GUIDE TO NAVIGATING UNCERTAIN MARKETS

EDUCATION AND TIPS TO HELP YOU STAY FOCUSED ON YOUR GOALS

It’s natural to be concerned about your portfolio when there is stock market volatility. The market will have its ups and downs, but these seven tips can help you avoid common pitfalls and stay focused on your long-term investment goals.

1. Bull markets tend to be stronger than bear markets
2. Don’t put all your eggs in one basket—diversify
3. Emotional investing can take you off course
4. Focus on “time in” the market, not “timing” the market
5. Dollar-cost averaging can help volatility work in your favor
6. Portfolio rebalancing can help keep you aligned with your goals
7. Your financial advisor can help put the headlines into perspective
BULL MARKETS TEND TO BE STRONGER THAN BEAR MARKETS

MARKET VOLATILITY TIP
Market volatility can cause anxiety for investors—but it also can create opportunity. Looking back at how the stock market behaved in previous market cycles can help investors compare what’s happening today with past markets.

UNDERSTANDING MARKET CYCLES
First, it is important to understand that stock performance is cyclical in nature. Bear markets can be caused by stretched market valuations, geopolitical conflict, monetary policy action, recessions, etc. A market drop of 20% or more over a two-month period or longer is called a bear market. When the markets reach a point when investors start buying again, a recovery begins. A bull market is when the market rises at least 20%. And the cycle repeats.

HYPOTHETICAL MARKET CYCLE
For illustrative purposes only. Not based on a specific security or index.

The visual above depicts a hypothetical market cycle. While it is easy to spot the market peaks and market bottom, it’s important to remember that when you’re living through the market cycle, it is impossible to predict when the market will turn.

THE UPTURNS HAVE BEEN STRONGER THAN THE DOWNTURNS
As a long-term investor, you will inevitably experience a bear market. The good news is, from studying previous bear markets, we have seen that the stock market has always recovered—and the upturns have been stronger than the downturns.

BULL AND BEAR MARKETS SINCE 1946

Source: Morningstar Direct as of 12/31/19. Returns based on the S&P 500 Index. This chart shows the historical performance of bull and bear markets and excludes performance of periods between those markets.
IS EVERY PULLBACK THE BEGINNING OF A BEAR MARKET?
When stock prices decline dramatically, your first instinct may be to fear for the worst. A bear market should not be confused with short-term pullbacks or corrections. A pullback is a market decline of approximately 5%–10% and they are quite common, occurring on average three times per year. A correction is a market decline of around 10%–20%. Corrections do not happen as frequently as market pullbacks, occurring on average once per year.

DOW JONES DECLINES (1900–2018)

<table>
<thead>
<tr>
<th>Type of Decline</th>
<th>Magnitude</th>
<th>Average Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pullback</td>
<td>5%–10%</td>
<td>Approximately 3 times per year</td>
</tr>
<tr>
<td>Correction</td>
<td>10%–20%</td>
<td>Approximately 1 time per year</td>
</tr>
<tr>
<td>Bear</td>
<td>20% or more</td>
<td>Approximately once every 4 years</td>
</tr>
</tbody>
</table>

Source: Bloomberg as of 12/31/18. The Dow Jones Industrial Average is an unmanaged, price-weighted average of 30 actively traded industrial and service-oriented blue chip stocks.

TAKE ADVANTAGE OF LOWER STOCK PRICES
Understandably, no one enjoys a bear market. But the worst thing to do is overreact. Stay calm and remember that a bear market can be a good buying opportunity. After a significant market decline, you may find that stocks are undervalued, enabling you to invest in high-quality companies at a lower price.

HELPING INVESTORS PARTICIPATE IN GLOBAL MARKET OPPORTUNITIES
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The S&P 500 Index is an unmanaged, weighted index of 500 U.S. stocks, providing a broad indicator of price movement. An investment cannot be made directly in an index.

RISK INFORMATION—Mutual fund investing involves risks. Some mutual 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. There is no guarantee a fund’s objectives will be achieved. Past performance is no guarantee of future results.

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### ANNUAL RETURNS FOR MAJOR ASSET CLASSES

<table>
<thead>
<tr>
<th>Year</th>
<th>Best</th>
<th>Worst</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed Income</td>
<td>Mid-Cap Growth Stocks</td>
</tr>
<tr>
<td>2008</td>
<td>5.24%</td>
<td>46.29%</td>
</tr>
<tr>
<td>2009</td>
<td>−28.92%</td>
<td>38.26%</td>
</tr>
<tr>
<td>2010</td>
<td>−36.85%</td>
<td>37.21%</td>
</tr>
<tr>
<td>2011</td>
<td>−38.44%</td>
<td>34.47%</td>
</tr>
<tr>
<td>2012</td>
<td>−38.44%</td>
<td>34.21%</td>
</tr>
<tr>
<td>2013</td>
<td>−38.54%</td>
<td>31.78%</td>
</tr>
<tr>
<td>2014</td>
<td>−43.38%</td>
<td>20.58%</td>
</tr>
<tr>
<td>2015</td>
<td>−44.32%</td>
<td>19.68%</td>
</tr>
<tr>
<td>2016</td>
<td>−47.72%</td>
<td>5.93%</td>
</tr>
</tbody>
</table>

In the illustration above, the top row represents the best-performing sector for each respective year. Each subsequent row represents the next-best-performing sector, ultimately reaching the worst-performing sector in the bottom row. Source: Morningstar and PGIM Investments as of January 2020.

### WHAT DOES THIS MEAN FOR YOUR PORTFOLIO?

As you can see in the chart above, the top-performing asset class changes from year to year. For example, in 2012 and 2014, Global Real Estate was the top-performing asset class. However, in 2008, when the U.S. housing market collapsed, real estate was the worst-performing asset class. If you were heavily invested in real estate in 2008, your portfolio would have fared much worse than a fully diversified portfolio. No one can predict tomorrow's winners, but investing in a wide range of asset classes will give you the best chance of achieving your goals.
Don't Forget about Fixed Income Diversification

As you saw on page 1, fixed income as a broad asset class typically does not move in lockstep with the stock market. Because of its low correlation to equities, fixed income provides a good source of diversification and can help manage the volatility of the stock market. It’s important to also understand that there are many different asset classes within the fixed income market that each have their own set of unique characteristics, risks, and tax implications. They also react differently to economic and interest rate changes, and as you can see below, their performance varies from year to year. By including all types of bonds in the fixed income portion of your portfolio, you can help ensure that you always have exposure to the strongest-performing fixed income sectors.

### Annual Returns for Major Fixed Income Sectors

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<tbody>
<tr>
<td><strong>BEST</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury Bonds</td>
<td>13.74%</td>
<td>High Yield Bonds</td>
<td>58.21%</td>
<td>Commercial MBS</td>
<td>20.40%</td>
<td>Municipal Bonds</td>
<td>10.70%</td>
<td>Emerging Market Debt Bonds</td>
<td>16.76%</td>
<td>High Yield Bonds</td>
<td>7.44%</td>
<td>Municipal Bonds</td>
</tr>
<tr>
<td>Mortgages</td>
<td>8.34%</td>
<td>Floating Rate Loans</td>
<td>44.87%</td>
<td>Emerging Market Debt Bonds</td>
<td>15.68%</td>
<td>Treasury Bonds</td>
<td>9.81%</td>
<td>Floating Rate Loans</td>
<td>6.15%</td>
<td>In-Grade Corporate</td>
<td>7.53%</td>
<td>Mortgages</td>
</tr>
<tr>
<td>International MBS</td>
<td>4.00%</td>
<td>Commercial MBS</td>
<td>28.45%</td>
<td>High Yield Bonds</td>
<td>15.12%</td>
<td>In-Grade Corporate</td>
<td>8.35%</td>
<td>Commercial MBS</td>
<td>9.66%</td>
<td>Commercial MBS</td>
<td>0.23%</td>
<td>Mortgages</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>−2.47%</td>
<td>Asset-Backed Securities</td>
<td>24.72%</td>
<td>Floating Rate Loans</td>
<td>9.96%</td>
<td>Mortgages</td>
<td>6.23%</td>
<td>Floating Rate Loans</td>
<td>9.43%</td>
<td>In-Grade Corporate</td>
<td>−0.27%</td>
<td>Treasury Bonds</td>
</tr>
<tr>
<td>In-Grade Corporate</td>
<td>−3.08%</td>
<td>Emerging Market Debt Bonds</td>
<td>21.98%</td>
<td>In-Grade Corporate</td>
<td>8.47%</td>
<td>Commercial MBS</td>
<td>6.02%</td>
<td>In-Grade Corporate</td>
<td>9.37%</td>
<td>Mortgages</td>
<td>−1.41%</td>
<td>Commercial MBS</td>
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<tr>
<td>Emerging Market Debt Bonds</td>
<td>−5.22%</td>
<td>In-Grade Corporate</td>
<td>16.04%</td>
<td>Treasury Bonds</td>
<td>5.87%</td>
<td>Asset-Backed Securities</td>
<td>5.14%</td>
<td>Municipal Bonds</td>
<td>6.78%</td>
<td>In-Grade Corporate</td>
<td>−2.01%</td>
<td>High Yield Bonds</td>
</tr>
<tr>
<td>Asset-Backed Securities</td>
<td>−12.72%</td>
<td>Municipal Bonds</td>
<td>12.91%</td>
<td>Asset-Backed Securities</td>
<td>5.85%</td>
<td>High Yield Bonds</td>
<td>4.98%</td>
<td>International MBS</td>
<td>4.09%</td>
<td>Municipal Bonds</td>
<td>−2.55%</td>
<td>Floating Rate Loans</td>
</tr>
<tr>
<td>International MBS</td>
<td>−20.52%</td>
<td>Mortgages</td>
<td>5.37%</td>
<td>International MBS</td>
<td>4.36%</td>
<td>Asset-Backed Securities</td>
<td>3.66%</td>
<td>Treasury Bonds</td>
<td>−2.75%</td>
<td>Asset-Backed Securities</td>
<td>1.88%</td>
<td>High Yield Bonds</td>
</tr>
<tr>
<td>High Yield Bonds</td>
<td>−26.16%</td>
<td>Mortgages</td>
<td>5.89%</td>
<td>International MBS</td>
<td>4.94%</td>
<td>Floating Rate Loans</td>
<td>1.82%</td>
<td>Mortgages</td>
<td>2.59%</td>
<td>International MBS</td>
<td>−3.08%</td>
<td>International MBS</td>
</tr>
</tbody>
</table>

In the illustration above, the top row represents the best-performing sector for each respective year. Each subsequent row represents the next-best-performing sector, ultimately reaching the worst-performing sector in the bottom row. Source: Morningstar and PGIM Investments as of January 2020. An investment cannot be made directly in an index. Past performance is no guarantee of future results.
INDEX DEFINITIONS

Asset-Backed Securities—Bloomberg Barclays Asset-Backed Securities Index. Measures the performance of bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other providers of credit, not mortgages.


Fixed Income—Bloomberg Barclays Aggregate Bond Index. This is a market value-weighted index that includes U.S. government, corporate, and mortgage- and asset-backed securities.

Floating Rate Loans—Credit Suisse Leveraged Loans Index. Covers the investable universe of the U.S. dollar-denominated leveraged loan market. These loans are made to companies rated below investment grade and that have interest rates that adjust based on changes in a benchmark rate.

Global Real Estate—Financial Times Stock Exchange European Public Real Estate Association/National Association of Real Estate Investment Trusts (FTSE EPRA/NAREIT) Developed Real Estate Index. Represents the performance of listed real estate companies and REITs worldwide.

High Yield Bonds—Bloomberg Barclays U.S. Corporate High Yield Index. Represents the broad U.S. high yield market. High yield bonds are known as “junk” bonds and are considered speculative by both Standard & Poor’s and Moody’s. Their credit rating is BB or lower as rated by Standard & Poor’s, and Ba or lower as rated by Moody’s.

International Bonds—Bloomberg Barclays Global Aggregate Index Ex-USD. This is an unmanaged index considered representative of bonds of foreign countries.

International Stocks—Morgan Stanley Capital International Europe, Australasia, Far East Index (MSCI EAFE® Index). This is a weighted, unmanaged index of performance that reflects stock price movements within Europe, Australasia, and the Far East.

Investment-Grade Corporates—Bloomberg Barclays U.S. Credit Index. Includes corporate bonds that are rated investment grade by Moody’s, Standard & Poor’s, or Fitch Investors Service, and have at least one year to maturity and an outstanding par value of at least $150 million.

Large-Cap Growth Stocks—Russell 1000® Growth Index. Measures the performance of those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values.

Large-Cap Value Stocks—Russell 1000® Value Index. Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Mid-Cap Growth Stocks—Russell Midcap® Growth Index. Measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index.

Mid-Cap Value Stocks—Russell Midcap® Value Index. Measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value Index.

Mortgages—Bloomberg Barclays U.S. Mortgage-Backed Securities Index. Covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Municipal Bonds—Bloomberg Barclays U.S. Municipal Bond Index. This is a market value-weighted index designed for the long-term tax-exempt bond market.


Treasury Bonds—Bloomberg Barclays U.S. Treasury Bond Index. Is composed of public obligations of the U.S. Treasury with a remaining maturity of one year or more and excludes Treasury bills. All indexes are unmanaged. Investors cannot invest directly in an index.
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Mutual Funds | Are not insured by the FDIC or any federal government agency | May lose value | Are not a deposit of or guaranteed by any bank or any bank affiliate
EMOTIONAL INVESTING CAN TAKE YOU OFF COURSE

MARKET VOLATILITY TIP
Keep your emotions in check. Everyone wants to “buy low” and “sell high,” but most investors, caught up in the heat of the moment, end up doing just the opposite.

EMOTIONAL INVESTING IS A COMMON MISTAKE
The visual below shows the host of emotions some investors may feel during a typical market cycle. As stock market prices rise, investors are optimistic. At the top of the market, investors may even feel euphoria, thinking, “This is great. I should invest more.” This is actually the time investors should consider rebalancing. As stock market prices fall, fear starts to set in. At first, you may think “It’s ok, I’m a long-term investor.” But as prices drop even further, you may be thinking “Maybe this time is different.” It’s time to rebalance again. Staying in balance when the market is down enables you to invest in high-quality stocks when they are “on sale.” As the stock market starts to rebound again, optimism returns.

HOW SOME INVESTORS MAY FEEL DURING A TYPICAL MARKET CYCLE

Rather than reacting to the everyday ups and downs of the stock market, investors might be better served by adhering to the Principles of Prudent Investing:

PRINCIPLES OF PRUDENT INVESTING

1. Set clear, realistic, long-term goals
2. Keep investing, regardless of market fluctuations
3. Diversify—don’t put all of your eggs in one basket
4. Select quality investments with professional advice
EMOTIONAL INVESTING CAN LEAD TO LONG-TERM UNDERPERFORMANCE

When investors time their decisions poorly, their returns suffer. As the chart shown below illustrates, average investor returns have been well below the long-term investment results of the assets they have invested in.

RETURNS OFTEN SUFFER WHEN INVESTORS TRY TO TIME THE MARKET

<table>
<thead>
<tr>
<th></th>
<th>Average Stock Fund Investor</th>
<th>S&amp;P 500 Index</th>
<th>Average Bond Fund Investor</th>
<th>Bloomberg Barclays U.S. Aggregate Bond Index</th>
<th>Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual returns: January 1999-December 2018</td>
<td>5.62%</td>
<td>3.88%</td>
<td>4.55%</td>
<td>0.22%</td>
<td>2.17%</td>
</tr>
</tbody>
</table>

There is no guarantee that dollar-cost averaging will assure a profit or protect against loss in declining markets. Since such a plan includes continuous investments, investors should consider their financial ability to continue purchases through periods of low price levels. Asset allocation and diversification strategies do not assure a profit or protect against loss in declining markets.

Source: “Quantitative Analysis of Investor Behavior, 2019” DALBAR, Inc. DALBAR is an independent, Boston-based financial research firm which is not affiliated with Prudential Financial, Inc. and its affiliates. Average stock fund investor and average bond fund investor performance results are calculated using data supplied by the Investment Company Institute. Investor returns are represented by the change in total mutual fund assets after excluding sales, redemptions, and exchanges. This method of calculation captures realized and unrealized capital gains, dividends, interest, trading costs, sales charges, fees, expenses, and any other costs. After calculating investor returns in dollar terms, two percentages are calculated for the period examined: total investor return rate and annualized investor return rate. Total return rate is determined by calculating the investor return dollars as a percentage of the net of the sales, redemptions, and exchanges for each period. The S&P 500 Index is an unmanaged, weighted index of 500 U.S. stocks, providing a broad indicator of price movement. The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index that covers the U.S. dollar-denominated, investment-grade, fixed rate, taxable bond market of Securities and Exchange Commission-registered securities.

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**MARKET VOLATILITY TIP**

Stay invested. Investors who pull their money out of equities in volatile times may risk missing some of the stock market’s biggest gains. That’s because some of the market’s best days have come right after periods of steep declines—when many market timers are still sitting on the sidelines. Missing key days in the market can have a significant negative impact on long-term results.

**MISSING THE BEST DAYS IN THE MARKET SUBSTANTIALLY REDUCED RETURNS**

<table>
<thead>
<tr>
<th>January 1999—December 2019</th>
<th>S&amp;P 500 Annualized Total Returns</th>
<th>Growth of $10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>All trading days</td>
<td>6.05%</td>
<td>$32,421</td>
</tr>
<tr>
<td>Minus 10 best days</td>
<td>2.44%</td>
<td>$15,390</td>
</tr>
<tr>
<td>Minus 20 best days</td>
<td>0.08%</td>
<td>$9,741</td>
</tr>
<tr>
<td>Minus 30 best days</td>
<td>−1.95%</td>
<td>$6,490</td>
</tr>
</tbody>
</table>

As of 12/31/2019. Source: Morningstar and PGIM Investments, S&P 500 TR USD Index. This example is for illustrative purposes only and is not indicative of the performance of any investment. It does not reflect the impact of taxes, management fees, or sales charges. The S&P 500 is a weighted, unmanaged index composed of 500 stocks believed to be a broad indicator of stock price movements. Investors cannot buy or invest directly in market indexes or averages. Past performance is no guarantee of future results.

**“TIME IN” COUNTS: INVEST FOR THE LONG TERM**

Over one-year periods, the stock market can be unpredictable. But if you expand your time horizon to five years or more, volatility may decrease significantly. A rolling return is the annualized average return for a period ending with the listed year. Rolling returns are useful for examining the behavior of returns for holding periods similar to those experienced by serious, long-term investors. In the chart below, you can see that over 90 periods, the five-year rolling return for the S&P 500 was positive 87% of the time, or in 78 out of the 90 periods.


Source: Morningstar EnCorr, 1930–2019, as of 12/31/2019. All rights reserved. Used with permission. This chart is for illustrative purposes only and is not meant to depict the performance of any specific investment. The S&P 500 is a weighted, unmanaged index composed of 500 stocks believed to be a broad indicator of stock price movements. Investors cannot directly invest in an index. Past performance is no guarantee of future results.
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DOLLAR-COST AVERAGING CAN HELP VOLATILITY WORK IN YOUR FAVOR

WHAT IS DOLLAR-COST AVERAGING?
Dollar-cost averaging is the practice of putting the same amount of money in the same investment option consistently, regardless of the market performance (price) of that investment. Dollar-cost averaging can be beneficial because it allows you to automatically buy more shares when prices are lower and fewer shares when prices are higher. Over time, this tends to reduce the average cost of the shares you purchase.

Example: Let’s look at an example of two investors who decide to purchase the same stock in Company ABC.
• Investor A invests $5,000 in a lump sum in January.
• Investor B uses dollar-cost averaging to invest $1,000 per month over five months—from January through May.

The charts below show you how the dollar-cost averaging method, in this case, resulted in a lower cost per share for Investor B.

INVESTOR A

<table>
<thead>
<tr>
<th>Purchase Date</th>
<th>Amount Invested</th>
<th>Share Price</th>
<th>Shares Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 15</td>
<td>$5,000</td>
<td>$10.00</td>
<td>500</td>
</tr>
<tr>
<td>Feb 15</td>
<td>−</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>Mar 15</td>
<td>−</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>Apr 15</td>
<td>−</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td>May 15</td>
<td>−</td>
<td>−</td>
<td>−</td>
</tr>
<tr>
<td><strong>Total invested</strong></td>
<td><strong>$5,000</strong></td>
<td><strong>Average share price</strong></td>
<td><strong>$10.00</strong></td>
</tr>
<tr>
<td><strong>Total shares purchased</strong></td>
<td><strong>500</strong></td>
<td><strong>Portfolio value on May 15</strong></td>
<td><strong>$6,000</strong></td>
</tr>
</tbody>
</table>

Investor A invested $5,000 on January 15 when the share price was $10.00. He purchased 500 shares. On May 15, when the share price was $12.00, his portfolio was valued at $6,000.

INVESTOR B

<table>
<thead>
<tr>
<th>Purchase Date</th>
<th>Amount Invested</th>
<th>Share Price</th>
<th>Shares Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 15</td>
<td>$1,000</td>
<td>$10.00</td>
<td>100</td>
</tr>
<tr>
<td>Feb 15</td>
<td>$1,000</td>
<td>$6.00</td>
<td>166.7</td>
</tr>
<tr>
<td>Mar 15</td>
<td>$1,000</td>
<td>$8.00</td>
<td>125</td>
</tr>
<tr>
<td>Apr 15</td>
<td>$1,000</td>
<td>$14.00</td>
<td>71.4</td>
</tr>
<tr>
<td>May 15</td>
<td>$1,000</td>
<td>$12.00</td>
<td>83.3</td>
</tr>
<tr>
<td><strong>Total invested</strong></td>
<td><strong>$5,000</strong></td>
<td><strong>Average share price</strong></td>
<td><strong>$9.15</strong></td>
</tr>
<tr>
<td><strong>Total shares purchased</strong></td>
<td><strong>546.4</strong></td>
<td><strong>Portfolio value on May 15</strong></td>
<td><strong>$6,557</strong></td>
</tr>
</tbody>
</table>

Investor B used dollar-cost averaging to invest $1,000 per month over five months. She purchased 546.4 shares at an average price of only $9.15. On May 15, when the share price was $12.00, her portfolio was valued at approximately $6,557—9% higher than Investor A’s.

MARKET VOLATILITY TIP
During market declines, heightened fear causes many investors to stop purchasing stocks for their portfolios. As a result, investors who sit on the sidelines do not benefit from lower prices. Dollar-cost averaging is a time-tested strategy that can help smooth out the effects of market volatility.
How did this work?

It's simple: Investor A's price was set on January 15, when he purchased 500 shares at $10.00 per share. But because Investor B was buying over the course of five months (and share prices go up and down over time), she was able to purchase more shares when the investment was priced lower—and fewer shares when the price was higher.

Dollar-cost averaging: Important considerations

- Dollar-cost averaging can be an effective "automatic investment strategy," especially for those who find it challenging to save consistently over time or who tend to make emotional decisions about investing.
- Dollar-cost averaging and other periodic investment plans do not guarantee a profit and do not protect against loss in declining markets.
- Dollar-cost averaging involves continuous investment in securities, regardless of fluctuating price levels of such securities. You should consider your financial ability to continue your purchases through periods of low price levels.
- In "up" markets: When you use dollar-cost averaging, if the prices of the investments you've chosen go up, the value of your account should grow, since you purchased more shares when prices were lower.
- In "down" markets: Dollar-cost averaging can be a valuable tool, because the lower prices give you the opportunity to buy more shares—at "sale" prices.

RISK INFORMATION—Mutual fund investing involves risks. Some mutual 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. There is no guarantee a fund's objectives will be achieved. Past performance is no guarantee of future results.

For more information, contact your financial professional or visit our website at pgiminvestments.com.
MARKET VOLATILITY TIP
When you establish an initial investment strategy, it’s important that you make sure your portfolio stays consistent with your goals and risk tolerance over time. That’s because some asset classes may outperform while others underperform, causing portfolios to stray from their original allocations.

WHAT IS PORTFOLIO REBALANCING?
Rebalancing is a way to bring your assets back to their intended allocations, so that your portfolio stays consistent with your goals and objectives. Just like a car needs regular maintenance, your portfolio needs regular attention. Rebalancing is done through the process of buying and selling portions of a portfolio to return the weight of each asset class to its original state. Keep in mind that no particular asset allocation will guarantee a profit or protect against losses in a declining market.

YOUR INVESTMENT MIX MAY BE OFF TRACK
If your investment goals have not changed, then your investment mix should not either. However, after more than six years of strong stock market returns, your mix has likely shifted and your investments may be taking on more equity risk than you originally intended. As shown below, if you did not make adjustments to a hypothetical 65% equity and 35% fixed income portfolio, then over the past 27 years the equity portion has increased to 85% of the total portfolio. Consider adding fixed income and reducing stocks to realign your portfolio with your goals and comfort with risk, so that you do not lose more money than you are comfortable with during the next market dip, correction, or possible bear market.

YOUR PORTFOLIO MAY HAVE SHIFTED AWAY FROM YOUR INVESTMENT GOALS

Source: Morningstar, as of 12/31/2019. Stocks are represented by the S&P 500 Index, an unmanaged, weighted index of 500 U.S. stocks, providing a broad indicator of price movement. Bonds are represented by the Bloomberg Barclays U.S. Aggregate Bond Index, an unmanaged index that covers the U.S. dollar-denominated, investment-grade, fixed rate, taxable bond market of Securities and Exchange Commission-registered securities. An investment cannot be made directly into an index.
REBALANCING IN ACTION
Suppose you invested $100,000 in September 1995, allocating $65,000 to stocks and $35,000 to bonds. Twenty years have passed, and your portfolio has grown to $400,000. But, as you saw in the graph above, your portfolio is out of balance and you are taking on more equity risk than you are comfortable with. To realign your portfolio with your goals and comfort with risk, you would sell $40,000 worth of stocks and use the proceeds of that sale to buy $40,000 worth of bonds. This would bring your portfolio back in balance with $260,000, or 65%, invested in stocks and $140,000, or 35%, invested in bonds.

A HYPOTHETICAL REBALANCING

<table>
<thead>
<tr>
<th></th>
<th>Stocks</th>
<th>Bonds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original allocation</td>
<td>$65,000</td>
<td>$35,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Allocation 20 years later</td>
<td>$300,000</td>
<td>$100,000</td>
<td>$400,000</td>
</tr>
<tr>
<td>Action taken to rebalance</td>
<td>Sell $40,000</td>
<td>Buy $40,000</td>
<td></td>
</tr>
<tr>
<td>New allocation</td>
<td>$260,000</td>
<td>$140,000</td>
<td>$400,000</td>
</tr>
</tbody>
</table>

Keep in mind that portfolio rebalancing may not always produce higher returns immediately. For example, if you rebalance during a bull market when stock prices are still increasing in value, it may seem like your portfolio is at a disadvantage to a portfolio that has not been rebalanced. However, when the market shifts directions, and stock prices begin to fall, the investor who has rebalanced has the potential to maintain higher returns.

TAKE ADVANTAGE OF LOWER STOCK PRICES DURING A BEAR MARKET
After a significant market decline, you may find yourself in the opposite scenario—your allocation to bonds is above 35% and you are not taking on enough risk. You may be ready for another rebalance, this time selling bonds and buying stocks, so that you are positioned for the rebound. Staying in balance in this scenario enables you to invest in high-quality stocks when they are “on sale.”

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MARKET VOLATILITY TIP
Pick up any newspaper, watch the news on TV, or listen to friends and coworkers, and you know how hard it is to get away from worrisome news about the markets. In times like these, you may be tempted to sell off your stock investments. Instead, we believe that you should take a deep breath and contact your financial professional. It’s likely that your advisor has been through unpredictable markets before and can discuss whether current conditions warrant a change in your investment strategy.

THE VALUE OF A FINANCIAL PROFESSIONAL
A financial professional will work with you to create a plan that may help weather market conditions, while also keeping your short- and long-term goals in mind. And he or she can help you answer questions like:

“What is causing the recent market volatility, and how long might it last?”

“Given the market conditions, will I still be able to reach my goals?”

“What is the impact to my portfolio, and how should it be adjusted?”

YOUR FINANCIAL CHECKLIST
During uncertain times, working with an experienced financial professional may put your mind at ease and help you keep the bigger picture in mind. Keep this checklist handy to review with your financial professional when the time comes.

■ Set clear, realistic, long-term goals.
  • Reevaluate your goals each year as they may change over time.
  • Know how your overall strategy aligns to your goals and needs.

■ Keep investing, regardless of market fluctuations.
  • Investing regularly can take the emotion out of investing and allows you to take advantage of down markets and buy more shares when costs are lower.
  • Time in the market builds returns, not timing the market.
  • Expanding your time horizon to five years or more may decrease volatility.

■ Diversify—don’t put all of your eggs in one basket.
  • Spreading out your investment choices may allow you to own more of each year’s winners while also potentially lowering your risk.
  • Rebalance your portfolio to help control risk and capitalize on long-term growth.
HELPING INVESTORS PARTICIPATE IN GLOBAL MARKET OPPORTUNITIES

At PGIM Investments, we consider it a great privilege and responsibility to help investors participate in opportunities across global markets while meeting their toughest investment challenges. We’re part of PGIM, the global investment management business of Prudential Financial, Inc.—a top-10 investment manager globally with more than $1 trillion in assets under management (AUM). This scale and investment experience allow us to deliver PGIM Funds—actively managed investment solutions designed to meet the needs of investors around the globe.

1Prudential Financial, Inc. is the 10th-largest investment manager (out of 526) in terms of global AUM based on the Pensions & Investments Top Money Managers list published on 05/27/2019. This ranking represents assets managed by Prudential Financial as of 12/31/2018.

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