Strategy Brief I 4Q 2018

Voya Investment Grade Credit Strategy

Strategy-At-A-Glance	
Objective[1]	To maximize total return through a combination of current income and capital appreciation while typically maintaining duration within +10% of the Index
Value Added Sources	Security Selection: 70-80% Industry Selection: 20-30%
Inception Date	02/01/09
Strategy Assets[2]	$37.8 Billion
Benchmark	Bloomberg Barclays U.S. Corporate Investment Grade
Vehicles	Separate Accounts Mutual Fund SICAV

[1] There is no guarantee that this objective will be achieved.
[2] AUM as of 09/30/18

Strategy Overview

The Investment Grade Credit strategy seeks to maximize total return over a full market cycle via a broadly diversified and well-balanced approach to discovering risk-adjusted opportunities across the full range of U.S. investment grade corporate bonds.

Investment Philosophy

We believe that selecting securities based on rigorous credit research and a keen awareness of credit and economic cycles is critical for identifying investment opportunities and managing risk.

The following four key beliefs underpin our investment philosophy:

- Fundamental credit research drives security selection
- Active management allows for a robust and diversified portfolio without compromising on liquidity
- Cycle awareness informs investment decisions
- Focusing on downside risk optimizes long-term, risk-adjusted returns

Investment Process

The Voya Investment Grade Credit investment process begins with fundamental bottom-up credit research driven by a dedicated team of credit analysts who drive security selection and engage in relative value discussions. A collaborative approach leads to highest conviction ideas, which originate from credit analysts, portfolio managers and traders, and are enhanced by quantitative research and macro views from the broader Voya Fixed Income platform. An integration of analyst recommendations, macro views, and client guidelines lead to a diversified credit portfolio that incorporates the best relative value opportunities. Constant portfolio monitoring by both our investment grade credit portfolio managers and analysts, as well as our independent risk team, ensures that we maintain an appropriate balance of risk and return.

Fundamental Research

Bottom-up credit research performed by dedicated team of credit analysts.

Idea Generation and Communication

Collaborative approach leads to highest conviction ideas and desired portfolio postitioning.

Portfolio Construction

Integration of analyst recommendations, macro views, and fund/client guidelines.

Portfolio and Risk Monitoring

Investment Grade Team

- Analysts monitor issuer and sector performance
- PMs run and monitor portfolio analytics

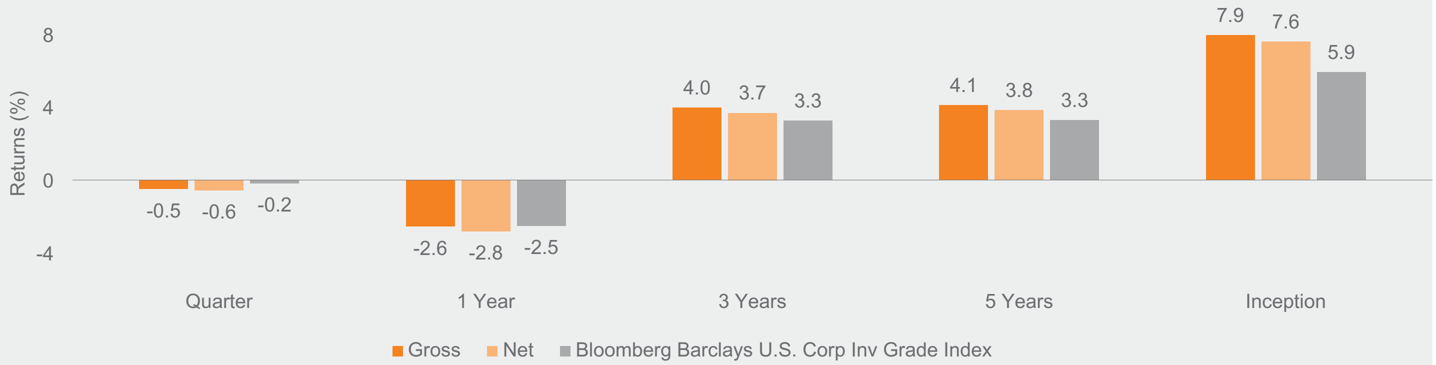
Portfolio

Risk Management Team

- Collaborative relationship with PMs
- Independent reporting line

Performance

Voya Investment Grade Credit Composite



Investment Commentary

Key Takeaways

- The investment grade corporate bond market posted its weakest quarter in years, as spreads widened 47 basis points (bp) to finish at an option-adjusted spread (OAS) of 153 bp
- Security selection within the utilities and transportation sectors were key contributors to returns for the quarter, while holdings in long-dated banking issuers detracted
- We believe current spread levels are attractive, given the supportive fundamental picture and slowing rate policy from the Federal Reserve
- For the quarter, the strategy underperformed its benchmark, the Bloomberg U.S. Corporate index

Portfolio Review

The strategy posted negative returns for the quarter and underperformed the Bloomberg Barclays U.S. Corporate Investment Grade index. Security selection within the utilities and transportation sectors were key contributors to returns for the quarter. Additionally, the strategy's allocation to Treasurys dampened the pullback as Treasurys outperformed corporate bonds significantly in the quarter. Security selection within the banking and consumer noncyclical sectors was the main detractor from returns, particularly the strategy's holdings in longer-dated maturity bonds within the sectors, as the long end of the curve came under pressure.

Current Strategy and Outlook

The fundamental picture for corporate credit remains solid, as we expect a solid fourth-quarter 2018 earnings season; however, we do expect downward revisions to forward guidance to accommodate for slowing growth. While aggregate leverage remains elevated, leverage growth has broadly plateaued, and we expect management teams to shift focus to balance sheet repair. We expect the technical environment to be a key driver of spreads in the near term, as declining hedging costs should lead to a rebound in demand from foreign investors. New issuance is expected to drop modestly in 2019 and likely will come to market at attractive pricing. After experiencing their widest three-month move since 2011 in 4Q18, spreads now sit at an OAS of 153 bp, levels we view as attractive given the solid fundamental story and our belief that the credit cycle is not yet rolling over. We continue to favor financials due to attractive valuations and strong fundamentals, and maintain an overweight to telecommunications.

Portfolio Highlights

Returns-Based Statistics (5 years ending 12/31/18)	Composite	Bloomberg Barclays U.S. Corp Inv Grade Index
Standard Deviation (%)	3.95	3.70
Tracking Error (%)	0.93	NA
Information Ratio	0.90	NA
Alpha (annualized %)	0.73	NA
Beta	1.04	1.00
R-Squared (%)	0.95	1.00
Sharpe Ratio	0.89	0.72

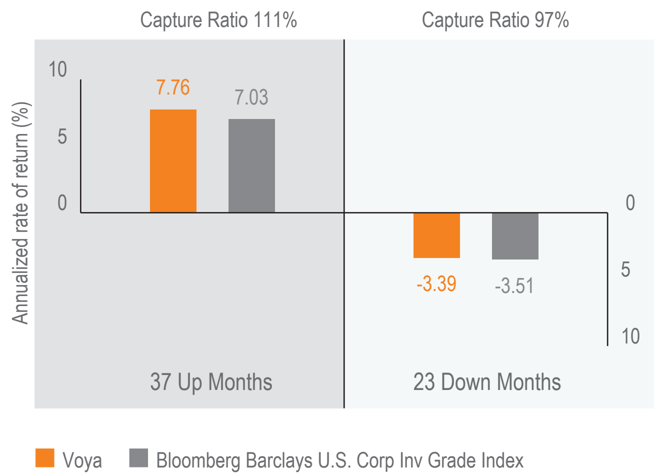
Quality Rating (%)	Portfolio	Bloomberg Barclays U.S. Corp Inv Grade Index
AAA	1.62	1.91
AA	5.07	8.34
A	23.67	38.57
BBB	60.34	51.18
BB	3.24	0.01
B	0.00	0.00
<B	0.00	0.00
Not Rated	0.00	0.00
Treasuries/Cash	6.06	0.00

Top Ten Credit Exposures (%)	Portfolio
Bank of America Corp.	2.77
JPMorgan Chase & Co.	2.68
Comcast Corporation	2.23
Morgan Stanley	2.15
Wells Fargo Bank NA	2.02
AT&T Inc.	2.00
Duke Energy Corp.	1.70
American Airlines 2016-1 Class AA	1.58
AbbVie Inc.	1.50
United Airlines Inc. 2016-1 AA PTT	1.45

Top Sector Allocation (%)

	Voya	Index
Banking	25.81	23.39
Electric	11.48	6.62
Consumer Non Cyclical	10.91	15.17
Energy	9.94	8.96
Communications	8.10	8.99
Treasuries/Cash	6.06	0.00
Insurance	4.98	4.39
Consumer Cyclical	4.87	8.39
Transportation	4.82	2.40
Technology	3.88	8.03

Up / Down Capture Ratio



Credit Quality – is calculated based on S&P, Moody's and Fitch ratings. If the ratings from all 3 rating agencies are available, securities will be assigned the Median rating based on the numerical equivalents. If the ratings are available from only two of the agencies, the more conservative of the ratings will be assigned to the security. If the rating is available from only one agency, then that rating will be used. Any security is not rated by S&P, Moody's, or Fitch is placed in the NR (Not Rated) category. Internal ratings will not be used for any security. Ratings do not apply to the Fund itself or to the Fund shares. Ratings are subject to change. Ratings are a measure of quality and safety of a bond based on the financial condition of the issuer. Generally accepted, AAA is the highest grade (best) to D which is the lowest (worst).

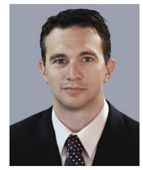
The sector, security, and credit exposures information is based on a sample account in the Composite that we believe best represents this investment management style. It should not be assumed that the adviser continues to hold the securities listed. Other accounts in the Composite might have slightly different portfolio characteristics. Returns-Based Characteristics are based on the Composite returns.

Voya Investment Management

Voya Investment Management (Voya IM) is the asset management business of Voya Financial, a Fortune 500 company with over 6,000 employees seeking to help clients plan, invest and protect their savings. As of 09/30/18, Voya IM manages approximately $212 billion* in assets across Fixed Income, Senior Loans, Equities, Multi-Asset Strategies & Solutions, Private Equity, and Real Assets. Drawing on over 40 years of experience and the expertise of 250+ investment professionals, Voya IM's capabilities span traditional products and solutions as well as those that cannot be easily replicated by an index.

Voya IM's award-winning culture is deeply rooted in a client-centric approach to helping investors meet their goals — from insurance companies, corporate and public pension funds, sovereign wealth funds, endowments and foundations, and consultants to intermediaries, and individual investors. Reliability is why our clients hire us and it is why they trust us to navigate the path ahead.

Portfolio Managers



Travis King, CFA
Co-Head of Investment Grade Credit
Years of experience: 21
Years with firm: 14

Anil Katarya, CFA
Co-Head of Investment Grade Credit
Years of experience: 21
Years with firm: 19

*As of 09/30/18. Voya IM assets are calculated on a market value basis and include proprietary insurance general account assets of $59 billion.

The principal risks are generally those attributable to bond investing. Holdings are subject to market, issuer, credit, prepayment, extension and other risks, and their values may fluctuate. Market risk is the risk that securities may decline in value due to factors affecting the securities markets or particular industries. Issuer risk is the risk that the value of a security may decline for reasons specific to the issuer, such as changes in its financial condition.

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