Voya Leveraged Credit Group – Senior Loan Talking Points

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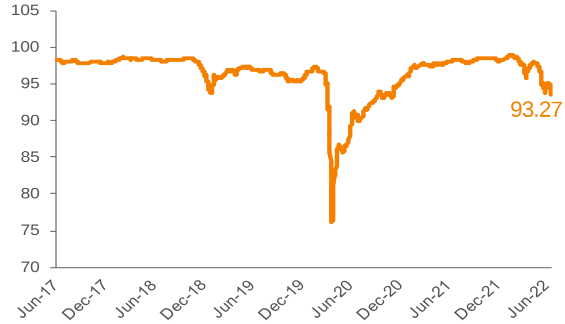
Weekly Notables

- The U.S. loan market, as represented by the S&P/LSTA Leveraged Loan Index (the "Index"), returned -0.32% for the seven-day period ended June 23. The average Index bid price decreased 39 bps, closing out the period at 93.27.
- It was another quiet week in the primary market, with just a few loans launched. M&A/LBO-related deals have been the primary source of new-issue activity in the past 30 days, representing approximately 81% of all transactions. Net of anticipated repayments, the forward pipeline contracted this week, as net new supply expected to come to market totaled $15.2 billion, down about $3.4 billon from the prior estimate.
- Secondary trading levels further softened, while performance among ratings cohorts was fairly uniform. On a MTD basis, BBs have outperformed lower-rated credits given continued risk-off tone.
- Digging into investor demand, U.S. loan funds and ETFs saw an aggregate outflow of $1.17 billion for the week ended June 22 (Lipper weekly data), while CLO managers priced four new deals this week. YTD CLO issuance is currently tracking $66.6 billion. Full-year forecasts have been revised down recently given market volatility and challenging arbitrage.
- There were no defaults in the Index this week, as the current trailing rates remain well below historical averages for the asset class.

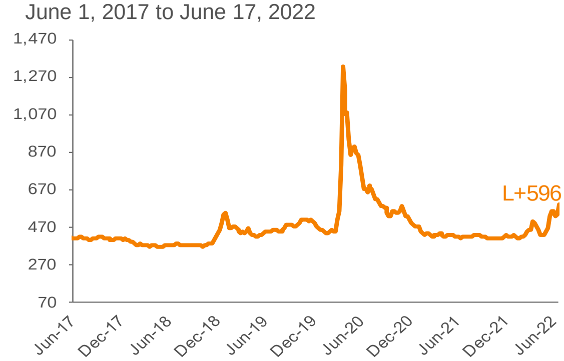
Average Bid: S&P/LSTA LLI

June 1, 2017 to June 23, 2022



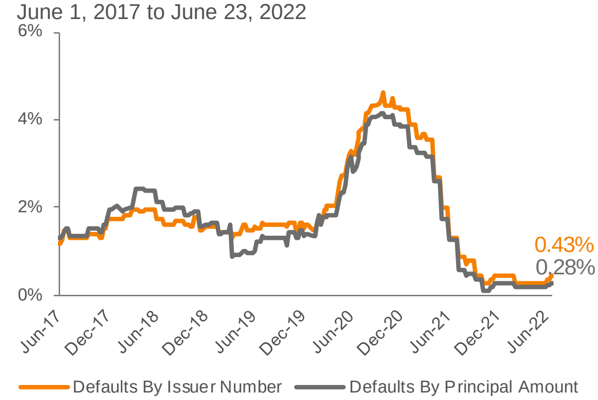
Average 3-YR Call Secondary Spreads: S&P/LSTA LLI [1,2]

June 1, 2017 to June 17, 2022



Lagging 12-Month Default Rate: S&P/LSTA LLI[3]

June 1, 2017 to June 23, 2022



Index Stats

	Weighted Average Nominal Spread*	Weighted Average Price	MTD Total Return	MTD Price Return	YTD Total Return	YTD Price Return
S&P/LSTA Index	3.51%	93.27	-1.10%	-1.40%	-3.52%	-5.46%
BB Loans	2.77%	95.38	-0.92%	-1.17%	-2.43%	-4.01%
B Loans	3.77%	93.30	-1.11%	-1.43%	-3.72%	-5.79%
CCC Loans	5.32%	82.78	-2.06%	-2.53%	-7.23%	-10.18%

Source: LCD, S&P/LSTA Leveraged Loan Index and S&P Global Market Intelligence. Additional footnotes and disclosures on back page. **Past performance is no guarantee of future results. Investors cannot invest directly in the Index.** *The Index's average nominal spread calculation includes the benefit of LIBOR floors (where applicable).

Unless otherwise noted, the source for all data in this report is LCD. 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 June 17, 2022.

2. Excludes facilities that are currently in default.

3. Comprises all loans, including those not tracked in the 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.

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.