Quarter ending September 30, 2017 I 3Q Strategy Brief

Voya Senior Loan Strategy

Firm Overview

Voya Investment Management at a Glance

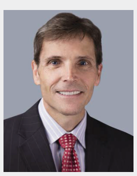
Voya Investment Management (Voya IM) is a leading active asset management firm. As of June 30, 2017, Voya IM manages approximately $224 billion* for affiliated and external institutions as well as individual investors. Drawing on over 40 years of experience and an ongoing commitment to reliable investing, 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 Managers

Dan Norman
Group Head
Years of experience: 32
Years with company: 25



Jeff Bakalar
Group Head
Years of experience: 31
Years with company: 19

Assets Under Management

$24.3 billion as of 06/30/17

Strategy

Summary

Actively managed, ultra-short duration floating-rate income strategy that invests primarily in privately syndicated, below investment grade senior secured corporate loans

Investment Objective**

To seek superior long-term risk-adjusted total returns over a full credit and interest rate cycle by investing primarily in a broadly diversified portfolio of senior secured floating rate loans

Investment Process

Our investment process focuses on fundamental credit analysis, relative value assessment and high levels of diversification. We invest primarily in non-investment grade senior loans because they generally offer attractive yields, are typically secured by borrower assets, and are not subject to traditional interest rate risk. We target non-investment grade senior loans with the objective of achieving superior long-term risk adjusted returns, rather than investing for the absolute highest returns at the expense of significantly increased credit risk. Our investment process utilizes top-down analysis to target industries with strong operating momentum or improving credit conditions, while avoiding those sectors prone to the clustering of defaults. The other major component of our process, specific borrower selection, is based on fundamental bottom-up credit analysis that includes independent credit research, in depth collateral review and relative value analysis.

Stages

1. Macro/ Sector Strategy
2. Preliminary Screening
3. Independent Credit/ Structural Analysis
4. Relative Value Analysis
5. Technical Analysis
6. Credit Approval/ Portfolio Construction
7. Ongoing Monitoring/ Risk Management

Voya Senior Loan Products

- Collective trust for U.S. Pension Plans
- U.S. and Canadian mutual funds for retail and institutional investors
- Luxembourg-based SICAVs for non-U.S. institutional investors
- Separate accounts
- Structured products (CLOs)

Key Benefits

- Ultra-short duration, secured corporate credit
- Attractive current yield and capital gain opportunity
- High transparency to underlying assets
- Appropriate liquidity options
- Large, experienced, cycle proven investment team
- Disciplined, consistent investment process

*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.

For more information, please contact your relationship manager or go to www.voyainvestments.com
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Voya Senior Loan Strategy

Performance (%)

Voya's Senior Loan Strategy, as exemplified by the Voya Senior Loan Unleveraged Composite, has generally outperformed the S&P/LSTA Leveraged Loan Index, as shown in the table below.

Composite Returns vs. The Index (%)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD
Gross	3.04	-29.26	52.84	9.98	2.01	11.27	6.49	2.55	1.43	8.66	2.42
Net	2.43	-29.7	51.95	9.33	1.4	10.72	5.96	2.04	0.93	8.13	2.05
S&P/LSTA Leveraged Loan Index	2.02	-29.1	51.62	10.13	1.52	9.66	5.29	1.6	-0.69	10.16	2.97
Excess Gross over S&P/LSTA Leveraged Loan Index	1.02	-0.16	1.22	-0.15	0.49	1.61	1.21	0.96	2.12	-1.49	-0.55

Loan Default History

The Voya Senior Loan Unleveraged Composite has historically experienced fewer defaults than the Index, as shown in the table below.

Composite Default History vs. the Index	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	LTM
Composite Payment Defaults	0	4	10	6	1	1	1	0	1	1	1
Composite Aggregate Defaults	0	6	17	9	1	1	3	0	2	2	1
S&P/LSTA Index Defaults	2	37	63	20	3	9	11	5	11	20	13
Composite Payment Default Rate (%)	0	0.30	6.06	1.26	0.16	0.10	0.11	0	0.04	0.19	0.10
Composite Aggregate Default Rate (%)	0	0.66	9.33	1.68	0.16	0.10	0.46	0	0.52	0.32	0.10
S&P/LSTA Index Default Rate (%)	0.24	3.75	9.61	1.87	0.17	1.27	2.11	3.24	1.54	1.58	1.53

Commentary

Market Review

A broad swath of global markets set new record highs or rebounded sharply during the third quarter. In the U.S., performance was spurred by an incredible turnaround in the energy sector. Away from the U.S., the economic outlook is firm for Europe and Japan. Eurozone growth is above trend and headline inflation is ticking up, both of which, combined with fading systemic risk, are prompting investment flows into Europe and therefore benefiting the euro. Japan's GDP is expected to run above trend for 2017; growth is underpinned by strong domestic demand and export volumes.

We continue to view the credit markets as fully priced. U.S. high yield spreads are near their lowest levels in nearly a decade. In our view, current market risks are decidedly to the upside. We believe this will continue to be demonstrated. The probability that the U.S. gets a comprehensive tax cut sometime in the near future remains. We think that the best way to capitalize in the current economic environment is to engage in broad global diversification, across continents and across equity and fixed income. The pro-business economic backdrop further enforces the resilience of these markets.

Strategy Performance

The S&P/LSTA index returned 1.04% in the third quarter, bringing the YTD return to 2.97%. After a brief dip in the weighted average index bid in the last week of August, the number was little changed for most of September – and through the third quarter, closing out at 97.97, just five basis points (bp) below second quarter's bid of 98.02.

The U.S. leveraged loan market experienced a summer slowdown, as new-issue and repricing activity declined noticeably in the third quarter. Institutional issuance fell 14% from second quarter's total and 37% down from the first three months of the year. Despite this slowdown, YTD volume reached a record of $405 billion, the first calendar year to hit the $400 billion mark before the fourth quarter. The loan market sustained a decline in repricing activity, as the third quarter amount was down 40% from the prior three months and the lowest since September of 2016.

Issuance of collateralized loan obligations (CLOs) declined modestly to a respectable $29.7 billion, $5.3 billion less than the previous quarter. According to S&P Leveraged Commentary & Data, U.S. loan funds experienced withdrawals in August and September, bringing the three-month total to roughly $700 million, the first negative quarterly reading since the second quarter of 2016.

Each rating cohort experienced a positive return in the third quarter. Defaulted loans posted the highest return of 4.32%, a sizable rebound from the second quarter's figure of -0.28%. As for the higher rated credits, CCCs led the way with a 1.80% return, B-rated loans gained 1.03% and BB-rated loans rose 0.98%. The oil and gas sector continued its volatile run by posting the highest industry return of 2.67%, a noticeable contrast from last quarter's -3.46%.

Although security selection in the telecommunications sector was the largest detractor from relative returns, sector allocation and issuer selection effects for the portfolio were relatively disbursed with no material single drivers over the period. Two significant detractors in the telecommunications sector — Windstream Corporation and Uniti Group (formerly known as Communication Sales & Leasing) — remained under pressure during the quarter, within an industry plagued by sector declines and a technological shift in favor of wireless telecom providers. Contributors to performance included selection in the radio and television sector, where the Composite benefited from having no exposure to Clear Channel Communications (iheart Communications) as it pursued pre-bankruptcy restructuring discussions with lenders.

There were no defaults in the Composite during the quarter, as compared to one default for the index. The default rate by principal amount for the index stood at 1.53% as of September 30, 2017

Current Strategy and Outlook

Barring any exogenous event, the fundamental outlook points to sound economic growth and a fairly benign default environment as highlighted by recent data releases in the United States, Europe and Japan. The Federal Reserve's highly-anticipated policy meeting in September confirmed decisions that had been signaled for months, including a very slow start to normalizing monetary policy and the general pace of rate increases expected over the next couple years. Market expectations for a December interest rate hike have now risen to a greater than 70% probability. We view this environment as favorable to loan investors.

Past performance does not guarantee future results. There is no guarantee that any forecasts or opinions in this material will be realized. Manager commentary is for informational purposes only and does not constitute investment advice and is not a recommendation to purchase or sell any of the securities referenced.

To learn more on the GIPS® compliance Schedule of Composite Performance go to: http://www.voyainvestments.com/US/ProductsandServices/Institutional/index.htm.

The Composite performance information represents the investment results of a group of fully discretionary accounts managed with the investment objective of outperforming the benchmark. Information is subject to change at any time. Gross returns are presented after all transaction costs, but before management fees. Returns include the reinvestment of income. Net performance is shown after the deduction of a model management fee equal to the highest fee charged. Benchmark source: Standard & Poor's.

Voya Senior Loan Strategy

Voya Senior Loan Group Core Strengths

- Highly experienced management team
  - One of the largest dedicated teams in the industry
- Focus on consistent results
  - Broad diversification
  - High relative quality
  - Liquidity
- Investment Committee approach to decision-making and oversight
- Disciplined, consistent investment process
- Avoidance of defaults through meticulous fundamental credit research
- Proprietary research and portfolio management system
- Dedicated support team of trading, operations and legal personnel

Competitive Advantages

- Ultra-short duration, secured corporate credit
- Attractive current yield and capital gain opportunity
- High transparency to underlying assets
- Appropriate liquidity options
- Large, experienced, cycle proven investment team
- Disciplined, consistent investment process

Strategy Highlights – Voya Senior Loan Unleveraged Composite

Characteristics	
Number of Industries	36
Average Per Industry	$136,605,596
Average per Industry as % of AUM	2.78
Number of Issuers	438
Average per Issuer	$11,227,857
Average per Issuer as % of AUM	0.23
AUM Current Month End	4,917,801,453
AUM Previous Month End	4,891,356,876
Weighted Average Spread	3.46%
Weighted Average Maturity in Years	5.48
Weighted Average Market Price	99.09%

Ratings Distribution	% of Market Value
BB+ or Above	9.04%
BB	9.68%
BB-	18.43%
B+	21.40%
B	32.95%
B-	4.65%
CCC+ or Below	3.62%
NR	0.22%

Top Ten Issuers ($ millions)	Market Value ($)	% of AUM
Asurion, LLC	60.4	1.23%
Dell International LLC	43.1	0.88%
Avantor Inc	40.4	0.82%
Univision Communications, Inc.	39.8	0.81%
Misys	38.2	0.78%
Reynolds Group Holdings Inc	33.0	0.67%
BMC Software, Inc.	31.0	0.63%
Amaya Gaming Group Inc.	30.4	0.62%
Grifols S.A	30.4	0.62%
Western Digital	29.6	0.60%

Top 10 Industries*	% of AUM
Electronics/Electrical	12.89
Health Care	11.27
Business Equipment & Services	8.35
Telecommunications	7.21
Chemicals & Plastics	4.82
Diversified Insurance	4.68
Retailers (Except Food & Drug)	4.61
Automotive	3.96
Lodging & Casinos	3.86
Containers & Glass Products	3.74

* Industry allocation for the Composite is tracked using S&P Industries.

Ratings Distribution – The Standard & Poor's rating scale is as follows, from excellent (high grade) to poor (including default): AAA to D, with intermediate ratings offered at each level between AA and CCC. Anything lower than a BBB- rating is considered a non-investment grade or junk bond. Any security that is not rated by Standard & Poor's is placed in the NR (Not Rated) category.

Investment Team

Investment Committee

Jeff Bakalar
Group Head

Dan Norman
Group Head

Ralph Bucher
Chief Credit Officer

Mohamed Basma, CFA
Portfolio Manager

Mark Haak, CFA
Portfolio Manager

Chuck LeMieux, CFA
Portfolio Manager

Michel Prince, CFA
Portfolio Manager

Robert Wilson
Portfolio Manager

Investments, Trading and Credit Risk						Treasury, Operations and Administration		
Portfolio Management	**Global CLO Management**	**European CLO Management and Research**	**U.S. Research**	**Credit Risk Management**	**Trading**	**Treasury and Operations**	**Legal and Administration**	**Investor Relations**
19 Portfolios	22 CLOs	London Based	4 Teams Sector Focused	Exposures Documentation Restructuring	31+ Dealers	Treasury Settlements Accounting Compliance	Legal Regulatory Risk Credit	Analytics Reporting Marketing
Portfolio Managers Mark Haak Chuck LeMieux Michel Prince Robert Wilson	**Portfolio Managers** Mohamed Basma Kris Trocki	**Portfolio Managers** Olivier Struben* Floris van den Berg	**Team Leaders** Kelly Byrne Romain Catois Jason Esplin Jim Essert	**Chief Credit Officer** Ralph Bucher	**Traders** Bill Nutting Warren Miller	**Managers** Elliot Rosen John Cotton James Grimes Mary Heath Jeff Schultz Paul Weinberger	**Group Legal Affairs** Jake Bretts-Jamison, Esq.	**Manager** Tamara Wieging

As of 08/14/17

*Investment Committee member for purposes of European credit review.

Principal Risks Disclosure:

Risk is inherent in all investing. The following are the principal risks associated with investing in senior loans. Credit risk: Senior loans are below-investment-grade instruments that carry a higher than normal risk that borrowers may not make timely payments of principal and interest. Failure by borrowers to make such payments may cause the yield and/or the value of your investment to decline. **Interest rate risk:** The yield on senior loans is directly affected by changes in market interest rates. If such rates fall, the yield may fall. Also, if overall interest rates on loans decline, the yield may fall and the value of the assets may decrease. When market interest rates rise, there may be a delay in the rise in the yield due to a lag between changes in such rates and the resetting of the floating rates on the loans. **Limited secondary market for loans:** Loans do not trade on an established exchange. There is a limited secondary market for loans. **Demand for loans:** An increase in demand for loans may adversely affect the rate of interest payable on new loans, and it may also increase the price of loans in the secondary market. A decrease in the demand for loans may adversely affect the price of loans, which could cause the value of loans to decline. **Use of leverage:** The strategy may engage in leverage for some portfolios. The use of leverage in a portfolio may have a magnifying effect on the returns for a portfolio, both positively and negatively. **Foreign currency:** The strategy may invest in loans denominated in currencies other than the U.S. dollar. While the strategy seeks to hedge foreign currency risk to the greatest extent practicable, such hedging may not be effective.

This is not, and is not intended to be, a description of all risks of investing in senior loans. The applicable offering documents should be read carefully before investing. To learn more on the GIPS compliance Schedule of Composite Performance go to: http://www.voyainvestments.com/US/ProductsandServices/Institutional/index.htm.

The Voya Senior Loan Group is a part of Voya Investment Management, which has over 850 employees and 200 investment professionals.

(800) 992-0180 Individual Investors I (800) 334-3444 Investment Professionals

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