

# Voya Investments, LLC

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This Form ADV Part 2A ("brochure") provides information about the qualifications and business practices of Voya Investments, LLC ("VIL" or the "Adviser"). If you have any questions about the contents of this brochure, please contact VIL's Legal department at (480) 477-2497. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. VIL is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about VIL is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. VIL's CRD number is 111091.

## ITEM 2

### Material Changes

Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year, which is December 31. We may provide other ongoing disclosure information about material changes as necessary. Upon request, we will further provide you with a new brochure at any time without charge.

The following is only a description of the material changes to this brochure since its last annual update, dated March 30, 2017.

On March 8, 2018, VIL, without admitting or denying the findings, entered into a settlement in public administrative and cease-and-desist proceedings with the SEC regarding certain securities lending practices. Pursuant to a settlement order, VIL agreed to (1) cease and desist from certain conduct, (2) censure, (3) payment of a civil penalty in the amount of \$500,000, (4) payment of disgorgement in the amount of \$2,635,490.25 and (5) payment of pre-judgement interest in the amount of \$511,978.89. For further information regarding this order, see Item 9 "Disciplinary Information."

ITEM 3

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#### ITEM 4

### Advisory Business

VIL, an Arizona limited liability company, is wholly-owned by Voya Funds Services, LLC ("VFS"). VFS is wholly-owned by Voya Capital, LLC, which in turn is a wholly-owned subsidiary of Voya Investment Management LLC, which in turn is a wholly-owned subsidiary of Voya Holdings Inc., which in turn is a wholly-owned subsidiary of Voya Financial, Inc. ("Voya Financial"), a publicly held company.

VIL is registered with the SEC as an investment adviser, and the Commodity Futures Trading Commission ("CFTC") as a Commodity Pool Operator ("CPO"). It serves as an investment adviser for certain registered investment companies ("RICs"), consisting of open and closed-end registered investment companies (each a "Fund" and collectively the "Funds"), and collateralized loan obligations ("CLOs").

The predecessor of VIL, ING Pilgrim Investments, Inc. began business as an investment adviser on December 27, 1994. On February 23, 2001, the name of the investment adviser changed from "Pilgrim Investments, Inc." to "ING Pilgrim Investments, LLC." On February 26, 2002, the name of the investment adviser was changed from "ING Pilgrim Investments, LLC" to "ING Investments, LLC." On May 1, 2014, the name of VIL was changed from "ING Investments, LLC" to "Voya Investments, LLC."

The overwhelming majority of assets managed by VIL are discretionary in nature, although from time to time non-discretionary mandates may be accepted. As of January 31, 2018, VIL managed \$95,369,452,241 in discretionary assets and \$0 in non-discretionary assets.

### Investment Authority

For the majority of its clients, VIL's primary role is to function as a Manager-of-Managers. As such, while retaining overall investment oversight, VIL generally hires other registered investment advisers (the "Sub-Advisers") to perform the day-to-day asset management services in a sub-advisory capacity. VIL then oversees the provision of these sub-advisory services. Under this structure, trading on behalf of the clients is substantially executed by the Sub-Advisers, subject to VIL's oversight, although VIL may itself exercise direct authority over purchases and sales for all or a portion of a client's portfolio. As a Manager-of-Manager, VIL provides numerous services to its clients, including, among other services: developing investment programs for certain clients' portfolios; researching, negotiating with, selecting and removing the Sub-Advisers of such clients (subject to approval of such client's board of directors/trustees); monitoring the Sub-Advisers' performance and adherence to their investment policy and/or policies; monitoring the Sub-Advisers' compliance with legal and regulatory requirements; and facilitating the contract renewal process with such client's board of directors/trustees.

There are certain exceptions in which VIL does not act in a Manager-of-Manager's capacity. For example, VIL provides certain investment advisory services to certain CLOs, which services may include liquidating security positions that come into the possession of the CLOs. In addition, even where VIL currently acts as Manager-of-Managers, should the need arise, VIL can act in a traditional asset management role. With respect to certain Voya funds that are managed by multiple sub-advisers (the "Multi-Managed Funds"), in addition to allocating Fund assets to such sub-advisers, VIL may, from time to time, manage a portion of the Funds' assets to seek to manage the Funds' overall exposure to achieve the Funds' desired risk/return profile and to effect the Funds' investment strategies. VIL may also directly invest in futures and exchange-traded funds to implement its investment process for the Multi-Managed Funds.

#### ITEM 5

### Fees and Compensation

VIL provides advisory and administrative services to the Funds pursuant to a written contract in conformity with Section 15 of the Investment Company Act of 1940, as amended (the "1940 Act"). Similarly, VIL provides services, including investment advisory services, to the CLOs pursuant to a written contract.

The management fee schedule for the Funds is a percentage of average daily net assets with respect to open-end funds and is a percentage of managed assets with respect to closed-end funds under VIL's management ranging from 0.10% to 1.35% per annum. The Funds are generally billed monthly in arrears. VIL may contractually agree to waive all or a portion of its fees. VIL may also waive and/or reimburse costs and operating expenses of a Fund so that the Fund's total operating expenses do not exceed certain set limitations. Any such waivers or reimbursements are disclosed in the relevant prospectus, where and to the extent permitted by the applicable SEC forms.

The basic advisory fee structure for a CLO issuer is up to 0.75% per annum of the principal, payable quarterly or semi-annually in arrears (except for the final payment period, which may vary). A portion of this fee may be subordinated, contingent or deferred. Fees are negotiable and therefore may vary from this schedule if special circumstances apply to an account. VIL has currently voluntarily agreed to waive all of its fees with respect to services provided to the CLOs.

### Negotiation of Fees and Other Unique Arrangements

All fees are subject to negotiation. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on transactions. Such charges, fees and commissions are exclusive of and in addition to VIL's management fee.

### Compensation for the Sale of Securities and Investment Products

Personnel of VIL may also be registered representatives of Voya Investment Distributors, LLC ("VID"), an affiliated broker-dealer. These registered representatives could potentially receive compensation in connection with the sale of registered investment companies managed by VIL or its affiliates; these fees typically do not offset management fees. Where an individual receives compensation of this nature, there may be a conflict of interest because he or she has an incentive to recommend a product based on potential revenues rather than the client's needs. In the case of registered investment companies, FINRA suitability and other rules generally govern the sales activities.

#### ITEM 6

### Performance-Based Fees and Side-By-Side Management

VIL has no performance-based fee arrangements with its Funds. Although the CLOs technically have performance fees available under their fee arrangements, VIL has voluntarily agreed to waive its fees. As such, while a conflict of interest may theoretically exist where certain clients have performance-based fees while others do not, which conflict may incentivize a manager to favor a client with a performance based fee, this conflict does not exist in this particular situation because VIL is not receiving any performance fees.

## Compliance Procedures

In order to monitor and address the potential conflicts described above, VIL has implemented various processes and procedures. These processes and procedures are designed to ensure that all investors are treated fairly; that any short sales are conducted in an appropriate manner; and that allocations of offerings or investment opportunities among investments are equitable.

### ITEM 7

## Types of Clients

VIL serves as an investment adviser for certain open- and closed-end registered investment companies and to certain Cayman Islands-based CLOs. In addition, VIL is a registered CPO, but does not currently advise any non-exempt commodity pools. The minimum investment amount required for an investment is described in the applicable prospectus or other applicable documents. VIL typically reserves the right to waive the minimum investment requirements.

### ITEM 8

## Methods of Analysis, Investment Strategies and Risk of Loss

For the majority of the Funds, VIL acts as a Manager-of-Managers and enters into portfolio management agreements with Sub-Advisers for the provision of day-to-day management of the Funds. As described in more detail in Item 4, VIL remains responsible for the oversight of the Sub-Advisers and the overall investment oversight of each Fund's investment portfolio. Any risk to which the Funds are subject, including the risk that a Sub-Adviser allocates assets in a type of investment or asset class that underperforms other types of investments or asset classes, could affect a Fund's performance or cause an investment to lose money or to underperform market averages. The material risks relating to the principal investment strategies for each Fund are described in each Fund's registration statement.

In addition to the Funds, VIL serves as the investment adviser to certain CLOs, for which they supervise and direct the investment and reinvestment of assets. In managing the CLOs, VIL uses top-down analysis to determine industries and sectors and fundamental bottom-up analysis to determine individual investments.

The CLOs investment strategy is to invest primarily in below investment-grade, floating rate senior loans that carry a higher than normal risk that borrowers may default in the timely payment of principal and interest on their loans, which would likely negatively impact the value of a CLO's portfolio. Changes in short-term market interest rates will directly affect the yield on the CLO's portfolio. If such rates fall, the CLO's yield will also fall. If interest rate spreads on CLO's loans decline in general, the yield on the CLO's loans will fall and the value of the CLO's loans may decrease. When short-term market interest rates rise, because of the lag between changes in such short term rates and the resetting of the floating rates on loans in the CLO's portfolio, the impact of rising rates will be delayed to the extent of such lag. Because of the limited secondary market for floating rate senior bank loans, the CLO's ability to sell its loans in a timely fashion and/or at a favorable price may be limited. An increase in the demand for loans may adversely affect the rate of interest payable on new loans acquired by the CLOs, and it may also increase the price of loans purchased by the CLOs in the secondary market. A decrease in the demand for loans may adversely affect the price of loans in a CLO's portfolio, which would cause the CLO's value to decrease.

Investing in securities involves risk of loss that clients should be prepared to bear. Clients can lose money on an investment.

### ITEM 9

## Disciplinary Information

As part of a large, financial services company, VIL and its affiliates may be involved in disciplinary, regulatory or other legal matters from time to time, as well as being subject to examinations, investigations and inquiries from governmental and regulatory authorities.

**SEC – Securities Lending Recall Practices.** Prior to March 6, 2017, as a means of generating additional income for its insurance dedicated funds that it manages (the "Funds"), VIL permitted the Funds' custodial bank to offer their eligible securities for loan. VIL's securities lending practices included calling back loaned securities in advance of the dividend record date in order to qualify such dividends for favorable tax treatment. This recall practice enabled its insurance affiliates, which were the record shareholders of the Funds' shares, to take a tax deduction known as the dividend received deduction ("DRD").

On March 8, 2018, VIL, without admitting or denying the findings, entered into a settlement in public administrative and cease-and-desist proceedings with the SEC regarding these securities lending recall practices. Pursuant to the settlement, the SEC alleged that VIL's securities recall practice described above resulted in an undisclosed conflict of interest and misleading disclosures. In particular, the SEC found that affiliated insurance companies that invested in the Voya insurance dedicated funds benefited from the DRD, while the Funds and individuals invested in those Funds through their variable life annuity contracts and variable life insurance policies (collectively, the "Contract Holders") lost securities lending income during the period when the securities were recalled. The SEC alleged that although VIL was aware that recalling securities benefited its insurance affiliates, it did not specifically identify and disclose the conflict of interest that arose from the recall practice to the Funds' Boards of Directors/Trustees. In addition, the SEC alleged that VIL failed to disclose in the Funds' prospectuses that their practice of recalling securities would benefit their affiliates while depriving the Funds and the affiliates' Contract Holders of income. The SEC determined that this failure rendered the Funds' disclosures concerning securities lending materially misleading.

The SEC found that, as a result of the conduct described above, VIL violated Sections 206(2) and 206(4) the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and Rule 206(4)-8 thereunder, and was censured and ordered to cease and desist from violating or causing any current and future violations of such sections and rule. The SEC censured VIL and required VIL to pay (1) a civil penalty of \$500,000, (2) disgorgement in the amount of \$2,635,490.25 and (3) pre-judgement interest in the amount of \$511,978.89.

For more information on disciplinary and legal matters that may involve VIL or certain of its related companies, see Item 11 of VIL's Form ADV-Part 1, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### ITEM 10

## Other Financial Industry Activities and Affiliations

VIL is part of a large, financial services company and, as such, has relationships and affiliations with many other entities engaged in the financial industry. VIL's ownership structure is explained more fully in Item 4 above. Aside from being registered as an investment adviser with the SEC, VIL is registered with the CFTC as a CPO and is a member of the National Futures Association.

VIL is affiliated with certain broker-dealers, including VID, which acts as the distributor for the Funds. Certain officers, directors and employees of VIL are registered representatives of VID, and therefore are licensed

to sell securities for separately commissioned compensation. VIL does not currently execute client transactions through VID or other affiliated broker-dealers, although it may determine to do so in the future where permitted by applicable laws and regulations. Execution of transactions through an affiliated broker-dealer can result in a conflict of interest, in that the affiliate may profit from such commissions or other fees on such transactions. These transactions are governed by regulations and disclosure requirements designed to inform clients of the potential conflicts of interest and reduce their potential impact. For example, where an investment team formerly employed by VIL or its affiliates becomes part of an independent advisory entity, VIL and its affiliates may provide trading and related services. These trading and related services may include, among other things: execution of transactions; access to meetings with various financial institutions and other information sources; and access to securities offerings. These transactions would generally be subject to VIL's trading policies and procedures, including those governing trade allocations.

VIL is also affiliated with a number of registered investment advisers, including Voya Investment Management Co. LLC, ("VIM Co. LLC"), which serves as Sub-Adviser to certain Funds advised by VIL. VIM Co. LLC may recommend funds advised by it or its advisory affiliates, and registered representatives affiliated with VIM Co. LLC may sell these funds to clients.

Further, officers and employees of VIL may also be officers and employees of affiliated entities, including VIM Co. LLC, VFS, VID and other affiliates. In addition to the work performed for VIL, these officers and employees may be required to perform services for affiliated entities. Finally, from time to time various Voya Financial affiliated insurance companies may invest in funds or other products managed by VIL. VIL or its affiliates negotiate contracts at arm's length with these affiliated insurance companies pursuant to which the insurance companies provide services to separate accounts that invest directly, or certain plans that may invest directly or indirectly, with the Funds. In addition, VIL has arm's length agreements with certain affiliated companies pursuant to which VIL shares a portion of its profits with such companies. The inter-company payments are paid from VIL's own resources and do not result in an increase in expenses borne by the Funds or their shareholders.

#### ITEM 11

### Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

VIL has adopted a code of ethics ("Code"), pursuant to Rule 204A-1 of the Advisers Act and Section 17(j) of the 1940 Act and Rule 17j-1 promulgated thereunder by the SEC. In general, Rule 204A-1 and Rule 17j-1 impose an obligation on registered investment advisers to adopt written codes of ethics reflecting the adviser's fiduciary duties to its clients, specifically covering the securities activities of all directors, trustees, officers, and persons employed or appointed by one or more of the Voya entities as well as their immediate family members (collectively referred to as "Access Persons" or "employees") unless otherwise noted.

The Code is designed to ensure that: (i) those individuals who have access to information regarding the portfolio securities activities of registered investment company clients and other advisory clients, do not intentionally use information concerning such clients' portfolio securities activities for his or her personal benefit and to the detriment of such clients and (ii) Access Persons or employees do not engage in improper trading of the Funds.

VIL acts as a Manager-of-Managers and engages both affiliated and unaffiliated Sub-Advisers that are primarily responsible for the day-to-day management of certain of the Funds. As part of the due diligence process of each Sub-Adviser, VIL reviews the code of ethics of the Sub-Adviser,

confirming that the code of ethics meets the standards described by the 1940 Act and subsequent SEC guidance. Further, the Board of Directors/ Trustees of the Funds (the "Board") approves the Code of VIL and each Sub-Adviser prior to engaging the services of such an investment firm as an investment adviser to a Fund.

Each Sub-Adviser is required to report any material violations of their code of ethics to VIL, which are then shared with the Board on a quarterly basis. Furthermore, each Sub-Adviser is required to notify VIL of any material change to its code of ethics, which is also reported quarterly to the Board. Each Fund's Sub-Adviser (and the Sub-Adviser's Access Persons or employees) shall be subject to the Code unless the Fund's Board has approved a separate code of ethics for that Sub-Adviser (a "Sub-Adviser Code"). In reviewing and approving a Sub-Adviser code of ethics, the Board, in addition to making the findings required by Rule 17j-1, considers whether the Sub-Adviser's Code has provisions reasonably designed to detect and deter improper trading by Sub-Adviser employees in shares of the portfolio of the fund sub-advised by it. It is not the intention of the Code to prohibit personal securities activities by Access Persons or employees, but rather to prescribe rules designed to prevent actual and apparent conflicts of interest. While it is not possible to define and prescribe all-inclusive rules addressing all possible situations in which conflicts may arise, the Code sets forth the policies of VIL regarding conduct in those situations in which conflicts are most likely to develop.

When acting as a Manager-of-Managers, employees of VIL are subject to the Code that has been adopted by each of the registered investment companies advised by the Adviser (or an affiliate) and operating under the Voya funds umbrella, the Adviser, and other Voya Financial entities.

The provisions of the Code are applicable to all directors, trustees, officers and persons employed or appointed by one or more of the Voya entities to which the Code applies, as well as to their immediate family members unless otherwise noted within the Code. The Code is not intended to supersede or otherwise replace the Voya Financial Code of Business Conduct and Ethics.

All activities of VIL shall be guided by, and adhere to, fiduciary standards described in the Code. The Code sets forth specific rules and procedures that are consistent with these fiduciary standards. However, all activities by employees of VIL are required to conform to these standards regardless of whether the activity is specifically covered in this Code. Any violation of the Code by an employee may result in penalties that could include reprimand, suspension, fines, and termination of employment with one or more Voya Financial entities.

Employees of VIL are subject to the Code whether VIL is acting in its capacity as Manager-of-Managers or as an asset manager.

VIL is required to report any material violations of its Code to the Board on a quarterly basis. Furthermore, the Board, including a majority of directors/trustees who are not interested persons, must approve VIL's Code, and any material change to its Code.

A copy of the Code is available to clients and prospective clients upon request.

### Insider Trading

VIL has adopted procedures in accordance with Section 204A of the Advisers Act, which establishes procedures to prevent the misuse of material non-public information by VIL and its supervised persons. Other policies/procedures include maintaining "ethical walls," as well as "restricted lists" of companies about which VIL may have inside information.

Employees of VIL are prohibited from taking advantage of their knowledge of recent or impending research generated by the firm or

securities activities of clients. Detailed prohibitions against insider trading, including trading on knowledge of a client's activities and trading on knowledge of material non-public information, are set forth under the Code.

VIL and its related persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, persons in possession of material nonpublic and other confidential information may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is an advisory client. Accordingly, should VIL come into possession of material nonpublic or other confidential information with respect to any company, it may be prohibited from communicating such information to, or using such information for the benefit of, its clients, and will have no obligation or responsibility to disclose such information to, nor to use such information for the benefit of, its clients when following policies and procedures designed to comply with law. Therefore, the possession of such information could have the effect of restricting VIL's freedom of action in making or disposing of investments on behalf of a client, except where the client specifically directs VIL to act on its behalf in purchasing or disposing of an investment.

Further, VIL confirms through its due diligence and ongoing monitoring process that each Sub-Adviser has appropriate processes in place to safeguard against insider trading activities by its personnel.

### **Participation or Interest in Client Transactions and Personal Trading**

Except as permitted by applicable law and SEC guidance, VIL may not acquire for the Funds any equity or debt security issued by VIL or any VIL affiliate. VIL may, but does not intend to, acquire any such securities for other advisory clients.

The Funds and other advisory clients, including ERISA accounts, will not knowingly engage in principal transactions (i.e., buy any security from or sell any security to) with VIL or any VIL affiliate. Securities cannot be purchased from, or sold to, these related brokers if the related broker is acting as principal.

Related brokers may effect brokerage transactions, on an agency basis only, for the Funds. The Funds will pay reasonable and customary commissions to the related brokers in accordance with procedures incorporating the standards of Rule 17e-1 under the 1940 Act. Related brokers can effect agency transactions for other advisory clients, excluding ERISA accounts, if the related brokers are acting as an agent only for the advisory client. VIL will not place trades for an ERISA account through related brokers.

With regard to securities being offered through an underwriting or selling syndicate in which a related broker participates, the Funds and other advisory clients, including ERISA accounts, may purchase such securities only through a syndicate member other than the related broker and only if the related broker does not directly or indirectly benefit from the transaction. In addition, as to the Funds, all such purchases made must be in accordance with the procedures incorporating the standards of Rule 10f-3 under the 1940 Act. Purchases for other advisory clients, including ERISA accounts, must comply with that client's procedures for purchases of securities in an underwriting or selling syndicate where a related broker is a syndicate member.

VIL and Sub-Advisers to the Funds may buy or sell securities for the Funds from or to their other client accounts. When the purchase or sale transaction is between the Funds, or between a Fund and a person

affiliated solely by reason of having common investment advisers or investment advisers that are affiliated persons of each other, common directors, and/or common officers, then that transaction will be effected in accordance with the procedures incorporating the standards of Rule 17a-7 under the 1940 Act.

In addition, if VIL or a Sub-Adviser or a related broker is engaging in an agency transaction and is acting as an agent for the other side of the transaction, then VIL, the Sub-Adviser or the related broker may engage in the agency transaction only if, prior to the completion of the transaction VIL, the Sub-Adviser or the related broker, as applicable, makes a written disclosure of the capacity in which it is acting and obtains the client's consent to the transaction, in accordance with Rule 206(3)-2 under the Adviser's Act. Clients who have provided to us their prior consent under Rule 206(3)-2 to engage in these "agency cross transactions" understand that such consent may be revoked at any time by the client upon written notice to VIL or the relevant Sub-Adviser, or related broker. VIL will not engage in such agency transactions between an ERISA account and any other clients of VIL.

Except as disclosed in Item 15, below, VIL will not purchase for the Funds or its other advisory clients, including ERISA accounts, any security that would be held in custody by a foreign sub-custodian that is an affiliate of VIL. This does not prohibit the purchase of American Depository Receipts or Global Depository Receipts of foreign issuers.

If the custodians were to use a sub-custodian that was a first or second tier affiliate of VIL or a Sub-Adviser to the Funds or the CLOs, the Funds or CLOs, as applicable, would be subject to and comply with Rule 17f-2 of the 1940 Act, including the Rule 17f-2 examination requirements.

The Sub-Advisers may recommend that the Funds or the institutional account buy or sell securities in which a related person has some financial interest. Voya Financial offers investments, life insurance, and retirement services to millions of clients in various countries. It is possible the Sub-Adviser could direct the Funds or institutional accounts to invest in companies in which other related persons in the Voya Financial organization provide: (i) debt or equity financing; (ii) investment banking services or consulting services on an ongoing basis; (iii) serves as directors and/or in other executive capacities; and/or (iv) has control provided that such transactions are permissible under and in accordance with the requirements (including disclosure, client consent and reporting requirements) of the laws and regulations applicable (e.g., ERISA, the Adviser's Act, the 1940 Act, the Securities Exchange Act of 1934, state laws as applied to trusts and government funds) in the particular situation in light of (a) the type of transaction (e.g., principal transactions, agency brokerage transaction, purchases in underwritings, open market purchases of securities issued by related persons) and (b) the nature of the client account (e.g., ERISA, non-ERISA, investment company).

From time to time a related person of VIL may purchase for his, her or its own account a security that is also recommended to clients. Such purchases or sales are made only after purchases or sales for clients' accounts have been completed.

It is possible that related brokers might initiate transactions, which fall within this Item 11, with certain of VIL's clients. It may occur that VIL may not be aware of these transactions.

Finally, it is possible that transactions which fall within this Item 11 may occur between a related person of VIL and certain of VIL's clients. When VIL becomes aware of these transactions, it will take such steps as are necessary to bring the transactions into compliance with regulatory requirements. If that is not possible, VIL will take steps to break the trade.

## ITEM 12

### Brokerage Practices

#### How the Adviser Selects Broker-Dealers

Consistent with our fiduciary obligations, VIL, as a matter of policy and practice, seeks to obtain best execution for client transactions (i.e., seeking to obtain not necessarily the lowest commission, but the best overall qualitative execution under the particular circumstances).

In its role as a Manager-of-Managers, the Adviser focuses on Sub-Adviser oversight, which includes the oversight of best execution. The Management Agreement or Sub-Advisory Agreement with each Fund contains provisions obligating the Sub-Adviser to seek best execution for the Fund. Each Sub-Adviser is required to certify that the Sub-Adviser seeks to obtain best execution in accordance with industry norms and related SEC guidance for the Fund(s) that the Sub-Adviser manages.

As noted above, VIL serves as Manager-of-Managers for most of the Voya funds and does not, as a general matter, exercise discretion over the selection of broker-dealers. Were VIL to exercise discretion over the selection of broker-dealers, VIL would have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on a client's interest in receiving most favorable execution.

#### The Safe Harbor for Soft Dollar Practices

Investment advisers may allocate brokerage to particular broker-dealers in order to obtain various research and supplemental brokerage services. In doing so, their clients may end up paying higher commissions than they would otherwise be charged merely to execute their trades. This brokerage allocation practice is permissible in certain jurisdictions as long as it meets the requirements of Section 28(e) of the Securities Exchange Act of 1934 ("1934 Act").

Under section 28(e) of the 1934 Act, an adviser that exercises investment discretion may lawfully pay commissions to a broker at rates higher than those offered by other brokers, as long as the services provided to the adviser by the broker-dealer: (i) are limited to "research" or "brokerage;" (ii) constitute lawful and appropriate assistance to the adviser in the performance of its investment decision-making responsibilities, and (iii) the adviser determines in good faith that the commission payments are reasonable in light of the value of the brokerage and research services received.

In its role as a direct asset-manager, VIL does not contemplate utilizing research, research-related products and other brokerage services on a soft dollar commission basis. In its role as Manager-of-Managers, VIL does not, as a general matter, exercise discretion over the selection of broker-dealers to execute transactions on behalf of the Funds. In this role, it is VIL's responsibility to mandate and monitor soft dollar practices of the Funds' Sub-Advisers.

#### Broker-Dealers that are Affiliated with an Adviser or a Sub-Adviser

Fund transactions may be executed by brokers affiliated with VIL or a Sub-Adviser so long as the commission paid to the affiliated broker is reasonable and fair compared to the commission that would be charged by an unaffiliated broker in a comparable transaction.

#### Prohibition on Use of Brokerage Commissions for Sales or Promotional Activities

The placement of portfolio brokerage with broker-dealers who have sold shares of a Fund is subject to rules adopted by the SEC and the Financial Industry Regulatory Authority ("FINRA"). Under these rules, VIL or a Sub-Adviser may not consider a broker's promotional or sales efforts on behalf

of any Fund when selecting a broker-dealer for portfolio transactions, and neither a Fund nor VIL nor a Sub-Adviser may enter into an agreement under which a Fund directs brokerage transactions (or revenue generated from such transactions) to a broker-dealer to pay for distribution of Fund shares. Each Fund has adopted policies and procedures, approved by the Board, that are designed to attain compliance with these prohibitions.

#### Principal Trades and Research

Purchases of securities for a Fund may also be made directly from issuers or from underwriters. Purchase and sale transactions may be effected through dealers which specialize in the types of securities which the Funds will be holding. Dealers and underwriters usually act as principals for their own account. Purchases from underwriters will include a concession paid by the issuer to the underwriter and purchases from dealers will include the spread between the bid and the asked price. If the execution and price offered by more than one dealer or underwriter are comparable, the order may be allocated to a dealer or underwriter which has provided such research or other services as mentioned above.

#### Compliance Policies and Procedures

During the past fiscal year, as well as in general, the use of client commissions for soft dollar services is subject to various VIL policies and procedures. These policies and procedures are designed to ensure that services obtained with commissions are used for appropriate purposes, such as assisting in the investment decision making process.

On a quarterly basis, VIL provides the Board a Soft Dollar Commissions Report which shows, among other things, the average commission rate per share for third party soft dollar transactions, and full service transactions. Each Sub-Adviser provides a list of research services provided in exchange for soft dollars on an annual basis. VIL receives a quarterly certification from the Funds' Sub-Advisers for support that the services provided by soft dollars are bona fide research services as permitted under Section 28(e).

In addition, the Sub-Advisers' soft dollar arrangements are reviewed annually as part of the Board's and VIL's annual 15(c) contract renewal review and approval process.

#### Directed Brokerage

VIL generally serves as a Manager-of-Managers and does not, as a general matter, exercise discretion over the selection of broker-dealers to execute transactions on behalf of the Funds, nor does VIL currently maintain a list of approved broker-dealers and counterparties. In this role, it is VIL's responsibility to mandate and monitor the directed brokerage policies of the Funds' Sub-Advisers. In its role of asset manager, VIL does not direct brokerage to specified broker-dealers in recognition of the sale of a Fund or CLO shares.

#### Allocation and Aggregation of Trades

VIL generally acts as a Manager-of-Managers and engages both affiliated and unaffiliated Sub-Advisers who are primarily responsible for the day-to-day management, including trade allocation activity, of the Funds. In monitoring the allocation of aggregated trades of the Sub-Advisers, VIL will follow the monitoring and reporting provisions set forth in the Procedures for Monitoring Trade Allocation as approved by the Board.

Some securities considered for investment by a Fund may also be appropriate for other clients served by that Fund's Sub-Adviser. If the purchase or sale of securities consistent with the investment policies of a Fund and one or more of these other clients is considered at or about the same time, transactions in such securities will be placed on an aggregate basis and allocated among the Fund and such other clients in a manner deemed fair and equitable, over time, by the Sub-Adviser and consistent

with the Sub-Adviser's written policies and procedures. Sub-Advisers may use different methods of allocating the results of aggregated trades. Each Sub-Adviser's relevant policies and procedures are subject to periodic review by the Board. To the extent any of the Funds seek to acquire (or dispose of) the same security at the same time, one or more of the Funds may not be able to acquire (or dispose of) as large a position in such security as it desires, or it may have to pay a higher (or receive a lower) price for such security. It is recognized that in some cases, this system could have a detrimental effect on the price or value of the security insofar as the Funds are concerned. However, over time, a Fund's ability to participate in aggregate trades is expected to provide better execution for the Fund.

In the unlikely event that VIL must aggregate and/or allocate trades, VIL may, but shall not be obligated to, aggregate or "batch" orders for the purchase or sale of securities for all clients. To the extent that VIL chooses to batch orders, it will do so to the extent consistent with: (i) best execution, (ii) the terms of the relevant investment management agreement(s), and (iii) the Procedures for Monitoring Trade Allocation as approved by the Board.

#### ITEM 13

### Review of Accounts

Generally, the primary responsibility for the investment management services provided to each Fund resides with the Sub-Advisers who are assigned to manage that Fund. Portfolio managers are responsible for the appropriateness of the investments pursuant to the Fund's investment objectives, guidelines and restrictions. VIL, or one of its affiliates, reviews the portfolio holdings of the Funds to ensure that they are consistent with the investment objectives, guidelines and restrictions of such Fund. Such reviews are performed periodically by Micheline Faver (in her role as CCO of the Advisers) or one of her delegates, Halvard Kvaale (in his role as Senior Vice President and Head of Manager Research & Selection) or one of his delegates, and Stan Vyner (in his role as Chief Investment Risk Officer to the Funds) or one of his delegates.

In addition, VIL periodically furnishes reports to its clients, as agreed upon in the investment management agreement and/or required by applicable law. These reports may contain information regarding their portfolio assets, positions, costs, valuation, performance, transactions and narrative information about the investments, market and economic conditions.

#### ITEM 14

### Client Referrals and Other Compensation

VIL does not directly or indirectly compensate any person who is not VIL's supervised person for client referrals. In addition, no person who is not a client provides an economic benefit to VIL for providing investment advice or other advisory services to VIL's clients.

#### ITEM 15

### Custody

VIL is not itself a qualified custodian. In addition, VIL is not currently deemed by the SEC to have custody of client assets as it is not in physical possession of client funds or securities, does not have any arrangements under which it is permitted or authorized to withdraw client funds or securities (such as check-writing authority or the ability to deduct fees from client assets), and it does not act in any capacity that gives VIL legal ownership of or access to client funds or securities (such as acting as general partner or trustee of a pooled investment vehicle). Client assets are held in custodial accounts with banks, broker-dealers or other

qualified custodians. Any client's funds received by VIL are forwarded to the client's custodian by the close of business that day.

However, if VIL were deemed under SEC guidance to be in custody of client assets (e.g., if VIL were to enter into a relationship with a client pursuant to which the client permitted VIL to deduct its advisory fee directly from the client's custodial account), VIL would comply with Rule 206(4)-2 under the Adviser's Act, to safeguard such client's assets.

The Funds' and the CLOs' assets are held in custody by banks authorized to hold fund assets under Section 17(f) of the 1940 Act, The Bank of New York Mellon, State Street Bank and Trust Company and US Bank, N.A.

If the custodians were to use a sub-custodian that was a first or second tier affiliate of VIL or a Sub-Adviser to the Funds or the CLOs, the Funds or CLOs, as applicable, would be subject to and comply with Rule 17f-2 of the 1940 Act, including the Rule 17f-2 examination requirements.

#### ITEM 16

### Investment Discretion

VIL typically receives complete discretionary authority from the client at the outset of an advisory relationship through an investment management agreement or other documents to select the identity and amount of securities to be bought and sold, select the broker-dealers and other service providers that will service and support the operation of the account, execute trades on behalf of the client and generally engage in all activities that are essential or incidental to the investment management services VIL provides. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives, guidelines and restrictions for the particular Fund or client account. When selecting securities and determining amounts, VIL observes the investment policies, limitations and restrictions of the clients for which it advises.

For the majority of its clients, VIL's primary role is to function as a Manager-of-Managers. As such, while retaining overall investment oversight, VIL generally hires Sub-Advisers to perform the day-to-day asset management services in a sub-advisory capacity. VIL then oversees the provision of these sub-advisory services. Under this structure, trading on behalf of the clients is substantially executed by the Sub-Advisers, subject to VIL's oversight, although VIL may itself exercise direct authority over purchases and sales for all or a portion of a client's portfolio. As a Manager-of-Managers, VIL provides numerous services to its clients, including, among other services: developing investment programs for certain clients' portfolios; researching, negotiating with, selecting and removing the Sub-Advisers of such clients (subject to approval of such Fund's Board); monitoring the Sub-Advisers' performance and adherence to their investment policies and/or procedures; monitoring the Sub-Advisers' compliance with legal and regulatory requirements; and facilitating the contract renewal process with the Board.

There are certain exceptions in which VIL does not act in a Manager-of-Manager's capacity. For example, VIL provides certain investment advisory services to several CLOs, which services may include liquidating security positions that come into the possession of the CLOs. In addition, VIL may, from time to time, directly manage a portion of the Funds' overall exposure to achieve the Funds' desired risk/return profile and to effect the Funds' investment strategies. VIL may also directly invest in futures and exchange-traded funds to implement its investment process for the Multi-Managed Funds. However, should the need arise, VIL can act in a traditional asset management role. In all cases, however, VIL's discretion is exercised in a manner consistent with the stated investment objectives, guidelines and restrictions for the particular Fund or CLO. When selecting securities and determining amounts, VIL observes the

investment policies, limitations and restrictions of the Funds and CLOs for which it advises as noted within each Fund's prospectus, or other relevant documents.

#### ITEM 17

### Voting Client Securities

#### Proxy Voting Procedures

VIL has a fiduciary duty to vote proxies in a timely manner and make voting decisions that are in VIL's clients' best interests. Accordingly, VIL has adopted proxy voting policy and procedures to govern the voting of proxies, and will abide by its Proxy Voting Procedures and Guidelines. VIL's Proxy Voting Procedures and Guidelines are amended from time to time.

As a fiduciary, VIL must act in its clients' best interest; therefore, VIL strives to avoid potential conflicts of interest. Accordingly, the proxy voting procedures contain processes designed to mitigate such conflicts. Investment Professionals, the proxy advisory firm, the Proxy Group, and the Proxy Coordinator are required to disclose any potential conflicts of interest and/or confirm they do not have a conflict of interest in connection with their participation in the voting process for portfolio securities. A member of the legal practice group is responsible for determining if a potential conflict of interest is in fact deemed a conflict of interest.

No later than August 31st of each year, information regarding how the Funds voted proxies for the one-year period ending June 30th is also available through the Funds' website. Clients of VIL that are invested in investment vehicles other than the Funds may request information as to how VIL voted their securities (if applicable). Additionally, a copy of VIL's Proxy Voting Procedures and Guidelines is available upon request.

In addition to VIL's proxy voting procedures and guidelines, the Voya funds' Board has adopted proxy voting procedures and guidelines that describe the process by which each Fund will vote certain proxies related to the equity assets in its investment portfolio. The Proxy Coordinator, on behalf of VIL, in turn, has been delegated by the Board the authority and responsibility to vote proxies with respect to portfolio securities of the Fund that it manages in accordance with the current proxy voting procedures and guidelines that have been approved by the Board. The Board may revoke such delegation with respect to any proxy or proposal, and assume the responsibility of voting any Fund proxy or proxies as it deems appropriate. VIL has adopted the Board's proxy voting procedures and guidelines to govern the voting of such proxies. The proxy voting procedures and guidelines provide a method for responding to potential conflicts of interest and are amended from time to time.

Generally, VIL considers and votes proxies according to the procedures and independent of its Sub-Advisers. VIL may reach out to the applicable Sub-Adviser for input on a specific particular voting issue on which it is believed the Sub-Adviser may have particular insight such as a merger or acquisition. However, VIL, as delegated by the Board, retains ultimate responsibility for vote recommendations of all such proxies.

Notwithstanding the above, under certain circumstances, the Board may elect to delegate the voting of proxies to the Sub-Adviser of a portfolio or series. In so doing, the Board shall also approve the Sub-Adviser's proxy policies for implementation on behalf of such portfolio or series. Sub-Adviser-Voted Funds shall not be covered under VIL's proxy voting procedures but rather shall be covered by such Sub-Adviser's proxy policies.

An independent proxy voting service, subject to oversight by the Proxy Coordinator, has been retained to assist in the voting of proxies through the provision of vote analysis, implementation, record-keeping and disclosure services. Although the proxy voting service provides important analysis that is used in the Adviser's analysis of proxies, the Adviser retains responsibility for proxy voting decisions.

The ***Voya Family of Funds Proxy Voting Procedures and Guidelines*** can be found in the Statement of Additional Information for each of the Voya funds.

#### ITEM 18

### Financial Information

This item requires an adviser to include a balance sheet for its most recent fiscal year with this brochure if it required or solicited prepayment of more than \$1,200 in fees per client, six months or more in advance. VIL is not required to provide the balance sheet as it does not require or solicit payment of fees in excess of \$1,200 per client six months or more in advance.

In addition, this item requires an adviser to include disclosure about any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients if the adviser, like VIL, has discretionary authority over client funds or securities. To the best of our knowledge and belief, VIL has no financial condition that is reasonably likely to impair its ability to provide investment management services to its clients, and has not been the subject of a bankruptcy petition.



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