Voya Global Diversified Payment Fund

Targeting Your Income Needs

Strategy Overview

Investment Objectives*

The Fund seeks to meet the managed payment policy of the Fund, while seeking to preserve investors' capital over the long term. The Fund's secondary objective is to seek the potential for long-term capital appreciation.

Portfolio Management

Voya Investments, LLC,
Investment Adviser

Voya Investment Management Co., LLC,
Investment Sub-Adviser

* There is no guarantee that this objective will be achieved.

Key Takeaways

- The Fund achieved its primary investment objective - to meet its managed payment policy by delivering level monthly payments
- For the quarter, the Fund underperformed the S&P Target Risk Moderate Index and its composite benchmark
- Toward the end of April, the investment team re-evaluated the portfolio's strategic asset allocation based on our annual portfolio review process

Current Strategy and Outlook

Our view continues to be that the United States' and global economic expansions will persist through 2019 and into 2020. Though there has been some softness in recent economic data, the U.S. Federal Reserve (Fed) seems to be cognizant of the risks facing the economy. We believe the Fed will provide the support necessary to prolong the cycle and keep U.S. gross domestic product (GDP) growing above its ~1.7% trend rate. Underlying our pro-growth outlook is a resilient U.S. consumer, aided by positive labor market dynamics and increasing availability of consumer credit. Strong consumer spending and the continued expansion should underpin corporate earnings and, in turn, equity prices. While stock valuations by themselves are not particularly attractive, they are roughly in line with long-run averages and are more appealing than fixed income, thus justifying our preference for equities.

Regionally, we favor U.S. over non-U.S. equities. Supportive monetary policy, a pause in escalating trade tension, and an overall less volatile geopolitical environment reassure us that the U.S. will continue to outperform. We recognize that the yield curve is alarmingly flat, but our read on the bond market is that unprecedentedly low foreign developed sovereign bond yields are capping U.S. yields. Until real yields turn decidedly positive, financial conditions will be easy enough to allow stocks to advance. Our penchant for emerging market equities over international developed equities remains unchanged. We see the U.S. dollar stable to weaker over the short- to medium-term and emerging country assets benefiting as a result. Moreover, emerging market (EM) economies are in the earlier stages of their recovery and have room to catch-up. Trade frictions have certainly weighed on EM companies' ability to increase profits. Should fighting flair up again, this position could suffer. We do not deny the likelihood of future trade related episodic volatility and the existence of incentives for both sides to prolong the battle. But we believe that we will avoid a full-blown trade war that broadens into other countries, and that coordinated central bank action will help cushion temporary tremors.

We are not, however, "risk-on" across the board. Our fixed income portfolios are positioned with a higher quality bent. We maintain our underweight to high-yield bonds given what we see as limited room for further spread compression and greater risk-adjusted return opportunities on the stock side. We have also recently lessened, but still hold, our overweight to senior loans. Loans and high-yield bonds are both yielding approximately the same amount, which is highly unusual. For the same coupon and seniority within the capital structure, loans appear to us to be the best choice.

Portfolio Review

The Fund achieved its primary investment objective: to meet its managed payment policy by delivering level monthly payments. In addition, the Fund attempts to outperform its strategic composite benchmark through tactical asset allocation (i.e., deviating from the composite benchmark over the short and medium term) and active manager selection. The Fund underperformed its composite benchmark over the quarter.

Toward the end of April, the investment team re-evaluated the portfolio's strategic asset allocation based on our annual portfolio review process. Overall, the strategic equity/fixed income split was left unchanged. However, at the sub asset class level there were several adjustments. Changes include an increase an increase in large-cap U.S. equity and global real estate investment trusts (REITs) and a decrease international developed equity. Within fixed income, we reduced U.S. core bonds and loans, while increasing international bonds and adding a small U.S. Treasury Inflation-Protected Securities (TIPS) allocation. These changes reflect the investment team's 2019 macro themes, which include: 1) Low or below average returns for most major asset classes; 2) Global ex-U.S. economic slowdown persists, with the U.S. joining but growth remains above trend; 3) The credit market cycle is slowly turning; 4) The rate cycle is peaking. Lastly and unrelated to the macro themes, the strategic allocation to cash increased, due to the introduction of new systematic tactical asset allocation strategies. This is implemented primarily through futures contracts and require additional cash for margin.

Fundamental tactical asset allocation was a detractor from performance in the second quarter of 2019. The biggest drag was a fundamental underweight to stocks relative to the Fund's benchmark strategic asset allocation composite. Global equity markets produced their best first half returns in more than two decades and, excluding May, they delivered positive returns every month. Another detractor from returns was the Fund's overweight to emerging markets equity. Emerging market assets lagged U.S. and other developed market assets as geopolitical discord and trade concerns led investor to seek more stable regions of the world. The biggest contributor to performance was the Fund's tactical overweight to international developed bonds. Portfolio managers initiated the tactical overweight in combination with the annual adjustments to strategic positioning, which took place toward the end of April and rebalanced non-U.S. asset class exposures. From late April to the end of June, international developed bonds yields experienced meaningful declines, with 10-year German bund yields ending the quarter at -0.35%.

At the beginning of June, systematic tactical asset allocation strategies were implemented within the Fund. The strategies have a predefined risk budget to ensure the main driver of risk/return remains fundamental asset allocation. The systematic strategies are quantitatively based and expected to improve the Fund's information ratio through higher alpha and lower tracking error. Portfolio managers believe the systematic strategies will provide incremental alpha that compounds over time and will help produce a consistent and reliable return stream to support the Fund's level monthly payment. In the first month since being introduced, the strategies, in aggregate, delivered approximately 40 basis points of alpha.

The Fund also attempts to outperform its strategic allocation benchmark through the selection of managers to run the underlying funds, which represent the various asset classes within the composite. Manager selection was additive during the second quarter. The Funds with the largest outperformance relative to their respective asset class benchmarks were Voya Strategic Income Opportunities Fund, Voya Multi-Manager Emerging Markets Equity Fund and Voya Global Real Estate Fund. The largest underperformers were Voya Multi-Manager International Factors Fund, Voya Large Cap Growth Fund and Voya Multi-Manager Mid Cap Value Fund.

The Fund generates premiums and seeks gains by writing (selling) call options tied to various equity indices and index exchange-traded funds (ETFs), including the S&P 500® Index, S&P 400® Index, MSCI EAFE® Index and MSCI Emerging Markets® Index. The options overlay was a detractor from performance over the period. The call option overwrite coverage remains at its historical low of 15%.

The **S&P Target Risk Growth Index** is comprised of nine multi-asset class indexes, each corresponding to a particular risk level. The nine multi-asset classes include U.S. large-cap equities, U.S. mid-cap equities, U.S. small-cap equities, international equities, emerging markets, U.S. real estate investment trusts (REITs), core fixed income, short-term U.S. Treasury securities and Treasury inflation-protected securities (TIPS). Each index is designed to provide varying levels of exposure to equities and fixed income. **Investors cannot invest directly in an index.**

Risks specific to Managed Payment: The Fund is expected to make monthly payments under its Managed Payment Policy regardless of the Fund's investment performance. Because these payments will be made from Fund assets, the Fund's monthly payments may reduce the amount of assets available for investment by the Fund. It is possible for the Fund to suffer substantial investment losses and simultaneously experience additional asset reductions as a result of its payments to shareholders under the Managed Payment Policy. The Fund may, under its Managed Payment Policy, return capital to shareholders which will decrease their costs basis in the Fund and will affect the amount of any capital gain or loss that shareholders realize when selling or exchanging their Fund shares.

Principal Risks: All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield. Investing in stocks of **Small- and Mid-Sized Companies** may entail greater volatility and less liquidity than larger companies. **Foreign Investing** poses special risks including currency fluctuation, economic and political risks not found in investments that are solely domestic. **Emerging Markets** securities may be especially volatile. **Convertible Securities** with longer maturities tend to be more sensitive to changes in interest rates, usually making them more volatile than convertible securities with shorter maturities. Prices of **Value-Oriented Securities** tend to correlate more closely with economic cycles than growth-oriented securities, and generally are more sensitive to changing economic conditions. The Fund may use **Derivatives**, such as options and futures, which can be illiquid, may disproportionately increase losses and have a potentially large impact on Fund performance. Other risks of the Fund include but are not limited to: **Market Trends Risks, Other Investment Companies' Risks, Price Volatility Risks, Inability to Sell Securities Risks and Securities Lending Risks. Investors should consult the Fund's Prospectus and Statement of Additional Information for a more detailed discussion of the Fund's risks. An investment in the Fund is not a bank deposit and is not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.**

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.

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.

Variable investments, of any kind, are not guaranteed and are subject to investment risk including the possible loss of principal. The investment return and principal value of the security will fluctuate so that when redeemed, it may be worth more or less than the original investment. In addition, there is no guarantee that any variable investment option will meet its stated objective. 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.

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The Fund discussed may be available to you as part of your employer sponsored retirement plan. There may be additional plan level fees resulting in personal performance to vary from stated performance. Please call your benefits office for more information.