

The Target Date Choice to Help Keep Retirement Goals on Track

Strategy overview

These portfolios are only offered as an investment option within variable products and retirement programs.

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

- Global stocks and bonds produced strong returns in the final quarter of 2023, as waning inflation and dovish central bank communications caused interest rates to drop and capital markets to rally.
- In our view, disinflation should continue as economic growth slows, but U.S. labor markets will hold up relatively well, creating a backdrop in which domestic equities can move higher through 2024. We are less sanguine on the prospects for Europe and China.
- The Funds posted positive absolute and relative returns for the period, outperforming the benchmarks on a net asset value (NAV) basis.

Market review

During the fourth quarter, waning inflation in the United States and Europe and a pause in the U.S. Federal Reserve's interest-rate hiking cycle helped most major asset classes rebound from the previous quarter's modest downturn. Developed market equities and global bonds were strong performers, while commodities lagged following the sector's exceptional performance in 2021 and 2022.

Within equities, real estate investment trusts and small caps — which were previously challenged by higher rates — led during the quarter. Growth stocks beat value stocks, although both styles performed well. European equities trailed U.S. equities, due mostly to Index composition rather than sector-level issues. Despite strong results in Latin America, emerging market (EM) equities suffered due to China's underperformance. Japanese and United Kingdom equities struggled on a combination of unfavorable exposure to energy names and the strength of the sterling.

Lower rates boosted returns across the fixed income spectrum during the quarter; government bonds performed particularly well. Investment grade (IG) bonds' generally longer duration helped them outperform high yield (HY). EM debt was the best-performing fixed income sector, aided by lower global rates and a weaker U.S. dollar.

Outlook

After unexpectedly strong performance from the U.S. economy and capital markets last year, investors enter 2024 more upbeat. While we are encouraged about the progress of inflation and the resiliency of consumers and corporations, we think noticeably slower economic growth, fair to modestly extended valuations and very optimistic forecasts around Fed rate cuts could limit upside potential for stocks. We see rates markets are providing little room for yields to decline outside a meaningful slowing of economic growth. Despite high expectations, we think global stocks and bonds can produce respectable returns throughout the year. The current setting presents opportunities for allocators to benefit from divergences in global policy, business cycles and pricing of risk. In this macro environment,

we emphasize balance in our multi-asset portfolios, but believe U.S. exceptionalism is set to persist.

The disinflationary process continues as decongested supply chain issues and slowing demand forces have accounted for most of the recent relief. We see more downside from factors such as shelter, and weaker wage growth as the lagged impact of tighter monetary policy further filters into the labor market, where there are early signs of weakness — such as declining job openings and quits. However, we do not expect significant deterioration in the labor market. Limited private sector overreach and rising real incomes from falling inflation should keep the growth downturn mild.

U.S. equities may continue to outperform other countries and regions, driven by their higher growth potential, proactive corporate rightsizing and robust earnings from unrivaled software innovation. We continue to be cautious on Europe as the region's cyclical gearing and relatively high interest rate sensitivity has made the sting from tighter policy more broadly felt. Europe is also more exposed to energy supply shocks and external demand from China, which is struggling. Exports have plunged, due in part to U.S. companies' efforts to re-shore or move offshore manufacturing elsewhere. Furthermore, China's real estate sector, their main growth engine, is in freefall. We are mindful that sentiment is beaten down and look for signs that the Chinese authorities will implement coordinated policy action before shifting stances.

Positioning

At the beginning of the period, Funds held modest tactical equity underweights and fixed income overweights relative to their strategic allocation benchmarks. On average across the Funds, sub-asset class allocations were overweight to U.S. large cap equities, duration and in near-dated vintages, Treasury Inflation-Protected Securities (TIPS). Funds' underweights included international developed equities, EM equities and HY.

At the end of October, portfolio managers (PMs) added Vanguard Short-Term Corporate Bond Index ETF by reducing Vanguard Short-Term Bond Index ETF in near-dated vintages. High quality carry from short-term IG corporates is attractive, as elevated all-in yields should support cash spreads and provide considerable cushion in periods economic weakness. At the same time, PMs further extended duration in the 2030–2065 vintages by adding to long-term U.S. Treasuries and reducing core fixed income. At that

time, real yields were around 2.40%, the highest in 15 years. PMs felt this was probably near peak interest rates, given their view that global growth is slowing, the Fed is done hiking and will probably begin cutting rates in the first half of 2024. This proved a prescient move, as rates fell sharply in November. At the beginning of December, this portion of the long duration position was unwound at a gain, as rates hit a predetermined fair value level.

Funds continue to favor U.S. assets and maintain modestly defensive posture overall with a preference for U.S. large cap equities and core IG fixed income.

Performance

The Voya Target Retirement Fund's primary performance objective is to outperform its strategic allocation composite benchmark over the long-term through tactical asset allocation, i.e., deviating from the composite benchmark over the short and medium-term and active manager selection. The benchmark return is the weighted average return of indices that represent asset classes included in the strategic allocation benchmark. Index returns are gross of all fees. The Funds are generally rebalanced monthly and the strategic asset allocations are updated annually to reflect changes to our capital market assumptions. In the fourth quarter of 2023, Funds' relative performance exceeded their strategic allocation benchmarks. Tactical asset allocation and manager selection both contributed.

Tactical asset allocation had a positive impact on performance during the period. Funds' long duration posture was the main contributor, as interest rates fell sharply. Underweights in EM equities and, in near-dated vintages, HY also helped. EM were held back by China, which continues to struggle against domestic imbalances and geopolitical headwinds. HY's relatively shorter duration was a drawback given the interest rate action during the period. Overweights to TIPS in near-dated vintages were the main tactical asset allocation detractor, as inflation expectations dropped to levels last seen at the end of April.

Underlying managers' relative results were positive across the Funds. Strategies that contributed most to excess returns in the quarter were Voya VACS Series EME, Vanguard FTSE Developed Markets ETF, and Voya Core Plus Fixed Income. The biggest detractors in the quarter were iShares Core S&P Mid-Cap ETF, Vanguard Long-Term Treasury ETF and Vanguard FTSE Emerging Markets ETF.

¹ Source: BLS; [Union Members - 2022 \(bls.gov\)](https://www.bls.gov/charts/unions-and-labor/union-membership-2022).

Principal Risks: There is no guarantee that any investment option will achieve its stated objective. Principal value fluctuates and there is no guarantee of value at any time, including the target date. The target date is the approximate date when investors plan to start withdrawing their money. When their target date is achieved they may have more or less than the original amount invested. For each target-date portfolio, until the day prior to its target date, the Trust will seek to provide total return consistent with an asset allocation targeted at retirement in approximately each Trust's designated target year. On the target date, the Trust's investment objective will be to seek to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement.

Stocks are more volatile than bonds, and trusts with a higher concentration of stocks are more likely to experience greater fluctuations in value than portfolios with a higher concentration in bonds. Foreign stocks and small and midcap stocks may be more volatile than large cap stocks. Investing in bonds also entails credit risk and interest rate risk. Generally, investors with longer timeframes can consider assuming more risk in their investment portfolios. The Voya Target Solution Trusts are actively managed and the asset allocation adjusted over time. The trusts may merge with or change to other trusts over time. Refer to the prospectus for more information about the specific risks of investing in the various assets classes included in the Voya Target Solution Trusts.

As with any portfolio, you could lose money on your investment in the Voya Target Solution Trust. Although asset allocation seeks to optimize returns given various levels of risk tolerance, you still may lose money and experience volatility. Market and asset class performance may differ in the future from historical performance and the assumptions used to form the asset allocations for the Voya Target Solution Trust. There is risk that you could achieve better returns in an underlying portfolio or other portfolios representing a single asset class than in the Voya Target Solution Trust.

Important factors to consider when planning for retirement include your expected expenses, sources of income and available assets. Before investing in the Voya Target Solution Trust, weigh your objectives, time horizon and risk tolerance. The Voya Target Solutions Trust invests in many underlying portfolios, which are exposed to the risks of different areas of the market. The higher a portfolio's allocation to stocks the greater the portfolio's overall risk. Diversification cannot assure a profit or protect against loss in a declining market.

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