

Voya Senior Loan Group

Picking Up the Pace

- Loan market activity remained steady this week as business continued to pick up after the U.S. Labor Day holiday. The S&P/LSTA Leveraged Loan Index (the "Index") gained 0.04%, while the average bid for the asset class slipped three bps, to 97.92.
- Price revisions in the primary this week evidenced the pace as economics tightened for several deals. The forward calendar appeared to grow substantially, with the amount of net new supply (net of all anticipated repayments) totaling about \$25.41 billion, up from last week's net new supply of \$18.67 billion.
- A bevy of freshly launched loans kept secondary trading busy, with the overall tone of the market remaining firm. However, with many deadlines still to come and approximately 35 deals in negotiation at present, it seems likely that the second half of September will be busy for allocations and breaks.
- The CLO space churned out deals at a healthy clip this week, with five transactions closing. September and YTD issuance presently stand at \$3.12 billion and \$76.4 billion, respectively. Retail loan funds within the Lipper FMI universe experienced \$341 million of outflows.
- Rating cohorts gained across the below-investment grade spectrum, though bid averages were down slightly from last week. CCCs were up 0.01%, their average bid increasing two bps, to 83.90. Single Bs gained 0.06%, despite a five bps decline in average bid (98.60). BBs returned 0.04% as their average bid fell three bps, to 97.92.
- There were no defaults in the Index this week. The default rate by amount outstanding is 1.36%.

Portfolio Managers



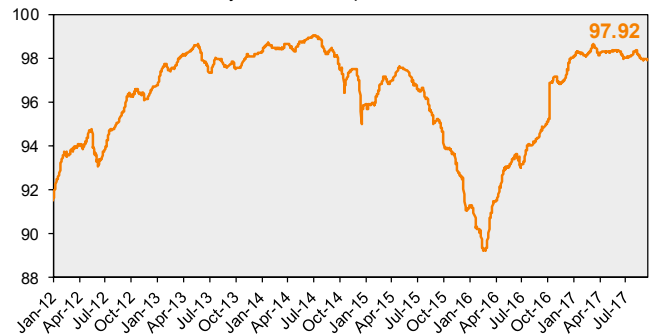
Dan Norman
Group Head



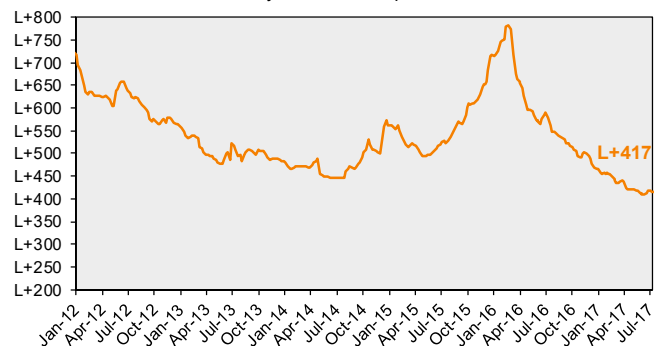
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INVESTMENT MANAGEMENT

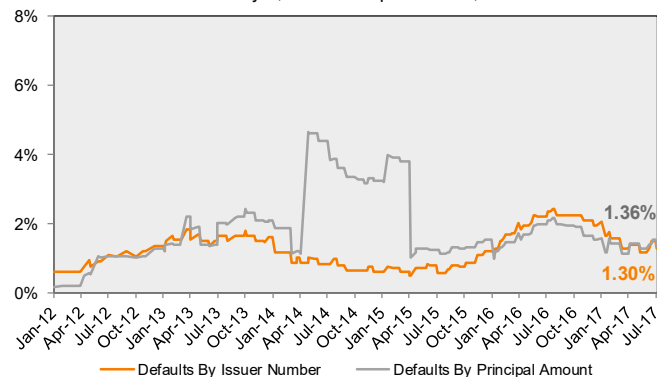
Average Bid
S&P/LSTA Leveraged Loan Index
January 1, 2012 to September 14, 2017



Average Three Year Call Secondary Spreads
S&P/LSTA Leveraged Loan Index^{1,2}
January 1, 2012 to September 8, 2017



Lagging 12 Month Default Rate³
S&P/LSTA Leveraged Loan Index
January 1, 2012 to September 14, 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 23. 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 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 September 8, 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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