PGIM Investments expands ETF platform with new QMA active equity strategies

NEWARK, N.J., October 18, 2018 – PGIM Investments today launched the first of four actively managed equity exchange-traded funds (ETFs) that it plans to roll out in 2018, expanding the platform from the two actively managed fixed income ETFs launched earlier this year. Sub-advised by QMA, the quantitative equity and global multi-asset solutions manager of PGIM, the PGIM QMA Strategic Alpha Large-Cap Core ETF (NYSE Arca: PQLC) seeks long-term growth of capital by investing primarily in large-cap stocks.

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.

“Adding equity to our mix of ETF strategies gives investors a cost-effective way to access the equity markets while obtaining the potential benefits of active management,” said Stuart Parker, president and CEO of PGIM Investments. “Introducing these funds—managed by one of the industry’s pioneering quantitative managers—is a natural evolution in our effort to create new investment vehicles that meet investors’ evolving needs.”

Priced at 0.17 percent, PQLC is approximately half the cost of the average passively managed ETF in the large blend category despite the active approach which targets higher returns.1 By the end of 2018, PGIM Investments plans to offer three more actively managed equity ETFs—the PGIM QMA Strategic Alpha Small-Cap Growth ETF (NYSE Arca: PQSG), the PGIM QMA Strategic Alpha Small-Cap Value ETF (NYSE Arca: PQSV), and the PGIM QMA Strategic Alpha International Equity ETF (NYSE Arca: PQIN).

Sub-advised by QMA, these four Strategic Alpha ETFs will seek to provide investors with access to broad multifactor equity exposure while capitalizing on investor bias. By being actively managed, these strategies give the portfolio managers discretion to rebalance and enhance portfolios more flexibly, as determined by market conditions and ongoing research.

“One of the most effective ways to access the equity markets while obtaining the potential benefits of active management is through ETFs,” said Parker. “The PGIM QMA Strategic Alpha Large-Cap Core ETF gives investors access to the equity market in a cost-effective way that is, on average, half the cost of the large blend category. We’re excited to offer the four new QMA investment strategies, which will further expand our ETF platform for long-term investors.”

Learn more about these new ETFs and QMA’s new active equity ETF platform:

Learn about PGIM Investments: pgiminvestments.com

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Stuart Parker, President and CEO, PGIM Investments

“With more than 40 years of systematic active management expertise, we’ve created an investment product that delivers our best institutional research on multifactor investing to the ETF market.”

Andrew Dyson, Chairman and CEO, QMA

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1 Source: Morningstar, as of 9/30/18.
“Our research shows that investors frequently overpay for stocks that have a low probability of outsized returns or may provide lower risk. We’ve found a way to help protect investors from such behavioral biases.” Dyson continued.

About QMA
QMA applies a disciplined, research-driven approach that seeks to identify and capture alpha opportunities through a combination of factor exposures within diversified, risk-aware strategies designed for long-term performance.

Founded in 1975, QMA manages portfolios for a worldwide institutional client base, including corporate and public pension plans, endowments and foundations, sovereign wealth funds, multi-employer pension plans and sub-advisory accounts for other financial services companies. As of June 30, 2018, QMA had approximately $126.7 billion in assets under management.

About PGIM Investments
PGIM Investments LLC offers more than 100 funds globally across a broad spectrum of asset classes and investment styles. Clients can also choose from a variety of investment vehicles including closed-end funds and target date funds such as the Prudential Day One Mutual Fund series. All products draw on PGIM’s globally diversified investment platform that encompasses the expertise of managers across fixed income, equities and real estate.

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 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. 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 December 31, 2017.

†Source: Morningstar as of September 30, 2018. Large blend passive ETF net expense ratio average is 0.33%, which includes ETFs defined by Morningstar as index fund (may also include smart beta ETFs).

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DISCLOSURE

PGIM QMA Strategic Alpha Large-Cap Core 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: When you buy or sell shares of the Fund through a broker, you will likely incur brokerage commission or other charges. 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 equity and equity-related securities, where the value of a particular security could go down resulting in a loss of money, including large-cap stocks, which may go in and out of favor based on market and economic conditions. The Fund may be subject to management risk, where the value of your investment may decrease if judgments by the subadvisor are incorrect, and market risk, where the value of investments may decrease, and securities markets are volatile; active trading risk and high portfolio turnover results in higher transaction costs, which can affect the Fund’s performance. The Fund’s subadvisor uses certain quantitative models to help guide its investment decisions. The Fund may be subject to tax risk since dividends and distributions are taxable and will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account, which may be taxed later upon withdrawal of monies from these arrangements. The design of the underlying models may be flawed or incomplete and it is impossible to completely eliminate the risk of error in the implementation of these computer models. Diversification and asset allocation do not guarantee a profit or protect against a loss in declining markets. The risks associated with the Fund are more fully explained in the prospectus and summary prospectus. These risks may increase the Fund’s share price volatility. There is no guarantee the Fund’s objective will be achieved.

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. Funds are distributed by Prudential Investment Management Services LLC, a Prudential Financial company, member SIPC. PGIM Fixed Income is a unit of PGIM, Inc., which is a registered investment advisor and Prudential Financial company. © 2018 Prudential Financial, Inc. and its related entities. PGIM and the PGIM logo are service marks of Prudential Financial, Inc. and its related entities, registered in many jurisdictions worldwide.

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