

Seeking the Growth Potential and Stability of Large Caps

Strategy overview

Actively managed large cap growth strategy that relies on fundamental research and analysis to identify companies with strong and accelerating business momentum, increasing market acceptance and attractive valuations.

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

- Markets are off to a good start to the year, as the underlying fundamental factors of the economy remain strong. Inflation is still above the U.S. Federal Reserve targeted mandate but has fallen sharply from its 2022 highs, and U.S. gross domestic product (GDP) has significantly outpaced that of other developed economies.
- For the quarter, the Strategy outperformed its benchmark, the Russell 1000 Growth Index (the Index), on a net asset value (NAV) basis.
- Markets have thus far shrugged off any uncertainty brought on by it being an election year, although it remains to be seen if that will continue. Artificial intelligence (AI) continues to be a catalyst for growth, and markets are anticipating rate cuts to begin before year-end, which is all good news for equities.

Portfolio review

U.S. stocks enjoyed a strong first quarter as inflation's downward trend continued and U.S. economic growth beat expectations. The S&P 500 Index reached a new high and advanced by 10.56% on a total return basis during the quarter and the Nasdaq Composite had a price return of 9.11%. The communication services, energy and information technology sectors led, while real estate and utilities lagged. Large-cap stocks outperformed small caps and growth beat value. The Federal Open Market Committee voted to hold interest rates steady for the fifth consecutive time at its March meeting; however, three rate cuts are still expected this year, with the first likely to happen in June.

U.S. bonds slipped during the quarter amid persistently tight credit spreads and a rising U.S. Treasury yield curve. The Bloomberg U.S. Aggregate Bond Index fell -0.78%. The 10-year U.S. Treasury yield rose from 3.95% in January to 4.20% by quarter end on early concerns that lingering high inflation could change the Fed's rate cut plans; however, it remained essentially flat in March following favorable comments from Fed Chair Powell.

For the quarter ended March 31, 2024, the Strategy outperformed the Index on a NAV basis. Stock selection in the information technology, health care and communication services sectors contributed the most to performance. Unfavorable stock selection in the utilities sector detracted the most.

Key contributors to performance were Apple Inc., Tesla, Inc. and Meta Platforms Inc.

An underweight position in Apple Inc. (AAPL) contributed to performance due to a greater-than-expected decline in growth in China. While Apple reported strong earnings overall, the underperformance in the Chinese market had a negative impact.

An underweight position in Tesla, Inc. (TSLA) contributed to performance. TSLA reported weaker than expected results during the period and guided notably lower. The company has also lowered delivery estimates for 1Q24 from 475 thousand to 425 thousand due to supply chain issues, among other things. Rising competition and a lingering price war with electric vehicle (EV) competition in China remains a major concern for investors.

An overweight position in Meta Platforms Inc. (META) contributed to performance. The company reported another strong quarter during the period with revenue and operating income coming in ahead of consensus. Results exceeded expectations across all major lines of business along with better-than-expected forward guidance.

Key detractors from performance were Lululemon Athletica Inc., Adobe Inc. and Roblox Corp.

An overweight position in Lululemon Athletica Inc. (LULU) detracted from performance. Lulu reported strong results during the period but softer than expected trends quarter to date led to disappointing FY2024 guidance.

An overweight position in Adobe Inc. (ADBE) detracted from performance. The company reported a solid quarter, but it was overshadowed by disappointing guidance around net new digital media annual recurring revenue (ARR). Investors are also skeptical about management's belief that generative AI benefits will be felt more in second half of 2024.

An overweight position in Roblox Corp. (RBLX) detracted from performance. The company's valuation is based on long duration cash flows, which are heavily influenced by changes in interest rates, and the uncertainty surrounding the Fed has hurt the share price.

Current strategy and outlook

The U.S. economy remains strong, with positive gains in payrolls and productivity. Consumer spending momentum appears soft but stable. Household net worth has increased significantly since the pandemic, but consumer confidence remains below long-term averages due to the lasting negative impact of higher prices on consumers' psyches. The U.S. labor market remains robust but shows signs of softening. While inflation has fallen to more manageable levels, concerns about overheating persist. Interest rates may remain higher for longer than some participants expect.

The economic soft landing and easier financial conditions, coupled with anticipated rate cuts, should create favorable conditions for U.S. stocks. Although a lot of price appreciation has already taken place and a near-term pullback is possible, there is significant potential for further rally once the Fed starts cutting rates.

Holdings detail

Companies mentioned in this report — percentage of Strategy investments, as of 03/31/24: Apple Inc. 6.14%, Tesla, Inc. 0.53%, Meta Platforms Inc. 5.72%, Lululemon Athletica Inc. 0.86%, Adobe Inc. 1.69% and Roblox Corp. 0.78%; 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to daily change.

The **Russell 1000 Growth Index** is an unmanaged index that measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted directly in an index. 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. **Growth Investing** Prices of growth stocks typically reflect high expectations for future company growth, and may fall quickly and significantly if investors suspect that actual growth may be less than expected. Growth companies typically lack any dividends that might cushion price declines. Growth stocks tend to be more volatile than value stocks, and may underperform the market as a whole over any given time period. **Derivative Instruments** Derivative instruments are subject to a number of risks, including the risk of changes in the market price of the underlying securities, credit risk with respect to the counterparty, risk of loss due to changes in interest rates and liquidity risk. The use of certain derivatives may also have a leveraging effect which may increase the volatility of the Portfolio and reduce its returns. Other risks of the Portfolio include, but are not limited to: **Liquidity, Company, Currency, Foreign Investments, Market, Other Investment Companies and Securities Lending.** **Investors should consider the Portfolio's prospectus and statements 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 or guaranteed 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.

Variable investments, of any kind, are not guaranteed and are subject to investment risk including the possible loss of principal. The investment return and principal value of the security will fluctuate so that when redeemed, it may be worth more or less than the original investment. In addition, there is no guarantee that any variable investment option will meet its stated objective. All guarantees are based on the financial strength and claims paying ability of the issuing insurance company, who is solely responsible for all obligations under its policies.

Insurance products, annuities and funding agreements issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), One Orange Way, Windsor, CT 06095, which is solely responsible for meeting its obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services, LLC ("VIPS"). Securities distributed by or offered through Voya Financial Partners, LLC ("VFP") (member SIPC) or other broker-dealers with which it has a selling agreement. Only Voya Retirement Insurance and Annuity Company is admitted and can issue products in the state of New York. All companies are members of Voya Financial.

This commentary has been prepared by Voya Investment Management for informational purposes. Nothing contained herein should be construed as (i) an offer to sell or solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. Any opinions expressed herein reflect our judgment and are subject to change. Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (1) general economic conditions, (2) performance of financial markets, (3) interest rate levels, (4) increasing levels of loan defaults (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities. **Past performance does not guarantee future results.**

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.

©2024 Voya Investments Distributor, LLC • 230 Park Ave, New York, NY 10169 • All rights reserved.

Not FDIC Insured | May Lose Value | No Bank Guarantee
CMFC-LCGSTRAT 033124 • ex033125 • IM3509131 • WLT250006930