Portfolio Manager Quarterly Commentary | June 30, 2017

Voya Global Target Payment Fund

> Investment Objectives

The Fund seeks to meet the managed payment policy of the Fund, while seeking to preserve investors' capital over the long term. The Fund's secondary objective is to seek the potential for long-term capital appreciation.

> Portfolio Management

Voya Investments, LLC, Investment Adviser

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

Paul Zemsky, CFA
Portfolio Manager

Jody Hrazanek
Portfolio Manager

Key Takeaways

- For the quarter, the Fund underperformed the S&P Target Risk Growth Index and essentially matched the performance of its Strategic Composite Benchmark.
- The Fund achieved its primary investment objective: to meet its Managed Payment Policy by delivering level monthly payments.
- Tactical asset allocation was a marginal detractor from performance over the period.
- Manager selection was a tailwind over the quarter.

Market Review

The global equity markets were led by the United States at +0.6% and emerging markets at +1.0% during the month of June. Small and mid-cap equities outperformed large cap equities in the U.S., while value equities outperformed growth for the first time since December of last year, due to the technology sector sell-off. Developed markets excluding the U.S. were mixed, with Europe and the UK lower and Japan +1.0%. High yield credit outpaced U.S. Treasurys slightly, as credit spreads were virtually unchanged while 10-year Treasury yields rose for the month.

Domestic economic releases for June continued their goldilocks, not too hot not too cold, trend. Strong U.S. employment and payroll numbers imply a labor market that is tightening, but the transmission to faster wage growth has been elusive. Most measures of wage pressures are hovering around 2.2%. That is good for corporate profits as salaries are a big part of operating expenses, however, lack of wage pressures cannot persist indefinitely and will eventually bubble up.

The FOMC, as expected, raised interest rates 0.25% at the June meeting and reaffirmed its commitment to gradually hiking rates as the labor market strengthens, while also conveying that the balance sheet reduction process could commence by year-end. The minutes for the June FOMC meeting revealed that participants are still divided as to when to start the unwinding. Internationally, comments out of the Bank of England and European Central Bank pointed toward the possibility of removing various forms of monetary stimulus, and signal an important inflection point, with three of four major central banks on their way to removing accommodation. Sovereign yields jumped, with 10-Year U.S. Treasury yields moving back toward 2.35% and German 10-year Bund yields trading over 0.50% for the first time in 18 months.

Holdings Detail

Portfolio Allocations as of June 30, 2017

Asset Class	Weight (%)
U.S. Large Cap	21.0
U.S. Mid Cap	4.0
U.S. Small Cap	4.0
International Developed	23.0
Emerging Markets	5.0
Global Real Estate	4.0
Equity Sub-total	**61.0**
Core Fixed Income	21.1
Global Bond	2.0
U.S. High Yield	8.0
Senior Loans	7.5
Fixed Income Sub-total	**38.6**
Cash	0.4
Total	**100.0**

Portfolio holdings are subject to change daily.

Portfolio Review

The Fund achieved its primary investment objective: to meet its Managed Payment Policy by delivering level monthly payments. In addition, the Fund attempts to outperform its Strategic Composite Benchmark through tactical asset allocation (i.e., deviating from the Composite Benchmark over the short and medium term).

Tactical Asset Allocation marginally detracted from performance over the quarter. An overweight to European equities was the biggest detractor during the period. A speech by ECB President Mario Draghi toward the end of June, which market participants interpreted as hawkish, caused European government bond yields and the Euro to rise, and European stocks to decline sharply. Since then, the ECB clarified their policy stance as still accommodative and flexible, helping stocks recover lost ground. We continue to believe easy financial conditions, an improvement in free cash flow growth, and a robust recovery in earnings will help drive European stocks higher. A tactical overweight to U.S. Large Cap Growth vs. Value initiated at the beginning of June was also a headwind, as the expectation of higher U.S. short-term interest rates weighed on growth stocks. An underweight to core fixed income was the biggest driver of positive excess returns. Equity remains relatively attractive compared to fixed income as global growth is becoming more synchronized, corporate earnings are trending higher, and relative valuations support the portfolio's overweight equity position.

The Fund also attempts to outperform its strategic allocation benchmark through the selection of managers to run the underlying funds, which represent the various asset classes within the Composite. The manager selection effect was a tailwind during the quarter. The funds with the largest outperformance relative to their respective asset class benchmarks were Voya Multi-Manager Emerging Markets Fund, Voya Multi-Manager International Equity Fund and Voya Global Bond Fund. The largest underperformers were Voya Small Company Fund, Voya Mid Cap Opportunities, and Voya Multi-Manager Mid Cap Value Fund.

The Fund generates premiums and seeks gains by writing (selling) call options tied to various equity indices and Index ETFs, including the S&P 500® Index, S&P 400® Index and MSCI EAFE® Index. The options overlay was a drag on performance over the period, as global equities continued to their advance in Q2. On March 28th, the call option overwrite coverage was reduced to 20% from 25%. The coverage amount was reset back to the default level of 20% because of the investment team's lower conviction on their volatility forecast and the path of future returns. The decision to reduce the option coverage helped performance during the period.

Outlook and Current Strategy

The big question that has been on market participants' minds has been where is the U.S. in the business and economic cycle. It matters greatly for positioning, especially among asset allocators who have to make the equity to fixed income investment decision. In our mind, the U.S. is squarely late cycle with the Federal Reserve tightening monetary policy and unemployment rates falling to new lows. The rest of the world is still further behind the U.S. with more slack still to be absorbed, but central banks are just starting to talk about adjusting monetary policy to match the underlying economic strength. To be sure, late cycle is not necessarily bad for equities, especially when monetary policy is being renormalized from an extremely accommodative stance.

What gives us confidence that late cycle will not turn into a recession in short order? Data we look at closely to help make that determination are corporate earnings, financial conditions and benign inflation. All are at center of this investment view, let's take each in turn.

It is now just a bit over a year, 1Q16 to be exact, since the earnings recession ended. We are expecting full year earnings growth of 9% and sales growth of 5%. Our Voya earnings lead indicator gives us mid-single digit earnings growth over the course of the next year. Financial conditions (Figure 2) are a weighted average of policy rate, long-term bond yields, credit spreads, equity price variable and trade-weighted exchange rates. Four out of five of these components are easier on a year-on-year basis in the U.S., which underpins our view that the Federal Reserve is indeed tightening into an economic growth scenario, not into a slowing scenario. Lastly, we focus on inflation. After three consecutive declining inflation readings from February through May, we have enough data to extrapolate that inflation is likely to be relatively benign for at least for the next three quarters, at least until some of these transitory price declines in wireless plans and other factors roll out of the calculation. We can see this in the breakeven inflation rates (Figure 2), which stopped falling in June. In our opinion, benign inflation coupled with relatively subdued wages helps corporate profit margins and works to elongate the cycle. We are watching these factors closely, as it may just be we are in the early innings of the late cycle.

Voya Global Target Payment Fund

The **S&P Target Risk Growth Index** is comprised of nine multi-asset class indexes, each corresponding to a particular risk level. The nine multi-asset classes include U.S. large-cap equities, U.S. mid-cap equities, U.S. small-cap equities, international equities, emerging markets, U.S. real estate investment trusts (REITs), core fixed income, short-term U.S. Treasury securities and Treasury inflation-protected securities (TIPS). Each index is designed to provide varying levels of exposure to equities and fixed income. **Investors cannot invest directly in an index.**

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.**

The **Standard & Poor's 500 Index** is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average computed from the stock prices of 30 of the largest and most widely held public companies in the United States, adjusted to reflect stock splits and stock dividends.

Risks specific to Managed Payment: The Fund is expected to make monthly payments under its Managed Payment Policy regardless of the Fund's investment performance. Because these payments will be made from Fund assets, the Fund's monthly payments may reduce the amount of assets available for investment by the Fund. It is possible for the Fund to suffer substantial investment losses and simultaneously experience additional asset reductions as a result of its payments to shareholders under the Managed Payment Policy. The Fund may, under its Managed Payment Policy, return capital to shareholders which will decrease their costs basis in the Fund and will affect the amount of any capital gain or loss that shareholders realize when selling or exchanging their Fund shares.

Principal Risks: All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield. Investing in stocks of **Small- and Mid-Sized Companies** may entail greater volatility and less liquidity than larger companies. **Foreign Investing** poses special risks including currency fluctuation, economic and political risks not found in investments that are solely domestic. **Emerging Markets** securities may be especially volatile. **Convertible Securities** with longer maturities tend to be more sensitive to changes in interest rates, usually making them more volatile than convertible securities with shorter maturities. Prices of **Value-Oriented Securities** tend to correlate more closely with economic cycles than growth-oriented securities, and generally are more sensitive to changing economic conditions. The Fund may use **Derivatives**, such as options and futures, which can be illiquid, may disproportionately increase losses and have a potentially large impact on Fund performance. Other risks of the Fund include but are not limited to: **Market Trends Risks, Other Investment Companies' Risks, Price Volatility Risks, Inability to Sell Securities 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.

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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.

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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