

Voya Intermediate Bond Strategy

Dynamic Core Bond Strategy

Strategy Overview

Investment Objective*

Voya's intermediate bond strategy seeks to maximize total return consistent with reasonable risk. The strategy invests across the full spectrum of the fixed income market and may invest up to 20% of its assets in securities rated below investment grade.

Expected Contribution to Returns

High **Security selection**—Identifies opportunities to add value by continuously reviewing fundamentals and relative attraction of eligible fixed income securities

Market exposure—Guided by macroeconomic themes, relative value analysis and security level research

Yield Curve—Weekly assessment of yield curve relative value — position portfolio as opportunities arise

Low **Duration**—Employ strategic view of interest rate risk — make moderate adjustments to capture incremental returns

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

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. Treasuries led the rally, initially supported by a trade-related flight to quality and then by Fed comments that a rate cut was on the table. Meanwhile, credit markets were whipsawed by market volatility yet ended higher on the quarter.
- Strategy outperformance resulted from allocations to the corporate and securitized credit sectors, as well as security selection within securitized markets.
- We are maintaining our preference for securitized over corporate credit.

Portfolio Review

For the quarter, the strategy outperformed its benchmark, the Bloomberg Barclays U.S. Aggregate index.

Security Selection

- Security selection within securitized sectors contributed value
 - Security selection across securitized sectors added. Agency CMOs within agency MBS, higher-yielding CLOs within the ABS sector and more credit sensitive CMBS securities contributed during the quarter.
- Security selection within corporate sectors modestly detracted
 - Investment grade (IG) corporate security selection detracted, owing to our more defensive positioning that focused on short and intermediate bonds.

Sector Allocation

- Sector allocation, which included overweight positions to spread sectors and underweights to U.S. Treasuries, was the primary driver of outperformance for the period
 - Allocations to high yield and IG corporate credit both contributed to outperformance. Corporate bond markets initially narrowed, then widened on trade and economic concerns only to rebound after more dovish comments from the U.S. Federal Reserve.
 - In securitized, non-agency RMBS contributed, while allocations to agency MBS detracted, as the decline in rates fueled prepayment concerns.

Yield Curve/Duration

- Duration/yield curve positioning detracted from performance
 - Tactical defensive rate strategies detracted from performance as rates continued to decline, with the 10-year ending the quarter at 2%

¹ Performance discussed in this commentary is intended to reflect the strategy and may not represent the net of fee results of all share classes.

Current Strategy and Outlook

Our portfolios remain positioned to capitalize on the relative strength of the U.S. consumer. While consumer confidence in the United States has flattened out and expectations are less optimistic, household balance sheets remain in good shape. A strong rebound in net worth as a percent of disposable income and continued wage gains amidst a very tight labor market continue to support consumer spending. Accordingly, we are strategically overweight securitized credit, which offers attractive exposure to U.S. consumer strength.

We have reduced our allocations to corporate credit from earlier in the year and are tactically deploying risk in the corporate credit sectors. We continue to believe risk in the corporate sector is idiosyncratic and do not believe a downgrade cycle is imminent. Although leverage has

increased for investment grade companies, much of this increase has been intentional — the result of M&A transactions by larger companies that have several levers to pull to ensure they remain investment grade. We have also observed that many of these are higher quality companies that operate in defensive sectors, which should help insulate them from an economic downturn. More recently, we have seen an increase in the number of companies reducing debt.

Risk sentiment in emerging markets remains poor and may deteriorate further if trade tensions between the U.S. and China escalate. Volatile oil and commodity markets highlight the differences between winners and losers: exporters versus importers and the impacts on GDP, fiscal policy and inflation.

The Bloomberg Barclays U.S. Aggregate Bond

Index is a widely recognized, unmanaged index of publicly issued investment grade U.S. Government, mortgage-backed, asset-backed and corporate debt securities. The Index does 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. **High-Yield Securities**, or “junk bonds,” are rated lower than investment-grade bonds because there is a greater possibility that the issuer may be unable to make interest and principal payments on those securities. To the extent that the Fund invests in **Mortgage-Related Securities**, its exposure to prepayment and extension risks may be greater than investments in other fixed-income securities. 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. **Foreign Investing** poses special risks including currency fluctuation, economic and political risks not found in investments that are solely domestic. As **Interest Rates** rise, bond prices fall, reducing the value of the Fund’s share price. Other risks of the Fund include but are not limited to: **Credit Risks, Extension Risks, Investment Models Risks, Municipal Securities Risks, Other Investment Companies’ Risks, Prepayment Risks, Price Volatility Risks, U.S. Government Securities and Obligations Risks, Debt Risks, Liquidity Risks, Portfolio Turnover Risks, and Securities Lending 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.

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.

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.

Insurance products, annuities and funding agreements

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The opinions, views and information expressed in this commentary regarding holdings are subject to change without notice. The information provided regarding holdings is not a recommendation to buy or sell any security. Portfolio holdings are fluid and are subject to daily change based on market conditions and other factors.

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