

## **Form ADV Part 2A: Firm Brochure**

### **PGIM DC Solutions LLC**

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This brochure provides information about the qualifications and business practices of PGIM DC Solutions LLC (“PGIM DCS”). If you have any questions about the contents of this brochure, please contact us at 973-367-4653 or [dawn.pallitto@pgim.com](mailto:dawn.pallitto@pgim.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

PGIM DCS is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

## Item 2 – Material Changes

This brochure dated March 28, 2023, updates and replaces our prior brochure dated May 2, 2022, and reflects the following material changes:

**Item 4 – Advisory Business** – We have updated this section to reflect the expansion of our investment advisory service offerings and capabilities. It is anticipated that in the future, PGIM DCS' advisory business will include subadvisory services to target date portfolios ("Target Date Portfolios", defined in Item 4) that are offered in multiple vehicle structures and share classes designed to address a variety of retirement plan needs.

We have reflected this anticipated expansion of PGIM DCS' business activities by updating corresponding language in other sections as appropriate (Items 5, 7, 8, 10, 13 and 16).

We will further update our Form ADV, including this brochure, as appropriate and necessary at the time PGIM DCS commences the anticipated business activities outlined in this brochure.

**Item 5 – Fees and Compensation** – We have updated this section to include descriptions of the fees involved in the Target Date Portfolios.

**Item 7 – Types of Clients** – We have updated this section to include language regarding the Target Date Portfolios.

**Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** – We have updated this section to include language regarding the Target Date Portfolios. We have also updated various risk factors and added the following new risk factors: Asset Allocation Risk, Operational Risk, Effects of Catastrophic Events, Rate of Inflation, Social Media and Internet-Based Information Risks, Sustainability Risk, Investing in Greater China, Recent Banking Events.

**Item 10 – Other Financial Industry Activities and Affiliations** – We have updated this section to include language regarding the Target Date Portfolios.

**Item 13 – Review of Accounts** – We have updated this section to include language regarding the Target Date Portfolios.

**Item 16 – Investment Discretion** – We have updated this section to include language regarding the Target Date Portfolios.

Although we have made other changes and updates to our previous brochure, we do not consider such changes to be material.

This updated brochure reflects updates; enhancements and clarifications to the descriptions of our businesses, risks and compliance policies and procedures; as well as responds to evolving industry best practices. Clients and prospective clients should review the brochure carefully.

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## Item 4 – Advisory Business

### *Our Firm*

PGIM DC Solutions LLC (“PGIM DCS”) is a registered investment adviser with the SEC and organized as a Delaware limited liability company.

PGIM DCS was formed on September 28, 2021, and is a direct, wholly-owned subsidiary of PGIM Quantitative Solutions LLC (“PGIM QS”), also an SEC-registered investment adviser. Both PGIM DCS and PGIM QS are indirect, wholly-owned subsidiaries of Prudential Financial, Inc. (“Prudential Financial”), a publicly held company (NYSE Ticker “PRU”).<sup>1</sup>

PGIM DCS launched its business in 2022 and plans to be the retirement solutions provider of PGIM, Prudential Financial’s global investment management business. PGIM DCS will offer pre-retirement and post-retirement solutions, including managed account solutions and target date portfolios, for defined contribution plans. PGIM DCS’ goal is to deliver innovative defined contribution solutions founded on market-leading research and capabilities. PGIM DCS’ team of professional experts has many years of experience in the DC solutions space and the team’s expertise spans across plan design and participant engagement, investment best practices, portfolio construction, retirement income, and the regulatory and legislative environment.

This brochure describes PGIM DCS’ business, and hereinafter when we use the terms “we,” “us” and “our,” we are referring to PGIM DCS unless we specify otherwise.

### *Our Advisory Business in General*

#### *Managed Accounts and Advice Program*

PGIM DCS will provide advisory services for participants in defined contribution plans in the United States. These services include managed accounts (“Managed Accounts”), point-in-time advice (“Advice Program”) and technology services.

#### *Target Date Portfolios*

PGIM DCS will also provide investment management and asset allocation services with respect to target date portfolios that are offered in multiple vehicle structures (which in turn may comprise multiple series or suites of funds), designed to offer a diversified investment solution to DC plan participants (such portfolios referred to herein as “Target Date Portfolios”). These Target Date Portfolios are fund-of-funds and are structured as mutual funds, collective investment trusts (“CITs”) and insurance company separate accounts (of affiliated and unaffiliated insurance companies). The Target Date Portfolios invest in underlying vehicles which allocate assets to multiple asset classes including equity and fixed income, real estate, commodities and certain other non-traditional asset classes. The asset allocation of each Target Date Portfolio follows a glidepath that becomes more conservative prior to, and for approximately ten years following, the target date by reducing exposure to equity investments and increasing exposure to fixed income assets (the “Glidepath”).

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<sup>1</sup> Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.

The Managed Accounts and Advice Programs and the advisory services for the Target Date Portfolios are described below. We also describe the stand-alone technology services that PGIM DCS may provide.

## **Managed Accounts**

Our Managed Accounts program provides plan participants with an investment strategy which is customized and based on a participant's financial situation, using information provided by the participant such as age, salary, retirement age and retirement goals.

The PGIM DCS Managed Accounts program is discretionary in nature and PGIM DCS acts as an "investment manager" within the meaning of Section 3(38) of ERISA, and is a fiduciary within the meaning of Section 3(21) of ERISA and Section 4975(e)(3) of the Internal Revenue Code of 1986 as amended (the "Code").

### *Description of the Managed Accounts Program and its Components*

PGIM DCS is responsible for managing a participant's investments within the account under the Managed Accounts program. The Managed Accounts program uses investment options, including commingled vehicles such as mutual funds and CITs, available in the plan. Some plans may include among their investment options Prudential-affiliated investment funds (e.g., mutual funds, exchange-traded funds ("ETFs"), CITs) ("Proprietary Funds") or guaranteed income products ("Proprietary Income Options") (Proprietary Funds and Proprietary Income Options, collectively, "Proprietary Products"). These investment options are chosen by the plan provider, plan sponsor or another party selected by the plan sponsor. PGIM DCS has no role in the selection of these investment options.

These investment options are used in order to create investment portfolios designed for participants across a range of risk exposure levels. These investment portfolios will be constructed and assigned to individual participants by the Independent Financial Expert (IFE), as described below. PGIM DCS' discretion over the Managed Accounts is limited to implementing the IFE's advice, which PGIM DCS does not have the authority to modify.

Under the Managed Accounts program, PGIM DCS will provide participants with a personalized retirement strategy. This strategy will be based on the participant's personal and financial data which is derived from the information provided by the participant, plan provider, and/or plan sponsor. Depending upon the participant's life stage, the strategy may include a retirement income goal, recommended savings rate, recommended retirement age, retirement income projection, retirement spending guidance, guaranteed income allocation, asset allocation target and investment allocation. Such components of the personalized retirement strategy are designed to assist participants to meet their retirement goals.

A participant who has chosen to participate in a Managed Account program will enter into an advisory agreement with PGIM DCS. Once a participant enrolls in the Managed Accounts program and enters into the advisory agreement, PGIM DCS will send instructions to the plan provider or plan sponsor in order to implement the retirement strategy assigned by the IFE in the participant's account. PGIM DCS will not seek a participant's consent prior to implementing the investment portfolios.

The IFE, generally on a quarterly basis, will assess the Managed Accounts and determine whether

rebalancing or reallocation is needed. Assessments may be performed on an other-than-quarterly basis under certain circumstances, such as unusual market conditions (e.g., volatility) and other unforeseen circumstances, substantial cash flow into or out of accounts, or if a participant provides additional or updated information about his or her personal or financial situation that affects the participant's retirement strategy. If the IFE determines that rebalancing or reallocation is needed, PGIM DCS will send transaction instructions to the plan provider or plan sponsor to rebalance or reallocate the Managed Account in accordance with advice provided by the IFE. Participants will also receive quarterly and annual review reports of their investments and progress towards their retirement goals.

#### *Plan Sponsor Directed Enrollment in Managed Accounts*

A plan sponsor may elect to have participants automatically enrolled into Managed Accounts program described above. The plan sponsor will enter into an advisory agreement with PGIM DCS and direct PGIM DCS to enroll participants in appropriate investment portfolios based on a participant's personal and financial data which is obtained from the information provided by the plan sponsor or plan provider. This type of plan sponsor directed enrollment may be designated as a qualified default investment alternative ("QDIA"), as permitted under the Employee Retirement Income Security Act ("ERISA"). It is the plan sponsor's responsibility to select the QDIA for plan participants, including the responsibility to determine the quality of the QDIA and reasonableness of fees.

In such scenario, plan participants will receive written notice of the directed enrollment process from the plan sponsor. They will be provided with an opportunity to opt-out of the program, as determined by the plan sponsor. If they opt out of the program, they will not incur any fees or penalties.

Participants can further personalize the advice and provide additional or updated information via the Managed Accounts participant website and receive a retirement strategy based on the updated data. Reallocation and/or rebalancing will be conducted as described above.

Upon termination of the advisory agreement by either the plan sponsor or participant, the account holder's assets will remain invested in the Managed Accounts investments last allocated by PGIM DCS until the participant makes changes to those allocations.

#### **Third Party Technology Platform**

PGIM DCS may partner with a third-party managed account technology platform provider to deliver a personalized participant managed account solution to DC plan participants where PGIM DCS will act as the investment adviser using PGIM DCS's proprietary Assignment Tool (as defined below). The third-party technology platform will provide the necessary technology to deploy PGIM DCS's Managed Account to a recordkeeper. Through the technology platform, PGIM DCS can distribute its managed account offering through different recordkeepers and make it available to plan sponsors and plan participants.

#### **Advice Program**

Under the Advice Program, a participant will receive a point-in-time recommendation i.e., the participant's account is not monitored, reviewed, or updated on an ongoing basis to provide an updated retirement strategy. Once a participant receives such point-in time recommendation, the advisory relationship between the participant and PGIM DCS ends. The participant may return at any time to receive a new retirement strategy.

Under the Advice Program, PGIM DCS is a fiduciary under Section 3(21)(a)(ii) of ERISA and Section 4975(e)(3)(B) of the Code.

Similar to the Managed Accounts program, PGIM DCS will provide a participant with a personalized retirement strategy. This strategy will be based on the participant's personal and financial data which is obtained from information provided by the participant, plan provider, and/or plan sponsor. Depending on the participant's life stage, the advice may include a retirement income goal, recommended savings rate, retirement age, retirement income projection, retirement spending guidance, guaranteed income allocation, asset allocation target and investment allocation. Such components of the personalized retirement strategy are designed to assist participants to meet their retirement goals.

Similar to the Managed Accounts program, the Advice Program uses investment options, including commingled vehicles such as mutual funds and CITs, available in the plan. These investment options are chosen by the plan provider, plan sponsor or another party selected by the plan sponsor. PGIM DCS has no role in the selection of these investment options. As described above under the "Managed Accounts" section, some plans may include among their investment options Proprietary Products.

As with the Managed Accounts program, the IFE uses the investment options in order to create investment portfolios designed for participants across a range of risk exposure levels. These investment portfolios will be constructed and assigned to individual participants by the IFE, as described below.

#### *Independent Financial Expert (IFE)*

Prior to onboarding clients, under either the Managed Accounts program or the Advice program, PGIM DCS will engage an Independent Financial Expert ("IFE"), as defined in the SunAmerica Opinion (Department of Labor's Advisory Opinion 2001-09A dated December 14, 2001). PGIM DCS' use of an IFE seeks to avoid potential ERISA prohibited transactions for plans which are governed by ERISA. PGIM DCS is responsible for the selection and ongoing monitoring of the IFE.

The IFE will have full authority and responsibility to develop investment portfolios for each plan participating in the Managed Accounts and Advice programs and to assign participants to an appropriate investment portfolio. The IFE will provide services directly to PGIM DCS and does not have a contractual relationship with the plan sponsor. PGIM DCS will pay all fees and expenses charged by the IFE for its services.

At the time PGIM DCS engages an IFE, it will update this Form ADV to disclose the name and background of the IFE. PGIM DCS will not onboard clients in either the Managed Accounts or Advice Programs until this step has been completed.

#### *Role and Responsibilities of PGIM DCS and the IFE for the Managed Accounts and Advice Programs*

As described below, the IFE develops asset allocation models which will serve as the basis for constructing investment portfolios for each plan offering the Managed Account and Advice Programs to its participants. The allocation models contain differing proportions of equity, fixed income and other asset classes with a broad range of risk tolerance levels.

For each plan participating in the Managed Accounts and Advice programs, the IFE selects and combines investment options available under the plan in order to construct a set of fund-specific investment portfolios so

that the total asset class exposures of those investment options equal the asset class weights of the corresponding Allocation Model (defined below).

PGIM DCS assists the IFE in its construction of investment portfolios and assignment of participants to those portfolios. PGIM DCS will provide the IFE with sample asset allocation models ("Allocation Models") that the IFE may choose, in its discretion, to use, modify, or not use as the allocation models for the plans participating in the programs. PGIM DCS includes with the Allocation Models any information that the IFE may need to understand the investment principles and assumptions reflected in the Allocation Models. The IFE is not required to adopt the Allocation Models provided by PGIM DCS.

In order to assign an appropriate investment portfolio to a participant, for the IFE's consideration and possible adoption, PGIM DCS is building an "Assignment Tool" which is based on a proprietary algorithm developed by PGIM DCS. An algorithm is essentially a set of rules or instructions for solving a problem or transforming data input into data output. Here, in order to identify an appropriate allocation model for a participant (the output), the Assignment Tool takes into account various inputs, including information about the individual participant such as, but not limited to, age, salary, plan account balance, company match and risk tolerance.

The Assignment Tool also makes certain assumptions regarding future investment returns and inflation rates. Please refer to Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) below for more information about the Assignment Tool and the data it collects and analyses from participants. The IFE will be responsible for evaluating the investment methodologies and principles on which the Assignment Tool is based and determining whether to utilize it in connection with the Managed Accounts and Advice programs.

The IFE will be responsible for confirming that plans offering the Managed Accounts and/or the Advice program have sufficient investment options within their investment line-ups to satisfy the asset allocation needs of the investment portfolios and will communicate directly with the plan if additional investment options must be added to support the programs.

## **Target Date Portfolios**

As discussed above, it is anticipated that PGIM DCS' advisory business will include investment management and asset allocation services with respect to Target Date Portfolios that are offered in multiple pooled vehicle structures, including mutual funds, CITs, and insurance company separate accounts (of affiliated and unaffiliated insurance companies). The Target Date Portfolios are established as funds-of-funds and they invest in passive and actively managed commingled vehicles (which may include insurance company separate accounts, CITs, and mutual funds (including ETFs)). The majority of these CITs and separate accounts will be advised by affiliates of PGIM DCS.

### *Customization of our Advisory Services*

For the Managed Account and Advice Programs, a participant that chooses to participate in either program will not have the opportunity to negotiate the agreement. The agreement will be a standard agreement similar to other agreements utilized in the industry for these types of programs. For the Target Date Portfolios, our sub-advisory agreements are negotiated with, and go through an approval process by, the advisors/trustees of the Target Date Portfolios. Such sub-advisory agreements are negotiated to incorporate mutually acceptable terms.



### **Technology Only Offerings/Services to Unaffiliated Managers or IFEs**

As previously described, PGIM DCS is building a proprietary Assignment Tool where the individual participant will input individual information and parameters and a glidepath or model portfolio will be generated.

It is anticipated that PGIM DCS may be engaged to provide assistance to unaffiliated investment managers or IFEs responsible for recommending or selecting investment portfolios for the investment of participant accounts. In these cases, PGIM DCS will not serve as an ERISA fiduciary or Section 3(38) investment manager and will have no responsibilities for the implementation of investment decisions for the participant accounts.

In this offering, PGIM DCS would simply provide financial and investment information, including sample Allocation Models and may permit the unaffiliated manager or IFE to use its Assignment Tool. As it will do in connection with the Managed Accounts program, PGIM DCS will provide to the manager or IFE sufficient information about the Allocation Models and the Assignment Tool to permit the manager or the IFE to evaluate the information, assumption and methodologies reflected therein.

### *Our Assets Under Management*

PGIM DCS is in the process of marketing its services and does not currently have any assets under management.

## Item 5 – Fees and Compensation

PGIM DCS' fees are generally negotiated by the plan sponsor or plan provider on behalf of the plan. The actual fees will take into consideration a broad range of factors such as amounts of assets in the plan, plan complexity and competitive forces in the marketplace.

### *Managed Accounts*

Fees for participants enrolled in the Managed Accounts program will be based on the assets in the account managed under the service. PGIM DCS may offer certain plan sponsors discounted fees or other promotional pricing. PGIM DCS's fee typically ranges between 0-.40% annually. In some cases, PGIM DCS may waive the fee for a specific timeframe.

A participant may terminate services without penalty at any time as outlined in the advisory agreement. Upon termination, any unpaid fees will be deducted from the participant's account.

### *Advice Program*

A participant is not charged a fee by PGIM DCS to use the Advice Program. Participants should check with their plan sponsor or plan provider to determine if there are any fees charged by other parties.

### *Target Date Portfolios*

For the Target Date Portfolios, we negotiate sub-advisory fees with the advisers of such portfolios. We are compensated for our advisory services under asset-based fee schedules.

### *Fees for Technology Services Offered*

As described in Item 4, PGIM DCS may provide technology services in the form of its proprietary Assignment Tool to unaffiliated managers or IFEs. Fees for these technology services will be negotiated on a case-by-case basis and set forth in the agreement between PGIM DCS and the respective unaffiliated manager or IFE.

### *Payment of Fees*

For Managed Accounts, the plan's recordkeeper will typically calculate and debit PGIM DCS' fees from each participant's account and pay fees to PGIM DCS. The timing of when such fees will be deducted (e.g., monthly or quarterly) from a participant's account will be determined on a case-by-case basis as between the plan sponsor and PGIM DCS.

### *Other Fees*

PGIM DCS fees are separate from fees and expenses charged by a third party, such as the plan provider

or other investment adviser. Participants are generally responsible for other fees and expenses related to their investments, including custodian fees, brokerage fees and administrator fees for mutual funds, investment funds and other commingled vehicles. Information about such fees is available in the fund prospectuses and related materials. In addition, the plan sponsor or recordkeeper may provide information to participants about these types of fees.

#### *Compensation from Proprietary Products*

PGIM DCS does not receive any compensation related to the sale of securities or other investment products. Our supervised persons do not receive any compensation directly related to our sale of securities or other investment products but the sale of our advisory services is considered, along with many other factors, in determining the compensation of our sales personnel. Any such compensation would be payable by PGIM DCS and not its clients.

A participant will pay advisory fees to affiliates of PGIM DCS if PGIM Proprietary Funds are included in the plan sponsor's investment line-up. See Item 10 (Other Financial Industry Activities and Affiliations).

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

PGIM DCS does not have performance-based fee arrangements (i.e., fees based on a total return of a portfolio or account) for any of its programs or any other services described in this brochure.

Please see Item 5 for additional details on fees and compensation related to the services offered by PGIM DCS.

## **Item 7 – Types of Clients**

PGIM DCS will be engaged by plan sponsors in order to provide investment advice to participants in their retirement plans. Participants typically must be considered residents of the U.S. and have a retirement account within a defined contribution plan offered by the plan sponsor. The plan sponsor may apply additional restrictions for participation due to plan or regulatory requirements. There is no minimum asset value or account size for participation in any Managed Account and Advice programs offered by PGIM DCS.

It is anticipated that PGIM DCS' clients may also include Target Date Portfolios and their investment managers/trustees and PGIM DCS will receive sub-advisory fees. PGIM DCS and the investment managers of the Target Date Portfolios will negotiate such fees.

As described in Item 4, PGIM DCS may also be engaged by unaffiliated investment managers and/or IFEs to provide technology services which are not considered advisory services

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

### *Investment Strategies and Methods of Analysis*

#### **Managed Accounts and Advice Program**

PGIM DCS uses a proprietary investment methodology for its programs that employs a thoughtful, outcomes-based approach. It helps participants prepare for retirement and helps retirees implement a sustainable spending plan in retirement.

PGIM DCS programs are built based on the following pillars:

- An investment methodology that specifically solves for the participant's unique spending goals in retirement.
- Additional asset classes should be incorporated in the asset allocation strategy to help retirees manage spend-down risks.
- Available guaranteed income sources should be considered as a part of the asset allocation process and optimized to help retirees manage the core risk of outliving their savings.
- An institutional investment approach that leverages the scale and fiduciary oversight offered by defined contribution plans is critical to efficiently building wealth and delivering income.
- Technology is central to delivering personalized advice and solutions by combining the first four pillars to address each participant's unique situation.

For Managed Accounts and the Advice programs, PGIM DCS will hire an IFE to evaluate, construct and maintain the asset allocation and investment portfolios using the investment options in the plan. The IFE will also be responsible for assigning participants to a particular portfolio. The IFE may choose to use DCS' Assignment Tool, which will analyze these portfolios along with additional market data and variables, a participant's personal and financial data, and plan level data to develop personalized investment and retirement income recommendations and projections of different outcomes using a Monte Carlo simulation. A Monte Carlo simulation allows a participant to determine the likelihood of different outcomes and assess the impact of risk allowing for better decision making. It does not analyze specific investment holdings but instead analyzes the asset classes within the investment portfolios and identified cash flows. A Monte Carlo simulation is hypothetical in nature and is used for illustrative purposes only. The IFE will periodically review available investment options to determine if shifts in performance, costs or other factors may lead to shifts in holdings.

The specific investment and retirement income recommendation for a participant is tailored to a participant's unique situation including a participant's goals, time horizon and availability of other personal and/or household assets. Some key factors include:

- Use of the investment options available in the plan lineup to build a long-term and diversified portfolio.
- Consideration of any participant and/or plan level data change in order to build a revised investment and retirement income strategy
- Rebalancing periodically in response to market shifts to ensure longer term commitment to allocation targets
- Annually re-run analysis to build a revised investment and retirement income strategy based on changes in personal and financial data

Please note that the income projections are based on hypothetical performance data and do not represent

actual or guaranteed results.

### *PGIM DCS Investment Team*

PGIM DCS's investment team consists of officers, portfolio managers, managing directors or managers of PGIM DCS, PGIM QS or any other affiliates. PGIM DCS's investment team is responsible for the oversight of methodologies across all PGIM DCS products and solutions. The investment team is also responsible for overseeing and monitoring the services provided by the IFE with respect to its construction of investment portfolios and assignment of participants to those portfolios.

### *Assignment Tool/Data Gathered*

Under Managed Accounts and the Advice programs, participants will receive a personalized retirement strategy based on the participant's personal and financial data using the information provided by the participant, plan provider, and/or plan sponsor. This data may include the participant's date of birth, salary, state of residence, account balance, contributions, and other relevant information in order to provide personalized advice. The appropriateness of the advice depends on the data provided by a participant, plan sponsor and plan provider.

The more data that is provided, the more personalized the advice and retirement strategy can be. Through the participant-facing website, PGIM DCS encourages participants to provide any additional data that was not provided by the plan sponsor or plan provider. The participant will be able to make adjustments to the data and obtain an updated personalized retirement strategy in real time. Additional data that can be provided by the participant may include and is not limited to, outside accounts, pensions, other income sources and spousal information. The participant may return to the participant-facing website (e.g., the plan sponsor or plan provider's website) at any time and as many times as desired to provide additional or updated data and receive an updated retirement strategy.

PGIM DCS may communicate with the participant via the plan sponsor's chosen method of communication in order to encourage participants to periodically, and at least annually, review and update their information.

### *Assumptions of the Assignment Tool*

As noted in Item 4, PGIM DCS is developing an Assignment Tool, which the IFE may decide to use in connection with the Managed Accounts and the Advice programs. PGIM DCS as a part of its Assignment Tool makes certain types of assumptions related to the Allocation Models created for participants. These assumptions relate to inflation rates, social security benefits, taxes, savings rate etc. These assumptions are subject to change and some are forward looking. They may have inherent short comings.

- *Social Security Benefits*

The Managed Accounts and the Advice programs incorporate Social Security benefits for the participant and, if applicable, for the spouse/partner using an estimate based on current salary. The participant may override the calculated amount at any time and input the amount from a Social Security statement ([www.socialsecurity.gov/mystatement](http://www.socialsecurity.gov/mystatement)) or a different benefit value. The Assignment Tool will estimate and include the participant's Social Security benefit in the retirement income projection calculation defaulted to the Full Retirement Age but may recommend that the participant delay collecting Social Security benefits in order to maximize retirement income. The participant can also adjust the start age, but it must be between 62 and 70. The Assignment Tool will apply reductions in payments if the participant claims Social Security

benefits while still working. It will also apply spousal benefit rules as required. Please visit [www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator) for more details.

- *Salary Growth*  
To estimate future salary, the Assignment Tool uses a salary growth curve based on academic research rather than assuming a single, fixed growth rate.
- *Inflation and Capital Markets Assumptions*  
The Assignment Tool will use inflation rate and capital markets assumptions for different asset classes when projecting the growth of various income, expenses and accounts. These assumptions are reviewed and updated annually by the investments and research teams.
- *IRS Rules*  
The Assignment Tool will incorporate necessary IRS contribution limits, eligibility requirements and withdrawal penalties in the calculations. Tax data is updated annually based on the Code.
- *Estimated Taxes*  
The Assignment Tool estimates federal and state income, and capital gains tax in the retirement income projections. It uses income data for the participant, and if applicable, the participant's spouse/partner to estimate federal and state tax exposure. Note that the recommendations provided by the Advice and Managed Accounts programs do not consider the participant's entire tax liability and should not be considered as tax advice. The participant must consult with a tax professional for tax related matters.
- *Life Expectancy*  
The Assignment Tool uses estimated life expectancy assumptions in the retirement income projections. These assumptions are based on an approach which uses the Gompertz Law of Mortality table or a similar source to determine life expectancy.

### ***General Risks Associated with Managed Accounts and the Advice Program***

Participants should remember that all investments in securities involve risk of loss that participants should be prepared to bear. While each of the Managed Accounts and the Advice program seeks to provide participants with a customized and diversified program, there is no guarantee that the account will not suffer losses or experience negative returns.

PGIM DCS does not guarantee that its Managed Account or Advice programs will result in participants achieving their retirement goals. While the Managed and Advice programs aim to provide participants with a portfolio that is diversified across asset classes, there is no guarantee that the investment recommendations will be profitable or protect client accounts from loss.

We have summarized below certain important risks for participants and prospective participants to consider. This is not intended to be an exhaustive list of risks associated with programs and advisory services outlined in this brochure. PGIM DCS does not recommend a particular type of security. The plan sponsor or its agent is responsible for determining the retirement plan's investment options. It is the participant's responsibility to read all disclosure and related materials, including prospectuses, statements of additional information and other similar material.



## *Security and Market Risks*

- **Market Risk**

The price of securities, fixed income instruments, bonds, mutual funds, ETFs and other types of investments may drop due to economic, political and/or issuer specific events. There is risk that a participants may lose money in their retirement accounts.

- **Category or Style Risk**

During various periods of time, one category or style of holdings may underperform or outperform other categories and styles. For example, during certain periods of time value-oriented mutual funds may outperform large cap growth funds, or vice versa.

- **Equity Securities Risk**

Equity markets increase or decrease in value depending upon fundamental economic, political and other factors. Stock markets can be volatile and may sometimes move up or down rapidly or unpredictably.

- **Non-U.S. Securities Risk**

Investing in securities of non-U.S. issuers generally involves more risk than investing in those of U.S. issuers. Non-U.S. political, economic and legal systems may be less stable and more volatile than those in the U.S. Non-U.S. legal systems often have fewer regulatory requirements than does the U.S. legal system. The changing value of foreign currencies could also affect the value of securities. Some non-U.S. countries may impose restrictions on the ability of their issuers to make payment of principal and interest or dividends to investors located outside the country, due to the blockage of foreign currency exchanges or other problems. Investments in non-U.S. securities may be subject to non-U.S. withholding and other taxes.

- **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 may 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. The inability of the Public Company Accounting Oversight Board to inspect audit work papers and practices of PCAOB-registered accounting firms in China with respect to their audit work of U.S. reporting companies may impose significant additional risks associated with investments in China. Investments in Chinese companies may 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 may pose additional risks because the investment does not represent equity ownership in the operating company. Recently, the Chinese government provided new guidance to and placed restrictions on China-based companies raising capital offshore, including through VIEs, and investors face uncertainty about future actions 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.

- **Emerging and Frontier Markets Securities Risk**

In addition to the risks described above with respect to non-U.S. securities, investing in emerging and frontier markets involves heightened risks and special considerations. Such risks may include, but are not limited to: (a) greater social, economic and political uncertainty, including war; (b) higher dependence on exports and the corresponding importance of international trade; (c) greater risk of inflation; (d) increased likelihood of governmental involvement in, and control over, the economies; (e) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (f) greater volatility, less liquidity and smaller capitalization of markets; (g) greater volatility in currency exchange rates; (h) greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. Dollars; (i) differences in auditing and financial reporting standards, which may result in the unavailability of material information about issuers; (j) less extensive regulation of the markets; (k) longer settlement periods for transactions and less reliable settlement, clearance and custody arrangements; (l) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; (m) risk of nationalization or expropriation of assets or confiscatory taxation; (n) higher transaction costs generally; and (o) difficulty in enforcing contractual obligations and judgments.

- **Bonds Obligations Risk**

The value of bonds may decline for issuer-related reasons, including management performance, financial leverage and reduced demand for the issuer's goods and services. Certain types of fixed income obligations may be subject to "call and redemption risk," which is the risk that the issuer may call a bond held by the investment fund for redemption before it matures and the investment fund may lose income.

- **Settlement Risk**

Settlement risk is the possibility that a trading counterparty fails to pay cash or deliver securities upon the scheduled settlement of a trade. All securities trading involves a degree of settlement risk, and such risk can be exacerbated by adverse market conditions. The inability to dispose of a security due to settlement problems could result in losses, and a delay in the settlement of a purchase could result in periods when cash is uninvested and no return is earned thereon.

- **Derivatives Risk**

Derivatives involve risk and can result in the loss of principal. Derivatives are a financial arrangement between two parties in which the value is based on, or "derived" from, the performance of an agreed-upon security, commodity or other underlying reference asset or benchmark.

Derivatives generally fall into two categories: cleared and uncleared. Cleared derivatives, such as futures contracts and certain standardized swap agreements, are typically traded on an exchange or similar marketplace, are centrally cleared by a clearinghouse, and have standardized terms with enhanced transparency. Uncleared derivatives, such as non-standardized swap agreements, are privately negotiated transactions, the terms of which are tailored to the specific needs of the parties.

The primary risks associated with derivatives are:

- Market risk - the risk that the market value of the investment will decline;
- Credit risk - the risk that the counterparty to the transaction (especially in the case of uncleared derivatives) will default on its obligations;
- Liquidity risk - the risk that the instrument (especially in the case of uncleared derivatives) will not be readily marketable;
- Valuation risk - the risk that because the instrument is thinly traded, it may have only one pricing

- source; and
  - Correlation risk – if using derivatives for hedging, the risk that the value of the derivative will move more or less than the value of the hedged investment.
- **Currency Risk**  
Currencies may be purchased or sold for an account through the use of forward contracts or other instruments. An account that seeks to trade in foreign currencies may have limited access to certain currency markets due to a variety of factors, including governmental regulations, adverse tax treatment, exchange controls and currency conversion issues. An account may hold or trade investments denominated in currencies other than the currency in which the account is denominated. Currency exchange rates can be volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks. A change in the exchange rates may produce significant losses in an account.
- **Commodities Risk**  
Commodity investments are affected by business, financial market, geopolitical or legal uncertainties. Prices of commodities are volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments can affect pricing.
- **Concentration Risk**  
There is a risk associated with having too much invested in a given sector, type of holding, or similar concentration. Concentration risk may be further compounded by factors such as asset correlation or performance, and may be compounded by certain securities, or types of securities, being held in various investment vehicles in a portfolio.
- **Performance of Underlying Managers.**  
The performance of the underlying mutual funds and ETFs that may be included in your account is dependent on the performance of the funds' investment manager which is solely responsible for selecting the funds' underlying investments in accordance with the funds' investment strategy. Investors in mutual funds and ETFs bear the risk of such funds, as described in the prospectus and SAI for such funds.
- **Mutual Funds and ETFs**  
Investments in mutual funds and ETFs involve risk, including loss of principal as a result of changing market and economic conditions and will not always be profitable.
- **Passive ETF Risk**  
Investments in ETFs pose specific risks, such as the risk that the ETF's performance may not track the performance of the index the ETF is designed to track. An ETF incurs advisory and administrative expenses and transaction costs in trading securities to align with benchmark performance while trying to manage cash inflows and outflows from and to investors buying and redeeming shares in the ETF. Flows may create cash balances that cause the ETF's performance to deviate from the index. An ETF also may deviate from the index it is designed to track because the securities held by the ETF may differ from the index components. Accounts invested in ETF securities thus may sustain losses.
- **Money Market Funds**  
A money market fund may impose a fee upon the sale of shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below a required minimum because of market conditions or other

factors. An investment in a money-market vehicle is not insured or guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) or any other government agency. For most money market funds, their sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time. Although some money market funds seek to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. It is possible to lose money by investing in money market funds.

- **Guaranteed Income Products or Annuities Risk**

Designed specifically for retirement, a guaranteed income product or annuity is a long-term investment that an individual makes with an insurance company. In return, the insurance company provides that individual with income payments for a specific period of time, often for life. The interest rate on a guaranteed income product or annuity is typically only guaranteed for a certain amount of time and may vary with changing market conditions. Withdrawal fees or penalties, sometimes substantial, may be charged if an investor decides to move money out of a guaranteed income product or annuity. Such products are also less likely to provide long-term protection against inflation, as compared to other options.

Note that guarantees within an annuity are backed by the claims-paying ability of the issuing insurance company and do not apply to the annuity's underlying investment options. There are many different types of annuities each offering specific advantages and disadvantages. Participants should consider the features of the contract and the underlying portfolios' investment objectives, policies, management, risks, charges and expenses carefully before investing. This and other important information are contained in the annuity's prospectus, which can be obtained from your financial professional. Please read the prospectus carefully before investing.

### **Advisory Services for Target Date Portfolios**

When PGIM DCS is engaged as the subadviser for Target Date Portfolios, we will utilize a Glidepath (defined in Item 4) as a part of the investment strategy and methodology for the Target Date Portfolios.

The Glidepath considers defined contribution plan participant demographics which help us better understand the primary risks participants face at different stages of retirement planning – particularly accumulation risk, sequence of returns risk, and inflation risk – any of which could potentially lead to a shortfall in retirement assets. Based on our research, we believe that participants are best served over the long term by a “through” glidepath design (i.e., the glidepath becomes more conservative beyond the target date year). We consider protection against longevity risk a key tenet of our philosophy. The Target Date Portfolios are designed to help participants accumulate wealth during their working years, protect that wealth as they transition into retirement, and aide in the preservation of their standard of living throughout a longer retirement.

Taking an institutional asset/liability approach, our glidepath is designed to address three primary risks over a participant's lifetime:

- accumulation risk
- sequence of returns risk
- inflation risk

Although we continually review the Glidepath throughout the year, we typically make changes on an annual basis. This includes a review and potential adjustments to the Glidepath, asset allocation, or fulfillment of each Target Date Portfolio. In monitoring and evaluating asset classes for use within the Target Date Portfolios, we

conduct both quantitative and qualitative analysis utilizing our capital market assumptions. The monitoring and evaluation of underlying portfolios considers many factors, including but not limited to: long-term performance, risk, style exposure, and stability of the organization.

### ***General Risks Associated with Target Date Portfolios/Asset Allocation Services***

This section is not intended to address all of the risks involved in investing in Target Date Portfolios and their underlying portfolios, but rather considerations with respect to our anticipated role as sub-adviser and the advisory services we expect to provide to Target Date Portfolios as described in this brochure.

The risk set forth above under “Security and Market Risk” also apply in the case of the Target Date Portfolios and their underlying investments and should be reviewed in this context as well.

- **Conflict of Interests**

Please refer to Risks Related to Conflicts of Interest under “Other Risks Related to Our Business”, below. Please also see Conflicts Related to Target Date Portfolios (Item 10).

- **Asset Allocation Risk**

We make decisions about which asset classes to overweight and which ones to underweight, relative to a stated benchmark. As a result, we may overweight an asset class that ultimately underperforms. Similarly, we may underweight an asset class that subsequently outperforms. In addition, the underlying funds within each asset class may not perform as anticipated.

- **Operational Risk**

PGIM DCS relies on its portfolio management, trading, accounting and other data processing systems. Operational risks arising from failed processes and systems, human error or external events, as part of the glidepath implementation and trading lifecycle (execution, confirmation and settlement) as well as other activities in support of our clients, may cause financial loss, disruption to our business, liability to clients or third parties, regulatory action or reputational harm. An increase in the volume and complexity of transactions could increase these risks.

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

- **IFE Risk**

PGIM DCS shall engage an IFE with full authority and responsibility to develop investment portfolios for plans participating in the Managed Accounts and Advice programs, and assign participants thereto. The IFE is not affiliated with PGIM DCS and there is no guarantee that IFE’s decisions, recommendations and process will result in participants achieving their retirement income or investment goals.

- **Assignment Tool and Use of an Algorithm Risk**

As described above, PGIM DCS is building an Assignment Tool which is based on a proprietary algorithm developed by PGIM DCS. An algorithm is essentially a set of rules or instructions for solving a problem or transforming data input into data output. Use of the Assignment Tool and its algorithm to implement and rebalance participants’ accounts entails use of sophisticated software and computer platforms. While PGIM DCS will monitor and review the Assignment Tool and its algorithm in order to ensure that it is performing as intended, there is no guarantee that the algorithm will not produce unintended results. The Assignment Tool and its algorithm may include coding shortcomings or errors, issues with the quality of inputs or other

similar modeling challenges. In addition, certain errors associated with algorithms may be ongoing and undetected for a long period of time. Furthermore, although we have back-up facilities and other cybertechnology safeguards in place, it is possible that computing or communication technology may be disrupted and the Assignment Tool and its algorithm cannot operate properly. (Please see “Certain Risks Associated with Cybersecurity and Technology” for more information).

The Assignment Tool may make certain capital market assumptions and forecasts which may be subject to change and which may differ from actual results in the future. Capital market assumptions are forecasts and forward looking and subject to change. Actual results may differ substantially from any future results or performance expressed by those projections. Please note that income projections are based on hypothetical performance data and do not represent actual or guaranteed results.

- **Risks Associated with Accuracy of Participant Information**

PGIM DCS bases its recommendations on information provided by participants. If a participant provides inaccurate information, or fails to provide material information, the quality of the recommendations and Assignment Tool may be impacted. Also, as described below, PGIM DCS also relies on participant information received from recordkeepers which if inaccurate could also impact the accuracy of the recommendations and the Assignment Tool.

The use and storage of any information in the Assignment Tool, including, without limitation, an individual's personal and non-public information, plan account balance and portfolio information, is provided at the individual's sole risk and responsibility.

- **Recordkeeper Risk**

As described in Item 4, under the Managed Accounts Program, the personalized retirement strategy provided to participants will be based on a participant's personal and financial data. PGIM DCS relies on a plan's recordkeeper to receive such data. The recordkeeper is also responsible for executing the trades and implementing the retirement strategy in a participant's account. Operational risks arising from failed processes and systems, human error or external events, as part of interactions and communications with the recordkeeper could result in implementation and trade errors and otherwise cause financial loss, disruption to our business, liability to clients or third parties. In case of errors, PGIM DCS will work with the recordkeeper to resolve any issues and rebalance the accounts promptly. (See also, “Certain Risks Related to Cybersecurity and Technology,” below).

- **Certain Risks Related to Cybersecurity and Technology**

Investment advisers, including PGIM DCS, 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, and 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, administrative, and physical safeguards intended to protect the integrity, availability and confidentiality of the data we have and the systems that store it. We take other commercially reasonable precautions to limit the potential for cybersecurity incidents or similar events, and to protect data from inadvertent disclosure or wrongful misappropriation or destruction.

Nevertheless, despite 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.

- **Risks Related to Conflicts of Interest**

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

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

- Elimination of the conflict;
- Disclosure of the conflict; or
- Management of the conflict through the adoption of appropriate policies, procedures or other mitigants.

We follow Prudential Financial's Standards 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 may arise.

- **Public Health Risk**

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

outbreaks of infectious or contagious diseases, and such disruption could adversely affect investment returns. Since March of 2020, the global economy has grappled with the negative impact of the strain of coronavirus now commonly known as COVID-19. Despite advances in vaccinations against, and treatments for, COVID-19, global markets continue to feel the pandemic's effects. There can be no certainty as to how long those effects will continue, particularly as markets grapple with unintended consequences of fiscal and monetary policies designed to curb the COVID-19 pandemic's economic impact (such as inflation following interest rate reductions). Further, there can be no assurances that outbreaks of other diseases will not occur in the future and have similar negative effects on the global economy. These economic disruptions have negatively impacted the value and performance of investments in funds and accounts, and there is no way to predict the extent of any such future consequences for clients.

- **Sanctions and Related Considerations**

Economic sanction laws in the U.S. 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 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, may result in significant legal and monetary penalties, as well as reputational damage. OFAC sanctions programs change frequently, which may make it more difficult for us, our affiliates or our clients to ensure compliance. Moreover, OFAC enforcement is increasing, which may increase the risk that we, our affiliates or our clients become the subject of such actual or threatened enforcement.

In February 2022, Russian troops invaded Ukraine, and the two countries remain engaged in a full-scale military conflict. Shortly after the invasion, the U.S., Canada, and the European Union, among other jurisdictions and regulatory bodies, imposed economic sanctions related to this conflict, many of which remain in effect. Among other things, these sanctions consist of prohibiting certain securities trades, asset freezes and prohibition of certain business. Such sanctions could impair our ability to buy, sell, hold, receive or deliver impacted holdings, and could impact our relationship with, and/or business operations of, third parties with whom we conduct business and/or have invested client assets. There is no guarantee that any steps taken by us to mitigate any adverse impact of these sanctions will be successful, and your account could be impacted by, among other things, significantly decreased valuations, creditor default and illiquidity. It is impossible to predict the length, severity, and outcome of this conflict.

- **Effects of Catastrophic Events**

Catastrophes such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, that result in disrupted markets and/or interrupt the expected course of events, and public response to or fear of such crises or events, could have an adverse effect on the operations of and, where applicable, investments made by funds or accounts we manage. 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. Such actions could significantly



disrupt the operations of such funds or accounts, or of PGIM DCS, and the other service providers to funds or accounts. Further, the occurrence and duration of such crises or events could adversely affect economies and financial markets either in specific countries or worldwide. The impact of such crises or events could lead to negative consequences for the funds or accounts, including, without limitation, significant reduction in the net asset value of the funds or accounts, reduced liquidity of their investments, restrictions on the ability to value their investments and the potential suspension of the calculation of net asset value and the suspension of issues, redemption and/or exchanges of investments.

- **Rate of Inflation**

The U.S., as well as various other countries, have recently experienced heightened levels of inflation. This rise in inflation has had, and could continue to have, negative effects on the global and United States economies. Such inflation is due, in part, to the economic effects of the COVID-19 pandemic, and measures taken to combat those effects. These measures have included fiscal policies involving significantly lower interest rates, direct investment into businesses, and loan forgiveness programs. There is no guarantee that any such policies will be successful. Further, reversals of such policies (such as increases in interest rates), particularly if not gradually effected, could lead to volatility in the financial markets. Thus, inflation could negatively affect the performance of funds and accounts.

- **Social Media and Internet-Based Information Risks**

In recent years, social media platforms have become a means for instantaneous information sharing. Given the relative lack of regulation of these platforms, they can be used as vehicles for dissemination of inaccurate information. Any such information related to issuers could negatively impact the value of their securities.

- **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' ability 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.

- **General Uncertainty and Economic Inability or Inaction**

Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will 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. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. Clients will 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.

- **Risks Related to Regulation**

Laws and regulations affecting our business change from time to time, and we are currently 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.

- **Recent Banking Events.**

Recent economic events in the U.S., such as increases in inflation and interest rates, have led to concerns regarding the solvency of certain banking institutions, particularly small and mid-sized regional banks. Two such banks were placed in receivership under the Federal Deposit Insurance Corporation in March 2023. Market concern with respect to these banks, as well as the risks posed to other similar-profile banks, created the potential for a domino effect across the U.S. banking sector. Despite government efforts to curtail the effects of this situation, concerns about the overall financial health and stability of the U.S. banking sector remain high, with many bank stocks trading at significantly lower prices than they did before the crisis began. Further governmental intervention may be required to stabilize the U.S. banking sector in the future if additional U.S. banks, particularly larger banks, appear to be at a risk of failure; it is unclear, however, whether the government would intervene in such circumstances and, if it did, whether such governmental intervention would be sufficient to forestall a full-blown banking crisis. It is also possible that further government intervention could result in other unforeseen adverse impacts on the economy over the short or long term. Relatedly, these events may cause the Federal Reserve Board to slow down future increases in interest rates, making it more difficult to combat inflation. Even if, ultimately, market concerns about the financial health and stability of the U.S. banking sector are successfully addressed, these events may increase the risk of a recession in the U.S.

## **Item 9 – Disciplinary Information**

Under this 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. We have no facts or events to report in response to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

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

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

### *Our Relationships with Affiliates and Related Conflicts of Interest*

As an indirect wholly-owned subsidiary of Prudential Financial, we are part of a diversified, global financial services organization. We are affiliated with many types of U.S. and non-U.S. financial service providers, including insurance companies, broker-dealers, commodity trading advisors, commodity pool operators and other investment advisers. Some of our employees are officers of and/or provide services to some of these affiliates. The products and services offered by our affiliates may be included in the retirement investment options that are offered by your retirement plan.

- **Relationships with Affiliated Broker-Dealers**

PIMS provides marketing in connection with the offer and sale of securities of certain commingled vehicles that are advised or subadvised by our affiliates (or by us, in the future) and may be included in the investment options under the Managed Accounts and Advice programs. As noted above, some of our officers and employees are registered representatives of PIMS. Other affiliated brokers, including Prudential Annuities Distributors Inc., distribute insurance or annuity products that may be included in the investment options that are offered by your retirement plan and include investment portfolios subadvised by PGIM DCS affiliates, including PGIM QS.

- **Relationships with Affiliated Investment Vehicles/Proprietary Products**

Registered Investment Companies (Mutual Funds and ETFs)

Certain registered investment companies, including mutual funds and ETFs are managed or co-managed by our affiliates PGIM Investments LLC ("PGIM Investments") and AST Investment Services, Inc., and sub-advised by our affiliate, PGIM QS and other Prudential affiliated investment advisers. These registered investment companies may be included in the retirement investment options that are offered by your retirement plan. These include certain funds in the PGIM Investments family of funds, including the Prudential Series Fund and Advanced Series Trust. These Proprietary Funds generate additional investment management fees to PGIM DCS' affiliates because those affiliates provide investment advisory or sub-advisory services to the Proprietary Fund. We may, in the future, in connection with Target Date Portfolios provide investment sub-advisory services to such Proprietary Funds.

- **Relationships with Affiliated Investment Advisers**

- **General**

As described in Item 4, PGIM DCS is a wholly-owned subsidiary of PGIM QS, also an SEC-registered investment adviser and both PGIM DCS and PGIM QS are indirect, wholly-owned subsidiaries of Prudential Financial, a publicly held company. PGIM DCS and PGIM QS share certain senior management members and other employees, and PGIM DCS leverages certain non-investment advisory support and services of PGIM QS. We do not believe that this shared support model creates any material conflicts of interests for our clients.

In addition to PGIM QS and PGIM Investments, which are described above, other affiliated investment advisers include PGIM, Inc., PGIM Securities Investment Trust Enterprise, PGIM Japan Co., Ltd., PGIM Wadhvani LLP, Jennison Associates LLC, PGIM Limited, AST Investment Services, Inc., Pruco Securities, LLC, PGIM (Singapore) Pte. Ltd. and PGIM Netherlands B.V. From time to time, we may provide investment advisory and ancillary services to these affiliates. In addition, certain of these affiliated investment advisers may serve as investment adviser or subadviser to the retirement investment options that are offered by your retirement plan. PGIM DCS is not responsible for the investment performance of its affiliated investment advisers.

- **Relationships with Affiliated Insurance Companies**

As described above, it is anticipated that we may allocate assets to the separate accounts of PICA. Certain of these separate accounts are investment options under the Prudential Employee Savings Plan.

*Conflicts Related to Our Affiliations; Proprietary Products*

- **General**

As described in Item 4, the plan investment options available in Managed Account or Advice programs are established by the plan sponsor through which our services are delivered and PGIM DCS has no role in the selection of these investment options. In some cases, the plan investment options may include Prudential-affiliated investment options (“Proprietary Funds”, “Proprietary Income Options”, and “Proprietary Products”, described and defined in Item 4). This may result in your account having an allocation by the IFE to one or more Proprietary Products. PGIM DCS does not receive compensation from its parent company or any of its affiliates as a result of these allocations.

- **Proprietary Funds**

PGIM DCS’ affiliates offer proprietary investment funds and PGIM DCS may allocate assets, or recommend an allocation of assets, to our affiliates’ Proprietary Funds. As stated above, these Proprietary Funds generate additional investment management fees to PGIM DCS’ affiliates because those affiliates provide investment advisory or sub-advisory services to the Proprietary Fund. For example, your account will pay advisory fees to PGIM DCS and will pay advisory fees indirectly to the investment adviser/subadviser of the Proprietary Funds that are included in the retirement plan investment options and the IFE allocates you to an investment portfolio containing such funds. The fees paid to our affiliates for management of affiliated funds are disclosed in the fund prospectus which you should read carefully.

- **Proprietary Income Options**

As described in Item 4, PGIM DCS affiliates offer proprietary income products for investment (defined as “Proprietary Income Options” in Item 4). The majority of affiliated insurance products are annuity contracts that are structured either as a “general account” product or as a “separate account” product. If you invest in a general account product, which is an insurance product backed by the general account of an insurance company, PGIM DCS’ affiliates generate revenue by retaining spread (which is the difference between actual earnings on contracts offered by the insurer) and the crediting rate declared and guaranteed by the insurer through the contract. PGIM DCS’ affiliates may also receive different types of fee income if you invest in the general account or separate account products, as well as other third-party payments associated with investments held in the separate account. Our insurance affiliates may also receive other fees (e.g., premiums) associated with an allocation to an insurance product that is offered by an affiliate of PGIM DCS. These fees will be disclosed in the insurance products offering documents, which you should

read carefully.

- **Conflicts Related to Target Date Portfolios**

As described above, we anticipate that we will perform asset allocation services as subadviser for affiliated mutual funds managed or co-managed by PGIM Investments. In many cases, under these arrangements, we allocate assets to an asset class within which funds, vehicles or accounts that we directly manage will be selected. In these circumstances, we generally receive both an asset allocation fee and a management fee. As a result, we have an incentive to allocate assets to an asset class or vehicle that our affiliates manage in order to increase our fees. As in the case of other asset allocation conflicts that we have described, the compliance group reviews the asset allocation services to determine that the investments were made within the established guidelines by asset class.

Our affiliates can have an incentive to seek to influence our asset allocation decisions, for example to facilitate hedging or improve profit margins. Through training and the establishment of communication barriers, however, we seek to avoid any influence by our affiliates and implement our asset allocation decisions solely in what we believe to be the best interests of the funds and in compliance with applicable guidelines. We also believe that we make such allocations in a manner consistent with our fiduciary obligations.

## Item 11 – Code of Ethics, Participation of 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 policies that are described in greater detail below. Our employees are required to report any violation of the code of ethics promptly.

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

### *Information Barrier Policy*

PGIM DCS' Information Barrier Policy is designed to prevent the communication of material, non- public information across the various Prudential U.S. asset management investment sectors. Under the policy, an employee of one investment sector, may not communicate material, non-public information to an employee of another investment sector without approval from each sector's compliance unit. The information barrier policy also restricts physical access to an investment sector's offices by employees of a different investment sector. Additionally, controls have been implemented to identify inadvertent information sharing or misuse of material, non-public information. Exceptions may be granted by PGIM DCS's compliance unit and Prudential's chief compliance officer with consideration for mitigating controls.

### *Personal Securities Trading Policy*

PGIM DCS maintains a personal securities trading policy that governs the trading activities of our employees as well as their household members and dependents. PGIM DCS' policy follows Prudential's Personal Securities Trading Standards. All PGIM DCS employees are considered access persons and subject to certain limited exceptions, employees are required by the standards to:

- report personal securities transactions to our corporate compliance unit;
- pre-clear personal securities transactions;
- maintain brokerage accounts only with certain approved brokers that report transaction information to our corporate compliance unit;
- annually report securities accounts (including mutual funds) and holdings to our corporate compliance unit;
- subject to a de minimis threshold, refrain from knowingly trading any security on the same day that we trade such security for client accounts (excluding client accounts that replicate a broad-based index); and
- refrain from writing uncovered call options or buying uncovered put options on a security that is also held in a client account.

We compare personal trading activity versus firm trading and restricted list content as well as the rules listed above, and any matches are investigated by our compliance unit. An ethics committee meets regularly to consider possible violations and take disciplinary action where appropriate.

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

#### *Gift & Entertainment Policy*

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 DCS has adopted a policy to address the conflicts of interest related to gifts and entertainment, such as the appearance of having given or received something of value that influenced our business decisions or the business decisions of our clients. The policy requires the reporting and preclearance of gifts, meals and entertainment given or received which exceed certain thresholds. In addition, our employees are prohibited from soliciting the receipt of gifts, meals or entertainment. Senior management periodically reviews summaries of gifts and entertainment activity to detect trends of abuse, conflicts of interest, or possible violations of the policy.

#### *Political Contributions*

Due to the potential for conflicts of interest, PGIM DCS has established policies and procedures relating to political contributions that are designed to comply with applicable federal, state and local law. Under PGIM DCS' political contributions policy, all employees (including spouses and dependent children) must obtain preapproval before making any 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 PGIM DCS.

#### *Compensation of Our Professionals*

PGIM DCS's team is compensated through a combination of base salary, a performance-based annual cash incentive bonus and an annual long-term incentive grant. PGIM DCS and its affiliates regularly use 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.

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

From time to time, certain of our employees or officers engage in outside business activities, including outside directorships. Any outside business activity is subject to prior approval pursuant to our personal conflicts of interest and outside business activities policy. Actual and potential conflicts of interest are analyzed during such approval process. We could be restricted in 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.



### *Conflicts Related to Proprietary Products*

As described in Items 4 and 10, the Managed Account and Advice programs use investment options available in a plan sponsor's retirement plan. Some plans may include among their investment options Prudential affiliated investment options which are described in Item 4 and defined as "Proprietary Products".

As described in Item 10, since PGIM DCS and its affiliates potentially earn additional fees when Proprietary Products are chosen as investment options, PGIM DCS may have a conflict of interest. To mitigate this potential conflicts of interest, PGIM DCS plans to engage an IFE. The IFE shall have full authority and responsibility to develop the investment portfolios for each participant, and to allocate participants to investment portfolios.

See also Items 4 ("*Description of the Managed Accounts Program and its Components*") and 10 ("*Conflicts Related to Our Affiliations*").

## **Item 12 – Brokerage Practices**

With the Advice and Managed Account programs, PGIM DCS will generate trade instructions that are sent to the plan provider for the plan. Note that the plan has selected the plan provider independently of PGIM DCS. The plan provider executes the trades. PGIM DCS does not have the ability to make decisions regarding the broker and the timing of the trade execution. As such, PGIM DCS does not have the authority nor ability to select brokers to execute trades.

PGIM DCS does not enter into arrangements whereby brokerage business is promised in exchange for services, information or other benefits (e.g., soft dollars or soft commissions).

## Item 13 – Review of Accounts

### *Managed Accounts*

As described in Item 4, participants enrolled in the Managed Accounts program typically will have their accounts rebalanced or reallocated on a quarterly basis. Additional reviews may be triggered by events such as unusual market conditions or other unforeseen circumstances, substantial cash flow into or out of accounts, or if a participant provides additional or updated information that may affect the participant's retirement strategy. During rebalances or reallocations, the most recent participant information received from the plan sponsor, plan provider or participant will be considered to create an updated retirement strategy.

The account review process is performed by the Managed Accounts technology platform that uses algorithms to review accounts, compare account balances to the participant's investment strategy, and to rebalance or reallocate accordingly. PGIM DCS personnel oversee the algorithm but do not monitor each participant account on an individual basis. Human involvement in the oversight and management of individual client accounts only occurs in the event the technology platform issues errors or exception reports that require human intervention to address issues.

PGIM DCS may communicate with participants via the plan sponsor's chosen method of communication in order to encourage participants to periodically update their personal or financial information.

Periodically, participants will receive written reports about their Managed Accounts which may include performance information, progress toward retirement goals and other information. These reports will be available to participants through their plan sponsor or plan provider's website, by US mail or another method of communication as agreed to by the plan sponsor and PGIM DCS. Participants should consult their plan sponsor or plan provider for more information.

### *The Advice Program*

Neither PGIM DCS nor the IFE conduct any ongoing reviews as a part of the Advice Program. Participants in the Advice Program should review their own retirement plan and asset allocations on a regular basis.

### *Target Date Portfolios*

As described in Items 4 and 8 above, each Target Date Portfolio asset allocation follows a Glidepath (defined in Item 4). When PGIM DCS is engaged as the subadviser for the Target Date Portfolios, we will continue to use this Glidepath as a part of the investment strategy and methodology for the Target Date Portfolios.

As described in Item 8, although we continually review the Glidepath throughout the year, we typically make changes on an annual basis. This includes a review and potential adjustments to the Glidepath, asset allocation, or fulfillment of each Target Date Portfolio. In monitoring and evaluating asset classes for use within the Target Date Portfolios, we conduct both quantitative and qualitative analysis utilizing our capital market assumptions. The monitoring and evaluation of underlying funds considers many factors, including but is not limited to: long-term performance, risk, style exposure, and stability of the organization.

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

PGIM DCS does not receive economic benefits from anyone who is not a client in connection with the advisory services we provide to our clients.

From time to time, we may have arrangements where we compensate, either directly or indirectly, affiliated and/or unaffiliated solicitors for client referrals. The manner and amount of compensation would typically be negotiated on a case-by-case basis. We do not currently have any solicitation arrangements with solicitors.

## Item 15 – Custody

PGIM DCS does not take physical custody of the assets of its clients. Furthermore, PGIM DCS does not have custody of client assets within the meaning of the custody rule (Rule 206(4)-2), the "custody rule" under the Investment Advisers Act of 1940). Client assets are held in custodial accounts with banks, broker-dealers or other qualified custodians typically retained by plan sponsors under arrangements negotiated by them.

All participants will receive account statements from their custodians no less frequently than quarterly and should carefully review those statements. Where our fees are deducted from the participant's custodial account, the statements will show those deductions, among other information. As described in Item 13, we will also provide periodic reports to participants enrolled in our Managed Account program. Some of the types of information we will provide in those reports will be comparable to information in the account statements participants receive from their custodians. We urge our participants to compare the account statements they receive from their qualified custodians with reports that they receive from us.

## **Item 16 – Investment Discretion**

PGIM DCS is responsible for managing a participant's investments within the account under the Managed Accounts program. PGIM DCS will propose a personalized retirement strategy based on the participant's personal and financial data using the information provided by the participant, plan provider, and/or plan sponsor. When the participant accepts the advisory agreement for the Managed Accounts program, the participant explicitly grants discretionary authority to PGIM DCS to manage the account on their behalf. This discretionary authority allows PGIM DCS to implement investments selected by the IFE, including in connection with reallocation and rebalancing. The participant has the right to impose reasonable restrictions on the account. PGIM DCS will exercise discretion in managing the account consistent with the retirement strategy and within account restrictions, if any.

Under the Advice Program, the participant retains the investment discretion and control of the account. PGIM DCS will provide the participant with a personalized retirement strategy but the participant is responsible for maintaining the investments in the account. PGIM DCS will not monitor, review or update the recommendations on an ongoing basis.

As mentioned elsewhere in this brochure, it is anticipated that PGIM DCS' will provide sub-advisory services for Target Date Portfolios and their investment managers. Such investment managers will be responsible for the management of the Target Date Portfolios, including full, final and complete authority over the investments of same. As sub-adviser, it is anticipated that DCS will have discretion to direct the investment and reinvestment of allocation of assets in the Target Date Portfolios within the parameters of any investment criteria and objectives established by the investment manager, as well as within the applicable investment guidelines for the Target Date Portfolios.

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

PGIM DCS does not vote proxies on behalf of participants. Accordingly, PGIM DCS does not have authority to vote participant securities and will not do so.

Clients will receive proxies or other solicitations from their provider or applicable custodian or, in applicable situations, from ERISA plan sponsors or fund companies. PGIM DCS will not be able to assist participants with any questions regarding any proxies received.

## **Item 18 – Financial Information**

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients.

Note to clients subject to ERISA:

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