# Global Core Strategy

PGIM FIXED INCOME

**As of September 30, 2025**

## STRATEGY HIGHLIGHTS

| | | |
|---|---|---|
| **Objective**[1] | To maximize excess returns versus the Bloomberg Global Aggregate Index over the long term. | |
| **Target Sources of Excess Return** | • Market / Sector Allocation | 30% |
| | • Security Selection | 55% |
| | • Duration / Interest Rate / Currency | 15% |

| | |
|---|---|
| **Inception Date** | September 01, 2008 |
| **Strategy Assets** | $12.97 billion as of June 30, 2025 |
| **Benchmark** | Bloomberg Global Aggregate Index |

## INVESTMENT PHILOSOPHY & PROCESS

- The Strategy seeks highly diversified, sustainable sources of excess return across global fixed income sectors and currencies with an emphasis on managing downside risk. The Strategy's approach focuses on relative-value based country and sector allocation, research-based subsector and security selection, and duration, yield curve, and currency management. The Strategy favors the credit-oriented sectors, reflecting the Firm's significant research expertise.
  - The Strategy represents a culmination of our best ideas throughout the firm.
  - We seek to capture several market inefficiencies when investing across the global fixed income markets. We seek to anticipate both positive and negative economic and credit- related events before others do, through our large internal research staff.
  - To do so, we organize our macro-economic, portfolio management and research teams by region/sector/ industry, fostering an in-depth knowledge of trends and individual companies, including ones not always followed closely by Wall Street.
  - We also seek to capitalize on currency dislocations and aberrations in yield curves using proprietary modeling.
  - We seek to capture inefficiencies driven by supply/demand and other technical factors, such as dislocations in spreads across different countries, sectors, industries, and even different maturity bonds, or bonds and loans, of the same issuer.
- The Strategy invests in debt securities of developed and emerging foreign corporations and governments (including supranational organizations, semi-governmental entities, or government agencies); in investment-grade developed market mortgages and mortgage-related securities; and in developed and emerging short-term and long-term bank debt securities or bank deposits. We look mostly for investment-grade securities denominated in U.S. dollars or foreign currencies but may opportunistically invest a portion of assets in non-investment grade, high yield bonds, if permitted by client guidelines.
- The Global Core Fixed Income Strategy's philosophy is that diversified portfolios, built through the integration of credit research, quantitative research, and risk management, can achieve consistent excess returns for clients with a high information ratio. This same research-based and relative-value oriented process is implemented across all multi-sector fixed income strategies managed by PGIM Fixed Income.

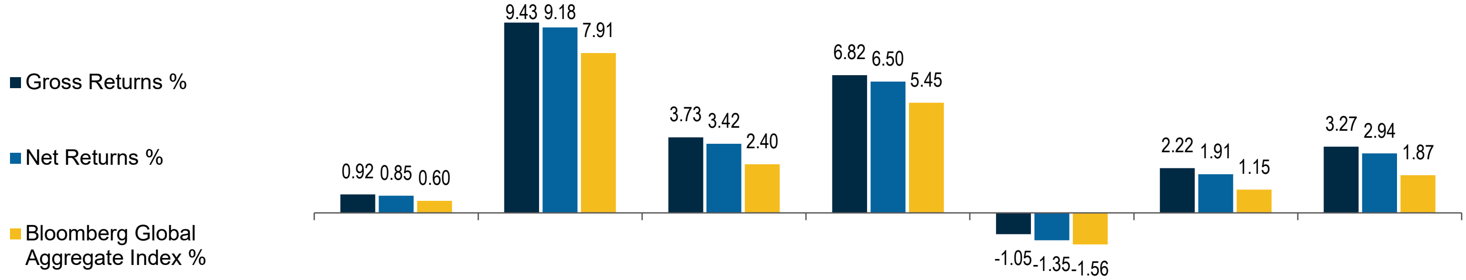
**1 Top Down Risk Allocation**
- Assess global appetite for risk to determine portfolio risk profile, leveraging firm's resources

**2 Asset Allocation Global Rates, FX, & Spread Sector Allocation**
- Determine country/ term structure, currency, and sector positioning
- Ideas from sector specialists are emphasized

**3 Security Selection & Relative Value**
- Bottom-up research-based approach
- Sector specialists and research analysts aligned by sector/ industry

**4 Risk Management**
- Employ a rigorous process to tightly monitor risk at all levels
- Use proprietary tools to verify performance achieved is appropriate for risk taken

## PERFORMANCE[1] | PERIODS ENDING SEPTEMBER 30, 2025

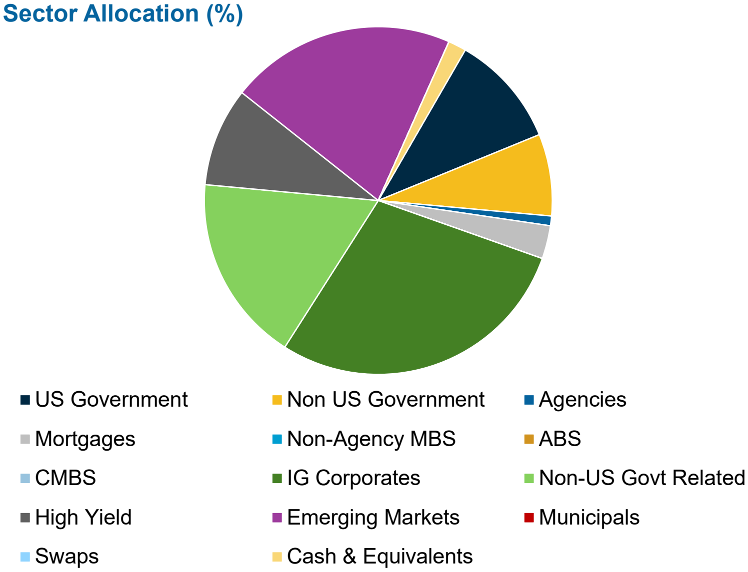



| | QTD | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception (01 Sep 2008) |
|---|---|---|---|---|---|---|---|
| **Excess Returns - Gross (bps)** | +33 | +152 | +133 | +137 | +51 | +107 | +141 |
| **Excess Returns - Net (bps)** | +25 | +127 | +102 | +105 | +21 | +77 | +107 |
| **Tracking Error (%)** | NM | NM | NM | 0.52 | 0.93 | 1.39 | 1.37 |
| **Information Ratio (Gross)** | NM | NM | NM | 2.48 | 0.59 | 0.79 | 1.03 |
| **Information Ratio (Net)** | NM | NM | NM | 1.91 | 0.26 | 0.58 | 0.80 |

*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 HIGHLIGHTS[2]

### Sector Allocation (%)




| | Portfolio | Bloomberg Global Aggregate Index |
|---|---|---|
| **US Government** | 10.5 | 18.7 |
| **Non US Government** | 7.6 | 26.0 |
| **Agencies** | 0.9 | 0.2 |
| **Mortgages** | 3.1 | 10.0 |
| **Non-Agency MBS** | 0.0 | 0.0 |
| **ABS** | 0.0 | 0.2 |
| **CMBS** | 0.0 | 0.6 |
| **IG Corporates** | 28.6 | 19.6 |
| **Non-US Govt Related** | 17.4 | 8.1 |
| **High Yield** | 9.2 | 0.1 |
| **Emerging Markets** | 21.0 | 16.2 |
| **Municipals** | 0.0 | 0.3 |
| **Swaps** | 0.0 | 0.0 |
| **Cash & Equivalents** | 1.7 | 0.0 |
| **Total** | **100.0** | **100.0** |

### Representative Characteristics (%)

| | Portfolio | Bloomberg Global Aggregate Index |
|---|---|---|
| **Effective Duration (yrs)** | 6.39 | 6.31 |
| **Effective Yield (%)** | 3.93 | 3.51 |
| **Spread (bps)** | 70 | 31 |
| **Average Coupon (%)** | 3.39 | 2.96 |
| **Average Quality (Moody's)** | A2 | Aa3 |
| **Number of Issuers** | 224 | 3448 |

### Top 10 Country Allocation (%)

| | Portfolio | Bloomberg Global Aggregate Index |
|---|---|---|
| **United States** | 37.6 | 40.4 |
| **France** | 6.9 | 5.2 |
| **Italy** | 6.6 | 3.3 |
| **China** | 5.5 | 10.0 |
| **Germany** | 3.2 | 4.8 |
| **Mexico** | 2.6 | 0.6 |
| **Japan** | 2.4 | 9.1 |
| **Supranational** | 2.4 | 2.7 |
| **Spain** | 2.4 | 2.3 |
| **Hong Kong** | 2.4 | 0.1 |

### Rating Distribution[3,4](%)

| | Portfolio | Bloomberg Global Aggregate Index |
|---|---|---|
| **AAA** | 2.8 | 12.0 |
| **AA** | 24.0 | 42.5 |
| **A** | 32.9 | 26.7 |
| **BBB** | 27.8 | 14.2 |
| **BB** | 2.2 | 0.0 |
| **Not Rated** | 8.7 | 4.6 |

***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. [1]Periods over one year are annualized. [2]Portfolio 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. [3]Excludes cash and FX hedges. [4]Middle of Moody's, S&P and Fitch ratings -- excluding cash and cash equivalents.* ***Available for professional and institutional investors only.***

## INVESTMENT COMMENTARY

### Markets

The bull market for fixed income continued through Q3. Credit products generally posted strong total returns, with spreads for investment grade corporates and high yield spreads continuing to tighten amid persistently strong technicals and stable fundamentals. Securitized credit spreads tightened, with high-quality CMBS and CLOs both tightening over the quarter, and emerging market debt also posted strong total returns.

Developed market rate complexes received some direction in Q3 as the Fed resumed what could become a prolonged, and possibly deep, rate-cutting cycle. In Europe, inflation remains subdued, and we believe the ECB has largely concluded its easing cycle, with only one cut expected in 2026 as insurance against downside risks. While other Western banks are generally on hold or likely to cut in the quarters ahead, the BoJ is the lone major central bank on a rate-hiking trajectory.

This environment continues to challenge investors and analysts alike. Similarly, it continues to create distortions in the interest rate, sector, issuer, and currency realms, resulting in risks, but also continued opportunities for adding value through active management across the public and private asset spectrum.

### Portfolio

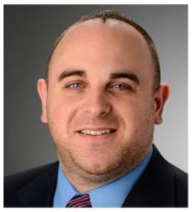
Overall sector allocation contributed to performance during the period, with overweights to the emerging-market investment grade, European investment grade corporate, and AAA CLO sectors contributing the most. This was partially offset by an underweight to the MBS sector, which detracted.

Security selection contributed to performance, with selection in U.S. Treasuries, emerging-market high yield bonds, and U.S. sovereign credits. This was partially offset by selection in MBS, taxable municipal bonds, and emerging-market investment grade bonds, which detracted.

In addition, duration positioning in developed markets contributed to performance, while yield curve positioning in developed markets detracted.

## PORTFOLIO MANAGERS

**Robert Tipp, CFA**
Managing Director, Chief Investment Strategist, and Head of Global Bonds



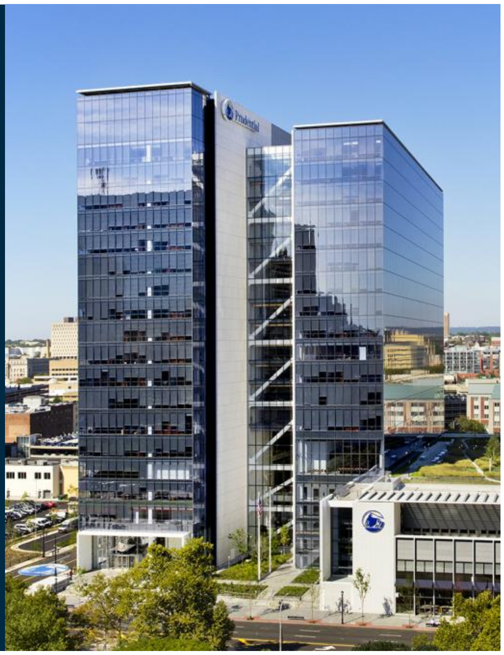
**Matthew Angelucci**
Principal and Co-Senior Portfolio Manager

## PGIM FIXED INCOME

PGIM Fixed Income is a global asset manager offering active solutions across all fixed income markets. As of June 30, 2025, the firm had $881 billion of assets under management, and over 1183 institutional asset owners have entrusted PGIM Fixed Income with their assets.

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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**INDEX DESCRIPTION**: The benchmark for the composite is the Bloomberg Global Aggregate Bond Index, which provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment-grade 144A securities. Securities included in the index must have at least 1 year until final maturity and be rated investment-grade (Baa3/ BBB-/BBB) or better using the middle rating of Moody's, S&P, and Fitch. Source of the Index: Bloomberg.

**SUMMARY OF CERTAIN RISKS: High yield ("junk") bonds** have greater credit and market risks, including a greater risk of default of payment of principal and interest than higher-rated bonds. Also, these bonds tend to be less liquid than higher-rated securities. Therefore, an investment in this strategy may not be appropriate for short-term investing; **mortgage-backed and asset-backed securities** have prepayment, extension, and interest rate risks; **short sales** have costs and potentially unlimited losses; **leveraging** may magnify losses; **foreign securities** have risks of currency fluctuation and political uncertainty; and **derivatives** have market, credit, and liquidity risks. **Fixed income investments** are subject to **credit, market, and interest rate risks**, and their value will decline as interest rates rise. **Diversification** and **asset allocation** do not assure a profit or protect against loss in declining markets.