

Voya Credit Income Fund

Access to a Broad Range of Credit Sectors through **Closed-End Interval Fund**

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Strategy overview

Actively managed strategy that may invest across a broad range of credit sectors, including corporate debt securities, loans, high yield debt securities, and collateralized loan obligations ("CLOs").

Key takeaways

- The third quarter of 2024 was characterized by a gradual moderation in the labor market, further easing in inflation, and a proactive shift in monetary policy by the U.S. Federal Reserve. These factors, coupled with a solid growth environment, resulted in strong returns across both equity and fixed income markets.
- Class I shares of the Fund underperformed the benchmark on a net asset value (NAV) basis, the 50% Bloomberg High Yield Bond—2% Issuer Constrained Composite Index/50% Morningstar LSTA US Leveraged Loan Index (benchmark).
- The macro outlook remains supportive overall, with growth remaining near trend and the Fed having started its cutting cycle in September.

Portfolio review

The third quarter of 2024 was characterized by a gradual moderation in the labor market, further easing in inflation and a proactive shift in monetary policy by the Fed. These factors, coupled with a solid growth environment, resulted in strong returns across both equity and fixed income markets. The labor market's path towards normalization was evidenced by cooling non-farm payrolls reports, a decline in the number of job openings and the quits rate reverting to pre-pandemic levels. While the unemployment rate ticked up modestly, the labor market remains near historically tight levels, which allowed consumer spending to continue to advance at a decent rate. Inflation continued its downward trend, with core Consumer Price Index approaching 3%, despite the shelter component remaining stubbornly elevated. Core goods prices remained in deflation, while core services inflation decelerated significantly, partially attributable to moderating wage gains. This disinflationary environment provided the Fed with the flexibility to shift its focus from inflation concerns to labor market conditions and ultimately deliver a 50 basis points cut at its September meeting. As such, yields rallied across the curve, with front-end rates falling more significantly than long-end rates.

An investor should consider the investment objectives, risks, charges and expenses of the Fund(s) carefully before investing. For a free copy of the Fund's prospectus or summary prospectus, which contains this and other information, visit us at www.voyainvestments.com or call (800) 992-0180. Please read all materials carefully before investing.

This backdrop was positive for higher-beta sectors within fixed income, as spreads continued to move tighter across both senior loans and high yield (HY) bonds.

In terms of relative performance, the HY market outperformed meaningfully for the quarter due to the sharp rally in rates. The Morningstar® LSTA® US Leveraged Loan Index advanced by 2.04%, while the Bloomberg U.S. High Yield 2% Issuer Constrained Index gained a robust 5.28%. On a quality basis, dispersion in total returns was relatively limited within the loan market, as BB, B and CCC rated loans returned 1.90%, 2.20% and 2.07%, respectively. Unlike the loan market, high yield bond returns were disproportionately in favor of lower-rated segments in 3Q24. Specifically, the story of the quarter was the lower-rated “tail” of the market, where bonds of a subset of distressed issuers in sectors such as media and telecom that had been under pressure in prior months rallied sharply. This impact is evident in returns across credit ratings, with CCC rated bonds returning 10.20% for the quarter, versus 4.53% for B rated bonds and 4.25% for BB rated bonds. On the issuance side, gross new-issue supply remained active across the leveraged finance space due to ongoing refinancing activity despite still subdued merger and acquisition deal volume. Meanwhile, investor flows into leveraged credit remained broadly positive, as persistent collateralized loan obligations (CLO) issuance buoyed loan demand, while HY retail funds saw sizable inflows during the quarter.

Despite producing a return of 3.12%, class I shares of the Fund failed to keep pace with the benchmark on a NAV basis in the quarter.

The shortfall reflected the Fund’s overweight to loans versus HY going into the quarter (though asset allocation rotated toward HY as the quarter progressed) and its underweight in the distressed names in the cable and satellite space. The latter segment of the market underperformed in recent months but rallied sharply in the quarter due to a combination of positive idiosyncratic risks and general market appetite for risk (names such as Dish, Commscope, Lumen and Unity). On the other hand, positive contributions included select holdings within food and beverage, automotive, as well as chemicals that outperformed.

Current strategy and outlook

The macro outlook remains supportive overall, with growth remaining near trend and the Fed having started its cutting cycle in September. Fundamental factors in the

leveraged credit market remain generally healthy, barring a few pockets of stress in the more secularly challenged sectors. That said, we are closely monitoring key risks that could heighten volatility and widen spreads over the coming quarters, such as a more meaningful slowdown in growth and the possibility of margin compression, as pricing power diminishes against the backdrop of disinflation. The prevailing supply and demand imbalance should persist, with net issuance remaining muted, while steady fund inflows and coupon reinvestment support demand. Although spreads do not appear particularly cheap, solid credit fundamental factors should limit spread widening and the carry from high all-in yields should cushion returns.

From an asset allocation standpoint, we have moved modestly overweight to HY bonds relative to loans compared to last quarter given the start of the cutting cycle. Additionally, we have become slightly more defensive of late given tight valuations, with a continued focus on name-specific risk given our expectation of increased return dispersion and downside risk. In terms of sector positioning, we are still positive on the healthcare space given higher utilization rates and easing labor costs, as well as the food and beverage sector given its defensive nature and attractive free cash flow generation. On the other hand, we continue to maintain a more cautious and selective stance in industries that face secular challenges, such as media and cable. From a ratings perspective, we maintain a single-B rated issuer average credit profile, with a continued focus on single-name risk.

Holdings detail

Companies mentioned in this report – percentage of Fund investments, as of 9/30/24: Dish 0%, Commscope 0%, Lumen 0% and Unity 0%. 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to daily change.

Read our [Fund Fact Sheet](#)

The **Morningstar® LSTA® US Leveraged Loan Index** tracks performance of institutional leveraged loans on a market-weighted basis, and the **Bloomberg 2% High Yield Issuer Constrained Composite Index** measures the performance of high yield corporate bonds, with a maximum allocation of 2% to any one issuer.

Index returns do not reflect fees, brokerage commissions, taxes or other expenses of investing. **Investors cannot invest directly in an index.**

All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investing. You could lose money on your investment and any of the following risks, among others, could affect investment performance. The following principal risks are presented in alphabetical order which does not imply order of importance or likelihood: Company; Covenant-Lite Loans; Credit; Credit Default Swaps; Credit Facility; Credit (Loans); Currency; Demand for Loans; Derivative Instruments; Duration; Floating Rate Loans; Foreign (Non-U.S.) Investments; Foreign (Non-U.S.) and Non-Canadian Issuers; High-Yield Securities; Interest in Loans; Interest Rate; Interest Rate for Floating Rate Loans; Interest Rate Swaps; Leverage; Limited Liquidity for Investors; Limited Secondary Market for Loans; Liquidity; Market; Market Disruption and Geopolitical; Other Investment Companies; Prepayment and Extension; Securities Lending; Special Situations; Temporary Defensive Positions; Valuation in Loans; When-Issued, Delayed Delivery, and Forward Commitment Transactions. **Limited Liquidity for Investors** the Fund does not repurchase its shares on a daily basis and no market for the Fund's Common Shares is expected to exist. To provide a measure of liquidity, the Fund will normally make monthly repurchase offers for not less than 5% of its outstanding Common Shares. If more than 5% of Common Shares are tendered for repurchase by investors, investors may not be able to completely liquidate their holdings in any one month. Shareholders also will not have liquidity between these monthly repurchase dates. **Investors should consult the Fund's Prospectus and Statement of Additional Information for a more detailed discussion of the Fund's risks.**

The Fund discussed may be available to you as part of your employer sponsored retirement plan. There may be additional plan level fees resulting in personal performance to vary from stated performance. Please call your benefits office for more information.

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