

Voya Leveraged Credit Group – Senior Loan Talking Points

Weekly Notables

Following the release of a hotter-than-expected inflation print this week, rates sold off, resulting in increased volatility across financial markets. Despite the weakness across other asset classes, loans remained steady due to their strong interest carry, as the Morningstar® LSTA® US Leveraged Loan Index (Index) returned 0.12% for the seven-day period ended April 11. However, the average bid price lost 7 bp, closing out the week at 96.62.

In terms of supply, two M&A deals were launched in the primary market during the week, while opportunistic transactions continued at a strong clip. Turning to the forward calendar, net of the anticipated \$13.7 billion of repayments not associated with the forward pipeline, the amount of new supply projected to enter the market is about \$6.8 billion, versus \$5.5 billion last week.

In the secondary market, there was relatively minor dispersion among rating cohorts, but higher quality generally outperformed. For the week, Double-Bs, Single-Bs and CCCs returned 0.13%, 0.11% and 0.08%, respectively.

CLO managers priced five new deals, pushing YTD volume to \$52.5 billion. According to Morningstar Direct, retail loan funds experienced a \$462 million net inflow for the week ended April 10, taking the latest streak of inflows to nine weeks. On a YTD basis, net inflows are currently tracking \$3.2 billion.

There were no defaults in the Index this week.



Mohamed Basma, CFA
Head of Leveraged Credit

Average Bid

April 1, 2020 to April 11, 2024



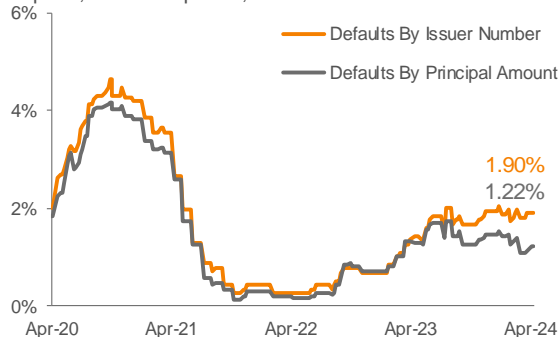
Average 3-YR Call Secondary Spreads^{1,2}

April 1, 2020 to April 5, 2024



Lagging 12 Month Default Rate³

April 1, 2020 to April 11, 2024



Morningstar® LSTA® US Leveraged Loan Index Stats

	Weighted Avg Spread*	Weighted Avg Price	MTD Total Return	MTD Price Return	YTD Total Return	YTD Price Return
Index	3.63%	96.62	0.18%	-0.10%	2.64%	0.02%
BB Loans	2.89%	99.58	0.25%	0.00%	2.25%	-0.10%
B Loans	3.90%	98.38	0.25%	-0.03%	2.71%	0.04%
CCC Loans	4.84%	82.51	-0.68%	-1.04%	4.46%	0.91%

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 base rate 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 April 5, 2024.

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.

This commentary has been prepared by Voya Investment Management for informational purposes. Nothing contained herein should be construed as (i) an offer to sell or solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. Any opinions expressed herein reflect our judgment and are subject to change. Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (1) general economic conditions, (2) performance of financial markets, (3) changes in laws and regulations and (4) changes in the policies of governments and/or regulatory authorities. The opinions, views and information expressed in this commentary regarding holdings are subject to change without notice. The information provided regarding holdings is not a recommendation to buy or sell any security. Fund holdings are fluid and are subject to daily change based on market conditions and other factors.

Past performance is no guarantee of future results.

Approved for client/investor use. Compliance ID 3509974