PGIM Investments expands active ETF platform with the launch of a new high yield bond fund

NEWARK, N.J., Sept. 27, 2018 – PGIM Investments has launched its second actively managed exchange-traded fund, the PGIM Active High Yield Bond ETF (NYSE Arca: PHYL), as it continues to expand the ETF platform created earlier this year. PGIM Investments is the worldwide distributor of retail products for PGIM, the $1 trillion global investment management businesses of Prudential Financial, Inc. (NYSE: PRU)—a top-10 investment manager globally.

“Having the benefit of scale has provided us the flexibility to expand our platform and thoughtfully develop strategies in a variety of vehicles that meet client demand,” said Stuart Parker, president and CEO of PGIM Investments. “When it comes to ETFs, our focus is on developing competitive products that align with our core investment capabilities.”

PGIM Investments’ first ETF, the PGIM Ultra Short Bond ETF (NYSE Arca: PULS), was launched in April and has more than doubled in size, growing to $51 million as of August 31, 2018. Just like PULS, the PGIM Active High Yield Bond ETF (PHYL) is also actively managed by sub-adviser PGIM Fixed Income and is attractively priced. PHYL is priced at 0.53 percent, 14 basis points below the average active high yield ETF, according to Morningstar as of August 31, 2018. The Fund invests primarily in high yield bonds and seeks to generate total return through a combination of current income and capital appreciation.

“We see a lot of opportunity for an experienced active manager with a core capability in high yield bond investing,” said Parker. “Our investors couldn’t be in more capable hands—our portfolio management team has the experience, credit research, and risk management capabilities critical to investing in this sector.”

The PGIM Active High Yield Bond ETF is managed by the same PGIM Fixed Income team that manages the 5-Star Overall Morningstar-rated PGIM High Yield Fund as of June 30, 2018, an actively managed open-end fund that has also earned Morningstar’s Gold Analyst rating as of July 23, 2018.

PGIM Fixed Income, with $716 billion under management as of June 30, 2018, has been managing high yield bonds since 1979, including $67 billion in global leveraged finance assets. Its integrated, 49-member leveraged finance team, led by Managing Director Robert Cignarella, is based in the U.S. and Europe. The team builds portfolios using bottom-up credit research, focused on identifying credits with solid fundamentals, while managing risk. The team averages 19 years of investment experience.
About PGIM and Prudential Financial, Inc.

With 15 consecutive years of positive third-party institutional net flows, PGIM, the global asset management businesses of Prudential Financial, Inc. (NYSE: PRU), ranks among the top 10 largest asset managers in the world* with more than $1 trillion in assets under management as of June 30, 2018. PGIM’s businesses offer a range of investment solutions for retail and institutional investors around the world across a broad range of asset classes, including fundamental equity, quantitative equity, public fixed income, private fixed income, real estate and commercial mortgages. Its businesses have offices in 15 countries across four continents. For more information about PGIM, please visit pgim.com.

Prudential’s additional businesses offer a variety of products and services, including life insurance, annuities and retirement-related services. For more information about Prudential, please visit news.prudential.com.

* As ranked in Pensions & Investments’ Money Managers list, May 2018; based on Prudential Financial, Inc. total worldwide assets under management as of Dec. 31, 2017.

PGIM Active High Yield Bond ETF

The Fund is an actively managed exchange traded fund (ETF) and, thus, does not seek to replicate the performance of a specified index. As an ETF, the Fund’s shares trade on an exchange and are subject to ETF shares trading risk, including that the Fund’s shares may trade at a premium or discount to net asset value; during periods may become less liquid; potentially may lack an active trading market, which may result in significant losses if you sell your shares of the Fund during these periods; and may be subject to authorized participant concentration risk, since the Fund has a limited number of intermediaries that act as authorized participants and none of these authorized participants are or will be obligated to engage in creation or redemption transactions. To the extent that these intermediaries exit the business or are unable to or choose not to proceed with creation and/or redemption orders with respect to the Fund and no other authorized participant creates or redeems, shares of the Fund may trade at a discount to NAV and possibly face trading halts and/or delisting. The Fund may be subject to the risk of increased expenses, meaning that your actual cost of investing in the Fund may be higher than the expense shown in the expense table, as well as the cost of buying or selling shares, since when you buy or sell shares of the Fund through a broker, you will likely incur brokerage commission or other charges; and cash transaction risk, which is the risk that the Fund (which may effect creation and redemptions in cash or partially in cash) may be less tax-efficient than an investment in an ETF that distributes portfolio securities in-kind. The Fund is subject to new/small fund risk given the fund’s recently commenced operations and limited operating history. The Fund may invest in high yield (“junk”) bonds, which have greater credit and market risks; distressed and defaulted securities, which are subject to particularly high credit risk, market risk and illiquidity risk; leveraging, which may magnify losses; and derivative securities, which may carry market, credit, and liquidity risks. Fixed income investments are subject to credit, market, and interest rate risks, and their value will decline as interest rates rise; call and redemption risk, where the issuer may call a bond held by the Fund for
redemption before it matures and the Fund may lose income; and extension risk, where the issuer may repay a fixed income security more slowly than expected, extending the effective duration of these securities; liquidity risk, which exists when particular investments are difficult to sell; emerging markets risk, which exposes the Fund to greater volatility and price declines. The Fund’s fixed income investments include variable and floating rate bonds, which are subject to credit, market, and interest rate risk, and bank loans, which could adversely affect the income of the Fund and would likely reduce the value of its assets if the Fund fails to receive scheduled interest or principal payments on a loan because of a default, bankruptcy or any other reason. The Fund may invest in foreign securities, which generally involve more risk than investing in U.S. issuers, including political, legal, and economic uncertainty; derivatives, which may carry market, credit, and liquidity risks; and mortgage-backed and asset-backed securities, which are subject to prepayment, extension, and interest rate risks. The Fund may be subject to management risk, where the value of your investment may decrease if judgments by the subadviser are incorrect, and market risk, where the value of investments may decrease and securities markets are volatile. The risks associated with the Fund are more fully explained in the prospectus and summary prospectus. Diversification does not assure a profit or protect against loss in declining markets. These risks may increase the Fund’s share price volatility. There is no guarantee the Fund’s objective will be achieved.

**PGIM Ultra Short Bond ETF**

The Fund is an actively managed exchange traded fund (ETF) and thus does not seek to replicate the performance of a specified index. The Fund is not a money market fund and does not seek to maintain a stable net asset value. As an ETF, the Fund’s shares trade on an exchange and are subject to ETF shares trading risk, including that the Fund’s shares may trade at a premium or discount to net asset value, during periods may become less liquid, and may lack an active trading market, which may result in significant losses if you sell your shares of the Fund during these periods; and authorized participant concentration risk, since the Fund has a limited number of intermediaries that act as authorized participants and none of these authorized participants are, or will be, obligated to engage in creation or redemption transactions. To the extent that these intermediaries exit the business or are unable to, or choose not to, proceed with creation and/or redemption orders with respect to the Fund, and no other authorized participant creates or redeems, shares of the Fund may trade at a discount to NAV and possibly face trading halts and/or delisting. The Fund is subject to the cost of buying or selling shares, when you buy or sell shares of the Fund through a broker, you will likely incur brokerage commission or other charges; and cash transaction risk, in that, unlike other ETFs, the Fund may affect creation and redemptions in cash or partially cash so that the Fund may be less tax-efficient than an investment in an ETF that distributes portfolio securities in-kind. The Fund is subject to new/small fund risk given the fund’s recently commenced operations and limited operating history. Fixed income investments are subject to credit, market, and interest rate risks, and their value will decline as interest rates rise; call and redemption risk, where the issuer may call a bond held by the Fund for redemption before it matures and the Fund may lose income; and extension risk, where the issuer may repay a fixed income security more slowly than expected, extending the effective duration of these securities. The Fund’s fixed income investments include variable and floating rate bonds, which are subject to credit, market, and interest rate risk. The Fund may invest in foreign securities, which generally involve more risk than investing in U.S. issuers, including political, legal, and economic uncertainty; mortgage-backed and asset-backed securities, which are subject to prepayment, extension, and interest rate risks; and U.S. government and agency securities, which may carry market, interest rate, and credit risks, may not be insured or guaranteed by the full faith and credit of the U.S. government, and may limit the Fund’s potential for capital appreciation. The Fund may not be invested in all sectors at a given time. Diversification does not assure a profit or protect against loss in declining markets. These risks may increase the Fund’s share price volatility. There is no guarantee the Fund’s objective will be achieved.

**PGIM High Yield Fund**

The Fund may invest in high yield (“junk”) bonds, which are subject to greater credit and market risks; short sales, which involve costs and the risk of potentially unlimited losses; leveraging techniques, which may magnify losses; and derivative securities, which may carry market, credit, and liquidity risks. Fixed income investments are subject to interest rate risk, and their value will decline as interest rates rise. These risks may increase the Fund’s share price volatility. There is no guarantee the Fund’s objective will be achieved.

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Overall Morningstar Rating™ out of 575 High Yield Bond funds. The 3-, 5-, and 10-year ratings are 5 stars out of 575 funds, 5 stars out of 484 funds, and 5 stars out of 321 funds, respectively. Morningstar measures risk-
adjusted returns. The overall rating is a weighted average based on the Fund’s 3-, 5-, and 10-year star rating for Z shares. Morningstar rankings are based on Class Z share total return, do not include the effects of sales charges, and are calculated against all funds in the Morningstar High Yield Bond category. Past performance is no guarantee of future results. Performance by share class may vary. The Morningstar Rating for funds, or “star rating,” is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36–59 months of total returns, 60% five-year rating/40% three-year rating for 60–119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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Consider a fund’s investment objectives, risks, charges, and expenses carefully before investing. The prospectus and 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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