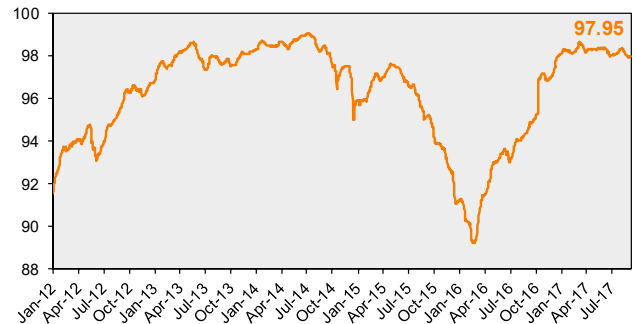


Voya Senior Loan Group

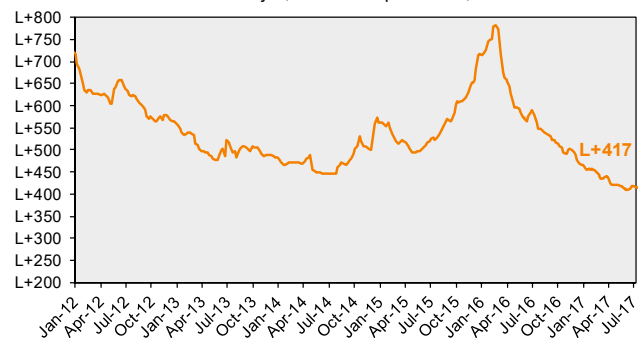
Back to Work

- The loan market kicked back into gear this week after its late summer siesta and the U.S. Labor Day holiday. The S&P/LSTA Leveraged Loan Index ("Index") posted a 0.11% return for the seven day period, and the average bid moved up three basis points to end the week at 97.95.
- Though secondary market activity was light this week, the primary market is already showing signs of picking up for September. Net of all expected repayments, the forward calendar now stands at approximately \$18.7 billion. Nearly 40% of the business launched this week represents buyouts and acquisition-related activity.
- For the five business days ended September 6, LCD's estimate of outflows for loan mutual funds, including ETFs, totaled \$245 million (Lipper FMI weekly reporters). No CLOs were priced during the holiday-shortened week.
- Riskier loans led for the week. CCCs posted a total return of 0.13%, despite a 29 bps decline in average bid price, while single B and BB loans returned 0.11% and 0.08%, respectively. Average bid prices held steady for single B and BB loans, with a two bp increase for the former and no change for the latter.
- There were no defaults in the Index this week. The default rate by amount outstanding is 1.36%.

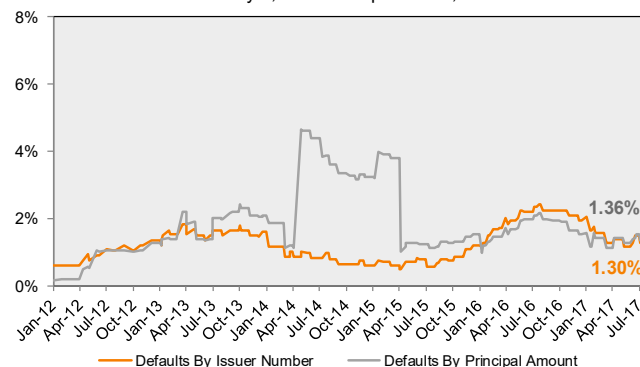
Average Bid
S&P/LSTA Leveraged Loan Index
January 1, 2012 to September 7, 2017



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



Lagging 12 Month Default Rate³
S&P/LSTA Leveraged Loan Index
January 1, 2012 to September 7, 2017



Portfolio Managers



Dan Norman
Group Head



Jeff Bakalar
Group Head

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 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.

August in Review

After a busy first half, the loan market slowed down in the latter part of the month as the U.S. Labor Day holiday approached and summer drew to an end. Market technicals found a bit more balance, which helped ease back loan prices and led to a slight dip for the Index in August, with a return of -0.04%. The weighted average bid of the Index ended the month at 97.92. On a year-to-date basis, the Index return stands at 2.57%, solely a function of interest carry as market value returns have drawn down 59 bps over the period.

Supply during the month was strong, particularly given the slowdown in deal activity in the second half of the month. As a result, Index outstandings widened just over \$2 billion for the month. This seems relatively light compared to average monthly increases of \$13 billion in the February through June period, but was an improvement over July's decline in outstandings of \$7 billion.

Demand remained positive, primarily by virtue of continued CLO issuance. New CLOs totaled just over \$12 billion in August, bringing year-to-date CLO issuance to \$73 billion. Retail loan fund demand, on the other hand, continued to temper with a net fund outflow of approximately \$700 million for August, following a trend of declining net flows in 2017.

Ratings cohorts were pretty uniformly impacted by the general secondary market softening in August. BB loans returned -0.01%, while single Bs returned -0.10% and CCC loans returned -0.12%. However, riskier loans continue to lead in the year-to-date race, with CCC loans at 6.79%, compared to single B and BB loans at 2.72% and 1.98%, respectively.

There were no defaults in the Index during the month. As a result, the Index's default rate by amount outstanding decreased to 1.36% by month's end.

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 1, 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

Dan Norman

Telephone - 480-477-2112

dan.norman@voya.com

Jeff Bakalar

Telephone - 480-477-2210

jeff.bakalar@voya.com

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