



David Hunt
President and CEO,
PGIM

PGIM UPDATE



PGIM

The Global Investment Management
Businesses of Prudential Financial, Inc.

AS OF SEPTEMBER 30, 2020, UNLESS OTHERWISE NOTED

Key Messages

- Our scaled, diversified multi-manager model and strong investment performance have produced consistent positive third-party net flows that position PGIM as a winner against the backdrop of industry headwinds and market volatility
- PGIM's success is underpinned by disciplined investments in broadening and globalizing our investment and distribution capabilities, and gaining recognition for our unified brand
- PGIM targets mid-to-high single digit earnings growth through the cycle driven by our strong and growing position in attractive segments of the asset management industry



PGIM's industry-leading position is driven by strength across attractive sectors

Top 10 Global Asset Manager ⁽¹⁾		Assets (\$ billions)
1	BlackRock	\$6,467
2	Vanguard	\$5,269
3	Fidelity Investments	\$2,900
4	State Street Global Advisors	\$2,689
5	J.P. Morgan Asset Management	\$2,239
6	The Goldman Sachs Group	\$1,818
7	BNY Mellon Investment Management	\$1,796
8	Capital Group	\$1,700
9	Amundi	\$1,684
10	PFI ⁽¹⁾	\$1,481

Top
3

Real Estate manager worldwide⁽²⁾

Assets in Investment Grade credit strategies⁽³⁾

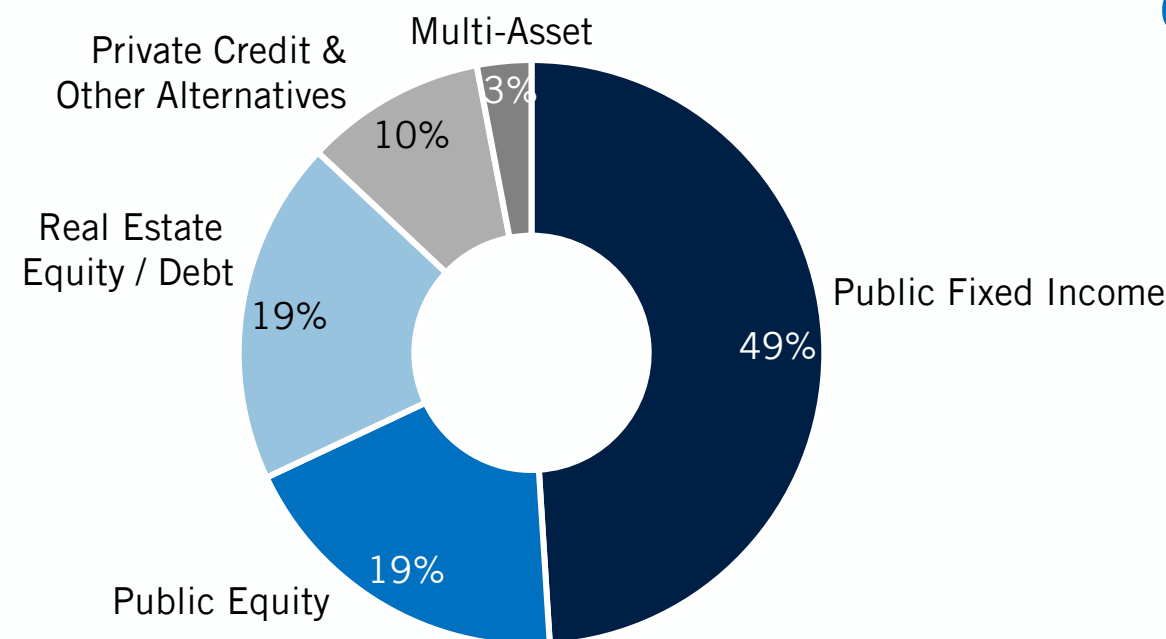
Foreign manager of Japanese institutional assets⁽⁴⁾

- (1) PGIM is the investment management business of Prudential Financial, Inc. (PFI); PFI is the 10th largest investment manager (out of 527 firms surveyed) in terms of global assets under management based on Pensions & Investments' Top Money Managers list published on June 1, 2020. This ranking represents global assets under management by PFI as of March 31, 2020.
- (2) PGIM Real Estate is the second largest real estate investment manager (out of 99 firms surveyed) in terms of global real estate assets under management based on Pensions & Investments' Top Real Estate Managers list published October 5, 2020. This ranking represents global real estate assets under management by PGIM Real Estate as of June 30, 2020.
- (3) Investment Grade Credit Manager Survey, IPE International Publishers Limited, January 2020. AUM as of September 30, 2019.
- (4) Nenkin Joho by R&I. AUM as of March 31, 2019. AUM ranking pertains to separate accounts and does not include AUM for institutional funds.



Significant scale in attractive asset classes delivers a well-balanced mix of revenues

Fees by Asset Class⁽¹⁾



Over 40% of fees from higher growth areas⁽²⁾

\$696 mn from real assets⁽³⁾ & alternatives

\$241 mn from private credit⁽⁴⁾

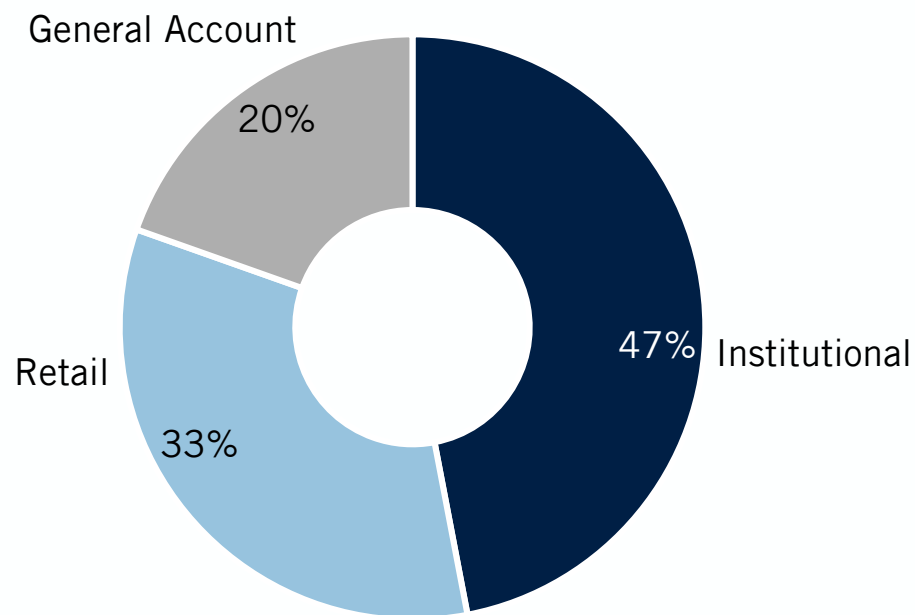
\$136 mn from liability-driven and outcome-oriented solutions

\$131 mn from non-U.S. equities

(1) Based on trailing twelve-month asset management fees as of September 30, 2020.
(2) Based on trailing twelve-month asset management fees as of September 30, 2020. Percentage excludes fee overlap across stated categories.
(3) Includes real estate, infrastructure, energy, and natural resources strategies.
(4) Excludes real estate lending through the PGIM Real Estate Finance business.

Deep relationships with top tier third-party client base

Fees by Client Type⁽¹⁾



1,500+ third-party institutional clients

114 clients have over \$1 billion invested with PGIM

162 of the top 300 global pension funds⁽²⁾

22 of the 25 largest U.S. corporate pension plans⁽³⁾

20 of the 25 largest U.S. public pension plans⁽³⁾

#4 fastest growing U.S. mutual fund family⁽⁴⁾

Information as of September 30, 2020, unless otherwise indicated.

(1) Based on trailing twelve-month asset management fees as of September 30, 2020.

(2) Based on PGIM client list as September 30, 2020 compared to P&I/Towers Watson Top 300 Pension Funds ranking, data as of December 31, 2019, published September 2020.

(3) Based on PGIM client list as of September 30, 2020 compared to U.S. Plan Sponsor rankings in Pensions & Investments as of September 30, 2019, published February 2020.

(4) Strategic Insights/Simfund among top 50 competitors between 2008 and 3Q20.



Scaled global presence across clients, talent, and investment opportunities



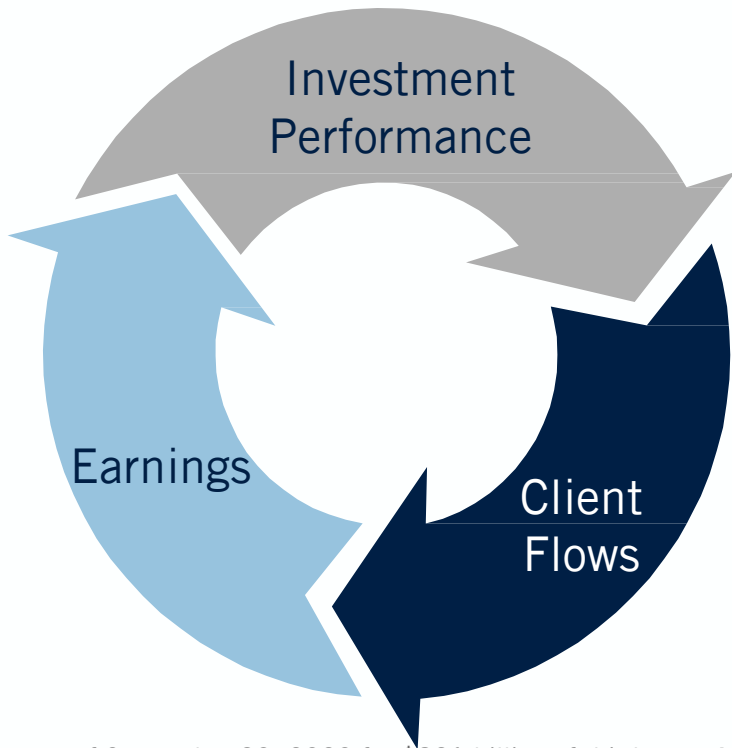
- \$400 billion of AUM⁽¹⁾ from non-U.S. clients
- 1,300+ investment professionals
- 38 offices in 16 countries

Data as of September 30, 2020.

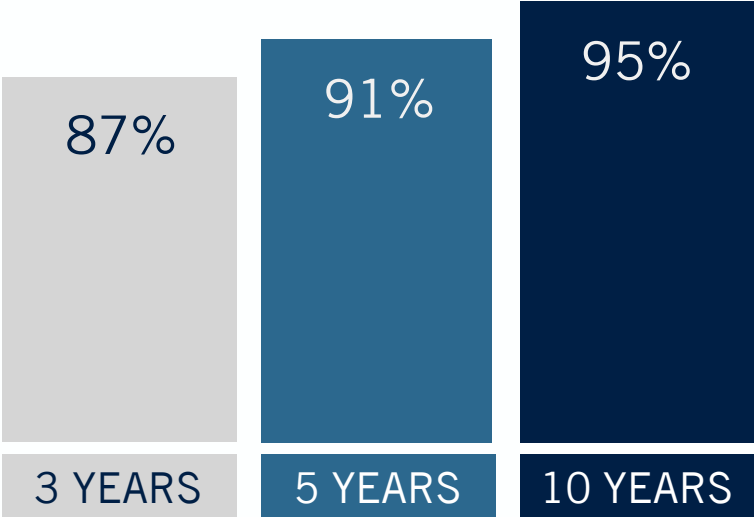
(1) AUM from non-U.S. clients includes affiliates.



Consistent, strong investment performance underpins our growth and financial success



Percentage of PGIM AUM⁽¹⁾
Outperforming Benchmark



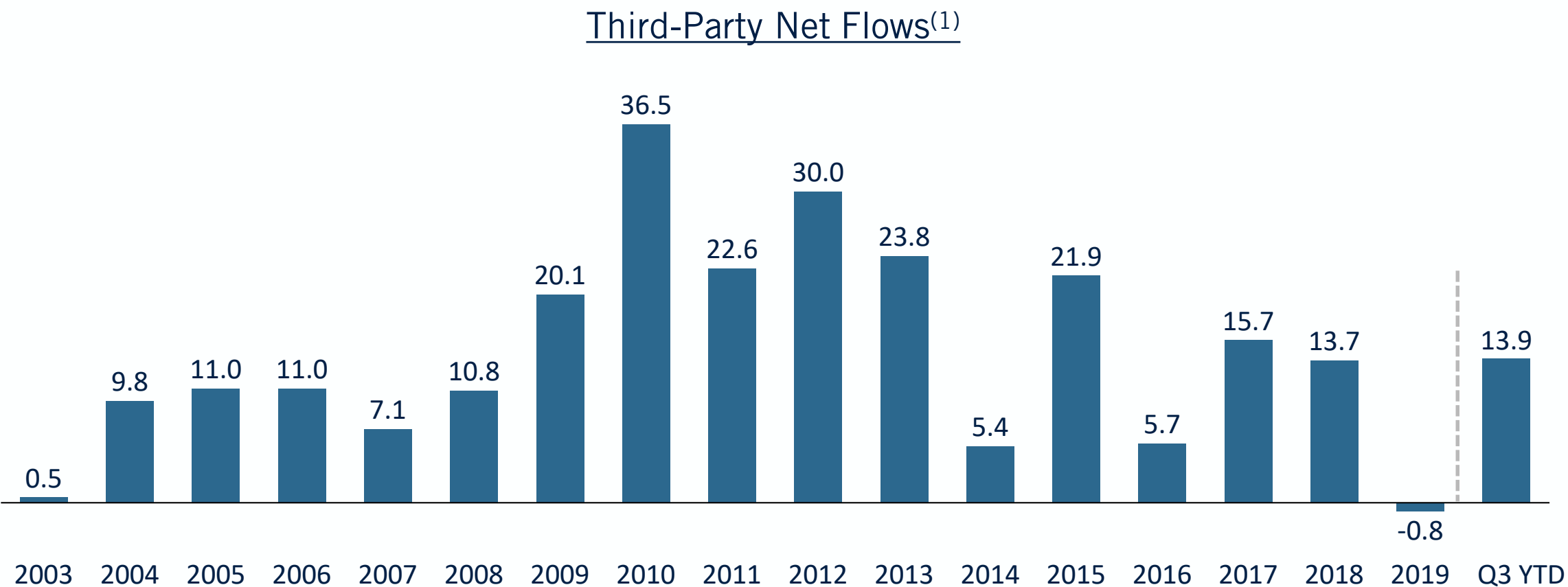
¹PGIM calculations as of September 30, 2020 for \$821 billion of third-party AUM managed against public benchmarks. Past performance is not a guarantee or reliable indicator of future results. All investments involve risk, including the possible loss of capital. Performance is defined as outperformance (gross of fees) relative to each individual strategy's respective benchmark(s).

Represents PGIM's benchmarked AUM (77% of total third-party AUM is benchmarked over 3 years, 68% over 5 years, and 43% over 10 years respectively). This calculation does not include non-benchmarked assets (including general account assets and assets not managed by PGIM). Returns are calculated gross of investment management fees, which would reduce an investor's net return. Excess performance is based on all actively managed Fixed Income, Equity and Real Estate AUM for Jennison Associates, PGIM Fixed Income, Quantitative Management Associates (QMA), PGIM Real Estate, PGIM Private Capital, PGIM Global Partners, and PGIM Real Estate Finance.



Resilient third-party net flow track record

(\$ billions)

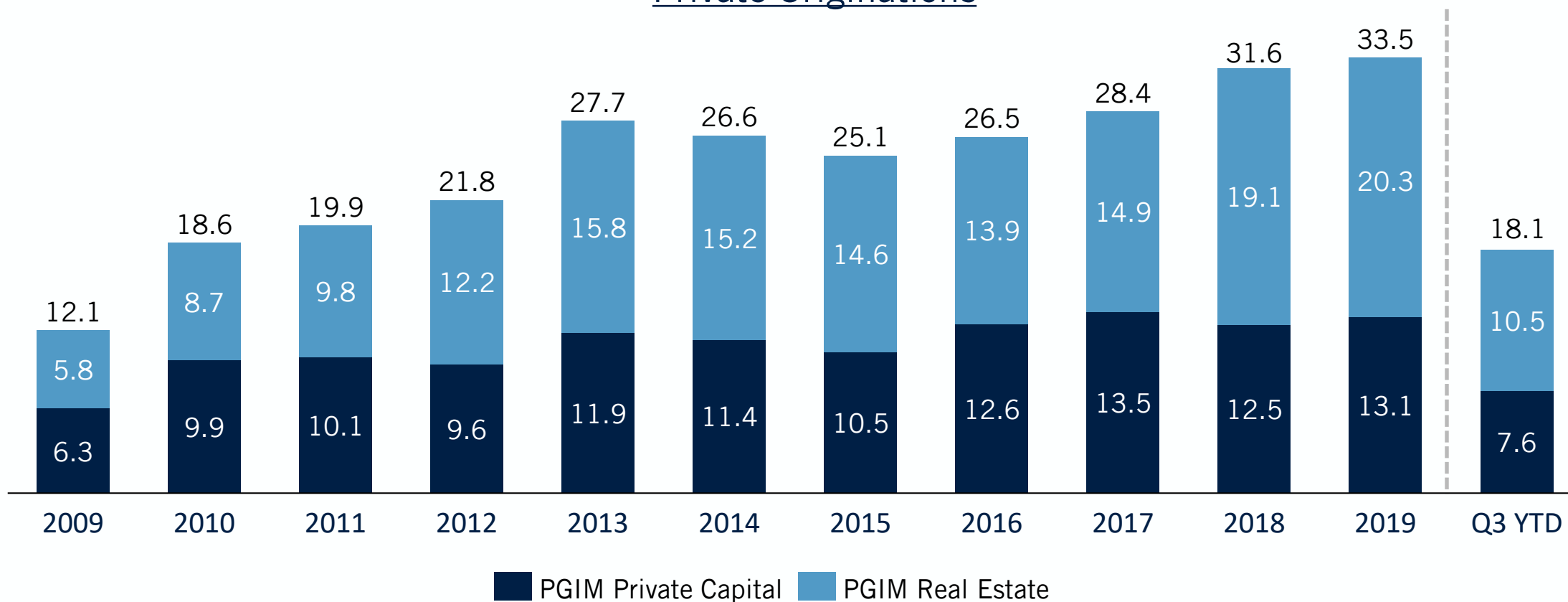


(1) Represents unaffiliated third-party net flows; excludes flows from the General Account and other affiliated Prudential businesses. 2003 and 2004 third-party net flows shown in chart represent only institutional third-party net flows.

Leading capabilities in private markets drive origination momentum

(\$ billions)

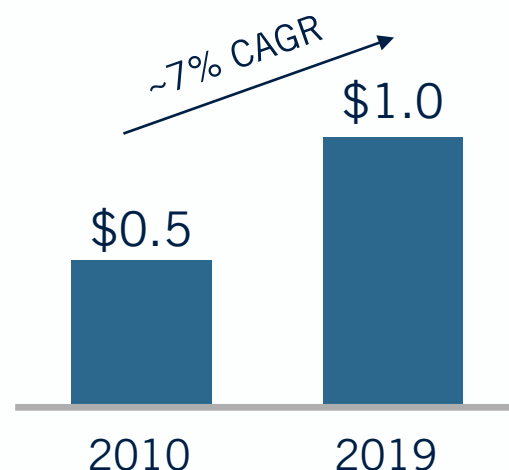
Private Originations



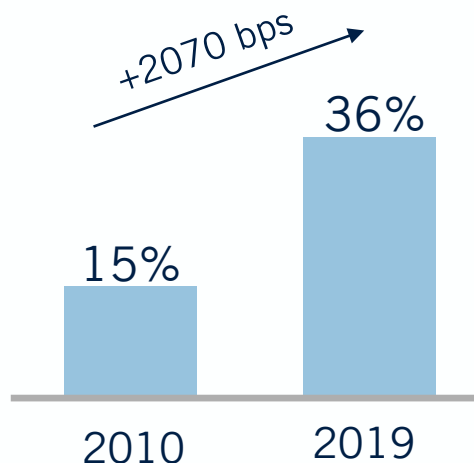
Strong, capital-efficient growth supporting long-term margin expansion

(\$ billions)

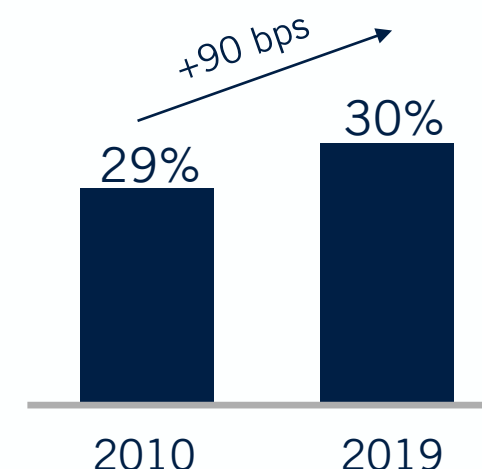
Pre-tax AOI



Adj. Operating ROE⁽¹⁾



Adj. Operating Margin⁽²⁾



(1) Adjusted operating return on equity represents after-tax AOI as a percentage of average attributed equity excluding accumulated other comprehensive income.

(2) Reflects Adjusted Operating Margin and represents pre-tax AOI as a percentage of adjusted revenue. Adjusted revenue excludes passthrough distribution revenue and consolidations. Adjusted revenues are not calculated in accordance with GAAP and a reconciliation to the comparable GAAP measure is included in the appendix of the presentation. 2010 Adjusted Operating Margin has been restated from prior investor materials to conform to the definition herein.



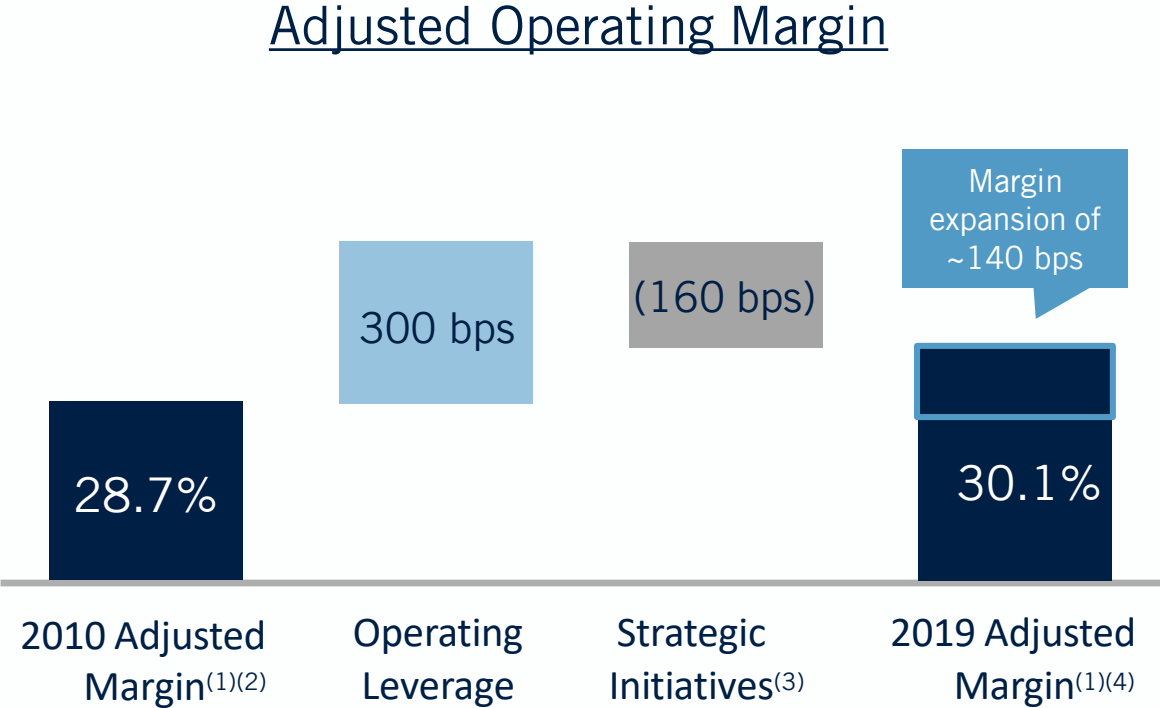
PGIM's diversified global platform demonstrated resilience through market volatility

\$ Millions	<u>Q3 2019</u>	<u>Q3 2020</u>	<u>YOY Change</u>
Asset Management Fees	676	750	11%
Pre-tax AOI	232	370	59%
Adjusted Operating Margin ⁽¹⁾	28.4%	37.4%	900 bps ²
RORC ⁽³⁾	33.5%	41.4%	790 bps ²

- (1) Reflects Adjusted Operating Margin and represents pre-tax AOI as a percentage of adjusted revenue. Adjusted revenue excludes passthrough distribution revenue and consolidations. Adjusted revenues are not calculated in accordance with GAAP and a reconciliation to the comparable GAAP measure is included in the appendix of the presentation.
- (2) Represents the cumulative change from 3Q 2019 to 3Q 2020.
- (3) RORC (Return on Required Capital) represents the after-tax adjusted operating income divided by the average Required Capital which is based upon Prudential's internal view of capital reflecting the risks inherent within the business. RORCs presented are calculated using annualized AOI and average Required Capital is based on a 5-pt average (consistent with corporate guidance for RORC).



Strategic investments are paying off and will result in additional operating leverage in the future



(1) Represents pre-tax AOI as a percentage of adjusted revenue. Adjusted revenue excludes passthrough distribution revenue and consolidations. Adjusted revenues are not calculated in accordance with GAAP and a reconciliation to the comparable GAAP measure is included in the appendix of the presentation.

(2) 2010 Adjusted Operating Margin has been restated from prior investor materials to conform to the definition herein.

(3) Includes both PGIM and Corporate initiatives.

(4) Excludes \$20M impact of acquired businesses

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PGIM's vision and strategy for long-term success



Disciplined execution on our strategic initiatives has generated ~\$90bn of net flows over the past 5 years

1	Broaden and globalize our products	▪ 29% of assets from non-U.S. clients, up from 11% in 2010 ▪ Launched 47 US mutual funds and seeded 50 new strategies since 2012
2	Modernize our multi-manager model	▪ Built a broad set of vehicles including European Mutual Funds (UCITS), ETFs, Collective Trusts, and Retail Separate Accounts ▪ Continued to focus on cost discipline to fund critical growth investments
3	Expand our reputation and brand	▪ Global brand launched in 2016; 6 out of 7 affiliates now leverage the PGIM brand ▪ Fully re-designed global website across PGIM businesses, utilizing best-in-class technology
4	Selectively acquire new investment capabilities	▪ Acquired London-based quantitative hedge fund⁽¹⁾ to broaden QMA platform; now focusing on private equity secondaries

Note: All data as of December 31, 2019 and comprehensive across third-party institutional, third-party retail, and general account unless otherwise specified.

(1) PGIM signed deal to acquire Wadhvani Asset Management on November 13, 2018.



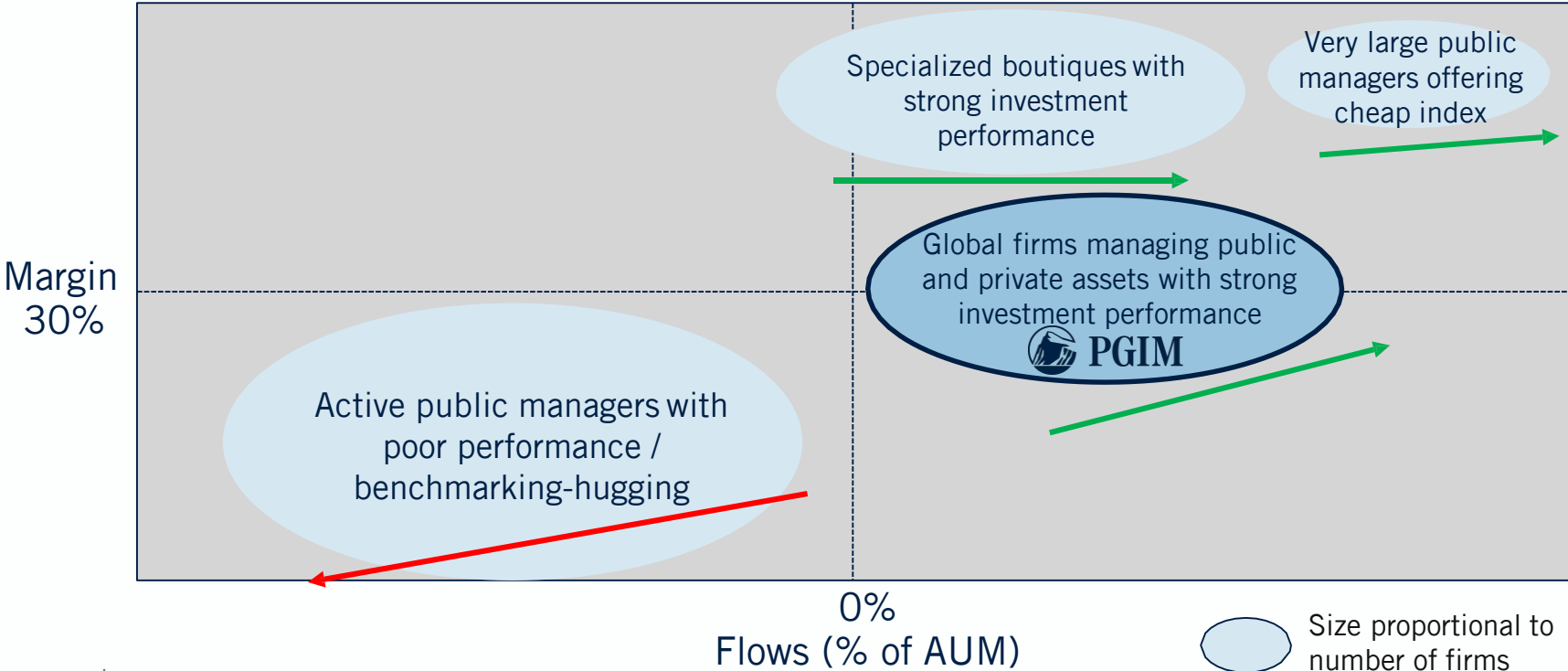
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Three Winning Business Models

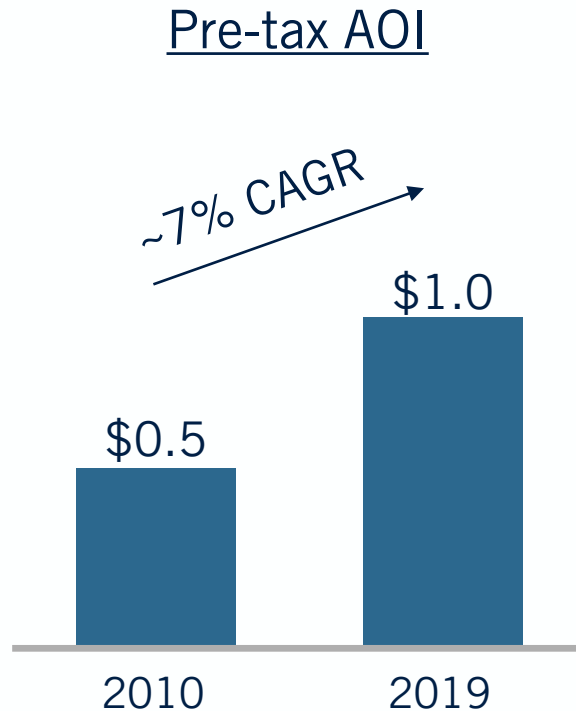
While many firms struggle for scale or performance in the face of industry headwinds and market action, three winning business models have emerged



For illustrative purposes only.

Robust growth trajectory through cycle

(\$ billions)



Mid-to-high single digit earnings growth is expected to be driven by:

1. Proven ability to capture industry flows and market share in areas where PGIM already has leading capabilities
2. Operating leverage across our business as we add to our scale
3. Strong presence and focus in high-growth areas
 - Alternatives
 - U.S. Retail
 - International markets
4. Market growth and portfolio level income⁽¹⁾

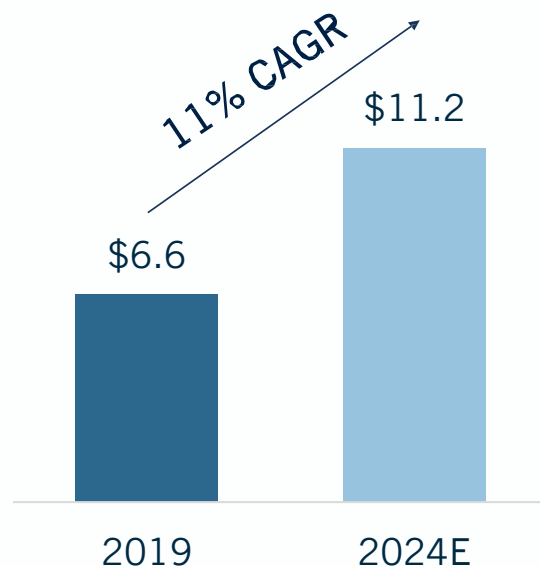
(1) Includes equities and real estate market appreciation, dividends on equities, fixed income coupon reinvestments, and income on real estate properties.



Growth opportunity: Alternatives

Market Opportunity⁽¹⁾

(\$ trillion)



PGIM's Positioning

	PGIM AUM
Alternatives	\$243 bn
Top 3 in Real Estate ⁽²⁾	\$182 bn
Private Credit	\$98 bn
Infrastructure ⁽³⁾	\$24 bn

Investments for Future Growth

Building out private credit capabilities (e.g., mezzanine, direct lending)

Entering the Private Equity Secondaries space

Further scaling and broadening PGIM Fixed Income's suite of hedge funds

Driving growth of QMA's global macro and managed futures strategies

(1) Private markets AuM from Morgan Stanley Beyond the Bounce-Back, published 2020.

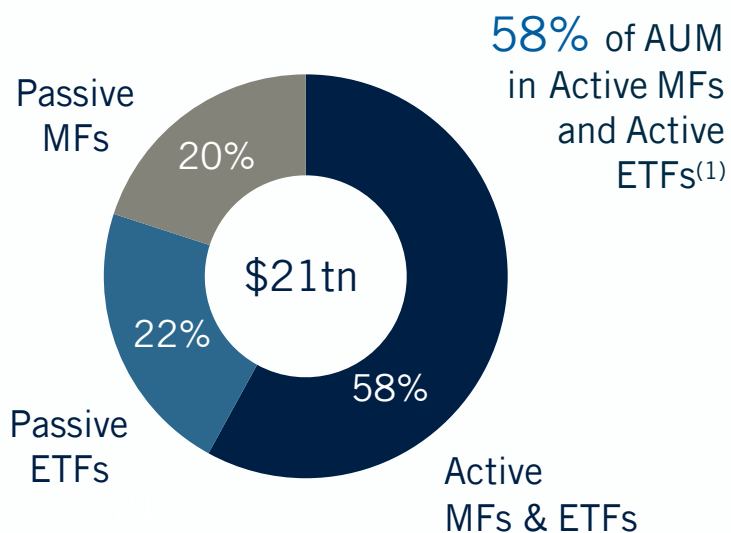
(2) PGIM Real Estate is the second largest real estate investment manager (out of 99 firms surveyed) in terms of global real estate assets under management based on Pensions & Investments' Top Real Estate Managers list published October 5, 2020. This ranking represents global real estate assets under management by PGIM Real Estate as of June 30, 2020.

(3) Infrastructure AUM includes private credit infrastructure and energy strategies, Jennison utility equity, natural resources, global infrastructure, and Master Limited Partnership (MLP) strategies as of September 30, 2020.



Growth opportunity: U.S. Retail

Market Opportunity



PGIM's Positioning

#2 fastest organic U.S. mutual fund growth⁽²⁾

Institutional approach to serving retail intermediaries

Leading Fixed Income franchise meets investors' demand for yield

Investments for Future Growth

Continue to build on strategic partner status (e.g., Edward Jones)

Scale up suite of active ETFs and Retail Separate Accounts

Source: (1) Morningstar data as of September 30, 2020 (excludes money market funds and fund of funds). (2) Simfund, net sales YTD as of September 30, 2020. Ranking only references long term mutual funds and excludes ETF and money markets. Results may differ from PGIM Investments (Strategic Insight/Simfund excludes Day One and private funds).



Growth opportunity: International markets

PGIM's Positioning and Investments for Future Growth

Japan
~\$265B in Assets

- Top 3 foreign manager of Japanese institutional assets⁽¹⁾
- Generated a total of over \$30 billion in third-party net flows over the last 5 years

Europe
~\$82B in Assets

- AUM from European clients grew by 13% CAGR over the last 5 years
- ~30 sales professionals covering EU institutions and intermediaries, tripled since 2013

Emerging
Markets
~\$35B in Assets

- China: \$19 billion AUM JV, up from \$5 billion in 2010; deepening local coverage of top institutions
- EM investment capabilities: Top 10 EM active investment manager⁽²⁾ with \$44 billion across public debt and equities strategies

Source: (1) Nenkin Joho by R&I. AUM as of March 31, 2019. AUM ranking pertains to separate accounts and does not include AUM for institutional funds. (2) Based on eVestment data as of June 30, 2020.



Mutually Reinforcing Partnership

OPERATIONALLY INDEPENDENT BUT STRATEGICALLY INTERTWINED BUSINESSES

PGIM creates value for Prudential

- Strong, stable fee-based earnings with solid returns
- Higher net investment income margins for the GA
- Enhanced PRT competitiveness through privates and commercial mortgage loans
- Best-in-class investment expertise

Prudential supports PGIM

- General Account as anchor client
- Opportunity to compete on affiliated platforms
- Access to seed capital
- Long-term perspective enables investing for future growth
- Control and risk management infrastructure



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Reconciliation of Adjusted Operating Margin

(\$ in millions)	2010	2019	3Q 2019	3Q 2020
Total Revenue attributable to the PGIM Division	\$ 1,973	\$ 3,589	\$ 856	\$ 1,066
Less: passthrough distribution revenue	120	112	26	30
Less: revenue associated with consolidations	31	105	10	46
Total Adjusted Revenue attributable to the PGIM Division	\$ 1,822	\$ 3,372	\$ 820	\$ 990
 Adjusted Operating Income attributable to the PGIM Division	 \$ 523	 \$ 998	 \$ 232	 \$ 370
 PGIM Adjusted Operating Margin	 28.7%	 29.6%	 28.4%	 37.3%

