Portfolio Manager Quarterly Commentary | June 30, 2017

Voya GNMA Income Fund

> Investment Objective

The Fund seeks a high level of current income, consistent with liquidity and safety of principal.

> Main Investments

Government National Mortgage Association (GNMA) mortgage-backed securities, also known as GNMA Certificates.

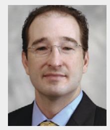
> Portfolio Management

Voya Investments, LLC, Investment Adviser

Voya Investment Management Co., LLC, Investment Sub-Adviser

Jeff Dutra, CFA
Portfolio Manager

Peter Guan, Ph.D.
Portfolio Manager



Justin McWhorter, CFA, CPA
Portfolio Manager

Key Takeaways

- For the quarter, the Voya GNMA Income Fund outperformed its benchmark, the Barclays Capital U.S. MBS Index GNMA component
- Outperformance was mainly due to off-benchmark positions in collateralized mortgage obligation (CMOs)
- Agency mortgage backed security (MBS) excess returns were mixed as the Fed turned more hawkish on rates and balance sheet reduction

Market Review

In mid-June the Fed increased the benchmark fed funds rate for the fourth time in 18 months. Intermediate-term U.S. Treasury yields rallied for most of the quarter but rebounded in late June to finish largely unchanged. Short-term rates increased by more than 0.20%, but 30-year Treasury bond yields fell by 0.18% as the curve flattened.

Market reaction to slightly weaker economic data pushed long-term rates lower and caused the rate curve to flatten throughout the quarter. Furthermore, clear guidance from the Fed has kept rate volatility at historical lows allowing most fixed-income risk sectors to outperform rates.

Many market participants predicted 2017 would experience stronger economic growth leading to higher rates and wider spreads. Thus far, neither has occurred. Performance has been strongest in credit sectors, followed by securitized products, with agency MBS lagging. Moving forward, it will most likely require a reversal of oil prices and inflation expectations to see a material move higher in rates or spreads.

The relative weakness of MBS is a direct result of the Fed's balance sheet reduction plans, which is the primary factor impacting agency MBS in 2017. Additionally, the upcoming end of extraordinary accommodative monetary policy will likely lead to modestly wider swap spreads, MBS spreads, and other risk sectors depending on overall global economic performance. However, investor appetite for excess "carry" over historically low Treasury rates could make it difficult for risk assets to meaningfully underperform rate hedges.

Portfolio Review

The Fund outperformed the GNMA component of the Barclay's Capital U.S. MBS Index during the quarter. Fund outperformance was derived mainly from off-benchmark positions. In particular, our collateralized mortgage obligation (CMO) holdings outperformed generic index positions over the quarter due to spread tightening. Interest rate exposure was positioned modestly short relative to the benchmark which detracted from performance during the quarter.

Current Outlook and Strategy

Fixed-income markets have been remarkably stable for much of 2017 with long rates modestly lower and record low volatility. This has led to excess performance for most risk sectors except agency MBS. The dominant factor impacting agency MBS is the Fed "tapering" outlook as many investors sought risk outside of MBS. Positioning going forward may continue to favor credit sectors in the near term. However, we expect the risk-adjusted relative value opportunity of MBS to become attractive near year-end after the Fed's balance sheet unwind has commenced.

With this in mind, we continue to manage the Fund seeking high current income investments while also taking advantage of tactical opportunities in the marketplace, as MBS spreads appear fundamentally cheap. The focus remains on specified Ginnie Mae pools and CMOs, which in our view provide attractive current income while minimizing prepayment risks.

Voya GNMA Income Fund

The **Bloomberg Barclays Mortgage Backed Securities Index** is an unmanaged index composed of fixed-income security mortgage pools sponsored by GNMA, FNMA and FHLMC, including GNMA Graduated Payment Mortgages. The Index does not reflect fees, brokerage commissions, taxes or other expenses of investing. **Investors cannot invest directly in an index.**

SEC fund returns assume the reinvestment of dividends and capital gain distributions and include a sales charge. Net Asset Value fund returns assume the reinvestment of dividends and capital gain distributions. Total return for less than one year is not annualized. Results would have been less favorable if the sales charge were included.

The **Bloomberg Barclays U.S. Aggregate Bond Index** is an unmanaged index composed of securities from the Bloomberg Barclays Capital/Government/ Corporate Bond Index, Mortgage-Backed Securities Index, and the Asset-Backed Securities Index including securities that are of investment grade quality or better and have at least one year to maturity. 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. As **Interest Rates** rise, bond prices fall, reducing the value of the Fund's share price. To the extent that the Fund invests in **Asset-Backed, Mortgage-Backed or Mortgage-Related Securities**, its exposure to prepayment and extension risks may be greater than investments in other fixed-income securities. While the Fund invests in securities guaranteed by the U.S. Government as to timely payments of interest and principal, the Fund shares are **Not Insured or Guaranteed**. Other risks of the Fund include but are not limited to: **Credit Risks, Extension Risks, Other Investment Companies' Risks, Prepayment Risks, U.S. Government Securities and Obligations Risks and Securities Lending Risks. Investors should consult the Fund's Prospectus and Statement of Additional Information for a more detailed discussion of the Fund's risks. An investment in the Fund is not a bank deposit and is not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.**

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

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. **Past performance is no guarantee of future results.**

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.

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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