Commentary | 2Q25

Voya Large Cap Value Fund

High Excess Capital Yield and Sustainable Dividends

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Strategy overview

Actively managed large cap value strategy that relies on fundamental research to capture the benefits of high excess capital yield and sustainable dividends.

Key takeaways

- Equity markets rebounded in the second quarter after April's post-Liberation Day volatility, ending above the February peak. Growth outperformed value, driven by strength in technology and communication services, while energy and health care lagged. Easing inflation, selective rate cuts, and increased demand for safe-haven assets highlighted cross-asset dynamics.
- For the quarter ended June 30, 2025, the Fund underperformed the Russell 1000 Value Index the (Index) on a net asset value (NAV) basis due to unfavorable allocation and stock selection. Stock selection within in health care, consumer staples and utilities sectors detracted the most from performance. Alternatively, stock selection within the energy, financials and materials sectors contributed the most from performance. In terms of allocation, an underweight position in industrials, overweight position in health care and overweight position in energy detracted the most. Conversely, only an overweight position in consumer staples and underweight in information technology contributed to performance.
- As we enter the second half, investors face ongoing geopolitical risks and shifting monetary policy. Expanding leadership beyond mega-cap stocks is creating new opportunities, especially in defensive sectors. We remain focused on refining strategies to align with evolving conditions amid persistent uncertainty and inflationary pressures.

Portfolio review

In the second quarter of 2025, U.S. equities rebounded significantly, with the S&P 500 increasing by 10.94% and the Nasdaq Composite rising by 17.75%. The technology and communication services sectors performed the best, while health care and energy sectors lagged, reflecting a mixed but generally positive market environment. Large-cap stocks outperformed small-cap stocks, and growth stocks beat value stocks

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The technology sector surged in 2Q25, driven by artificial intelligence (AI) growth as hyperscalers increased capital expenditure and improved ways to profit from their AI investments. Positive earnings from the Magnificent 7 stocks further boosted performance. The communication services sector also saw strong gains, benefiting from AI advancements and robust earnings. Conversely, policy and regulatory uncertainty weighed on the health care sector, affecting managed care and pharma companies. Weak oil prices and global growth concerns hampered energy companies, leading to their underperformance relative to the broader market.

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At the individual stock level our position in UnitedHealth Group Inc. (UNH), not owning JPMorgan Chase & Co. (JPM) and overweight in Kenvue Inc. (KVUE) detracted from performance the most.

Our position in UnitedHealth Group Inc. (UNH) detracted from performance. The company reported earnings that came below expectations and faced regulatory scrutiny due to a Department of Justice (DOJ) probe into its Medicare Advantage business.

Not owning JPMorgan Chase & Co. (JPM) detracted from performance primarily due to strong 1Q25 results with higher-than-expected earnings, and solid revenue growth.

An overweight position in Kenvue, Inc. (KVUE) detracted from performance this quarter. Shares declined due to softer shipment volumes from retailer destocking and ongoing and tariff-related pressures.

Not owning Berkshire Hathaway Inc. Class B (BRK.B), an overweight in HF Sinclair Corp. (DINO) and Boeing Co. (BA) were the biggest individual contributors.

Not owning Berkshire Hathaway, Inc. (BRK.B) contributed as shares declined following weaker quarterly results.

An overweight position in HF Sinclair Corp. (DINO) contributed to performance this quarter mainly due to better-than-expected 1Q25 results, with modest outperformance across every segment. Despite ongoing uncertainty on tariffs, a favorable 2Q25 outlook further supported performance.

An overweight position in Boeing Co. (BA) contributed to performance. Shares rose following the sale of its mapping software business and news of a major deal with Qatar Airways.

Current strategy and outlook

The U.S. economy demonstrated resilience despite continued inflationary pressures and a potential slowdown. The U.S. Federal Reserve kept the key borrowing rate between 4.25% and 4.50%, but signaled potential rate cuts by the end of 2025. However, Fed Chair Powell emphasized a data-dependent approach, with markets expecting rates to remain steady in July. The labor market remains stable with strong nonfarm payrolls, and inflation expectations have fallen, boosting consumer sentiment, but the impact of tariffs remains a risk. U.S. assets are attractive, with the U.S. dollar at its lowest since March 22, 2025. Attractive returns on equities and bonds, coupled with a resilient labor market and global economic leadership, continue to inspire investor confidence and market optimism.

Holdings detail

Companies mentioned in this report—percentage of Strategy investments, as of 06/30/25: UnitedHealth Group Inc. 0.00%, JPMorgan Chase & Co. 0.00%, Kenvue, Inc. 2.25%, Berkshire Hathaway, Inc. 0.00%, HF Sinclair Corp. 1.90% and Boeing Co. 2.10%, 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to daily change.

Read our Fund Fact Sheet

The **Russell 1000 Index** includes approximately 1000 of the largest capitalization securities within the float-adjusted, market-capitalization-weighted Russell 3000 Index. The **Russell 1000 Value Index** includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.Index returns do not reflect fees, brokerage commissions, taxes or other expenses of investing. **Investors cannot invest directly in an index.**

All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investing. You could lose money on your investment and any of the following risks, among others, could affect investment performance. The following principal risks are presented in alphabetical order which does not imply order of importance or likelihood: Company; Convertible Securities; Credit; Currency; Dividend; Environmental, Social, and Governance (Equity); Foreign (Non-U.S.) Investments/ Developing and Emerging Markets; Interest Rate; Investment Model; Liquidity; Market; Market Capitalization; Market Disruption and Geopolitical; Mid-Capitalization Company; Other Investment Companies; Preferred Stocks; Real Estate Companies and Real Estate Investment Trusts; Securities Lending; Small-Capitalization Company; Value Investing. **Investors should consult the Fund's Prospectus and Statement of Additional Information for a more detailed discussion of the Fund's risks.**

The strategy is available as a mutual fund or variable portfolio. The mutual fund may be available to you as part of your employer sponsored retirement plan. There may be additional plan level fees resulting in personal performance that varies from stated performance. Please call your benefits office for more information.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. 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. Insurance products, annuities and funding agreements issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), One Orange Way, Windsor, CT 06095, which is solely responsible for meeting its obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services, LLC ("VIPS"). Securities distributed by or offered through Voya Financial Partners, LLC ("VFP") (member SIPC) or other broker-dealers with which it has a selling agreement. Only Voya Retirement Insurance and Annuity Company is admitted and can issue products in the state of New York.

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