

Voya Leveraged Credit Group – Senior Loan Talking Points



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Weekly Notables

- Although the US economy continued to face an uncertain environment, performance in the loan market firmed this week. The Morningstar® LSTA® US Leveraged Loan Index (Index) returned 0.47% for the seven-day period ended October 20. The average Index bid price moved higher by 28 bp, closing out the period at 92.34.
- In the primary market, arrangers launched few deals this week, most of which represented M&A related activities. Looking ahead, the forward pipeline was relatively unchanged, as net new supply (net of anticipated repayments) totaled \$9.2 billion this week, as compared to \$9 billion last week.
- Secondary trading levels moved higher this week, posting a positive daily gain for six consecutive days. In terms of ratings, performance continues to be in favor of higher-quality credits. This week, Double-B and Single-B loans returned 0.69% and 0.47%, respectively, while CCCs returned -0.25%.
- On the investor demand side, CLO issuance picked up this week, as managers priced nine new deals (including a new CLO deal for Voya), bringing YTD levels to \$110.40 billion. On the other hand, retail fund flows were negative for the fourth consecutive week, as \$1.23 billion withdrew the market for the week ended October 14, pushing the net outflow for the year to more than \$1 billion.
- There were no defaults in the Index during the week.

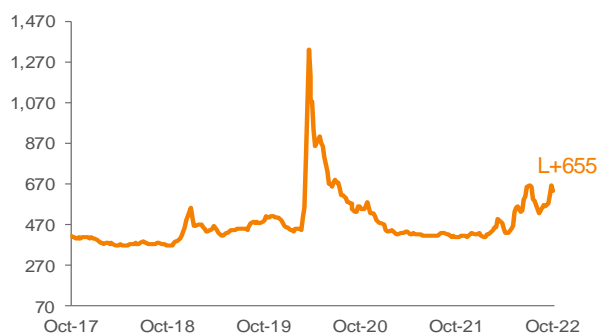
Average Bid

October 1, 2017 to October 20, 2022



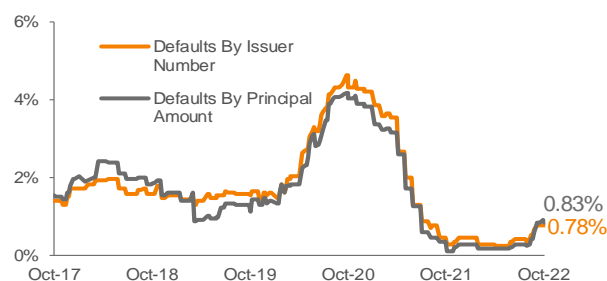
Average 3-YR Call Secondary Spreads^{1,2}

October 1, 2017 to October 14, 2022



Lagging 12 Month Default Rate³

October 1, 2017 to October 20, 2022



Morningstar® LSTA® US Leveraged Loan Index Stats

	Weighted Average Nominal Spread*	Weighted Average Price	MTD Total Return	MTD Price Return	YTD Total Return	YTD Price Return
Index	3.55%	92.34	0.95%	0.53%	-2.33%	-6.28%
BB Loans	2.75%	96.69	1.56%	1.19%	0.65%	-2.73%
B Loans	3.81%	92.06	0.83%	0.40%	-2.96%	-7.10%
CCC Loans	5.18%	77.50	-0.46%	-1.03%	-10.57%	-16.02%

Source: Pitchbook Data, Inc./LCD, Morningstar® LSTA® Leveraged Loan Index. 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 Pitchbook Data, Inc/LCD. Pitchbook Data/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 October 14, 2022.

² Excludes facilities that are currently in default.

³ 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.

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