

Actively Managed Portfolio of High-dividend Yield and Dividend-growth Stocks

Gregory Wachsman, CFA
Equity Analyst and Portfolio Manager

James Dorment, CFA
Portfolio Manager and Co-Head of Fundamental Research

Strategy overview

Actively managed large cap value strategy that relies on fundamental research to capture the benefits of high excess capital yield and sustainable dividends.

Key takeaways

- Equity markets declined in 1Q26 as easing inflation momentum gave way to heightened geopolitical risk and policy uncertainty. Growth oriented segments led the pullback, while value proved more resilient. Market participation narrowed, with sector performance becoming more mixed and energy emerging as a standout amid global supply concerns.
- For the quarter ended March 31, 2026, the SMA underperformed the Index on both a gross- and net-of-fees basis due to unfavorable stock selection. Stock selection in information technology, health care, and communication services sectors detracted the most from performance. Conversely, selection in consumer discretionary sector contributed to performance.
- Equity markets are navigating a more complex macro environment, influenced by geopolitical risk, policy uncertainty, and evolving growth dynamics. Leadership is rotating toward more defensive and quality oriented areas, reinforcing the importance of selective positioning and active risk management in a more volatile environment.

Market review

Heightened geopolitical risks and changing economic expectations pushed U.S. equity markets lower during the first quarter of 2026. Broad weakness in large-cap technology and software stocks, linked to concerns around artificial intelligence disruption, weighed on performance. The S&P 500 declined by –4.33% on a total return basis, while the Nasdaq Composite fell by –7.11% on a price return basis. Investors shifted market leadership toward more defensive and value-focused areas, allowing the energy, materials, and utilities sectors to outperform, while financials, consumer discretionary, and communication services lagged. Value stocks proved more resilient than growth stocks, and small cap stocks outpaced large caps as overall market participation narrowed.

Despite the overall weakness, markets remained largely range-bound for much of the quarter, with volatility occurring more beneath the surface than at the broad market level. AI continued to be a key theme, although investor sentiment became more selective as disruption concerns weighed on software and parts of large cap technology. While spending on AI infrastructure remained strong, investor attention shifted toward earnings visibility and return on investment, leading to wider differences in performance across the market.

Portfolio review

For the quarter ended March 31, 2026, the SMA underperformed the Index on both a gross- and net-of-fees basis due to unfavorable stock selection. Stock selection in information technology, health care, and communication services sectors detracted the most from performance. Conversely, selection in consumer discretionary sector contributed to performance.

At the individual stock level, our position in ICON Plc. (ICLR), not owning Exxon Mobil Corp. (XOM), and our position in Take-Two Interactive Software, Inc. (TTWO) were among the SMA's largest detractors for the quarter.

Our position in ICON Plc. (ICLR) detracted from performance. Shares plunged following the announcement of 4Q25 earnings delay amid investigation into accounting practices.

Not owning Exxon Mobil Corp. (XOM) detracted from performance. The stock rose on easing geopolitical tensions in Venezuela that opened new opportunities for U.S. oil companies and on strong quarterly results with better-than-expected revenue and record production volumes.

Our position in Take-Two Interactive Software, Inc. (TTWO) detracted from performance. Although the company reported better than expected fiscal 3Q26 results and net bookings guidance raised, investor concerns around the timing of Grand Theft Auto VI and AI disruption in game development outweighed fundamental factors.

At the individual stock level, the overweight positions in Chevron Corp. (CVX) and Devon Energy Corp. (DVN), and not owning Tesla Inc. (TSLA) were among SMA's largest contributors for the quarter.

An overweight position in Chevron Corp. (CVX) contributed to performance as energy sector rallied on higher oil prices driven by geopolitical conflict in the Middle East. The stock was further supported by slightly better than expected fourth-quarter results and rising confidence in Chevron's 2026 production outlook.

An overweight position in Devon Energy Corp. (DVN) contributed to performance following solid 4Q25 earnings and confirmed its 2026 forward guidance. Shares also benefited from the company's oil-weighted production profile amid higher oil prices driven by geopolitical supply

disruptions in the Middle East.

Not owning Tesla Inc. (TSLA) contributed to performance as shares declined amid concerns around pricing pressures and slowing delivery growth.

Outlook

The U.S. economy entered 2026 in a strong position despite high interest rates and tighter financial conditions, as markets moved from expecting rate cuts to anticipating an extended period of steady policy. Consumer spending continued to support demand, while expectations for double digit earnings growth led to shifts across sectors, especially in technology amid ongoing disruption from AI. Market leadership expanded beyond mega cap stocks, and although labor market conditions eased, broader data pointed to moderation rather than a clear downturn.

Inflation trends and geopolitical events played a growing role in shaping interest rate expectations and asset performance. Ongoing inflation pressures and higher energy prices—linked to Middle East tensions involving Iran and disruptions near the Strait of Hormuz—supported a higher for longer interest rate environment. U.S. assets remained relatively strong, with the dollar posting its strongest quarterly gain since late 2024, defensive sectors and equal weight equities showing resilience, and demand for safe haven assets staying firm. Overall, the environment reflected high uncertainty alongside solid underlying economic fundamental factors.

The **Standard and Poor's 500 Index** is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index includes 500 leading companies and covers approximately 80% of available market capitalization. Index returns do not reflect fees, brokerage commissions, taxes or other expenses of investing. **Investors cannot invest directly in an index.** The index is a product of S&P Dow Jones Indices LLC, a division of S&P Global, or its affiliates ("SPDJI"), and has been licensed for use by Voya. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC, a division of S&P Global ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). Voya or its products or services are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P or their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the index.

The principal risks are generally those attributable to investing in stocks and related derivative instruments. Holdings are subject to market, issuer and other risks, and their values may fluctuate. **Market risk** is the risk that securities or other instruments 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 or instrument may decline for reasons specific to the issuer, such as changes in its financial condition.

The Composite performance information represents the investment results of a group of fully discretionary accounts managed with the investment objective of outperforming the benchmark.

Voya Investment Management ("Voya IM") acts as a discretionary investment manager or non-discretionary model provider in a variety of separately managed account or wrap fee programs (SMAs) sponsored by a third party investment adviser, broker-dealer or other financial services firm. When acting as a non-discretionary model provider, Voya IM is limited to providing investment recommendations (in the form of models) to the SMA program sponsor who may or may not, in their sole discretion, utilize such recommendations. Individual portfolio performance and holdings may differ from information shown due to decisions made by the program sponsor, the size and timing of cash flows and client-specific investment guidelines and objectives. You should review this information with your financial professional, who can discuss the program with you and address questions you may have. Managed money programs may not be appropriate for all investors. Since no one manager/investment program is appropriate for all types of investors, your investment objectives, risk tolerance, and liquidity needs must be reviewed before appropriate managers/investment programs can be introduced to you.

This commentary has been prepared by Voya Investment Management for informational purposes. Nothing contained herein should be construed as (i) an offer to sell or solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. Any opinions expressed herein reflect our judgment and are subject to change. Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (1) general economic conditions, (2) performance of financial markets, (3) interest rate levels, (4) increasing levels of loan defaults (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities.

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

©2026 Voya Investments Distributor, LLC • 200 Park Ave, New York, NY 10166 • All rights reserved.

Not FDIC Insured | May Lose Value | No Bank Guarantee | Not a Deposit
033126 • ex033127 • IM5377916

