

Form ADV Part 2A

PGIM Portfolio Advisory LLC

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[PGIM Portfolio Advisory](#)

This brochure provides information about the qualifications and practices of PGIM Portfolio Advisory LLC (“PPA” or the “Adviser”). If you have any questions about the contents of this brochure, please contact Trish Flynn, Chief Compliance Officer of PPA at trish.flynn@prudential.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about PPA is also available on the SEC’s web site at www.adviserinfo.sec.gov.

March 26, 2024

Item 2—Material Changes

This brochure dated March 26, 2024, replaces our previous one dated September 14, 2023. Material updates made to this brochure include, but are not limited to, the following:

Item 4:

We updated our regulatory assets under management as of December 31, 2023.

Item 5:

We updated the description of our advisory fees to reflect the types of fee structures that we offer.

Item 8:

We added a disclosure related to PPA's reliance on certain information and services from certain affiliates of PPA with respect to the management of Client assets in connection with arrangements where PPA's Client is a reinsurance counterparty to an insurance entity affiliated with PPA. This arrangement presents potential conflicts as noted in Item 8, PPA has adopted policies and procedures to mitigate such conflicts.

We added disclosure related to global risk events. While unpredictable, such events can have significant and negative economic effects.

We added a disclosure related to artificial intelligence (AI) which is becoming more common in the financial services industry. While we do not presently use AI, other entities outside PPA could use it in a way that is harmful to us or our clients, as further explained in Item 8.

We revised our disclosures relative to risks related to regulation. PPA is subject to various regulatory requirements in various jurisdictions. New or modified laws or regulations could adversely affect the management of a Client Account or increase compliance costs, as further described in Item 8.

We added a disclosure related to extraordinary events such as natural disasters, epidemics, and other extraordinary events. Depending on the nature and severity of such an event, financial markets and Client Accounts could be negatively impacted. Accordingly, we removed our prior disclosure related to general uncertainty and economic ability or inaction.

We revised our disclosure relative to public health risk, which discussed the potential adverse impact of such events on financial markets and Client Accounts, depending on the nature and severity of such event.

We revised our disclosure related to inflation rates to reflect the current rate environment. Inflation, as well as government efforts to curb inflation, could have negative effects on the financial markets and Client Accounts.

We updated our disclosure related to Financial Institution Risk to describe recent market events and the potential negative effects of a financial institution failing to perform or otherwise default on its obligations, and the potential adverse impact of such an event on the financial markets and Client Accounts.

Item 12:

We added disclosure related to our error correction policy explaining how we approach correcting trade and operational errors and how we disclose such events to our clients.

This brochure should be read in its entirety since we also updated other non-material information throughout this document to help you better understand PPA.

Item 3—Table of Contents

Item 1 –Cover Page	1
Item 2—Material Changes	2
Item 3—Table of Contents	3
Item 4—Advisory Business	4
Item 5—Fees and Compensation	5
Item 6—Performance-Based Fees and Side-By-Side Management	6
Item 7—Types of Clients	8
Item 8—Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9—Disciplinary Information	25
Item 10—Other Financial Industry Activities and Affiliations	25
Item 11—Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	29
Item 12—Brokerage Practices	31
Item 13—Review of Accounts	32
Item 14—Client Referrals and Other Compensation	32
Item 15—Custody	32
Item 16—Investment Discretion	33
Item 17—Voting Client Securities	33
Item 18—Financial Information	33

Item 4—Advisory Business

Our Firm

PGIM Portfolio Advisory LLC (“PPA”) is a SEC registered investment adviser organized as a Delaware limited liability company. When we use the terms “we,” “us” or “our” in this brochure, we are referring to PPA. PPA is part of the global investment management business of Prudential Financial, Inc., and an affiliate of PGIM, Inc., a registered investment adviser.

PPA provides or expects to provide investment advisory services principally to institutional Clients, including, but not limited to, pension plans, insurance companies and insurance-related accounts (the “Client” or “Client Accounts” or “Accounts”). We expect that our Clients will include accounts of affiliates as well as unaffiliated institutional Clients.

PPA, along with its affiliates referenced herein, is an indirect wholly-owned subsidiary of Prudential Financial, Inc. (“PFI”), a publicly-listed company (NYSE Ticker “PRU”) headquartered in the State of New Jersey, U.S.A. *Neither PFI, PPA or any of their affiliates referenced herein, is affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.*

PPA’s investment staff is employed by PPA or one or more affiliates of PPA.

PPA is a successor entity to Prudential International Investments Advisers, LLC which was formed in 2005 and has been registered with the SEC since August 16, 2005.

Our Advisory Services

PPA is, or expects to be, the investment manager of Client Accounts. PPA provides, or intends to provide, strategic asset allocation, asset-liability management, and multi-asset class advisory services, including allocation to affiliated and unaffiliated subadvisers to sub-advise the assets of Client Accounts and to investment funds or other investment products managed by or sponsored by affiliated or unaffiliated managers (“Investment Products”). The reference to “Sub-Advisers” throughout includes both direct sub-advisers as well as investment managers of Investment Products that PPA determines to allocate to, as applicable.

PPA is responsible for oversight and due diligence of the Sub-Advisers. PPA’s level of due diligence and oversight of a particular Sub-Adviser for a Client will depend on the specific arrangement negotiated with each Client, and certain Clients will retain a greater level of discretion and oversight over a Sub-Adviser. Depending on the Client or strategy, PPA could also allocate Client assets to investment funds or structured products that are managed by a manager that PPA would otherwise engage directly as a Sub-Adviser.

PPA’s initial identification and review of Sub-Advisers includes coordination with each Client. The review and recommendation process principally focuses on a quantitative and qualitative analysis of each Sub-Adviser’s strategy, investment process, investment management team and performance. The Sub-Advisers invest the assets of Client Accounts across a range of asset classes and/or investment types, including credit, private equity, real estate, real estate debt, structured products, funds and similar investments, including in investments that are originated or sponsored by affiliates of PPA.

Generally, except as agreed to or as directed by a Client, Sub-Advisers will be affiliated with PPA, and non-affiliated Sub-Advisers and funds or other investment products will only be considered to the extent that an affiliate does not have asset management capabilities or capacity in a desired asset class as determined by PPA. Each affiliated Sub-Adviser is a business unit of or an affiliate of PGIM, Inc. and is a registered investment adviser. Affiliated Sub-Advisers currently include but are not limited to: PGIM Fixed Income (public fixed income), PGIM Private Capital (private placement investments and direct

lending, including direct lending CLOs), and PGIM Real Estate (commercial mortgage loans and real estate equity).

We have an incentive to hire affiliated Sub-Advisers or allocate to funds or structured products managed or sponsored by an affiliate to increase assets under management and generate additional investment advisory fees for our affiliated Sub-Advisers. To mitigate this conflict, in addition to the Client's understanding regarding PPA's primary use of affiliated Sub-Advisers and affiliated products (as outlined in the preceding paragraph), asset-class restrictions imposed on PPA's management of the Client Account can also serve to mitigate this conflict (e.g., investment guidelines, strategic asset allocation, as applicable), depending on the arrangement negotiated with the Client.

For additional information regarding each Sub-Adviser's investment strategies, processes and procedures for selecting securities and other investment products held in an account, and the associated risks, please refer to each Sub-Adviser's Form ADV Part 2A Brochure, which is provided to Clients upon entering into an investment management agreement and offered annually thereafter.

Our Assets Under Management

As of December 31, 2023, PPA had regulatory assets under management approximating \$13.38 billion on a discretionary basis.

Item 5—Fees and Compensation

Advisory Fees

PPA negotiates advisory fees as well as asset management fees (including sub-advisory fees) individually with Clients. Fees paid by Clients vary based on numerous factors, such as the size of the Client Account (including the aggregate size of multiple accounts for the same Client or related Clients), whether the Client is a founding investor, the investment strategy, whether the Client is an affiliate or has a relationship with one of our affiliates, anticipated additional assets, and the required level of service and/or complexity. Since fees are negotiable, Clients could pay different fees. We are generally compensated for our advisory services under asset-based fee schedules or performance-based fee schedules.

Where the investment strategy includes investments in investment funds or structured products, any asset and performance-based fees and expenses charged at the investment fund or product level, pursuant to the applicable governing documents, shall be in addition to the advisory and asset management fees charged by PPA, unless a bundled fee structure is agreed-upon.

Our performance-based compensation arrangements are structured to comply with Rule 205-3 under the Investment Advisers Act of 1940 and our internal policies with respect to such arrangements. Fees and other compensation paid by Clients that pay performance-based compensation could be higher than those paid by Clients who do not, due to the fact that performance-based compensation could increase based on the performance of a portfolio.

Payment of Fees

Depending on a Client's preference, we either bill a Client for advisory fees (including sub-advisory fees) or deduct such fees from the Client's Account. Asset-based fees are typically payable either monthly or quarterly in arrears. Performance-based fees, if earned, are payable after the calculation period for such fees. We do not require or solicit Clients to pay fees in advance. If a Client were to pay fees in advance and the Client's contract were to terminate before the end of a billing period, any prepaid fees would be refunded on a pro-rata basis.

Additional Expenses and Fees

We typically charge our Clients for certain out-of-pocket fees and expenses we incur as more fully described in our investment management agreement with each Client. Such expenses include, but are not limited to, transaction costs related to investments for Client Accounts, which includes, without limitation, the organizational costs and expenses incurred in setting up the Accounts, as well as costs and expenses incurred in connection with the acquisition, disposition, servicing and management of any investments included in a Client Account, including, but not limited to, all management fees, performance based compensation, expenses that a Client Account could be subject to by virtue of investing in investment funds or other structured products, applicable termination fees in connection with certain illiquid assets, costs and expenses incurred in connection with transitioning a Client Account and its assets to management by the PPA, and costs related to preserving or enhancing the value of any investment, including, without limitation, any cost or expense relating to litigation with respect to any investment or the restructuring of any investment. Clients are generally responsible for other fees and expenses related to their accounts, including custodial fees, brokerage fees, and other transaction costs.

We pay all normal operating expenses arising from the day-to-day administrative services we provide. These expenses primarily consist of salaries for our staff, rent, utilities and other similar ordinary and recurring expenses.

Conflicts Related to Valuation and Fees

When Client Accounts hold illiquid or difficult to value investments, our Sub-Advisers face a conflict of interest when making recommendations regarding the value of such investments since our fees are generally based on the value of assets under management. As applicable, both we and our Sub-Advisers could be viewed as having an incentive to value investments at higher valuations. Both PPA and our Sub-Advisers have valuation policies and procedures that mitigate this conflict effectively and enable our Sub-Advisers to value Client assets fairly and in a manner that is consistent with the Client's best interests. Please see each Sub-Adviser's Form ADV Part 2A for more detailed information.

Other Amounts Payable by Clients

Advisory and asset management fees (including sub-advisory fees paid to Sub-Advisers) are payable by Clients to PPA. PPA pays its Sub-Advisers in accordance with rates we negotiate with each Sub-Adviser. As noted above, Clients are generally responsible for other fees and expenses related to their accounts, and as noted above, where the investment strategy includes investments in investment funds or structured products, any asset and performance-based fees and expenses charged at the investment fund or product level, pursuant to the applicable governing documents, shall be in addition to the advisory and asset management fees charged by PPA, unless a bundled fee structure is agreed-upon.

Other Compensation

PPA does not receive any compensation related to the sale of securities or other investment products.

Item 6—Performance-Based Fees and Side-By-Side Management

Performance-Based Fees

As described in Item 5 above, PPA negotiates fees, including sub-advisory fees, paid by Clients individually. While the majority of PPA's fees are asset-based, we do, and our sub-advisors do, accept performance-based fees. Asset-based fees are calculated based on the value of a Client's portfolio at periodic measurement dates or over specified periods of time, unless otherwise agreed to with the Client. Performance-based fees are generally based on a share of the total return of Client's account and can

offer greater upside potential to us than asset-based fees, depending on how the fees are structured. Generally, our performance-based fees are derived from the percentage by which we outperform the benchmark against which the Client's portfolio is measured. We will generally be entitled to be paid a portion of that percentage, although the formulas and particular details of these negotiated fees vary. For Client Accounts where a performance-based fee is payable, it is also customary to include an asset-based component, which we collect regardless of the performance of the account; however not all accounts that pay a performance-based fee will include an asset-based component.

Allocation of Private Investments

As applicable, it is PPA's policy to allocate investment opportunities among investors and funds using rotational investment allocation procedures that are intended to ensure the fair allocation of investment opportunities among competing Client accounts over time. In addition, as applicable, our Sub-Advisers employ allocation policies. Please see each Sub-Adviser's Form ADV Part 2A for more detailed information.

Side-by-Side Management of Accounts and Related Conflicts of Interest

PPA manages, or intends to manage, accounts with asset-based fees alongside accounts with performance-based fees. This side-by-side management creates an incentive for PPA and our investment professionals to favor one account over another. Specifically, we have an incentive to favor accounts for which we receive performance fees, and possibly take greater investment risks in those accounts, in order to bolster performance and increase our fees.

Our Sub-Advisers also receive performance-based fees and manage accounts side-by-side with accounts for which they receive asset-based fees. Other types of side-by-side management of multiple accounts can also create conflicts of interest. Please see our Sub-Advisers Form ADV Part 2A for more detailed information related to side-by-side management of accounts and related conflicts of interest, including how our affiliated Sub-Advisers manage conflicts of interest.

Other types of side-by-side management of multiple accounts can also create conflicts of interest. Examples are detailed below.

- *Affiliated accounts*—we currently, or in the future, manage accounts on behalf of our affiliates as well as unaffiliated accounts. We have an incentive to favor accounts of affiliates over others. In certain cases, our affiliated Clients or affiliated entities could pay lower fees, including in connection with structured products managed by our affiliates. Additionally, at times, our affiliates provide initial funding or otherwise invest in vehicles managed by us or our Sub-Advisers, for example by providing "seed capital" for a fund or account. Managing "seeded" accounts alongside "non-seeded" accounts creates an incentive to favor the "seeded" accounts to establish a track record for a new strategy or product.
- *Larger accounts/higher fee strategies*—larger accounts and Clients typically generate more revenue than do smaller accounts or Clients, and certain strategies have higher fees than others. As a result, a portfolio manager could have an incentive when allocating scarce investment opportunities to favor accounts that pay a higher fee or generate more income for us or our Sub-Adviser (or which we believe would generate more revenue in the future).
- *Securities of the same kind or class*—we or our Sub-Advisers sometimes buy or sell, or direct or recommend that a Client buy or sell, securities of the same kind or class that are purchased or sold for another Client, at prices that could be different. Although such pricing differences could appear as preferences for one Client over another, our trade execution in each case is driven by our consideration of a variety of factors consistent with our duty to seek best execution (as discussed in more detail in Item 12 below). There are times when we or our Sub-Advisers execute trades of securities of the same kind or class in one direction for an account

and in the opposite direction for another account or determine not to trade such securities in one or more accounts while trading for others. While such trades (or a decision not to trade) could appear inconsistent in how we view or treat a security for one Client versus another, they generally result from differences in investment strategy, portfolio composition or Client direction.

- *Investment at different levels of an issuer's capital structure*— it is anticipated there are times when we or our Sub-Advisers invest Client assets in the same issuer, but at different levels in the issuer's capital structure. This could occur, for instance, when we invest Client assets in a class or tranche of securities of a securitized finance vehicle (such as a collateralized loan obligation, asset-backed security or mortgage-backed security) and also, at the same or different time, invest the assets of another Client (including affiliated Clients) in a different class or tranche of securities of the same vehicle. These different securities can have different voting rights, dividend or repayment priorities, rights in bankruptcy or other features that conflict with one another. For some of these securities (particularly private securitized product investments for which our Clients own all or a significant portion of the outstanding securities or obligations), we or our Sub-Adviser have had input regarding the characteristics and the relative rights and priorities of the various classes or tranches.
- *Non-discretionary/limited discretion accounts*— it is anticipated that we provide non-discretionary and limited discretion investment advice to some Clients and manage others on a fully discretionary basis. Trades in non-discretionary accounts or accounts where discretion is limited could occur before, in concert with, or after we execute similar trades in our discretionary accounts. The non-discretionary/limited discretion Clients could be disadvantaged if we deliver investment advice to them after we initiate trading for the discretionary Clients, or vice versa.
- *Transactions Involving Affiliates of PPA*. Client Accounts will from time to time engage in certain transactions with affiliates of PPA by purchasing investments from or through PGIM, investing alongside PGIM and/or its affiliates in certain investments (e.g. co-lending transactions), and investing in entities in which PGIM holds interests, provided that we or our Sub-Adviser shall have determined, in good faith, that such transactions are on terms and conditions consistent with those available from an unaffiliated third party on an arm's length basis, unless such transactions are participations in promissory notes held by certain Prudential affiliates, including the general account of certain insurance company affiliates, in which case the terms of such transaction will be determined by PGIM in a manner that seeks to treat the Investor as fairly as possible, as determined by PGIM, in view of all facts and circumstances and the commercial understanding of the parties.

In general, these conflicts are mitigated by the fact that we or our Sub-Advisers make investment decisions for each Client independently considering the best economic interests of such Client. For additional information, please see each Sub-Adviser's Form ADV Part 2A Brochure.

Item 7—Types of Clients

Types of Clients

PPA provides or expects to provide investment advisory services principally to institutional Clients, including, but not limited to, pension plans, insurance companies and insurance-related accounts. Accounts"). We expect that our Clients will include accounts of affiliates, as well as unaffiliated institutional Clients.

Item 8—Methods of Analysis, Investment Strategies and Risk of Loss

Our Methods of Analysis and Investment Strategies

PPA selects and monitors Sub-Advisers in accordance with each Client's investment guidelines or other applicable instructions from the Client and in consultation with each Client. While there are risks associated with PPA's selection and monitoring of affiliated and unaffiliated Sub-Advisers, for specific risks associated with Sub-Adviser methodologies and strategies, Clients should refer to the specific Sub-Adviser's Form ADV Part 2A or other regulatory disclosure documents. As noted above, depending on the Client or strategy, PPA could also allocate Client assets to a fund or structured product that is managed by a Sub-Adviser and Clients should refer to the specific product's governing documents for a discussion of specific risks.

PPA's review and recommendation process is principally focused on a quantitative and qualitative analysis of each potential Sub-Adviser's strategy for Sub-Advisers that PPA selects, investment process, investment team and performance. With respect to ongoing monitoring, Sub-Adviser performance is reviewed on a regular basis, including, as applicable, discussions with the portfolio management team if necessary. Periodic performance analysis reports are prepared, documenting performance drivers and any highlighted issues are discussed with the Sub-Adviser.

On an annual basis, unless otherwise agreed to with a Client, PPA conducts a due diligence review of the Sub-Advisers with PPA Compliance, Operations, Operational and Investment Risk collaborating on a review of the Sub-Advisers.

General Investment Risk

A more detailed discussion of the specific risks associated with the strategies managed by Sub-Advisers can be found in each Sub-Adviser's Form ADV Part 2A. However, it is impossible to identify all of the risks associated with investing and the particular risks applicable to an investment will depend on the Client, its investment strategy and the types of investments held. While we seek to manage Client Accounts so that the risks are appropriate to the strategy, it is impossible to fully mitigate risks.

Risks Related to Manager of Managers/Sub-Advisory Model

Asset Allocation Risk. We and our Sub-Advisers make decisions about which asset classes to overweight and which ones to underweight, relative to a stated benchmark or other mandate provided by the Client (e.g., a strategic asset allocation range), as applicable. As a result, we could overweight an asset class that ultimately underperforms. Similarly, we could underweight an asset class that subsequently outperforms. In addition, the underlying investments within each asset class might not perform as anticipated.

Dependence on Sub-Advisers. Decisions made by PPA's Sub-Advisers could cause Clients to incur losses or to miss profit opportunities on which Clients could have otherwise capitalized.

Multiple Levels of Fees and Expenses. Sub-Advisers engaged by PPA will charge fixed management fees and, in certain instances, performance-based fees, which will be in addition to the advisory fee Clients pay to PPA. Moreover, mandate-specific expenses could apply. When a Sub-Adviser receives a performance-based fee, it could create an incentive to make investments that are riskier than those that would have been made if such an arrangement were not in effect.

Asset Sourcing Risk. The activity of identifying and completing attractive investments is highly competitive and involves a high degree of uncertainty. We cannot provide any assurance that we will be able to locate, consummate and exit investments that will be profitable to our investors or that we will be able to invest fully the capital that we manage for our Clients.

Key Investment Professionals. Sub-Advisers might be dependent on the services of one or a few key individuals to deliver investment performance. The loss of those key individuals could impair an investment manager's ability to achieve targeted risk-adjusted returns.

Sub-Advisers Invest Independently. When PPA allocates to Sub-Advisers, the Client must be aware that those Sub-Advisers will invest independently of one another (and of PPA) and could at times hold the same positions. Consequently, it is possible that a Client Account does not achieve its desired investment outcome on an aggregate basis and could incur transaction costs without accomplishing any net investment result. In addition, such Client's portfolio turnover rate could be higher. Higher turnover will result in higher transaction costs, and a Client subject to tax could be required to recognize more taxable gains than if the Client had lower portfolio turnover. Furthermore, it is possible that, from time to time, investment managers compete for the same positions. Similarly, the independent investment decisions of Sub-Advisers could result in an increase, rather than decrease, in the aggregate risk of a Client's portfolio.

Past Performance. A Sub-Adviser's past performance is not indicative of its future results. Further, our manager selection process cannot ensure that Sub-Advisers will perform as anticipated.

Lack of Control. Apart from the prohibitions and limitations that Clients express through investment management agreements, Clients and PPA will not control the Sub-Advisers, their choice of investments or other investment decisions. In addition, Clients and PPA will have no control over the day-to-day operations (including compliance with applicable laws and regulations) of any Sub-Adviser. Finally, Clients and PPA will have no control over the institutions selected by the Sub-Advisers for brokerage and clearing. Fraud at or the bankruptcy filing of one of those institutions could impair the Sub-Adviser's operational capabilities or the Client's invested capital.

Monitoring Investment Managers. The Client will ultimately rely on a Sub-Adviser to operate in accordance with a mandate's guidelines, as well as to report information related to the mandate accurately. During PPA's on-going monitoring of each Sub-Adviser (unless otherwise agreed to with a Client), PPA will rely on a Sub-Adviser accurately reporting information; therefore, it is possible that PPA will not necessarily become aware of undesirable activities at a Sub-Advisory firm, including, without limitation, unreported risks, investment style drift or even regulatory breach or fraud.

Fraudulent Activities. There is a risk that a Sub-Adviser could knowingly or negligently withhold or misrepresent information regarding such Sub-Adviser's performance, including the presence or effects of any fraudulent or similar activities ("Fraudulent Activities"). Our monitoring would generally not give us the opportunity to discover such situations prior to the time the Sub-Adviser discloses (or there is public disclosure of) the presence or effects of any Fraudulent Activities. Accordingly, we can offer no assurances that a Sub-Adviser will not engage in Fraudulent Activities and cannot guarantee that we will have the opportunity or ability to protect a Client from suffering a loss because of a Sub-Adviser's Fraudulent Activities.

In addition, certain service providers and consultants to PPA or the Sub-Advisers could engage in Fraudulent Activities, and the Sub-Advisers could intentionally or negligently benefit from such Fraudulent Activities. Fraudulent Activity by Sub-Advisers or service providers and consultants to Sub-Advisers could be difficult, if not impossible, to detect. It is also possible that we might not learn of Fraudulent Activity within a time frame sufficient to prevent significant harm to Clients.

Risk Controls. Neither the Client nor PPA will control the risk controls or compliance procedures of Sub-Advisers and we can provide no assurances that the Sub-Advisers' risk controls and procedures will be adequate to avoid adverse results.

Due Diligence Errors. It is possible that PPA could miss or misinterpret information during the due diligence process. We have established, or will establish, procedures to mitigate this risk, but there is no assurance they will be successful. A Sub-Adviser could be engaged in wrongdoing that is not uncovered during the due diligence process. A Sub-Adviser could divert or abscond with a Client's assets, fail to follow its stated investment strategy, issue false reports, or engage in other misconduct.

Risks Related to Fixed Income Investments

Market Risks

Interest Rate Risk. Debt securities can lose value because of interest rate changes. For example, debt securities tend to decrease in value if interest rates rise. Debt securities with longer maturities generally are more sensitive to interest rate changes than those with shorter maturities. In addition, short-term and long-term interest rates do not necessarily move in the same direction or by the same amount. Changes in interest rates can also cause certain types of debt obligations to become subject to prepayment risk or extension risk. These include securities such as mortgage-backed securities and bonds with embedded call or put options.

Currency Risk. Assets in our Client accounts could be denominated or quoted in currencies other than the base (or share class) currency for the account. Accordingly, changes in currency exchange rates will affect the value of these Client accounts. Generally, when the base (or share class) currency of an account rises in value versus another currency, assets denominated in a currency other than the base (or share class) currency lose value because that currency is worth less than the base (or share class) currency, and vice versa.

Issuer-Specific/Counterparty and Industry Credit Risk. The issuer, the guarantor or the insurer of a fixed income security, or the counterparty to a contract, could be unable or unwilling to make timely principal and interest payments or to otherwise honor its obligations. Additionally, securities could lose value due to a loss of confidence in the ability of the issuer, guarantor, insurer or counterparty to pay back debt. The longer the maturity and lower the credit quality of an instrument, the more likely its value will decline as a result of such a loss of confidence. From time to time, several issuers in a given industry could experience such difficulties simultaneously, making it difficult for issuers in that industry to rollover obligations, to repay creditors or to obtain liquidity in the market.

Liquidity/Valuation/Turnover Risk. Assets in Client accounts, at any given time, could include financial instruments for which no market exists, that are or become thinly traded, or that are not readily transferable under applicable securities laws. The sale of any thinly traded or illiquid investments may be possible only at substantial discounts, if at all. Further, illiquid investments are extremely difficult to value. Liquidity can change without notice and without apparent reason, even in segments of the market that are generally deemed highly liquid. Liquidity can be so severely constrained, especially in times of crises, that there is no assurance that any steps we take or trading strategies we employ will be successful in overcoming such constraints. Our investment strategies include long-term purchases, short-term purchases, short sales or margin transactions. Frequent trading results in higher transaction costs.

Risks Related to Hedging Management

Management Risk. Each actively managed account is subject to management risk. We apply investment techniques and risk analyses in making investment decisions for actively managed accounts, but there can be no guarantee that these decisions will produce the desired results. The discussions of risk management in this brochure are intended to describe our efforts to monitor and manage risk but do not imply low risk.

Hedging Risk. To the extent we employ a hedging strategy, the success of any such hedging strategy will depend, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of such hedging strategy will also be subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. If the value of an instrument moves more or less than the value of the hedged instrument, a Client Account will experience a gain or loss that will not be completely offset by movements in the value of the hedged instruments, which means that a position could not be fully hedged during this time. While we could enter into hedging transactions to seek to reduce risk, such transactions could result in poorer overall performance than if

we had not engaged in such hedging transactions. Additionally, it is possible we do not hedge against a particular risk because we do not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because we did not foresee the occurrence of the risk. Moreover, there is no guarantee that such intended hedging strategy will be successful in hedging out the subject risks.

Derivatives Risk. Derivatives can be used to hedge a portfolio's investments or seek to enhance returns. In implementing certain of our investment strategies, we also could use derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to manage exposure to other risks. We also could use derivatives to attain leverage in an account. Derivative investments involve specific risks that could reduce returns or increase volatility that could be different from, or greater than, the risks associated with investing directly in securities or other traditional investments. The prices of derivatives could move in unexpected ways, especially in abnormal market conditions. Derivative risks include:

- Cleared and uncleared derivatives involve counterparty credit risk, which is the risk that the counterparty (or the exchange in the case of cleared derivatives) will not meet its obligations to our Clients.
- Uncleared derivatives are subject to liquidity risk. Not only could a liquid secondary market not always exist for derivatives positions, but many uncleared derivatives will not have liquidity beyond the counterparty to the instrument.
- The use of derivatives for hedging purposes involves correlation risk (as described in "Hedging Risk" above).
- Derivatives also involve the risk of mispricing or improper valuation. A derivative contract's performance could deviate substantially from the cash instruments referenced in the derivative contract.
- Futures, forward contracts, swaps, options and other derivative instruments also are subject to leverage risk because they contain inherent leverage wherever they provide more market exposure than the amount paid on the initiation of the transaction. As a result, a relatively small adverse market movement can not only result in the loss of the entire investment but could also expose a Client to the possibility of a loss exceeding the original amount invested or committed.
- Derivatives also are potentially subject to currency risk, depending on the currency or currencies being used and the underlying reference asset(s).

In addition, many derivative products are subject to margin risk, as variation or other interim margin requirements could force premature liquidation of investment positions if there are not sufficient Client assets to meet the margin requirement.

U.S. and various non-U.S. regulators have adopted and are continuing to implement regulations governing derivatives markets, including mandatory clearing of certain derivatives, margin and reporting requirements. Further amendment to these regulations and the adoption of additional requirements are likely to continue. Additional regulation of derivatives could make derivatives more costly, limit their availability or utility, increase concentration risk with exchanges that clear derivatives transactions and dealers that act as counterparties, or otherwise adversely affect their performance or disrupt markets.

Model Risk. Some of our investment strategies and risk management processes utilize proprietary mathematical models. There is a risk that we could select models that are not well-suited to prevailing market conditions. In addition, models that have been formulated on the basis of past market data could not be predictive of future price movements. Models could also have hidden biases or exposure to broad structural or sentiment shifts. In some cases, a Client could also direct PPA to use data or output from a model provided by the Client or Client's vendor; in such cases, from time to time, it is possible that PPA receives and relies on data that is inaccurate, stale, or otherwise not reflective of one or more of the assets in the Accounts.

Reliance on Investment Professionals

The success of investments depends, in substantial part, upon the skill and expertise of certain PPA and Sub-Adviser investment professionals. The death, disability or departure of a key professional could adversely affect the performance of investments that we manage or advise on. In addition, certain associates could have greater demands on their time, especially at senior levels, and therefore it is possible that these associates might not be able to spend as much time focusing on the specific portfolios, they are responsible for.

Risks Related to Reinsurance Arrangements

A significant portion of PPA's business will involve managing assets for clients who act as reinsurers of insurance liabilities. Set out below is a summary of the material risks associated with such arrangements.

Reinsurance Arrangements, Generally

In general, proportional reinsurance transactions are risk transfer arrangements with respect to insurance liabilities and asset risk in respect of the assets backing those insurance liabilities. In such transactions, one insurance company (the "Cedent") transfers, or "cedes," the risk (and the benefits) of its insurance liabilities to another insurance company (the "Reinsurer") pursuant to the terms of a reinsurance agreement (the "Reinsurance Treaty"), which in connection with its assuming such liabilities, will also be entitled to all the benefits (and bear all risks) of the asset portfolio backing such reinsured liabilities (such portfolio, the "Reinsurance Asset Portfolio"). PPA provides investment management services to clients who are Reinsurers in such transactions, and PPA and its employees will have roles in connection with establishing or maintaining these reinsurance arrangements. In certain circumstances, PPA-affiliated Cedents could apply a different set of assumptions in connection with the performance of the assets comprising the reinsurance portfolio than the Reinsurer, including in connection with the asset portfolio.

The Reinsurance IMA: Managing the Reinsurance Asset Portfolio

The composition of the asset portfolio backing the reinsured liabilities under the Reinsurance Treaty (the "Reinsurance Asset Portfolio") and the investment guidelines and other investment criteria to which such Reinsurance Asset Portfolio is subject (the "Investment Guidelines") are negotiated between the Cedent and the Reinsurer. Depending on the arrangement, as part of the negotiation of a Reinsurance Treaty with a Cedent, PPA will assist, and act on behalf of, the Reinsurer and, in most cases, a Cedent that is an affiliate of PPA. Certain reinsurance Clients organized as investment vehicles will be co-sponsored by PFI and an unaffiliated party (each, a "Sponsor").

As applicable, certain assets making up the Reinsurance Asset Portfolio will be legally owed by the Cedent in a "funds withheld" account, and the Cedent will appoint PPA to manage the assets in this account for the benefit of the Reinsurer, subject to the negotiated investment guidelines and other applicable terms. In some cases, the Reinsurer will also be a party to the arrangement. In connection with such appointment, the Cedent, PPA, and the Reinsurer will enter into an investment management agreement (the "Reinsurance IMA") which will set forth, among other things, the Investment Guidelines, the fees and expenses payable or reimbursable to PPA, and certain other rights of PPA, including the right to delegate various advisory duties to sub-advisers. PPA also will manage other assets of a Reinsurer that are legally owned by Reinsurer through modified coinsurance accounts and in comfort trust accounts depending on the nature of the overall Reinsurance Treaty. These arrangements will be between PPA and a Reinsurer and are included within the defined term "Reinsurance IMA").

PPA will receive asset management fees in connection with a Reinsurance IMA that will not necessarily be based on "market" rates and depending on the point in time, asset class and overall services provided by PPA, such fees could be significantly higher than rates or costs borne by other Clients of PPA. Fees payable with respect to the investments, including management fees, performance fees, and carried interest paid or allocated to PPA or its sub-advisers, and including any fees payable to managers of underlying investment product, will generally be in addition to (and

will not reduce) the base management fees described under a Reinsurance IMA. In addition, any reinsurance Client organized as an investment vehicle will directly or indirectly bear all costs and expenses of maintaining the operations of its investments. Such costs and expenses are expected to include, without limitation, all fees, costs and expenses incurred by PPA or any sub-advisor (including PPA affiliates and affiliates of any other sponsors of a reinsurance vehicle) related to the operation of each Reinsurance IMA or any sub-advisory agreement and management of the investments and assets of the vehicle, including without limitation, all transaction costs related to investments, which includes, without limitation, the organizational costs and expenses incurred in setting up any investment accounts, separate accounts, sub-accounts and other accounts, as well as costs and expenses incurred in connection with the acquisition, disposition, servicing and management of any investments included in any such account, including, but not limited to, all management fees, performance based compensation, expenses that such account is subject to by virtue of investing in investment funds or other structured products, and termination fees arising under any sub-advisory agreements, and costs and expenses incurred in connection with transitioning an account and its assets to management by PPA or any other asset manager. A reinsurance vehicle Client will also directly or indirectly bear all out-of-pocket cost or expenses of providing investment management services pursuant to a Reinsurance IMA and any sub-advisory agreement in order to preserve or enhance the value of any investment, including, without limitation, any cost or expense relating to litigation with respect to any investment or the restructuring of any investment.

The terms of Reinsurance IMAs are expected to be very long-term, with limited ability for any reinsurance Client to terminate PPA as investment manager with respect to the investment management of such Client's assets. In addition, PPA will generally have broad discretion to engage sub-advisers, including its affiliates, and such sub-advisory arrangements can be expected to be very long-term, and PPA has an incentive to allocate assets to investment strategies and funds that will, or have the potential to, result in the most incremental revenue to affiliates of PPA that act as sponsors to a reinsurance vehicle Client, including for example, sub-managed strategies with the highest sub-advisory fee rate. Such appointments will be subject to strategic asset allocation rules and investment guidelines approved in advance by the relevant client. Reinsurance IMAs typically are subject to review, comment and approval by applicable insurance regulators, and such review, comment and approval process may result in changes to these terms described above.

The Reinsurance Relationship: Economics

Under the terms of applicable Reinsurance Treaty, with respect to a "funds withheld account" Reinsurer is generally obligated to maintain the Reinsurance Asset Portfolio such that the book value of such portfolio equals the reinsured liabilities. If the book value of such portfolio falls below such threshold, the Reinsurer is required to "true-up" the balance by adding cash or other assets, and if the Reinsurance Asset Portfolio exceeds such thresholds, the Reinsurer is entitled to remove cash or other assets from the account. These "true-ups" together with other amounts that could be owing between the Cedent and the Reinsurer are referred to herein as "Reinsurance Settlement Payments." All expenses related to the funds withheld account flow through the account but are ultimately borne by the Reinsurer as a result of the true-up mechanics of the Reinsurance Treaty through the Reinsurance Settlement Payment process.

While PPA will seek to manage the account and its related Reinsurance Asset Portfolio within the applicable Investment Guidelines, PPA takes into consideration the economic substance, nature, and intent of the Reinsurance Relationship. In making investment management, allocation, risk management and other portfolio and management decisions, PPA views the economics and risks associated with the Reinsurance Asset Portfolio as the economics and risks of the Reinsurer, and will take into account the interests of the Reinsurer, as the economic risk holder, regardless of whether title to the assets in such Reinsurance Asset Portfolio or other indicia of ownership continue to be held in the name of the Cedent, as further described herein.

Reliance on Information from Certain Affiliates of PPA with Respect to Management of Client Assets

PPA will rely on affiliated insurance companies, including the Prudential Insurance Company of America (“PICA”), and other affiliated companies for certain important determinations, and information related to Client assets when those affiliated insurance companies are Cedents in a reinsurance transaction involving a PPA Client. Such determinations and information include, without limitation: (i) investment accounting policy determinations; (ii) fair valuations (including for purposes of US GAAP and insurance company statutory reporting); (iii) other valuations, such as statutory book values and statutory carry values, upon which PPA relies for purposes of performing its compliance and other calculations and for purposes of preparing Client reports; (iv) information, such as duration and weighted average life, regarding the liabilities backed by the assets in such accounts (as could be determined in accordance with PPA’s policies and procedures); and (v) risk management metrics and other metrics relating to the assets in such accounts. In certain cases, PPA could prepare such information in accordance with its own policies; however, PPA relies on certain analytical services and data or information from its affiliated Cedant, as well as certain data or information from its Client, as applicable. PPA’s Clients who reinsure the liabilities of a Cedent affiliated with PPA rely on the same information (in addition to other information not provided by a PPA affiliate) to determine whether to enter into a reinsurance transaction and, if so entered, its obligations under the transaction.

By relying on its affiliates for important determinations, and information related to Client assets, PPA relies on Prudential’s techniques and opinions regarding, for instance, asset accounting, risk management and characteristics of underlying liabilities. Such techniques and opinions could differ from the risk management techniques and opinions of Clients. This could result in PPA making decisions that could be different than it would have otherwise made in the absence of such reliance on Prudential affiliates. PPA’s reliance on Prudential affiliates and/or their policies and procedures for such information could also create conflicts of interest for PPA Clients. For example, by relying on Prudential affiliates, PPA relies on those affiliates’ determination of appropriate accounting practices, policies and conventions, any of which could differ from the accounting practices, policies and conventions that PPA or a Client could independently adopt on its own behalf, and such determinations could impact, for instance, portfolio compliance as well as client reports and other reporting prepared by PPA. In addition, in arrangements where PPA’s Clients reinsure liabilities of a Cedent affiliated with PPA, PPA’s affiliated Cedent will be a counterparty to PPA’s Client and PPA’s affiliated Cedent will be relying on the same data and similar analyses to make decisions for the benefit the affiliated Cedent and other Prudential affiliates. PPA has adopted policies to address this conflict of interest.

The Reinsurance Asset Portfolio upon a Recapture

While a Reinsurance Relationship is intended to last the life of the reinsured liabilities, certain provisions of the Reinsurance Treaty permit its termination and the “recapture” of the reinsured liabilities and related Reinsurance Asset Portfolio upon the occurrence of specific events (such as an insolvency of the Reinsurer or the occurrence of an uncured material payment breach of the Reinsurer). In managing each PPA Client Account, portfolio management decisions are made taking into account the requirements of the applicable Investment Guidelines and the interests of the Reinsurer. Thus, while not anticipated to occur, if a Reinsurance Asset Portfolio is recaptured by a Cedent in connection with the termination of the applicable Reinsurance Treaty, it is possible that investments in the applicable reinsurance account at the time of such recapture could, among other things, not be investments or an asset mix in which the Cedent might have separately invested and be different assets or a different asset mix than other accounts of PPA Clients. Additionally, the performance of such account is likely to differ from other Client accounts.

Reinsurance Settlement Payments

Reinsurance Settlement Payments could be made in cash or through an asset-in-kind payment. PPA is generally requested to select assets to be: (i) liquidated (if the Reinsurance Settlement Payment is expected to occur in cash); or (ii) transferred (in the case of an asset-in-kind payment). Such Reinsurance Settlement Payments or other transfers that are made in connection with or pursuant to a Reinsurance Treaty and/or related documents are not considered cross trades (including principal cross trades) by PPA, even if PPA assists in the selection of assets to be so transferred and calculating the price at which such assets are transferred between the Reinsurer and Cedent. The market price with respect to assets that could be transferred in kind is generally determined in accordance with PPA's Valuation Policy.

Conflicts of Interest Associated with Reinsurance Transactions

Set out below is a summary of the material risks associated with PPA Clients engaging in reinsurance transactions. For a complete discussion of such risks, Clients are instructed to review the terms of their specific arrangements with PPA.

Administration of Reinsured Business

Reinsurance Clients will rely on ceding companies, including affiliates of PPA with respect to reinsurance from PPA-affiliated Cedents, and/or the third-party administrators with which it or a ceding company contracts to provide administration and services in respect of reinsured business and to provide timely and accurate financial and operating information. Reinsurance Clients could experience inaccuracies in its financial reporting as a result of erroneous or untimely reporting ceding companies or the third-party administrators with which it or a ceding company contracts.

Potential Conflicts of Interest in Connection with Reinsurance Transactions

PFI has a dedicated reinsurance team that sources and oversees reinsurance transactions. PFI's and its affiliates' (including PFI's insurance companies and affiliated asset managers) finance and capital, legal and regulatory and other support functions also manage those reinsurance transactions. PFI and its affiliates will have conflicts of interest in allocating its reinsurance, investment and risk management and support functions and resources between PFI's business as a whole and to reinsurance Clients of PPA.

Reinsurance Clients are expected to transact with ceding companies, including affiliates of PFI, to cede insurance business to the Client pursuant to one or more reinsurance agreements. The Client will generally pay a ceding commission, as applicable to additional reinsurance transactions between a ceding company and the Client, designed to compensate the ceding company for originating the reinsured business, which ceding commission will be negotiated in connection with each additional reinsurance transaction and which can be structured as an up-front lump sum ceding commission, on a flow basis or as otherwise agreed by the ceding company and the Client. While the Client will be provided with an opportunity to conduct due diligence in connection with these reinsurance transactions with ceding companies, there is a risk that such diligence will not uncover applicable risks with regards to such reinsurance transactions. In addition, although a Client will have the opportunity to determine that transactions are consistent with the requirements of its governing agreements, certain reinsurance transactions involve a reinsurance Client and affiliates of PFI that have not otherwise been entered into but for PFI's investment in the Client, and the PFI will have conflicts of interest in connection with the reinsurance transactions with affiliates of PFI, including in connection with the negotiation of and payment of ceding commissions and other economic terms in respect of the reinsurance transactions between a Client and affiliates of PFI.

Potential Conflicts of Interest in Connection with Investment Management Arrangements

PPA affiliates provide asset management for PFI and its insurance company subsidiaries, including for the general accounts of PFI and its insurance company subsidiaries, reinsurance transactions, flow reinsurance transactions and assets originated in PFI's other channels, and will continue to provide asset management for assets backing these businesses, as well as asset management for its third-party Clients and its investment product platforms.

PPA is a wholly owned subsidiary of PFI; its affiliates serving as Sub-advisers are subsidiaries of PFI; certain ceding companies are or will be a subsidiary of PFI. Reinsurance IMAs generally will only permit reinsurance Clients to terminate an IMA for cause. As a result, each PPA Reinsurance IMA is expected to be very long-term and will provide limited ability for a reinsurance Client to terminate PPA as the investment manager. Certain reinsurance Clients organized as investment vehicles will be co-sponsored by PFI and an unaffiliated party (each, a "Sponsor"). As such, reinsurance Clients will have a material, significant, long-term business relationship with PPA which will cause PFI, as Sponsor or co-Sponsor to any reinsurance Client, and its affiliates to have interests which differ from the interests of the reinsurance Clients. There is a possibility that obligations that arise from these relationships will conflict with the interests of the reinsurance Client.

PPA's management of multiple accounts and investments on behalf of a reinsurance Client and other Clients raises potential conflicts of interest relating to the allocation of investment opportunities, the aggregation and allocation of trades and cross trading. There can be no guarantee that each allocation determination could be considered fair by all parties or that allocation determinations do not favor certain portfolios on a case-by-case basis. To the extent applicable to the investments managed by PPA, PPA has developed policies and procedures designed to address these potential conflicts of interest in respect of allocation and cross-trading.

Reinsurance IMAs will grant PPA and/or its affiliated Sub-advisers with discretionary authority to invest certain of a reinsurance Client's assets into various funds and other investment vehicles managed by affiliates of PPA. These affiliates receive compensation, including management fees, performance fees, and carried interest, as applicable, in connection therewith which is ultimately borne by a reinsurance Client, and such compensation will not be shared with the Client. In connection with investments into funds and other investment vehicles managed PPA or its affiliates, reinsurance Clients might not have the right to review or approve the terms of these investments, including the fee arrangements, except for rights to review investment terms that are granted to Client under the PPA IMA. Further, investments by reinsurance Clients into funds and other investment products managed and/or developed by PPA or their affiliates could be at fee, carry or other economic and non-economic terms less favorable to those received by other Clients of PPA or its affiliates participating in such investments.

Further, the fees for PPA's investment management services will vary based on the asset classes to which it allocates investments. The PPA IMAs will memorialize fees for PPA's investment management services. Depending on negotiated terms, an affiliate of PPA could make a payment to a co-Sponsor of certain reinsurance Clients, such as reinsurance vehicles, for the provision of certain services, and such payment could be calculated as portion of such investment management fees. Certain asset classes, including, without limitation, fund investments, any direct lending collateralized loan obligation ("CLO") and other private investments managed by an affiliate of PPA include an incentive fee to such manager affiliate in addition to a base fee and asset management fee. As described above, certain of the investments chosen by PPA will be in managed funds and investment vehicles sponsored by PPA's affiliates that charge fees, including, without limitation, management fees, performance fees, and carried interest, as applicable. In addition, in the event that a reinsurance Client or any other Client to an IMA directs sales of certain illiquid assets acquired by PPA or an affiliated asset manager on behalf of the Client, the Client will be responsible for origination recoupment fees in connection with the sale of such illiquid assets. The affiliation of PPA and its affiliates serving as Sub-Advisers with any reinsurance Client, and the investment in funds and vehicles as directed by PPA, present inherent conflicts of interest and present the risk that there is an incentive for PPA and its sub-advisors to invest Client assets into higher fee products than they would otherwise.

In addition, investment by a Client in any direct lending CLO or other investment fund or product managed by an affiliate of PPA presents certain conflicts of interest in regard to the fees charged following an allocation to such investment. In PPA's role as investment manager, in certain scenarios, PPA will have the authority to take actions on behalf of the Company that could cause additional fees to be charged by the affiliate of PPA that manages the direct lending CLO or other investment fund or product. The CLO manager's and other investment product managers' affiliate relationship with PPA presents conflicts of interest as PPA will be incentivized in such scenarios to cause such additional fees

to be charged. For example, the fees payable to the CLO manager in respect of a Client's investment in such CLO could vary based upon whether the required percentage of its equity noteholders elect to reset the CLO to lower its financing costs and extend its term, which extension could cause the CLO manager to receive fees for a longer period of time. In certain cases, a client will be the sole or majority equity noteholder in certain direct lending CLOs. Depending on the terms of the direct lending CLO, PPA, as investment adviser of a Client, could be able to influence or direct decisions such as whether to reset the CLO and could act in other ways that cause additional fees to be charged by the CLO manager and/or other affiliate investment product managers. PPA has established policies to manage the aforementioned conflicts.

Service Providers

Certain Clients, particularly reinsurance investment vehicles, will receive services from PFI and its affiliates, including business and support functions, including operations, banking assistance, insurance business management, analytics and information technology.

PPA will assist certain Clients in engaging vendors or service providers based on the cost and the overall quality of advice and other services provided. However, PPA will from time to time, provide services itself or engage, or facilitate engagement of, its affiliates to provide services to Clients. Any such engagement will be at market rates and/or on arm's length terms or will be approved in advance by the Client. In situations where a Client does not approve an affiliated service provider in advance, use of such service provider creates a conflict of interest because it provides an indirect benefit to PPA and its affiliates in the form of added business PPA or its affiliated service providers without any reduction to the investment management fees. Further, the terms of each service arrangement for the benefit of a Client with PPA or its affiliates will differ, sometimes materially. Although PPA believes that the services provided by it or its affiliates are equal or better than those provided by third parties, PPA's affiliates benefit (directly or indirectly from the engagement of its affiliates) from providing those services.

Administration of Reinsured Business

Reinsurance Clients will rely on ceding companies, including PFI and its affiliates with respect to reinsurance, and/or the third-party administrators with which it or a ceding company contracts to provide administration and services in respect of reinsured business and to provide timely and accurate financial and operating information. Clients could experience inaccuracies in their financial reporting as a result of erroneous or untimely reporting ceding companies or the third-party administrators with which it or a ceding company contracts.

Economic Interests in Other Vehicles or Accounts

Clients organized as reinsurance investment vehicles will have members with, and other senior investment professionals of PFI or their affiliates have, economic interests in other vehicles or accounts managed by PPA-affiliated investment managers, including (a) vehicles participating in transactions alongside the reinsurance Client but at different levels of the investments' capital structures, and (b) PPA affiliates' managed funds and other investment vehicles into which a reinsurance Client may invest. This provides an incentive for one or more such persons to favor the interests of such other vehicles or accounts, over those of the Client, to the extent that they conflict. Such conflicts arise, for example, in investment allocation decisions or when addressing conflicts arising from other vehicles/accounts having investments in different levels of the capital structure. In addition, to the extent one vehicle/account in which such persons hold economic interests is at or above its preferred return hurdle and another vehicle/account in which he/she has an economic interest is not, or the economic interests in one fund/account are greater than the economic interests in another vehicle/account, such difference could impact the incentives for risk taking between such different funds/account or provide an incentive to favor one vehicle/account over another fund/account. While these conflicts cannot be eliminated, PPA or its sub-adviser has procedures in place designed to mitigate such conflicts.

Investments in Which Other Sponsors Have a Different Principal Investment

As noted above, certain reinsurance Clients organized as investment vehicles will be co-Sponsored by PFI and an unaffiliated party. Such Clients will make investments in which other funds, vehicles and

accounts, including registered investment companies, joint ventures or similar partnerships or arrangements managed by the Sponsors and/or their affiliates (collectively, "Other Sponsor Accounts") have or are concurrently making a different principal investment (e.g., an equity investment where the Client is making a debt investment, or vice versa) at the time of the Client's investment, and Other Sponsor Accounts can invest in investment vehicles and products which the Client has also invested. Investment by an Other Sponsor Account at a level different to that of the Client in the capital structure of an investment presents inherent conflicts of interest between the Other Sponsor Accounts and the Client. In such situations, the Client and such Other Sponsor Accounts have conflicting interests regarding various terms of, or actions taken or not taken with respect to, their respective investments, and the Sponsors or their affiliates could have an incentive to cause the investments to offer more favorable terms to such Other Sponsor Account in certain transactions than it would from a third party. While the conflicts relating to investments by the Client and Other Sponsor Accounts in multiple levels of the capital structure cannot be eliminated, PPA or its sub-adviser, as applicable, has adopted procedures in respect of such investments that seek to ensure that PPA makes determinations independent from that of Other Sponsor Accounts (or other similar procedures). Furthermore, if the investment in which the Client (a) has a debt investment and in which an Other Sponsor Account has an equity investment, (b) has an equity investment and in which an Other Sponsor Account has a debt investment, or (c) has a debt investment that is junior or senior to the Other Sponsor Account's investment, becomes distressed or defaults on its obligations under the investment held by the Client, PPA or its sub-adviser will have conflicting loyalties between its duties to the Client and to such Other Sponsor Account. Despite the procedures implemented and/or any other actions that PPA or a sub-adviser takes to mitigate the conflict, PPA or its sub-adviser could be required to take action when it has conflicting loyalties to its Clients and such Other Sponsor Accounts, which can adversely impact a Client. In that regard, it is possible that actions taken for the other Sponsor-managed entities can be averse to a Client. There can be no assurance that conflicts will be resolved in favor of a Client, or that a Client will not suffer adverse consequences.

Conflicts exist with regard to (i) the enforcement of a Client's rights and obligations in respect of its investment relative to an Other Sponsor Account, (ii) the terms and degree of an Other Sponsor Account's participation in any follow-on investments and (iii) the resolution of any recapitalization, workout, restructuring or bankruptcy. Such adverse consequences result primarily from the fact that the interests of holders of interests in different parts of the capital structure, such as interests of the holders of debt securities or loans and equity securities, or the interests of the holders of senior debt (including secured debt) and the interests of the holders of mezzanine or more junior debt, or the interests of holders of a revolver loan and the interests of holders of a term loan, do not always align, and decisions that benefit one interest holder in a certain part of a company's capital structure can harm the interests of another interest holder (including the Client) participating in a different part of such company's capital structure.

Other Potential Conflicts of Interest among PFI, PPA other Sponsors

It is possible, PFI, PPA, and other Sponsors and their investment professionals have direct or indirect interests in securities, issuers, private funds, operating entities, and strategic partners in which a Client invests and engages in activities or deals that affect a Client's investments. The interests of PPA, its affiliates and their investment professionals can conflict with, or have the potential to conflict with, the interests of PPA Clients.

Employees and agents of Sponsors and their affiliates could purchase interests in reinsurance Clients organized as investment vehicles. Such individuals will have a conflict with interests of Client.

PFI, PPA, PPA affiliates and other Sponsors and their affiliates have business relationships and ventures separate and apart from PPA's reinsurance Clients. As a result, actions taken by PFI, PPA, and other Sponsors in connection with those business relationships and ventures that can be adverse to a PPA Client. It is possible, PFI, PPA, PPA affiliates and other Sponsors, in connection with their other business ventures, enter into (or have entered into) non-competition or similar agreements that effectively preclude a Client from taking advantage of certain investment acquisition or disposition opportunities or otherwise adversely impact the Client.

Data Source Risk

We use a variety of proprietary and non-proprietary data to evaluate and formulate investment advice. If a data source is incorrect or unexpectedly becomes unavailable or unreliable, Client assets could be negatively impacted. We also subscribe to external data sources for various purposes and functions, including in making investment decisions. 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 are not responsible for errors by these sources.

Environmental, Social and Governance Risks

ESG investing is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by us, or any judgment exercised by us, will reflect the beliefs or values of any particular Client, and our approach could differ from the view of others. As applicable, an account's ESG strategy, which could select or exclude investments for reasons other than financial risk/return considerations (where consistent with applicable law or regulation), could have lower returns than accounts whose investment criteria are solely focused on seeking the highest risk-adjusted returns. As applicable, the application of such strategy could affect the account's exposure to certain sectors or types of investments, which could negatively impact the account's performance.

Socially responsible norms differ by region, and an issuer's ESG practices or our assessment of an investment's ESG practices could change over time. Successful application of an account's ESG strategy, as applicable, will depend on our skill or our Sub-Advisers skill in identifying and analyzing material ESG issues and there can be no assurance that the strategy or techniques employed will be successful.

The global regulatory environment applicable to ESG strategies is evolving and will lead to increased complexity and potentially conflicting regulatory regimes applying to us and the accounts (including funds) we manage. Further, certain ESG-related regulations (including the European Union's Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector), contain elements of subjectivity, which could lead to our regulatory and legal interpretation differing from that of others and could also result in the regulatory reclassification of products that we manage, changes to our account-level disclosures and changes to our internal policies, procedures and processes. Compliance with ESG-related regulations could lead to increased costs for relevant accounts.

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 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.

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 abilities of Client Accounts 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 Accounts 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, our personnel and accounts we manage 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 an account, cause increased volatility and illiquidity and impact the accuracy of valuations.

In the United States (“U.S.”), 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.

Operational Risk

Our operations are exposed to the risk of loss resulting from inadequate or failed processes or systems, human error or misconduct or external events. We rely heavily on our portfolio management, trading, financial, accounting and other data processing systems of our affiliates to implement our strategies. Operational risks arising from failed processes and systems, human error or external events, as part of the trading lifecycle (execution, confirmation, and settlement) as well as other activities in support of our Clients, could cause financial loss, disruption to our business, liability to Clients or third parties, regulatory action, or reputational harm. An increase in the volume or complexity of Client transactions could increase these risks.

Material, Non-Public Information

Certain employees of PPA and its affiliates, as well as PPA’s Sub-Advisors, acquire confidential or material non-public information or are restricted from initiating transactions in certain securities. We will not be free to act upon any such information. Due to these restrictions, we sometimes are not able to engage in a transaction that we otherwise might have engaged in or sell an investment that we otherwise might have sold.

Performance-Based Compensation

Performance-based compensation creates an incentive to make investments that are riskier or more speculative than would be the case in the absence of such compensation.

Certain Risks Related to Cybersecurity and Technology

Investment advisers, including PPA, 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 unauthorized parties or malicious actors 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, ransomware and other destructive cyber-attacks. 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 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, and to protect data from inadvertent disclosure or wrongful misappropriation or destruction.

Nevertheless, despite reasonable 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, our 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.

Artificial Intelligence

Recent technological advances in artificial intelligence ("AI"), generative AI, and machine-learning technology pose certain risks to the Adviser and the accounts it manages. Currently, the Adviser does not use AI, generative AI, or machine-learning technologies, but could elect to use such technologies in the future. Although the Adviser does not currently use such technologies, consultants, service providers, or other persons associated with the Adviser could use such tools or could misuse them. The Adviser 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 the Adviser) 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 Adviser executives), which could impact the Adviser's operations and potentially impact client accounts.

Risks Related to 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 the ability of Client Accounts 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 of future legal and regulatory changes on our business or the services we provide.

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 the value of their portfolio holdings decreases as a result of such events, 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 management of accounts

Public Health Risk

Occurrences of epidemics and pandemics, depending on their scale, could cause different degrees of damage to 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 effects of such outbreaks 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 client accounts, and there is no way to predict the extent of any such future consequences for clients.

Rate of Inflation

Inflation and heightened interest rates have had, and could continue to have, negative effects on the global and United States economies. In an effort to curb recent inflation, the United States Federal Reserve Board in March 2022 began increasing the federal borrowing rate. This led to drastic increases in interest rates. While increases in the federal borrowing rate have recently slowed, it is uncertain what future government efforts could be undertaken to curb inflation. Further, reversals of any such measures, particularly if not gradually effected, could lead to volatility in the financial markets. Thus, inflation could negatively affect the performance of Client Accounts.

Investing in Greater China Risk

Investments in companies located or operating in Greater China involve risks of greater government control over the economy; political, legal and regulatory uncertainty; nationalization, expropriation, or confiscation of property; difficulty in obtaining information necessary for investigations into and/or litigation against Chinese companies, as well as in obtaining and/or enforcing judgments; limited legal remedies for shareholders; alteration or discontinuation of economic reforms; military conflicts, either internal or with other countries; inflation, currency fluctuations and fluctuations in inflation and interest rates that could have negative effects on the economy and securities markets of Greater China; and Greater China's

dependency on the economies of other Asian countries, many of which are developing countries. Investments in Chinese companies could be made through a special structure known as a variable interest entity (“VIE”) that is designed to provide foreign investors with exposure to Chinese companies. Investments in VIEs could pose additional risks because the investment does not represent equity ownership in the operating company. In addition, the Chinese government has placed restrictions on China-based companies from raising capital offshore, including through VIEs, and Chinese regulators have revised regulations applicable to VIEs, creating uncertainty about the VIE structure going forward. In addition, investors face uncertainty about future actions that could be taken by the Chinese government that could significantly affect the operating company’s financial performance and the enforceability of the contractual arrangements underlying the VIE structure.

Financial Institution Risk

Investments in Accounts are subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “Financial Institution”) of some or all of the Account assets fails to timely perform or otherwise defaults on its obligations, or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty. For example, two regional banks were placed in receivership under the Federal Deposit Insurance Corporation (the “FDIC”) in March 2023. Such events can be caused by a variety of factors, such as eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences such an event, we (or the Accounts) may be unable to access deposits, borrowing facilities or other services. Such events can have adverse effects on our ability to manage the Accounts and their investments, and on our ability (or that of an Account) to maintain operations, which in each case could result in operational burdens, significant losses, and unconsummated investment acquisitions and dispositions. While assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the FDIC (in the case of banks), amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While governmental intervention can result in additional protections for depositors and counterparties in connection with such events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays, or negative impact on banking or brokerage conditions, or financial markets.

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, may not be effective in addressing these issues.

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, that are inherent in our business, and we conduct annual conflict of interest reviews. However, it is not possible to identify every potential conflict that can arise. 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; or
- management of the conflict through the adoption of appropriate policies, procedures or other mitigants.

Various conflicts of interest are discussed throughout this document. Please review this information carefully and contact us if you have any questions. We follow PFI’s policies on business ethics, personal

securities trading, and information barriers. We have adopted a code of ethics (see Item 11), allocation policies 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 arises or could potentially arise.

Item 9—Disciplinary Information

Under Item 9, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of us or the integrity of our management. There have been no material legal or disciplinary events related to PPA that are required to be disclosed pursuant to Item 9.

Item 10—Other Financial Industry Activities and Affiliations

Our Relationships with Affiliates

As an indirect wholly-owned subsidiary of PFI, we are part of a diversified, global financial services organization. We are affiliated with many types of financial service providers, including broker-dealers, insurance companies and other investment advisers.

Affiliated Service Providers

In general, we will seek to engage service providers on behalf of Client Accounts based on the cost and the overall quality of advice and other services provided. However, PPA will from time to time, provide services itself or engage, or facilitate engagement of, its affiliates to provide services to Clients, particularly to its reinsurance Clients. Any such engagement will be at market rates and/or on arm's length terms or will be approved in advance by Clients. In situations where a Client does not approve an affiliated service provider in advance, use of such service provider creates a conflict of interest because it provides an indirect benefit to PPA in the form of added business for PPA or for PPA-affiliated service providers without any reduction to a Client's management fee. Further, the terms of each Client's service arrangements with PPA or its affiliates will differ, sometimes materially. Although PPA believes the services provided by it and its affiliates are equal or better than those provided by third parties, PPA benefits (directly or indirectly from the engagement of its affiliates) from providing those services.

Our Broker-Dealer Affiliations

Certain of our management persons and other employees are registered with the Financial Industry Regulatory Association (FINRA) as representatives and principals of Prudential Investment Management Services, LLC ("PIMS"), our affiliate and a SEC-registered broker-dealer. These employees can engage in marketing efforts in such capacities. Where permitted by law, these individuals could receive compensation, in the form of bonuses and long-term compensation that could be based directly or indirectly on the additional revenues generated from new or existing relationships.

We do not use PIMS as a broker for securities trading activity on behalf of our Client Accounts.

Our Investment Advisor Affiliations

As described in Item #4, we engage affiliated investment advisers as Sub-Advisers for Client Accounts, including, but not limited to, PGIM Fixed Income, PGIM Private Capital, and PGIM Real Estate. From time to time, we could also engage other affiliates investment advisers to provide investment advisory and ancillary services.

Our Insurance Company Affiliations

We provide, or intend to provide, advisory services with respect to the general accounts of some of our affiliated insurance companies, including PICA, including in connection with reinsurance transactions. Assets of the general accounts of affiliated insurance companies will constitute a material portion of our assets under management. In addition, certain of our derivatives transactions on behalf of our affiliated insurance companies and other affiliates are executed through an affiliated counterparty. In addition, our affiliated Sub-Advisers provide advisory services with respect to affiliated insurance company separate accounts and general accounts. Please see our affiliated Sub-Advisers Form ADV Part 2A for more detailed information related to the affiliated insurance companies.

Because of the substantial size of the general accounts of our affiliated insurance companies, trading by these general accounts, including our trades on behalf of the accounts, could affect the market prices or limit the availability of the securities or instruments transacted. Although we do not expect that the general accounts of affiliated insurers will execute transactions that will move a market frequently, and generally only in response to unusual market or issuer events, the execution of these transactions could have an adverse effect on transactions for or positions held by other Clients.

Reinsurance Relationships

As noted above, it is anticipated that PPA's Clients include affiliated accounts including, but not limited to, reinsurance asset portfolios associated with reinsurance transactions where an affiliated insurance company acts as cedent. PPA also could directly manage the assets of a reinsurer held outside a reinsurance asset portfolio. In cases where a reinsurer is a party to an investment management agreement with PPA with respect to assets associated with a reinsurance transaction, PPA will consider the reinsurer to be an advisory Client. When negotiating a reinsurance transaction with an affiliated insurance company and a reinsurance entity, PPA assists, and acts on behalf of, the reinsurer and the cedent and assists both parties in negotiating the composition of the reinsurance asset portfolio and the investment guidelines intended to govern such portfolio throughout the life of the reinsurance transaction. While PPA will seek to manage a reinsurance asset portfolio within the applicable investment guidelines, PPA takes into consideration the economic substance, nature, and intent of the reinsurance relationship and will take into account the interests of the reinsurer, as the economic risk holder. In some cases, affiliates of PPA could have significant economic interests in a reinsurer. PPA seeks to mitigate any potential conflicts of interest with respect to its relationship to both reinsurer and cedent (including valuation, principal transactions, investment decisions, and asset transfers) pursuant to policies and procedures tailored to address such situations.

Our Commodity and Derivatives Trading Activities

Our affiliate PGIM, Inc. is registered as a commodity trading advisor and a commodity pool operator. Notwithstanding such registration, PGIM relies on exemptions from registration as a commodity pool operator with respect to certain accounts and pools.

Potential Conflicts Relating to Our Relationships with Affiliates

From time to time, various potential and actual conflicts of interest arise from the overall investment activities of PPA, including the activities between us and our affiliates as described further in Item 11.

- *Conflicts Related to Investment of Client Assets in Affiliated Funds.* We invest, or will invest, Client assets in funds that are managed or subadvised by one or more affiliates. These investments benefit us and/or our affiliate through increasing assets under management and/or fees.

- ***Conflicts Related to Co-investment by Affiliates.*** Our affiliates provide initial funding to or otherwise invest in certain vehicles managed by our affiliates. When certain of our affiliates provide “seed capital” or other capital for a fund, they generally do so with the intention of redeeming all or part of their interest at a future point in time or when they deem that sufficient additional capital has been invested in that fund.

The timing of a redemption by an affiliate could benefit the affiliate. For example, it is possible that the fund is more liquid at the time of the affiliate’s redemption than it is at times when other investors wish to withdraw all or part of their interests.

In addition, a consequence of any withdrawal of a significant amount, including by our affiliate, is that investors remaining in the fund will bear a proportionately higher share of fund expenses following the redemption.

We could also face a conflict if the interests of an affiliated investor in a fund managed by an affiliate diverge from those of the fund or other investors. For example, our affiliates, from time to time, hedge some or all of the risks associated with their investments in certain funds managed by an affiliate. Our affiliates could provide assistance in connection with this hedging activity.

- ***Conflicts Related to PPA employees involved in affiliates.*** Certain employees of PPA or individuals associated with PPA are involved in the business and operations of its affiliates, including potentially in connection with establishing or maintaining reinsurance arrangements and including affiliates who are PPA’s advisory clients. To the extent applicable, such personnel will face conflicts of interest in dedicating time and resources to both Clients and to its affiliates. In addition, the compensation of such personnel could incentivize these individuals to allocate more of their time and attention to the affiliate’s entities. In general, these conflicts are mitigated by the fact that we or our Sub-Advisers make investment decisions for each Client independently considering the best economic interests of such Client. Given the specific individuals and roles, when appropriate additional policies and procedures are put into place to address more specific conflicts of interest.

While we have adopted and follow numerous standards, policies and procedures designed to ensure that Clients are not harmed by potential or actual conflicts of interests, all as further described in this brochure, we cannot guarantee that such standards, policies and procedures will detect and ensure avoidance, disclosure or mitigation of each and every situation in which a conflict could arise.

Other Conflicts

Conflicts Related to the Selection of Affiliated Sub-Advisers

As discussed in Item 4 and Item 8, PPA provides advice on the selection of Sub-Advisers. PPA’s search process includes the evaluation and recommendation of affiliated and unaffiliated Sub-Advisers. Generally, except as agreed or as directed by a Client, PPA will only consider non-affiliated Sub-Advisers to the extent that an affiliate does not have asset management capabilities or capacity in a desired asset class as determined by PPA.

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

We, PFI, and other affiliates of ours, at times have financial interests in, or relationships with, companies whose securities we hold, 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 us on behalf of Client Accounts. For example:

- We or our Sub-Advisers invest 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 our Sub-Advisers purchase and sell for our Clients.
- We or our Sub-Advisers invest in the debt securities of companies whose equity is held by affiliates.
- Our affiliates hold public and private debt and equity securities of a large number of issuers. We or our Sub-Advisers invest 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 potentially exercise remedies and take other actions that are not in the interest of, or are averse to, other Clients that are the holders of junior debt.
 - To the extent permitted by applicable law, we or our affiliated Sub-Advisers 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. Prudential has a refinancing policy to address this conflict.

In general, conflicts related to the financial interests described above are addressed by the fact that we or our affiliated Sub-Advisers make investment decisions for each Client independently considering the best economic interests of such Client.

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

We, PFI, PICA and other affiliates of ours at times have financial interests in, or relationships with, companies whose securities or related instruments held, purchased or owned by Client Accounts. Certain of these interests and relationships are material to us or to the PFI enterprise. At any time, these interests and relationships could be inconsistent or in potential or actual conflict with positions held or actions taken by affiliated Sub-Advisers on behalf of Client Accounts. For example:

- Our affiliated Sub-Advisers invest in the securities of one or more Clients for the accounts of other Clients.
- Our affiliated Sub-Advisers sell various products and/or services to certain companies whose securities we purchase and sell for Clients.
- Our affiliated Sub-Advisers invest in the debt securities of companies whose equity is held by affiliates.
- Our affiliates hold public and private debt and equity securities of a large number of issuers. Our affiliated Sub-Advisers invest in some of the same issuers for Client Accounts but at different levels in the capital structure.
- Certain of our affiliates (as well as directors or officers of our affiliates) are officers or directors of issuers in which our affiliates invest from time to time. These issuers can also be service providers to us or our affiliates.

In general, conflicts related to the financial interests described above are addressed by the fact that we or our affiliated Sub-Advisers make investment decisions for each Client independently considering the best economic interests of such Client. In addition, as applicable, our affiliated Sub-Advisers have adopted specific policies. For more information, please see each Sub-Adviser's Form ADV Part 2A.

Item 11—Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

We maintain a code of ethics as required by applicable SEC rules. Our code of ethics requires employees to conduct business in an honest and forthright manner in accordance with the highest of 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 standards that are described in greater detail below. Our employees are required to report any violation of the code of ethics promptly. See Items 6 and 10 for a description of conflicts of interest related to our side-by-side management of accounts and to our affiliations.

We will provide you with a copy of our code of ethics upon request.

Conflicts Related to Outside Business Activity

From time to time, certain of our employees or officers engage in outside business activity, 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 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.

Information Barrier Policy

PPA's information barrier policy and support procedures are designed to prevent the communication of material, non-public information across the firm and to mitigate the potential for breaches to the information barrier. Under the policy, an employee is not permitted to communicate material, non-public information to another employee without approval from the law and compliance units. In addition, employees acknowledge receiving the policy and attest that they understand it. All PPA employees must undergo initial and annual training and subsequently attest to their understanding of the policy and the Chief Compliance Officer approval must be obtained for any exceptions to the policy. Our policy requires that we maintain a restricted list of any issuers about which we have material, non-public information.

Personal Securities Trading Standards

Personal trading by our employees can create a conflict when they are trading the same securities or types of securities as our Sub-Adviser's trade on behalf of our Clients. Our code of ethics incorporates PFI's personal securities trading standards which are intended to address some of these conflicts. The standards include a trade pre-clearance requirement that enables our compliance unit to determine whether the proposed trade by an employee conflicts with a pending trade on behalf of a Client Account. If it does, the employee will not be allowed to transact in that security.

PPA's personal securities trading policy governs the trading activities of our employees as well as their household members and dependents. Subject to certain limited exceptions, employees are required by the policy to:

- report personal securities transactions to our corporate compliance unit;
- pre-clear personal securities transactions (for employees considered to be "access persons" under SEC rules);
- 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 access persons and investment personnel are subject to additional restrictions under the policy, including the following:

- investment personnel are generally prohibited from purchasing securities in initial public offerings;
- investment personnel are prohibited from trading any security within seven days before or after we trade such security (or an equivalent security) for Client Accounts (other than in Client Accounts that replicate a broad-based index);
- investment personnel must disgorge any profits from the purchase and sale (in whatever order) of the same security within 60 days;
- access persons are not permitted to trade any security on the same day that we trade such security (or an equivalent security) for Client Accounts (other than in Client Accounts that replicate a broad-based index); and
- access persons are not permitted to write naked call options or buy naked put options on a security held in a Client Account.

All employees must annually confirm that they have read and understand our code of ethics, including the personal securities trading and information barrier policies.

Conflicts Related to Employee/Investment Professional Trading

Personal Trading by Our Employees. Personal trading by employees creates a conflict when they are trading the same securities or types of securities on behalf of Clients. This conflict is mitigated by our personal trading standards and procedures described above.

Side-by-Side Management of Accounts. See Item 6 for a description of conflicts of interest related to our side-by-side management of accounts.

Gift and Entertainment Policy

Our employees could occasionally give or receive gifts, meals or entertainment of moderate value, subject to compliance with applicable laws and regulations (including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010) and rules of self-regulatory organizations. PPA has adopted policies 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 our Clients. The policies require the reporting and preclearance of gifts, meals and entertainment given or received which exceed certain thresholds. In addition, PPA 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 policy.

Political Contributions

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

Compensation of Our Investment Professionals

PPA investment professionals are compensated through a combination of base salary, a performance-based annual cash incentive bonus and an annual long-term incentive grant. PPA regularly uses third party surveys to compare its compensation program against leading asset management firms to monitor competitiveness. The salary component is based on market data relative to similar positions within the industry as well as the past performance, years of experience and scope of responsibility of the individual.

An investment professional's incentive compensation, including both the annual cash bonus and long-term incentive grant, is largely driven by such person's contribution to our goal of providing investment

performance to Clients consistent with portfolio objectives, guidelines and risk parameters, as well as such person's qualitative contributions to the organization.

Item 12—Brokerage Practices

Selecting or Recommending Broker-Dealers

Subject to our sub-advisory agreements, PPA delegates to Sub-Advisers the authority to select broker-dealers.

Soft Dollars and Research Services

Currently, PPA 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.

Affiliated Sub-Advisers have their own policies and practices with respect to brokerage, as described in the relevant advisers' Form ADV Part 2A.

Brokerage for Client Referrals

We do not select or recommend broker-dealers.

Directed Brokerage

PPA does not recommend, request or require that Clients direct us to execute transactions through a specified broker-dealer or other counterparty.

Error Policy

PPA maintains a trading and operational errors correction policy that requires all errors covered under the policy to be corrected in a manner that is fair and reasonable. In the event of a loss in a client account resulting from an error for which we have concluded we are responsible, we will determine the amount of the loss, reimburse the client account and notify the client of the error. Not all mistakes or other issues will be considered errors under the policy, and not all errors will be considered compensable to, or reportable to, the client.

An error may result in a gain or a loss to an account or accounts. Unless prohibited by applicable regulation or agreement with the client, we may net the client's gains and losses under circumstances that include, without limitation, where more than one transaction must be effected to correct an error (e.g., unwinding both components of a relative value trade), or there occurs a series of related errors with the same root cause. The calculation of the amount of any net impact will depend on the facts and circumstances of an error, and the calculation methodology may vary. In some cases, the net impact will be as simple as the difference between the security purchase and sale prices. With respect to, for example, more complex errors or those continuing over a longer period of time, we may consider, among other factors, the performance during the period of the account, the account's benchmark, comparable securities and/or the industry in which the security is included. Reimbursement is generally limited to direct losses and does not include any amounts we determine to be speculative or uncertain or that would result in an undue performance gain, or windfall.

To avoid potential errors in client accounts, our policy permits trades, where appropriate, to be cancelled or modified prior to settlement. In addition, our policy provides that a transaction in one client's account may be avoided through reallocation, prior to settlement, to another client's account, subject to certain conditions. Clients will not be notified if an error in their account is avoided through cancellation, modification or reallocation.

Item 13—Review of Accounts

Periodic Review of Client Accounts

We monitor Client Accounts on an ongoing basis, subject to asset class specific considerations. Our Chief Investment Officer and his staff provide management oversight of Client Accounts, including cash management activities and establishing tactical allocation instructions (including alignment of portfolio constraints and the Client's investment guidelines), and providing periodic reporting and analysis of the portfolio to the Client.

PPA will regularly hold meetings with its senior management team responsible for the management of Client Accounts. PPA has established a governance framework to review Client Accounts from both a portfolio oversight standpoint (non-performance) as well as an Investment Oversight Committee comprised of PPA's investment professionals, led by PPA's Chief Executive Officer and Chief Investment Officer, who will periodically review Client Account asset allocation and performance.

At least quarterly, or more frequently as agreed-to with our Clients, we will share a quantitative and qualitative analysis of the Client Account, inclusive of the Sub-Advisers' investment activity and account performance. The frequency and substance of the reporting will be as agreed to in the Client's investment management agreement.

Item 14—Client Referrals and Other Compensation

Other Compensation

We do not receive economic benefits from anyone who is not a Client in connection with the advisory services we provide to our Clients.

Client Referrals

We do not compensate any person (who is not our supervised person) for Client referrals.

Item 15—Custody

We generally do not take physical custody of the assets of our Clients, and if we were to receive such assets inadvertently, they would be returned or redirected in accordance with regulatory requirements. Client assets are generally held in custodial accounts with banks, broker-dealers or other qualified custodians retained by our Clients under arrangements negotiated by them. Although we do not have possession of Client assets, when our Clients permit or instruct us to deduct our management fees directly from their custodial accounts or to allocate among sub-accounts, the SEC deems us to have custody over the assets of those Clients.

A Client's custody agreement with its custodian could contain authorizations with respect to the transfer of Client funds or securities broader than those in the Client's written investment management agreement with us. In these circumstances, our authority is limited to the authority set forth in our written investment management agreement with the Client regardless of any broader authorization in the Client's custody agreement with its custodian. The custodian's monitoring, if any, of the Client's account is governed by the Client's relationship with its custodian.

In certain cases, where we are deemed to have custody of Client assets, our Clients will receive account statements from their custodians no less frequently than quarterly. Clients should carefully review those statements. Where our fees are deducted from the Client's custodial account, the statements will show those deductions, among other information. As described in Item 13 under "Review of Accounts: Reports

to Clients,” we also generally provide statements or reports to our Clients. Some of the types of information we provide in those statements or reports are comparable to information in the account statements Clients receive from their custodians. Clients should compare the account statements they receive from their qualified custodians with the statements that they receive from us and alert us to any differences.

Item 16—Investment Discretion

The level of our discretionary authority to select Sub-Advisers for Client Accounts is established in accordance with Client investment guidelines and will vary among Clients. This authority is granted pursuant to a written investment management or similar agreement.

Our discretionary authority to manage Client Accounts is in all cases subject to the specific objectives, guidelines and limitations set forth in the applicable investment management or similar agreement. Guidelines could also contain one or more of the following types of restrictions or limitations:

- a list of prohibited issuers or types of issuers;
- percentage limitations regarding the investment in certain issuers, industries or asset classes;
- limitations on the use of derivatives;
- percentage limitations regarding deviation from the holdings of the account's benchmark; and
- specifications regarding the credit quality of holdings for the account.

Item 17—Voting Client Securities

Proxy Voting

PPA 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 those Client Accounts. For certain Client Accounts, Sub-Advisers have the responsibility to vote proxies. These advisers apply voting procedures and conflicts of interest policies that are disclosed to the relevant Clients or are otherwise made available as part of the relevant adviser's Form ADV Part 2A. For certain other Client Accounts, Clients retain the responsibility for receiving and voting proxies for securities maintained in such portfolios.

Item 18—Financial Information

We 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 PPA is not acting as your fiduciary as defined by the U.S. Department of Labor and is not giving advice in a fiduciary capacity and (ii) is not undertaking to provide impartial investment advice as PPA will receive compensation for their investment management services.