

# Voya Leveraged Credit Group – Senior Loan Talking Points



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## Weekly Notables

- The U.S. loan market maintained its strong start to the year, as the S&P/LSTA Leveraged Loan Index (the “Index”) returned 0.25% for the seven-day period ended January 13. Driving the performance was an 18 bps gain in the average Index bid price, which currently sits at the 99 mark for the first time since 2014.
- Primary market activity saw an uptick this week, largely due to a few sizable M&A deals, while refinancing transactions were present as well. The visible forward pipeline also expanded, as the amount of net new supply expected to come to market (net of anticipated repayments) grew to \$12.2 billion, from \$3.4 billion a week ago.
- While secondary trading levels were generally firmer across the board, the lower-rated end of the spectrum, on average, benefited the most in this week’s trading session. Meanwhile, the first wave of allocations of the year broke for trading this week.
- On the demand side, there were no CLO deals issued this week. Within the retail component of the market, loan funds that report weekly posted the largest weekly inflow since 2013. According to Lipper FMI, retail funds experienced a \$1.84 billion investment inflow for the week ended January 12.
- There were no defaults in the Index this week.

## Average Bid: S&P/LSTA LLI

January 1, 2017 to January 13, 2022



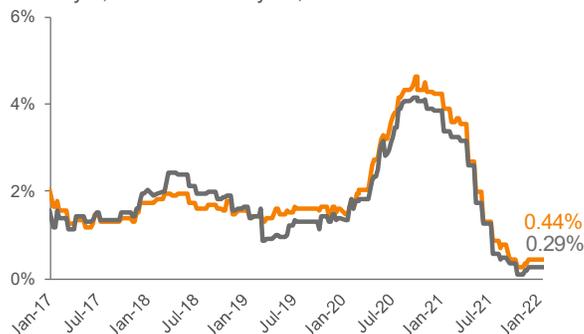
## Average 3-YR Call Secondary Spreads: S&P/LSTA LLI <sup>1,2</sup>

January 1, 2017 to January 7, 2022



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

January 1, 2017 to January 13, 2022



— Defaults By Issuer Number — Defaults By Principal Amount

Index Stats						
	Nominal Spread	Weighted Avg Price	MTD Total Return	MTD Price Return	YTD Total Return	YTD Price Return
S&P/LSTA Index	3.77%	99.00	0.49%	0.35%	0.49%	0.35%
BB Loans	2.97%	99.54	0.40%	0.29%	0.40%	0.29%
B Loans	4.07%	99.44	0.50%	0.35%	0.50%	0.35%
CCC Loans	5.62%	92.18	0.86%	0.63%	0.86%	0.63%

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 January 7, 2022.

<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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