Voya Large Cap Value Fund

High Excess Capital Yield and Sustainable Dividends

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Strategy overview

Actively managed large cap value strategy that relies on fundamental research to capture the benefits of high excess capital yield and sustainable dividends.

Key takeaways

- In the fourth quarter of 2024, the equity markets experienced mixed returns. Domestic large- and small-cap stocks delivered positive returns, while value indices and international markets saw declines. Cyclical sectors, such as consumer discretionary, financials and technology, outperformed defensive sectors. Growth factors led performance, while value factors declined.
- The outlook for equities in 2025 is cautiously optimistic as the U.S. economy remains strong and the Trump administration is expected to implement favorable policies in terms of deregulation and taxes. However, risks such as tariffs, inflation and geopolitics may result in volatility.
- For the quarter ended December 31, 2024, the Fund outperformed the Russell 1000 Value Index (the Index) on a net asset value (NAV) basis, due to favorable stock selection. The consumer discretionary, information technology and industrials sectors contributed the most to performance. Conversely, the selection consumer staples, utilities and health care detracted from performance.

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.

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At the individual stock level overweight positions in Tapestry, Inc, Expand Energy Corp. and Boeing Co. contributed to performance the most.

An overweight position in Tapestry, Inc. (TPR) positively impacted performance. The stock appreciated following the announcement in November of the termination of the merger with Capri Holdings, along with the approval of a $2 billion share repurchase program.

An overweight position in Expand Energy Corp. (EXE) contributed to performance. The potential for increased Liquified Natural Gas (LNG) exports driven by the new presidential administration along with increased power demand driven by the growth of artificial intelligence (AI) have benefitted the shares.

An overweight position in the Boeing Co. (BA) contributed to performance. The company executed a successful capital raise and also resolved the machinist strike in the period.

Not owning JPMorgan Chase & Co., as well as overweight positions in Thermo Fisher Scientific Inc. and HF Sinclair Corp. were the biggest individual detractors.

Not owning a position in JPMorgan Chase & Co. (JPM) detracted from performance. Following the election, financial sector stocks, including JPMorgan, benefitted from a "red sweep" in government. This raised optimism about potential deregulation, which could lower costs for banks.

An overweight position in Thermo Fisher Scientific Inc. (TMO) detracted from performance. The stock declined following a disappointing earnings report. Additionally, the stock faced pressure after the election, as the incoming Trump administration was seen as potentially harmful to growth in the healthcare sector, with concerns over high China tariffs and reduced National Institutes of Health (NIH) funding.

An overweight position in HF Sinclair Corp. (DINO), detracted from performance. Despite better results versus expectations, investors were disappointed that management indicated that the sale of its Lubricants business might not happen.

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 Strategy investments, as of 12/31/24: Tapestry, Inc. 0.85%, Expand Energy Corp. 2.15%, Boeing Co. 2.50%, JPMorgan Chase & Co. 0.00%, Thermo Fisher Scientific Inc. 1.71% and HF Sinclair Corp. 0.90%, 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to daily change.

Read our Fund Fact Sheet

The **Russell 1000 Index** includes approximately 1000 of the largest capitalization securities within the float-adjusted, market-capitalization-weighted Russell 3000 Index. The **Russell 1000 Value Index** includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.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; Currency; Dividend; Environmental, Social, and Governance (Equity); Foreign (Non-U.S.) Investments/ Developing and Emerging Markets; Interest Rate; Investment Model; Liquidity; Market; Market Capitalization; Market Disruption and Geopolitical; Mid-Capitalization Company; Other Investment Companies; Preferred Stocks; Real Estate Companies and Real Estate Investment Trusts; Securities Lending; Small-Capitalization Company; Value Investing. **Investors should consult the Fund's Prospectus and Statement of Additional Information for a more detailed discussion of the Fund's risks.**

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. 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.

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