

Fitch to Rate Voya CLO 2014-3, Ltd./LLC; Presale Issued

Written by Australian Business

NEW YORK--([BUSINESS WIRE](#))--Fitch Ratings expects to assign the following rating to Voya CLO 2014-3, Ltd./LLC (Voya 2014-3):

--\$320,000,000 class A-1 floating rate notes 'AAAsf'; Outlook Stable.

Fitch does not expect to rate the class A-2A, A-2B, B, C, D, E, or subordinated notes.

TRANSACTION SUMMARY

Voya 2014-3 is an arbitrage cash flow collateralized loan obligation (CLO) that will be managed by Voya Alternative Asset Management LLC (VAAM). Net proceeds from the issuance of notes will be used to purchase a portfolio of approximately \$500 million of leveraged loans. The CLO will have a four-year reinvestment period.

KEY RATING DRIVERS

Sufficient Credit Enhancement: Credit enhancement (CE) of 36% for class A-1 notes, in addition to excess spread, is sufficient to protect against portfolio default and recovery rate projections in the 'AAAsf' stress scenario. The level of CE for class A-1 notes is in line with, although slightly lower than, the average for recent CLO issuances.

'B+/B' Asset Quality: The average credit quality of the indicative portfolio is 'B+/B', which is slightly better than that of recent CLOs. Issuers rated in the 'B' rating category denote relatively weak credit quality; however, in Fitch's opinion, class A-1 notes are unlikely to be affected by the foreseeable level of defaults. Class A-1 notes are robust against default rates of up to 60.6%.

Strong Recovery Expectations: The indicative portfolio consists of 95.5% first lien senior secured loans, 89.4% of which have strong recovery prospects or a Fitch-assigned Recovery Rating of 'RR2' or higher. This is in line with the seniority profile of recent vintage CLOs.

Consistent Portfolio Parameters: The portfolio will be actively managed and bound by concentration limitations addressing various loan characteristics. The concentration limitations presented to date are within the range of limits set in the majority of recent CLOs. Fitch addressed the impact of the most prominent risk-presenting concentration allowances.

RATING SENSITIVITIES

In addition to Fitch's stated criteria, the agency analyzed the structure's sensitivity to the potential variability of key model assumptions including decreases in weighted average spread or recovery rates and increases in default rates or correlation. The class A-1 notes are expected to remain investment grade even under the most extreme sensitivity scenarios; results ranged between 'Asf' and 'AAAsf' for the class A-1 notes.

The expected ratings are based on information provided to Fitch by the arranger, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as of July 10, 2014. Key Rating Drivers and Rating Sensitivities are further described in the accompanying presale report.

The presale report is available to investors on Fitch's web site at www.fitchratings.com. For more information about Fitch's comprehensive subscription service Fitch Research, which includes all presale reports, surveillance and credit reports on more than 20 asset classes, contact product sales at +1-212-908-0800 or at 'webmaster@fitchratings.com'.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria & Related Research:

--'Global Structured Finance Rating Criteria' (May 20, 2014);

--'Global Rating Criteria for Corporate CDOs' (Aug. 8, 2013);

--'Criteria for Interest Rate Stresses in Structured Finance Transactions' (Jan. 23, 2014);

--'Counterparty Criteria for Structured Finance and Covered Bonds' (May 14, 2014).

Applicable Criteria and Related Research: Voya CLO 2014-3, Ltd./LLC

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=751677

Global Structured Finance Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=748821

Global Rating Criteria for Corporate CDOs

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=715492

Criteria for Interest Rate Stresses in Structured Finance Transactions

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=695535

Counterparty Criteria for Structured Finance and Covered Bonds

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=744158

Additional Disclosure

Solicitation Status

http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=838990

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