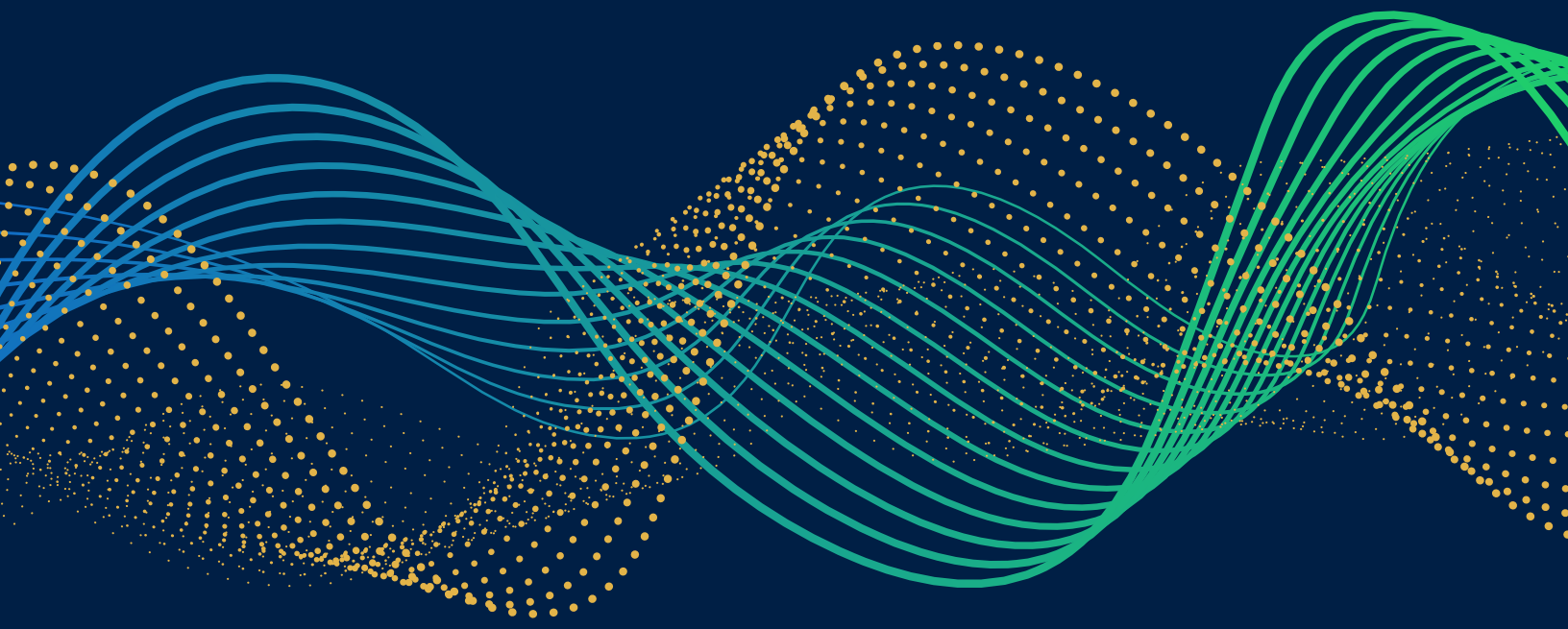
PGIM

2027 YEAR AHEAD

10-YEAR CAPITAL MARKET ASSUMPTIONS



Capital market assumptions are illustrative, reflect asset-class assumptions only, and do not represent the performance or expected performance of any PGIM product, portfolio, or strategy. Forecasts are based on assumptions, are subject to change, may not be achieved, and are not a guarantee or reliable indicator of future results. All investments involve risk, including the possible loss of capital. Expected returns are gross of fees and expenses, which would reduce returns. Illustrative model portfolios are hypothetical and for illustration only. This material is for informational purposes only, is not investment advice or a recommendation, and may not be suitable or available in all jurisdictions. Please see the Notice Language for important disclosures.

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KEY 10-YEAR FORECAST UPDATES

Fixed Income[1]

Relative to our Mid-Year publication, our long-term outlook for fixed income assets has improved significantly, consistent with rising underlying sovereign rates and relatively stable credit spreads:

U.S. AGGREGATE BONDS	U.S. LONG TREASURY BONDS	U.S. HIGH YIELD BONDS
4.9% → 5.9%	5.9% → 7.9%	5.9% → 6.4%
3/31 → 9/30	3/31 → 9/30	3/31 → 9/30

Equities[1]

Our 10-year forecasts for equity markets decreased across regions as equity market advances resulted in less favorable valuations:

U.S. LARGE-CAP EQUITIES	INTERNATIONAL EQUITIES EX-U.S.	EMERGING MARKETS EQUITIES
6.5% → 6.0%	7.2% → 6.8%	7.9% → 7.0%
3/31 → 9/30	3/31 → 9/30	3/31 → 9/30

New Illustrative, Model-Based Policy Portfolios[1]

- Preservation portfolio exposures including option-based defined outcome equity
- Growth portfolio exposures including alternatives
- Balanced portfolio exposures including both defined outcome equities and alternatives

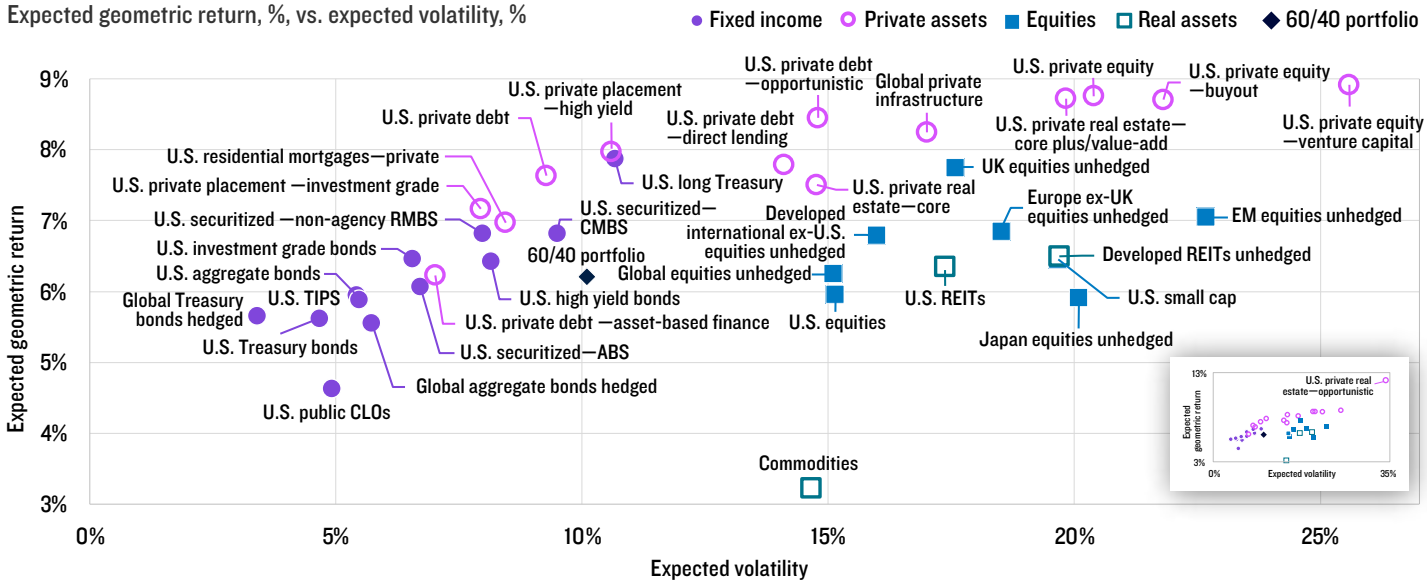
New Assets

In this edition, we are introducing forecasts for:

- U.S. private equity composite
- U.S. private debt composite
- U.S. private real estate—opportunistic with higher leverage ratio

Exhibit 1: 10-year forecast returns and volatility

Expected geometric return, %, vs. expected volatility, %



[1] Source: PGIM. As of September 30, 2026. Expected returns are gross of fees and expenses and taxes, which would reduce returns, and reflect asset-class assumptions only. They do not represent the performance or expected performance of any PGIM product, portfolio, or strategy. **Forecasts may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results. Shown for illustrative purposes only.** This information is not intended as a recommendation to invest in any particular asset class or strategy. Expected geometric return is the annualized compound return over a 10-year horizon; expected volatility is the annualized standard deviation of returns. Returns are in U.S. dollars; returns for investors in other currencies will differ. "Hedged" and "unhedged" are relative to the U.S. dollar. Private assets are generally illiquid, may use leverage, are difficult to value, and may not be available to all investors in all jurisdictions; see page 9 for additional information. The 60/40 portfolio is a hypothetical allocation of 60% global equities unhedged and 40% global aggregate bonds hedged. The illustrative model portfolios are hypothetical; see pages 13-14 for additional information.

OVERVIEW

Recent Developments Informing Our Long-Term Forecasts

Geopolitical developments remain an important driver of the global macroeconomic outlook as 2027 approaches. The U.S.-Iran ceasefire put downward pressure on oil prices over the summer, but WTI has since partially reversed course, rising back above $100.[2] Ongoing global conflicts and broader geopolitical risks continue to support elevated oil prices and limit the extent of any correction.

Elevated oil prices maintained upward pressure on inflation. U.S. headline CPI peaked most recently in May at 4.2% year over year. While it eased over the summer, it climbed back up to 3.7% in September.[2] Other markets with greater exposure to rising energy costs have been hit even more strongly with eurozone inflation hitting 3.8% in September and Japanese inflation climbing back to 1.9% from a recent low of 1.3%[2] before the U.S.-Iran conflict started.

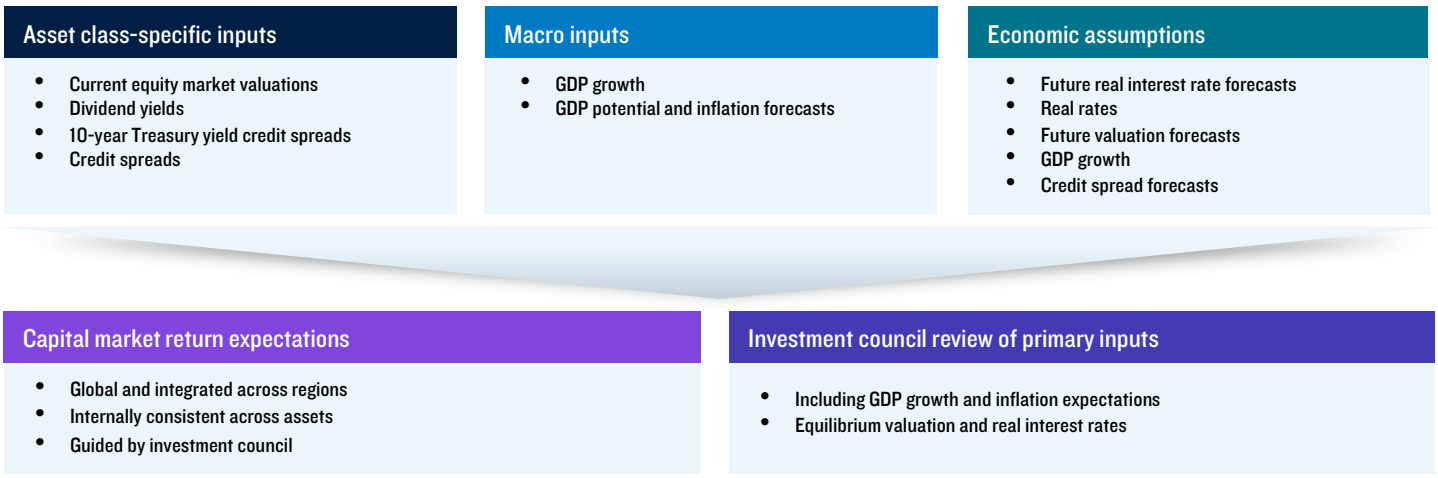
The upward surprise in energy costs has sent near-term inflation forecasts higher, but global central banks started hiking rates over the summer in the hopes of keeping the passthrough to core prices contained. The European Central Bank (ECB) and Bank of Japan (BoJ) both have hiked rates by 50 basis points (bps), while the Fed has hiked a more modest 25 bps,[2] although this follows market expectations that the Fed would be more likely to cut than hike rates.

The monetary policy response has kept longer-term inflation forecasts either contained, or in the case of the U.S. slightly lower, compared to our June 2026 update. Our 10-year U.S. inflation forecasts fell to 2.3% from 2.5%.

Rising oil prices, elevated inflation, and central bank rate hikes were all factors in driving global bond yields higher in the second half of 2026. U.S. 10-year Treasury yields ended September above 5%, compared to a low 4% level earlier in the year.[2] And we see similar trends in eurozone and Japanese yields, albeit at lower levels. Since these are largely global trends, and not U.S.-specific ones, that are driving inflation and rates around the world, the U.S. dollar is up only a few percentage points.

The real side of the global economy appears to be holding up despite tightening monetary policy and oil shocks. Our 10-year U.S. GDP growth forecast is just shy of 2%, roughly unchanged from our June update and close to the average following the global financial crisis. Global demand is supported by the AI-related capex boom, although the benefits are not evenly distributed. The U.S. and East Asian economies are more favorably exposed to these trends than European economies. But even in countries more exposed to these trends, aggregate productivity statistics have yet to show a meaningful response to AI. Of course, the weight of information technology (IT) in GDP is often meaningfully smaller than the weight of IT in market indices. Consequently, the impact of these trends on the market can differ from the impact on GDP, particularly when robust earnings growth was already priced in previously. At the same time, continued improvements in model capability

Exhibit 2: PGIM's Capital Market Assumptions (CMA) framework



Source: PGIM. Shown for illustrative purposes only. **PGIM's forecasts and views may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results.** The macroeconomic views underpinning our 10-year CMAs may differ from those featured in our 12-month Global Market Outlook.

[2] Sources: Bloomberg, U.S. Bureau of Labor Statistics, Eurostat, Statistics Bureau of Japan and PGIM. As of September 30, 2026, unless otherwise noted.

Exhibit 3: Expected 10-year return for global equities



Exhibit 4: Expected 10-year return for hedged global aggregate bonds



Source: PGIM. As of September 30, 2026, unless otherwise noted. Exhibits 3 and 4 show PGIM's expected 10-year returns for global equities and hedged global aggregate bonds as of each date. They are not actual returns. Global equities unhedged is represented by the MSCI ACWI Index. Global aggregate bonds hedged by the Bloomberg Global Aggregate Index. **Forecasts, including expected returns, may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results.** Expected returns are gross of fees and expenses, which would reduce returns. This information is not intended as a recommendation to invest in any particular asset class or strategy. See page 17 for index disclosure.

are disrupting the IT industry and downstream users. Against this backdrop, several years of strong gains in the MSCI World Information Technology Index[3] have given way to more mixed performance in the second half of 2026.

Capital Market Assumptions Framework

Our CMAs underpin the long-run outlook for strategic allocations in our individual strategies and multi-asset portfolios. They are the product of a highly systematic process for generating consistent projections across the capital markets. CMAs provide 10-year expectations for the most widely held equity, fixed income, and non-traditional asset classes, measuring both return and risk. We update our CMAs quarterly, publishing bi-annually, beginning with evolving asset-class fundamentals and macroeconomic assumptions at the country level.

For each asset class, we decompose local return expectations into three broad categories: income, growth, and valuation adjustment. We also forecast relative currency adjustments for investors in different domiciles to allow for conversion to hedged or unhedged returns. Our core building blocks and final forecasts are reviewed at their component levels by an investment council comprising our most senior investment professionals.

Global Economic Outlook

Forward-looking views for economic growth and inflation are among the most critical building blocks of our CMAs. We currently compile these for 16 countries. Based on our forecasts, long-term real economic growth in developed economies over the next 10 years is expected to continue to moderate, as it has for the last three decades. This is due to the limited growth of the labor force, which is constrained by domestic demographics and based on an assumption of no significant offset from improved productivity growth.

Our forecasts for real economic growth and inflation now incorporate the near-term views of the PGIM Credit macroeconomic research team (see our 12-month Global Market Outlook). We expect longer-term economic growth in developed economies to be led by Australia and other countries with younger populations and more liberal immigration policies. We anticipate growth to be slowest in Japan and parts of Western Europe, where the labor force is expected to contract further over the next decade.

Inflation in developed markets is anticipated to moderate over the next 10 years relative to current levels, which still exceed most central bank targets.

Our 10-year forecasts for developed market inflation range from a 2.8% annual rate in Australia to a low of 1.9% in the eurozone, whereas developed market real economic growth is expected to range from 0.6% in Japan to 2.0% in Australia. Emerging markets, however, are expected to produce real economic growth and inflation at annualized rates of 3.2% and 2.5%, respectively, driven by younger populations and higher rates of return on capital than in developed markets.

Evolution of Our Market Outlook

During the decade leading up to 2017, rising valuation ratios and moderating expectations for developed market growth and inflation drove a steady decline in our long-term CMAs for global equities. These assumptions stabilized at historically low levels from 2017 onward. The decline in equity markets in 2022 and an upward revision to our longer-run inflation expectations partially reversed this trend, moving forecasts temporarily higher. Our outlook for global equity returns over the next 10 years is 6.3%, a decrease of 0.5% from our mid-year forecast of 6.8%.

Our CMAs for global fixed income assets have moved materially higher over the past three years, coincident with the significant increase in global interest rates in response to heightened developed-market inflation in 2021 and 2022. Moderating inflation in the U.S. and Europe prompted a reduction in short-term interest rates through 2025, though higher inflation and solid economic growth in 2026 have again put global interest rates on an upward trajectory.

[3] See page 17 for index disclosure.

ASSET-CLASS FORECASTS

Global Fixed Income Markets

The long-term fixed income forecasts begin with our view of 10-year forward policy rates for each of the major developed market central banks. We derive expected policy rates for each central bank jurisdiction as a function of current and future equilibrium real interest rates, the expected GDP output gap over the next 10 years, and the expected rate of inflation. Our forecasts for short-term interest rates also incorporate a forward-looking central bank reaction function, placing less weight on current interest rate levels. While the 2010s were a period of low and stable short-term interest rates, the 2020s have been characterized by a much more volatile period for short-term rates as central banks responded to the pandemic and its inflationary aftermath.

Moreover, the volatility in short-term rates flows through to our assumptions about future rates, as elevated current rates tend to push our forecasts higher. Since our overall methodology takes a building block approach, this volatility also flows through to forecasts for other asset classes, making this a more forward-looking approach that helps to stabilize our long-term forecasts.

Our long-term forecasts for short-term interest rates are somewhat lower to those from our mid-year forecast, attributable to a decline in our long-term inflation forecast. For the U.S., policy rates over the next 10 years are expected to be roughly 90 bps lower on average than the 3.9% policy rate midpoint that prevailed as of September 30, 2026 given our forward views of inflation and growth relative to potential.

Our bond return forecasts are largely predicated on income and valuation factors. At a given maturity point, the forecast income return for a government bond consists of the average expected coupon yield over the forecast horizon, as well as proceeds (losses) from bonds maturing to lower (higher) yields. Changes in yield at a given maturity point over the forecast horizon determine the necessary valuation adjustment. If yields are forecast to rise (fall) over the next 10 years, the valuation adjustment will be negative (positive). U.S. 10-year Treasury yields at 5.3%[4] moved materially higher during 2026, in part attributable to inflation concerns driven by higher oil prices in the wake of the U.S.-Iran conflict. Looking forward, yields for the Bloomberg U.S. Treasury Index[5] are expected to decline from current levels over the next 10 years, resulting in a positive valuation adjustment and an expected return of 5.6%.

Unhedged developed market government bonds outside the U.S. are forecast to deliver lower returns over the next decade, given lower starting yields. Long-run returns in developed market government bonds for a U.S. investor are forecast to be 5.4% on an unhedged basis and 5.7% on a hedged basis given the differentials in forecast short-term interest rates.

Exhibit 5: Global interest rates

%

Country	Current short-term interest rates	Long-term forecast for short-term interest rates
United States	4.11	2.28
United Kingdom	4.04	2.41
Eurozone	2.29	1.95
Japan	1.24	2.17
Australia	4.93	3.14
Canada	2.46	2.66

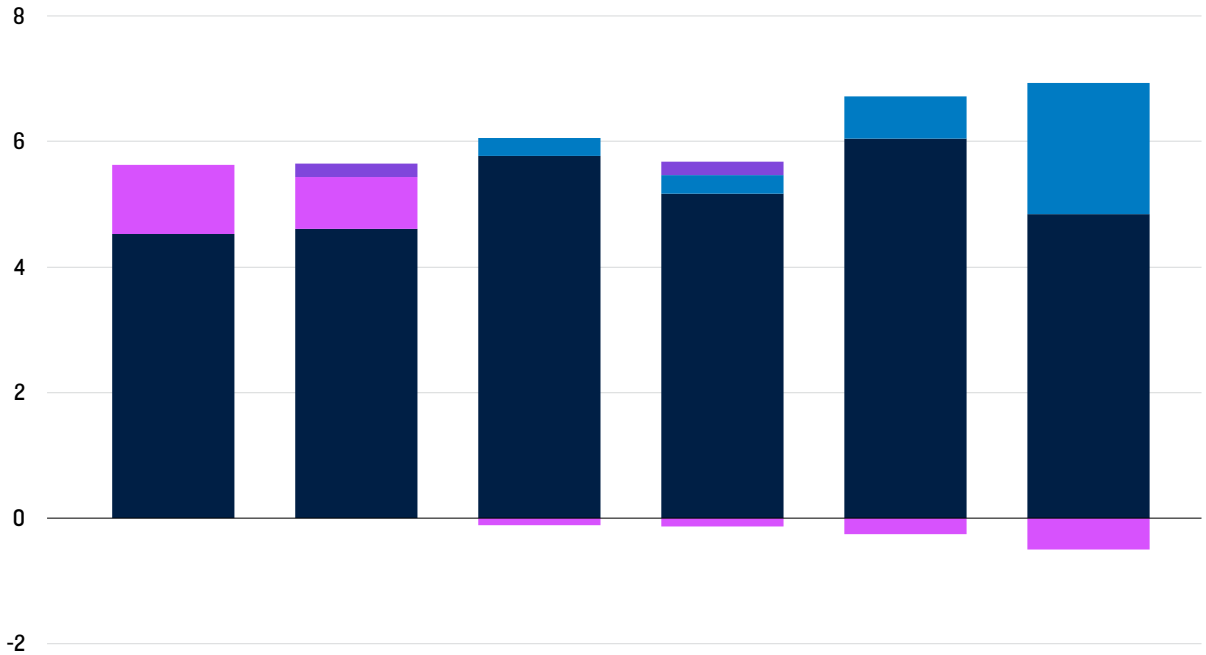
Sources: Bloomberg and PGIM. As of September 30, 2026. Long-term forecasts for short-term interest rates are PGIM assumptions, may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results. Shown for illustrative purposes only. Our U.S. cash rate forecast is the midpoint of the Federal Funds target range and more broadly outside the U.S., the primary borrowing rate set by central banks.

For longer-maturity government bond returns, we forecast each country's expected long-term slope to define a term structure of yields across its respective government yield curve. The forecast slope for each country is a function of forecast and potential real economic growth and evolves counter cyclically. When economic growth is forecast below potential, the yield curve is expected to be steeper (early cycle), whereas when growth is forecast to be closer to or above potential (late cycle) the curve is expected to be flatter.

[4] Source: Bloomberg. As of September 30, 2026.
[5] See disclosure language on page 17.

Exhibit 6: Decomposition of fixed income return forecasts

%



	U.S. Treasury	Global Treasuries hedged	U.S. aggregate	Global aggregate hedged	U.S. investment grade	U.S. high yield
Benchmark rate income	4.53	4.61	5.77	5.17	6.04	4.84
Spread income	0.0	0.0	0.29	0.29	0.68	2.09
Valuation adjustment	1.09	0.82	-0.11	-0.13	-0.25	-0.50
Currency hedging return	0.0	0.21	0.0	0.21	0.0	0.0
Total	5.62	5.65	5.95	5.56	6.47	6.43

Source: PGIM. As of September 30, 2026. Expected returns are gross of fees, expenses and taxes, which would reduce returns, and reflect asset-class assumptions only. They do not represent the performance or expected performance of any PGIM product, portfolio, or strategy. **Forecasts may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results.** Shown for illustrative purposes only. This information is not intended as a recommendation to invest in any particular asset class or strategy.

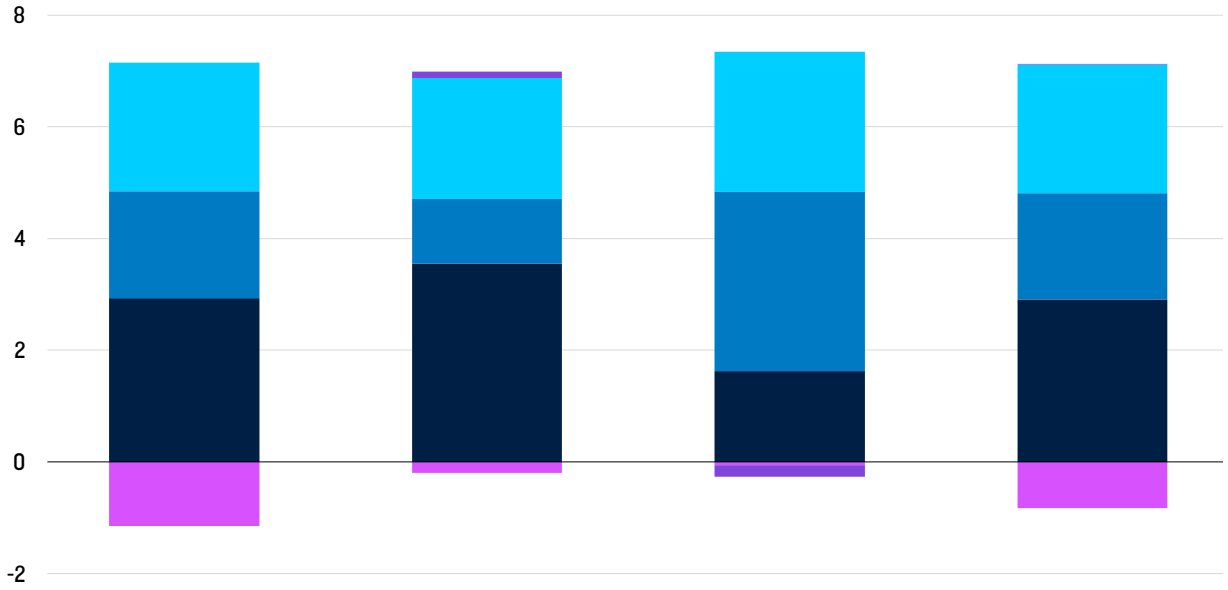
Our long-term forecast for U.S. aggregate bonds is 5.9%, which includes an expected spread return of 0.29%. Our forecast for hedged global aggregate bonds from a U.S. investor perspective is 5.6%, given similar assumptions for credit spreads and defaults, as well as gains from currency hedging, which partially offset lower starting yields for underlying government bonds outside the U.S. For both U.S. investment grade and U.S. high yield bonds, spreads as of September 30, 2026, were somewhat tighter than the expected 10-year averages.

We calculate the expected returns for fixed income credit indices to include any additional income expected from an average credit spread yield over comparable government bonds, adjusted for expected default and downgrade losses over the forecast horizon.

We then calculate the valuation adjustment for expected changes in spreads. Our long-term return forecasts for U.S. investment grade and U.S. high yield bonds are 6.5% and 6.4%, respectively.

Exhibit 7: Decomposition of global equity return forecasts

%



	U.S. equities	Developed ex-U.S. equities unhedged	EM equities unhedged	Global equities unhedged
Income	2.93	3.56	1.62	2.91
Real earnings growth	1.92	1.16	3.21	1.90
Inflation	2.30	2.16	2.51	2.30
Valuation adjustment	-1.15	-0.20	-0.06	-0.83
Currency	0.00	0.11	-0.20	0.00
Total	5.95	6.79	7.04	6.25

Source: PGIM. As of September 30, 2026. Expected returns are gross of fees, expenses and taxes, which would reduce returns, and reflect asset-class assumptions only. They do not represent the performance or expected performance of any PGIM product, portfolio, or strategy. **Forecasts may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results.** Shown for illustrative purposes only. This information is not intended as a recommendation to invest in any particular asset class or strategy.

Global Equity Markets

All of our long-term asset-class forecasts, including equities, are based on income, growth, and valuation considerations. Consistent with historical precedent, and assuming the continuation of current dividend taxation regimes, the U.S. equity market derives a significant share of expected income returns from share buybacks, equal to about 1.7% in our long-term forecasts. Outside the U.S., the expected contribution of net buybacks to long-term income returns in developed economies is anticipated to be a much more modest 0.8%. For emerging markets, net share issuance is expected to result in a 0.3% drag on income returns.

To build the income component of our long-term equity forecasts, we calculate each country's expected income contribution based on current and anticipated dividend yields, as well as expected returns attributable to buyback activity (positive) or net positive share issuance (negative).

For the growth component of our equity return forecasts, nominal GDP growth over the next 10 years is expected to approximate long-term nominal earnings growth for each equity market. We calculate this as the combined annualized rate of expected inflation plus real GDP growth. As noted earlier, our 10-year growth and inflation expectations are similar to last quarter's. Our 10-year forecast for U.S. real annualized GDP growth is now 1.9%, with 2.3% for inflation translating to an earnings growth component of 4.2%. While the impact of higher oil prices may elevate inflation over the next few quarters, we anticipate inflation will continue to moderate over the longer term to a level closer to the Fed's 2% target. For developed markets outside the U.S., our 10-year expectation for real GDP growth is 1.2%, with inflation averaging 2.2%. This assumption would provide nominal earnings growth of 3.4%.

For emerging markets, higher nominal GDP growth relative to developed markets is expected to result in long-run nominal earnings growth of 5.7%. Among developed markets, the U.S. maintains a negative expected long-term valuation adjustment of -1.15% annually, attributable to still historically elevated valuation ratios.

Developed market equities outside the U.S. and emerging market equities, in contrast, are expected to have negligible valuation repricing given historical valuation ratios that are close to long-run averages.

Private Assets

Our methodology for forecasting buyout equity, venture capital equity, and private debt ties the forecast outcomes of these assets to those of public-market assets and assigns a premium consistent with historical empirical outcomes, acknowledging the underlying illiquidity and potential leverage employed in these asset classes relative to public market counterparts.[6] Our forecasts for private real estate incorporate data from the NCREIF Property Index (NPI)[7] to determine yields and relative valuations in addition to linkages to forecast macroeconomic inputs. Investors in private assets must also evaluate cash-flow considerations that may impact other liquid allocations in a multi-asset portfolio. Private equity funds that take a buyout strategy invest in equity ownership of mature companies, resulting in a change of control. These transactions are typically large and involve the use of leverage. Our 10-year annualized forecast for U.S. buyout private equity is 8.7%, versus 6% for public U.S. equities. Venture capital funds seek private equity stakes in startups and small- to medium-sized companies with strong growth potential. Our annualized 10-year forecast for U.S. venture capital private equity is 8.9%, versus 6.45% for public U.S. small cap equities. Our 10-year annualized forecast for a market weighted private equity composite is 8.8%.

Over the last year, we have substantially increased our coverage of private fixed income assets in partnership with the PGIM Credit investment group. Our forecasts for U.S. investment-grade and high-yield placement debt are 7.2% and 8%, respectively. This compares with expected returns of 6.5% and 6.4% for public investment-grade and high-yield bonds. Additionally, our forecast returns for asset-based finance, direct lending, and opportunistic U.S. private debt are 6.2%, 7.8%, and 8.45%, respectively. Our 10-year annualized forecast for a market weighted private debt composite is 7.6%.

Our annualized 10-year forecast for global private infrastructure is 8.2%, versus 6.5% for global listed infrastructure.

Our forecasts for private real estate funds covered in the NPI include properties that have been acquired, at least in part, on behalf of tax-exempt institutional investors and held in a fiduciary environment. Property types included in the NPI are hotels, office buildings, industrial properties, apartments, and other retail-use properties.

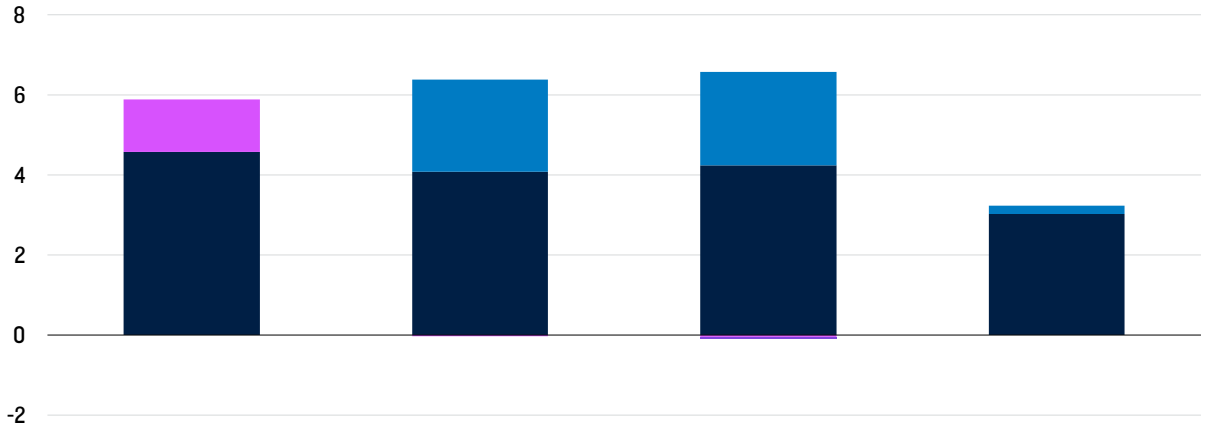
Allowed properties can be wholly owned or jointly owned properties. Returns on investment are required to be reported without leverage. From the unlevered initial forecast, we then calculate a core real estate forecast to represent funds with 20% leverage and a core plus or opportunistic real estate forecast to represent funds with 40% or 65% leverage, respectively. Our forecasts for core, core plus and opportunistic U.S. private real estate are 7.5%, 8.7% and 12.2%, respectively.[6]

[6] See disclosure language on page 17.

[7] Source: PGIM and NCREIF. As of September 30, 2026. Private assets typically involve limited liquidity, may use leverage, are difficult to value, generally carry higher fees than public-market investments, and may not be available or suitable for all investors in all jurisdictions. Investors could lose some or all of their capital. Private asset forecasts are modeled by reference to public-market assets plus an assumed premium based on historical outcomes, which may not recur. NPI data are appraisal-based and may understate volatility. Forecasts are gross of fees and expenses and carried interest, which would reduce returns, and reflect asset-class assumptions, not the expected returns of any specific investment or PGIM product. **Forecasts may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results.**

Exhibit 8: Decomposition of real asset return forecasts

%



	TIPS	U.S. REITs	Global REITs	Commodities
Income	4.57	4.08	4.25	3.03
Growth/inflation	0.0	2.30	2.33	0.20
Valuation adjustment	1.32	-0.03	-0.04	0.0
Currency	0.0	0.0	-0.03	0.0
Total	5.89	6.35	6.50	3.23

Source: PGIM. As of September 30, 2026. Expected returns are gross of fees, expenses and taxes, which would reduce returns, and reflect asset-class assumptions only. They do not represent the performance or expected performance of any PGIM product, portfolio, or strategy. **Forecasts may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results. Shown for illustrative purposes only.** This information is not intended as a recommendation to invest in any particular asset class or strategy.

Real Assets

We group commodities, REITs, and TIPS together as real assets in our CMAs. For U.S. TIPS, we assume that expected inflation and break-even inflation converge over time, implying that inflation risk premia and liquidity risk premia offset one another. Under these assumptions, we forecast a long-term return from TIPS of 5.9%, which is somewhat above the expected return of U.S. Treasuries given the slightly higher duration of U.S. TIPS. Our forecast returns for U.S. and global REITs include current and forecast dividend payments, expected appreciation linked to forecast price level changes, and a valuation adjustment based on current payout ratios.

Our long-run forecasts for U.S. and global REITs are 6.3% and 6.5%, respectively. Our long-run expected return for commodities is 3.2%, reflecting a return on cash investment of 3.0%, assuming investment through liquid futures and a growth premium of 0.2%, consistent with historical spot returns over cash and a linkage to forecast inflation.

Currency and Currency Hedging Returns

Our long-term forecasts for currency returns and return to currency hedging are based on our forward views of local relative price levels and short-term policy rates. These views allow us to provide our long-term forecasts for a range of domiciles outside the U.S. Over the next 10 years, we are forecasting generally negative returns for the U.S. dollar relative to developed market peers with outcomes ranging from an annualized loss of 0.5% for the Australian dollar to a gain of 1.3% for the Swiss franc. Forecast outcomes for emerging market currencies range from an expected loss of 2.4% for the Indian rupee to a gain of 0.4% for the Taiwan dollar. Long-term currency hedging returns against a market-weighted basket of developed market exposures are forecast to be net positive for U.S. investors as short-term interest rates are anticipated to be higher over the long term in the U.S. relative to the eurozone and Japan.

Global 60/40 Portfolio

Based on our long-term forecasts, a balanced portfolio of 60% global equities unhedged and 40% global aggregate bonds hedged is forecast to return 6.2% annually over the next 10 years, a decrease of 0.2% from our midyear 2026 forecast.

Exhibit 9: Q4 2026 10-year capital market assumptions[8]

All data points in %, except expected Sharpe ratio

Asset	Expected geometric return	Expected arithmetic return	Expected volatility	Expected Sharpe ratio
FIXED INCOME				
Cash	3.03	--	--	--
U.S. Treasury Bonds	5.62	5.73	4.67	0.58
U.S. Long Treasury	7.87	8.44	10.67	0.51
Global Treasury Bonds Hedged	5.65	5.71	3.41	0.79
U.S. Aggregate Bonds	5.95	6.10	5.42	0.57
Global Aggregate Bonds Hedged	5.56	5.72	5.73	0.47
U.S. Investment Grade Bonds	6.47	6.68	6.56	0.56
U.S. High Yield Bonds	6.43	6.76	8.14	0.46
U.S. Public CLO	4.63	4.75	4.91	0.35
U.S. Securitized—ABS	6.07	6.30	6.71	0.49
U.S. Securitized—CMBS	6.82	7.27	9.49	0.45
U.S. Securitized—Non-Agency RMBS	6.82	7.14	7.98	0.52
U.S. TIPS	5.89	6.04	5.47	0.55
EQUITIES				
U.S. Equities	5.95	7.10	15.15	0.27
U.S. Small Cap	6.45	8.39	19.67	0.27
UK Equities Unhedged	7.74	9.28	17.58	0.36
Europe ex-UK Equities Unhedged	6.84	8.56	18.53	0.30
Japan Equities Unhedged	5.91	7.92	20.09	0.24
Developed International ex-U.S. Equities Unhedged	6.79	8.07	16.00	0.32
EM Equities Unhedged	7.04	9.62	22.68	0.29
Global Equities Unhedged	6.25	7.39	15.11	0.29
REAL ASSETS				
U.S. REITs	6.35	7.86	17.37	0.28
Developed REITs Unhedged	6.50	8.43	19.69	0.27
Commodities	3.23	4.30	14.65	0.09
PRIVATE ASSETS				
U.S. Private Real Estate—Core	7.50	8.59	14.77	0.38
U.S. Private Real Estate—Core Plus/Value-Add	8.72	10.69	19.83	0.39
U.S. Private Real Estate—Opportunistic	12.20	18.11	34.38	0.44
U.S. Residential Mortgages—Private	6.97	7.33	8.45	0.51
U.S. Private Placement (IG)	7.17	7.48	7.94	0.56
U.S. Private Placement (HY)	7.97	8.53	10.60	0.52
U.S. Private Debt	7.63	8.06	9.28	0.54
U.S. Private Debt—Asset-Based Finance	6.23	6.47	7.02	0.49
U.S. Private Debt—Direct Lending	7.78	8.78	14.10	0.41
U.S. Private Debt—Opportunistic	8.45	9.54	14.79	0.44
U.S. Private Equity	8.75	10.83	20.39	0.38
U.S. Private Equity—Buyout	8.71	11.08	21.81	0.37
U.S. Private Equity—Venture Capital	8.92	12.19	25.58	0.36
Global Private Infrastructure	8.24	9.69	17.00	0.39
60/40 PORTFOLIO	6.21	6.72	10.10	0.37

Source: PGIM. As of September 30, 2026. Expected returns are gross of fees, expenses, and taxes, which would reduce returns, and reflect asset-class assumptions only. They do not represent the performance or expected performance of any PGIM product, portfolio, or strategy. **Forecasts may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results. Shown for illustrative purposes only.** This information is not intended as a recommendation to invest in any particular asset class or strategy. See Spread Assumptions and Expected Returns notes on page 17 for additional detail on spread assumptions and expected returns.

[8] Expected geometric return is the annualized compound return over the 10-year horizon. Expected arithmetic return is the expected average annual return. Expected volatility is the annualized standard deviation of returns. Expected Sharpe ratio is the expected arithmetic return in excess of cash, divided by expected volatility.

INCORPORATING ECONOMIC UNCERTAINTY IN OUR 10-YEAR FORECASTS

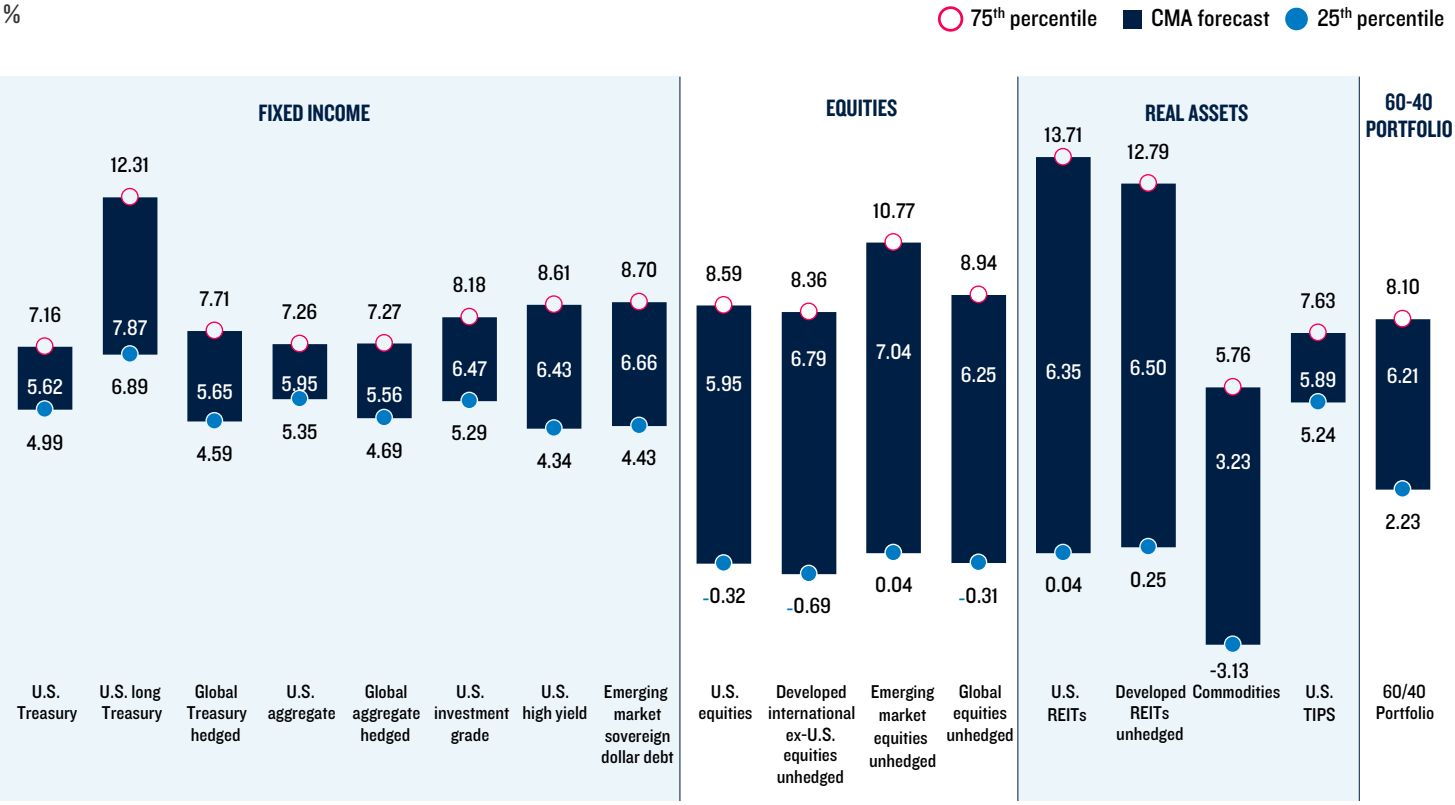
Dynamic Modeling for Economic Uncertainty

Our 10-year forecasts are based on building blocks with inherent uncertainty, particularly uncertainty as to the economic environment that will prevail over the next 10 years. To model this economic uncertainty, we conduct forward-looking simulations incorporating joint distributions of expansionary and recessionary investment environments. In contrast to simulations assuming a single multivariate normal distribution of asset class returns that are inconsistent with observed historical outcomes, our simulations consider periods of crisis that result in more pronounced drawdowns than would be captured in static average expected return and covariance forecasts.

Through these simulations, we generate a distribution of return outcomes centered on our Capital Market Assumptions. Presented in the following chart are the 25th and 75th percentile ranges for the primary asset classes we forecast.

Exhibit 10: Simulation-based forecast ranges

%



Source: PGIM. As of September 30, 2026. This information is not intended as a recommendation to invest in any particular asset class or strategy. **Forecasts may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results.** We generate 1,000 potential return paths using the forward testing simulation methodology described above. The uncertainty bands represent 25th and 75th percentile of potential return paths from the forward tested simulation. Return paths are hypothetical in nature and do not reflect actual investment results. The bands exclude the lowest and highest quarter of simulated outcomes. Actual returns could fall outside the ranges shown, and losses could be greater than shown. The information is shown for illustrative purposes only, does not constitute investment advice, and is not indicative or a guarantee of future results. Results from the projected forward tested simulation may vary over time and with each use. Asset return expectations are gross of fees, shown for illustrative purposes only, and are subject to change. Forecasts reflect asset-class assumptions and do not represent the performance, expected performance, or recommendation of any PGIM product, portfolio, or strategy. Actual investor returns would be lower after fees and expenses.

ILLUSTRATIVE MODEL PORTFOLIOS: RISK-BASED AND OPTIMIZED

In this edition of the CMAs, we are introducing three illustrative, risk-based portfolios (Preservation, Balanced and Growth) that include public-market assets, defined outcome strategies, and, for Balanced and Growth, private assets. They are hypothetical and illustrate how the CMAs can be applied.

For the Preservation portfolio, a portion of the equity allocation is invested in defined outcome (buffer) strategies, which seek to limit losses up to a stated buffer and cap potential gains over a defined outcome period.

We construct our U.S. equity 12%/20% buffer ETF ladder CMAs by first predicting future caps based on the relationship of caps with interest rates and volatility. We then calculate expected returns as a function of our U.S. equity price return forecasts, taking into account the impact of the buffer level,

Exhibit 11: Preservation portfolio

All data points in %, except expected Sharpe ratio

	Benchmark	Optimal
EQUITIES	20	14
U.S. Equities	12	8
U.S. Small Cap	2	0
International ex-U.S.	6	6
FIXED INCOME	60	70
U.S. Aggregate	35	40
U.S. Credit 1-3 Year	5	4
U.S. Investment Grade	10	12
U.S. High Yield	5	7
TIPS	5	7
DEFINED OUTCOME	20	16
U.S. Equity 12% Buffer ETF Ladder	5	3
U.S. Equity 20% Buffer ETF Ladder	15	13
Expected geometric return	5.8	5.9
Expected standard deviation	6.0	5.5
Expected Sharpe ratio	0.50	0.55

Exhibit 12: Balanced portfolio

All data points in %, except expected Sharpe ratio

	Benchmark	Optimal
EQUITIES	50	41
U.S. Equities	35	30
U.S. Small Cap	5	3
International ex-U.S.	10	7
Emerging Markets	0	1
FIXED INCOME	30	39
U.S. Aggregate	20	23
U.S. Investment Grade	5	7
U.S. High Yield	3	5
TIPS	2	4
PRIVATES	10	13
U.S. Private Debt	4	6
U.S. Private Equity	2	1
U.S. Private Real Estate–Core	4	6
DEFINED OUTCOME	10	7
U.S. Equity 12% Buffer ETF Ladder	5	4
U.S. Equity 20% Buffer ETF Ladder	5	3
Expected geometric return	6.5	6.6
Expected standard deviation	9.6	8.5
Expected Sharpe ratio	0.41	0.46

Source: PGIM. As of September 30, 2026. The model portfolios are hypothetical, are shown for illustrative purposes only, and do not represent any actual portfolio or PGIM product. They are not personalized advice or a recommendation, do not consider any investor's objectives, financial situation or needs, and may not be suitable for any investor. "Benchmark" is an illustrative starting-point allocation, not a market index. "Optimal" is the allocation produced by PGIM's optimization using the CMAs and is not a recommendation. Expected return, standard deviation, and Sharpe ratio are model-based estimates, not actual or achieved results. Asset return expectations are gross of fees, expenses, and taxes, which would reduce returns, except that defined outcome (buffer) ETF assumptions reflect an assumed 50-bp fee. Portfolio names describe illustrative risk levels and do not imply protection of capital. Defined outcome (buffer) strategies seek to limit losses up to a stated buffer and cap potential gains over a defined outcome period; the buffer and cap apply only to investors who hold for the full outcome period, and no protection is guaranteed. Private assets are subject to the risks described on page 9 and may not be available to all investors in all jurisdictions. **Forecasts may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results. All investments involve risk, including the possible loss of capital.** No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Portfolio exposures may not sum to 100% due to rounding.

Exhibit 13: Growth portfolio

All data points in %, except expected Sharpe ratio

	Benchmark	Optimal
EQUITIES	60	50
U.S. Equities	40	35
U.S. Small Cap	8	6
International ex-U.S.	12	9
FIXED INCOME	10	15
U.S. Aggregate	6	8
U.S. Investment Grade	2	4
U.S. High Yield	2	3
PRIVATES	30	35
U.S. Private Debt	10	13
U.S. Private Equity	10	10
U.S. Private Real Estate–Core	5	4.5
U.S. Private Real Estate–Opportunistic	5	7
Expected geometric return	7.6	7.8
Expected standard deviation	12.4	11.7
Expected Sharpe ratio	0.43	0.47

Source: PGIM. As of September 30, 2026. The model portfolios are hypothetical, are shown for illustrative purposes only, and do not represent any actual portfolio or PGIM product. They are not personalized advice or a recommendation, do not consider any investor's objectives, financial situation, or needs, and may not be suitable for any investor. "Benchmark" is an illustrative starting-point allocation, not a market index. "Optimal" is the allocation produced by PGIM's optimization using the CMAs and is not a recommendation. Expected return, standard deviation, and Sharpe ratio are model-based estimates, not actual or achieved results. Asset return expectations are gross of fees, expenses, and taxes, which would reduce returns, except that defined outcome (buffer) ETF assumptions reflect an assumed 50-bp fee. Portfolio names describe illustrative risk levels and do not imply protection of capital. Defined outcome (buffer) strategies seek to limit losses up to a stated buffer and cap potential gains over a defined outcome period; the buffer and cap apply only to investors who hold for the full outcome period, and no protection is guaranteed. Private assets are subject to the risks described on page 9 and may not be available to all investors in all jurisdictions. **Forecasts may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results. All investments involve risk, including the possible loss of capital.** No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Portfolio exposures may not sum to 100% due to rounding.

the predicted cap, and 50 bps of fees on the distribution of buffer returns.[9]

For the Balanced portfolio, both defined outcome equities and private assets are included, which together may offer enhanced risk-adjusted return characteristics for investors seeking exposure to both.

For the Growth portfolio, in addition to public equity exposure seeking to participate in periods of economic expansion, we have introduced allocations to private debt, private equity, and private real estate.

Illustrative model portfolios are constructed through constrained optimization based on our evolving risk and return forecasts. The portfolios selected along the efficient frontier will be those with the highest Sharpe ratios and with at least the same expected return as the respective risk-based model portfolio to which they are benchmarked.

Starting from the benchmark policy portfolios, intra-equity allocation changes common to all the policy portfolios included reductions in exposure to U.S. large cap and U.S. small cap equities. Within fixed income, allocations to U.S. aggregate bonds, U.S. investment grade bonds, and high yield bonds were increased across all portfolios. Where available, allocations to U.S. private debt and U.S. private real estate were increased while allocations to U.S. private equity were reduced or held steady. Where available, allocations to defined outcome assets were reduced slightly to fund further overweight allocations to fixed income.

[9] Defined outcome (buffer) ETF assumptions reflect an assumed 50 bps fee; all other forecasts are gross of fees.

STEADY-STATE CAPITAL MARKET ASSUMPTIONS

In addition to our standard forecasts, we also provide a longer-term forecast beyond a 10-year horizon based on our "steady state" views for asset classes. We construct long-term CMAs by combining 10-year CMAs and steady-state CMAs. Returns are expected to follow the 10-year CMAs' scenario for the first segment of history and then follow the steady-state CMAs thereafter.

This structure reflects the view that assets that are cheap (rich) on a valuation basis might have better (worse) returns over the near-term horizon. However, the longer an investor's time horizon, the less weight they should place on an asset class being cheap or rich today, and the more weight they should place on what happens in the steady state. Steady-state CMAs are intended to answer the question: "What will asset returns

Exhibit 14: Long-term capital market assumptions

All data points in %, except expected Sharpe ratio

Asset	Expected geometric return	Expected arithmetic return	Expected volatility	Expected Sharpe ratio
FIXED INCOME				
Cash	2.42	--	--	--
U.S. Treasury Bonds	3.85	3.93	3.86	0.39
Global Treasury Bonds Hedged	3.74	3.78	2.77	0.49
U.S. Aggregate Bonds	4.25	4.35	4.58	0.42
Global Aggregate Bonds Hedged	3.90	4.01	4.80	0.33
U.S. Investment Grade Bonds	4.76	4.92	5.63	0.45
U.S. High Yield Bonds	6.12	6.44	7.95	0.51
U.S. TIPS	3.89	3.99	4.45	0.35
EQUITIES				
U.S. Equities	7.88	9.40	17.43	0.40
U.S. Small Cap	8.38	10.89	22.42	0.38
UK Equities Unhedged	8.11	9.73	18.00	0.41
Europe ex-UK Equities Unhedged	7.02	8.79	18.77	0.34
Japan Equities Unhedged	5.76	7.73	19.85	0.27
Developed International ex-U.S. Equities Unhedged	7.07	8.40	16.32	0.37
EM Equities Unhedged	8.68	11.85	25.18	0.37
Global Equities Unhedged	7.80	9.23	16.89	0.40
REAL ASSETS				
U.S. REITs	5.97	7.38	16.83	0.30
Developed REITs Unhedged	6.23	8.08	19.28	0.29
Commodities	2.89	3.86	13.88	0.10
60/40 PORTFOLIO	6.54	7.14	10.95	0.43

Source: PGIM. As of September 30, 2026. Expected returns are gross of fees, expenses, and taxes, which would reduce returns, and reflect asset-class assumptions only. They do not represent the performance or expected performance of any PGIM product, portfolio, or strategy. **Forecasts may not be achieved, are subject to change, and are not a guarantee or reliable indicator of future results. Shown for illustrative purposes only.** This information is not intended as a recommendation to invest in any particular asset class or strategy. Exhibit 14 shows steady-state assumptions, which are PGIM's long-run equilibrium views beyond the 10-year horizon. They are not forecasts for any specific period and may not be achieved.

be after prices have returned to equilibrium and economies grow at their long-run pace?" To accomplish this, we remove valuation components and cyclical terms in our existing model, anchoring them to an equilibrium level.

Volatility estimates for our CMAs are constructed based on historical standard deviations over the long term. To construct steady-state volatility, we rely on the methodology developed by Cox, Ingersoll, and Ross (1985), whose model links the volatility of interest rates to the square root of interest rates.[10] Higher interest rates are associated with greater volatility in interest rates, just not linearly. In our case, we have volatility estimates over the subsequent 10 years, and want to model how those values would change if the return estimates change. The steady-state volatility is calculated by scaling the 10-year volatility by the square root of the ratio of the steady-state return to the 10-year return expectation. This approach ensures that if an asset class has a higher return in the steady state, such as would occur due to interest rates rising beyond our typical 10-year horizon, then the volatility is also scaled higher. However, since the scaling uses a square root instead of a linear adjustment, volatility will not increase as much as returns in the steady state. For asset classes with a higher steady-state return, this means the Sharpe ratio will also increase.

[10] Cox, Ingersoll, & Ross. 1985. "A Theory of the Term Structure of Interest Rates." Econometrica, 53 (2): 385-407. https://doi.org/10.2307/1911242.

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Spread Assumptions and Expected Returns

Residential mortgage: The expected return reflects loss-adjusted and option-adjusted spread of non-agency residential mortgage loans as of September 30, 2026.

Asset-backed securities (ABS): Reflects September 30, 2026 spread relative to ICE BofA U.S. Fixed Rate ABS Index.

Collateralized loan obligations (CLOs): Reflects September 30, 2026 spread associated with a sample portfolio of public CLOs with credit quality ranging from AAA through A.

Commercial mortgage-backed securities (CMBS): Reflects September 30, 2026 spread associated with a sample portfolio of CMBS (including SASB, CRE CLO, conduit, and agency) with credit quality ranging from AAA through BBB.

Residential mortgage-backed securities (RMBS): Reflects September 30, 2026 spread associated with a sample portfolio of non-agency RMBS with credit quality ranging from AAA through BBB.

Notice Language

Source(s) of data (unless otherwise noted): PGIM as of September 30, 2026.

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Private assets: Private assets typically involve limited liquidity, may use leverage, are difficult to value, generally carry higher fees than public-market investments, and may not be available or suitable for all investors in all jurisdictions. Private asset forecasts are modeled by reference to public-market assets plus an assumed premium. Investors could lose some or all of their capital.

Model portfolios: The model portfolios are hypothetical and illustrative, do not represent any actual portfolio or PGIM product, and are not personalized advice or a recommendation. Portfolio names describe illustrative risk levels and do not imply protection of capital. Defined outcome (buffer) strategies seek to limit losses up to a stated buffer and cap potential gains over a defined outcome period; no protection is guaranteed.

Indices: Indices are unmanaged, do not reflect fees, expenses, or taxes, and cannot be invested in directly. Index references are provided for informational purposes only. The asset-class forecasts do not represent the performance of any portfolio.

The ICE BofA U.S. Fixed Rate ABS Index tracks the performance of U.S. dollar-denominated, investment-grade, fixed-rate asset-backed securities publicly issued in the U.S. domestic market.

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