp downside moves
- Our disciplined process for identifying stocks with strong fundamentals and attractive relative value seeks to avoid the momentum biases that are inherent in equity market indexes
- Our approach aims to provide consistency regardless of the markets' twists and turns
- For the quarter, the strategy underperformed its benchmark, the Russell Midcap Growth index[1]

Current Strategy and Outlook

We remain committed to our disciplined, bottom-up strategy focused on rigorous fundamental research. We believe our focus on identifying companies with strong and accelerating business momentum, increasing market acceptance and attractive valuations will deliver attractive relative returns over a full market cycle.

Portfolio Review

For the quarter ended September 30, 2018, the strategy underperformed its benchmark, the Russell Midcap Growth index, due to unfavorable stock selection. Stock selection within the information technology sector, and to a lesser extent, within the financial sector, detracted the most from performance. An allocation to cash, while within the typical range, was also a headwind during the period. By contrast, stock selection within the consumer discretionary and healthcare sectors contributed the greatest value.

Key detractors from the quarter were Advanced Micro Devices, Inc., Exelixis, Inc. and LogMeIn, Inc.

Not owning semiconductor company, Advanced Micro Devices (AMD), detracted from results during the period. Shares advanced throughout the quarter due to strong quarterly results and increased investor confidence in AMD's ability to execute against rival, Intel Corporation. Intel has experienced multiple setbacks to its technology and product innovation pipeline – encouraging AMD investors of the company's ability to capture meaningful market share.

An overweight position in biopharmaceutical company, Exelixis (EXEL), detracted value during the period. Sales of its drug, Cabometyx (Cabo) exceeded Wall Street's earnings expectations in the second quarter of 2018 with 16% sequential demand growth. Furthermore, EXEL management discussed higher utilization in renal cell cancer. Still, uncertainty about Cabo's future market share, as new drug competition is targeting this disease, led to EXEL's underperformance.

An overweight position in LogMeIn (LOGM), a software and services company that provides remote access, support and collaboration solutions between internet-enabled devices, detracted from results. Shares sold off in late July following a disappointing earnings report citing a second-quarter billings miss and lowered guidance. In particular, investor concerns were heightened after greater competition in the industry caused an increase of 3% churn in customers within LOGM's collaboration business.

Key contributors for the quarter were Fortinet, Inc., Twitter, Inc. and Exact Sciences Corporation.

An overweight position in network security solutions provider, Fortinet (FTNT), contributed to performance. The company continues to deliver strong earnings and revenue results due to favorable demand for its security products and services, as well as large deal activity. Additionally, Fortinet is expanding beyond its core firewall service, and into areas such as mobile, cloud technology and IoT (Internet of Things) applications.

Not owning benchmark stock, Twitter (TWTR), contributed to performance during the period. TWTR shares declined sharply in July due to mixed second-quarter 2018 earnings results and an unfavorable outlook. A noted deceleration in monthly active users (MAUs) piqued investor concerns that users and margins are weakening.

An overweight position in Exact Sciences Corp. (EXAS), a molecular diagnostics company focused on the early detection and prevention of colorectal cancer, generated strong results. Shares advanced following the announcement of a three-year co-promotion agreement with Pfizer Inc. on Cologuard, a multi-target stool DNA screening test for colorectal cancer. Given the size of Pfizer's primary care salesforce in the United States, we believe EXAS's Cologuard appears well positioned to deliver strong revenue growth and margin expansion.

Holdings Detail

Companies mentioned in this report – percentage of portfolio investments, as of 09/30/18: Advanced Micro Devices, Inc. 0.00%, Intel Corporation 0.00%, Exelixis, Inc. 0.00%, LogMeIn, Inc. 0.00%, Fortinet, Inc., 2.56%, Twitter, Inc. 0.00%, Exact Sciences Corporation 1.54%, Pfizer Inc. 0.00%; 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to change on a daily basis.

[1] Performance discussed in this commentary is intended to reflect the strategy and may not represent the net of fee results of all share classes.

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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. The Index does not reflect fees, brokerage commissions, taxes or other expenses of investing. **Investors cannot invest directly in an index.**

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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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