

Voya Real Estate

> Investment Objective

The Voya Real Estate strategy seeks to provide investors total return (dividends plus capital appreciation) by investing in a portfolio of equity securities of companies primarily engaged in the business of owning, operating, managing, developing, acquiring and selling commercial real estate properties.

> Portfolio Management

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Key Takeaways

- For the quarter, the strategy underperformed its benchmark, the MSCI U.S. REIT Index.
- Real estate stocks moved modestly higher during the quarter, up +1.7%, and are positive year-to-date, up +2.7%.
- We believe real estate stocks remain attractively priced, trading at a modest discount to our estimate of the inherent value of the underlying real estate held by these companies.

Market Review

Real estate stocks were modestly positive for the quarter, delivering a total return of +1.7% despite woes in the retail and net lease sectors, which weighed on overall total return earlier in the quarter. Mall stocks in particular rebounded in June but were negative for the quarter, as were shopping centers. A number of the other U.S. property sectors outperformed for the quarter, including technology, industrial, residential and healthcare. By the end of June, interest rates were moving steadily higher but still finished lower than three months prior. The yield on the U.S. 10-year Treasury finished June at 2.30% versus 2.39% at March 31.

Portfolio Review

The strategy produced positive results but underperformed the benchmark during the quarter. An overweight to the underperforming mall sector and an underweight to the outperforming healthcare sector were a drag on relative performance during the period. Stock selection was essentially flat for the quarter as the value added by strong stock selection in the mall and net lease sectors was offset by sub-par selection in the shopping center and residential sectors. Asset allocation was positive, primarily the result of underweights to the underperforming net lease and shopping center sectors, as well as from an overweight to the outperforming industrial, residential and technology/data center sectors.

Outlook and Current Strategy

The strategy produced positive results but underperformed the benchmark during the quarter. An overweight to the underperforming mall sector and an underweight to the outperforming healthcare sector were a drag on relative performance during the period. Stock selection

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