Voya Global Equity Dividend

Firm Overview

Voya Investment Management at a Glance

Voya Investment Management (Voya IM) is a leading active asset management firm. As of March 31, 2017, Voya IM manages approximately $219 billion* for affiliated and external institutions as well as individual investors. Drawing on over 40 years of experience and an ongoing commitment to reliable investing, Voya IM has the resources and expertise to help provide long-term investors with strong investment results.

Mission

Voya Investment Management's mission is to find unrecognized value ahead of consensus by seeking original insights on markets and companies. Toward that end, we apply our proprietary research and analytics, benchmark awareness and risk management to serve client needs within the guidelines and objectives of each assignment.

Portfolio Manager

Sub-advised by NN Investment Partners, LLC

Bruno Springael
Senior Portfolio Manager
Years of experience: 28
Years with company:

Supported by a team of Portfolio Specialists and Analysts

Strategy

Summary

Actively managed global equity strategy that relies on fundamental analysis and a quantitative screening process to identify companies with an above average dividend yield and the stability and growth of the dividend yield, market capitalization above $1 billion, growth of dividend over several years and annual earnings growth.

Objective**

Voya Global Equity Dividend uses a value-based investment process which applies a bottom-up approach to investing in companies we believe are attractive, using dividend yield as the main valuation criterion. We combine a screening process and company analysis, including earnings growth prospects and capital structure analysis, to identify attractively priced, above-average dividend paying companies.

Portfolio Strategy

- Quantitative screens bring focus: liquidity, dividends and fundamentals.
- Global sector specialists identify areas of focus; fundamental analysts identify attractive securities.
- Bottom-up sector allocation combined with input from global sector specialists results in the sector and country allocation.
- Targeted risk profile determines final structure:
  –Most positions 0.5–2.0%;
  –Approximately 80% of holdings are equally weighted and rebalanced quarterly;
  –Typically 20–60% of portfolio is invested domestically.

Portfolio Benefits

- Provides additional investment opportunities and diversification advantages that may be found in global equities
- Dividend reinvestment offers increased potential for growth
- Defensive qualities – lower downside risk, lower absolute risk
- Reinvested dividend income can help smooth portfolio volatility
- Focus on stable dividend yields leads to stability of income

NN Investment Partners is the asset manager of NN Group N.V., a publicly traded corporation. NN Investment Partners is headquartered in The Hague, The Netherlands. NN Investment Partners manages assets for institutions and individual investors worldwide. NN Investment Partners employs over 1,100 staff and is active in 16 countries across Europe, Middle East, Asia and U.S.

*Voya IM assets of $219 billion include proprietary insurance general account assets of $89 billion calculated on a market value basis. Voya IM assets, as reported in Voya Financial, Inc. SEC filings, include general account assets valued on a statutory book value basis and total approximately $213 billion. Both totals include approximately $8 billion in Private Equity, $4 billion in Real Estate and $5 billion in other assets including those sub-advised through the Voya family of funds and the Multi-Asset Strategies and Solutions product offerings. Approximately $0.6 billion of total fixed income assets are also included in the Senior Loan and Private Equity totals.
**There is no guarantee that this objective will be achieved.

Voya Global Equity Dividend

Supplemental Performance: Annualized Total Returns[1]
Voya Global Equity Dividend

Composite	Quarter	YTD	1 Year	Annualized		
				3 Years	5 Years	Since Inception (07/01/11)
Gross:	2.61	8.21	18.96	3.21	9.69	7.56
Net:	2.54	8.05	18.61	2.90	9.36	7.24
MSCI World - NET Index	4.03	10.66	18.20	5.24	11.38	8.47
Gross Excess Return	-1.41	-2.45	0.77	-2.03	-1.70	-0.92

Commentary

Market Review

Global economic expansion gained strength in the second quarter as the growth impulse shifted to an international focus. 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) embraced accommodation but will likely be patient with no pressure from inflation. Domestic data continues to reflect economic growth but not as robustly as late last year. Meanwhile, the so-called “Trump trade” optimism has all but evaporated as prospects for a tax deal and fiscal stimulus have diminished. The low-growth U.S. GDP scenario needs a dose of fiscal policy change since monetary policy has seemingly run its course. These factors add up to financial markets that are well, but not fully, supported. Short of a shock such as geopolitics, equities seem to have the strength to hold their gains, and bond markets face marginally higher yields as U.S. fiscal policy gains clarity.

Account Performance

The Global Equity Dividend strategy underperformed its benchmark, the MSCI World Index. Sector positioning had a negative impact on performance, particularly our overweight positions to the energy and telecommunications sectors. Stock selection in the technology, consumer staples and consumer discretionary sectors also detracted from results.

In the consumer discretionary sector, our underweight position to Amazon.com, Inc., which doesn’t pay dividends, and overweight positions to Macy’s, Inc. and Gap, Inc. negatively impacted performance. Macy’s fell after reporting disappointing earnings while Gap’s solid results during the quarter were not enough to lift its share price. In Technology, IBM Corporation and Cisco Systems, Inc. were the weakest performers in the portfolio. IBM reported disappointing earnings, while Cisco met Q1 earnings estimates but guided lower than analysts had been expecting. The main positive contributions in the quarter came from our security selection the within financials and telecommunications sectors. In the financials sector, we benefitted mostly from our overweight to European banks.

The valuation gap between expensive and cheaply valued companies remains at a very high level, especially in Europe. Investors have favored bonds and their proxies in the first half of this year because of political risks and low inflation. However, recent comments from central bankers has prompted outflows from this asset class. While policy uncertainty remains in the U.S., political risk in the Eurozone has declined significantly after the French and Dutch elections, thereby removing one of the headwinds for value stocks.

Stocks with predictable cash flows (also called “low volatility stocks”) have acted as bond proxies and have strongly outperformed in recent years as interest rates fell. Many of these stocks can be found in the food & beverage, personal care and consumer durables & luxury sectors. However, we believe that the combination of these excessive valuations, and the prospect of rising interest rates, weakens the outlook for these sectors, therefore we continue to avoid them.

Current Strategy and Outlook

Confidence in the euro area is strong, with both consumer and business sentiment indicators in June at their highest levels for many years. Macro-economic data in Europe points to further economic expansion. Earnings trends and the upside potential for equities continues to improve, as demonstrated by the financial and commodities sectors. We see less valuation dispersion in the U.S. than in Europe and less macro momentum. We are also cautious on Japan as inflation targets will be difficult to meet, and the market is highly dependent on currency depreciation.

Past performance does not guarantee future results. There is no guarantee that any forecasts or opinions in this material will be realized. Manager commentary is for informational purposes only and does not constitute investment advice and is not a recommendation to purchase or sell any of the securities referenced.

[1] “Gross Returns” are presented before the deduction of transaction costs and should be used as Supplemental Information only. Prior to January 2007, net-of-fee returns presented reflect the deduction of actual fees paid by each account in the composite. After January 2007, net-of-fees returns presented are calculated by subtracting a hypothetical maximum total wrap fee (estimated at 3.00% per annum) from the monthly “pure” gross-of-fees returns. The total wrap fee includes transaction costs, portfolio management, investment advisory, custodial and other administrative costs. Wrap fees vary amongst brokerage firms and may be negotiated based on account size and other factors. The hypothetical maximum total wrap fee used is deemed to be the maximum fee charged to any composite account but we cannot guarantee accuracy. More information about fees can be found in the Form ADV Part II of Voya Investment Management Co. **Please refer to Voya Investment Management GIPS compliant composite for additional performance information.**

Source: FactSet

Voya Global Equity Dividend

Strategy Statistics[2]

Top Ten Holdings (%)	Portfolio
Citigroup Inc.	2.24
Mitsubishi UFJ Financial Group Inc.	2.22
BNP Paribas SA	2.22
Apple Inc.	2.11
Royal Dutch Shell PLC -Class A	2.08
HSBC Holdings PLC	1.91
Sumitomo Mitsui Financial Group Inc.	1.82
Metlife Inc.	1.79
PNC Financial Services Group Inc.	1.77
Microsoft Corporation	1.71

Top Sector Weightings (%)	Portfolio	Index
Consumer Discretionary	11.01	12.32
Consumer Staples	6.15	9.67
Energy	8.76	6.04
Financials	22.09	18.01
Health Care	14.94	12.55
Industrials	10.04	11.51
Information Technology	12.61	15.65
Materials	4.31	4.90
Telecommunication Services	6.09	2.95
Utilities	3.98	3.19

Returns-Based Statistics (3 years ending 06/30/17)	Composite	MSCI World - NET Index
Standard Deviation (%)	11.20	10.48
Tracking Error (%)	2.66	NA
Information Ratio	-0.76	NA
Alpha (annualized %)	-2.22	NA
Beta	1.04	1.00
R-Squared	0.94	1.00
Sharpe Ratio	0.27	0.48

Portfolio Characteristics	Portfolio	Index
Weighted Avg. Cap ($ Millions)	104,282	118,212
Active Share	87	NA
P/E (next 12 mos.)	16.82	18.76
EPS Growth (3-5 Year Estimate)	9.02	10.52
Price to Cash Flow	9.69	14.93
ROA (%)	4.36	5.87
Dividend yield	3.31	2.42
PEG Ratio (next 12 mos.)	1.92	2.01

Glossary of Terms:

Standard Deviation — A measure of the degree to which an individual probability value varies from the distribution mean. The higher the number, the greater the risk.

Tracking Error — A measure of how closely the returns of a fund tend to follow the returns of the index to which it is benchmarked; specifically, the variability of excess returns around the average.

Information Ratio — The ratio of excess returns above a market index to the variability of those excess returns; in effect, describing the value added from active management in relation to the risk taken in achieving those returns.

Alpha — A measure of risk-adjusted performance; expressed as an annualized rate, it is the return that would have been realized by the manager over a measurement period if the return for the market were zero.

Beta — The sensitivity of a portfolio's returns to changes in the return of the market as measured by the index or benchmark that represents the market. A beta of 1.0 behaves exactly like the index. Beta less than 1.0 suggests lower risk than the index; greater than 1.0 indicates a risk level higher than the index.

R-Squared — The proportion of the variation in a portfolio's returns that can be explained by the variability of the returns of an index. High R-Squared (close to 1.0) is usually consistent with broad diversification.

Sharpe Ratio — A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance.

Weighted Average Market Capitalization — The value of a corporation as determined by the market price of its issued and outstanding common stock.

P/E (next 12 months) — Calculates the price of a stock divided by its earnings per share.

EPS Growth (3-5 Year Estimate) — The portion of a company's profit allocated to each outstanding share of common stock EPS growth serves as an indicator of a company's profitability.

Price to Cash Flow — The ratio of a stock's price to its cash flow per share. The price-to-cash flow ratio is an indicator of a stock's valuation.

ROA — An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings.

Dividend Yield — A financial ratio that shows how much a company pays out in dividends year relative to its share price.

Ratings Distribution – The Standard & Poor's rating scale is as follows, from excellent (high grade) to poor (including default): AAA to D, with intermediate ratings offered at each level between AA and CCC. Anything lower than a BBB- rating is considered a non-investment grade or junk bond. Any security that is not rated by Standard & Poor's is placed in the NR (Not Rated) category.

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Schedule of Composite Performance (%)

Year	"Pure" Gross Returns	Net Returns	MSCI World - NET Index Returns	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Dispersion of Portfolio Returns		Number of Portfolios	Assets in this Composite ($mm)	Total Firm Assets ($mm)
						High	Low			
2016	10.96	10.63	7.51	11.54	10.84	10.96	10.96	≤5	0.11	99,889
2015	-5.03	-5.31	-0.87	11.18	10.80	-5.03	-5.03	≤5	0.10	94,574
2014	2.57	2.26	4.94	9.58	10.23	2.57	2.57	≤5	0.10	100,577
2013	24.13	23.77	26.68	NA	NA	24.13	24.13	≤5	0.24	93,084
2012	13.47	13.13	15.83	NA	NA	13.47	13.47	≤5	0.19	76,532
2011*	-6.02	-6.16	-10.29	NA	NA	NA	NA	≤5	0.17	65,776

*Cumulative return for the period is from July 1, 2011 (inception of strategy) to December 31, 2011.

Voya Investment Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Voya Investment Management has been independently verified for the period January 1, 1996, through December 31, 2015. Verification assesses whether (1) the firm has complied with all of the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The verification report is available upon request

Notes:

Firm Definition: Voya Investment Management (the "Firm") is defined as all discretionary accounts managed by Voya Investment Management Co. LLC and its subsidiary Voya Investment Trust Co., but not including collateralized debt obligation structures, long/short hedge funds, structured mortgage derivative portfolios, or specialized accounts supporting the reinsurance arrangements of affiliated insurance companies. Effective May 1st, 2014, the firm changed its name from ING Investment Management to Voya Investment Management. No changes to composites nor to investment groups & processes resulted from this event.

Composite Definition: This is an actively managed strategy that uses a global, value-based, bottom-up approach to investing in companies, using dividend yield as the main valuation criterion. Portfolio valuations and returns for this composite are computed and stated in U.S. dollars. No minimum has been set for inclusion in the composite. This composite was created and incepted on July 1, 2011.

Benchmark Definition: Returns are benchmarked to the MSCI World Net Index, which does not incur management fees, transaction costs, or other expenses associated with a composite portfolio. The MSCI World Index captures free float-adjusted large and mid-capitalization equities across developed-market countries around the world. The "Net" version of this index assumes the deduction of a withholding tax on dividend income applicable to non-resident, institutional investors who do not benefit from double taxation treaties. Returns presented for the benchmark index assumes the reinvestment of dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

Treatment of Fees & Expenses: Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting a hypothetical management fee from the gross return on a monthly basis and geometrically linking the results to produce annual returns shown. The hypothetical management fee is equal to the highest fee from any fee schedule offered at the time for the strategy shown. While fee schedules can change over time, any amended fee resulting from a change will not be retroactively applied to performance history, but will rather be applied on a prospective basis from the point of change. The annual management fee will vary according to the size of the account, and will depend on the type of investment vehicle selected. The current fee schedule for this strategy is: 0.30% at 100% of the assets under management. However, fee schedules may differ for pooled trusts or other types of investment vehicles. Further information regarding applicable fee schedules is available upon request.

Explanation of Risk Measures: "Dispersion of Portfolio Returns" presented for each annual period is calculated using the asset-weighted standard deviation of the annual returns of all portfolios that were included in the composite for the entire year. "Composite 3-Yr St Dev" and "Benchmark 3-Yr St Dev" are rolling 3-year standard deviation calculations, which measure the variability of the monthly performance returns for the composite and benchmark index return over the preceding 36-month period on an annualized basis. If the composite has not been in existence for at least 3 years as of a particular year-end, then "NA" will be displayed.

Other Notes: Policies for valuing portfolios, calculating performance, and preparing compliant presentations, as well as a complete list of composite descriptions, are available upon request. Past performance is no guarantee of future results.

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