Commentary | 4Q24

Voya Corporate Leaders® 100 Fund

Equal Positions in the 100 Largest S&P 500 Companies

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Strategy overview

A rules-based strategy designed to exploit market inefficiencies in a disciplined systematic manner.

Key takeaways

- For the quarter ended December 31, 2024, the Voya Corporate Leaders 100 Fund underperformed its benchmark on a net asset value (NAV) basis , the S&P 500 Index (the Index).
- During the quarter, the Fund continued to follow its strict rules-based investment approach.
- At the beginning of the quarter, the Fund held equal-weighted positions in the stocks of the S&P 100 Index (implying that each holding represented about 1% of the portfolio).
- Over the course of the quarter, if the value of a security increased by more than 50%,* the position size was reduced to 1%, and if the value of a security decreased by more than 30%,* the position was eliminated.

Portfolio review

U.S. stocks continued their upward trajectory during the fourth quarter following Donald Trump's presidential victory, with the S&P 500 Index rising by 2.41% and the Nasdaq Composite advancing by 6.17%. The consumer discretionary and communication services sectors led, while materials and healthcare lagged. Large cap stocks outperformed small caps, and growth stocks significantly beat value stocks.

The U.S. bond market struggled during the quarter on concerns about sticky inflation and the U.S. Federal Reserve's more conservative rate-cut path. The Bloomberg U.S. Aggregate Bond Index declined by –3.06% and the 10-year U.S. Treasury yield rose by more than 80 basis points (bp), ending the quarter at 4.58%. The Fed cut rates by 25 bp in November and December. However, the central bank now projects just two rate cuts in 2025, reflecting a more cautious stance in response to strong economic data.

VOYA® INVESTMENT MANAGEMENT

Over the reporting period, stock selection in financials, health care and industrials sectors contributed the most to performance. At the individual stock level, an underweight in Microsoft Corp., an overweight in Capital One Financial Corp. and General Motors Co. contributed the most to performance.

By contrast, stock selection in consumer discretionary, information technology and communication services sectors detracted the most. Allocation effects, specifically an underweight to information technology was another headwind. Among the largest individual detractors for the period was the underweight positions in NVIDIA Corp., Amazon.com, Inc. and Apple Inc.

As of the end of the reporting period, the Fund's largest sector overweight was to the consumer staples sector, while the largest sector underweight was information technology. Sector exposures are purely a function of the strategy's rules-based investment discipline and are not actively managed.

Current strategy and outlook

After months of noise surrounding the U.S. presidential election, markets have now refocused on macroeconomic data, which offer mixed signals. Key concerns include global geopolitical tensions, especially around tariffs, and deteriorating sentiment tied to mega-cap positioning and broader market weakness. Despite these challenges, U.S. equities should continue to benefit from robust consumer spending, optimism around artificial intelligence and solid corporate earnings. U.S. inflation is projected at 2.5% for 2025, but the new administration's policies could reverse the disinflation trend.

Holdings detail

Companies mentioned in this report – percentage of Fund investments, as of 12/31/24: Microsoft Corp. 0.98%, Capital One Financial Corp. 1.19%, General Motors Co. 1.14%, NVIDIA Corp. 1.10%, Amazon.com, Inc. 1.16% and Apple Inc. 1.10%; 0% indicates that the security is no longer in the Fund. Portfolio holdings are subject to daily change.
*If a security is underperforming the S&P 500® Index and the S&P 500® Index is positive on an intra-quarter basis, the security will typically be sold when it declines by 30% or more, irrespective of the percentage difference versus the S&P 500® Index. If a security is underperforming the S&P 500® Index and the S&P 500® Index is negative on an intra-quarter basis, the security will typically be sold when it underperforms the S&P 500® Index by 30 percentage points or more. This change went into effect on 5/18/20.

Read our Fund Fact Sheet

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.**

All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investing. You could lose money on your investment and any of the following risks, among others, could affect investment performance. The following principal risks are presented in alphabetical order which does not imply order of importance or likelihood: Company; Convertible Securities; Credit; Derivative Instruments; Interest Rate; Investment Model; Market; Market Capitalization; Market Disruption and Geopolitical; Other Investment Companies; Preferred Stocks; Real Estate Companies and Real Estate Investment Trusts; Securities Lending. **Investors should consult the Fund's Prospectus and Statement of Additional Information for a more detailed discussion of the Fund's risks.**

The Fund discussed may be available to you as part of your employer sponsored retirement plan. There may be additional plan level fees resulting in personal performance to vary from stated performance. Please call your benefits office for more information.

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

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