

Voya MI Dynamic Small Cap Fund

Focusing on High-Quality Companies with Sustainable Growth Trends

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Strategy overview

Actively managed US Small Cap Core equity strategy.

Key takeaways

- Equity markets declined in 1Q26 as easing inflation momentum gave way to heightened geopolitical risk and policy uncertainty. Growth-oriented segments led the pullback, while value proved more resilient. Market participation narrowed, with sector performance becoming more mixed and energy emerging as a standout amid global supply concerns.
- The Fund underperformed its benchmark, the Russell 2000 Index (the Index) on a net asset value (NAV) basis primarily due to a negative impact from stock selection. Stock selection in the health care, information technology, and communication services sectors detracted. An underweight to the energy sector also detracted. The Strategy benefited from selection in the financials, utilities, and real estate sectors.
- Equity markets are navigating a more complex macro environment, influenced by geopolitical risk, policy uncertainty, and evolving growth dynamics. Leadership is rotating toward more defensive and quality-oriented areas, reinforcing the importance of selective positioning and active risk management in a more volatile environment.

Portfolio review

Heightened geopolitical risks and changing economic expectations pushed U.S. equity markets lower during the first quarter of 2026. Broad weakness in large cap technology and software stocks, linked to concerns around artificial intelligence disruption, weighed on performance. The S&P 500 declined by -4.33% on a total return basis, while the Nasdaq Composite fell by -7.11% on a price return basis. Investors shifted market leadership toward more defensive and value focused areas, allowing the energy, materials, and utilities sectors to outperform, while financials, consumer discretionary, and communication services lagged. Value stocks proved more resilient than growth stocks, and small cap stocks outpaced large caps as overall market participation narrowed.

Despite the overall weakness, markets remained largely range bound for much of the quarter, with volatility occurring more beneath the surface than at the broad market level. AI continued to be a key theme, although investor sentiment

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became more selective as disruption concerns weighed on software and parts of large cap technology. While spending on AI infrastructure remained strong, investor attention shifted toward earnings visibility and return on investment, leading to wider differences in performance across the market.

The Fund underperformed the Index for the quarter ending March 31, 2026, on a NAV basis primarily due a negative impact from stock selection. Stock selection in the health care, information technology, and communication services sectors detracted. An underweight to the energy sector also detracted. The Strategy benefited from selection in the financials, utilities, and real estate sectors.

The primary detractors from performance were Kohl's Corp., Cleveland-Cliffs Inc., and Progyny, Inc.

The overweight to Kohl's Corp. had a negative impact to performance. Driving the overweight was the model's neutral view of the stock combined with its attractive factor exposures which helped balance risk in the overall portfolio. The stock fell as persistent negative comparable sales, cautious guidance and continued share loss to off-price and other channels reinforced skepticism about a near-term sales inflection in a choppy low-income consumer environment.

Our position in non-benchmark stock Cleveland-Cliffs Inc. had a negative impact on performance. While the model had a relatively negative view, the position was held for risk management reasons. Cleveland-Cliffs is a fully integrated North American flat-rolled steel producer with significant exposure to automotive and electrical steels, supported by its own iron ore, DRI, and scrap assets. The stock was volatile and generally under pressure around 4Q25 results and a softer-than-hoped 1Q26 outlook, as weaker shipments, pricing and temporary cost headwinds weighed on near-term sentiment even while investors increasingly focused on a 2026 earnings inflection.

The overweight to Progyny, Inc. was due to the ML model's positive view of its valuation (EBITDA, dividend yield and operating cash flow to price) combined with its features (ROIC and buy back yield). Progyny is a leading provider of employer-sponsored fertility and family-building benefits, differentiated by its Smart Cycle design, integrated pharmacy and curated specialist network. The stock traded lower around results as

conservative 2026 guidance and administrative reductions in reported covered lives weighed on sentiment, despite underlying demand and execution remaining solid.

The main individual contributors to performance were Tronox Holdings, PLC., Tri Pointe Homes, Inc., and Mueller Water Products, Inc.

The overweight to Tronox Holdings PLC. (TROX) was driven by risk management decisions. Tronox is a vertically integrated global producer of titanium dioxide and zircon, positioned as a key Western supplier with its own mineral sands and pigment assets. The stock rose sharply year-to-date, as it was up roughly mid-double-digits to low-triple-digits by mid-February, even as 1Q26 EBITDA guidance came in below consensus and prompted a pullback after earnings.

The overweight to Tri Pointe Homes, Inc. was driven by the ML models positive view of its valuation features (book to price, and EBITDA). Tri Pointe is a regionally focused U.S. homebuilder with a land-light model across high-growth markets. The stock rose sharply in mid-February after the acquisition of Sumitomo Forestry.

The overweight to Mueller Water Products, Inc. was driven by the ML models positive view of its volatility and valuation features. Mueller Water Products is a leading North American supplier of valves, hydrants and smart-water technologies, leveraged to municipal and utility investment in aging water infrastructure. The stock rose following a strong fiscal 1Q26 print and a guidance raise, as investors rewarded better-than-expected execution, margin expansion from the new brass foundry and resilient demand across core product lines.

Current strategy and outlook

The U.S. economy entered 2026 in a strong position despite high interest rates and tighter financial conditions, as markets moved from expecting rate cuts to anticipating an extended period of steady policy. Consumer spending continued to support demand, while expectations for double-digit earnings growth led to shifts across sectors, especially in technology amid ongoing disruption from AI. Market leadership expanded beyond mega cap stocks, and although labor market conditions eased, broader data pointed to moderation rather than a clear downturn.

Inflation trends and geopolitical events played a growing role in shaping interest rate expectations and asset performance. Ongoing inflation pressures and higher energy prices—linked to Middle East tensions involving Iran and disruptions near the Strait of Hormuz—supported a higher-for-longer interest rate environment. U.S. assets remained relatively strong, with the dollar posting its strongest quarterly gain since late 2024, defensive sectors and equal-weight equities showing resilience, and demand for safe-haven assets staying firm. Overall, the environment reflected high uncertainty alongside solid underlying economic fundamental factors.

Holdings detail

Companies mentioned in this report—percentage of Fund investments, as of 03/31/26: Kohl's Corp. 1.12%, Cleveland-Cliffs Inc. 0.65%, Progyny, Inc. 0.77%, Tronox Holdings PLC. 0.90%, Tri Pointe Homes, Inc. 0.00%, and Mueller Water Products, Inc. 2.58%, 0.00% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to change on a daily basis.

Read our [Fund Fact Sheet](#)

The **Russell 2000 Index** is an unmanaged index that measures the performance of securities of smaller U.S. companies. It is a small-cap stock market index that makes up the smallest 2,000 stocks in the Russell 3000 Index. 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; Currency; Derivative Instruments; Environmental, Social, and Governance (Equity); Foreign (Non-U.S.) Investments; Growth Investing; Investment Model; Liquidity; Market; Market Disruption and Geopolitical; Other Investment Companies; Portfolio Turnover; 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.

Artificial intelligence (AI) including natural language processing, machine learning, and other forms of AI may pose inherent risks, including but not limited to: issues with data privacy, intellectual property, consumer protection, and anti-discrimination laws; ethics and transparency concerns; information security issues; the potential for unfair bias and discrimination; quality and accuracy of inputs and outputs; technical failures and potential misuse. Reliance on information produced using AI-based technology and tools should factor in these risks.

The Voya Machine Intelligence (VMI) team employs a proprietary machine learning approach to identify and exploit persistent patterns in company data. The approach leverages (non-linear) machine learning ("ML") models for fundamental analysis. The ML models employed do not utilize generative AI algorithms.

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. 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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