

Equal Positions in the 100 Largest S&P 500 Companies

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Strategy Overview

A rules-based strategy designed to exploit market inefficiencies in a disciplined systematic manner.

Key Takeaways

- For the quarter ended September 30, 2024, the Voya Corporate Leaders 100 Fund outperformed its benchmark, the S&P 500 Index (the Index) on a net asset value (NAV) basis.
- During the quarter, the Fund continued to follow its strict rules-based investment approach.
- At the beginning of the quarter, the Fund held equal-weighted positions in the stocks of the S&P 100 Index (implying that each holding represented about 1% of the portfolio).
- Over the course of the quarter, if the value of a security increased by more than 50%,* the position size was reduced to 1%, and if the value of a security decreased by more than 30%,* the position was eliminated.

Portfolio review

U.S. stocks advanced during the third quarter following the Fed implementing a larger-than-expected 50 basis points interest rate cut. The S&P 500 Index rose by 5.89% and the Nasdaq Composite grew by 2.57% during the quarter. The utilities and real estate sectors led, while information technology and communications services lagged. Small cap stocks outperformed large caps and value significantly beat growth.

U.S. bonds logged their first positive quarterly performance of 2024 in the past three months. The Bloomberg U.S. Aggregate Bond Index rose by 5.20%. The 10-year U.S. Treasury yield fell from 4.48% at the beginning of July to 3.81% by quarter end (declines in the 10-year yield generally signal investor pessimism).

An investor should consider the investment objectives, risks, charges and expenses of the Fund(s) carefully before investing. For a free copy of the Fund's prospectus or summary prospectus, which contains this and other information, visit us at www.voyainvestments.com or call (800) 992-0180. Please read all materials carefully before investing.

Over the reporting period, the combined stock selection and relative underweight in the information technology sector contributed the most. For stock selection only the health care, communication services, and consumer discretionary sectors contributed the most to performance. At the individual stock level, underweight positions in Microsoft Corp. and NVIDIA Corp. as well as not owning Alphabet Inc., Class A contributed to performance.

By contrast, stock selection in the industrials and financials sectors detracted the most however this was mitigated by a positive impact from relative overweight. Among the largest individual detractors for the period was the underweight in Apple Inc., and the overweight to Intel Corp. and Ford Motor Co.

As of the end of the reporting period, the Fund's largest sector overweight was to the consumer staples sector, while the largest sector underweight was information technology. Sector exposures are purely a function of the strategy's rules-based investment discipline and are not actively managed.

Current strategy and outlook

The stickiness of the “last mile” of inflation suggests the United States may be facing structural inflation pressures, driven by supply chain constraints and a tight labor market (despite disappointing job growth numbers, layoffs have not increased and unemployment remains at only 4.2%). Inflation that persists above 2% may prevent the Fed from cutting rates as aggressively as the market hopes. The anticipated rate cuts resemble past recession scenarios, but today's economic landscape differs significantly—the current economy does not seem to be on the brink of collapse. In fact, in Fed Chair Powell's words, “the U.S. economy is basically fine.” The temporary boost to the workforce from immigration and shift in consumer spending back to services have also helped dampen inflation, but these trends may not be sustainable.

This disconnect could lead to increased volatility, especially in the bond market, if the Fed's actual moves fall short of expectations. Investors should be prepared for potential sharp adjustments in pricing as the market navigates its perceptions this rate-cutting cycle.

Holdings detail

Companies mentioned in this report – percentage of Fund

investments, as of 09/30/24: Microsoft Corp. 0.87%, NVIDIA Corp. 0.89%, Alphabet Inc., Class A 0%, Apple Inc. 0.99%, Intel Corp. 0% and Ford Motor Co. 0.79%; 0% indicates that the security is no longer in the Fund. Portfolio holdings are subject to daily change.

*If a security is underperforming the S&P 500® Index and the S&P 500® Index is positive on an intra-quarter basis, the security will typically be sold when it declines by 30% or more, irrespective of the percentage difference versus the S&P 500® Index. If a security is underperforming the S&P 500® Index and the S&P 500® Index is negative on an intra-quarter basis, the security will typically be sold when it underperforms the S&P 500® Index by 30 percentage points or more. This change went into effect on 5/18/20.

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The **Standard and Poor's 500 Index** is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

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

All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investing. You could lose money on your investment and any of the following risks, among others, could affect investment performance. The following principal risks are presented in alphabetical order which does not imply order of importance or likelihood: Company; Convertible Securities; Credit; Derivative Instruments; Interest Rate; Investment Model; Market; Market Capitalization; Market Disruption and Geopolitical; Other Investment Companies; Preferred Stocks; Real Estate Companies and Real Estate Investment Trusts; Securities Lending. **Investors should consult the Fund's Prospectus and Statement of Additional Information for a more detailed discussion of the Fund's risks.**

The Fund discussed may be available to you as part of your employer sponsored retirement plan. There may be additional plan level fees resulting in personal performance to vary from stated performance. Please call your benefits office for more information.

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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. **Past Performance does not guarantee future results**

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