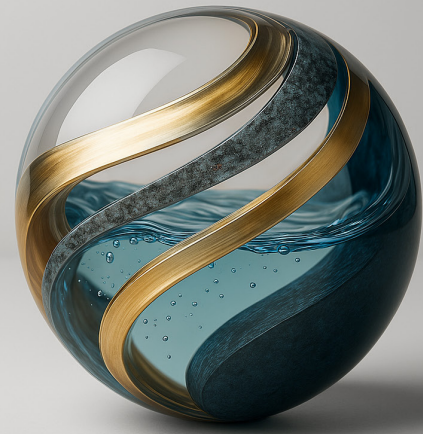


INTEGRATING PRIVATE ASSETS IN DC

Bridging Innovation and Outcomes



AUTHORS



SARA SHEAN
Head of Institutional DC
PGIM



MICHELLE CABALA
DC Portfolio Solutions
PGIM



LAUREN WAINER
DC Portfolio Solutions
PGIM

Defined contribution (DC) plans are at an inflection point. As participant balances grow and outcomes based retirement frameworks mature, the question is no longer if private assets belong in DC plans, but how they can be implemented responsibly, with scale, and in a way that preserves fiduciary integrity. Importantly, the concept of incorporating private assets into DC is not new. For more than two decades, private real estate strategies have set a precedent for including less liquid asset classes within a DC framework.

The evolution of daily valued, daily-liquid private market strategies represents a critical bridge between traditional DC plan design and the long term benefits historically associated with private markets. However, successful implementation requires more than product innovation alone; a structured framework built around liquidity, valuation, operational integration, and cost alignment is essential to enhance participant outcomes.

CORE PRINCIPLES FOR DAILY-VALUED PRIVATE MARKET EXPOSURE

Daily Pricing

Daily valuation is the foundation of private market implementation in DC plans. It is not merely a technical requirement, but rather what enables inclusion within multi asset structures, such as target-date funds and managed accounts, which are central to the modern DC ecosystem. Without daily pricing, private assets remain structurally incompatible with participant directed plans and automated rebalancing frameworks.



For more than two decades, private real estate strategies have set a precedent for including less liquid asset classes within a DC framework.”

SARA SHEAN
Head of Institutional DC
PGIM

Daily Liquidity

Maintaining a careful balance between daily liquidity and investment integrity is essential. Liquidity must be thoughtfully engineered - the objective is not to replicate public market liquidity, but to deliver predictable, functional liquidity that aligns with DC plan mechanics and the rebalancing needs of multi-asset portfolios. This balance can provide operational flexibility, while also safeguarding the long-term strength and reliability of a private-market investment.

Platform Integration

A third principle is intentional design for DC platform integration. Products must be built to operate seamlessly within existing recordkeeping, trading, and operational infrastructures. This includes compatibility with service platforms, automated contributions and redemptions, and uninterrupted participant level transactions. Private-market solutions that require bespoke processes or manual workarounds may introduce friction that can undermine scalability and adoption.

Fiduciary Obligations

Fiduciary practices serve as the foundation for every investment decision. Daily valued private-market strategies must be defensible not only from an investment perspective, but also from a governance and oversight standpoint. Transparency, consistency, and process repeatability are essential to meeting fiduciary obligations in a participant first environment.

KEY CONSIDERATIONS FOR IMPLEMENTATION

Translating these principles into practice requires careful evaluation across several dimensions.

Liquidity Management

Assess whether the underlying components of multi-asset structures are scaled and can generate sufficient liquidity for efficient rebalancing. This includes evaluating a private fund manager's demonstrated ability to accept and redeem sizeable

mandates in a timely manner, and ensuring the product can trade daily through established infrastructure such as NSCC, consistent with other DC investment offerings.

Participant Demographics

Understand how participant cashflow patterns and plan design features influence liquidity demands and how those may change over time. Products must be resilient not just in steady state conditions, but also during periods of heightened market stress or elevated participant activity.

Managed Account Integration

Private-market exposure must be meaningful enough to influence long term outcomes, while remaining appropriate within diversified portfolios. Plan fiduciaries and advisors must also understand how liquidity provisions are monitored and managed before rebalancing trades are executed, particularly in automated allocation frameworks where timing and sequencing matter.

Daily Valuation

Clear accountability is critical. Who performs the daily valuation and what methodology is used? Independent third-party involvement and a consistent, documented approach to valuation and reporting build confidence among fiduciaries, consultants, and regulators. Without this discipline, daily pricing could become a point of vulnerability rather than a source of strength.

Cost Alignment

Evaluate management fees within the context of the value provided. Costs should be aligned with the expected long term outperformance potential of the asset class, and the fee structure must be efficient, transparent, and easily modeled. In a DC environment where fee sensitivity is high and disclosures are front and center, complexity or opacity can quickly become a barrier to adoption.

From Access to Outcomes

The integration of private assets into DC plans is not about novelty—it is about outcomes. When thoughtfully designed, daily valued private-market strategies offer the potential to enhance diversification, improve risk adjusted returns, and better align participant portfolios with their retirement horizons.

However, success depends on discipline. Daily pricing, thoughtful liquidity features, platform integration, and fiduciary rigor are not optional—they are prerequisites. Likewise, robust evaluation of liquidity mechanics, valuation processes, and cost structures is essential to moving from theoretical access to real world implementation.



Important Information

For Professional or Financial Professional use only.

PGIM is the principal asset management business of Prudential Financial, Inc. (PFI), and a trading name of PGIM, Inc. and its global subsidiaries and affiliates. PGIM, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Registration with the SEC does not imply a certain level of skill or training.

This material is provided for informational purposes only and is not intended as investment advice or a recommendation, nor is it a solicitation. Views and opinions expressed may not reflect PGIM's and are subject to change.

Please refer to the Terms and Conditions on www.pgim.com for important information.

PFI 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.

© 2026 PFI and its related entities, registered in many jurisdictions worldwide.

5328121