

# Voya Leveraged Credit Group – Senior Loan Talking Points



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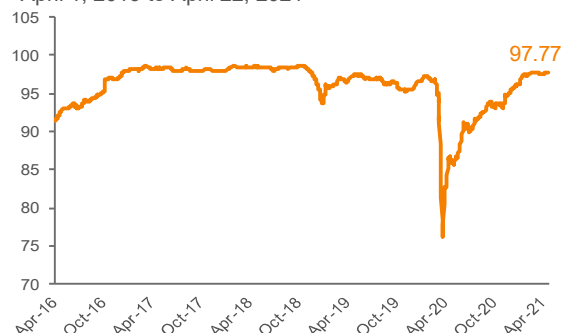
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## Weekly Notables

- Secondary trading levels softened somewhat in the loan market this week with the average bid price of the S&P/LSTA Leveraged Loan Index (the "Index") declining by five bps, to 97.77. Still, the Index registered a slightly positive advance of 0.02% for the seven-day period ended April 22, solely a function of interest-carry.
- LBO-related transactions dominated the primary market's attention this week, accounting for roughly 67% of all new-issue launches. MTD issuance representing LBO deals has already amounted to an impressive \$17.8 billion in April, the most since September 2018. The forward calendar ticked up slightly, with net new supply (net of all anticipated repayments) totaling about \$19.4 billion, up by \$700 million from the week prior.
- Demand for loans remained high due to the issuance of three new CLOs, as well as reported inflows of about \$1 billion into retail loan funds for the week ended April 21 (per LCD's estimate using Lipper). YTD CLO issuance has already crossed \$43 billion, while net-inflow activity into retail loan funds is at roughly \$13 billion for the YTD period.
- In the secondary market, it was a slower week on the allocation front, with 20 deals in total breaking for trading. While levels were slightly softer, company-specific news resulted in some price fluctuations for a handful of issuers, mostly to the upside.
- There were no defaults in the Index during the week.

## Average Bid: S&P/LSTA LLI

April 1, 2016 to April 22, 2021



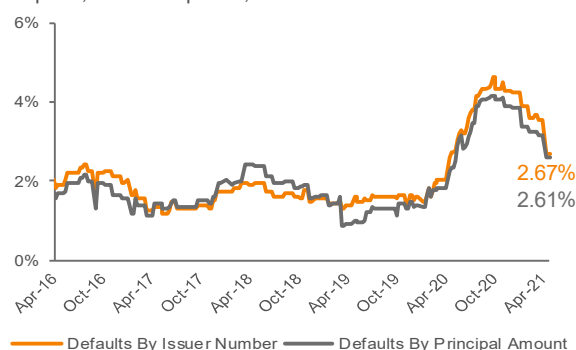
## Average 3-YR Call Secondary Spreads: S&P/LSTA LLI <sup>1,2</sup>

April 1, 2016 to April 16, 2021



## Lagging 12-Month Default Rate: S&P/LSTA LLI<sup>3</sup>

April 1, 2016 to April 22, 2021



Index Stats						
	Nominal Spread	Weighted Avg Price	MTD Total Return	MTD Price Return	YTD Total Return	YTD Price Return
S&P/LSTA Index	3.68%	97.77	0.40%	0.16%	2.19%	0.93%
BB Loans	2.72%	99.19	0.26%	0.08%	1.01%	0.06%
B Loans	3.99%	99.02	0.39%	0.13%	2.00%	0.64%
CCC Loans	5.08%	91.51	0.80%	0.45%	7.24%	5.30%

Source: S&P/LCD, S&P/LSTA Leveraged Loan Index and S&P Global Market Intelligence. Additional footnotes and disclosures on back page. **Past performance is no guarantee of future results. Investors cannot invest directly in the Index.**

Unless otherwise noted, the source for all data in this report is Standard & Poor's/LCD. S&P/LCD does not make any representations or warranties as to the completeness, accuracy or sufficiency of the data in this report.

<sup>1</sup> 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 16, 2021.

<sup>2</sup> Excludes facilities that are currently in default.

<sup>3</sup> Comprises all loans, including those not tracked in the LPC mark-to-market service. Vast majority are institutional tranches. 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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