

# Form ADV Part 2A

**PGIM, Inc.**

## **PGIM Institutional Advisory & Solutions (PGIM IAS)**

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This brochure provides information about the qualifications and business practices of PGIM Institutional Advisory & Solutions (PGIM IAS). If you have any questions about the contents of this brochure, please contact Anthony Conte at [Anthony.Conte@prudential.com](mailto:Anthony.Conte@prudential.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about PGIM IAS is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

PGIM IAS is a business unit of PGIM, Inc. ("PGIM"), an investment adviser registered with the SEC. PGIM, Inc. has elected to create separate brochures to address each of its different advisory units. This brochure specifically addresses only the operations of PGIM IAS. Registration of an investment adviser does not imply any level of skill or training.

## **Item 2 – Material Changes**

This brochure, dated March 29, 2024, updates and replaces our prior annual brochure, dated March 30, 2023. Although PGIM IAS made changes and updates to its previous brochure, PGIM IAS does not consider such changes to be material.

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## Item 4 – Advisory Business

### Our Firm

PGIM Institutional Advisory & Solutions (“PGIM IAS”) is an advisory function that is part of PGIM, Inc. (“PGIM”). PGIM is an SEC-registered investment adviser organized as a New Jersey corporation. When we use the terms “we,” “us,” and “our” in this brochure, we are referring to PGIM IAS. In addition, any references to “our employees” or “our officers” mean PGIM IAS employees or officers. In some cases, this reference includes a single employee of our overseas affiliate, PGIM Limited, an SEC-registered investment adviser organized as a company that is registered in England and is also authorized and regulated by the Financial Conduct Authority in the United Kingdom. This single employee provides services to IAS, subject to the authorizations and supervision of both PGIM Limited and PGIM IAS.

In addition to PGIM IAS, the other units within PGIM are PGIM Fixed Income (an adviser primarily focused on public fixed income investments), PGIM Real Estate (a provider of real estate investment advisory services) and PGIM Private Capital (a private fixed income investment adviser). Each of PGIM Fixed Income, PGIM Real Estate, and PGIM Private Capital has one or more separate brochures that have been filed with the SEC and provide information about the applicable advisory business.

PGIM was formed in June 1984 and was registered with the SEC as an investment adviser in December 1984. PGIM’s predecessor companies began managing fixed income portfolios for affiliates in 1875 and for unaffiliated institutional clients in 1928. PGIM is also registered with the U.S. Commodity Futures Trading Commission as a commodity trading advisor (CTA) and commodity pool operator (CPO) and is a member of the National Futures Association. PGIM is an indirect, wholly-owned subsidiary of Prudential Financial, Inc. (Prudential), a publicly held company (NYSE Ticker: PRU). Prudential is not affiliated in any manner with Prudential plc, a company headquartered in the United Kingdom, or with Prudential Assurance Company, a subsidiary of M&G plc, a company headquartered in the United Kingdom.

### Our Advisory Business in General

PGIM IAS offers a multi-asset class advisory service to institutional clients and prospects of PGIM affiliated investment advisers (“Clients”) in the U.S. and outside of the U.S. PGIM IAS engages with these Clients to understand and provide analysis on portfolio-level construction topics, working closely with the chief investment officers, portfolio managers, researchers, and key client service professionals in the PGIM businesses and other applicable areas of Prudential, as appropriate. We offer multi-asset class and portfolio-level research as part of these advisory services, at times customized to a specific Client’s needs, through published research and other publications. PGIM IAS does not manage assets on behalf of its Clients.

PGIM IAS is available on an ad hoc basis and works with Clients over varying durations of time and levels of depth to answer questions related to the Clients’ multi-asset class or portfolio-level issues. We also analyze Clients’ portfolios to provide asset allocation and risk analysis, among other possible custom analytics. Where appropriate, we may utilize Client data or information when providing views on these multi-asset class and portfolio-level topics.

Upon a Client’s request, PGIM IAS may also offer a multi-asset class solution to Clients looking for a broader strategic partnership. In addition, in a non-discretionary capacity, PGIM IAS may design the over-arching architecture and provide any ongoing recommendations on strategically rebalancing portfolios. This solution could incorporate affiliated PGIM managers. The individual PGIM managers, and not PGIM IAS, will be responsible for the fulfillment of their designated sleeve of the portfolio.

## **Our Assets Under Management**

As of December 31, 2023, our assets under management were as follows:

Discretionary:                 \$ 0

Nondiscretionary:           \$ 0

## **Item 5 – Fees and Compensation**

### **Advisory Fees**

PGIM IAS provides consultative advice without cost to Clients.

### **Expense Reimbursement**

If advisory services require substantial incremental administrative or overhead expenses, PGIM IAS may request an expense reimbursement from the Client. We expect that these reimbursement expenses will be negotiable without a strict fee schedule and will not be tied to performance.

If PGIM IAS decides to charge any reimbursement for expenses, such payments would be payable either on a monthly or quarterly basis in arrears, depending on a Client's preference. Clients are generally responsible for other fees and expenses related to their accounts, including custodian fees, brokerage fees, and other transactions costs. To the extent that other PGIM advisers manage assets for the Client, those advisers would charge the fees applicable to such engagement.

### **Other Compensation**

Neither PGIM IAS nor its supervised persons receive any compensation directly related to the sale of securities or other investment products.

## **Item 6 – Performance Based Fees and Side-by-Side Management**

PGIM IAS does not receive any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client). PGIM IAS does not engage in side-by-side management (PGIM IAS does not manage accounts with asset-based fees alongside accounts with performance-based fees).

## **Item 7 – Types of Clients**

PGIM IAS provides advisory services to institutional Clients located in the U.S. and outside of the U.S. Clients may include pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, state and municipal government plans, corporate entities, insurance companies with respect to their separate and general accounts, sovereign wealth funds, and other government entities.

## Item 8 –Methods of Analysis, Investment Strategies and Risk of Loss

### Our Methods of Analysis and Investment Strategies

PGIM IAS relies on quantitative and qualitative factors when providing portfolio-level investment analysis to a Client.

PGIM IAS' advisory services fall into three broad categories:

#### 1. Custom Advisory

Custom Advisory services are focused on portfolio analytics, tailored to each individual Client, that may include asset allocation analysis, risk analysis, stress testing, and hedge modeling customized to the specific requirements of institutional Clients. With this offering, PGIM IAS is likely to receive Client data on which it will be able to conduct custom analyses and research, while leveraging capabilities housed within the PGIM businesses or utilizing tools or models built or owned by PGIM IAS. The result of these analyses will help inform the advice PGIM IAS offers to the Client.

#### 2. Thought Leadership

Thought Leadership focuses on delivering bespoke and/or multi-asset research to PGIM's Clients, including:

*White Papers:* Strategic, longer-term portfolio-level investigations on issues that concern institutional investors, including but not limited to portfolio construction, asset allocation, and risk management.

*Custom Client Research and Education:* Research intended to help educate Clients on myriad topics, including benefits of asset class diversification, liquidity risk management, and identification of optimal hedging strategies.

#### 3. Strategic Portfolio Advisory

Strategic Portfolio Advisory services may comprise portfolio design and ongoing strategic asset allocation analysis in the context of a multi-PGIM manager, cross asset portfolios. While fulfillment of the portfolio's sleeves will occur within the respective PGIM managers, PGIM IAS, in a non-discretionary capacity, may provide the over-arching architecture and design of the portfolio. PGIM IAS may provide the initial construction and ongoing recommendations on strategic rebalancing, both of which would be agreed to by the Client before implementation would occur.

### Primary Risks Associated with Our Methodology and Strategies

Investing in securities and other financial instruments requires making a varying degree of assumptions and estimates based on various methods and strategies. As a result, Clients should be prepared to bear a risk of loss. Investment strategies might not achieve their performance objectives and could result in losses. We have summarized below certain important risks for Clients and prospective Clients to consider pertaining to the advisory services we offer.

- *Investment Advisory Risk*

As a fiduciary, PGIM IAS runs the risk of providing poor investment research and analysis to Clients. This risk can be rooted in model risk or the investment judgments PGIM IAS makes and provides as recommendations to a Client.

- *Asset Allocation Risk*

Our research could suggest that a Client overweight or allocate assets to an asset class that ultimately underperforms. Similarly, our research could suggest a Client underweight or allocate fewer assets to an asset class that subsequently outperforms.

- *Non-U.S. Asset Allocation and Investment Risk*

Investing in non-U.S. countries, including developing and emerging market countries, generally involves more risk than investing in securities and issuers from the U.S. and other developed countries. The risks include, without limitation: (1) political, economic, and legal systems, especially in developing and emerging countries, where conditions might be less stable and more volatile than those in the U.S. and other developed countries. Additionally, certain non-U.S. legal systems may have fewer regulatory requirements than the U.S. legal system; (2) the changing value of foreign currencies, which could affect the value of a portfolio. Non-U.S. countries may impose restrictions on the ability of local (i.e., non-U.S.) issuers to make payment of principal, interest, or dividends, or to transfer such securities, to investors located outside of the country, due to blockage of foreign currency exchanges or otherwise; and (3) emerging market investments, which are typically subject to greater volatility and price declines than investments in developed markets.

- *Use of External Data Sources Risk*

We subscribe to external data sources that serve as inputs to our models and investment analytics. We also use external software applications to analyze performance attribution and to supplement our risk management tools. We have developed internal procedures to validate the reasonability of data provided from external sources; however, there can be no guarantee that the data received from these sources is accurate.

- *Model Design Risk*

PGIM IAS can provide investment research and analysis to Clients using proprietary or, at times, non-proprietary models. The design of the underlying models could be flawed or incomplete as a result of processes, people, external data sources or systems. Investment advice offered by the models could perform differently than anticipated due to the changes in the factors incorporated in the models. There is no guarantee that the use of these models will result in effective investment research and analysis.

- *Material, Non-Public Information Risk*

In connection with other activities of PGIM, certain employees of PGIM and its affiliates who support PGIM IAS and its operations could acquire confidential or material non-public information or could be restricted by law from recommending or initiating transactions in certain securities. Due to these restrictions, PGIM IAS could be prevented from using certain assets in its research capacity.

- *Risks Related to Investments in Affiliated Products*

There are material risks related to advising on investments in affiliated products, including but not limited to no review of external products when allocating to affiliated products and regulatory restrictions applicable to PGIM. Please refer to the potential conflicts of interests described in Item 11. For specific risks associated with each of PGIM business' or other affiliates' methodologies and strategies, Clients should refer to the appropriate PGIM business' or other affiliates' Form ADV Part 2A or other regulatory disclosure documents.

## **Other Risks Related to Our Business**

- *Reliance on Key Management and Investment Personnel*

The success of our investment research and analysis will depend in substantial part upon the skill and expertise of certain PGIM IAS professionals. The death, disability, or departure of any key PGIM IAS professional or the possible inability of certain key personnel to fulfill their duties, functions, or roles could adversely affect our business and performance.

- *Risks of Regulation*

We operate in a heavily regulated environment, and are subject to regulation by various government entities. The laws and regulations impacting our business change from time to time; currently we are operating in an environment of significant global regulatory reform in which such changes are frequent. New or revised laws and regulations could adversely impact a Client's ability to pursue applicable investment strategies, and could increase the costs of investing and trading activities. Further, such legal and regulatory changes could increase compliance costs, some of which could be borne by market participants. We cannot predict the effects, if any, of future legal and regulatory changes on our business or the services we provide.

- *Sustainability Risk*

Sustainability risk means an environmental, social, or governance event or condition, that, if it occurs, could potentially or actually cause a negative material impact on the value of investments. Sustainability risk can represent a risk on its own, and can contribute significantly to other risks, such as market risks, liquidity risks or operational risks. Sustainability risks could have a negative impact on the market price of securities, and thus on the return of a fund or account. For example, climate change could lead to increasing intensity and instances of severe weather, leaving issuers or market sectors vulnerable to financial hardships such as work stoppages, decreases in revenues and increased insurance premiums (or, if the issuer is an insurer, increased claims). Thus, issuers' abilities to repay debt, and value of equity securities, could be negatively impacted. Further, if issuers underestimate or fail to adequately assess sustainability risks, negative impacts of sustainability-related events on their securities would be heightened. In addition, reputational risks caused by unsustainable acts of an issuer could adversely affect the market price of its securities.

- *Public Health Risk*

Occurrences of epidemics and pandemics, depending on their scale, could cause different degrees of damage to the national and local economies. Global economic conditions could be disrupted by widespread outbreaks of infectious or contagious diseases, and such disruption



could adversely affect investment returns, despite any relevant vaccinations or treatments. There can be no certainty as to how long those effects will continue, particularly as markets grapple with unintended consequences of fiscal and monetary policies designed to curb any economic impact (such as inflation). These economic disruptions could negatively impact the value and performance of investments in funds and accounts, and there is no way to predict the extent of any such future consequences for Clients.

- *Artificial Intelligence*

Recent technological advances in artificial intelligence (“AI”), generative AI, and machine-learning technology pose certain risks to PGIM IAS and its Clients. Currently, PGIM IAS does not use AI, generative AI, or machine-learning technologies, but could elect to use such technologies in the future. Although PGIM IAS does not currently use such technologies, consultants, service providers, or other persons associated with PGIM IAS could use such tools, or could misuse them. PGIM IAS cannot predict uses of AI, generative AI, and machine-learning technology in the future by itself or third parties. Risks associated with these technologies are increased by their relative newness and the speed at which they are being adopted. Risks associated with AI, generative AI, and machine-learning technology include cyber security threats, as such technologies (even if not used by PGIM IAS) could be used to create sophisticated phishing attacks or to bypass security measures, increasing the risk of cyberattacks and data breaches. Similarly, these technologies could be used to create forged documents or to impersonate individuals (such as by creating deepfakes of PGIM IAS executives), which could impact PGIM IAS' operations and potentially impact Client accounts.

- *Certain Risks Related to Cybersecurity and Technology*

Investment advisers, including PGIM, must rely in part on digital and network technologies to conduct their businesses and to maintain substantial computerized data relating to Client account activities. These technologies include those owned or managed by us as well as those owned or managed by others, such as custodians, financial intermediaries, transfer agents, and other parties to which we or they outsource the provision of services or business operations.

Like all businesses that use computerized data, we, our affiliates, our third-party service providers, and their affiliates and service providers, and the systems we use are, under some circumstances, subject to a variety of cybersecurity-related risks, including ransomware, and other cyber or data extortion risks and exposed to incidents or similar events that lead to the inadvertent disclosure of confidential personal, proprietary, or other non-public data to unintended parties or are subject to the intentional misappropriation, misuse, disclosure, encryption, threat to disclose, or destruction of such data by malicious hackers mounting an attack on computer systems. We are also subject to disruptions to business operations and continuity risks, including system and supply chain failures, denial of service attacks, and ransomware and other destructive cyberattacks. Various actors, such as for-profit criminal hackers and nation-state sponsored or affiliated actors, engage in cyberattacks against the financial services sector. We could experience cybersecurity attacks from numerous sources. These attacks would likely be aimed at our computers, systems, networks, and cloud operations.

We and our affiliates have implemented and maintain an information technology security policy and program that includes certain technical, administrative, and physical safeguards intended to protect the integrity, availability, and confidentiality of the data we have and the systems that store it. We take other commercially reasonable precautions to limit the potential for cybersecurity incidents or similar events, and to protect data from inadvertent disclosure or wrongful misappropriation or destruction.

Nevertheless, despite our precautions, cybersecurity incidents occur, and in some circumstances result in unauthorized access to or acquisition of sensitive information about us or our Clients. In addition, such incidents could cause damage to Client accounts, data or systems or affect account management.

Furthermore, these systems could fail to operate properly or become disabled as a result of events or circumstances wholly or partly beyond our or others' control. Technology failures, whether deliberate or not, including those arising from use of third-party service providers or Client usage of systems to access accounts, could have a material adverse effect on our business or our Clients and could result in, among other things, financial loss, reputational damage, regulatory penalties, litigation, or the inability to transact business.

- *Data Source Risk*

We use a variety of proprietary and non-proprietary data to evaluate portfolios and formulate investment advice. If a data source is incorrect or unexpectedly becomes unavailable or unreliable, Clients could be negatively impacted. We also subscribe to external data sources for various purposes and functions. While we believe those third-party data sources to be generally reliable, we do not guarantee that the data received will be accurate or complete and is not responsible for errors by these sources.

- *Risks Related to Conflicts of Interest*

Like other investment advisers, we are subject to various conflicts of interest in the ordinary course of our business. We strive to identify potential risks, including conflicts of interest, which are inherent in our business, and conduct formalized conflict of interest reviews. When actual or potential conflicts of interest are identified, we seek to address such conflicts through one or more of the following methods:

- elimination of the conflict;
- disclosure of the conflict; and/or
- management of the conflict through the adoption of appropriate policies, procedures or other means.

Various conflicts of interest are discussed throughout this document. Please review this information carefully and contact us if you have any questions.

- *Recent European Events*

Recently in Europe, many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts; many other issuers have faced difficulties obtaining credit or refinancing existing obligations; financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit; and financial markets in Europe and elsewhere have experienced extreme volatility and declines in asset values and liquidity. Responses to these financial problems by European governments, central banks and others, including austerity measures and reforms, might not be effective in addressing these issues.

- *Risks Associated with Global Conflict*

War, conflict and civil disturbances around the world can have significant and negative economic effects, given the increasing interconnectedness of financial markets across the world. These events can cause significant disruptions to the global financial system and international trade; for example, they could impact supply chains and commodity prices, leading to inflation. They could impact a Client's ability to source, diligence and execute investments. Further, they could result in sanctions against impacted countries, which could lead to various negative consequences as explained under "Sanctions and Related Considerations." The ultimate impact of such events and their effects on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Client's portfolios and their investments, is impossible to predict. There is no guarantee that any steps taken by us to mitigate any adverse impact of these conflicts will be successful.

In February 2022, Russian troops invaded Ukraine, and the two countries remain engaged in a full-scale military conflict. Shortly after the invasion, various countries and regulatory bodies imposed economic sanctions related to this conflict, many of which remain in effect. Among other things, these sanctions prohibit certain securities trades and business, and freeze assets. They could impair or prevent our ability to receive interest and principal payments, buy, sell, hold, receive or deliver the impacted holdings, and could impact our relationship with, and/or business operations of, third parties with whom we conduct business and/or in whom Clients have been invested. Further, since October 7, 2023, Hamas, a Palestinian group which has ruled the Gaza Strip since 2007, has been engaged in ongoing military conflict with Israel. The Hamas-Israel Conflict has increased the threat of full-scale war, cyberattacks and further regional or global conflicts. It has also caused significant disruptions to the global financial system and international trade.

- *Sanctions and Related Considerations*

Economic sanction laws in the United States and other jurisdictions prohibit us and our personnel from dealing or transacting with certain countries, organizations, companies, issuers, individuals and investments. Economic sanctions, and other similar and related laws and regulations, could make it difficult for an account to pursue certain investment opportunities and for portfolio investments to obtain or retain certain business, which could adversely impact a Client's portfolio, cause increased volatility and illiquidity and impact the accuracy of valuations.

In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, executive orders and regulations establishing U.S. economic and trade sanctions, which restrict or prohibit, among other things, direct and indirect transactions with, and the provision of services to, certain non-U.S. countries, territories, individuals and entities. These types of sanctions could significantly restrict or completely prohibit investment activities in certain jurisdictions, and violation of any such laws or regulations could result in significant legal and monetary penalties, as well as reputational damage. OFAC sanctions programs change frequently, which could make it more difficult for us, our affiliates or our Clients to ensure compliance. Moreover, OFAC enforcement is increasing, which could increase the risk that we, our affiliates or our Clients become the subject of such actual or threatened enforcement.

- *Extraordinary Events*

Extraordinary events such as natural disasters, epidemics and pandemics, power outages, terrorism, war, conflicts and social unrest can occur that have significant impacts on issuers, industries, governments and other systems, including the financial markets. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. These impacts can be exacerbated by failures of governments and societies to appropriately respond to, and by public fear of, such an event or threat. For example, any preventative or protective actions taken by governments in response to such crises or events could result in periods of regional, national or international business disruption. Clients could be negatively impacted if there are fewer investment opportunities, if there is reduced credit available to borrowers, if markets are more difficult to model reducing the accuracy of projections or valuations, if these events adversely impact the operations and effectiveness of the adviser or key service providers, or if these events disrupt systems and processes necessary or beneficial to the provision of PGIM IAS analysis to Clients.

- *Other Conflicts of Interest Associated with Our Advisory Services*

We could determine to share certain information about our models with a Client to the extent we consider such information necessary for the Client's general understanding of our investment process. Nevertheless, we reserve the right to maintain confidentiality with respect to any and all aspects of our process, in our discretion, to protect our proprietary rights in our investment strategies and processes.

Various conflicts of interest are discussed throughout the document, including in Items 10 and 11. Please review this information carefully and contact us if you have any questions.

We follow Prudential's policies on business ethics, personal securities trading, and information barriers. We have adopted a code of ethics (see Item 11) and conflicts of interest policies, among others, and have adopted supervisory procedures to monitor compliance with our policies. We cannot guarantee, however, that our policies and procedures will detect and prevent, or result in the disclosure of, each and every situation in which a conflict could arise.

## **Item 9 – Disciplinary Information**

There have been no legal or disciplinary events that, in our view, would be material to an evaluation of our advisory business or the integrity of our management.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **Our Staff's Broker-Dealer Activities**

Certain of our employees are registered representatives of Prudential Investment Management Services LLC (PIMS), an affiliated SEC-registered broker-dealer.

### **Our Relationship with Affiliates**

As an indirect wholly-owned subsidiary of Prudential, we are part of a diversified, global financial

services organization. We are affiliated with many types of U.S. and non-U.S. financial service providers, including insurance companies, broker-dealers, commodity trading advisors, commodity pool operators and other investment advisers. Some of our employees are officers of and/or provide services to some of these affiliates.

- *Relationships with Affiliated Broker-Dealers*

PIMS provides broker-dealer and marketing services for certain commingled vehicles that PGIM businesses advise or sub-advise. PGIM does not use PIMS as a broker for securities trading activity on behalf of Client accounts. As noted above, some of our employees are registered representatives of PIMS.

- *Relationships with Affiliated Investment Advisers and other PGIM Businesses*

Affiliated investment advisers include, but are not limited to, PGIM Investments LLC, Jennison Associates LLC, PGIM Quantitative Solutions LLC (formerly known as QMA LLC), PGIM Wadhwani LLP (formerly known as QMA Wadhwani LLP), PGIM Japan Co., Ltd., Global Portfolio Strategies, Inc., PGIM Limited, PGIM Netherlands B.V., PGIM Real Estate (UK) Limited, PGIM Real Estate Luxembourg S.A., Prudential Customer Solutions LLC, Global Portfolio Strategies, Inc., PGIM Custom Harvest LLC, Montana Capital Partners AG, PGIM (Singapore) Pte. Ltd, PGIM Portfolio Advisory LLC (f/k/a Prudential International Investments Advisers, LLC) and other business units within PGIM, which include PGIM Fixed Income, PGIM Private Capital and PGIM Real Estate. We may request investment advisory and ancillary services from these affiliates and other business units. When appropriate, we may have service agreements with some of these affiliates under which they may perform services for us. Additionally, Clients may be existing Clients of these affiliated advisers and other PGIM businesses.

Our affiliate, PGIM Real Estate Finance, LLC (PGIM REF), is a national full-service, commercial and multifamily mortgage finance business. PGIM REF originates loans for Prudential affiliates, certain third-party investors and various government and government sponsored enterprise programs. A subsidiary of PGIM REF also provides mortgage loan servicing.

## **Related Conflicts of Interest**

Clients may request an evaluation of their investment guidelines and strategies or recommendations based on their investment objectives and risk tolerances. Our response to these Client requests may include investment analysis that may suggest a Client increase an allocation to a particular asset class or seek the types of investment services or products managed by our affiliated investment advisers. We also provide detailed disclosure of any relationship with any affiliated investment advisers, particularly if Clients choose to implement any cross-PGIM Strategic Portfolio Advisory recommendations.

As discussed in Item 8, we seek to address actual or potential conflicts of interest that may arise with several methods.

## **Conflicts Related to Our Financial Interests and the Financial Interests of Our Affiliates**

PGIM, Prudential, The Prudential Insurance Company of America ("PICA"), and other affiliates of ours at times have financial interests in, or relationships with, companies whose securities that PGIM holds, purchase or sell in Client accounts. Certain of these interests and relationships are material to us or to the Prudential enterprise. At any time, these interests and relationships could be inconsistent or in potential or actual conflict with positions held or actions taken by PGIM on behalf of Client accounts.

For example:

- PGIM invests in the securities of one or more Clients for the accounts of other Clients.
- Our affiliates sell various products and/or services to certain companies whose securities PGIM purchases and sells for Clients.
- PGIM invests in the debt securities of companies whose equity is held by our affiliates.
- Our affiliates hold public and private debt and equity securities of a large number of issuers. PGIM invests in some of the same issuers for Client accounts but at different levels in the capital structure. For example:
  - Affiliated accounts can hold the senior debt of an issuer whose subordinated debt is held by Clients or hold secured debt of an issuer whose public unsecured debt is held in Client accounts. In the event of restructuring or insolvency, the affiliated accounts as holders of senior debt could exercise remedies and take other actions that are not in the interest of, or are adverse to, other Clients that are the holders of junior debt.
  - To the extent permitted by applicable law, PGIM's investment units can also invest Client assets in offerings of securities the proceeds of which are used to repay debt obligations held in affiliated accounts or other Client accounts. Our interest in having the debt repaid creates a conflict of interest. PGIM has adopted a refinancing policy to address this conflict.

In general, conflicts related to the financial interests described above are addressed by the fact that PGIM makes investment decisions for each Client independently considering the best economic interests of such Client. In addition, PGIM's Code of Ethics (defined below) assists in both managing and mitigating potential conflicts of interest.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

PGIM maintains a code of ethics as required by applicable SEC laws and rules. Our code of ethics requires employees to conduct business in an honest and forthright manner in accordance with the highest ethical standards. In addition, the code of ethics requires employees to put Client interests ahead of our own and disclose actual and potential meaningful conflicts of interest. The code of ethics incorporates our information barrier and personal securities trading policies that are described in greater detail below. PGIM IAS employees' outside business activities are required to be approved by the employee's supervisor and law and compliance units. Generally, PGIM IAS employees are not permitted to invest in outside businesses which directly compete with PGIM Client accounts. Our employees are required to promptly report any violation of the code of ethics promptly.

We will provide a copy of our code of ethics to Clients or prospective Clients upon request.

### *Information Barrier Standards*

Prudential's information barrier policy and support procedures, which apply to us, are designed to prevent the communication of material, non-public information across the firm and to mitigate the potential for breaches of the information barrier. PGIM businesses that receive material, non-public information maintain restricted lists for which personal and/or firm trading is restricted. PGIM IAS' level of information access across the PGIM businesses subject PGIM IAS to applicable restricted lists. PGIM

IAS employees may not communicate material, non-public information that they received from an employee of one investment sector to another employee of another investment sector without approval from the law and compliance units. In addition, employees sign a document evidencing receipt of the Information Barrier Standards and attest that they understand it. All PGIM IAS employees must undergo initial and annual training and subsequently attest to their understanding of the policy.

Exceptions to the policy may be granted by PGIM IAS' compliance unit with consideration for mitigating controls.

All PGIM IAS employees follow corporate policies in regard to trading restricted securities.

#### *Personal Securities Trading Policy*

Prudential maintains personal securities trading standards that govern the trading activities of our employees as well as their household members and dependents. Subject to certain limited exceptions, employees are required by the standards to:

- pre-clear personal securities transactions (for employees considered to be "access persons" under SEC rules);
- report personal securities transactions to our corporate compliance unit and/or maintain brokerage accounts only with certain approved brokers that report transaction information to our corporate compliance unit; and
- annually report securities holdings to our corporate compliance unit. Our employees are

subject to additional restrictions under the policy, including the following:

- employees who hold a license through an affiliated broker-dealer are generally prohibited from purchasing securities in initial public offerings;
- employees may not knowingly trade any security on the same day that PGIM trades such security (or an equivalent security) for Client accounts (other than in Client accounts that replicate a broad-based index);
- employees may not write naked call options or buy naked put options on a security held in a Client account; and
- exceptions may be granted for certain de minimis transactions under our policy.

We monitor personal trading activity versus firm trading and restricted list content, and matches may be escalated by our compliance unit. An ethics committee meets regularly to consider possible violations and takes disciplinary action where appropriate.

All employees receive regular training (at least annually) regarding our personal securities trading and information barrier standards. In addition, employees must annually confirm that they have read and understand our code of ethics, including the personal securities trading and information barrier standards.

#### *Gift and Entertainment Standards*

Our employees may occasionally give or receive gifts, meals or entertainment of moderate value, subject to compliance with applicable laws and regulations and rules of self-regulatory organizations. PGIM IAS has adopted a policy to address the conflicts of interest related to gifts and entertainment,

such as the appearance of having given or received something of value that influenced our business decisions or the business decisions of Clients. The policy requires the reporting and preclearance of gifts, meals and entertainment given or received which exceed certain thresholds, with additional procedures in place to comply with (i) ERISA regulations, (ii) the Foreign Corrupt Practices Act (“FCPA”) and other anti-bribery laws and regulations, and (iii) rules related to employees of local, state or federal governments. In addition, our employees are prohibited from soliciting the receipt of gifts, meals or entertainment. Senior management periodically reviews summaries of gifts and entertainment activity to detect trends of abuse, conflicts of interest, or possible violations of the standard.

#### *Political Contributions Standards*

Due to the potential for conflicts of interest, Prudential and PGIM have established policies and procedures relating to political contributions that are designed to comply with applicable federal, state and local law. Under PGIM’s political contributions policy, all PGIM IAS employees (including spouses and dependent children) must obtain preapproval before making any political contribution. This policy also prohibits PGIM employees from making any political contributions with the intent of influencing a public official regarding the award of a contract to PGIM or its affiliates.

#### **Conflicts Related to Our Investment Research**

In developing investment advice, PGIM IAS may consider various sources, including research and investment related input from PGIM affiliates. PGIM IAS research may, at times, provide different advice than that offered by an affiliate. Our research may produce solutions that may suggest a Client increase an allocation to a particular asset class while an affiliated entity may recommend a decreased allocation to the same asset class, or vice versa. Additionally, certain affiliates of PGIM IAS develop investment research separately from PGIM IAS’ research. We may hold different opinions on the merits of a given asset-class or industry than that developed and published by an affiliate. Whether PGIM IAS holds similar or differing opinions from that of affiliates, it is PGIM IAS policy to provide research or recommendations in a manner that is consistent with our fiduciary obligations.

#### **Conflicts Related to Outside Business Activity**

From time to time, some of our employees or officers may engage in outside business activities, including outside directorships. Any outside business activity is subject to prior approval pursuant to our personal conflicts of interest and outside business activities policy. Actual and potential conflicts of interest are analyzed during such approval process. We could be restricted in recommending trading the securities of certain issuers in Client portfolios in the unlikely event that an employee or officer, as a result of outside business activity, obtains material, nonpublic information regarding an issuer.

## **Item 12 – Brokerage Practices**

PGIM IAS does not manage any relationships with any broker-dealers on behalf of our Clients. However, we may recommend affiliated advisers to our Clients and these affiliated advisers may select broker-dealers to execute our trades for Clients.

#### **Soft Dollars and Research Services**

PGIM IAS does not execute trades with any brokers and does not enter into any third party or proprietary soft dollar arrangements where a broker-dealer provides research services in exchange for an expectation of receiving a certain dollar amount of commissions.



## **Brokerage for Client Referrals and Directed Brokerage**

PGIM IAS does not select or recommend broker-dealers or pay brokerage fees or commissions.

## **Item 13 – Review of Accounts**

With respect to Strategic Portfolio Advisory services that we may provide to certain Clients, PGIM IAS could make strategic allocation and reallocation analyses for each account and also review allocations to verify that they are consistent with the guidelines established by each Client.

PGIM IAS' written reports to Clients detail performance measurement, attribution, asset class holdings and all sector level details, which can include, but is not limited to:

- Country/Currency breakdown
- Maturity/Duration/Yield breakdown
- Industry/Sub-industry breakdown
- Sector/Sub-sector breakdown
- Attribution and Economic commentary

## **Item 14 – Client Referrals and Other Compensation**

PGIM IAS does not receive economic benefits from anyone who is not a Client in connection with the advisory services we provide to Clients. We also do not compensate any person (who is not our supervised person) directly for Client referrals.

PGIM IAS' affiliates may receive compensation, directly or indirectly, as a result of the recommendations of PGIM IAS (e.g., if PGIM IAS recommends investing in an asset class for which PGIM has an investment manager).

## **Item 15 – Custody**

PGIM IAS does not take physical custody of the assets of Clients. PGIM IAS does not manage Client assets.

## **Item 16 – Investment Discretion**

PGIM IAS does not receive discretionary investment authority to manage securities accounts on behalf of Clients.

## **Item 17 – Voting Client Securities**

PGIM IAS does not take any action with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in Client portfolios.

## **Item 18 – Financial Information**

PGIM IAS neither requires nor solicits any prepayment from client. We also have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients.

### *Note for Clients subject to ERISA*

This brochure is being provided for informational purposes. In providing this brochure, PGIM IAS (i) is not acting as your fiduciary as defined by the Department of Labor and is not giving advice in a fiduciary capacity and (ii) is not undertaking to provide impartial investment advice as each PGIM business unit will receive compensation for its investment management services.