

Voya Commercial Mortgage Loans Strategy

Firm Overview

Voya Investment Management at a Glance

Voya Investment Management (Voya IM) is a leading active asset management firm. As of June 30, 2017, Voya IM manages approximately \$224 billion* for affiliated and external institutions as well as individual investors. Drawing on over 40 years of experience and an ongoing commitment to reliable investing, Voya IM has the resources and expertise to help provide long-term investors with strong investment results.

Mission

Voya Investment Management's mission is to find unrecognized value ahead of consensus by seeking original insights on markets and companies. Toward that end, we apply our proprietary research and analytics, benchmark awareness and risk management to serve client needs within the guidelines and objectives of each assignment.

Portfolio Manager



Gregory Michaud
Head of Real Estate
Finance

Years of experience: 28

Years with company: 22

Supported by over 40 investment professionals.

Summary

Originate whole loan commercial first mortgages on stabilized, multi-tenant properties across U.S. major markets and property sectors

Investment Objectives**

- Originate whole loan commercial mortgages on stabilized, multi-tenant properties through a customized institutional investment program
- Seek to generate superior risk-adjusted returns with a focus on current income and preservation of principal
- Build a nationally diversified portfolio across U.S. major markets and property sectors
- Access current income through strong commercial mortgage investment volume
- Provide liquidity and low volatility to investor portfolios
- Potential for tax efficiency and favorable risk-based capital treatment

Customization

- Commercial Mortgage Separate Account can be customized to fit investor requirements and needs:
 - ▶ Interest only or amortizing
 - ▶ Term length — 3 to 30 year terms with or without a balloon / bullet
 - ▶ Geographic location — selective exposure
 - ▶ Fixed or floating rate mortgages
 - ▶ Discretion and decision making preferences
 - ▶ Use of prudent leverage to enhance return

Sponsor Overview

- Voya Investment Management Real Estate Finance (Voya IM REF) originates and manages whole loan commercial mortgages on behalf of Voya
- Voya IM REF is a national, full-service commercial mortgage investment originator, Fitch Rated Servicer and Fitch Rated Special Servicer
- Over \$10 billion whole loan commercial mortgage assets under management
- Over 1,100 loans
- Over 1,800 properties
- Over 900 borrowers
- Mortgage banking network of over 30 firms and 400+ professionals

*Voya IM assets of \$224 billion include proprietary insurance general account assets of \$90 billion calculated on a market value basis. Voya IM assets, as reported in Voya Financial, Inc. SEC filings, include general account assets valued on a statutory book value basis and total approximately \$217 billion. Both totals include approximately \$9 billion in Private Equity, \$4 billion in Real Estate and \$5 billion in other assets including those sub-advised through the Voya family of funds and the Multi-Asset Strategies and Solutions product offerings. Approximately \$0.7 billion of total fixed income assets are also included in the Senior Loan and Private Equity totals.

**There is no guarantee that this objective will be achieved.

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Voya Commercial Mortgage Loans Strategy

Investment Strategy

Core first mortgage investments that provide current income at attractive spreads while mitigating downside risk

Structure

Customizable individually managed separate account

Sponsor Co-Investment

Customized per client

Markets

Top 50 U.S. Metropolitan Statistical Areas (MSA) by population

Property Types

Industrial, retail, apartment and office

Target Spread to Comparable Term U.S. Treasury

1.75% - 2.25%

Target Yield

4.50% - 4.75%

Term

5-10 year loans

Industrial



Multi-Family Apartments



Retail Shopping Centers



Office



Performance (%)

	Quarter	YTD	1 Year	Annualized		
				3 Years	5 Years	10 Years
Composite Gross:	1.46	3.44	2.93	4.79	4.90	5.88
Composite Net:	1.41	3.29	2.72	4.58	4.70	5.67
Bloomberg Barclays U.S. Corporate A Index	1.24	4.74	1.48	4.06	3.17	5.18
Gross Excess Return	0.23	-1.30	1.45	0.73	1.73	0.70

The performance presented is based on portfolios managed for our proprietary insurance assets. These assets fall outside of our GIPS firm definition and therefore not subject to the input, calculation, presentation, and disclosure requirements of GIPS. Gross-of-fees returns are calculated on a monthly basis by taking market values which use a spread pricing process and contain cash flows that are inclusive of regular P&I payments, loan advances, loan payoffs, new loans, payment reversals, late charges, curtailments, and prepayment premiums and then geometrically linking the results to produce annual returns shown. Net-of-fees returns are calculated by deducting a hypothetical management fee (20 bps) from the gross return on a monthly basis and geometrically linking the results to produce annual returns shown. The hypothetical management fee is equal to the highest fee from any fee schedule currently offered for the strategy shown. While fee schedules can change over time, any amended fee resulting from a change will not be retroactively applied to performance history, but will rather be applied on a prospective basis from the point of change. The annual management fee will vary according to the size of the account, and will depend on the type of investment vehicle selected. The performance above is offered as Supplemental Information only. Performance shown for less than one year is not annualized. Further information regarding applicable fee schedules is available upon request. **Past performance does not guarantee future results.**

The Bloomberg Barclays U.S. Corporate A Index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both U.S. and non-U.S. corporations. The non-corporate sectors are Sovereign, Supranational, Foreign Agency, and Foreign Local Government. The Index does not reflect fees, brokerage commissions, taxes or other expenses of investing. The Bloomberg Barclays Corp A index is the "A" component of the Bloomberg Barclays U.S. Corporate Investment Grade public bond index. The index does not contain commercial mortgages and is not a typical performance benchmark for a commercial mortgage loan portfolio. The credit quality and loss profile of our Commercial Mortgage Loan portfolio is viewed as being similar to that of a single-A rated corporate bond portfolio. As such, the Bloomberg Barclays U.S. Corporate A Index was chosen by the General Account client after many years of negotiation and experimentation with various other performance indices in an effort to gauge the contribution of investing in a portfolio of commercial mortgages relative to that of a portfolio of similar quality public corporate bonds over the same investment horizon. **Investors cannot directly invest in an index.**

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