

Voya Target Solution Trust Series

These portfolios are only offered as an investment option within variable products and retirement programs.

Market Review and Economic Outlook

Global economic expansion gained strength during the second quarter amongst an array of elevated political risks that continue to arise in the wake of Brexit. The global growth impulse recently shifted to be more international than U.S.-based, with Europe and the emerging markets seeming to be the most potent growth drivers. As expected, the Federal Reserve (Fed) hiked short-term interest rates 25 basis points in June.

As Fed policy has shifted toward normalizing, the European Central Bank (ECB) has moved front and center; and is now driving an accommodative global monetary system, as seen by the negative rate on the German two-year note. The ECB will stop expanding its balance sheet later this year, but will be patient to raise rates with no pressure from inflation.

Domestically, data continues to support economic growth, however not as robustly as readings late last year, especially in hard economic data such as retail sales and inflation. The optimism that drove the so-called “Trump trade” in the first half of 2017 has all but evaporated. The market is questioning the possibility of a tax deal, but policy analysts still expect some fiscal stimulus, which they believe would add 0.3–0.5 percentage points to GDP in 2018. Even the Fed’s June hike of short term rates has not been able to convince long rate investors that the economy is in danger of running too hot.

We believe rates will likely go higher, however the low growth U.S. GDP scenario needs to be liberated with a revolution of fiscal policy change since monetary policy has seemingly run its course. In our view, all of these factors add up to financial markets that are well supported, but not fully positioned. Bond strategies have still accumulated more flows than equity strategies this year, which is surprising. It also means that low volatility may persist far longer than expected. Short of an exogenous shock such as geopolitics, equities have a lot of strength to hold onto their gains and bond markets face marginally higher yields, which could be later this year as U.S. fiscal policy gains clarity. What’s more, the Q2 broad based swath of good performance reinforces the case for global diversification as a means of building wealth while mitigating risk.

Asset Allocation

The Trusts started the quarter favoring equities over fixed income, with overweight positions in domestic large blend, international developed and emerging market equities, funded by underweights in core U.S. fixed income, high yield and short duration bonds.

At the close of April, we made adjustments to our strategic asset allocation targets to reflect our revised long-term capital market expectations for a range of asset classes. This resulted in modest changes in our sub-asset allocations. The most notable changes included modest increases to international developed and emerging market equities, a shift from growth to value within U.S. large cap, and reduced exposure to global bonds in favor of core U.S. fixed income. In addition, long government bonds were removed as a strategic asset class but the Trusts maintain a small tactical allocation to them for duration management. Finally, to maintain equity weights through the annual glide down process, a tactical overweight to equities was enacted for the 2035-2020 Trusts.

In June, the Trusts tactically rotated the U.S. equity portion towards growth to offset the value bias in its strategic allocation. The Federal Reserve’s firm resolve for gradual interest-rate increases, two straight disappointing inflation readings and continual problems besetting the Trump Administration’s agenda has turned to favor a growth-tilted market.

Overall, tactical moves during the quarter had a mixed impact on performance, positive for near-dated Trusts and negative for far-dated Trusts.

Performance Review

Underlying manager performance had a positive impact on performance for the quarter.

Top performers relative to their respective benchmark in the quarter included Brandywine Global Fixed Income, AQR Emerging Market Equities and MFS International Growth. Bottom performers relative to their respective benchmark in the quarter included Voya Small Cap Core, Voya Large Cap Growth and Voya Mid Cap Growth.

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INVESTMENT MANAGEMENT

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Voya Target Solution Trust Allocations (%) as of June 30, 2017

	2060 Trust	2055 Trust	2050 Trust	2045 Trust	2040 Trust	2035 Trust	2030 Trust	2025 Trust	2020 Trust	Income Trust
Equity										
US Large Blend										
Blackrock Equity Index Non-Lendable Fund F	18.00	18.00	19.00	20.00	21.50	23.00	23.00	21.00	17.50	11.00
S+P500 EMINI FUT SEP17	-	-	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
US Large Growth										
MFS Heritage Growth Equity Fd Cl 1	6.00	6.00	6.00	6.00	5.00	4.00	3.00	2.00	1.50	-
Voya Large Cap Growth Trust Fund	7.00	7.00	7.00	7.00	7.00	6.50	6.00	5.75	5.00	5.50
US Large Value										
Blackrock Russell 1000 Value Non-Lendable Fund F	7.00	7.00	7.00	6.50	5.50	4.00	2.00	0.75	-	-
Voya Large Cap Value Trust Fund	6.00	6.00	6.00	6.00	6.00	6.00	6.50	6.50	6.00	4.00
US Mid Cap Blend										
Voya Mid Cap Growth Trust Fund	5.50	5.50	5.50	5.00	4.00	3.50	2.50	2.25	1.50	1.50
Wellington Mid Cap Value CIT	5.50	5.50	5.50	5.00	4.00	3.50	2.50	2.25	1.50	1.50
US Small Cap										
Voya Small Cap Core Trust Fund	5.00	5.00	5.00	5.00	5.00	4.00	4.00	3.00	3.00	-
International										
BlackRock MSCI EAFE Equity Index Non-Lendable Fund F	6.50	6.50	6.50	6.00	5.00	5.00	4.00	4.00	3.00	2.00
EURO STOXX 50 SEP17	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Lazard - Lazard/Wilmington Intl Equity Port Class 6	6.00	6.00	6.00	6.50	7.00	6.50	6.50	5.50	4.50	3.00
MFS International Growth Fund	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Wellington Trust Intl Opportunities Fund	8.50	8.50	8.50	7.50	7.00	6.50	6.50	4.50	3.50	2.00
WisdomTree Europe Hedged Equity ETF	1.00	1.00	-	-	-	-	-	-	-	-
Emerging Markets										
AQR Emerging Equities Fund	5.00	5.00	5.00	4.50	4.00	3.50	2.50	1.50	-	-
Blackrock Emerging Markets Index Non-Lendable Fund F	-	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
iShares MSCI Emerging Markets ETF	1.00	1.00	-	-	-	-	-	-	-	-
JPMorgan Emerging Markets Equity	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.00
US Real Estate										
CBRE Clarion Real Estate Trust Fund	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00
Global Real Estate										
CBRE Clarion Global Real Estate Trust Fund	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00
Commodities										
Credit Suisse Enhanced Commodity Return Trust	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Fixed Income/Cash										
Core Fixed Income										
Blackrock US Debt Index Non Lendable	-	-	-	-	-	-	-	-	3.00	10.50
Goldman Sachs Collective Trust Core Plus Fixed Income	-	-	-	-	-	2.50	5.75	10.00	10.00	11.00
Voya Core Plus Trust Fund	4.00	4.00	4.00	4.25	5.00	5.50	9.25	9.75	10.75	14.50
High Yield										
JPMorgan High Yield	-	-	-	-	2.00	2.00	2.00	2.00	2.00	2.00
Senior Debt										
Powershares Senior Loan ETF	-	-	-	0.75	1.00	1.00	1.00	1.00	1.00	1.00
Voya Senior Loan Trust Fund	-	-	-	1.00	2.00	4.00	4.00	4.00	4.00	4.00
International Bonds										
Brandywine Global Investment Grade Fixed Income	-	-	-	-	-	-	-	3.00	3.00	3.00
TIPS										
Blackrock US Treasury Inflation Protection	-	-	-	-	-	-	-	-	5.00	7.00
Short Duration										
Voya Core Short Duration High Quality Trust Fund	-	-	-	-	-	-	-	3.25	7.25	10.00
Long Govt Bonds										
iShares TR 20+ Year Treasury Bond ETF	-	-	-	-	-	-	1.00	1.00	-	-
Totals	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.0	100.00	100.00

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Principal Risks: There is no guarantee that any investment option will achieve its stated objective. Principal value fluctuates and there is no guarantee of value at any time, including the target date. The target date is the approximate date when investors plan to start withdrawing their money. When their target date is achieved they may have more or less than the original amount invested. For each target-date portfolio, until the day prior to its target date, the Trust will seek to provide total return consistent with an asset allocation targeted at retirement in approximately each Trust's designated target year. On the target date, the Trust's investment objective will be to seek to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement.

Stocks are more volatile than bonds, and trusts with a higher concentration of stocks are more likely to experience greater fluctuations in value than portfolios with a higher concentration in bonds. Foreign stocks and small and midcap stocks may be more volatile than large cap stocks. Investing in bonds also entails credit risk and interest rate risk. Generally, investors with longer timeframes can consider assuming more risk in their investment portfolios. The Voya Target Solution Trusts are actively managed and the asset allocation adjusted over time. The trusts may merge with or change to other trusts over time. Refer to the prospectus for more information about the specific risks of investing in the various assets classes included in the Voya Target Solution Trusts.

As with any portfolio, you could lose money on your investment in the Voya Target Solution Trust. Although asset allocation seeks to optimize returns given various levels of risk tolerance, you still may lose money and experience volatility. Market and asset class performance may differ in the future from historical performance and the assumptions used to form the asset allocations for the Voya Target Solution Trust. There is risk that you could achieve better returns in an underlying portfolio or other portfolios representing a single asset class than in the Voya Target Solution Trust.

Important factors to consider when planning for retirement include your expected expenses, sources of income and available assets. Before investing in the Voya Target Solution Trust, weigh your objectives, time horizon and risk tolerance. The Voya Target Solutions Trust invests in many underlying portfolios, which are exposed to the risks of different areas of the market. The higher a portfolio's allocation to stocks the greater the portfolio's overall risk. Diversification cannot assure a profit or protect against loss in a declining market.

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.

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.

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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