Strategy Brief I 3Q 2018

Voya Senior Loan Strategy

Strategy-At-A-Glance	
Objective[1]	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
Value Added Sources	Issuer Selection: 60-70% Sector Allocation: 15-20% Primary/Secondary Market Access: 15-20%
Inception Date	04/01/01
Strategy Assets[2]	$26.0 Billion
Benchmark	S&P/LSTA Leveraged Loan Index
Vehicles	Separate Accounts Collective Trust Common Trust Mutual Fund SICAV

[1] There is no guarantee that this objective will be achieved.
[2] AUM as of 06/30/18

Strategy Overview

The Senior Loan strategy seeks 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 Philosophy

We believe that credit selection implemented by experienced credit analysts and consistent application of our investment process within a disciplined research and risk management framework is critical to producing superior long-term, risk-adjusted performance.

The following key beliefs underpin our investment philosophy:

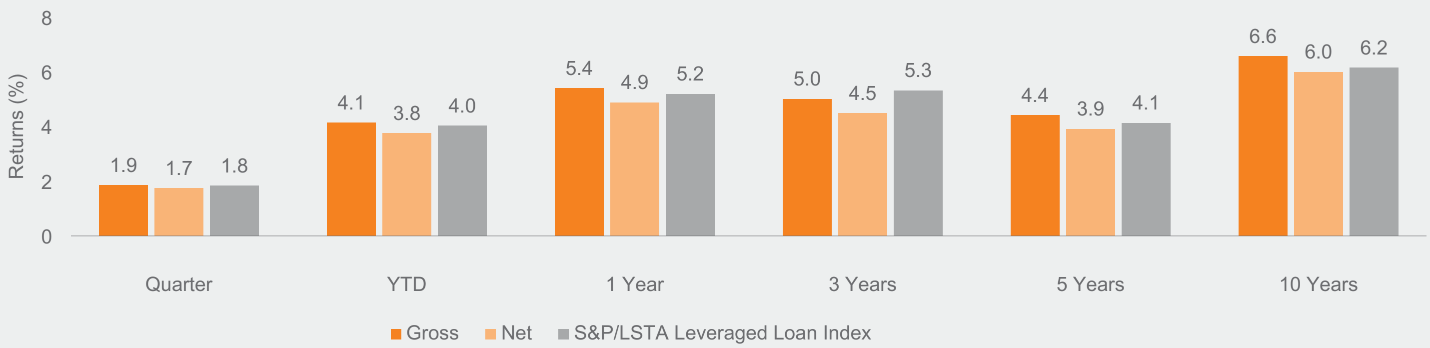
- The senior loan asset class is unique and complex
- Most meaningful alpha opportunity is to avoid the worst return outcomes
- Taking a nimble and active approach to portfolio management allows for downside protection
- Loans rated at or above single B offer the best long-term risk-adjusted value

Investment Process

Supported by an over 50-person dedicated investment team, our investment process focuses on fundamental credit analysis, relative value assessment and high levels of diversification. We conduct 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.

Performance

Voya Senior Loan Composite



Investment Commentary

Key Takeaways

- In the third quarter, the U.S. loan market, as represented by the S&P/LSTA Leveraged Loan index (the "index"), returned a solid 1.84%, bringing the year-to-date return to 4.03%
- With little to no systemic volatility during the period, combined with a default-free quarter, the riskier/lower-priced cohorts of the market outperformed in predictable fashion
- As widely expected, the Federal Reserve hiked its policy rate at the September Federal Open Market Committee (FOMC) meeting, and remains on pace to match its 2018 forecast of a total of four rate increases

Portfolio Review

For the quarter, the Voya Senior Loan Unleveraged Composite ("Composite") modestly outperformed its benchmark, not unexpected given the low level of overall volatility. The portfolio benefited from exposure to eight of the index's ten best performers during the period, including PetSmart Inc. and Petco Animal Supplies. Both rebounded on improved sentiment in the pet specialty segment of retail. An overweight to Asurion Corp. contributed to returns. Also, the portfolio avoided five of the index's ten worst performers. Exposure to Covia Corp. (formerly known as Fairmount Mineral) was the primary issuer-level detractor from performance. Covia has seen headwinds driven by oversupply in the market for fracking sand. The composite's underweight to CCC-rated loans was a slight detractor on a relative basis given the rating cohort's outperformance versus the broad index.

Diversification measures remained robust, with 420 individual issuers and 36 different industry sectors represented in the Composite.

Current Strategy and Outlook

In the third quarter, the U.S. loan market, as represented by the S&P/LSTA Leveraged Loan index (the "index"), returned a solid 1.84%, bringing the year-to-date return to 4.03%. After a brief dip in the weighted average index bid during the early part of the quarter, the average bid gained 25 basis points (bp) in September, closing out the quarter at 98.57. This was nicely above the second quarter closing level of 98.05. Aside from a handful of notable buyouts, overall primary supply retreated to a two-year low, allowing secondary prices to post the strongest advance since the fourth quarter of 2016, as the market value component of return was up 0.43% in the third quarter.

With little to no systemic volatility during the period, combined with a default-free quarter, the riskier/lower-priced cohorts of the market outperformed in predictable fashion. CCC- and single B-rated loans outperformed the broad index for the quarter with returns of 3.47% and 1.96%, respectively, while BB-rated credits returned 1.53%. There were no defaults in the index during the quarter. The lagging 12-month default rate by principal amount for the index closed out the period at 1.81%, a 10-month low. Generally speaking, we have not materially changed our overall positioning and continue to focus on maintaining an acceptable risk profile and broad diversification.

As widely expected, the Federal Reserve hiked its policy rate at the September Federal Open Market Committee (FOMC) meeting, and remains on pace to match its 2018 forecast of a total of four rate increases. Barring any exogenous event, we believe the fundamental outlook points to sound economic growth and a fairly benign default environment.

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: https://institutional.voya.com/system/files/document/file/GIPS%20Presentation_0.pptx.

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

The **S&P/LSTA Leveraged Load Index** - S&P/LSTA (Loan Syndications and Trading Association) Leveraged Loan Index (LLI) is a total return market value index that tracks fully funded, senior secured, first lien term loans syndicated in the U.S., as well as dollar-denominated overseas loans, including 90-95% of the institutional universe.

Indexes do not reflect fees, brokerage commissions, taxes or other expenses of investing, and investors cannot directly invest in an index. Source: Standard & Poor's and Voya Investment Management.

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Portfolio Highlights

Returns-Based Statistics (5 years ending 09/30/18)	Composite	S&P/LSTA Leveraged Loan Index
Standard Deviation (%)	1.81	2.32
Tracking Error (%)	0.67	NA
Information Ratio	0.43	NA
Alpha (annualized %)	1.16	NA
Beta	0.76	1.00
R-Squared (%)	0.95	1.00
Sharpe Ratio	2.17	1.57

Characteristics	
Number of Industries	36
Average Per Industry	$145,705,539
Average per Industry as % of AUM	2.78
Number of Issuers	420
Average per Issuer	$12,489,046
Average per Issuer as % of AUM	0.24
AUM Current Month End	5,245,399,399
AUM Previous Month End	5,507,112,779
Weighted Average Spread	3.47%
Weighted Average Maturity in Years	5.57
Weighted Average Market Price	99.82%

Ratings Distribution	% of Market Value
BB+ or Above	2.63
BB	5.32
BB-	14.01
B+	21.75
B	44.67
B-	7.47
CCC+ or Below	4.15
NR	0.00

Top Ten Issuers ($ millions)	Market Value ($)	% of AUM
Asurion, LLC	78.66	1.50
BMC Software, Inc.	72.60	1.38
Refinitiv (aka Thomson Reuters Financial & Risk)	46.79	0.89
Scientific Games International, Inc.	43.55	0.83
Acrisure, LLC	41.96	0.80
The Stars Group (fka Amaya)	39.83	0.76
Albertsons LLC	38.70	0.74
Reynolds Group Holdings Inc	38.39	0.73
Caesars Resort Collection	38.17	0.73
Avantor Inc	38.16	0.73

Top 10 Industries ($ millions)[3]	Market Value ($)	% of AUM
Electronics/Electrical	717.81	13.68
Business Equipment & Services	665.10	12.68
Health Care	494.74	9.43
Diversified Insurance	305.36	5.82
Telecommunications	263.63	5.03
Containers & Glass Products	247.66	4.72
Retailers (Except Food & Drug)	234.16	4.46
Automotive	206.86	3.94
Lodging & Casinos	201.78	3.85
Leisure Goods/Activities/Movies	191.07	3.64

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.

[3] Industry allocation for the Composite is tracked using S&P Industries.

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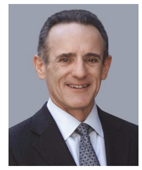
Voya Investment Management

Voya Investment Management (Voya IM) is the asset management business of Voya Financial, a Fortune 500 company with over 6,000 employees seeking to help clients plan, invest and protect their savings. As of 06/30/18, Voya IM manages approximately $209 billion* in assets across Fixed Income, Senior Loans, Equities, Multi-Asset Strategies & Solutions, Private Equity, and Real Assets. Drawing on over 40 years of experience and the expertise of 250+ investment professionals, Voya IM's capabilities span traditional products and solutions as well as those that cannot be easily replicated by an index.

Voya IM's award-winning culture is deeply rooted in a client-centric approach to helping investors meet their goals — from insurance companies, corporate and public pension funds, sovereign wealth funds, endowments and foundations, and consultants to intermediaries, and individual investors. Reliability is why our clients hire us and it is why they trust us to navigate the path ahead.

Portfolio Managers



Dan Norman
Group Head
Years of experience: 33
Years with firm: 26

Jeff Bakalar
Group Head
Years of experience: 32
Years with firm: 20

*As of 06/30/18. Voya IM assets are calculated on a market value basis and include proprietary insurance general account assets of $59 billion. The decline from $227 billion as of 03/31/18 was largely due to the 06/01/18 closing of Voya Financial's sale of the majority of its annuities businesses, which resulted in a net $18 billion transfer of assets.

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.

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