

U.S. Broad Market High Yield Strategy



As of September 30, 2025

STRATEGY HIGHLIGHTS

Objective¹	To maximize excess returns versus the Bloomberg High Yield 1% Issuer Capped Index over the long term.	
Target Sources of Excess Return	• Market / Sector Allocation & Spread Curve	15%
	• Industry / Issuer Specific	85%
	• Duration / Interest Rate / Currency	0%

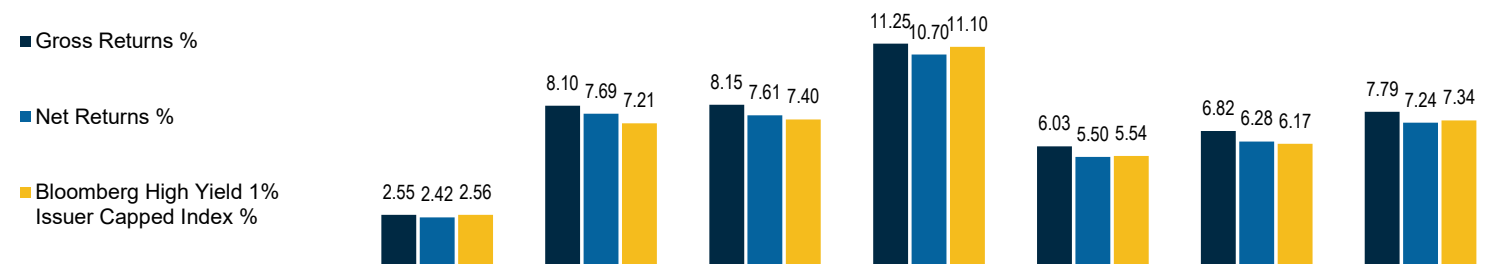
Inception Date	March 01, 2002
Strategy Assets	\$34.07 billion as of June 30, 2025
Benchmark	Bloomberg High Yield 1% Issuer Capped Index

INVESTMENT PHILOSOPHY & PROCESS

- In our Broad Market High Yield Strategy, we seek to earn 125 bps of alpha with a tracking error budget of 200 bps versus the Bloomberg U.S. High-Yield 1% Issuer Capped Index.
- We expect tracking error based on historical volatility measured over a long term period to occur from holding position sizes in portfolios that differ from the issuer's weighting in the benchmark and from holding positions in issuers that are not in the benchmark.
- PGIM Fixed Income believes that actively managed high yield bond portfolios, constructed from the bottom up using methodical, research-based subsector and security selection, can lead to consistent outperformance versus the broad high yield index with a high information ratio.
- PGIM Fixed Income attempts to achieve this through well-diversified portfolios of performing credits that are carefully researched. Intensive fundamental research is conducted by a large and experienced internal credit research staff to identify strong and improving credits.
- The size and experience of the research organization permit us to apply intense focus on individual securities identified from a broad pool of investment opportunities.
- Portfolios are then actively managed to capture the best opportunities and minimize credit losses, within an environment of disciplined risk management oversight.
- We use a sector based approach, whereby portfolio managers specialize on certain industries (typically 4 to 6 each). As a result of not having to cover the entire universe of industries, our sector PMs can (a) more deeply understand the issuers and trading levels in their sectors to better evaluate relative value and more quickly respond to market opportunities and (b) can have more frequent dialogue with, and as a result get more favorable treatment from, traders at brokers/dealers for secondary trades and also from capital markets/syndicates individuals at underwriters for new issues.
- We inherently think long term and are typically patient investors. Also, our institutional client base tends to be more stable (less flows). These two attributes enable us to take advantage of market opportunities because, on a relative basis versus peers, we tend to be liquidity providers as opposed to liquidity takers. In a world of less liquidity, we can take advantage of available market inefficiencies.



Your capital is at risk and the value of investments can go down as well as up. No investment strategy or management technique can guarantee returns or eliminate risk in any market environment. Where overseas investments are held the rate of currency may cause the value of investments to fluctuate. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Non-USD securities are converted to USD using a spot rate conversion. ¹Gross target excess returns do not reflect the deduction of investment advisory fees and other expenses, which will reduce returns and may be substantial. Net target excess returns reflect the deduction of a model fee equal to the highest fee borne by a portfolio utilizing the strategy. Targets are shown for illustrative purposes only, are subject to change and are current as of the date of this presentation only. Targets are objectives and should not be construed as providing any assurance or guarantee as to the results that may be realized in the future from investments in any asset or asset class described herein. If any of the assumptions used do not prove to be true, results may vary substantially. Available for professional and institutional investors only. Please see the Notice for additional important disclosures regarding the information contained herein.

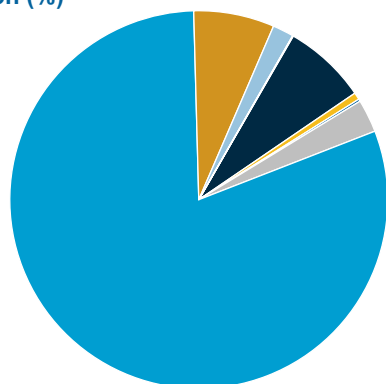
PERFORMANCE¹ | PERIODS ENDING SEPTEMBER 30, 2025

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (01 Mar 2002)
Excess Returns - Gross (bps)	-1	+88	+75	+16	+49	+65	+45
Excess Returns - Net (bps)	-14	+48	+21	-40	-4	+12	-11
Tracking Error (%)	NM	NM	NM	0.82	0.81	0.89	1.89
Information Ratio (Gross)	NM	NM	NM	0.18	0.57	0.71	0.18
Information Ratio (Net)	NM	NM	NM	-0.44	-0.05	0.14	-0.10

Excess Returns may reflect rounding differences. Information ratio and tracking error are not meaningful (NM) for periods less than 3 years. Data is presented on both a gross and net basis, where applicable. Gross metrics do not reflect the deduction of fees and other expenses to be borne by accounts using the Strategy, which will reduce returns and, in the aggregate, may be substantial. Additional performance information is available upon request. Please visit www.pgimfixedincome.com for contact information.

PORTFOLIO HIGHLIGHTS²

Sector Allocation (%)



■ US Government	■ ABS	■ CMBS
■ IG Corporates	■ High Yield	■ Bank Loan
■ Emerging Markets	■ Municipals	■ Cash & Equivalents

	Portfolio	Bloomberg High Yield 1% Issuer Capped Index
US Government	7.1	0.0
ABS	0.6	0.0
CMBS	0.2	0.0
IG Corporates	2.8	0.0
High Yield	80.5	99.1
Bank Loan	6.9	0.0
Emerging Markets	1.8	0.9
Municipals	0.0	0.0
Cash & Equivalents	0.1	0.0
Total	100.0	100.0

Representative Characteristics (%)

	Portfolio	Bloomberg High Yield 1% Issuer Capped Index
Effective Duration (yrs)	2.96	2.94
Effective Yield (%)	6.73	6.70
Spread (bps)	288	274
Average Coupon (%)	6.26	6.55
Average Quality (Moody's)	Ba3	B1
Number of Issuers	373	853

Corporate Industry Allocation (%)

	Portfolio	Bloomberg High Yield 1% Issuer Capped Index
Finance	10.3	12.0
Industrial	76.2	84.8
Utility	4.5	3.2
Non Credit	0.0	0.0

Top 10 Industries (%)

	Portfolio	Bloomberg High Yield 1% Issuer Capped Index
Telecom	7.2	4.7
Building Materials & Home Construction	7.0	3.9
Health Care & Pharma	6.8	7.1
Gaming & Lodging & Leis.	6.5	6.5
Energy - Midstream	5.7	5.6
Cable & Satellite	5.4	5.1
Finance Companies	5.2	4.3
Energy - Upstream	4.7	5.3
Consumer Non-Cyclical	4.6	7.1
Electric & Water	4.5	3.2

Rating Distribution^{3,4}(%)

	Portfolio	Bloomberg High Yield 1% Issuer Capped Index
AAA	0.6	0.0
AA	7.1	0.0
BBB	2.9	0.0
BB	34.9	52.4
B	33.6	34.9
CCC & Below	16.0	12.5
Not Rated	4.8	0.2

Past performance is not a guarantee or a reliable indicator of future results. The value of investments can go down as well as up. No investment strategy or management technique can guarantee returns or eliminate risk in any market environment. Please see the Notice for additional important disclosures regarding the information contained herein. Totals may not sum due to rounding. Source: PGIM Fixed Income. Source of Benchmark: Bloomberg. Where overseas investments are held the rate of currency may cause the value of investments to fluctuate. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Non-USD securities are converted to USD using a spot rate conversion. ¹Periods over one year are annualized. ²Portfolio highlights provided above are calculated based on the percentages of the total market value of a representative portfolio using the Strategy. The representative characteristics are not, and should not be construed as, the past or projected performance of the Strategy or any investment, which will be impacted by a number of factors not reflected herein. ³Excludes cash and FX hedges. ⁴Middle of Moody's, S&P and Fitch ratings – excluding cash and cash equivalents. Available for professional and institutional investors only.

INVESTMENT COMMENTARY

Markets

Strong earnings and a resilient technical environment helped drive HY spreads to near-historic tights in Q3 2025. Revenue and earnings growth for HY companies during the May-Aug 2025 earnings season were positive, as companies appeared to be passing through tariff costs to consumers.

We expect U.S. HY spreads to remain range-bound, but wide of historic tights, over the coming months, as robust technicals and credit fundamentals are likely to withstand ongoing macro risks. From here, spreads could tighten further if inflation eases and AI-fueled productivity drives ongoing corporate profitability. Although there are risks that could prompt spread widening—i.e., overly loose fiscal and monetary policies, stubbornly elevated inflation, and geopolitical tensions—HY's lower spread duration mitigates drawdown risks, while strong coupons help offset potential widening.

Portfolio

Overall security selection was the largest contributor to performance during the quarter, with selection in telecom, health care & pharmaceutical, and gaming & lodging & leisure contributing the most. This was partially offset by selection in chemicals, automotive, and retailers & restaurants, which detracted.

Overall industry allocation detracted from performance during the quarter, with underweights to media & entertainment and retailers & restaurants, and an overweight to automotive detracting the most. This was partially offset by underweights to technology and chemicals, and an overweight to building materials & home construction, which contributed.

Overall sector allocation detracted from performance during the quarter, with an overweight to U.S. bank loans detracting the most.

From a market perspective, on average, having less risk in the Fund relative to the Index over the reporting period detracted from performance.

PORTFOLIO MANAGERS



Robert Cignarella, CFA

Managing Director and
Head of U.S. High Yield

PGIM FIXED INCOME

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At PGIM Fixed Income our extensive size and scale benefits our clients in our ability to have the necessary resources to maintain large and deep research teams, implement world-class risk management systems, establish ourselves as a known entity to both corporate issuers and sell side analysts and add considerable value to our investment process in finding key opportunities for our investors.

Our investment approach is supported by 352 investment professionals based in the U.S., London, Tokyo, Hong Kong, Singapore, Amsterdam, Munich and Zurich as of June 30, 2025. Senior investment personnel average 20 years tenure with the firm, providing stability and leadership. 11 regional macroeconomists, 147 fundamental analysts, and 72 analysts in quantitative modeling, risk management, and portfolio analysis provide deep, broad perspectives on the global fixed income markets.



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Target annualized excess returns are presented on both a gross and net basis solely for the purpose of detailing the anticipated risk and reward characteristics of the Strategy in order to facilitate comparisons with other investment types. Gross targets do not reflect the deduction of fees and other expenses to be borne by accounts using the Strategy, which will reduce returns and, in the aggregate, may be substantial. Net targets reflect the deduction of model fees and expenses equal to the highest fees borne by a portfolio utilizing the strategy. The target returns presented herein are not a prediction, projection, expectation or guarantee of future performance. There are significant risks and limitations in using target returns, including targets that are based upon assumptions regarding future events and situations, which may prove not to be accurate or may not materialize. Further, the target returns stated herein are based on an assumption that economic, market and other conditions will not deteriorate and, in some cases, will improve. The target returns are also based on models, estimates and assumptions about performance believed to be reasonable under the circumstances, but actual returns of the Strategy and its investments will depend on, among other factors, the ability to consummate attractive investments, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the targeted returns are based. PGIM Fixed Income believes that the target returns for the Strategy and each investment type reflect in part a measure of the risk PGIM Fixed Income will be taking with respect to the strategy and investments in that investment type. There can be no assurance that any investments, any of the investment types or the strategy will achieve comparable returns to those targeted herein or that PGIM Fixed Income will be able to implement its investment strategy and investment approach or achieve its investment objectives. Target returns do not take into account cash flows into and out of the portfolio, as well as other factors, which could have an impact on actual performance of a client utilizing the Strategy. Accordingly, target returns should not be used as a primary basis for an investor's decision to invest in the Strategy.

The financial indices referenced herein are provided for informational purposes only. The use of benchmarks has inherent limitations. Portfolio holdings and characteristics may differ from those of the benchmark(s). Additional factors impacting the performance displayed herein may include portfolio-rebalancing, the timing of cash flows, and differences in volatility, none of which impact the performance of the financial indices. Financial indices may or may not reflect the reinvestment of income, if any, but do not reflect the impact of fees, applicable taxes or trading costs which may reduce the returns shown. You cannot invest directly in an index. The statistical data regarding such indices has been obtained from sources believed to be reliable but has not been independently verified.

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INDEX DESCRIPTION: As of October 1, 2020, the benchmark for the composite is the Bloomberg US High-Yield 1% Issuer Capped Index. The Bloomberg US High-Yield 1% Issuer Capped Index is an issuer-constrained version of the US High-Yield Index that covers the USD-denominated, non-investment-grade, fixed-rate, taxable corporate bond market. The US HY 1% Issuer Capped Index limits issuer exposures to a maximum 1% and redistributes the excess market value index-wide on a pro-rata basis. Securities must be rated below investment-grade (Ba1/BB+/BB+ or below) using the middle rating of Moodys™, S&P, and Fitch, and have at least 1 year until final maturity. Prior to October 1, 2020, the Benchmark was the Bloomberg US Corporate High Yield Bond Index, which tracks the USD-denominated, non-investment-grade, fixed-rate or step up, taxable corporate bond market. The index excludes Emerging Markets debt. Securities must be rated below investment-grade (Ba1/BB+/BB+ or below) using the middle rating of Moody's, S&P, and Fitch, and have at least 1 year until final maturity. The Bloomberg U.S. High Yield 1% Issuer Capped Index is an issuer-constrained version of the U.S. Corporate High-Yield Index that covers non-investment grade, fixed-rate, taxable corporate bond market. It limits issuer exposures to a maximum 1% and redistributes the excess market value index-wide on a pro-rata basis. Securities must be rated BB/B using the middle rating of Moody's, S&P, and Fitch, and have at least 1 year until final maturity. Source of the benchmarks: Bloomberg.

SUMMARY OF CERTAIN RISKS: **High yield ("junk") bonds** are subject to greater credit and market risks; **short sales** involve costs and the risk of potentially unlimited losses; **leveraging techniques** may magnify losses; **derivative securities** may carry market, credit, and liquidity risks; **foreign securities risk**, including **emerging markets**, are subject to greater volatility and price declines; **market risks** (the value of investments may decrease and securities markets are volatile); and **currency risk**, value could decline as a result of changes in exchange rates.