

# Global High Yield Broad (Euro Hedged) Strategy



As of September 30, 2025

## STRATEGY HIGHLIGHTS

<b>Objective<sup>1</sup></b>	To maximize excess returns versus the ICE BofA Developed Markets High Yield Constrained Index (Euro Hedged) over the long term.	
<b>Target Sources of Excess Return</b>	• Market / Sector Allocation & Spread Curve	20%
	• Industry / Issuer Specific	80%
	• Duration / Interest Rate / Currency	0%

<b>Inception Date</b>	May 01, 2002
<b>Strategy Assets</b>	\$5.18 billion as of June 30, 2025
<b>Benchmark</b>	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

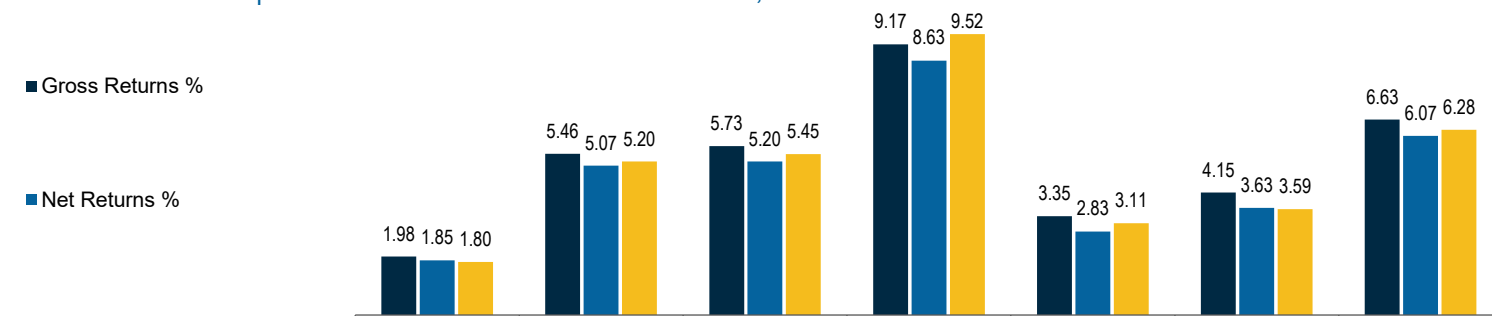
### Position Sizing

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.**

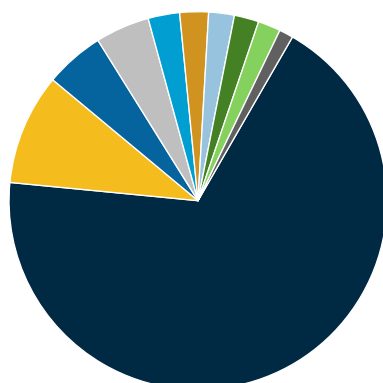
PERFORMANCE<sup>1</sup> | PERIODS ENDING SEPTEMBER 30, 2025

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (01 May 2002)
Excess Returns - Gross (bps)	+18	+26	+27	-35	+24	+56	+35
Excess Returns - Net (bps)	+6	-13	-25	-89	-27	+4	-21
Tracking Error (%)	NM	NM	NM	0.66	0.86	1.54	1.94
Information Ratio (Gross)	NM	NM	NM	-0.50	0.27	0.40	0.15
Information Ratio (Net)	NM	NM	NM	-1.26	-0.31	0.08	-0.12

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 (%)



United States	United Kingdom	France	Canada
Japan	Ireland	Netherlands	Luxembourg
Italy	Spain		

## Top 10 Country Allocation (%)

	Portfolio	ICE BofA Developed Markets High Yield Constrained Index (Euro Hedged)
United States	66.0	67.5
United Kingdom	9.2	5.2
France	4.9	5.4
Canada	4.5	4.1
Japan	2.6	1.9
Ireland	2.4	0.4
Netherlands	2.1	1.4
Luxembourg	2.0	1.4
Italy	1.9	3.3
Spain	1.2	1.4

## Representative Characteristics (%)

	Portfolio	ICE BofA Developed Markets High Yield Constrained Index
Effective Duration (yrs)	2.82	2.91
Effective Yield (%)	6.84	6.83
Spread (bps)	281	275
Average Coupon (%)	6.17	6.23
Average Quality (Moody's)	Ba3	B1
Number of Issuers	333	1135

## Corporate Industry Allocation (%)

	Portfolio	ICE BofA Developed Markets High Yield Constrained Index (Euro Hedged)
Finance	12.1	12.6
Industrial	80.6	82.8
Utility	0.5	3.4
Non Credit	0.8	1.2

## Top 10 Industries (%)

Retailers & Restaurants	8.5	5.5
Building Materials & Home Construction	7.7	3.2
Health Care & Pharma	7.6	6.9
Telecom	7.6	7.6
Cable & Satellite	6.2	5.3
Consumer Non-Cyclical	5.9	7.6
Finance Companies	4.4	3.5
Capital Goods	4.3	3.0
Chemicals	4.1	3.5
Technology	3.6	6.7

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

	Portfolio	ICE BofA Developed Markets High Yield Constrained Index (Euro Hedged)
AAA	0.0	0.0
AA	6.3	0.0
BBB	2.2	0.4
BB	39.3	55.8
B	39.6	33.3
CCC & Below	13.1	10.4
Not Rated	0.1	0.1

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## INVESTMENT COMMENTARY

### Markets

Strong earnings and a resilient technical environment helped drive U.S. HY spreads to near-historic tights in Q3 2025. Revenue and earnings growth for HY companies during the May-Aug 2025 earnings season. European high yield bond spreads tightened in Q3, driven by a supportive market backdrop and strong technicals—primary proceeds continue to focus on refinancings and a market with ongoing inflows and solid fundamentals is absorbing the supply. EM corporate spreads tightened in Q3, retracing the tariff-related widening from March/April. Significant differentiation across sectors and ratings remain, with cyclical sectors, such as oil & gas and real estate, outperforming with telecom lagging. EM corporate high yield, including B-rated issuers, performed especially well.

### Portfolio

Overall industry allocation contributed the most to performance, with overweights to building materials & home construction and cable & satellite, and an underweight to technology contributing the most. This was partially offset by an underweight to media & entertainment, and overweights to chemicals and automotive, which detracted.

Overall sector allocation contributed to performance, with overweights to GBP-denominated high yield bonds and EUR-denominated high yield bonds, and an underweight to USD-denominated high yield bonds contributing the most. This was partially offset by an overweight to EUR-denominated bank loans, which detracted.

Overall security selection was the largest detractor from performance during the quarter, with selection in chemicals, consumer non-cyclical, and brokerage & asset management detracting the most. The was partially offset by selection in technology, automotive, and midstream energy, which contributed.

From a market perspective, having slightly more 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 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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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.

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**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.

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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.

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**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.