Voya Strategic Income Opportunities Fund

Unconstrained Fixed Income

Strategy Overview

Voya's Strategic Income Opportunities strategy seeks greater return consistency through income and capital appreciation, across all market cycles, unconstrained by benchmark limitations. The strategy emphasizes loss avoidance.

Expected Contribution to Returns

High

Active Asset Allocation seek opportunities across global fixed income sectors; analyze sector relative value, downside skew and asymmetric return potential to identify tactical opportunities

Security Selection top-down and bottom-up analysis driven by fundamental research, leverages Voya's experienced sector specialists

Duration Management flexible duration profile from -2 to 6 years allows the strategy to seek an optimal mix of interest rate and credit risk, which can adjust to market conditions

Currency Management proprietary quantitative modeling identifies relative value opportunities and adapts to prevailing currency regimes

Low

An investor should consider the investment objectives, risks, charges and expenses of the Fund(s) carefully before investing. For a free copy of the Funds' prospectus, or summary prospectus, which contains this and other information, visit us at www.voyainvestments.com or call (800) 992-0180. Please read the prospectus carefully before investing.

Key Takeaways

- For the quarter, the strategy outperformed its benchmark, the Merrill Lynch LIBOR Three-Month Constant Maturity index
- We maintain our preference for spread sectors, particularly securitized assets, due to the relative strength of consumer balance sheets versus corporate balance sheets
- Duration positioning, sector allocation and security selection were all additive to returns

Portfolio Review

Security Selection

- Security selection drove outperformance for the quarter with high yield corporate bonds and agency mortgages adding to returns
- Selection in the asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS) sectors also contributed to returns
- Selection among non-agency residential mortgage-backed securities (RMBS) and credit risk transfer securities detracted slightly from relative results

Sector Allocation and Duration/Curve Positioning

- Allocations to spread sectors boosted portfolio returns as spreads narrowed over the quarter
- Allocations to CMBS and non-agency RMBS were also key contributors during the quarter
- Our allocation to agency mortgages was a modest detractor that was offset by positive contribution from security selection in the sector
- Our duration and yield curve positioning, which included tactical defensive strategies, added to performance

Current Strategy and Outlook[1]

Fixed income markets posted strong returns for the quarter. U.S. Treasurys led the rally, as 10-year U.S. Treasury yields declined from 2.41% to 2.00% during the quarter. Treasurys were initially supported by a trade-related flight to quality and then by Fed comments that a rate cut was on the table. Beyond U.S. Treasuries, fixed income sectors largely outperformed. The one exception was the Agency RMBS market, where the decline in U.S. rates fueled concerns about the threat of pre-payment risk. Corporate credit markets were whipsawed

1 The firm relies upon quantitative models for certain investment strategies in developed currency markets.

by market volatility yet still ended higher on the quarter. Investment grade corporate bond markets were supported by narrowing spreads as well as the decline in U.S. interest rates. Meanwhile, high yield corporate bonds posted positive excess returns but the sector trailed higher quality corporates following the tremendous rally in the first quarter of 2019. Securitized credit also outperformed and proved to be less sensitive to market volatility that influenced corporate credit markets over the period. CMBS posted some of the better returns across securitized credit, while the performance of ABS was muted given the sector's lower beta characteristics.

Our portfolio remains 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 continues to support the U.S. consumer. Accordingly, we are strategically overweight securitized credit which offers attractive exposure to the relative strength of the U.S. consumer.

We have reduced our allocations to corporate credit from earlier in the year and are being tactical in deploying risk in 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 and 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 tension between the U.S. and China escalates. 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 **Bank of America Merrill Lynch U.S. Dollar Three-Month LIBOR Constant Maturity Index** is designed to track the performance of a synthetic asset paying LIBOR to a stated maturity. The index is based on the assumed purchase at par of a synthetic instrument having exactly its stated maturity and with a coupon equal to that day's fixing rate. That issue is assumed to be sold the following business day (priced at a yield equal to the current day rate) and rolled into a new instrument. The Index does not reflect fees, brokerage commissions, taxes or other expenses of investing. Investors cannot directly invest in an index. BofA Merrill Lynch® indices used with permission, are provided "AS IS", without warranties, and with no liability. BofAML does not sponsor, endorse, review, or recommend Voya or its products or services.

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 investment process. The process is based on a collection of proprietary computer programs, or models, that calculate expected return rankings based on variables such as earnings growth prospects, valuation, and relative strength. Portfolio construction uses a traditional optimizer that maximizes expected return of the portfolio, while managing tracking error.

Data imprecision, software or other technology malfunctions, programming inaccuracies and similar circumstances may impair the performance of these systems, which may negatively affect Fund performance. Furthermore, there can be no assurance that the quantitative models used in managing the Fund will perform as anticipated or enable the Fund to achieve its objective.

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