

Voya Senior Income Fund

> Investment Objective

The Fund seeks to provide investors with a high level of monthly income.

> Main Investments

Under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in U.S. dollar denominated floating rate secured senior loans.

> Portfolio Management

Voya Investments, LLC, Investment Adviser

Voya Investment Management Co., LLC, Investment Sub-Adviser



Jeffrey A. Bakalar
Portfolio Manager



Daniel A. Norman
Portfolio Manager

Key Takeaways

- The loan market, as represented by the S&P/LSTA Leveraged Loan index, posted a return of 1.84% for the third quarter
- Interest rate policy should remain supportive to the loan market and the Fund
- For the quarter, the Fund outperformed its benchmark

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 during the early part of the quarter, the weighted average index bid gained 25 basis points (bp) in September, closing out the quarter at 98.57. (A basis point equals one one-hundredth of one percent.) 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, we have not changed the Fund’s overall positioning materially, 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 four rate increases. Barring any exogenous event, we believe the fundamental outlook points to sound economic growth and a fairly benign default environment.

Portfolio Review

The Fund’s use of leverage was a benefit to performance in a period of relatively stable loan prices. The portfolio benefited from exposure to eight of the ten best performers in the index over the period, including PetSmart Inc. and PETCO Animal Supplies, which both rebounded on improved sentiment in the pet specialty segment of retail, as well as an overweight to Asurion Corp. The portfolio avoided five of the ten worst performers in the index. 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 Fund’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 356 individual issuers and 35 different industry sectors represented in the Fund.

Holdings Detail

Companies mentioned in this report – percentage of portfolio investments, as of 09/30/18: PetSmart Inc. 0.30%, PETCO Animal Supplies 0.39%, Asurion Corp. 1.27%, Covia (FKA Fairmount Mineral) 0.49%; 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to change on a daily basis.

Not FDIC Insured | May Lose Value | No Bank Guarantee

INVESTMENT MANAGEMENT

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Voya Senior Income Fund

The **S&P/LSTA Leveraged Loan Index** is an unmanaged total return index that captures accrued interest, repayments, and market value changes. The Index does not reflect fees, brokerage commissions, taxes or other expenses of investing. **Investors cannot invest directly in an index.**

Closed-end interval funds, such as Voya Senior Income Fund, generally charge higher fees than open-end mutual funds.

Principal Risks: All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield. The Fund invests primarily in **below investment-grade, floating rate senior loans** that 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 Fund's Common Shares to decrease. **Changes in short-term market interest rates** will directly affect the yield on the Fund's Common Shares. If such rates fall, the Fund's yield will also fall. If interest rate spreads on Fund's loans decline in general, the yield on the Fund's loans will fall and the value of the Fund's 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 loans in the Fund's portfolio, the impact of rising rates will be delayed to the extent of such lag. Because of the **limited secondary market** for floating rate senior bank loans, the Fund's ability to sell its loans in a timely fashion and/or at a favorable price may be limited. An increase in the demand for loans may adversely affect the rate of interest payable on new loans acquired by the Fund, and it may also increase the price of loans purchased by the Fund in the secondary market. A decrease in the demand for loans may adversely affect the price of loans in the Fund's portfolio, which would cause the Fund's NAV to decrease. The Fund's **use of leverage** through borrowings can adversely affect the yield on the Fund's Common Shares. In addition, in the event of a general market decline in the value of assets such as those in which the Fund invests, the effect of that decline will be magnified in the Fund because of the additional assets purchased with the proceeds of the leverage. Due to **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. The Fund may invest up to 20% of its assets in loans to borrowers in countries outside of the U.S. and Canada. **Investment in foreign borrowers** involves special risks, including potentially less rigorous accounting requirements, differing legal systems and potential political, social and economic adversity. The Fund may invest up to 15% of its assets in loans that are denominated in certain foreign currencies; however, the Fund will engage in **currency exchange transactions** to seek to hedge, as closely as practicable, 100% of the economic impact to the Fund arising from foreign currency fluctuations. Other risks of the Fund include but are not limited to: **Borrowings; Preferred Shares; Diversification Risks; and Concentration Risks.** **Investors should consult the Fund's Prospectus and Statement of Additional Information for a more detailed discussion of the Fund's risks.**

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

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) interest rate levels, (4) increasing levels of loan defaults (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities. **Past performance is no guarantee of future results.**

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. Portfolio holdings are fluid and are subject to daily change based on market conditions and other factors.

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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