

Long Duration Government/Credit Strategy



As of December 31, 2025

STRATEGY HIGHLIGHTS

Objective ¹	To maximize excess returns versus the Bloomberg U.S. Long Govt/Credit Index over the long term.	
Target Sources of Excess Return	• Market / Sector Allocation	50%
	• Security Selection	40%
	• Duration / Interest Rate / Currency	10%

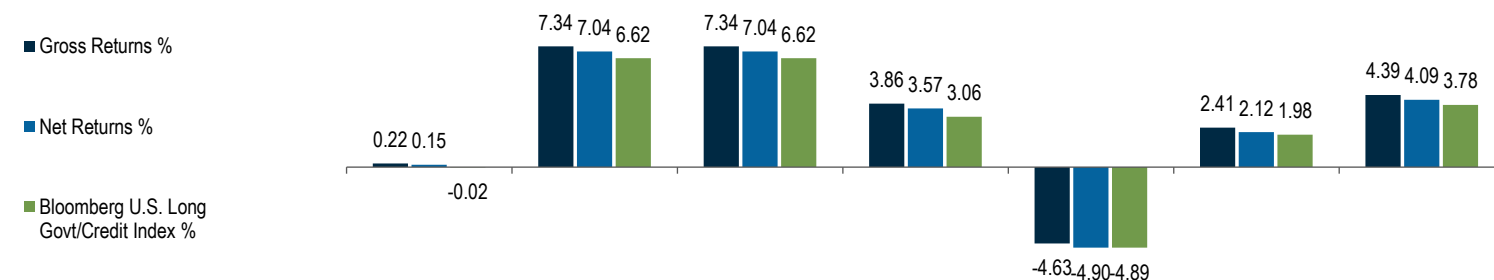
Inception Date	December 01, 2009
Strategy Assets	\$6.30 billion as of September 30, 2025
Benchmark	Bloomberg U.S. Long Govt/Credit Index

INVESTMENT PHILOSOPHY & PROCESS

- PGIM's Long Duration Government Credit Fixed Income portfolios are managed based on the philosophy that research-driven security selection is the most consistent strategy for adding value to client portfolios. We complement that base strategy with modest sector rotation, duration management, and disciplined trade execution. Risk budgeting is central to our approach.
- The Strategy typically generates its excess return from both sector allocation and subsector/security allocation, in fairly equal increments. Duration and yield curve positioning is generally de-emphasized, but will be considered when exceptional market opportunities dictate.
- Our portfolios take an actively-managed, relative-value driven approach to security selection.
 - We analyze various security relationships in the market in order to exploit temporary market inefficiencies.
 - Each trade is intended to capture relative value, with the sum of all security selection expected to contribute a meaningful portion of expected excess return over time.
 - The Strategy is expected to perform best in markets with excess spread dislocations that it can capitalize on through relative value trading.
 - In contrast, a low volatility interest rate environment with little spread or interest rate movements would most likely lead to more stable security-to-security relationships and, in turn, make it more difficult to outperform.
- We believe 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.



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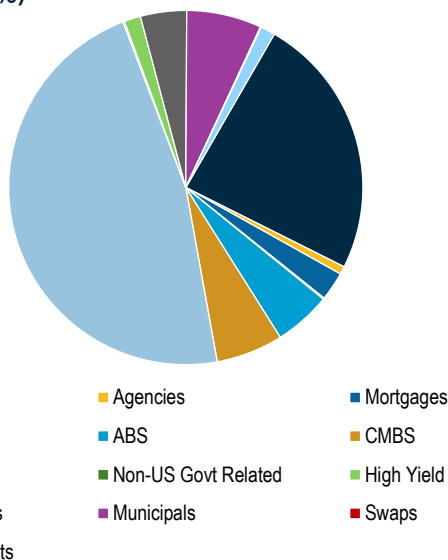
PERFORMANCE¹ | PERIODS ENDING DECEMBER 31, 2025

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (01 Dec 2009)
Excess Returns - Gross (bps)	+24	+72	+72	+79	+26	+43	+61
Excess Returns - Net (bps)	+17	+42	+42	+50	-1	+14	+31
Tracking Error (%)	NM	NM	NM	0.41	0.55	0.99	0.92
Information Ratio (Gross)	NM	NM	NM	1.89	0.51	0.45	0.65
Information Ratio (Net)	NM	NM	NM	1.20	-0.00	0.17	0.34

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.pgim.com for contact information.

PORTFOLIO HIGHLIGHTS²

Sector Allocation (%)



	Portfolio	Bloomberg U.S. Long Govt/Credit Index
US Government	24.1	52.4
Agencies	0.7	0.3
Mortgages	2.6	0.0
Non-Agency MBS	0.1	0.0
ABS	5.2	0.0
CMBS	6.1	0.0
IG Corporates	47.1	40.8
Non-US Govt Related	0.1	0.3
High Yield	1.5	0.0
Emerging Markets	4.2	3.2
Municipals	6.8	3.0
Swaps	0.1	0.0
Cash & Equivalents	1.3	0.0
Total	100.0	100.0

Representative Characteristics (%)

	Portfolio	Bloomberg U.S. Long Govt/Credit Index
Effective Duration (yrs)	13.02	13.01
Effective Yield (%)	5.68	5.19
Spread (bps)	73	44
Average Coupon (%)	4.26	3.86
Average Quality (Moody's)	A1	Aa3
Number of Issuers	300	677

Corporate Industry Allocation (%)

	Portfolio	Bloomberg U.S. Long Govt/Credit Index
Finance	13.3	7.2
Industrial	27.1	28.2
Utility	8.6	5.8
Non Credit	3.9	3.0

Top 10 Industries (%)

	Portfolio	Bloomberg U.S. Long Govt/Credit Index
Banking	9.2	3.5
Electric & Water	8.1	5.4
Non-US Govt Related	3.9	3.0
Energy - Midstream	3.8	2.1
Health Care & Pharma	3.6	5.0
Technology	2.3	4.2
Energy - Upstream	2.2	1.7
Telecom	1.9	2.6
Consumer Non-Cyclical	1.8	2.2
Cable & Satellite	1.7	1.2

Rating Distribution^{3,4}(%)

	Portfolio	Bloomberg U.S. Long Govt/Credit Index
AAA	12.3	1.2
AA	34.5	58.4
A	23.1	20.1
BBB	26.6	20.4
BB	1.4	0.0
B	0.5	0.0
CCC & Below	0.2	0.0
Not Rated	0.1	0.0

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INVESTMENT COMMENTARY

Markets

Ongoing economic expansion, with moderate growth and inflation, kept yields generally high and range bound, and broad market benchmarks wrapped up their third calendar year of solid returns. In addition, U.S. Treasuries outperformed cash last year, partly due to a yield curve that steepened and turned positive.

On the monetary policy front, the Fed, torn between the conflicting signals of its dual mandate, will likely chart a patient path to the estimated neutral range of monetary policy (i.e., 3.0-3.25%) in 2026. While not our base case, the potential exists for the policy rate to decline towards a sub-neutral range of 2.0-2.5% in the second half of 2026.

With 2026 underway, a few factors are readily apparent across fixed income markets: the slow-going bull market remains in the sweet spot; attractive yield levels should continue to accrue into solid returns over the intermediate to longer term; and the unusual geopolitical backdrop and asynchronous central bank cycles should continue to create opportunities to add value through active management.

Portfolio

Overall sector allocation contributed to performance during the period, with an underweight to the U.S. investment grade corporate sector, along with overweights to the taxable municipal, MBS, and emerging-market high yield sectors, contributing the most.

Overall security selection also contributed to performance, with selection in U.S. investment grade corporates, U.S. Treasuries, and emerging-market investment grade bonds contributing the most. This was partially offset by selection in taxable municipal bonds and emerging-market high yield bonds, which detracted.

Within credit, positioning in technology, media & entertainment, and midstream energy contributed to results. Positioning in cable & satellite and healthcare & pharmaceuticals detracted from results.

In addition, our yield curve positioning contributed to performance as front-end U.S. Treasury yields fell.

PORTFOLIO MANAGERS



Gregory Peters
Managing Director and
Co-Chief Investment Officer,
Senior Portfolio Manager



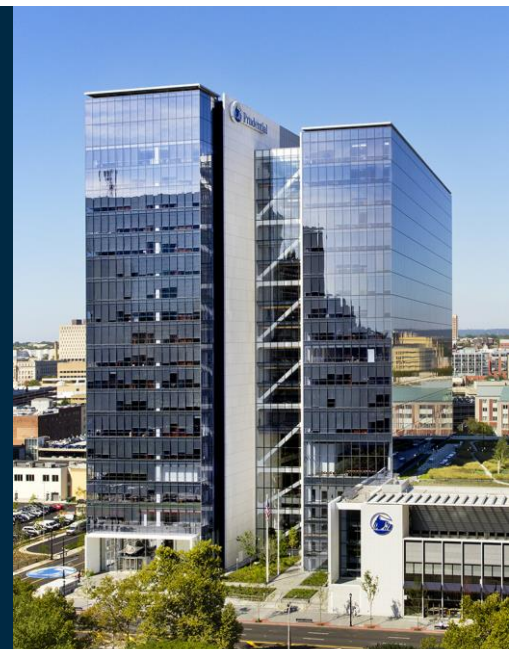
Richard Piccirillo
Managing Director and
Senior Portfolio Manager

PGIM

PGIM is a global asset manager offering active solutions across all fixed income markets. As of September 30, 2025, the firm had \$906 billion of assets under management, and over 1218 institutional asset owners have entrusted PGIM with their assets.

At PGIM 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 357 investment professionals based in the U.S., London, Tokyo, Hong Kong, Singapore, Amsterdam, Munich and Zurich as of September 30, 2025. Senior investment personnel average 20 years tenure with the firm, providing stability and leadership. 10 regional macroeconomists, 146 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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Tracking Error (TE) is one possible measurement of the dispersion of a portfolio's returns from its stated benchmark; it is the standard deviation of such excess returns. TE figures are representations of statistical expectations falling within "normal" distributions of return patterns. Normal statistical distributions of returns suggests that approximately two thirds of the time the annual gross returns of the accounts will lie in a range equal to the benchmark return plus or minus the TE if the market behaves in a manner suggested by historical returns. Targeted TE therefore applies statistical probabilities (and the language of uncertainty) and so cannot be predictive of actual results. In addition, past tracking error is not indicative of future TE and there can be no assurance that the TE actually reflected in your accounts will be at levels either specified in the investment objectives or suggested by our forecasts.

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INDEX DESCRIPTION: The benchmark for the composite is the Bloomberg Barclays U.S. Long Government/Credit Index, which covers USD-denominated and non-convertible, publicly issued US Government or investment-grade securities that are fixed rate or step ups. Securities must have a maturity of 10 years or greater and be rated investment-grade (Baa3/ BBB-/BBB-) or better using the middle rating of Moody's, S&P, and Fitch. Source of the benchmark: Bloomberg.

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