

Voya SmallCap Opportunities Strategy

Focusing on High-Quality Companies with Sustainable Growth Trends

Strategy Overview

The strategy seeks capital appreciation through actively managed investment in the stocks of smaller-sized U.S. companies that potentially may benefit from long-term growth trends

Expected Contribution to Returns

High **Security Selection** Purchase candidates are beneficiaries of an investment thesis; have accelerating sales, earnings and cash flow; and attractive valuations

Sell Discipline Stocks may be sold if valuations exceeds expectations, our thesis changes, or if industry or company fundamentals deteriorate

Low **Sector Allocation** Portfolios are diversified across sectors and kept within $\pm 5\%$ of each sector's index weight

Key Takeaways

- We continue to monitor changes occurring globally, actions at central banks and overall economic data
- Our portfolio positioning has not changed significantly
- For the quarter, strategy underperformed its benchmark, the Russell 2000 Growth index¹

Outlook and Current Strategy

We continue to monitor changes occurring globally, actions at central banks and overall economic data. Our portfolio positioning has not changed significantly. We seek to remain nimble and continue to focus on quality companies, such as those that, in our opinion, have strong managements, solid balance sheets and good cash flow generation capabilities. Going forward, we believe the portfolio is well positioned, as we think that investors will continue to focus on companies' fundamentals due to ongoing economic uncertainty.

Portfolio Review

For the quarter ended December 31, 2018, the strategy underperformed its benchmark, the Russell 2000 Growth index due to stock selection. Stock selection within the consumer services and retail sectors detracted the most from performance. In aggregate, an allocation to cash, while within the typical range, contributed the most to performance. Stock selection within the healthcare equipment and services and capital goods sectors also added value during the period.

Key detractors from performance were Carrizo Oil & Gas, Inc., CIRCOR International, Inc. and Teladoc Health, Inc. An overweight position in Carrizo Oil & Gas (CRZO), a company that engages in the exploration, development and production of natural gas, detracted value during the period. Despite the company's continued free cash flow generation and sustainable growth prospects, its stock price declined alongside oil prices, as volatility within the exploration and production (E&P) segment spiked.

Owning non-benchmark stock, CIRCOR International (CIR), detracted from results. Shares traded down in response to the recently contracted debt CIR used to fund its acquisition of Colfax Corporation's fluid handling business. While actively paying down the balance, concerns regarding CIR's heightened debt levels in a rising rate environment weighed on the stock. In addition, as many of CIR's products are sold into the oil and gas industry, a recent slowdown in E&P completion activity, particularly within the Permian Basin, called into question how such a slowdown would impact orders and the overall business.

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

You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options; or mutual funds offered through a retirement plan, carefully before investing. The prospectuses / prospectus summaries / information booklets contain this and other information, which can be obtained by contacting your local representative or by calling (800) 992-0180. Please read the information carefully before investing.

An overweight position in Teladoc Health (TDOC), a telehealthcare services company, detracted from performance over the period. After a successful analyst day presentation at the beginning of the quarter, the stock experienced a sharp sell-off due to allegations against the company's COO/CFO, Mark Hirschhorn, regarding workplace violations and insider trading. The investigation and subsequent resignation of Mr. Hirschhorn have weighed on the stock; however, backed by strong fundamentals and a favorable environment, we believe TDOC is well-positioned for significant growth going forward.

Key contributors to performance were Americold Realty Trust, AMN Healthcare Services, Inc. and EVO Payments, Inc. An overweight position in Americold Realty Trust (COLD), the world's largest owner and operator of temperature-controlled warehouses, contributed to performance during the period. While shares were impacted by the market sell-off, the stock rebounded due to well-received third quarter 2018 earnings results. The company's operational efficiencies and cost control measures gave investors greater confidence in COLD's ability to grow margins and boost occupancy gains into 2020.

An overweight position in AMN Healthcare Services (AMN), a healthcare workforce solutions and staffing services

company, added value. Despite a somewhat mixed third quarter 2018 earnings report, AMN shares advance due to higher volumes and positive hospital jobs outlook which boosted continued optimism within the healthcare staffing industry.

An overweight position in EVO Payments (EVOP), an integrated merchant acquirer and payment processor, contributed to performance during the period. The company's completed acquisition of leading POS payments platform, ClearONE, resulted in early stock gains. Furthermore, the company released strong third quarter results, supported by an increased 2018 guidance, and a new joint venture in Europe that would expand the company's international reach into Portugal.

Holdings Detail

Companies mentioned in this report – percentage of portfolio investments, as of 12/31/18: Carrizo Oil & Gas, Inc. 0.50%, CIRCOR International, Inc. 0.36%, Teladoc Health, Inc. 1.04%, Americold Realty Trust 0.98%, AMN Healthcare Services, Inc. 1.08%, EVO Payments, Inc. 0.96%.; 0.00% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to change on a daily basis.

The Russell 2000 Growth Index is an unmanaged index that measures the performance of securities of smaller U.S. companies with greater-than-average growth orientation. 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. In exchange for higher growth potential, investing in stocks of **Smaller Companies** may entail greater price volatility and less liquidity than investing in stocks of larger companies. Other risks of the Portfolio include but are not limited to: **Growth Investing Risks, Market Trends Risks, Other Investment Companies' Risks, Price Volatility Risks, Liquidity Risks, Portfolio Turnover Risks and Securities Lending Risks.** **Investors should consult the Portfolio's Prospectus and Statement 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 by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.**

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. Variable annuities and group annuities are long-term investments designed for retirement purposes. If

withdrawals are taken prior to age 59½, an IRS 10% premature distribution penalty tax may apply. Money taken from the annuity will be taxed as ordinary income in the year the money is distributed. An annuity does not provide any additional tax deferral benefit, as tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject. However, an annuity does provide other features and benefits, such as lifetime income payments and death benefits, which may be valuable to you.

Variable investments, of any kind, are not guaranteed and are subject to investment risk including the possible loss of principal. The investment return and principal value of the security will fluctuate so that when redeemed, it may be worth more or less than the original investment. In addition, there is no guarantee that any variable investment option will meet its stated objective. All guarantees are based on the financial strength and claims paying ability of the issuing insurance company, who is solely responsible for all obligations under its policies.

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The opinions, views and information expressed in this commentary regarding holdings are subject to change without notice. The information provided regarding holdings is not a recommendation to buy or sell any security. Portfolio holdings are fluid and are subject to daily change based on market conditions and other factors.

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