

Voya Small Company Strategy

Focusing on High-Quality Companies with Sustainable Growth Trends

Strategy Overview

The strategy seeks growth of capital primarily through investment in a diversified portfolio of common stocks and securities of companies with smaller market capitalizations.

Expected Contribution to Returns

High **Security Selection** — Purchase candidates are beneficiaries of an investment thesis; have accelerating sales, earnings and cash flow; and attractive valuations

Sell Discipline — Stocks may be sold if valuations exceeds expectations, our thesis changes, or if industry or company fundamentals deteriorate

Low **Sector Allocation** — Portfolios are diversified across sectors and kept within $\pm 5\%$ of each sector's index weight

Key Takeaways

- We continue to monitor changes occurring globally, actions at central banks and overall economic data
- Our portfolio positioning has not changed significantly
- The strategy outperformed its benchmark, the Russell 2000 index, for the quarter

Current Strategy and Outlook

We continue to monitor changes occurring globally, actions at central banks and overall economic data. Our portfolio positioning has not changed significantly. We seek to remain nimble and continue to focus on quality companies, such as those that, in our opinion, have strong managements, solid balance sheets and good cash flow generation capabilities. Going forward, we believe the portfolio is well positioned, as we think that investors will continue to focus on companies' fundamentals due to ongoing economic uncertainty.

Portfolio Review

Stock selection within the capital goods and semiconductors sectors generated the greatest outperformance. Stock selection within the consumer services and health care equipment and services sectors detracted the most from overall all results.

The main individual contributors to performance were Tetra Tech, Inc., ManTech International Corporation, and Universal Forest Products, Inc.

An overweight position in industrial services company, Tetra Tech, Inc. (TTEK) generated favorable results during the period. Investors rewarded the stock following a strong 1Q19 quarterly earnings beat and solid 2Q19 guidance. TTEK reported continued expansion in its tech solutions business which is expected to lead to greater market share gains as well as a favorable outlook within its environmental restoration business. Additionally, TTK announced its acquisition of WYG plc (WYG) in the UK in a move to expand its global footprint from which investors see additional upside. Its solid balance sheet and free cash flow generation boosted further confidence in TTEK's long term growth prospects.

An overweight position in government IT services company, ManTech International Corp. (MANT), contributed positively to performance during the period. Investors rewarded the stock following a 1Q19 quarterly earnings beat and a raise in 2019 guidance. The rise can in large part be attributed to the acquisition

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

of Kforce Government Solutions (KGS), an agency with cybersecurity, software development, and network services capabilities instrumental to increasing the company's presence in the federal health market.

Within the capital goods sector, an overweight position in Universal Forest Products Inc. (UFPI), generated positive results following a solid 1Q19 quarterly earnings report. Despite a softening in the housing environment and a decline in lumber prices which have historically impacted investor sentiment, the company cited strong organic volume growth across the business segments. Company management continues to execute operationally giving investors greater confidence in its long-term growth trajectory.

Key detractors from performance were Edgewell Personal Care Co., Unit Corporation, and Gray Television, Inc.

Within the consumer services sector, an overweight position in Edgewell Personal Care Co. (EPC) detracted from results during the month. Shares traded down due to a number of reported headwinds including a weakness in its Wet Shave business with a noted deceleration in U.S. scanner data and competitive pressures as well as reformulation costs and sales declines within its Sun Care segment.

An overweight position in natural gas and oil production company, Unit Corp. (UNT), detracted from results. Shares took a steep decline following the company's disappointing 1Q19 earnings report. Despite strong margin performance in land drilling, the stock was under pressure along with its natural gas producing peers as the commodity traded off during the period.

An overweight position in regional television broadcasting company, Gray Television, Inc. (GTN), detracted value during the period. Despite the company's strong quarterly earnings report, the stock traded off due to investor concerns regarding its Q2 revenue and expense guidance which came in below street expectations.

Holdings Detail

Companies mentioned in this report – percentage of portfolio investments, as of 6/30/19: Tetra Tech, Inc. 1.10%, ManTech International Corporation 0.98%, Universal Forest Products, Inc. 0.96%, Edgewell Personal Care Co. 0.00%, Unit Corporation 0.32%, Gray Television, Inc., 0.82%, 0.00% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to change on a daily basis.

The Russell 2000 Index is an unmanaged index that measures the performance of securities of small U.S. companies. 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. **Foreign Investing** poses special risks including currency fluctuation, economic and political risks not found in investments that are solely domestic. Investing in stocks of Smaller-Sized Companies may entail greater volatility and less liquidity than larger companies. The Portfolio may use **Derivatives**, such as options and futures, which can be illiquid, may disproportionately increase losses and have a potentially large impact on Portfolio performance. Other risks of the Portfolio include but are not limited to:

Market Trends Risks, Other Investment Companies' Risks, Price Volatility Risks, Liquidity Risks, Portfolio Turnover Risks and Securities Lending Risks. Investors should consult the Portfolio's Prospectus and Statement of Additional Information for a more detailed discussion of the Portfolio's risks. An investment in the Portfolio 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.

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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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