PGIM SHORT DURATION HIGH YIELD INCOME FUND — COMMENTARY

ADVISORY SHARE CLASS
Z: HYSZX

OTHER SHARE CLASSES
A: HYSAX C: HYSCX R2: PHYEX R4: PHYGX R6: HYSQX

BARRON'S Best Fund Families 2025

Barron's Best Fund Families: Ranked #4 for best fund family over the 1-year period ended 12/31/2024, among 48 qualifying fund families based on asset-weighted returns.

For Fund details and a prospectus, visit pgiminvestments.com

MARKET REVIEW

- Strong earnings and a resilient technical environment helped drive HY spreads to near-historic tights in Q3 2025. Revenue and earnings growth for HY companies during the May-Aug 2025 earnings season were positive, as companies appeared to be passing through tariff costs to consumers.
- Gross new issuance reached $121.9 billion in Q3, a significant increase in volume from Q2. Further, net new issuance (excluding refinancing) of $34.1 billion also gained from Q2.
- Fund flows remained positive throughout the period, with high yield bond retail funds reporting net inflows of approximately $5 billion for the third quarter, bringing net year-to-date inflows to $14.9 billion.
- Spreads ended Q3 at 267 bps, below the 290 bps at the end of Q2. Meanwhile, average yields eased 23 bps to end the period at 6.71%. For the quarter, the Bloomberg U.S. Corporate High Yield index gained 2.54%, producing excess returns of 2.4% versus Treasuries.
- By quality, all credit tiers posted positive returns, with lower-quality credit (CCCs) outperforming higher quality. All industries posted positive returns: the diversified media, retail, and broadcasting were among the top performers; the chemicals, consumer products, and services industries were the weakest.
- The par-weighted U.S. high yield default rate, including distressed exchanges, ended September at 1.39%, down from 1.41% at the end of June and below the 1.47% at the end of 2024, according to J.P. Morgan.

YIELDS, SPREADS, AND RETURNS AS OF 9/30/2025

	Yield (%)	Spreads 6/30/25	Spreads 9/30/25	Spreads (+/-)	Return QTD (%)
US Investment Grade					
Treasuries	3.9	—	—	—	1.5
Aggregate	4.4	32	28	-4	2.0
Credit	4.8	79	70	-9	2.6
US Below IG					
High Yield	6.7	290	267	-23	2.5
HY ex Energy	6.7	287	267	-20	2.5
BB	5.7	171	168	-3	2.3
B	6.7	281	263	-18	2.3
CCC	10.0	677	604	-73	4.4
1-5Yr Ba/B	6.0	217	204	-13	2.0
Leveraged Loans	7.8	459	451	-8	1.7

Source: PGIM, Bloomberg, Credit Suisse as of 9/30/2025.

PORTFOLIO POSITIONING

- While spreads have compressed to near-historic tights, they may continue to grind tighter through the summer on solid technicals and a sound credit environment. Although tail risks abound from U.S. fiscal and trade policies, as well as geopolitical tensions on multiple fronts, the domestic exposure of high yield issuers generally helps cushion them from global disruptions.
- We expect the strong technical environment to persist amid light new issuance, manageable maturities, attractive yields, and defensively positioned. active managers.
- We remain overweight short-duration bonds, and we are reducing our underweight to high-quality issues and have positions in AAA collateralized loan obligations (CLOs) for high-quality carry in place of longer-duration, high-quality issuers.

3Q 2025 PERFORMANCE

- Overall security selection detracted the most from performance, with selection in chemicals, automotive, and paper & packaging detracting the most. This was partially offset by selection in telecom, health care & pharmaceutical, and gaming & lodging & leisure, which contributed.
- Overall industry allocation detracted from performance, with overweights to automotive and gaming & lodging & leisure, and an underweight to media & entertainment detracting the most. This was partially offset by an underweight to technology, and overweights to property & casualty and cable & satellite, which contributed.
- Overall sector allocation contributed to performance, with an underweight to U.S. high yield corporates contributing the most. This was partially offset by an overweight to U.S. bank loans, which detracted.
- From a market perspective, on average, having less risk in the Fund relative to the Index over the reporting period detracted from performance.

Barrons: PGIM Investments ranked 4 out of 48, 8 out of 47, 12 out of 46 firms for the 1-, 5-, and 10-year periods ended 12/31/2024, respectively. See back page for methodology which takes into account Lipper rankings. PGIM Short Duration High Yield Fund (Class Z) Lipper total return ranking for the 1-, 3-, 5-, and 10-year periods as of 12/31/2024 for the Short High Yield Funds category were: 43/75, 40/72, 11/61, and 3/50, respectively. Lipper Funds category rankings are based on total return, do not take sales charges into account, and are calculated against all funds in each fund's respective Lipper category. Lipper total return ranking for the 1-, 3-, 5-, and 10-year periods as of 9/30/2025: 38/78, 20/70, 20/68, and 4/49, respectively. **Past performance is no guarantee of future results.**

PGIM

BOTTOM-UP SECTOR POSITIONING

High Yield Corporates

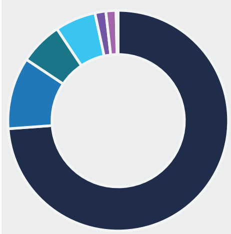
- We expect U.S. HY spreads to remain range-bound, but wide of historic tights, over the coming months, as robust technicals and credit fundamentals are likely to withstand ongoing macro risks. From here, spreads could tighten further if inflation eases and AI-fueled productivity drives ongoing corporate profitability. Although there are risks that could prompt spread widening—i.e., overly loose fiscal and monetary policies, stubbornly elevated inflation, and geopolitical tensions—HY's lower spread duration mitigates drawdown risks, while strong coupons help offset potential widening.
- Despite a recent uptick in new issuance, we continue to expect the strong technical environment to persist as yields remain attractive, strong retail inflows continue, and asset allocators reduce their underweights to HY. Meanwhile, balance sheets are generally solid despite tariffs, maturities are manageable, and overall credit quality remains historically robust with BBs comprising more than half of the market as the share of CCCs continues to decline. Furthermore, while we expect continued light new issuance, we are also anticipating an uptick in M&A deals, which could be positive for the HY market. However, the market's ongoing loosening of documentation standards indicates an increase in the volume of distressed exchanges.
- We're maintaining our overweight to short-duration bonds and continue to reduce our underweight to high-quality issues. Looking at sectors, we are overweight home construction, telecom, and midstream energy, and underweight technology, media & entertainment, and retailers & restaurants. Recent risk reductions (but still overweight) have included positions in building materials & home construction and health care & pharmaceuticals. We continue to add risk in midstream energy, while reducing our underweight to technology.

CREDIT QUALITY VS. BENCHMARK

	Fund	Benchmark	Active
AAA	7.0	0.0	7.0
A	0.0	0.0	-0.0
BBB	6.7	6.8	-0.1
BB	53.6	69.3	-15.8
B	23.3	23.8	-0.5
CCC	6.1	0.0	6.1
CC	0.1	0.0	0.1
NR	3.4	0.1	3.3
Cash & Equivalents	-0.2	0.0	-0.2

Source: PGIM as of 9/30/25. Credit quality is calculated using the highest rating of the five rating agencies (Moody's, S&P, Fitch, Morningstar, and DBRS). Values may not sum due to rounding. Allocations are subject to change.

SECTOR BREAKDOWN (% OF ASSETS)



	Fund	Bench	+/-
High Yield	74.2	91.9	-17.7
Bank Loans	10.6	0.0	+10.6
U.S. Govt Related	6.3	0.0	+6.3
Inv Grade Corp	6.0	6.8	-0.8
ABS	1.6	0.0	+1.6
Emerging Markets	1.5	1.3	+0.2
Foreign Govt Related	0.1	0.0	+0.1
U.S Municipals	0.0	0.0	0.0
Cash & Equivalents	-0.2	0.0	-0.2
Other	0.0	0.0	0.0

Source: PGIM. Allocations are subject to change. As of 9/30/2025.

BOTTOM-UP SECTOR POSITIONING

Bank Loans

- The U.S. leveraged loan market remains on solid ground in early Q4, with robust earnings and resilient technicals driving spreads to, or through, all-time tights for mid- to high-quality issuers. Demand is underscored by steady inflows, robust CLO issuance, and light net new supply following Q3's repricing wave—nearly 90% of the $343.3 billion priced in Q3 backed repricing or refinancing transactions. We anticipate a firm technical floor under current prices through year end. That said, if rate cuts become more aggressive than anticipated, flows could retreat as investors shift from floating-rate coupons into fixed-rate securities.
- We continue to favor public BB and high B loans over sponsor-owned, low B and CCC loans as we expect those lower-quality facilities will be challenged by the fundamental backdrop. We believe that deep, fundamental credit research/modeling is becoming increasingly important to credit selection. To that end, avoidance of defaults will likely be the biggest driver of alpha over the next 12-24 months.

Emerging Markets Debt

- We own select Emerging Markets corporate bonds that offer compelling relative value and spread tightening potential.

Investment-Grade Corporates

- We are overweight select investment grade names that trade at attractive, high yield-type spreads that should benefit from meaningful spread tightening.

TOP INDUSTRY OVERWEIGHTS

Telecom (Industry Weight: 6.5%, Active: +3.4%)

- Elevated capital intensity yet to drive inflection to top-line/EBITDA growth for most issuers. Artificial intelligence demand for fiber driving positive near-term cash flow dynamics and security valuations. Meanwhile, in Europe -- increasing fiber build and 5G deployment, funded with third-party infrastructure partners. Ongoing in-market consolidation to improve economics of network buildouts.

Home Construction (Industry Weight: 6.8%, Active: +3.4%)

- Although mortgage rates remain elevated, tight supply—particularly due to low availability in the existing home market and buyer adjustments to elevated rates has driven demand. In addition, homebuilder balance sheets—while slightly deteriorated—remain strong as free cash flow has been used to pay down debt.

Gaming/Lodging/Leisure (Industry Weight: 8.1%, Active: +1.2%)

- The sector continues to perform well. Not recession resistant, but more resilient than most consumer discretionary sectors. LV Strip visitation remains healthy, and LV locals still among top performing U.S. markets. Credit metrics remain above pre-COVID levels.

TOP INDUSTRY UNDERWEIGHTS

Consumer (Industry Weight: 3.2%, Active: -5.0%)

- Sentiment has improved due to the temporary reduction in tariffs—consumers also cited lower gas prices and easing inflation as reasons for the optimism—however, reduced discretionary spending continues, leading many management teams to remain cautious with 2025 guidance.

Media & Entertainment (Industry Weight: 0.6%, Active: -3.4%)

- Fundamentals remain weak as publishers and radio struggle to maintain share of overall advertising spend. Television remains vulnerable to cord-cutting and declining audiences.

Midstream Energy (Industry Weight: 3.4%, Active: -2.1%)

- Still defensive given cash flow is more tied to volumes than commodity prices. The recent uplift in equity prices and EV multiples also provides more cushion for lenders.

Source: PGIM, Fund data as of 6/30/2025, unless otherwise noted.

AVERAGE ANNUAL TOTAL RETURNS % AS OF 9/30/2025									
SEC Standardized Returns (with sales charges)	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**SI**	**Inception Date**	**Gross**	**Net**	**Waiver Date**
PGIM Short Duration High Yield Income Z	6.42	9.36	5.69	5.35	4.79	10/26/2012	0.82	0.75	12/31/2025
PGIM Short Duration High Yield Income A	3.77	8.26	4.95	4.85	4.35	10/26/2012	1.04	1.00	12/31/2025
Bloomberg Ba-B 1-5Yr 1% Issuer Cap Index	6.71	9.76	5.75	5.50	–	–	–	–	–

Past performance does not guarantee future results, and current performance may be lower or higher than the past performance data quoted. The investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than the original cost. For the most recent month-end performance, visit our website at pgiminvestments.com. Maximum sales charge: Class A, 2.25 %.

Expenses are as of the most recent prospectus. Net operating expenses reflect expenses after fee waivers and/or expense reimbursements by PGIM Investments, if any. The contractual reduction date is the date through which PGIM Investments has agreed to waive fees or reimburse expenses, if applicable. Expenses for the current year may exceed the net operating expenses listed above due to exclusions from any applicable contractual waiver or reimbursement, which may fluctuate. PGIM Investments may recoup certain waived fees or reimbursed expenses. See the prospectus for more information. Annualized return without sales charges describes the return to the investor before any sales charges are imposed. SEC standardized return describes the return to the investor after maximum sales charges are imposed. All returns assume share price changes, as well as the compounding effect of reinvested dividends and capital gains. Returns may reflect fee waivers and/or expense reimbursements. Without such, returns would be lower. Performance by share class may vary.

Risk Information—Risks of investing in the fund include but are not limited to the following: Fixed Income investments are subject **to credit, market, prepayment and interest rate risks**, and their value will decline as interest rates rise. **High yield ("junk") bonds** are subject to greater credit and market risks. Investments in currency may result in a decline in the fund's net asset value due to changes in exchange rates. **Foreign securities** are subject to currency fluctuations and political uncertainty. Derivatives may carry market, credit and liquidity risks. There is no guarantee the Fund's objective will be achieved. Risks are more fully explained in the fund's prospectus.

Definitions and Indices—Bloomberg Ba/B 1-5Yr Issuer Capped Index is an unmanaged index that covers the universe of fixed rate, non-investment-grade debt. Issuers are capped at 1% of the Index. Index holdings must have at least one year to final maturity, at least $150 million par amount outstanding, and be publicly issued with a rating of Ba1 or lower and maturities from one to five years. An investment cannot be made directly in an index or an average Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Bloomberg does not approve or endorse this material, does not guarantee the accuracy or completeness of any information herein, or make any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

Class R2 shares and Class R4 shares are only offered for sale to group retirement plans available through a retirement record keeper or third-party administrator. Class R6 and Z shares may be available to group retirement plans and institutional investors through certain retirement, mutual fund wrap, and asset allocation programs. They may also be available to institutional investors. Class Z shares may be available through fee- or commission-based retail brokerage programs of certain financial intermediaries. Class A, C, and Z shares are generally closed to new retirement plans. Please see the prospectus for additional information about fees, expenses, and investor eligibility.

Barron's: Used with permission. ©2025 Dow Jones & Company, Inc. Source: Barron's, Feb. 27, 2025. Barron's rankings are based on asset-weighted returns in funds in five categories: U.S. Equity; World Equity; Mixed Asset; Taxable Bond; and Tax-Exempt (each a "Barron's ranking category"). Rankings also take into account an individual fund's performance within its Lipper peer universe. Lipper calculated each fund's net total return for the year ended Dec. 31, 2024, minus the effects of 12b-1 fees and sales charges. Each fund in the survey was given a percentile ranking, with 100 the highest and 1 the lowest in its category. That ranking measured how a fund compared with its peer "universe," as tracked by Lipper, not just the funds in the survey. Individual fund scores were then multiplied by the 2024 weighting of their Barron's ranking category as determined by the entire Lipper universe of funds. Those fund scores were then totaled, creating an overall score and ranking for each fund family in the survey in each Barron's ranking category. To qualify for the ranking, firms must offer at least three active mutual funds or actively run ETFs in Lipper's general U.S. Stock category; one in World Equity; and one Mixed Asset. They also need to offer at least two taxable bond funds and one national tax-exempt bond fund. All funds must have a track record of at least one year.

Consider a fund's investment objectives, risks, charges, and expenses carefully before investing. The prospectus and summary prospectus contain this and other information about the fund. Contact your financial professional for a prospectus and summary prospectus. Read them carefully before investing.

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