

Voya Large Cap Growth Strategy

> Investment Objective

The Portfolio seeks long-term capital growth through active portfolio management. The strategy seeks to identify companies with strong business momentum, increasing market acceptance and attractive valuations.

> Expected Contribution to Returns

High



Security Selection — In-depth fundamental research identifies attractive stocks using a proprietary quantitative scoring system



Sell Discipline — Continuously review fundamentals and relative positions of securities



Sector Allocation — Sector weighting decisions directly result from bottom-up investment process

Low

Key Takeaways

- The Voya Large Cap Growth strategy underperformed its benchmark, Russell 1000 Growth index, for the quarter
- Underperformance was due in equal parts to security selection and sector allocation
- Stock selection within the consumer discretionary and consumer staples sectors detracted the most from performance
- Selection among the industrial and financial sectors contributed the most to results

Portfolio Review

Key Detractors

- ◆ **O'Reilly Automotive** — An overweight position in O'Reilly Automotive, Inc. generated unfavorable results related headwinds and a tax refund delay. The company's underperformance was further exacerbated by Amazon's increased focus on the space which the market fears could result in greater price competition and margin pressure.
- ◆ **Foot Locker, Inc.** — Our overweight in specialty retailer, Foot Locker, Inc., detracted results. Despite reporting better than expected comparable store sales in March and April, the company lowered Q2 sales and earnings growth guidance due to a shift in the athletic cycle. Investors are skeptical that growth will re-accelerate in the second half of the year.
- ◆ **Dollar Tree, Inc.** — Our overweight position in Dollar Tree, Inc., detracted from results during the period. Despite reporting strong sales growth slightly above consensus and improved trends post-tax refunds, shares sharply declined with the category upon the Amazon.com - Whole Foods Market acquisition announcement.

Main Contributors

- ◆ **Delta Air Lines, Inc.** — Our overweight position in Delta Air Lines, Inc. contributed to performance during the period. The stock outperformed following positive Q1 results as industry capacity has remained fairly disciplined, passenger revenue per available seat mile (PRASM) has continued to improve and is tracking at the upper end of management's guidance and year-over-year margin improvement came a quarter ahead of expectations, even given fuel and new labor agreement headwinds.
- ◆ **Walt Disney Company** — Within the consumer services sector, not owning Walt Disney Company helped relative results. The stock was negatively impacted by weak 1Q results. Accelerating subscriber declines at ESPN and decelerating advertising growth reignited concerns over the impact of online competition on the cable industry.
- ◆ **Transdigm Group Inc.** — Our overweight position in Transdigm Group Inc. generated positive results. Transdigm designs and supplies engineered aerospace components, systems and subsystems. In addition to reported improvement in flight hour growth and expected strong order demand, company shares benefited from investors becoming more comfortable with the company's pricing practices in its defense aftermarket business. In prior months, two reports attacked the pricing practices of Transdigm, causing it to underperform. More recently, conference calls with former defense department officials, as well as independent research reports, have given investors more confidence to buy shares.

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Voya Large Cap Growth Strategy

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.

Holdings Detail

Companies mentioned in this report – percentage of portfolio investments, as of 6/30/17: Delta Air Lines, Inc., 1.97%; Dollar Tree, Inc., 1.39%; Foot Locker, Inc., 0.00%; O'Reilly Automotive, Inc., 1.61%; Transdigm Group Inc., 0.91%; Walt Disney Company, 0.00%; 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to change on a daily basis.

The **Russell 1000 Growth Index** is an unmanaged index that measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted directly in an index. 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.

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. **Growth Investing** Prices of growth stocks typically reflect high expectations for future company growth, and may fall quickly and significantly if investors suspect that actual growth may be less than expected. Growth companies typically lack any dividends that might cushion price declines. Growth stocks tend to be more volatile than value stocks, and may underperform the market as a whole over any given time period. **Derivative Instruments** Derivative instruments are subject to a number of risks, including the risk of changes in the market price of the underlying securities, credit risk with respect to the counterparty, risk of loss due to changes in interest rates and liquidity risk. The use of certain derivatives may also have a leveraging effect which may increase the volatility of the Portfolio and reduce its returns. Other risks of the Portfolio include, but are not limited to: **Liquidity, Company, Currency, Foreign Investments, Market, Other Investment Companies and Securities Lending.** **Investors should consider the Portfolio's prospectus and statements 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 or guaranteed by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.**

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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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) 386-3799. Please read the information 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.

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