

## **PGIM INVESTMENTS LLC**

### **Form ADV Part 2A**

655 Broad Street  
Newark, New Jersey 07102  
973-367-7473  
<https://www.pgim.com/pgim-investments>

August 28, 2020

This brochure provides information about the qualifications and business practices of PGIM Investments LLC. If you have any questions about the contents of this brochure or would like a copy, please contact our Chief Compliance Officer, Dino Capasso, at (973) 367-7473 or [dino.capasso@prudential.com](mailto:dino.capasso@prudential.com). Information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about PGIM Investments LLC is also available on the SEC's website at <https://adviserinfo.sec.gov/>.

PGIM Investments LLC is an investment adviser registered with the SEC. Registration of an investment adviser does not imply any level of skill or training.

## ITEM 2 – MATERIAL CHANGES

This brochure dated August 28, 2020 serves as an update to the brochure dated March 25, 2020. The purpose of this amendment is to make certain non-material clarifications to the disclosures regarding services provided to third-party advisors related to model portfolios.

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## ITEM 4 – OUR ADVISORY BUSINESS

### Overview of Our Firm

PGIM Investments LLC (PGIM Investments) is an SEC-registered investment adviser organized as a New York limited liability company. PGIM Investments has been in business since 1996. PGIM Investments is an indirect, wholly-owned subsidiary of Prudential Financial, Inc. (Prudential), a publicly held company (NYSE Ticker “PRU”). When we use the terms “we,” “us” and “our” in this brochure, we are referring to PGIM Investments and the functional groups that support PGIM Investments (PGIM Investments Compliance, PGIM Investments Law, and PGIM Investments Finance). In addition, any references to “our employees” or “our officers” mean PGIM Investments’ officers or employees and employees who work in the functional groups.

As of December 31, 2019, PGIM Investments had approximately \$334,700,984,788 of regulatory assets under management.

PGIM Investments’ primary business is serving as investment adviser and administering the business affairs of a family of retail and insurance funds, all of which are investment companies registered under the Investment Company Act of 1940, as amended. This is our principal investment advisory business. Our advisory services to these registered investment companies, as well as conflicts of interest and risks, are described in each fund’s prospectus and statement of additional information (SAI). The prospectus and SAI for each of our retail funds can be found at [www.pgim.com/pgim-investments](http://www.pgim.com/pgim-investments). The prospectuses and SAIs for our insurance mutual funds can be found at [www.annuities.prudential.com](http://www.annuities.prudential.com).

This brochure provides information about our non-investment company advisory business.

### OUR NON-INVESTMENT COMPANY ADVISORY BUSINESS

PGIM Investments’ primary non-investment company advisory business is conducted through our Strategic Investment Research Group (SIRG). SIRG is comprised of a team of experienced and specialized professionals who know and understand the participants in the global money management community. Leveraging this knowledge and experience, SIRG provides research to clients with respect to the identification, selection and monitoring of funds and investment advisers (referred to herein collectively as “managers”).

PGIM Investments, through SIRG, also makes available asset allocation models (each a “PGIM Model Portfolio”, and collectively the “PGIM Model Portfolios”), to certain third-party investment advisers and other financial services companies (“Third-Party Advisors”). The underlying allocations in the PGIM Model Portfolios consist of mutual funds and exchange traded funds (“ETFs”), including mutual funds and ETFs managed by PGIM Investments or its affiliates (the “PGIM Funds” and the “PGIM ETFs” respectively).

On a periodic basis, SIRG also publishes market outlooks and economic research reports. These reports are available on SIRG's website (<https://prusirg.prudential.com>). The reports are also provided to affiliated and unaffiliated third-party sponsors of managed account wrap platforms and mutual fund non-discretionary wrap programs, described in more detail below.

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## EVALUATION OF MANAGER CANDIDATES

SIRG's manager evaluation philosophy is based on the proposition that skill exists among active managers. Over time and through experience, SIRG's approach to the evaluation of managers has identified major attributes or characteristics that are associated with competitive, ongoing investment performance. Identified attributes are both quantitative and qualitative, and are gauged using a variety of tools and techniques.

The following is a description of SIRG's manager evaluation process.

### **Organizational Infrastructure**

SIRG believes that organizational infrastructure as it pertains to investment management is: 1) an assessment of whether the structure of the organization and investment team is optimally designed to develop quality asset forecasts, and 2) an evaluation of the mechanics of how a security name makes its way into the final portfolio and whether its sizing accurately reflects the manager's conviction in that name. SIRG typically evaluates the structure and design of the firm to determine if it is optimal given the investment strategy and seeks to identify any impediments that would prevent or delay ideas from making their way into the final portfolio.

### **Investment Professionals**

SIRG observes that organizations who focus on investment talent and talent management generally have an edge over their peers in generating investment performance. Assessing the talent within an investment organization involves quantitative measures as well as subjective judgments. One measure is the experience of the investment team. A premium is placed on significant relevant investment experience, in the asset class and the style implemented. Experience alone, however, is not an indication of talent. Judgments around team members' passion, critical thinking, and intellectual diversity provide insights into their ability to add value. Further, understanding how a firm approaches the hiring process, trains and motivates its employees, manages underperformers, and promotes an entrepreneurial spirit, can provide further indications of an ability to develop effective high-performance teams. SIRG typically evaluates an investment team's career histories, both in terms of experience level and quality of previous positions, the firm's approach to hiring/firing investment professionals, the key attributes that the manager looks for in an individual if they are considering adding people to the investment team, and the characteristics of professionals that have left the firm.

## **Asset Forecasting**

SIRG believes asset prices reflect three broad tenets: fundamental valuation, investor behavior, and macroeconomic positioning (top-down views). In essence, an assessment of a manager's asset forecasting methodology measures its ability to create a sustainable, competitive advantage through either a unique source of information, additional resources devoted to research, and/or processing information differently from other investors. Managers possessing these traits may be able to identify assets the market has mispriced, providing them with an alpha-generating advantage.

## **Portfolio Construction and Risk Management**

Managers use the process of portfolio construction to design portfolios that seek to optimize risk adjusted performance and ensure that holdings are deliberate, scaled, and consistent with investment themes. SIRG looks to determine the risk consciousness of the manager, how the portfolio was constructed, and how the manager's views are reflected within the portfolio.

## **Performance Analysis**

SIRG seeks to develop a multi-dimensional view of performance results to draw appropriate conclusions regarding the skills brought to bear by the portfolio management team and process governing a given portfolio. SIRG examines performance along six dimensions, utilizing a variety of metrics and analytical tools. The six dimensions SIRG typically measures and analyzes are: returns, risk, efficiency, consistency, symmetry, and attribution. Performance measurement is contextual, that is, relative to like managers and benchmarks. Performance measurement is, in all instances possible, based on rolling observations rather than a single period "snap shot".

The advice SIRG provides regarding principles of performance measurement is based upon the theory that investors should: (i) measure the performance of their investments by looking at whether their total performance is on track to meet their specific objectives; and (ii) measure the performance of their managers versus comparable strategies and benchmarks. In doing so, SIRG evaluates managers regularly to assess whether they continue to meet expectations. Quarterly quantitative analysis typically covers performance, risk-adjusted performance, consistency and investment style.

SIRG also monitors for and responds to events that have impacted past performance or may impact future performance. Events considered potentially detrimental to historical or future performance include, but are not limited to: significant organizational changes, portfolio manager changes, or changes to the investment management team. SIRG also monitors for historical underperformance due

to poor security selection and style drift. SIRG will implement an increased level of scrutiny on managers evidencing such factors and seek to further understand the potential impact on portfolio performance.

When practicable, SIRG conducts field office visits at a manager's location ("Field Visits") from time to time that may offer an additional perspective from which to evaluate a firm.

Field Visits are designed to, among other things, to verify information received through questionnaires and other sources.

Upon completion of its manager evaluation, SIRG typically presents a report of its findings and recommendations to one or more of the internal and/or external business/investment committees that utilize SIRG's services. Each committee reviews SIRG's research and recommendations, explores any questions or concerns that arise, and then determines whether to accept the addition, termination, reaffirmation, or suspension of a manager with respect to a particular product or program.

#### DESCRIPTION OF CLIENTS

PGIM Investments' non-investment company clients are comprised of one unaffiliated financial institution; the investment committees of Prudential's variable annuity, variable life, and retirement services businesses; and the general account of The Prudential Insurance Company of America (PICA).

#### SERVICES PROVIDED TO AN UNAFFILIATED FINANCIAL INSTITUTION REGARDING WRAP FEE PROGRAMS

An unaffiliated financial institution has engaged PGIM Investments to provide non-discretionary manager and fund research services directly to one of the unaffiliated institution's clients, Pruco Securities LLC ("Pruco"), an affiliate of PGIM Investments. These services are prepared using the various methodologies described in Item 4 of this brochure. The information provided by SIRG to the unaffiliated financial institution is used by Pruco to implement and administer the following two wrap fee programs offered by Pruco:

- **PruChoice** is designed to give investors the ability to select mutual funds and ETFs covering a wide range of asset classes. PruChoice typically offers no-load classes of PGIM Investments' proprietary mutual funds and certain no-load and load-waived classes of unaffiliated mutual funds, as well as non-proprietary ETFs. SIRG provides quantitative mutual fund and ETF research (such as peer relative performance, manager tenure, and with respect to ETFs, trading volumes) that is used by the unaffiliated financial institution and the institution's client, Pruco to supplement the factors Pruco considers when adding and removing mutual funds and ETFs from the PruChoice investment platform. Although SIRG's research plays a role in Pruco's review process, Pruco (not SIRG) ultimately decides on whether a mutual fund or ETF should be included or removed from PruChoice.
- **MACS** is a discretionary advisory program offered by Pruco where discretion to make investment decisions is granted to the manager who oversees the assets invested in a

chosen strategy portfolio in a Pruco client's separately managed account. Clients may access two distinct investment advisory programs through MACS. Through these programs, Pruco's clients invest in one or more strategies offered by affiliated and unaffiliated managers. A menu of ETFs managed by unaffiliated managers is available to complement the strategies. SIRG evaluates managers and ETFs currently available within MACS by applying quantitative analysis that may include the review of manager's or an ETF's performance, risk, risk-adjusted performance, consistency, symmetry, and/or attribution. Although SIRG's research plays a role in Pruco's review process, Pruco (and not SIRG) ultimately decides on whether a manager or an ETF should be included or removed from MACS.

The unaffiliated financial institution is responsible for its contractual arrangements with its own clients. PGIM Investments does not contract with the institution's clients. Nothing in the arrangement between PGIM Investments and the unaffiliated financial institution is designed to create or imply any contractor other services or advisory relationship between PGIM Investments and any of the institution's clients.

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#### SERVICES PROVIDED TO THE INVESTMENT COMMITTEES OF AFFILIATED INSURANCE COMPANIES REGARDING MANAGER SELECTION

PGIM Investments, through SIRG, provides manager research and recommendations to various investment committees (each, a "Committee") of our affiliated insurance companies including Prudential Life Insurance Company of America ("PICA"), Prudential Retirement Insurance and Annuity Company ("PRIAC"), and Individual Life Insurance ("ILI"). The services SIRG provides are prepared using the methodologies described in Item 4 of this brochure. SIRG provides these services on a non-discretionary basis and as inputs for the respective Committee's consideration. Each Committee (and not SIRG) makes a final determination on which manager or strategy to utilize in the particular product or service. The products or services overseen by the respective Committees include:

- Individual and/or group variable life insurance or variable annuity contracts;
- services to retirement plans;
- third party variable insurance trusts ("VITs") offered through group variable annuities sold to retirement plans and IRAs; and
- IRA platforms.

PGIM Investments, through SIRG, also provides the following services regarding VIT's to the Group Life Insurance, Individual Annuities and ILI Committees: (i) monitoring fund performance, style and market cap consistency, and (ii) monitoring firm stability and composition of the applicable VIT portfolio management team.



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## SERVICES PROVIDED TO THE PICA GENERAL ACCOUNT REGARDING THE EMERGING MANAGER INVESTMENT PROGRAM

PGIM Investments, through SIRG, provides research, recommendations and discretionary management services to PICA's General Account concerning the selection and oversight of unaffiliated managers for Prudential's Emerging Managers Investment Program ("EMP"). The EMP provides an opportunity for SIRG to identify and allocate PICA general account assets to emerging management organizations that meet established criteria relating to assets under management and minority and/or women ownership at the time of manager selection. Managers retained pursuant to the EMP are responsible for determining the investments or securities that are purchased, sold or retained under their respective investment mandates. SIRG is responsible for overseeing the managers hired as part of the EMP.

SIRG considers a manager for the EMP only after the manager has achieved return and risk characteristics that are no less favorable than the comparable broad universe of managers available for that mandate. SIRG also negotiates the management and sub-advisory fees in the EMP. SIRG makes recommendations to PGIM Investments' Business Oversight Committee ("BOC") regarding the addition of managers to the EMP platform and reports terminations and replacements to the BOC.

SIRG oversees investment operations with respect to the managed assets under the EMP.

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## SERVICES MADE AVAILABLE ON THIRD-PARTY PLATFORMS AND PROVIDED TO THIRD PARTY ADVISORS RELATED TO MODEL PORTFOLIOS

### PGIM Model Portfolios:

PGIM Investments (through SIRG) creates, maintains and makes available PGIM Model Portfolios to Third-Party Advisors. In creating the Model Portfolios, PGIM Investments' affiliate, QMA LLC ("QMA"), provides asset allocation input and performance tracking services to PGIM Investments. The PGIM Model Portfolios are made available on Third-Party Platforms for Third-Party Advisors to use, at their discretion, with such Third-Party Advisors' own clients.

The PGIM Model Portfolios are designed and balanced such that the risk profiles approximate those of the respective benchmarks chosen, or the desired outcomes, for the PGIM Model Portfolio. QMA, serves as a resource to the SIRG Investment Committee with respect to setting the allocations to each asset class. The SIRG investment Committee will incorporate research, quantitative analysis and capital market assumptions from QMA in the foundation and ongoing management of model portfolios.

SIRG is responsible for the selection of and weightings to each of the underlying mutual funds and ETFs. Each PGIM Model Portfolio is built using specific investment strategies and each is designed consistent with a specific risk tolerance level. SIRG primarily uses PGIM Funds in the PGIM Model Portfolios unless there is no PGIM Fund consistent with the desired asset

allocation or investment strategy for the PGIM Model Portfolio or in SIRG's discretion a different mutual fund is preferred. As a result, PGIM Model Portfolios typically include PGIM Funds and may include PGIM ETFs notwithstanding the fact that there may be a similar fund with lower costs or better performance. The PGIM Model Portfolios will also include an allocation to cash.

SIRG selects mutual funds and ETFs for inclusion in the PGIM Model Portfolios using a risk-based approach, selecting mutual funds and ETFs that are higher in rank based on a process that includes a quantitative methodology combined with fundamental research and considerations. As noted above, SIRG will generally select PGIM Funds when constructing a PGIM Model Portfolio. In so doing, SIRG will generally invest in Class Z shares of a PGIM Fund and/or PGIM ETF, in addition to non-proprietary money market and index funds and ETFs as determined appropriate by SIRG. In connection with each fund selection within a PGIM Model Portfolio, SIRG conducts research, analysis and reviews, among other things, the investment performance, return expectations, investment style and structure, fees, and risk exposure of the mutual funds and ETFs. SIRG then uses fundamental analysis, analyzing each fund based on market outlook and fund management fundamentals seeking to optimize the selection of each mutual fund and ETF for inclusion in a PGIM Model Portfolio.

As noted above, PGIM Investments' affiliate, QMA, provides asset allocation inputs for PGIM Model Portfolio using proprietary tools with fundamental analysis and inputs not embedded in quantitative process. Periodically, QMA establishes tactical views and reviews the asset allocations in the PGIM Model Portfolios. Periodically, QMA may overweight or allocate assets to an asset class that ultimately underperforms. Similarly, QMA may underweight or allocate fewer assets to an asset class that subsequently outperforms. For additional information about QMA's asset allocation and portfolio construction services and their associated risks, please review QMA's Form ADV brochure.

SIRG maintains the PGIM Model Portfolios in alignment with established allocations, which may be adjusted from time to time. SIRG will adjust the underlying mutual funds and ETFs in the PGIM Model Portfolios in accordance with PGIM Investments' policies and processes.

Once constructed, the PGIM Model Portfolios are provided to an unaffiliated Third-Party Platform Provider, which in turn makes the PGIM Model Portfolios available to Third-Party Advisors on the Third-Party Platform. The Third-Party Advisors access the PGIM Model Portfolios through the Third-Party Platform and use them to provide investment advice to their clients. Certain affiliates, including Pruco, are Third-Party Advisors for certain Model Portfolio platforms.

In offering the PGIM Model Portfolios, neither PGIM Investments nor QMA is providing advisory services to, or managing assets for or on behalf of, any Third-Party Advisors or any Third-Party Advisor's clients. PGIM Investments and QMA also do not manage any assets through the Third-Party Platform except that PGIM Investments and QMA may serve as the investment adviser or, in the case of QMA, the investment subadviser to the underlying mutual funds or ETFs in the PGIM Model Portfolios. PGIM Investments and QMA do not have trading authority over any client account of any Third-Party Advisor.

The Model Portfolios are not tailored to meet the needs of the Third-Party Advisor's clients. Each

Third-Party Advisor, and not PGIM Investments or QMA, is responsible for determining whether the applicable PGIM Model Portfolio is suitable and appropriate for such Third-Party Advisor's clients. Accordingly, the PGIM Model Portfolios do not take into account broader investment objectives, risk tolerance or financial circumstances that may be relevant to any Third-Party Advisor's clients and each Third-Party Advisor is responsible for ensuring that its clients' current investment objectives, risk tolerance and financial circumstances are considered before such client invests based on a PGIM Model Portfolio, or rebalances per changes in a PGIM Model Portfolio.

#### Evaluations of Other Model Portfolio Providers:

PGIM Investments, through SIRG, also performs research services on model portfolios created and maintained by an unaffiliated asset manager for an affiliate. In providing these research services to the affiliate, PGIM Investments is not providing advisory services to, or managing assets for or on behalf of, any of the affiliate's clients.

### ITEM 5 – FEES AND COMPENSATION

PGIM Investments receives the following sources of fees for our non-investment company advisory business:

- We receive fees and/or cost reimbursements for the research and recommendation services provided to our affiliated insurance companies.
- We receive asset-based fees based on the particular investment strategy for the services we provide to the EMP.
- We are compensated by an unaffiliated financial institution for the research and recommendation services we provide related to the wrap fee programs and third-party model portfolio through a privately negotiated quarterly flat fee. This fee is payable in arrears when invoiced.
- For the creation and offering of the PGIM Model Portfolios, we receive a management fee for managing the assets of the underlying PGIM mutual funds and ETFs that are included in a PGIM Model Portfolio, as disclosed in the prospectus and SAI of each PGIM Fund and PGIM ETF. For the services QMA provides to PGIM Investments related to the Model Portfolios, QMA may receive a fee from PGIM Investments out of its profits. Additionally, to the extent QMA is a subadviser to any mutual fund or ETF included in a Model Portfolio, QMA also receives a subadvisory fee. PGIM Investments does not directly charge a fee to any Third-Party Advisors or the clients of any Third-Party Advisors for accessing the PGIM Model Portfolios on the Platform. PGIM Investments also pays installation, maintenance, technology, or other fees to the Platform Provider for making PGIM Model Portfolios available on the Platform. Fees are calculated and billed in accordance with the agreement in

place between PGIM Investments and the Platform Provider.

Each underlying mutual fund and ETF included in a PGIM Model Portfolio incurs advisory, administrative, and/or custodial fees, as well as other fees and expenses that it pays out of its own assets. As a result, such fees and expenses are borne by the clients of the Third-Party Advisor as shareholders of the applicable mutual fund or ETF. More information about the fees and expenses associated with underlying funds and ETFs included in a PGIM Model Portfolio is found in such Fund's or ETF's prospectus and SAI. For the Model Portfolio platforms where Pruco Securities is a Third-Party Advisor, Pruco Securities has agreed to waive its advisory fee for its clients for which a PGIM Model Portfolio is used in an amount equal to a portion of the management fees of the PGIM Funds and/or PGIM ETFs included in the PGIM Model Portfolio(s) used for such client. Clients of Pruco Securities should refer to Pruco's Form ADV for more detailed information on Pruco Securities' fees and any waiver of such fees for its clients invested in PGIM Model Portfolios. Clients of other Third-Party Advisors should also refer to the Third-Party Advisor's Form ADV for information on additional fees charged by the Third-Party Advisor.

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## CONFLICTS OF INTEREST

Conflicts of interest or potential conflicts of interest commonly refer to activities or relationships in which the interests of PGIM Investments or its affiliates compete with the interests of PGIM Investments' clients. Like other investment advisers, PGIM Investments is subject to various conflicts of interest in the ordinary course of our business. 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 policies, procedures, training or other mitigants.

To address potential conflicts, PGIM Investments follows Prudential Financial's Standards on business ethics, personal securities trading, inside information and information barriers. We also follow Prudential's Code of Conduct, "Making the Right Choices" which reflects Prudential's core values and clarifies Prudential's expectations of acceptable behavior.

PGIM Investments also has adopted its own code of ethics, gifts and entertainment policy, and proxy policy, among others, and has 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, every situation in which a conflict may arise.

Set forth below are certain examples of the types of conflicts that may arise in the context of PGIM Investments' non-investment company related services:

Manager Evaluation and Recommendation: As part of our manager evaluation and

recommendation services we have incentives to:

- Recommend that clients hire or retain PGIM Investments' affiliated managers over unaffiliated managers to increase the compensation that PGIM Investments and its affiliates receive;
- Recommend that clients hire or retain PGIM Investments' affiliated managers over unaffiliated managers to increase the personal compensation that employees of PGIM Investments receive through participation in cash and long- term incentive compensation plans tied to the performance of Prudential (our ultimate corporate parent) and/or Prudential's asset management business;
- Recommend that a client merge a portfolio managed by an unaffiliated manager into another portfolio managed by an affiliated manager to increase the compensation that PGIM Investments and its affiliates receive;
- Recommend that a client hire or retain a manager based on distribution relationships that PGIM Investments and/or its affiliates have with that manager in connection with other clients or products;
- Recommend unaffiliated or affiliated managers or mutual funds based on other beneficial relationships that exist between the manager and PGIM Investments and/or its affiliates;
- Recommend managers for whom we provide solicitation services (for our non-mutual fund business);
- Allocate assets among managers based on the profitability or other benefit to PGIM Investments or its affiliates;
- Recommend or not recommend a manager, strategy, or asset class due to a lack of capacity or capability of our affiliated managers within the particular asset class or strategy;
- Recommend a lower cost or higher cost manager to a client where PGIM Investments has the ability to retain a greater portion of the client's overall advisory fee;
- Recommend whether or not a client should participate in litigation based on business relationships and other factors that impact PGIM Investments and/or its affiliates; and
- Recommend service providers and vendors for which PGIM Investments or its affiliates can benefit by leveraging fees or other terms and conditions based on business relationships and other factors.

We believe SIRG's rigorous and disciplined research process combined with management and compliance oversight help to mitigate these conflicts. Furthermore, SIRG personnel are not involved in negotiating any distribution agreements. Additionally, with the exception of the EMP, SIRG personnel are not involved in negotiating management fee arrangements.

Affiliate Relationships: As an indirect wholly-owned subsidiary of Prudential, PGIM Investments is 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. These relationships may present potential or actual conflicts of interest. For example, our affiliates have an incentive to seek to influence decisions relating to manager selection, asset allocation, client investment strategies, or fund operations in order to, among other things, facilitate our affiliates' investment hedging interests, improve their profit margins, or derive tax benefits. We seek to mitigate the risk from this conflict through policies, procedures, communication protocols, and periodic conflicts training of applicable PGIM Investments personnel.

Client Relationships: PGIM Investments and its affiliates also derive certain "fall out" benefits from their advisory relationships with a client. Fall out benefits are generally benefits that PGIM Investments and its affiliates could receive, other than advisory fees, as a result of their relationship or association with clients. Such fall out benefits create potential conflicts of interest by potentially influencing the manager recommendations that PGIM Investments submits to clients.

Employee Roles: Some PGIM Investments supervised persons, including members of senior management, perform other duties for Prudential affiliates. Conflicts of interests may arise from time to time in connection with these duties with respect to allocating management time, services, or functions among PGIM Investments and other Prudential affiliates. For example, a senior member of SIRG serves on the investment committee of Prudential Customer Solutions LLC ("PCS") which is an advisory affiliate of PGIM Investments. The PCS investment committee may give investment advice and/or take action in the performance of its PCS-related duties that differs from, or is inconsistent with, the advice given by SIRG in the performance of its PGIM Investments related duties. This includes giving investment advice and/or taking action regarding investments in unaffiliated ETFs.

Outside Business Activities: From time to time, certain of our employees or officers may engage in an outside business activity. 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.

PGIM Model Portfolios – Fund Selection: Unless otherwise agreed to with a Third-Party Platform Provider or Third-Party Advisor, PGIM Investments primarily uses PGIM Funds in the PGIM Model Portfolios unless there is no PGIM Fund consistent with the desired asset allocation or investment strategy for the PGIM Model Portfolio or in SIRG's discretion, a different mutual fund is preferred for the PGIM Model Portfolio. As a result, PGIM Model Portfolios will include primarily PGIM Funds and may include PGIM ETFs notwithstanding

the fact that there may be a similar unaffiliated fund with lower costs or better performance. Additionally, PGIM Investments and its affiliates will benefit from investments in the PGIM Funds and PGIM ETFs that are included in the PGIM Model Portfolios through fees paid by such PGIM Funds and PGIM ETFs to PGIM Investments and its affiliates for advisory, administrative and other services as described in the fund's prospectus and SAI. As noted above, SIRG's process for selecting underlying funds includes both quantitative and qualitative factors. As part of its qualitative process, SIRG monitors each fund's investment philosophy and process, investment style and adviser(s). As part of its quantitative process, SIRG reviews returns-based performance which includes index, peer relative and risk adjusted performance.

Evaluation of Third-Party Model Portfolios: In connection with an affiliated client relationship, SIRG performs research services on model portfolios created and maintained by Portfolio Management Consultants ("PMC"), a division of Envestnet (the "PMC Model Portfolios"). Envestnet is a Platform Provider for the PGIM Model Portfolios and, as part of its process for including the PGIM Model Portfolios on Envestnet's Platform, PMC performs due diligence on the PGIM Model Portfolios. SIRG's research services on the PMC Model Portfolios coupled with PMC's due diligence on the PGIM Model Portfolios creates a conflict of interest. With respect to the PMC Model Portfolios, this conflict is mitigated by SIRG's quantitative research process, which focuses on reviewing the Third-Party Model Portfolios' investment performance and selection of underlying investments without taking into consideration the model provider's due diligence activities with regards to the PGIM Model Portfolios.

With respect to the PGIM Model Portfolios, this conflict is mitigated by SIRG's selection and weightings process for the underlying investments in the PGIM Model Portfolios, which does not take into account any information, consideration or recommendation from PMC or Envestnet. You should review PMC's Brochure to learn how PMC addresses and mitigates conflicts related to model portfolios.

## **ITEM 6 – PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **ITEM 7 – TYPES OF CLIENTS**

Our clients are described above in Item 4 of this brochure. We do not have any requirements for opening or maintaining an account, such as minimum account size.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Our non-investment company advisory business consists of providing manager research and recommendation services on managers, mutual funds, and ETFs to our clients as described in Item 4 of this brochure. With respect to our non-investment company business, we do not provide portfolio investment management services (i.e., determining the investments or

securities that are purchased, sold, or retained) that could subject clients to risk of loss.

### **Certain Risks Related to PGIM Model Portfolios**

Each PGIM Model Portfolio bears the risks of the underlying mutual funds and ETFs that are included in such PGIM Model Portfolio, as described in the prospectus and SAI for such mutual fund and ETF. As a general matter, strategies that pursue investments in equities will be subject to stock market volatility, and strategies that pursue fixed-income investments (such as bond or money market funds) will see values fluctuate in response to changes in interest rates. Additionally, those mutual funds and ETFs included in the PGIM Model Portfolios that pursue debt investments are subject to risks of prepayment or default, and those that pursue strategies that concentrate in particular industries or are otherwise subject to particular segments of the market may be significantly impacted by events affecting those industries or markets. Strategies that pursue leverage, including investment in derivatives, magnify market exposure and potential losses. The mutual funds and ETFs included in the PGIM Model Portfolios may also be subject to operational risks, which can include risks of loss arising from failures in internal processes, people or systems, such as routine processing errors or major systems failures, or from external events, such as securities exchange outages.

The PGIM Model Portfolios may also have limitations on their ability to optimize tax, diversification and other factors or otherwise hedge risk. Third-Party Advisors who use the PGIM Model Portfolios in providing investment advice to their clients are responsible for any tax optimization, diversification, risk hedging, or other tax considerations or consequences to a particular client of such Third-Party Advisor. To the extent a Third-Party Advisor or its client determines in its discretion to rebalance a client's account based on a corresponding change to a PGIM Model Portfolio, tax consequences may occur.

There is no assurance that positive investment results will be achieved by use of a PGIM Model Portfolio. Past performance of the PGIM Model Portfolios and any of the mutual funds and ETFs in the PGIM Model Portfolios is no guarantee of future results. Asset allocation does not guarantee profit or diversification and may not protect against loss. Please consult the applicable mutual fund or ETF prospectus and SAI for more information about specific risks associated with such fund or ETF, and the Form ADV of the Third-Party Advisors for more information about the risks associated with the services provided by such Third-Party Advisors to their clients.

### **Certain Risks Relating to Regulation**

Laws and regulations affecting our business change from time to time, and we are operating in an environment of significant global regulatory reform. We cannot predict the effects, if any, of future legal and regulatory changes on our business or the services we provide.

### **Certain Risks Related to Cyber Security and Technology**

Investment advisers, including PGIM Investments, 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 and our affiliates and the systems we use might in some circumstances be subject to a variety of possible cybersecurity incidents or similar events that could potentially result in the inadvertent disclosure of data to unintended parties, or the intentional misappropriation or destruction of data by malicious actors mounting an attack on computer systems. We and our affiliates 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 and take other 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 could occur, and might in some circumstances result in unauthorized access to sensitive information about us or our clients. In addition, such incidents might cause damage to client accounts, data, systems or affect client services.

Furthermore, these systems may 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 or the inability to transact business.

### **Public Health Risk**

Occurrences of epidemics and pandemics, depending on their scale, may cause different degrees of damage to the national and local economies. Global economic conditions may be disrupted by widespread outbreaks of infectious or contagious diseases, and such disruption may adversely affect the returns of your portfolio. For example, the continuing spread of the virus named "SARS-CoV-2" (sometimes referred to as the "coronavirus" and abbreviated as "COVID-19") may have an adverse effect on the value, operating results and financial condition of some or all of the companies and holdings in your portfolio. The impact of COVID-19, and other public health issues that may arise in the future, could adversely affect the economies of many nations, individual companies and investment products, and the market in general in ways that cannot necessarily be foreseen at the present time.

## **ITEM 9 – DISCIPLINARY INFORMATION**

On September 16, 2019, it was announced that PGIM Investments LLC and an affiliate (together "PGIM Investments") entered into an agreement with the SEC relating to certain securities lending and foreign tax reclaim practices (the "Order"). PGIM Investments self-reported the practices to the SEC, revised its procedures, and made restitution payments to affected funds. Pursuant to the

Order, PGIM Investments agreed to a censure and to pay the SEC disgorgement of fees of \$27.6 million and a civil penalty of \$5 million. PGIM Investments has enhanced its securities lending and foreign tax reclaim policies and procedures to address the findings described in the Order. The Order does not materially impact PGIM Investments' ability to provide investment advisory services.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### OTHER FINANCIAL INDUSTRY ACTIVITIES

#### **Commodity Pool Operator Activities**

PGIM Investments is registered as a commodity pool operator with the National Futures Association ("NFA") pursuant to applicable rules issued by the Commodities Futures Trading Commission under the Commodity Exchange Act. PGIM Investments' CPO activities relate solely to its investment company advisory business.

#### **Undertakings for Collective Investment in Transferable Securities (UCITS) Activities**

PGIM Investments personnel provides certain ancillary services to PGIM Funds plc ("PGIM Funds"), an umbrella fund consisting of various sub-funds constituted as an Irish domiciled investment company that is compliant with UCITS directives. Services include supporting the following, as applicable: fund structuring and launches, registrations, product and risk management, portfolio oversight, operations, legal, compliance, marketing support, and oversight of certain external providers. PGIM Funds are advised by our affiliate, PGIM, Inc.

#### **Qualifying Investor Fund ("QIF") Activities**

PGIM Investments personnel provides certain ancillary services to PGIM Qualifying Investor Fund plc ("PGIM QIF Funds"), an umbrella fund consisting of various sub-funds constituted as an Irish domiciled investment company and is a qualifying investor scheme under the rules of the Central Bank of Ireland's Alternative Investment Fund Rulebook. Services include supporting the following, as applicable: fund structuring and launches, registrations, product and risk management, portfolio oversight, operations, legal, compliance, marketing support, and oversight of certain external providers. PGIM QIF Funds are advised by our affiliate, PGIM, Inc.

### OTHER FINANCIAL INDUSTRY AFFILIATIONS

#### **Affiliated Wrap Program Sponsor / Affiliated Dual Registrant**

PGIM Investments is affiliated with Pruco (file number 801-52208), which is dually registered with the SEC as an investment adviser and a broker-dealer. As an investment adviser, Pruco conducts business through its Prudential Financial Planning Services unit and acts as the sponsor of two wrap fee advisory programs, PruChoice and MACS, as well as offering fee-based financial planning services. As described in Item 4 of this brochure, we provide manager research and recommendation services to an unaffiliated financial institution for the benefit

of Pruco.

### **Other Broker/Dealer Affiliates**

PGIM Investments is affiliated with Prudential Investment Management Services LLC (PIMS) a registered broker-dealer (CRD-18353). PIMS is the distributor to certain PGIM Investments-sponsored funds and the Prudential Series Fund. Certain of our management personnel and other employees are registered representatives of PIMS. PIMS does not execute securities transactions on behalf of PGIM Investments'-sponsored funds or PGIM Investments' other clients.

PGIM Investments is affiliated with Prudential Annuities Distributors, Inc. (PAD), a registered broker-dealer (CRD-21570). PAD serves as the distributor for the portfolios of the Advanced Series Trust, a registered investment company. PAD also serves as distributor for variable insurance products that invest in funds managed or co-managed by PGIM Investments. PAD does not execute securities transactions on behalf of PGIM Investments'-sponsored funds or PGIM Investments' other clients.

### **Insurance Company Affiliates**

We provide manager research and recommendation services to affiliated insurance companies, as identified in Item 4 of this brochure.

### **Investment Adviser Affiliates**

Our advisory affiliates with whom we have a material relationship or arrangement are identified in Part 1A of our Form ADV.

We provide research and recommendations with respect to the identification, selection and monitoring of (i) managers that may be affiliated with us; and (ii) mutual funds that may be managed and/or advised by us or our affiliates. We have a potential conflict of interest in recommending or issuing research reports on managers that are affiliated with us and on mutual funds managed and/or advised by us or our affiliates. Please see the conflicts of interest discussion in Item 5 of this brochure.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Certain employees have access to transactions and holdings information regarding certain client accounts. This information represents a potential conflict of interest because employees may take advantage of this information as they trade in their personal accounts. These risks are mitigated through the procedures set forth in PGIM Investments' Investment Adviser Code

of Ethics, which includes Prudential's Personal Securities Trading Standards and Prudential's U.S. Information Barrier Standards. These standards and procedures are further described below.

PGIM Investments' 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. Our employees are required to report any violation of the code of ethics to our Chief Compliance Officer.

We will provide a copy of our code of ethics to clients or prospective clients upon request and without charge.

### **Prudential Financial Information Barrier Standards and Personal Securities Trading Standards**

Our code of ethics incorporates the Prudential Financial Information Barrier Standards and Personal Securities Trading Standards, which are intended, among other things, to deter and prevent insider trading and contain detailed requirements with respect to information barriers pertaining to material nonpublic information, as well as restrictions on and reporting and monitoring of employees' personal securities trading.

### **Participation or Interest in Client Transactions**

We have certain potential conflicts of interest with respect to participation and/or interest in client transactions. We may recommend that our clients consider investment advisers that are affiliated with us, or consider funds managed and/or advised by us or our affiliates. Please see the conflicts of interest discussion in Item 5 of this brochure.

### **Outside Activities**

From time to time, certain of our employees or officers may engage in outside business activities, including outside directorships of issuers for which our mutual funds or portfolios may invest. 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 the approval process.

### **Gifts and Entertainment**

Our employees may occasionally give or receive gifts, meals or entertainment of moderate value, subject to compliance with applicable laws and regulations and rules of self-regulatory organizations. PGIM Investments has policies to address 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. Our policies require the reporting and preclearance of gifts, meals and entertainment given or received which exceed certain thresholds. Additionally, our employees are prohibited from soliciting the receipt of gifts,

meals or entertainment. PGIM Investments Compliance reviews summaries of gifts and entertainment activity to detect trends of abuse, conflicts of interest, or possible violations of the policy.

## **ITEM 12 – BROKERAGE PRACTICES**

We do not engage in brokerage practices on behalf of non-investment company clients. For example, we do not: select or recommend broker/dealers for client transactions; permit clients to engage in direct brokerage transactions; or purchase or sell securities for clients.

PGIM Investments also does not have trading authority over any client account of any Third-Party Advisor, including any such client account which is based on a PGIM Model Portfolio.

## **ITEM 13 – REVIEW OF ACCOUNTS**

PGIM Investments continually reviews its non-investment company clients' accounts through SIRG's ongoing monitoring and evaluation of manager and fund performance, as described in Item 4 of this brochure. SIRG has a rigorous and disciplined research and recommendation process that provides for the selection, termination, and replacement of managers and funds as appropriate. SIRG presents its recommendations to various client investment committees on a regular basis.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

We do not receive any economic benefits from non-clients for providing investment advice or other advisory services to our clients. We also do not pay compensation to others for client referrals.

## **ITEM 15 – CUSTODY**

PGIM Investments does not maintain custody over any client accounts.

## **ITEM 16 – INVESTMENT DISCRETION**

PGIM Investments, through SIRG, provides research, recommendations and discretionary investment management services to PICA's General Account concerning the selection and oversight of unaffiliated managers for Prudential's EMP, as outlined in Item 4 of this brochure. We provide such services pursuant to investment management agreements, and generally engage managers to manage the investments or securities in the EMP.

In all other instances, SIRG's research and recommendations are provided on a non-discretionary basis and the client (and not SIRG) makes the ultimate decision to accept or

reject SIRG's recommendation.

While PGIM Investments is responsible for establishing and updating each PGIM Model Portfolio, neither PGIM Investments nor QMA has investment discretion with respect to the implementation or use of any PGIM Model Portfolio, including for the avoidance of doubt, for any clients of any Third-Party Advisors.

## ITEM 17 – VOTING CLIENT SECURITIES

PGIM Investments does not vote proxies on behalf of non-investment company clients. As discussed previously, PGIM Investments, through SIRG, provides discretionary investment advisory services to PICA's General Account as part of the EMP. Because participating managers in the EMP provide the day to day investment management services to the General Account, SIRG has delegated the responsibility to vote proxies on behalf of the securities held to the EMP managers. In other words, the managers on this platform are responsible for the voting of all shareholder proxies with respect to the investments and securities held in the portfolio managed by each manager.

In the unlikely event that SIRG would need to vote a proxy for a non-investment company client, PGIM Investments maintains procedures that describe the proxy voting process for proxy voting for which we are responsible. Our policy is to vote in the best long-term interests of our clients. When proxies are received which contain proposal(s) that do not fall within pre-determined voting definitions, a proxy committee is convened to determine how to vote the proposal(s). SIRG maintains a record of each proxy voted.

There may be instances where PGIM Investments does not receive ballots in advance of voting deadlines. Therefore, we cannot guarantee that every proxy will be voted prior to the respective deadline.

PGIM Investments' proxy voting policy will apply to any future securities and clients for which it may have direct proxy voting responsibilities. The policy will be amended as needed to accommodate such activities.

Upon request, PGIM Investments will provide clients with a copy of:

- PGIM Investments' proxy voting policy; and
- If applicable, a report disclosing how PGIM Investments voted the securities held in that client's portfolio.

## ITEM 18 – FINANCIAL INFORMATION

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.