

# Voya MI Dynamic Small Cap Strategy

Strategy-At-A-Glance	
Objective <sup>1</sup>	To maximize idiosyncratic alpha and deliver positive active returns
Value Add	Differentiated process (anti-crowding) Dynamic stock selection (opportunistic) Robust risk management
Inception Date	01/01/21
Strategy Assets <sup>2</sup>	\$646.0 million
Benchmark	Russell 2000 Index
Available Vehicles	Separate Account Collective Trust Mutual Fund

<sup>1</sup> There is no guarantee that this objective will be achieved.

<sup>2</sup> AUM as of 06/30/23

## Strategy Overview

The Voya Machine Intelligence (MI) Dynamic Small Cap Strategy is an AI-driven, opportunistic active strategy that seeks to deliver idiosyncratic alpha without static factor or style biases. The investment process delivers a high conviction portfolio using the latest machine learning and AI techniques under a broader umbrella inclusive of human insights, traditional quantitative methods, and engineered financial ratios in a process we have coined "Machine Intelligence".

## Investment Philosophy

We believe that alpha generation requires a unified approach – combining the best of human & machine.

Our key beliefs:

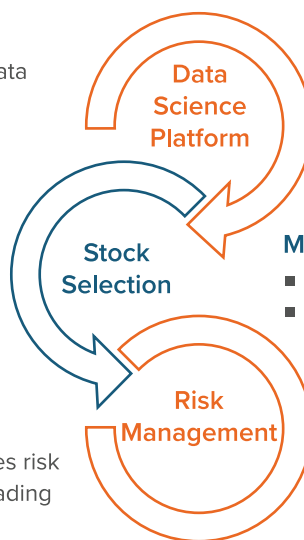
- Combining the depth & rigor of fundamental analysis with the breadth & scalability of machine learning is key
- Volatile markets require a disciplined yet dynamic process that takes advantage of mispriced opportunities and sidesteps emotional biases
- Robust risk management (including active screens for negative events, controversies, crowding and ESG risks) is needed for success

## Investment Process

Voya's Machine Intelligence (VMI) team employs a disciplined and repeatable investment process that brings machine learning to fundamental investing. The process begins with transforming messy, raw data into useable information. To achieve this, the human team builds rules to integrate and scrub rich data sets consisting of 10,000+ unique data points per company. Next, this heavily cleansed data is transformed into fundamental "features" (complex financial, fundamental and ESG metrics), via a hybrid human + machine effort. This results in 252 features that provide a deep, holistic view of each company across multiple time horizons. These features serve as building blocks used by VMI's "virtual analysts" (machine learning models) to identify persistent patterns and determine whether or not a stock should be purchased. The virtual analysts send all buy recommendations to a set of "virtual traders", who analyze shorter term data to determine the entry/exit timing of each stock. Finally, comprehensive risk constraints are applied and human portfolio managers and traders are responsible for the execution of the portfolio. The strategy is traded on a weekly and/or ad hoc basis when needed to take advantage of market volatility.

### Human

Financial analysts/data scientists curated fundamental data to construct features



### Machine

- Virtual analysts pick stocks
- Virtual traders improve timing

### Human

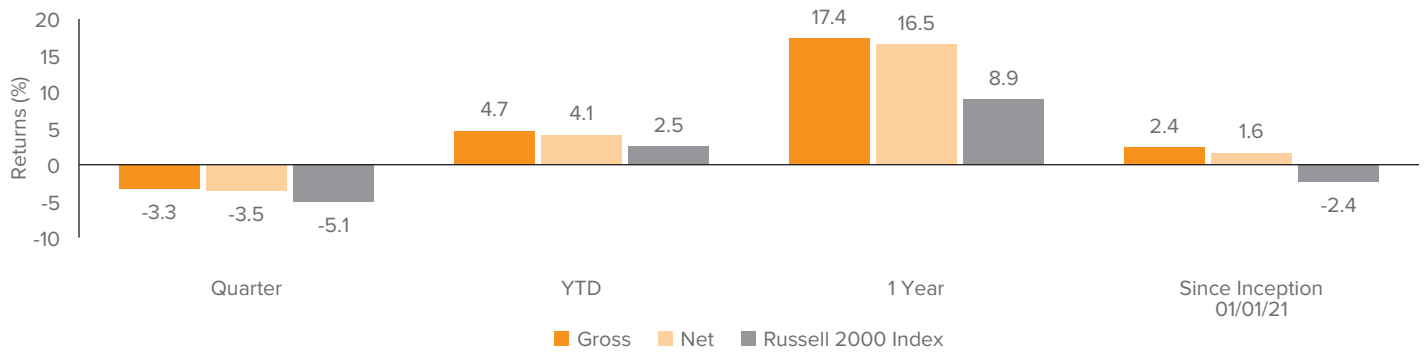
- PM team oversees risk
- No automated trading

Not FDIC Insured | May Lose Value | No Bank Guarantee

For financial professional or qualified institutional investor use only. Not for inspection by, distribution or quotation to, the general public.

## Performance

### Voya MI Dynamic Small Cap Composite



**Past performance does not guarantee future results.**

Voya Investment Management claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. **To learn more on the GIPS® compliance Schedule of Composite Performance go to: <https://institutional.voya.com/document/product/gips.pptx>.**

The Composite performance information represents the investment results of a group of fully discretionary accounts managed with the investment objective of outperforming the benchmark. Information is subject to change at any time. Gross returns are presented after all transaction costs, but before management fees. Returns include the reinvestment of income. Net performance is shown after the deduction of a model management fee equal to the highest fee charged. Benchmark source: Russell Investments

**Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity market including approximately 2000 of the smallest securities based on market capitalization. **Indexes do not reflect fees, brokerage commissions, taxes or other expenses of investing, and investors cannot directly invest in an index.**

**For financial professional or qualified institutional investor use only. Not for inspection by, distribution or quotation to, the general public.**

## Portfolio Highlights

	Sector Weightings <sup>3</sup>			Trailing 1-Year Attribution Analysis		
	Portfolio	Russell 2000 Index	Overweight/ Underweight	Allocation Effect	Selection Effect	Total Effect
Communication Services	2.74	2.40	0.34	0.01	-0.17	-0.16
Consumer Discretionary	7.27	10.61	-3.34	-0.17	0.74	0.57
Consumer Staples	1.95	3.59	-1.64	-0.16	-0.05	-0.20
Energy	4.25	8.47	-4.22	-0.54	-0.98	-1.52
Financials	20.65	16.13	4.52	-0.36	2.09	1.73
Health Care	12.78	14.86	-2.07	0.74	2.99	3.73
Industrials	18.55	17.15	1.40	0.30	0.63	0.92
Information Technology	15.03	13.32	1.71	0.35	1.81	2.17
Materials	7.83	4.56	3.27	0.17	-0.90	-0.73
Real Estate	7.13	6.07	1.07	0.01	1.41	1.42
Utilities	1.82	2.86	-1.05	0.32	0.20	0.52
Cash	NA	NA	NA	-0.07	0.00	-0.07
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.61</b>	<b>7.77</b>	<b>8.37</b>

Portfolio Characteristics	Composite	Russell 2000 Index
Weighted Avg. Cap (\$ Millions)	2,956	2,813
Active Share	89	NA
P/E (next 12 mos.)	16.44	16.26
EPS Growth (3-5 Year Estimate)	12.10	11.43
Price to Cash Flow	13.56	13.08
ROA (%)	1.27	2.26
Dividend yield	1.98	1.50
PEG Ratio (next 12 mos.)	1.60	1.70

Top Ten Holdings (%)	Portfolio
Element Solutions Inc	1.44
Patterson Companies Incorporated	1.37
Mueller Water Products, Inc.	1.31
Hillenbrand, Inc.	1.19
Primo Water Corporation	1.14
Sensient Technologies Corporation	1.13
Dropbox, Inc.	1.12
Avista Corporation	1.10
Atlantic Union Bankshares Corporation	1.06
Box, Inc.	1.04

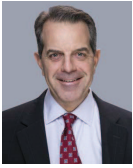
Top Ten Active Overweights (%)	Portfolio
Element Solutions Inc	1.44
Patterson Companies Incorporated	1.26
Mueller Water Products, Inc.	1.23
Dropbox, Inc.	1.12
Hillenbrand, Inc.	1.06
Primo Water Corporation	1.04
QIAGEN NV	1.03
Timken Company	1.02
Sensient Technologies Corporation	1.02
Allison Transmission Holdings, Inc.	1.01

<sup>3</sup> Ex-cash and other

Characteristics are based on a representative account in the composite that we believe best represents the portfolio management style of the composite. Characteristics may be adjusted to exclude securities for which data is not available or for extreme data outliers via commonly-used trimming methodologies. Attribution analysis is for informational purposes only, and is not intended as investment advice. Holdings are subject to change. The fees charged by Voya Investment Management are described in Part II of its Form ADV. The information shown is supplemental only. **Past performance does not guarantee future results.** Totals may not equal due to rounding.

**For financial professional or qualified institutional investor use only. Not for inspection by, distribution or quotation to, the general public.**

## Portfolio Managers



**Vincent Costa, CFA**  
**Chief Investment Officer, Equities**  
 Years of experience: 38  
 Years with firm: 17



**Gareth Shepherd, PhD, CFA**  
**Co-head Voya Machine Intelligence, Portfolio Manager**  
 Years of experience: 25  
 Years with firm: 3



**Russell Shtern, CFA**  
**Portfolio Manager, Voya Machine Intelligence**  
 Years of experience: 23  
 Years with firm: 1

## Voya Investment Management

Voya Investment Management provides both core and specialized investment strategies to institutions, financial intermediaries and individual investors worldwide. Drawing on a 50-year legacy of active investing and the expertise of over 300 investment professionals, Voya Investment Management manages approximately \$319 billion\* in assets across public and private fixed income, equities, multi-asset solutions and alternative strategies.

Our award-winning culture is grounded in a commitment to understanding and anticipating clients' needs, producing strong investment performance, and embedding diversity, equity and inclusion in everything we do. Voya Investment Management is the asset management business of Voya Financial (NYSE: VOYA), a leading health, wealth and investment company with 9,000 employees dedicated to serving the needs of over 14 million individual and workplace clients.

\*As of 06/30/23. Voya IM assets are calculated on a market value basis and include proprietary insurance general account assets of \$33 billion.

The principal risks are generally those attributable to stock investing. Holdings are subject to market, issuer, 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. More particularly, the strategy invests in smaller companies, which may be more susceptible to price swings than larger companies because they have fewer resources and more limited products, and many are dependent on a few key managers. Investment Model: A manager's proprietary model may not adequately allow for existing or unforeseen market factors or the interplay between such factors, and even a model that performs in accordance with the manager's intentions may underperform other investment strategies or result in greater losses than other strategies. The proprietary models used by a manager to evaluate securities or securities markets are based on the manager's understanding of the interplay of market factors and do not assure successful investment. The markets, or the prices of individual securities, may be affected by factors not foreseen in developing the models. Strategies that are actively managed, in whole or in part, according to a quantitative investment model, including models using artificial intelligence to select securities, can perform differently from the market as a whole based on the investment model and the factors used in the analysis, the weight placed on each factor, and changes from the factors' historical trends. Mistakes in the construction and implementation of the investment models (including, for example, data problems and/or software issues) may create errors or limitations that might go undetected or are discovered only after the errors or limitations have negatively impacted performance. There is no guarantee that the use of these investment models will result in effective investment decisions for the strategy.

The strategy employs a quantitative model to execute the strategy. Data imprecision, software or other technology malfunctions, programming inaccuracies and similar circumstances may impair the performance of these systems, which may negatively affect performance. Furthermore, there can be no assurance that the quantitative models used in managing the strategy will perform as anticipated or enable the strategy to achieve its objective.

This information is proprietary and cannot be reproduced or distributed. Certain information may be received from sources Voya Investment Management ("Voya IM") considers reliable; Voya IM does not represent that such information is accurate or complete. Certain statements contained herein may constitute "projections," "forecasts" and other "forward-looking statements" which do not reflect actual results and are based primarily upon applying retroactively a hypothetical set of assumptions to certain historical financial data.

Actual results, performance or events may differ materially from those in such statements. Any opinions, projections, forecasts and forward-looking statements presented herein are valid only as of the date of this document and are subject to change. Nothing contained herein should be construed as (i) an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. Voya IM assumes no obligation to update any forward-looking information.

©2023 Voya Investments Distributor, LLC · 230 Park Ave, New York, NY 10169 · All rights reserved.  
 (800) 992-0180 Individual Investors | (800) 334-3444 Investment Professionals  
 FFIB-MISC (1001-100123-ex013124) 217781

For financial professional or qualified institutional investor use only. Not for inspection by, distribution or quotation to, the general public.

