

Voya Senior Loan Group

Working for the Labor Day Weekend

- While August is typically a slower month in the loan market, primary market activity was enough to put some downward pressure on the secondary market this week, as managers made room for new issues. As a result, the S&P/LSTA Leveraged Loan Index ("Index") posted a -0.07%, as the average bid moved down 13 basis points to end the week at 98.11.
- The secondary market pulled back a bit this week as arrangers pushed to close a number of transactions before the end of the month and the upcoming long Labor Day weekend. Of the deals closed so far this month, 69% of the deals were acquisition-related. Efforts to get through as much of the pipeline as possible ahead of the late summer break have resulted in a decrease in the forward calendar supply. Net of all expected repayments, the forward calendar now stands at \$12.6 billion, compared to \$24.2 billion last week.
- For the five business days ended Aug. 16, LCD's estimate of outflows for loan mutual funds totaled \$225 million (Lipper FMI universe). Meanwhile, another six CLOs were issued for the week ended August 16, bringing the MTD total to \$8.3 billion and the YTD total to just over \$69 billion.
- Returns by ratings cohort fell in line according to degree of risk, as BBs led the broad Index with a return of -0.04% for the week, followed by single Bs and CCCs returns of -0.08% and -0.15%, respectively.
- There were no defaults in the Index this week. The default rate by amount outstanding is 1.36%.

Portfolio Managers



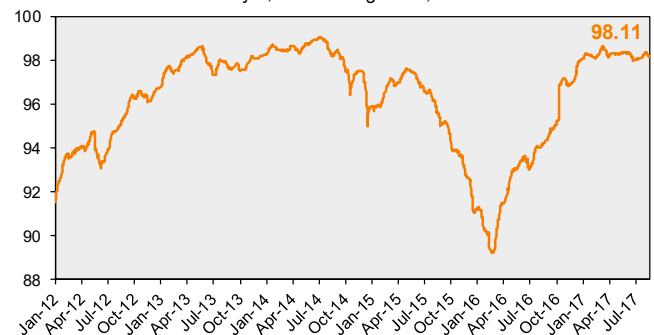
Dan Norman
Group Head



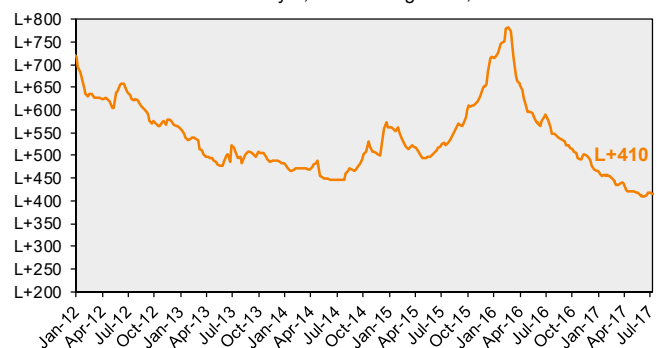
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INVESTMENT MANAGEMENT

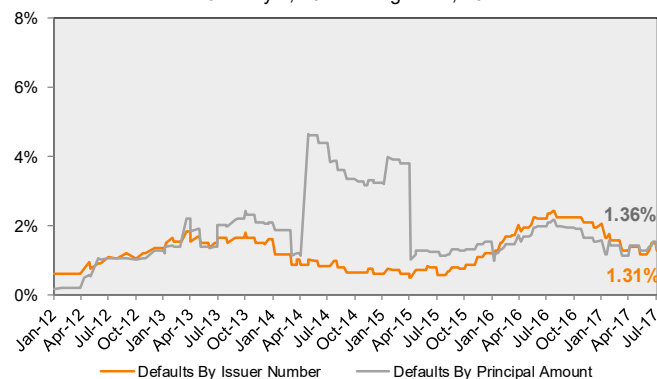
**Average Bid
S&P/LSTA Leveraged Loan Index**
January 1, 2012 to August 17, 2017



**Average Three Year Call Secondary Spreads
S&P/LSTA Leveraged Loan Index^{1,2}**
January 1, 2012 to August 11, 2017



**Lagging 12 Month Default Rate³
S&P/LSTA Leveraged Loan Index**
January 1, 2012 to August 17, 2017



Voya Senior Loan Strategy

The Voya Senior Loan Group is a part of Voya Investment Management. The team is comprised of 33 investment, trading and credit risk professionals, and supported by a dedicated treasury, operations and administration staff of 24. 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 August 11, 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.

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