

A Transparent, Rules-Based Approach to Help Clients Build Wealth

Strategy overview

Globally diversified core strategy based on the Global Perspectives unique investment philosophy and built with a mix of passively managed ETFs.

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

- In the third quarter of 2024, equity markets showed varied performance, with a notable broadening of returns. Small- and mid-cap stocks led the way, while emerging markets (EM) benefited from a strong rebound in China. Falling interest rates boosted bond returns, and value stocks outperformed growth stocks, driven by defensives, cyclicals and banks.
- Looking ahead, the equity market outlook is cautiously optimistic, although uncertainties surrounding U.S. Federal Reserve policies, upcoming elections and rising geopolitical tensions may increase volatility. Nevertheless, in an environment marked by positive economic growth and declining interest rates, we expect U.S. stocks to continue performing well and find higher quality U.S. assets more attractive than foreign broadly.
- During 3Q24, the Voya Global Perspectives Market Models: ETF Series delivered positive absolute and mixed relative.
- On a net-of-fees basis for the following: The Voya GPMM Income Model underperformed the Bloomberg Global Aggregate Bond Index. The Voya GPMM Conservative Growth ETF, Voya GPMM Moderate Growth ETF and GPMM Aggressive Growth ETF Models outperformed the S&P Target Risk Conservative, Moderate and Aggressive Indices, respectively.

Market review

U.S. stocks advanced during the third quarter following the Fed's larger-than-expected 50 basis points (bp) interest rate cut. Interest rate sensitive sectors—utilities and real estate—led, while energy and growthier segments—technology and communications—lagged. Small cap stocks outperformed large caps and value significantly beat growth.

International equities surpassed U.S. markets, with EM leading the way. In developed markets, United Kingdom stocks performed well due to optimism around the general election and Bank of England rate cuts. The European Central Bank's rate reduction in September aided eurozone stocks despite manufacturing declines. Japan stood out by raising rates for the first time in 17 years, causing a sharp rise in the yen, chaotic unwind of carry trades and negative local, but positive U.S. based performance. China stocks delivered the highest return, soaring over 20% in just a few weeks, following aggressive monetary stimulus and fiscal commitments.

U.S. bonds logged their first positive quarterly performance of 2024, as the 10-year U.S. Treasury yield fell from 4.48% at the beginning of July to 3.81% by quarter-end. Long duration bonds performed best, followed by high yield and investment grade (IG). The U.S. dollar fell during the quarter, helping global aggregate bonds and broad EM debt outperform U.S. aggregate bonds.

Portfolio review

The Voya GPMM ETF Series posted positive absolute and mixed relative returns across models. The Aggressive portfolio performed best from an absolute and relative standpoint.

The models were in base positioning during the period. Asset allocation contributed to relative performance. Portfolio's overweight to real estate investment trusts (REIT) and small caps were the biggest contributors, benefiting from interest rate sensitivity following the Fed's recent 50 bp rate cut and better-than-expected earnings. Underweight exposure to corporate bonds and large caps were the main asset allocation detractors from performance, as spreads narrowed, and large U.S. company earnings continued to be strong.

Manager selection was negative for Voya GPMM Income Model, but positive for Voya GPMM Conservative Growth ETF, Voya GPMM Moderate Growth ETF and GPMM Aggressive Growth ETF Models.

For the quarter ending June 30, 2024—actual company reporting finishing in September 2024—the year over year earnings growth for the S&P 500 companies was 13.2%. Accordingly, the **Fund will maintain base positioning and rebalance back to targets in early October 2024.**

Outlook

Inflation has dropped to a three-year low, allowing the Fed to start cutting interest rates to support the labor market. While the job market has softened, the gradual rise in unemployment has mainly been due to increased labor supply from immigration. In an environment where economic growth is positive and interest rates are declining, stocks typically perform well. As a result, we remain bullish on U.S. equities, particularly large caps. Earnings have been strong and are expected to continue. While valuation ratios like price to earnings appear high, this is partly due to the increased weight of technology and related sectors in the S&P 500, which have capital-light models and higher margins. This shift makes current valuations more reasonable and suggests equity returns could align with earnings growth. However, our

overweight stance on large caps has gradually shifted to mid caps due to their attractive valuations and expected benefit from lower borrowing costs.

The outlook for international equities is mixed. Europe faces challenges such as slow economic activity, high labor costs, limited fiscal options and high real interest rates. Germany is experiencing a manufacturing slowdown and a recession. Additionally, geopolitical risks and global trade disruptions pose further threats. In contrast, Japan's economy shows promising signs, including improvements in corporate governance, normalizing monetary policy and positive earnings revisions, despite currency stability issues. China's recent stimulus package targeting consumers and the property market led to a strong rally. However, we are skeptical about the sustainability of these measures in addressing structural issues. Uncertainties persist regarding consumer demand and investor risk appetite. Additionally, China faces geopolitical tensions, declining Western foreign direct investment, potential tariffs, real estate challenges and the need for sustainable growth. Given these factors, underweight international developed and neutral EM equities.

We continue overweight U.S. IG core bonds due to supportive policy, strong fundamental factors and attractive carry, despite tight spreads. Within the asset classes, lower-beta securitized assets, such as agency mortgages and consumer-oriented asset-backed securities, as well as high-quality corporates, look appealing. These sectors should benefit from solid macro conditions and favorable supply and demand dynamics. We are underweight leveraged loans. Slower economic growth, falling interest rates and tilted toward cyclical sectors dependent on discretionary consumer spending keep us cautious. We do not have strong conviction on the near-term direction of rates. While we do believe the Fed will continue to reduce rates, the short end of the curve already has significant cuts priced in and the long-end yield seem fair given our views on growth and inflation, preferring nominal bonds as a hedge against the downside in equity returns. Our aversion to international fixed income is based on the same factors that drive our underweights in non-U.S. equities. There are cases to be made for certain countries, but overall, foreign securities are not as compelling as U.S. assets, in our opinion. Furthermore, we are not confident that global bonds will continue to benefit from a weaker U.S. dollar going forward.

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The **S&P Target Risk Moderate Index** is an unmanaged index that measures the performance of a hypothetical, multi-asset portfolio designed to provide significant exposure to fixed income, while also providing increased opportunity for capital growth through equities.

The **S&P Target Risk Aggressive Index** concentrates on exposure to equities to benefit from opportunities for long-term capital accumulation. To enhance portfolio efficiency, it may include small allocations to fixed income.

The **S&P Target Risk Conservative Index** emphasizes exposure to fixed income to maintain a consistent income stream and manage volatility.

The **Bloomberg Global Aggregate Index** measures global investment grade debt from twenty-four local currency markets including treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Indices do 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. **Asset Allocation:** The success of the model depends on the Adviser's or Sub-Adviser's skill in allocating model assets between the asset classes and in choosing investments within those categories. There is a risk that the model may allocate assets to an asset class that underperforms other asset classes. **Investment Model:** The model invests based on a proprietary model managed by the manager. The manager's proprietary model may not adequately address existing or unforeseen market factors or the interplay between such factors. **Other Investment Companies:** The main risk of investing in other investment companies, including exchange-traded funds, is the risk that the value of the securities underlying an investment company might decrease. Because the model or an underlying fund may invest in other investment companies, you will pay a proportionate share of the expenses of those other investment companies (including management fees, administration fees, and custodial fees) in addition to the expenses of the model and a proportionate share of the expenses of each underlying fund. **Interest Rate:** With bonds and other fixed-rate debt instruments, a rise in interest rates generally causes values to fall; conversely, values generally rise as interest rates fall. The higher the credit quality of the instrument, and the longer its maturity or duration, the more sensitive it is likely to be to interest rate risk. **Foreign Investments / Developing and Emerging Markets:** Investing in foreign (non-U.S.) securities may result in the model or the underlying funds experiencing more rapid and extreme changes in value than a model that invests exclusively in securities of U.S. companies due to smaller markets different reporting, accounting and auditing standards; nationalization, expropriation, or confiscatory taxation; foreign currency fluctuations, currency blockage or replacement; potential for default on sovereign debt; or political changes or diplomatic developments. Other risks of the model include but are not limited to **Credit, High-Yield Securities Investments, Call, Company, Currency, Liquidity, Market, Market Capitalization, Real Estate Companies and Real Estate Investment Trusts, U.S. Government Securities and Obligations. An investment in the model is not a bank deposit and is not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.**

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