

# PGIM INVESTMENTS UPDATE

## ESTIMATED 2018 YEAR-END CAPITAL GAINS DISTRIBUTIONS

PRUDENTIAL MUTUAL FUNDS HAVE BEEN RENAMED PGIM MUTUAL FUNDS.# FUND SYMBOLS DID NOT CHANGE.

#Does not include Prudential Day One Funds.

### OCTOBER 2018

Throughout the year, funds (including open-end mutual funds and ETFs) realize gains and losses from securities transactions in their portfolios. Tax laws require funds to distribute the net capital gains from these sales to shareholders by year-end.

To assist you with your year-end tax planning, we have attached preliminary estimates for 2018 short-term and long-term capital gains for PGIM Funds, along with expected record and payable dates.\* These preliminary estimates cover each fund's anticipated distributions through October 12, 2018.

**Please note: The amounts are estimates only and are subject to change.**

The actual calculation period for determining net capital gain distributions continues through October 31st, with final amounts determined and distributed in December. The actual per-share distributions will also be affected by the number of shares outstanding on the record date.

As soon as they are available, the final distribution amounts will be posted to [www.pgiminvestments.com](http://www.pgiminvestments.com).

\*Record date is the date on which a fund determines which shareholders are entitled to a distribution of capital gains. Payable date is the date on which a fund pays capital gains to its shareholders of record.

**PGIM Family of Funds**  
**Estimated Amounts Available for Capital Gain Distribution Through October 12, 2018**

	Estimated ST Capital Gains Distribution Range (1)		Estimated LT Capital Gains Distribution Range		Estimated Total Distribution Range		As % of NAV Estimated Total Distribution Range		Expected Record date	Expected Payable date
	Min	Max	Min	Max	Min	Max	Min	Max		
<b>OPEN END FUNDS</b>										
PGIM Absolute Return Bond Fund	None		None		None		None			
PGIM Balanced Fund	0.12	0.22	0.57	0.67	0.69	0.89	4%	6%	12/11/2018	12/12/2018
PGIM California Muni Income Fund	None		None		None		None			
PGIM Conservative Allocation Fund (2)	TBD		TBD		TBD		TBD		12/21/2018	12/24/2018
PGIM Core Bond Fund	None		None		None		None			
PGIM Corporate Bond Fund	None		None		None		None			
PGIM Emerging Markets Debt Hard Currency Fund	None		None		None		None			
PGIM Emerging Markets Debt Local Currency Fund	None		None		None		None			
PGIM Floating Rate Income Fund	None		None		None		None			
PGIM Global Absolute Return Bond Fund	None		0.01	0.11	0.01	0.11	0%	1%	12/27/2018	12/28/2018
PGIM Global Real Estate Fund	None		0.76	0.86	0.76	0.86	3%	4%	12/18/2018	12/19/2018
PGIM Global Total Return (USD Hedged) Fund	None		None		None		None			
PGIM Global Total Return Fund	None		None		None		None			
PGIM Government Income Fund	None		None		None		None			
PGIM Growth Allocation Fund (2)	TBD		TBD		TBD		TBD		12/21/2018	12/24/2018
PGIM High Yield Fund	None		None		None		None			
PGIM Income Builder Fund	None		None		None		None			
PGIM International Bond Fund	None		None		None		None			
PGIM Jennison 20/20 Focus Fund	0.04	0.24	0.93	1.13	0.97	1.37	6%	9%	12/19/2018	12/20/2018
PGIM Jennison Blend Fund	0.10	0.20	1.87	1.97	1.97	2.17	9%	10%	12/11/2018	12/12/2018
PGIM Jennison Diversified Growth Fund	0.50	0.60	0.64	0.74	1.14	1.34	8%	10%	12/12/2018	12/13/2018
PGIM Jennison Emerging Markets Equity Opportunities Fund (5)	None		None		None		None			
PGIM Jennison Equity Income Fund	0.02	0.12	1.93	2.03	1.95	2.15	12%	13%	12/21/2018	12/24/2018
PGIM Jennison Equity Opportunity Fund	0.50	0.60	2.00	2.10	2.50	2.70	13%	14%	12/14/2018	12/17/2018
PGIM Jennison Financial Services Fund	0.00	0.17	None		0.00	0.17	0%	1%	12/19/2018	12/20/2018
PGIM Jennison Focused Growth Fund	None		0.59	0.69	0.59	0.69	4%	5%	12/10/2018	12/11/2018
PGIM Jennison Global Infrastructure Fund	None		None		None		None			
PGIM Jennison Global Opportunities Fund	None		None		None		None			
PGIM Jennison Growth Fund	0.17	0.27	1.71	1.81	1.88	2.08	5%	5%	12/10/2018	12/11/2018
PGIM Jennison Health Sciences Fund	1.10	1.30	3.57	3.77	4.67	5.07	9%	10%	12/19/2018	12/20/2018
PGIM Jennison International Opportunities Fund	None		None		None		None			
PGIM Jennison Mid-Cap Growth Fund	0.00	0.06	9.28	9.38	9.28	9.44	26%	27%	12/10/2018	12/11/2018
PGIM Jennison MLP Fund (3)	None		None		None		None			
PGIM Jennison Natural Resources Fund	None		None		None		None			
PGIM Jennison Rising Dividend Fund	None		0.74	0.84	0.74	0.84	5%	6%	12/20/2018	12/21/2018
PGIM Jennison Small Company Fund	0.66	0.76	2.64	2.74	3.30	3.50	13%	14%	12/12/2018	12/13/2018
PGIM Jennison Technology Fund	None		None		None		None			
PGIM Jennison Utility Fund	None		0.72	0.92	0.72	0.92	5%	7%	12/21/2018	12/24/2018
PGIM Jennison Value Fund	None		1.27	1.37	1.27	1.37	6%	7%	12/13/2018	12/14/2018
PGIM Moderate Allocation Fund (2)	TBD		TBD		TBD		TBD		12/21/2018	12/24/2018
PGIM Muni High Income Fund	None		None		None		None			
PGIM National Muni Fund, Inc.	None		None		None		None			
PGIM QMA Defensive Equity Fund (4)	TBD		TBD		TBD		TBD		12/12/2018	12/13/2018
PGIM QMA Global Tactical Allocation Fund	None		0.05	0.15	0.05	0.15	1%	2%	12/12/2018	12/13/2018
PGIM QMA International Equity Fund	None		0.17	0.27	0.17	0.27	2%	4%	12/17/2018	12/18/2018
PGIM QMA Large-Cap Core Equity Fund	0.33	0.43	2.24	2.34	2.57	2.77	15%	16%	12/12/2018	12/13/2018
PGIM QMA Large-Cap Core Equity PLUS Fund	0.00	0.06	0.00	0.05	0.00	0.11	0%	1%	12/14/2018	12/17/2018
PGIM QMA Large-Cap Value Fund (6)	0.12	0.22	0.50	0.60	0.62	0.82	5%	6%	12/12/2018	12/13/2018
PGIM QMA Long-Short Equity Fund	None		0.12	0.22	0.12	0.22	1%	2%	11/30/2018	12/3/2018
PGIM QMA Mid-Cap Value Fund	0.51	0.61	0.98	1.08	1.49	1.69	7%	8%	12/17/2018	12/18/2018
PGIM QMA Small-Cap Value Fund	0.50	0.60	0.66	0.76	1.16	1.36	6%	7%	12/14/2018	12/17/2018
PGIM QMA Stock Index Fund	0.04	0.14	7.94	8.04	7.98	8.18	15%	15%	12/13/2018	12/14/2018
PGIM Real Assets Fund (2)	TBD		TBD		TBD		TBD		12/24/2018	12/26/2018
PGIM Real Estate Income Fund	None		None		None		None			
PGIM Select Real Estate Fund	0.08	0.18	0.09	0.19	0.17	0.37	2%	4%	12/18/2018	12/19/2018
PGIM Short Duration High Yield Income Fund	None		None		None		None			
PGIM Short Duration Multi-Sector Bond Fund	None		None		None		None			
PGIM Short Duration Muni High Income Fund	None		None		None		None			
PGIM Short-Term Corporate Bond Fund	None		None		None		None			
PGIM Total Return Bond Fund	None		None		None		None			
PGIM Unconstrained Bond Fund	None		None		None		None			
PGIM US Real Estate Fund	0.04	0.14	0.24	0.34	0.28	0.48	2%	4%	12/13/2018	12/14/2018
<b>ETFs</b>										
PGIM Active High Yield Bond ETF	0.00	0.06	None		0.00	0.06	0%	1%	12/28/2018	1/3/2019
PGIM Ultra Short Bond ETF	None		None		None		None			

(1) Excludes net investment income.  
(2) No determination can be made until the underlying funds have determined their distributions.  
(3) Fund is treated as a C Corporation for federal tax purposes and therefore will not distribute capital gains.  
(4) Expected on or about December 2018 and pending shareholder approval, the Portfolio will merge into PGIM QMA Large-Cap Core Equity Fund. Any determined final distributions will be paid at that time.  
(5) Formerly known as Prudential Jennison Emerging Markets Equity Fund  
(6) Formerly known as Prudential QMA Strategic Value Fund

There is no assurance that any forward-looking comments will be realized. Past performance is no guarantee of future results.

## FREQUENTLY ASKED QUESTIONS ABOUT FUND CAPITAL GAINS DISTRIBUTIONS

### **Q. When does a fund declare capital gains?**

- A. A fund has “net capital gains” when the realized gains from the sale of its portfolio assets exceed any realized losses, including any tax-loss carry forwards. A fund generally does not pay taxes on realized net capital gains, but instead distributes these gains to shareholders who then include them on their individual income tax returns.

### **Q. If the value of my investment has decreased this year, why am I receiving a taxable distribution?**

- A. It is possible for the fund to have realized capital gains on stocks that it sold during the year. For example, the fund could sell a stock that has gone up significantly since the fund bought it, but whose price has recently declined. If the price when the stock was sold remains higher than what the fund paid for it, the fund has still realized a gain, which it must pass along to its shareholders as a taxable gain.

### **Q. Why don't portfolio managers sell stocks that have unrealized losses to reduce the size of the taxable distributions?**

- A. Our portfolio managers are sensitive to tax issues and make reasonable efforts to reduce the distributions when this can be done as part of their long-term investment strategy. They may choose to not realize losses because they may continue to believe in the long-term potential of a security. They may view security price declines as a buying opportunity, or may not want to risk missing a potential future upswing.

### **Q. What if an investor buys or sells shares close to the date a distribution is declared?**

- A. When a fund declares a dividend or a capital gains distribution, the record and ex-dividend dates typically occur one business day apart. Investors who own or purchase fund shares on or before the record date receive the distribution. Investors who sell fund shares on or before the record date will not get the distribution. The fund's NAV is then reduced to reflect the dividend or capital gains distribution at the close of business on the ex-dividend date.

### **Q. Why are there two kinds of capital gains distributions: long-term and short-term?**

- A. Short-term and long-term capital gains are taxed differently. A gain on the sale of an investment that the fund owned for one year or less is considered short-term and is taxed to the individual in the same manner as ordinary income. A gain on the sale of an investment that the fund owned for more than one year is considered a long-term capital gain and can be offset by capital losses the individual may have. The period of time the shareholder has owned the fund is not related to the distributions made by the funds. For more information, clients should contact their tax advisor or visit [www.irs.gov](http://www.irs.gov).

### **Q. When are these distributions taxed?**

- A. Fund companies usually distribute realized net capital gains to shareholders in November and December. Taxes are due on capital gains distributions for the year in which they are received, even if the distributions were reinvested in the fund. However, if the shares are held in a Roth IRA or a qualified account such as a traditional IRA or 401(k) plan, taxes on capital gains are deferred until distributed, when they are taxed as ordinary income. In the case of a Roth IRA, a qualifying distribution will not be subject to income tax.

**For more information, please contact your financial professional or visit our website at [www.pgiminvestments.com](http://www.pgiminvestments.com).**

Mutual fund investing involves risk. The investment return and principal value will fluctuate, and the investment, when sold, may be worth more or less than the original cost. There is no guarantee a fund's objectives will be achieved. The risks associated with each fund are explained more fully in each fund's respective prospectus. For tax advice, clients should consult their tax professional regarding their particular situation.

Investing in exchange traded funds involves risk. Some exchange traded funds have more risk than others. The investment return and principal value will fluctuate and shares when sold may be worth more or less than the original cost and its is possible to lose money.

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**Consider a fund's investment objectives, risks, charges, and expenses carefully before investing. The prospectus and the summary prospectus contain this and other information about the fund. Contact your financial professional for a prospectus and summary prospectus. Read them carefully before investing.**

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