

# Voya Prime Rate Trust

Fund-At-A-Glance	
Objective <sup>1</sup>	To seek a high level of current income, consistent with preservation of capital
Inception Date	05/12/88
Net Asset Value	\$4.90
Total Leverage (% of Total Assets)	10.50%
NYSE Symbol	PPR
NAV Symbol	XPPRX
CUSIP	92913A100
Fund Adviser	Voya Investments, LLC.
Sub-Adviser	Voya Investment Management Co.

<sup>1</sup>There is no guarantee that this objective will be achieved.

## Fund Overview

Our fundamental credit analysis focuses on free cash flow generation, adequacy of collateral coverage, and relative value assessment both within a borrower’s capital structure and against a competitive peer group.

Maintains a diversified investment portfolio through an investment strategy which seeks to limit exposure to any one issuer or industry.

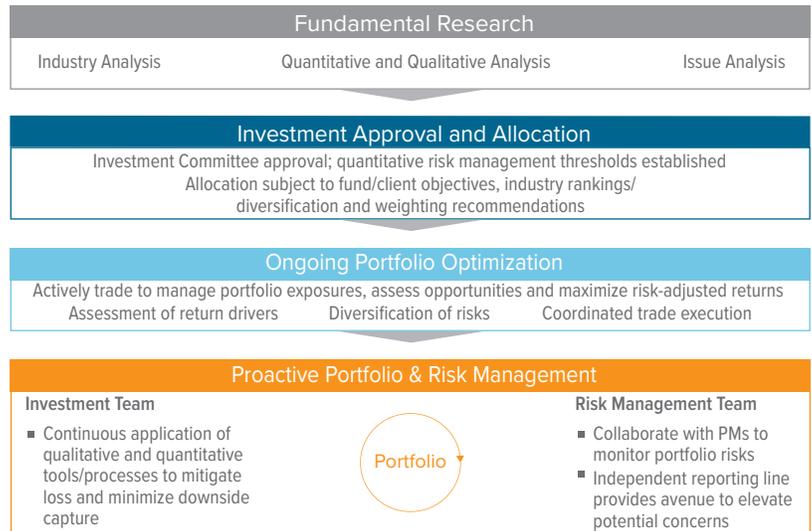
## Investment Strategy

- Invests at least 80% of net assets in U.S.-dollar-denominated, floating-rate, secured senior loans.
- Targets top-tier, non-investment grade senior loans seeking to achieve superior long term risk-adjusted returns with lower volatility.
- Uses leverage to enhance return potential.

## Investment Process

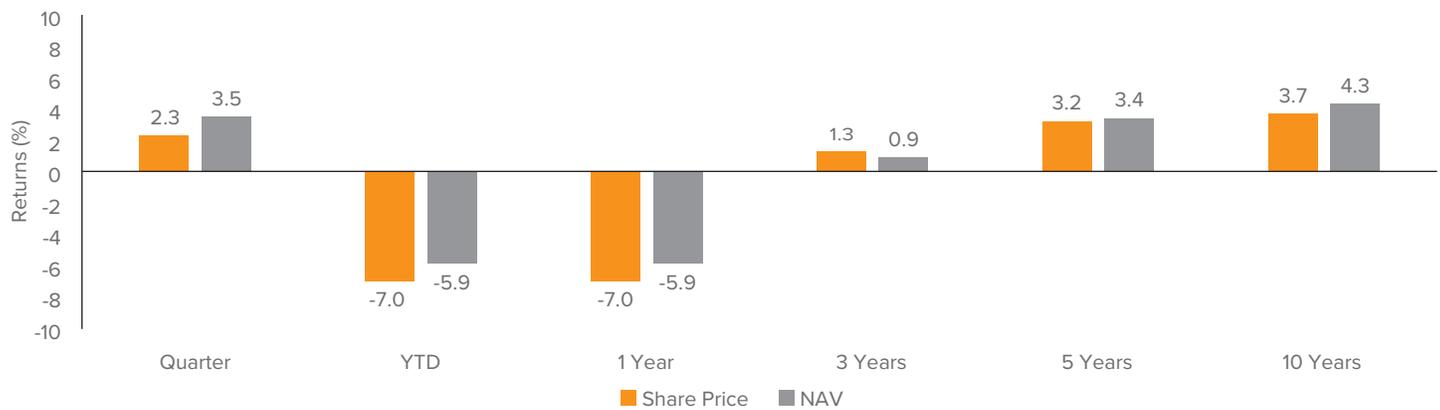
Supported by an over 50-person dedicated investment team, our investment process focuses on fundamental credit analysis, relative value assessment and high levels of diversification. We conduct top-down analysis to target industries with strong operating momentum or improving credit conditions, while avoiding those sectors prone to the clustering of defaults. The other major component of our process, specific borrower selection, is based on fundamental bottom-up credit analysis that includes independent credit research, in-depth collateral review and relative value analysis.

*Preliminary screening of transactions by Investment Committee determines appropriateness of deals*



Not FDIC Insured | May Lose Value | No Bank Guarantee

## Performance



## Investment Commentary

### Portfolio Review

During the period, the Board of Trustees authorized a 15% tender offer of the Trust's outstanding common shares at 99% of NAV. The Trust sold loans during the quarter in preparation for the close of the tender offer in January.

Trust performance was negatively impacted by selection among, and an underweight to, CCC-rated securities, and selection among single-B-rated securities. From an industry perspective, the primary detractors included selection in business equipment and services, and automotive; and an overweight to insurance. An overweight to GTT Communications, Inc. and the avoidance of Audio Visual Services Corp. detracted from results. Partially offsetting contributors included exposure to certain defaulted loans that found stronger bid support in the secondary market, and an underweight to the investment-grade cohort within the reference index. Top industry contributors included selection in air transport, building and development, and nonferrous metals and minerals. Notable contributions stemmed from overweights to stressed credits that benefited from the improving outlook, such as American Airlines, Inc., Brookfield Property Partners and Fitness International, LLC. The Trust's use of leverage had a positive impact due to material appreciation in loan bids.

The Trust had no defaults, whereas the reference index had two. Diversification measures remained robust, with 34 industries and 344 individual issuers represented.

### Current Strategy and Outlook

Improving outlooks on vaccine efficacy, election outcomes and a partial recovery in economic activity contributed to increased risk-taking in capital markets during the fourth quarter, resulting in stronger valuations across the board and a positive finish to a tumultuous 2020.

Default activity has slowed notably since the uptick of bankruptcies experienced in the earlier part of 2020, but is expected to remain

elevated in 2021, as the lingering effects of COVID-19 make their way into remaining pockets of stressed credits. Our 2021 forecast calls for a peak default rate around 5%, moving closer to historical averages before year-end.

While not without risks, the main theme going into 2021 is a supportive macro and credit backdrop driven by recovery of output lost to the pandemic; specifically, the retracement of corporate earnings. COVID-19 and its variants will remain a challenge but with lessening impact, resulting from what we hope will be an effective global vaccine rollout. Beyond the pandemic, the policy actions of the new administration could have material implications on many political and regulatory fronts; we do not believe certain markets are valuing a reasonable downside case. Nonetheless, we expect fundamentals will continue to improve on the back of a macro rebound and related GDP growth, and a return to more normal activity, supported by vaccine dissemination and continued fiscal and monetary support.

### Holdings Detail

Companies mentioned in this report – percentage of portfolio investments, as of 12/31/20: GTT Communications 0.38%, Audio Visual Services 0%, American Airlines 0.35%, Brookfield Property Partners 0.73% and Fitness International 0.18%; 0% indicates that the security is no longer in the portfolio. Portfolio holdings are subject to change daily.

### Performance

For the quarter, the Trust provided a total return of 3.48% on a net asset value (NAV) basis, and a total return of 2.32% on a market price basis. For the same period, the Trust's reference index, the S&P/LSTA Leveraged Loan index, returned 3.81%.

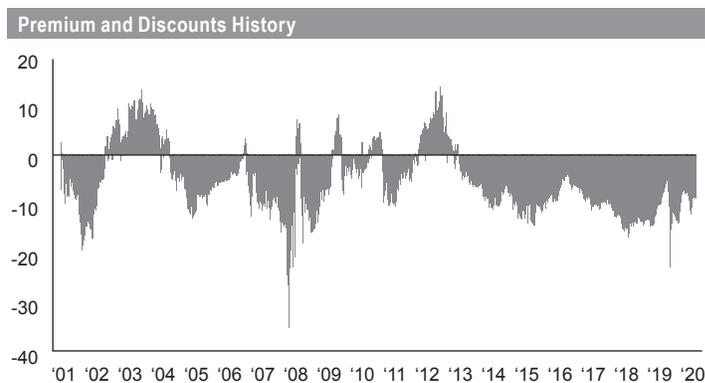
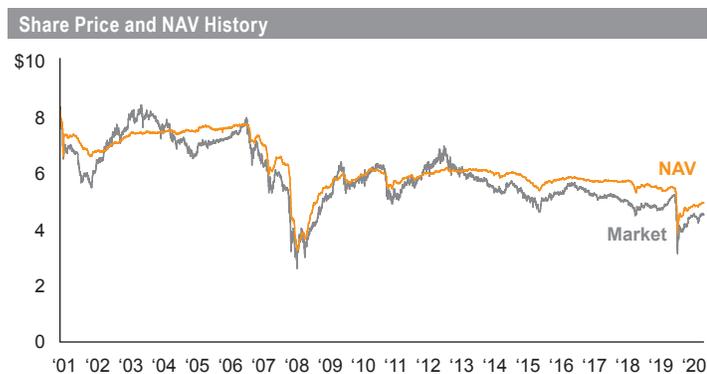
**Past performance is no guarantee of future results. The performance quoted represents past performance. Investment return and principal value of an investment will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.**

Performance chart does not take into consideration account transaction fees or brokerage commissions.

**Total investment return at market share price** measures the change in the market value of your investment assuming reinvestment of dividends, capital gain distributions and return of capital distributions/allocations, if any, in accordance with the provisions of the Fund's dividend reinvestment plan. Total investment return at market share price is not annualized for periods less than one year. Closed-end funds like the Fund do not continuously offer shares for sale and are not required to buy shares back from investors upon request. Shares of closed-end funds trade on national stock exchanges. Therefore, market share prices are not directly affected by Fund expenses or fees, which ordinarily have the effect of lowering total return.

**Total investment return at net asset value** has been calculated assuming a purchase at net asset value at the beginning of the period and a sale at net asset value at the end of the period; and assumes reinvestment of dividends, capital gain distributions and return of capital distributions/allocations, if any, in accordance with the provisions of the dividend reinvestment plan. Net Asset Value is total assets less total liabilities divided by the number of shares outstanding. Net Asset Value is net of all fund expenses, including operating costs and management fees. Total investment return at net asset value is not annualized for periods less than one year.

## Portfolio Highlights



Portfolio Statistics	
Common Shareholder Net Assets (millions)	\$705.2
Preferred Shares (millions)	\$0
Borrowings (millions)	\$82.8
Total Leverage (% of Total Assets)	10.50%
Average Senior Loan Amount (millions)	\$2.3
Average Senior Loan Amount (% of Total Assets)	0.29%
Assets Invested in Senior Loan (millions)	\$788.0
Number of Senior Loans	344
Industries Represented	34
Average Industry Investment (millions)	\$23.2
Average Industry Investment (% of Total Assets)	2.94%
Average Daily Share Trading Volume	338,481
Common Shares Outstanding	143,843,683

Largest Issuers (%)	
Asurion, LLC	1.72
Altice France S.A. (fka SFR Group S.A., aka Numericable)	0.92
Caesars Resort Collection	0.91
Action Holding B.V.	0.91
Calpine Corp	0.89
CenturyLink (d/b/a Lumen)	0.87
Novolex (aka Flex Acquisition Company, Inc)	0.83
Sedgwick Holdings, Inc.	0.78
Belron S.A.	0.77
Nexstar Broadcasting, Inc.	0.76

Largest Industry Holdings (%)	
Electronics/Electrical	12.86
Business Equipment & Services	9.75
Health Care	7.80
Telecommunications	7.69
Diversified Insurance	6.27
Radio & Television	4.60
Lodging & Casinos	4.30
Automotive	4.26
Building & Development	4.00
Containers & Glass Products	3.86

Weighted Averages	
Weighted Average Time to Reset (days)	11.20
Weighted Average Maturity (years)	4.72
Weighted Average Spread	3.34%
Weighted Average Coupon	3.79%

Holdings, industry & country weightings subject to change daily.  
Please see next page for other important disclosures.

## Portfolio Managers



**Jeffery A Bakalar**  
Group Head and Chief  
Investment Officer,  
Senior Loans  
Years of experience: 35  
Years with firm: 23



**Chuck E LeMieux, CFA**  
Senior Vice President,  
Portfolio Manager  
Years of experience: 34  
Years with firm: 23

## Voya Investment Management

Voya Investment Management is the asset management business of Voya Financial, a Fortune 500 company with over 6,000 employees seeking to help clients plan, invest and protect their savings. Voya Investment Management manages approximately \$247 billion\* in assets across fixed income, senior loans, equities, multi-asset strategies and solutions, private equity, and real assets. Drawing on over 40 years of experience and the expertise of 250+ investment professionals, the firm's capabilities span traditional products and solutions as well as those that cannot be easily replicated by an index.

At Voya Investment Management, a heritage of partnership and innovation serves clients at every step. Our award winning culture is deeply rooted in a client-centric approach to help investors meet their goals — from insurance companies, corporate and public pension funds, sovereign wealth funds, endowments and foundations, and consultants to intermediaries, as well as individual investors.

\*As of 09/30/20. Voya IM assets are calculated on a market value basis and include proprietary insurance general account assets of \$66 billion.

**Principal Risks:** All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investing. The Trust 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 Trust's Common Shares to decrease. Changes in short-term market interest rates will directly affect the yield on the Trust's Common Shares. If such rates fall, the Trust's yield will also fall. If interest rate spreads on Trust's loans decline in general, the yield on the Trust's loans will fall and the value of the Trust'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 Trust'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 Trust'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 Trust, and it may also increase the price of loans purchased by the Trust in the secondary market. A decrease in the demand for loans may adversely affect the price of loans in the Trust's portfolio, which would cause the Trust's NAV to decrease. The Trust's use of leverage through borrowings or issuance of preferred shares can adversely affect the yield on the Trust's Common Shares. The Trust 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 Trust may invest up to 15% of its assets in loans that are denominated in certain foreign currencies, however, the Trust will engage in currency exchange transactions to seek to hedge, as closely as practicable, 100% of the economic impact to the Trust arising from foreign currency fluctuations. Other risks include but are not limited to: Borrowings; Preferred Shares; Diversification Risks; and Concentration Risks.

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.

**Performance Attribution:** During the period from January 1, 2017 to July 31, 2020, an unaffiliated data provider, which is used by the Funds to identify individual senior loans and groups of senior loans that detracted from or contributed to portfolio performance on an absolute or relative basis (commonly known as "attribution analysis"), provided the Funds with inaccurate data. As a result, the attribution analysis used to explain and analyze a portfolio's performance against a particular benchmark was inaccurate in some instances during the period. Importantly, the Funds' actual performance information and performance comparison to their respective benchmark which appeared in various Fund commentaries during this period were correct and were not impacted by the inaccurate data. The data provider has identified and corrected the issue that caused the transmission of inaccurate information, and correct information is reflected in attribution analysis used in commentaries prepared after September 30, 2020.

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