Commentary | 1Q25

Voya MidCap Opportunities Fund

Seeking a More Favorable Risk/Return Trade-off

Strategy overview

Actively managed mid-cap growth strategy that relies on fundamental research and analysis to identify companies exhibiting superior capital investment and core profitability with attractive risk-reward profiles.

Key takeaways

- Equities experienced a broad pullback, with large caps holding up better than small caps, while value stocks outpaced growth. Growth sectors saw notable declines, particularly in technology and retail, while defensive sectors and energy provided stability. Meanwhile, interest rates declined, credit spreads widened and commodities surged to record highs, with gold reaching unprecedented levels as investors sought safe-haven assets amid rising economic uncertainty and recession concerns.
- For the quarter ended March 31, 2025, the Fund underperformed its benchmark, the Russell Mid Cap Growth Index (the Index) on a net asset value (NAV) basis, primarily due to individual stock selection.
- As we move through the remainder of 2025, investors face a complex landscape shaped by geopolitical tensions, shifting trade policies and evolving monetary dynamics. Despite uncertainties, the broadening of market leadership beyond mega-cap stocks presents new opportunities across industries, particularly in defensive sectors. We aim to remain nimble in response to elevated inflation and interest rates, carefully monitoring strategies to align with changing market dynamics.

Portfolio review

In the first quarter of 2025, U.S. equities faced a significant downturn, with the S&P 500 Index falling by –4.27% and the Nasdaq Composite Index declining by –10.42%. This marked the worst performance for the S&P 500 since 3Q22 and for the Nasdaq since 2Q22. The market's decline was driven by a combination of economic growth fears, tariff uncertainties and emerging cracks in the artificial intelligence sector. Big technology, represented by the Magnificent Seven stocks, fell into bear-market territory, down 16% for the quarter. Despite these challenges, several key economic indicators remained strong. These included strong nonfarm payrolls, a lower-than-expected core Consumer Price Index (CPI), and better than expected control group retail sales, industrial production and existing home sales.

You should consider the investment objectives, risks, 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 regarding the variable product, its underlying fund options or mutual funds offered through a retirement plan and can be obtained by contacting your local representative or by calling (800) 386-3799. Please read the information carefully before investing.

VOYA® INVESTMENT MANAGEMENT

Notably, sector performance was mixed, with defensive sectors like energy and healthcare outperforming the broader market. These sectors benefited from their historical resilience in uncertain economic conditions, providing a buffer against the market's overall volatility. In contrast, the cyclical and technology sectors lagged, reflecting investor concerns over economic growth and the impact of tariff uncertainties. The market's negative sentiment was further worsened by weaker economic data and earnings changes. However, the economy received some support from the Federal Open Market Committee as Chair Powell emphasized that tariffs would only affect inflation temporarily.

For the quarter, the Fund underperformed the Index on a NAV basis due largely to selection effects. At a sector level, stock selection in real estate, consumer staples and financials contributed the most to performance. Alternatively poor stock selection in industrials, communication services and information technology detracted from performance.

The largest detractors this quarter are Trade Desk, Inc., Astera Labs, Inc. and Parsons Corp.

An overweight position in the Trade Desk, Inc. (TTD) negatively impacted results following its 4Q24 earnings report in early February. Despite strong advertisement revenue growth, investor concerns over the near-term e-commerce trajectory weighed on the stock. While long-term prospects remain favorable, limited immediate contribution from e-commerce and uncertainty surrounding the divestiture of its gaming business added pressure to its performance.

An overweight in Astera Labs, Inc. (ALAB) detracted from performance this quarter. Early in the quarter, the stock declined following the Deepseek announcement, a new Chinese open artificial intelligence (AI) rival. More recently, broad market concerns over tariffs, which have largely affected technology stocks, also detracted from performance.

Owning a non-benchmark position in Parsons Corp. (PSN) detracted from performance this quarter, as the stock declined following a weak 4Q24 earnings report. The company reported lower-than-expected revenue and earnings per share (EPS), along with weaker guidance for the upcoming year and faced additional pressure alongside defense industry peers due to recent Department of Government Efficiency (DOGE) budget cuts.

The top contributors this quarter are Inari Medical, Inc., Tradeweb Markets, Inc. Class A and Welltower Inc.

Owning a non-benchmark position in Inari Medical, Inc. (NARI), which was acquired by Styker at a premium intra-quarter, contributed to performance.

The overweight to Tradeweb Markets, Inc. (TW) contributed to performance. TW saw strong earnings in 2024 boosted by share gains across key products and a more favorable macro environment. Furthermore, the company's expanding influence in the digital space is expected to drive further growth.

Owning a non-benchmark position in Welltower Inc. (WELL) contributed to performance. Fourth-quarter results were strong, driven by notable organic growth and higher senior housing occupancy.

Current strategy and outlook

The outlook for U.S. equities in the coming period remains cautious amid a mix of economic and market factors. While the labor market remains strong and inflation pressures have eased, broader economic uncertainty and tariff uncertainties continue to pose significant risks. Policymakers will need to handle these challenges carefully to make sure the economy keeps growing and staying stable.

Holdings detail

Companies mentioned in this report–percentage of portfolio investments, as of 03/31/25: Trade Desk, Inc. 1.37%, Astera Labs, Inc. 0.45%, Parsons Corp. 0.00%, Inari Medical, Inc. 0.00%, Tradeweb Markets, Inc. 3.29% and Welltower Inc. 1.99%; 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to daily change.

Read our Fund Fact Sheet

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.**

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 alphabetic al order which does not imply order of importance or likelihood: Company; Currency; Derivative Instruments; Environmental, Social, and Governance (Equity); Foreign (Non-U.S.) Investments; Growth Investing; Investment Model; Liquidity; Market; Market Disruption and Geopolitical; Mid-Capitalization Company; Other Investment Companies; Real Estate Companies and Real Estate Investment Trusts; Securities Lending; Value Investing. **Investors should consult the Fund's Prospectus and Statement of Additional Information for a more detailed discussion of the Fund's risks.**

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. 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. Insurance products, annuities and funding agreements issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), One Orange Way, Windsor, CT 06095, which is solely responsible for meeting its obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services, LLC ("VIPS"). Securities distributed by or offered through Voya Financial Partners, LLC ("VFP") (member SIPC) or other broker-dealers with which it has a selling agreement. Only Voya Retirement Insurance and Annuity Company is admitted and can issue products in the state of New York.

This commentary has been prepared by Voya Investment Management for informational purposes. Nothing contained herein should be construed as (i) an offer to sell or solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. Any opinions expressed herein reflect our judgment and are subject to change. Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (1) general economic conditions, (2) performance of financial markets, (3) interest rate levels, (4) increasing levels of loan defaults (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities.

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**

©2025 Voya Investments Distributor, LLC • 200 Park Ave, New York, NY 10166 • All rights reserved.

Not FDIC Insured | May Lose Value | No Bank Guarantee | Not a Deposit
033125 • ex033126 • IM4421841

INVESTMENT MANAGEMENT