

Voya Senior Loan Group

M&A Picks Up

- The loan market maintained its faster pace this week amid generally steady market technicals. S&P/LSTA Leveraged Loan Index (the "Index") returned 0.13%, while the average bid for the asset class increased six basis points to 97.98.
- Borrowers and arrangers took advantage of the favorable atmosphere in the primary market, focusing on acquisition-related deals that constituted 72% of the deals launched this week. September new issue volume was the highest since April, clocking in at \$47 billion. The forward calendar maintained its busy pace but pedaled back slightly with the amount of net new supply, net of all anticipated repayments, totaling about \$23.16 billion, which declined from last week's net new supply of \$25.41 billion.
- Secondary trading stood slightly weaker than in recent weeks, however numerous allocations and a sizeable amount of block trade activity (BWICs and OWICs) boosted the market.
- September CLO issuance climbed to \$4.8 billion as three new issue transactions priced this week. 2017 issuance YTD stands at \$78.1 billion. Retail loan funds (Lipper FMI universe) experienced \$242 million of outflows.
- Returns were positive across ratings cohorts. CCC loans led the Index with a return of 0.28% for the week, while single Bs matched the Index. BB loans trailed with a return of 0.10%.
- There was one default in the Index, as Toys 'R' Us, the largest toy store chain in the U.S. filed for bankruptcy this week. The default rate by amount outstanding increased to 1.53% for the Index.

Portfolio Managers



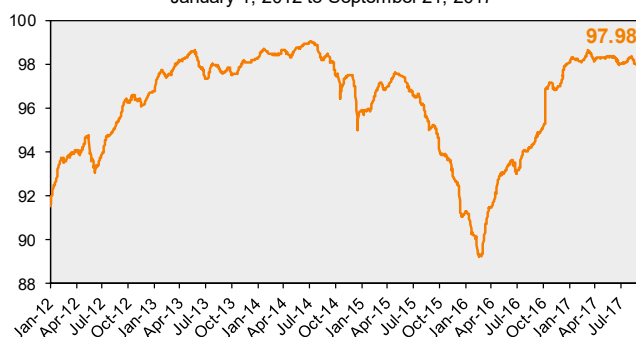
Dan Norman
Group Head



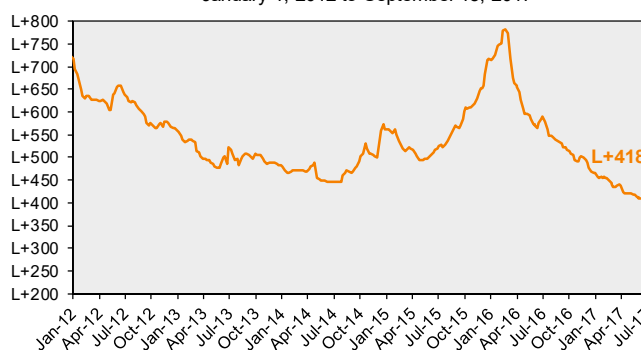
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INVESTMENT MANAGEMENT

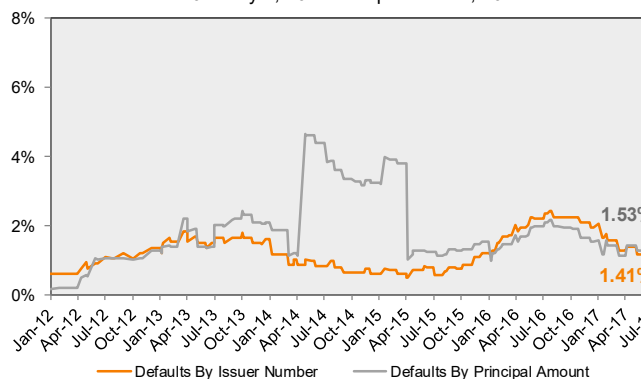
Average Bid
S&P/LSTA Leveraged Loan Index
January 1, 2012 to September 21, 2017



Average Three Year Call Secondary Spreads
S&P/LSTA Leveraged Loan Index ^{1,2}
January 1, 2012 to September 15, 2017



Lagging 12 Month Default Rate³
S&P/LSTA Leveraged Loan Index
January 1, 2012 to September 21, 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 15, 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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