

U.S. Broad Market High Yield Strategy



As of June 30, 2026

STRATEGY HIGHLIGHTS

Objective¹	To maximize excess returns versus the Bloomberg High Yield 1% Issuer Capped Index over the long term.		Inception Date	March 01, 2002
Target Sources of Excess Return	• Market / Sector Allocation & Spread Curve	15%	Strategy Assets	\$36.27 billion as of March 31, 2026
	• Industry / Issuer Specific	85%		
	• Duration / Interest Rate / Currency	0%	Benchmark	Bloomberg High Yield 1% Issuer Capped Index

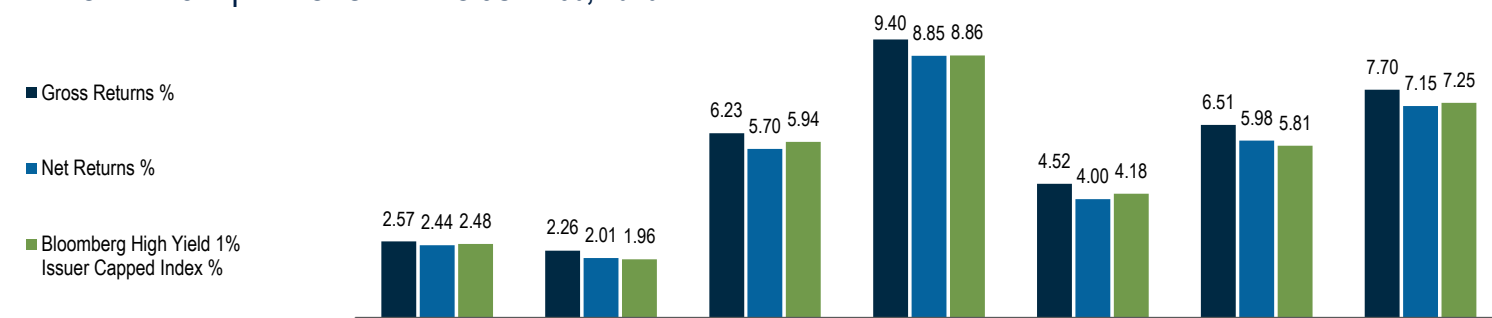
INVESTMENT PHILOSOPHY & PROCESS

- 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 Barclays 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 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 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.



Past performance is not a guarantee or a reliable indicator of future results. 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.**

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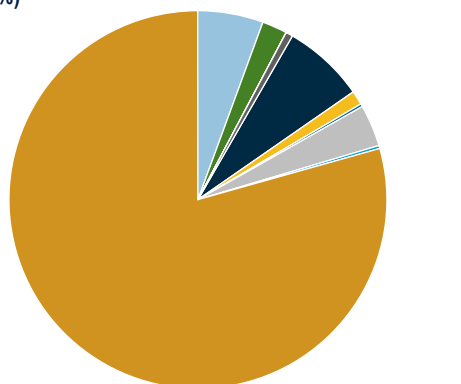
PERFORMANCE¹ | PERIODS ENDING JUNE 30, 2026

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (01 Mar 2002)
Excess Returns - Gross (bps)	+9	+30	+29	+54	+34	+70	+45
Excess Returns - Net (bps)	-4	+5	-24	-1	-18	+17	-11
Tracking Error (%)	NM	NM	NM	0.71	0.76	0.86	1.86
Information Ratio (Gross)	NM	NM	NM	0.71	0.43	0.80	0.18
Information Ratio (Net)	NM	NM	NM	0.00	-0.24	0.21	-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.pgim.com for contact information.

PORTFOLIO HIGHLIGHTS²

Sector Allocation (%)



- US Government
- IG Corporates
- Bank Loan
- Cash & Equivalents
- CLO
- Non-US Govt Related
- Emerging Markets
- CMBS
- High Yield
- Swaps

	Portfolio	Bloomberg High Yield 1% Issuer Capped Index
US Government	7.1	0.0
CLO	1.2	0.0
CMBS	0.2	0.0
IG Corporates	3.6	0.0
Non-US Govt Related	0.3	0.0
High Yield	80.3	99.0
Bank Loan	5.7	0.0
Emerging Markets	2.2	1.0
Swaps	0.0	0.0
Cash & Equivalents	-0.6	0.0
Total	100.0	100.0

Representative Characteristics (%)

	Portfolio	Bloomberg High Yield 1% Issuer Capped Index
Effective Duration (yrs)	3.03	3.01
Effective Yield (%)	7.27	7.10
Spread (bps)	306	267
Average Coupon (%)	6.44	6.69
Average Quality (Moody's)	Ba3	B1
Number of Issuers	388	835

Corporate Industry Allocation (%)

	Portfolio	Bloomberg High Yield 1% Issuer Capped Index
Finance	11.2	13.2
Industrial	73.4	83.8
Utility	4.5	3.0
Non Credit	0.3	0.0

Top 10 Industries (%)

Health Care & Pharma	6.2	6.7
Building Materials & Home Construction	6.1	4.0
Telecom	6.1	3.8
Technology	5.8	9.7
Gaming & Lodging & Leis.	5.6	5.6
Energy - Midstream	5.4	5.8
Cable & Satellite	5.1	4.8
Finance Companies	5.0	4.4
Consumer Non-Cyclical	4.5	7.4
Electric & Water	4.5	3.0

Rating Distribution^{3,4}(%)

	Portfolio	Bloomberg High Yield 1% Issuer Capped Index
AAA	0.2	0.0
AA	7.1	0.0
BBB	3.8	0.0
BB	38.8	55.1
B	31.2	34.9
CCC & Below	12.1	9.9
Not Rated	7.5	0.1

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INVESTMENT COMMENTARY

Markets

U.S. high yield bond spreads compressed in Q2 2026 to near post-global financial crisis (GFC) tightness as strong earnings and outlooks, softening Middle East tensions, and a more hawkish than expected Fed outcome offset macro uncertainty. Gross new issuance reached \$106 billion in Q2, with net new issuance (excluding refinancing) of \$43.46 billion coming to market. Retail demand reversed again in Q2, with high yield bond mutual fund and ETF inflows totaling \$8.9 billion, a stark contrast from the \$10.2 billion of outflows in Q1 2026.

By quality, all credit tiers posted positive returns, with Bs outperforming CCCs and BBs on a total return basis. By industry, the media, paper & packaging, and housing industries were among the top performers, while the cable & satellite, food & beverage, and broadcasting industries were among the worst performers. Meanwhile, the par-weighted U.S. high yield default rate, including distressed exchanges, ended June at 2.67%, up from 2.07% at the end of March, according to J.P. Morgan.

Portfolio

Overall security selection was the largest contributor to performance during the quarter, with selection in telecom, media & entertainment, and chemicals contributing the most. This was partially offset by selection in cable & satellite, building materials & home construction, and consumer non-cyclical, which detracted.

Overall industry allocation had a neutral impact on performance during the quarter, with an overweight to building materials & home construction, and an underweight to property & casualty contributing the most. This was partially offset by underweights to retailers & restaurants and other industrial, and an overweight to cable & satellite, which detracted.

Overall sector allocation detracted from performance during the quarter, with an allocation to U.S. bank loans detracting the most, this was partially offset by an allocation to emerging market high yield corporates, which contributed to performance.

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

PORTFOLIO MANAGERS



Robert Cignarella, CFA
Managing Director and
Head of U.S. High Yield

PGIM CREDIT

PGIM Credit is a global asset manager offering active solutions across all public and private fixed income markets. As of March 31, 2026, the firm had \$1,010 billion of assets under management, and over 1,200 institutional asset owners have entrusted PGIM Credit with their assets.

At PGIM Credit 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 550+ investment professionals based in the U.S., London, Tokyo, Hong Kong, Singapore, Amsterdam, Munich and Zurich as of March 31, 2026. Senior investment personnel average 20 years tenure with the firm, providing stability and leadership. 10 regional macroeconomists, 131 fundamental analysts, and 71 analysts in quantitative modeling, risk management, and portfolio analysis provide deep, broad perspectives on the global credit 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: 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 Moody's™, 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.

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