

# Global High Yield Broad (Euro Hedged) Strategy



As of June 30, 2025

## STRATEGY HIGHLIGHTS

### Objective<sup>1</sup>

To maximize excess returns versus the ICE BofA Developed Markets High Yield Constrained Index (Euro Hedged) over the long term.

### Target Sources of Excess Return

• Market / Sector Allocation & Spread Curve	20%
• Industry / Issuer Specific	80%
• Duration / Interest Rate / Currency	0%

### Inception Date

May 01, 2002

### Strategy Assets

\$5.18 billion as of June 30, 2025

### Benchmark

ICE BofA Developed Markets High Yield Constrained Index (Euro Hedged)

## INVESTMENT PHILOSOPHY & PROCESS

- The Global High Yield Broad Strategy, which seeks to identify attractive high yield credits in multiple countries and currencies around the world, is designed to benefit from enhanced diversification and alpha through active regional and currency allocations absent from just US or European high yield.
- 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.
- PGIM Fixed Income does not take extremely large positions, either on an absolute basis or relative to benchmarks, in any single issuer or industry as a primary means to achieve outperformance.
- We do not hold a significant portion of the portfolio in an asset class other than US and European high yield bonds, such as common stocks or emerging markets.

1

Senior portfolio manager develops top down themes and regional views by leveraging firms resources

2

Investment Team selects securities and constructs portfolio

### Fundamental Value Assessment

Credit analysts evaluate all industries and issuers in the universe. Focus on downside protection:

- Asset quality
- Capital structure
- Covenants

### Relative Value Security Selection

Sector portfolio managers evaluate and maximize relative value among approved universe:

- Choose credits with strong fundamentals and best relative value

### Position Sizing

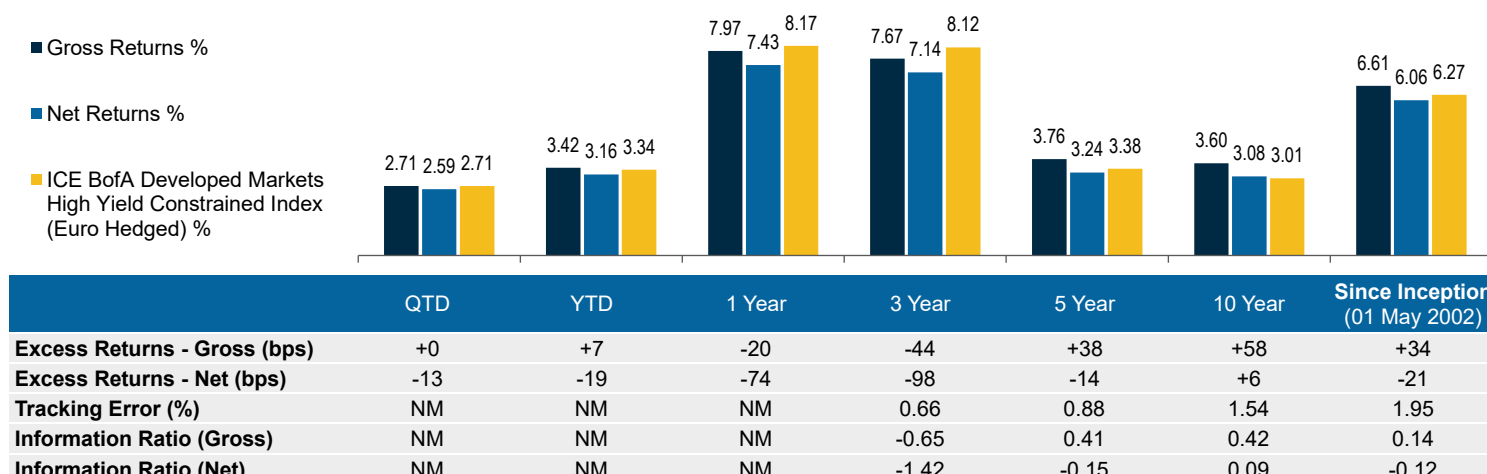
Sector portfolio managers size positions:

- Evaluate industry, issuer and market fundamentals
- Achieve top-down beta and curve positioning objectives
- Refine position sizes as risk profiles and thresholds change

3

Portfolio Managers and Risk Managers monitor portfolio risk at all levels—interest rate, beta, industry, region, issuer, and quality

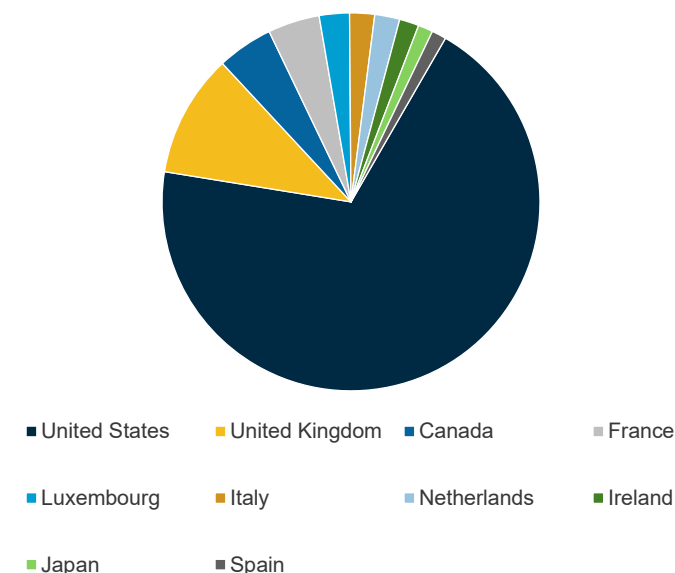
**Your capital is at risk and the value of investments can go down as well as up. No investment strategy or management technique can guarantee returns or eliminate risk in any market environment.** Where overseas investments are held the rate of currency may cause the value of investments to fluctuate. 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. <sup>1</sup>Gross 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.**

PERFORMANCE<sup>1</sup> | PERIODS ENDING JUNE 30, 2025

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](http://www.pgimfixedincome.com) for contact information.

PORTFOLIO HIGHLIGHTS<sup>2</sup>

## Top 10 Country Allocation (%)



## Top 10 Country Allocation (%)

	Portfolio	ICE BofA Developed Markets High Yield Constrained Index (Euro Hedged)
United States	65.0	67.2
United Kingdom	9.9	5.3
Canada	4.5	4.3
France	4.2	5.2
Luxembourg	2.4	1.5
Italy	2.0	3.4
Netherlands	2.0	1.5
Ireland	1.6	0.4
Japan	1.2	1.4
Spain	1.2	1.5

## Representative Characteristics (%)

	Portfolio	ICE BofA Developed Markets High Yield Constrained Index (Euro Hedged)
Effective Duration (yrs)	2.76	2.86
Effective Yield (%)	7.11	7.19
Spread (bps)	290	296
Average Coupon (%)	6.23	6.19
Average Quality (Moody's)	B1	B1
Number of Issuers	338	1149

## Corporate Industry Allocation (%)

	Portfolio	ICE BofA Developed Markets High Yield Constrained Index (Euro Hedged)
Finance	11.4	12.3
Industrial	82.8	82.9
Utility	0.7	3.5
Non Credit	0.7	1.3

## Top 10 Industries (%)

Retailers & Restaurants	8.9	5.6
Telecom	7.6	7.6
Building Materials & Home Construction	7.5	3.0
Health Care & Pharma	7.4	7.0
Consumer Non-Cyclical	7.0	8.0
Cable & Satellite	6.5	6.1
Capital Goods	4.8	3.2
Gaming & Lodging & Leis.	4.7	5.4
Finance Companies	4.1	3.3
Technology	4.1	6.2

Rating Distribution<sup>3,4</sup>(%)

	Portfolio	ICE BofA Developed Markets High Yield Constrained Index (Euro Hedged)
AAA	0.0	0.0
AA	2.8	0.0
BBB	3.0	0.4
BB	40.4	54.5
B	38.0	34.1
CCC & Below	14.1	11.0
Not Rated	0.1	0.1

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: -. 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. <sup>1</sup>Periods over one year are annualized. <sup>2</sup>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. <sup>3</sup>Excludes cash and FX hedges. <sup>4</sup>Middle of Moody's, S&P and Fitch ratings – excluding cash and cash equivalents. Available for professional and institutional investors only.

## INVESTMENT COMMENTARY

### Markets

Global high yield posted positive total returns in Q2. U.S. high yield bond spreads whipsawed during the second quarter, widening to two-year highs in April following the U.S. tariff announcements, only to tighten significantly through May and June, bringing spreads tighter for the period. After widening aggressively at the beginning of April, spreads for European high yield bonds ended Q2 at the tight end of their three-year ranges.

Although U.S. spreads have compressed to near-historic tights, they may continue to grind tighter through the summer on solid technicals and a sound credit environment. We expect European high yield bonds to remain resilient in Q3, supported by limited net new supply and persistent inflows.

In the U.S. we remain overweight short-duration bonds, and we are reducing our underweight to high-quality issues. In Europe, while cautiously constructive and running risk above market levels, we remain generally underweight cyclical, consumer discretionary, and tariff-impacted businesses.

### Portfolio

Overall security selection was the largest contributor to performance during the quarter, with selection in retailers & restaurants, cable & satellite, and midstream energy contributing the most. This was partially offset by selection in health care & pharmaceutical, automotive, and metals & mining, which detracted.

Overall sector allocation was the largest detractor from performance, with overweights to GBP-denominated high yield bonds and EUR-denominated bank loans, and an underweight to USD-denominated high yield bonds detracting the most. Overall industry allocation detracted from performance, with an underweight to telecom and overweights to chemicals and other financial detracting the most. This was partially offset by an overweight to building materials & home construction, and underweights to midstream energy and cable & satellite, which contributed.

From a market perspective, having slightly less risk in the portfolio, on average, relative to the relevant benchmark had a negative impact on performance.

## PORTFOLIO MANAGERS



**Robert Cignarella, CFA**

Managing Director and  
Head of U.S. High Yield



**Jonathan Butler**

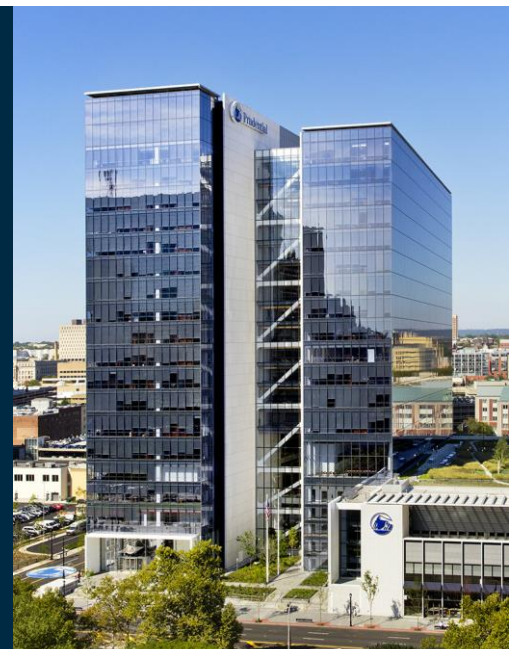
Managing Director and  
Head of the European  
Leveraged Finance

## 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 1,183 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.





**NOTICE: IMPORTANT INFORMATION:** PGIM Fixed Income is a global asset manager primarily focused on public fixed income investments whose U.S. business operates as a unit of PGIM, Inc. PGIM, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (the "SEC"), and is a Prudential Financial, Inc. ("PFI") company. Registration with the SEC as an investment adviser does not imply a certain level or skill or training. PGIM Fixed Income is headquartered in Newark, New Jersey and also includes the following businesses globally: (i) the public fixed income unit within PGIM Limited, located in London; (ii) locally managed assets of PGIM Japan Co., Ltd., located in Tokyo; (iii) the public fixed income unit within PGIM (Singapore) Pte. Ltd., located in Singapore; and (iv) the public fixed income unit within PGIM Netherlands B.V., located in Amsterdam. PFI of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom. Prudential, PGIM, their respective logos and the Rock symbol are service marks of PFI and its related entities, registered in many jurisdictions worldwide.

**These materials are for informational or educational purposes. The information is not intended as investment advice and is not a recommendation about managing or investing assets. In providing these materials, PGIM Fixed Income is not acting as your fiduciary.**

**Past performance is not a guarantee or a reliable indicator of future results and an investment could lose value. All investments involve risk, including the possible loss of capital.** Performance results are stated gross and net of model fees. Gross returns do not reflect the deduction of investment advisory fees or any other expenses that may be incurred in the management of the account. Model net returns are calculated monthly by geometrically linking 1/12<sup>th</sup> of the highest fee charged to its institutional audience to the gross composite return. Gross and net performance data has been calculated in US dollars and reflects the deduction of transaction costs and withholding taxes, if any, and the reinvestment of income. Actual client fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Returns for each client will be reduced by such fees and expenses as described in their individual contract. Advisory fees are disclosed in PGIM Fixed Income's SEC Form ADV Part 2A, which is available upon request. Fees may be higher for commingled accounts, insurance company separate accounts, and trust, corporate, or bank-owned life insurance products. The composite shown may include accounts that are group annuity or life insurance products issued by PFI's insurance company affiliate and its affiliated insurance subsidiaries.

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 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.

This document may contain confidential information and the recipient hereof agrees to maintain the confidentiality of such information. Distribution of this information to any person other than the person to whom it was originally delivered and to such person's advisers is unauthorized, and any reproduction of this document, in whole or in part, or the divulgence of any of its contents, without PGIM Fixed Income's prior written consent, is prohibited. This material contains the current opinions of PGIM Fixed Income, and such opinions are subject to change without notice. Certain information in this document has been obtained from sources that PGIM Fixed Income believes to be reliable, however we cannot guarantee their accuracy. These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument. These materials do not provide any legal, tax or accounting advice. These materials are for institutional investor use only, and are not intended for distribution in any jurisdiction where such distribution would be unlawful.

In the **United Kingdom**, information is issued by PGIM Limited with registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR. PGIM Limited is authorised and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number 193418). In the **European Economic Area** ("EEA"), information is issued by PGIM Netherlands B.V., an entity authorised by the Autoriteit Financiële Markten ("AFM") in the Netherlands and operating on the basis of a European passport. In certain EEA countries, information is, where permitted, presented by PGIM Limited in reliance of provisions, exemptions or licenses available to PGIM Limited including those available under temporary permission arrangements following the exit of the United Kingdom from the European Union. These materials are issued by PGIM Limited and/or PGIM Netherlands B.V. to persons who are professional clients as defined under the rules of the FCA and/or to persons who are professional clients as defined in the relevant local implementation of Directive 2014/65/EU (MiFID II). In **Switzerland**, information is issued by PGIM Limited, London, through its Representative Office in Zurich with registered office: Kappelergasse 14, CH-8001 Zurich, Switzerland. PGIM Limited, London, Representative Office in Zurich is authorised and regulated by the Swiss Financial Market Supervisory Authority FINMA and these materials are issued to persons who are professional or institutional clients within the meaning of Art.4 para 3 and 4 FinSA in Switzerland. In certain countries in **Asia-Pacific**, information is presented by PGIM (Singapore) Pte. Ltd., a regulated entity with the Monetary Authority of Singapore under a Capital Markets Services License to conduct fund management and an exempt financial adviser. In **Japan**, information is presented by PGIM Japan Co. Ltd., registered investment adviser with the Japanese Financial Services Agency. In **South Korea**, information is presented by PGIM, Inc., which is licensed to provide discretionary investment management services directly to South Korean investors. In **Hong Kong**, information is provided by PGIM (Hong Kong) Limited, a regulated entity with the Securities & Futures Commission in Hong Kong to professional investors as defined in Section 1 of Part 1 of Schedule 1 of the Securities and Futures Ordinance (Cap.571). In **Australia**, information is issued by PGIM (Australia) Pty Ltd ("PGIM Australia") for the general

information of its wholesale clients (as defined in the Corporations Act 2001). PGIM Australia is an Australian financial services ("AFS") licence holder (AFS licence number 544946). In **Canada**, pursuant to the international adviser registration exemption in National Instrument 31-103, PGIM, Inc. is informing you that: (1) PGIM, Inc. is not registered in Canada and is advising you in reliance upon an exemption from the adviser registration requirement under National Instrument 31-103; (2) PGIM, Inc.'s jurisdiction of residence is New Jersey, U.S.A.; (3) there may be difficulty enforcing legal rights against PGIM, Inc. because it is resident outside of Canada and all or substantially all of its assets may be situated outside of Canada; and (4) the name and address of the agent for service of process of PGIM, Inc. in the applicable Provinces of Canada are as follows: in **Québec**: Borden Ladner Gervais LLP, 1000 de La Gauchetière Street West, Suite 900 Montréal, QC H3B 5H4; in **British Columbia**: Borden Ladner Gervais LLP, 1200 Waterfront Centre, 200 Burrard Street, Vancouver, BC V7X 1T2; in **Ontario**: Borden Ladner Gervais LLP, 22 Adelaide Street West, Suite 3400, Toronto, ON M5H 4E3; in **Nova Scotia**: Cox & Palmer, Q.C., 1100 Purdy's Wharf Tower One, 1959 Upper Water Street, P.O. Box 2380 -Stn Central RPO, Halifax, NS B3J 3E5; in **Alberta**: Borden Ladner Gervais LLP, 530 Third Avenue S.W., Calgary, AB T2P R3.

**INDEX DESCRIPTIONS:** As of November 30, 2023, the benchmark for this composite is the ICE BofA Developed Markets High Yield Constrained Index. ICE BofA Developed Markets High Yield Constrained Index contains all securities in The ICE BofA Global High Yield Index from developed markets countries, but caps issuer exposure at 2%. Developed markets is defined as an FX-G10 member, a Western European nation, or a territory of the US or a Western European nation. The FX-G10 includes all Euro members, the US, Japan, the UK, Canada, Australia, New Zealand, Switzerland, Norway and Sweden. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face values of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. In the event there are fewer than 50 issuers in the Index, each is equally weighted and the face values of their respective bonds are increased or decreased on a pro-rata basis. The index is hedged to Euro.

Source ICE Data Indices, LLC, used with permission. ICE Data Indices, LLC IS LICENSING THE ICE DATA INDICES AND RELATED DATA "AS IS," MAKES NO WARRANTIES REGARDING SAME, DOES NOT GUARANTEE THE SUITABILITY, QUALITY, ACCURACY, TIMELINESS, AND/OR COMPLETENESS OF THE ICE DATA INDICES OR ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM, ASSUMES NO LIABILITY IN CONNECTION WITH THEIR USE, AND DOES NOT SPONSOR, ENDORSE, OR RECOMMEND PGIM FIXED INCOME, OR ANY OF ITS PRODUCTS OR SERVICES.

Prior to November 30, 2023, the benchmark for the composite was the Bloomberg Barclays Global High Yield Bond Index (Euro Hedged) (Bloomberg Barclays Global High Yield Index). The Global High-Yield Index provides a broad-based measure of the global high-yield fixed income markets. The Global High-Yield Index represents that union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets High-Yield, CMBS High-Yield, and Pan-European Emerging Markets High-Yield Indices. Securities must have at least 1 year until final maturity and be rated high-yield (Ba1/BB+ or lower) using the middle rating of Moody's, S&P, and Fitch. The index is hedged to Euro. Source of the benchmark: Bloomberg Barclays.

"Bloomberg®" and Bloomberg Global High Yield Bond Index (Euro Hedged) are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by PGIM Fixed Income. Bloomberg is not affiliated with PGIM Fixed Income, and Bloomberg does not approve, endorse, review, or recommend **Global High Yield Broad (Euro Hedged) Fixed Income**. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to **Global High Yield Broad (Euro Hedged) Fixed Income**.

**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; **call and redemption risk**, where bonds may be called before maturity and the strategy may lose income; **risk of investment in loans**, which includes collateral and uncollateralized loans and their possible inability to meet obligations; **liquidity risk**, when particular investments may be difficult to sell; **foreign securities** have risks of currency fluctuation and political uncertainty; **emerging markets** are subject to greater volatility and price declines; 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.