Voya Senior Loan Group

Staying Steady

- The loan market held steady over the course of a week that experienced more topsy turvy action in capital markets, though scarce new organic supply remains a point of issue. The S&P/LSTA Leveraged Loan Index (the "Index") returned 0.01%, and the average bid for loans fell to 98.16, a ten bps decline.

- After a long stint of Index growth, the dearth of new supply resulted in repayments outstripping new money for the second consecutive week. Net of the approximately $16.48 billion of anticipated repayments not associated with the forward calendar, the amount of repayments outpaces supply by about $1.72 billion, as compared to the prior week's $2.82 billion of negative net new supply. Acquisition-related financing, which has totaled $17 billion this month when LBOs are included, remain an important part of the current mix of new issue, though levels are significantly off January's high of $37.4 billion.

- The CLO market is very busy: three new issue CLOs priced this week, and a variety of refinancings and resets are being presented to investors as well. New issuance in March stands at $6.8 billion, and YTD new issuance is $16.3 billion. Retail loan funds in the Lipper FMI universe enjoyed $326 million of inflows. This marks the twentieth straight weeks of inflows since November 9 for a total of $19.2 billion over that period (including ETFs).

- The secondary market realized a choppier start to the week as bid prices continued to ease off their early year levels. Newly syndicated refinancing and repricing transactions maintained top billing for performance.

- Higher rated credits fared better than their distressed counterparts, and held steady to last week's returns. BBs were flat, though their average bid decreased by nine bps, to 100.10. Single Bs gained 0.01%, but their average bid fell by a basis point, to 98.69. CCCs lost 0.15%, but their average bid's decline was less dramatic, at 12 bps, which ended the week at 85.60.

- There were no defaults in the Index this week. The default rate by amount outstanding is 1.12%.

Portfolio Managers

Dan Norman
Group Head

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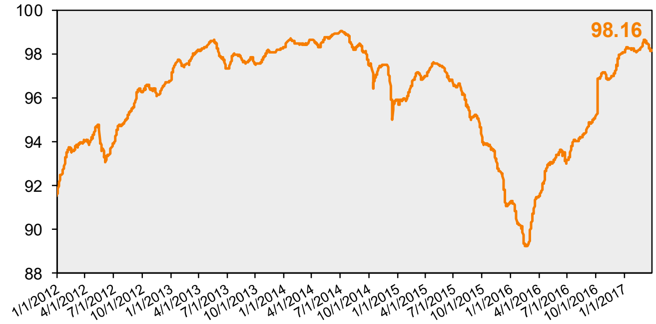
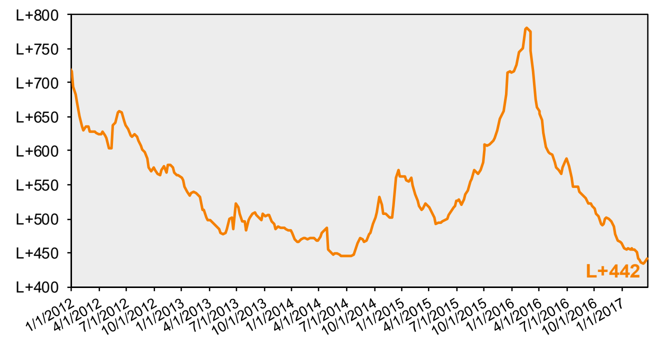
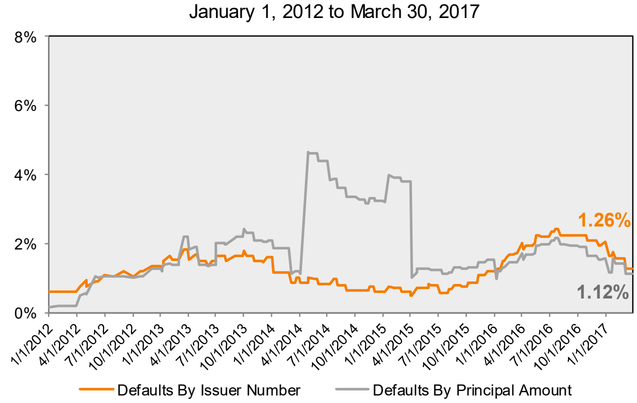
Average Bid
S&P/LSTA Leveraged Loan Index
January 1, 2012 to March 30, 2017



Average Three Year Call Secondary Spreads
S&P/LSTA Leveraged Loan Index [1,2]
January 1, 2012 to March 24, 2017



Lagging 12 Month Default Rate[3]
S&P/LSTA Leveraged Loan Index
January 1, 2012 to March 30, 2017



Voya Senior Loan Strategy

The Voya Senior Loan Group is a part of Voya Investment Management. The team is comprised of 32 investment professionals and 23 dedicated support staff. There are five portfolio management teams in Scottsdale, each of which is responsible for particular industries, and a team located in London that is responsible for sourcing overseas loans.

The Voya Senior Loan Strategy is an actively managed, ultra-short duration floating rate income strategy that invests primarily in privately syndicated, below investment grade senior secured corporate loans. Senior loans are floating rate instruments that can provide a natural hedge against rising interest rates. They are typically secured by a first priority lien on a borrower's assets, resulting in historically higher recoveries than unsecured corporate bonds.

General Risks for Floating Rate Senior Loans: Floating rate senior loans involve certain risks. Below investment grade assets carry a higher than normal risk that borrowers may default in the timely payment of principal and interest on their loans, which would likely cause the value of the investment to decrease. Changes in short-term market interest rates will directly affect the yield on investments in floating rate senior loans. If such rates fall, the investment's yield will also fall. If interest rate spreads on loans decline in general, the yield on such loans will fall and the value of such 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 senior loans, the impact of rising rates will be delayed to the extent of such lag. Because of the limited secondary market for floating rate senior loans, the ability to sell these loans in a timely fashion and/or at a favorable price may be limited. An increase or decrease in the demand for loans may adversely affect the loans.

Unless otherwise noted, the source for all data in this report is Standard & Poor's/LCD. S&P/LCD does not make any representations or warranties as to the completeness, accuracy or sufficiency of the data in this report.

1 – Assumes 3 Year Maturity. Three year maturity assumption: (i) all loans pay off at par in 3 years, (ii) discount from par is amortized evenly over the 3 years as additional spread, and (iii) no other principal payments during the 3 years. Discounted spread is calculated based upon the current bid price, not on par. *[Please note that Index yield data is only available on a lagging basis, thus the data demonstrated is as of March 24, 2017.]*

2 – Excludes facilities that are currently in default.

3 – Comprises all loans, including those not tracked in the LSTA/LPC mark-to-market service. Vast majority are institutional tranches. Issuer default rate is calculated as the number of defaults over the last twelve months divided by the number of issuers in the Index at the beginning of the twelve-month period. Principal default rate is calculated as the amount defaulted over the last twelve months divided by the amount outstanding at the beginning of the twelve-month period.

Group Heads

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