

A Transparent, Rules-Based Approach to Help Clients Build Wealth

Strategy overview

Globally diversified core strategy based on the Global Perspectives unique investment philosophy and built with Voya's suite of proprietary and multi-manager mutual funds.

You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options; or mutual funds offered through a retirement plan, carefully before investing. The prospectuses / prospectus summaries / information booklets contain this and other information, which can be obtained by contacting your local representative or by calling (800) 992-0180. Please read the information carefully before investing.

Key takeaways

- U.S. stock and bond markets initially struggled with high inflation expectations but rebounded as improved May inflation data boosted hopes for U.S. Federal Reserve rate cuts, leading to gains in broad equity markets, particularly in large-cap and growth stocks.
- In our view, a softening labor market should contribute to slower yet steady economic growth and declining inflation, but no immediate expectations of a recession. We continue to hold a balanced posture between stocks and bonds.
- During 2Q24, the Voya Global Perspectives Market Models: MF Series delivered positive absolute and mixed relative returns on a net asset value (NAV) basis.
- On a net-of-fees basis for the following: The Voya GPMM Income Model outperformed the Bloomberg Global Aggregate Bond Index. The Voya GPMM Conservative Growth MF, Voya GPMM Moderate Growth MF and Voya GPMM Aggressive Growth MF models underperformed the S&P Target Risk Conservative, Moderate and Aggressive Indices, respectively.

Market review

U.S. stock and bond markets faced challenges at the beginning of the second quarter, as hot inflation readings dampened expectations for Fed rate cuts. Towards the end of the quarter, however, the outlook improved as favorable May inflation data increased investor confidence in potential Fed rate reductions by September. This, along with continued strength in the labor market and rising earnings optimism helped broad equity markets post gains for the period. Large-cap stocks outperformed small caps and growth beat value. Within the S&P 500 Index, technology, communication services and utilities sectors led, while materials, industrials and energy lagged.

International stocks also moved higher, with emerging markets (EM) outperforming developed. China and India, the two largest countries within the EM equity index, both performed well. Chinese equities were helped by government support for the real estate sector and improving industrial production, while Indian equities saw strong performance continue after general elections concluded, and Prime Minister Modi secured his third term in office. Japanese stocks underperformed in the period primarily due to uncertainty surrounding the Bank of Japan's monetary policy normalization and the expected appreciation of the yen, which raises concern about the competitiveness of Japanese exports.

Fixed income markets had mixed performance but declined in aggregate as the U.S. Treasury yield curve rose slightly. High yield (HY) bonds performed well due to strong corporate earnings, pulling spreads tighter. Like international equities, EM bonds outperformed developed market issues, as French government bonds dropped on political uncertainty.

Portfolio review

The Voya GPMM MF Series posted positive absolute returns across models. The Aggressive portfolio had the best absolute returns, while the Income portfolio performed best from a relative standpoint.

The models were in base positioning during the period. U.S. stocks continued their impressive run as economic growth and earnings came in better than expected, helping large companies outperform smaller and foreign equities again. As a result, the Fund's underweight in U.S. large cap was the biggest detractor. Overweights to U.S. small cap, mid cap and real estate investment trusts (REIT) were also headwinds. An underweight in U.S. core bonds was the main asset allocation contributor.

Manager selection was a contributor. Strategies that contributed most to excess returns were Voya Large-Cap Growth Fund, Voya Multi-Manager Emerging Markets Equity and Voya High Yield Bond. The main detractors were Voya Global Bond and Voya Small Company Fund.

For the quarter ending March 31, 2024—actual company reporting finishing in June 2024—the YoY earnings growth for the S&P 500 companies was 8.2%. Accordingly, **the Fund will maintain base positioning.**

Outlook

The impact of high interest rates is evident as growth trends below normal, putting downward pressure on prices. Recent data shows a quarterly gross domestic product (GDP) growth slowdown to 1.4% and a slight increase in unemployment to 4.1%. While employment indicators suggest a softening job market, a rise in job openings to 8.1 million indicates a gradual cooling. Disinflationary trends are resuming, which should support real incomes aligned with 2% inflation. While higher rates counteract some easing financial conditions, we expect inflation to continue decreasing without spiking unemployment, thus averting a recession. Equity markets may not see significant gains soon, especially with expected volatility as U.S. elections approach. In this late-cycle environment, we maintain a neutral stance between stocks and bonds, balancing the risks associated with both asset types.

The current global economic landscape and market dynamics favor U.S. assets, particularly large cap stocks. Despite macroeconomic challenges, the United States is better positioned than most regions. U.S. capital markets, a global destination for investor flows, benefit from stable economic conditions, technological innovation and robust financial markets. Consequently, the U.S. is our preferred region, with large cap stocks appealing for their earnings quality, growth potential and momentum. Technology-driven sectors offer unrivaled pricing power, promising positive real returns regardless of inflation levels. However, earnings expectations have outpaced actual earnings, and with nominal GDP growth declining, sales growth will be

challenging. While high profit margins and returns on equity may support valuations, they are too high to expect further expansion. Much depends on the earnings growth of U.S. technology megacaps, which have driven recent gains but face scrutiny over their artificial intelligence investments. These firms must eventually demonstrate revenue and earnings from these investments, but immediate results are not necessary as AI infrastructure providers are generating significant cash flows. Companies need time to transition from training to production models before making accurate assessments. We also value the stability of large companies to buffer against global economic and geopolitical uncertainties, offering a compelling risk-reward opportunity.

For as long as we have favored U.S. large caps, we have been underweight in REITs due to rising interest rates increasing borrowing costs and pressuring their performance. The significant amount of commercial real estate debt needing refinancing at higher rates poses financial risks, especially for office and retail sectors facing structural challenges. Additionally, the volatility and potential overvaluation of publicly traded REITs relative to their NAV raise concerns about their return potential. Given these factors, we see more attractive investment opportunities elsewhere.

International stocks present mixed prospects. Japan struggles with a weak currency and challenges in normalizing monetary policy, despite potential rate hikes influenced by easing U.S. inflation and European Central Bank cuts. Europe faces sluggish growth due to high labor costs, persistent core inflation and geopolitical tensions, exacerbated by domestic political instability, particularly in France. In contrast, the United Kingdom appears more stable and attractive to investors, buoyed by political shifts towards labor under Sir Kier Starmer, anticipated Bank of England rate cuts, and favorable macroeconomic data. Meanwhile, China's stock market has rallied, driven by strong GDP growth and robust sectors like electric vehicles and industrial robotics. However, significant risks linger due to its ongoing property crisis and sensitive international relations, especially with the U.S.

We maintain a preference for higher quality within fixed income. Despite limited upside from tight spreads, the supportive macroeconomic environment and solid corporate fundamental factors make the yield from investment grade (IG) bonds appealing. Securitized credit products, particularly consumer-oriented asset-backed securities and residential mortgage-backed securities, are attractive. The commercial mortgage-backed securities sector, though beaten down, offers value opportunities for astute investors. Although higher interest costs impact HY credit quality, defaults remain limited, keeping us neutral due to increasing tail-risks. We lack a strong conviction on the near-term direction of rates but maintain a modest long duration in aggressive, equity-heavy portfolios for added stability. We prefer nominal over real bonds to hedge against equity downturns. With some foreign central banks cutting rates, certain international bond markets are appealing. However, due to a strong U.S. dollar and potential negative currency impacts, we remain underweight in non-U.S. bonds.

The **S&P Target Risk Moderate Index** is an unmanaged index that measures the performance of a hypothetical, multi-asset portfolio designed to provide significant exposure to fixed income, while also providing increased opportunity for capital growth through equities.

The **S&P Target Risk Aggressive Index** concentrates on exposure to equities to benefit from opportunities for long-term capital accumulation. To enhance portfolio efficiency, it may include small allocations to fixed income.

The **S&P Target Risk Conservative Index** emphasizes exposure to fixed income to maintain a consistent income stream and manage volatility.

The **Bloomberg Global Aggregate Index** measures global investment grade debt from twenty-four local currency markets including treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Indices do not reflect fees, brokerage commissions, taxes or other expenses of investing. **Investors cannot invest directly in an index.**

Principal Risks: All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield. **Asset Allocation:** The success of the Fund's strategy depends on the Adviser's or Sub-Adviser's skill in allocating Fund assets between the asset classes and in choosing investments within those categories. There is a risk that the Fund may allocate assets to an asset class that underperforms other asset classes. **Investment Model:** The Fund or certain underlying funds invest based on a proprietary model managed by the manager. The manager's proprietary model may not adequately address existing or unforeseen market factors or the interplay between such factors. **Other Investment Companies:** The main risk of investing in other investment companies, including exchange-traded funds, is the risk that the value of the securities underlying an investment company might decrease. Because the Fund or an underlying fund may invest in other investment companies, you will pay a proportionate share of the expenses of those other investment companies (including management fees, administration fees, and custodial fees) in addition to the expenses of the Fund and a proportionate share of the expenses of each underlying fund. **Interest Rate:** With bonds and other fixed rate debt instruments, a rise in interest rates generally causes values to fall; conversely, values generally rise as interest rates fall. The higher the credit quality of the instrument, and the longer its maturity or duration, the more sensitive it is likely to be to interest rate risk. **Foreign Investments / Developing and Emerging Markets:** Investing in foreign (non-U.S.) securities may result in the Fund or the underlying funds experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies due to smaller markets different reporting, accounting and auditing standards; nationalization, expropriation, or confiscatory taxation; foreign currency fluctuations, currency blockage or replacement; potential for default on sovereign debt; or political changes or diplomatic developments. Other risks of the Fund include but are not limited to **Credit, High-Yield Securities Investments, Call, Company, Currency, Liquidity, Market, Market Capitalization, Real Estate Companies and Real Estate Investment Trusts, U.S. Government Securities and Obligations. 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.**

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