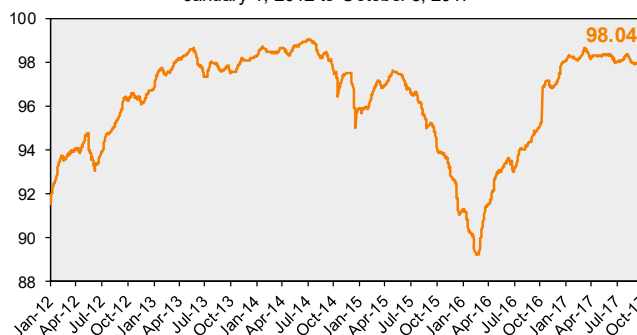


Voya Senior Loan Group

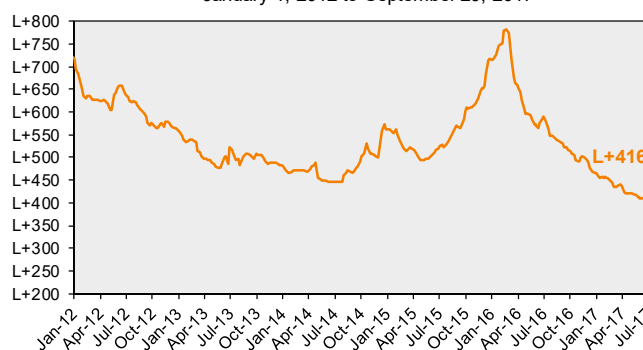
Staying Keen on Loans

- Demand from a variety of market participants drove a total return for the S&P/LSTA Leveraged Loan Index ("Index") of 0.16% for the week. The average bid moved up seven basis points to end the week at 98.04.
- M&A activity continues to dominate the bulk of the primary market activity, with refinancing activity continuing to wane. Net of all expected repayments, the forward calendar changed minimally this week and now stands at just over \$13 billion, down from last week's nearly \$14 billion. But despite the steady flow of welcome new issuance, demand has remained strong enough to tip the delicate balance of technicals in favor of issuers. As a result, nine deals saw reverse-flexing this week, while only two saw pricing widen.
- Lipper reported an inflow of \$369 million into loan funds this week, following six straight weeks of outflows totaling nearly \$850 million. Further adding to the demand side of the equation, another five CLOs priced, bringing the YTD total to nearly \$84 billion.
- Although returns were positive across the board, the riskiest part of the market saw the greatest benefit this week. CCCs returned a steep weekly return of 0.67% with a 56 bps advance in the average bid price, while single B and BB loans each returned 0.15% with a 6 bps advance in average bid price.
- There were no defaults in the Index this week. The default rate by amount outstanding is 1.53%.

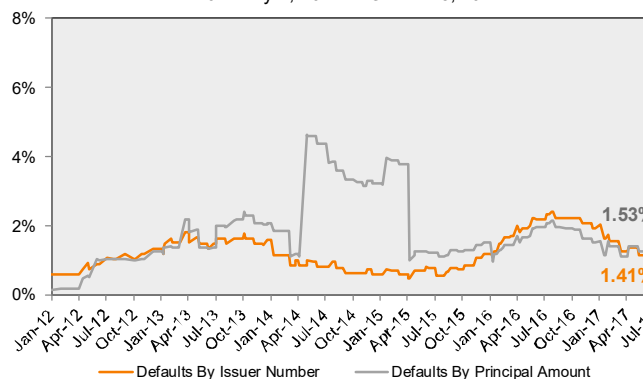
**Average Bid
S&P/LSTA Leveraged Loan Index**
January 1, 2012 to October 5, 2017



**Average Three Year Call Secondary Spreads
S&P/LSTA Leveraged Loan Index^{1,2}**
January 1, 2012 to September 29, 2017



**Lagging 12 Month Default Rate³
S&P/LSTA Leveraged Loan Index**
January 1, 2012 to October 5, 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.



September in Review

September was a busy month for the loan market as managers worked through nearly \$36 billion in M&A issuance, an eight-month high and welcome relief from the unrelenting refinancing activity the market saw earlier in the year. In addition to fresh paper, moderate but persistent outflows from loan funds during the month helped bring better balance to the market technicals. Net demand was still positive, primarily as a result of the continued stream of new CLO vehicles to the market. As a result, the Index gained 0.39% for the month. This brings the year-to-date return for the Index to 2.97%.

Refinancing activity slowed throughout the third quarter, totaling just under \$25 billion – the lowest quarterly reading since Q1 2016 – and a third of the nearly \$76 billion in the first quarter of this year. As refinancing activity all but disappeared, repayments driven by that activity also slowed. September's repayments totaled \$10.8 billion, the lowest level in 18 months.

New CLO formation stood at nearly \$9 billion for the month, but overall demand was tempered a bit by net loan fund outflows of nearly \$500 million for the month. Feeding the market's appetite, new-issue volume blossomed to a six-month high of \$54 billion, including \$35.9 billion of M&A-related paper. As a result, the scale of market technicals reached a reasonable balance for investors during the month.

Ratings cohorts all benefited from the month's activity. BB loans returned 0.34%, while single Bs returned 0.41% and CCC loans returned 0.83%. The disparity in returns over the year-to-date period, however, is quite a bit wider, with CCC loans now at a total return of 7.67%, compared to single B and BB loans at 3.14% and 2.32%, respectively.

The default of Toys 'R' Us lifted the Index's default rate by amount outstanding increased to 1.53% in September, compared to August's 1.36%.

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 29, 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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