

# PGIM EMERGING MARKETS



## Total Return Approach

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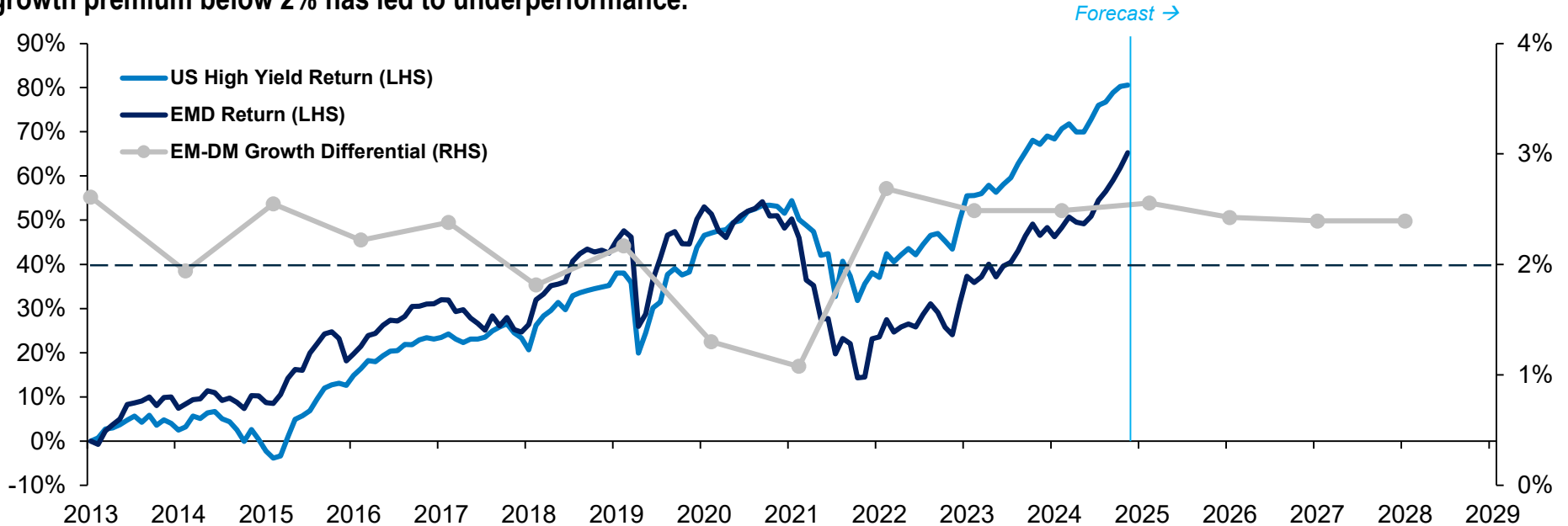
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# EM and DM Growth is Diverging

With DM growth expected to moderate while EM growth remaining on trend, EMs growth premium is increasing.

Growth Expectations				
	2025		2026	
	PGIM Econ Team	Market Consensus	PGIM Econ Team	Market Consensus
<b>Developed Markets</b>	<b>1.3%</b>	<b>1.4%</b>	<b>1.3%</b>	<b>1.4%</b>
US	1.3%	1.7%	1.4%	1.7%
EA	1.3%	1.2%	1.2%	1.1%
<b>Emerging Markets</b>	<b>3.9%</b>	<b>4.2%</b>	<b>4.0%</b>	<b>4.0%</b>
China	4.2%	4.8%	4.2%	4.2%
EM ex-China	3.7%	3.8%	3.9%	3.9%
<b>EM-DM Growth Differential</b>	<b>2.6%</b>	<b>2.8%</b>	<b>2.7%</b>	<b>2.6%</b>

A growth premium above 2% has historically led to outperformance of EM assets over developed market assets. Likewise, a growth premium below 2% has led to underperformance.

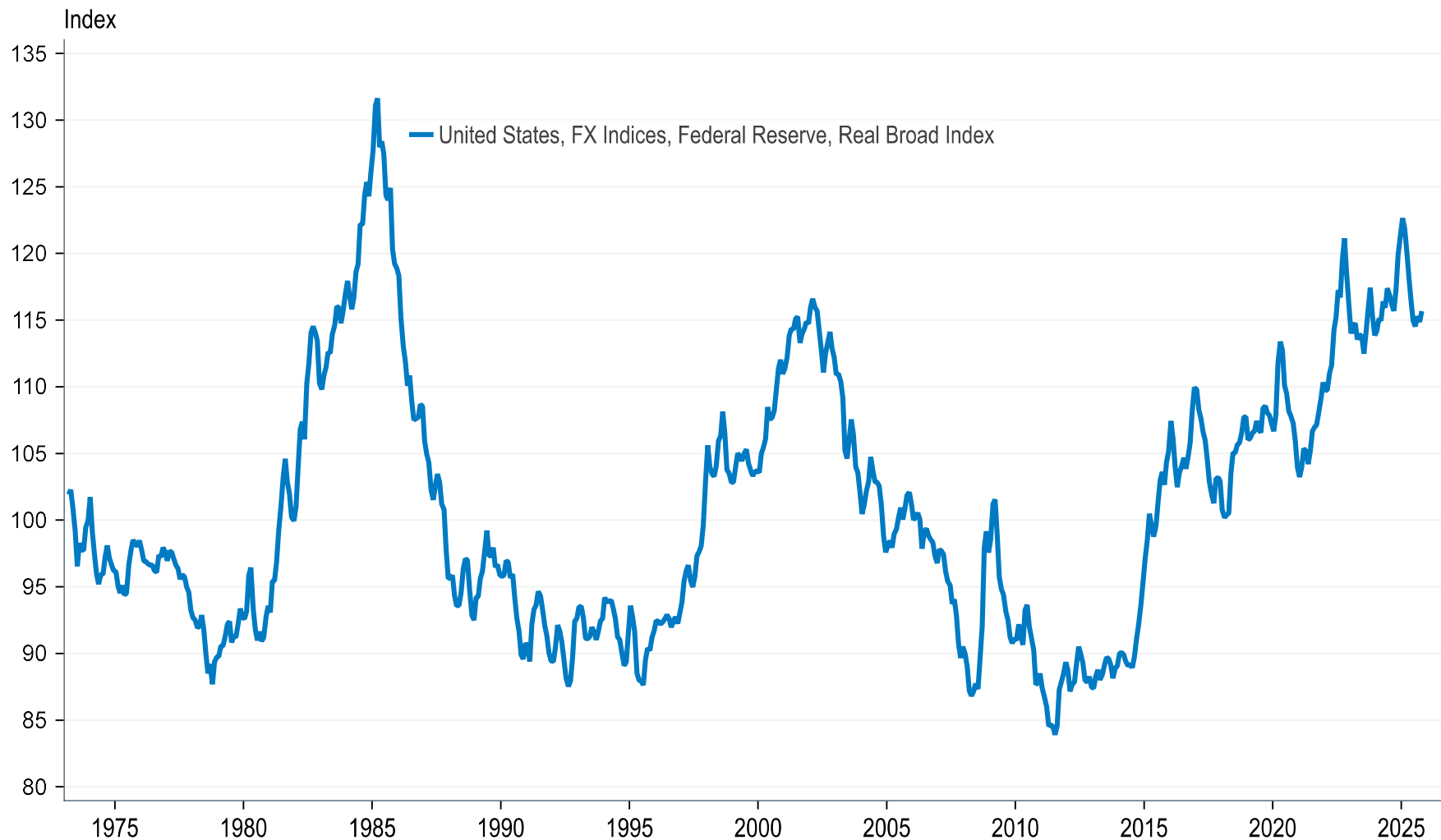


Sources: Top Chart PGIM Fixed Income As of date for top chart September 15, 2025. Bottom Chart: IMF, JPMorgan as of October 2025. Past performance is not a guarantee or a reliable indicator of future results. Please see Notice for important disclosures. The forecasts presented herein are for informational purposes. There can be no assurance that these forecasts will be achieved.

# The USD is Skewed Towards Lower Valuations

## United States: Federal Reserve Real USD Index, Trade Weighted

Federal Reserve



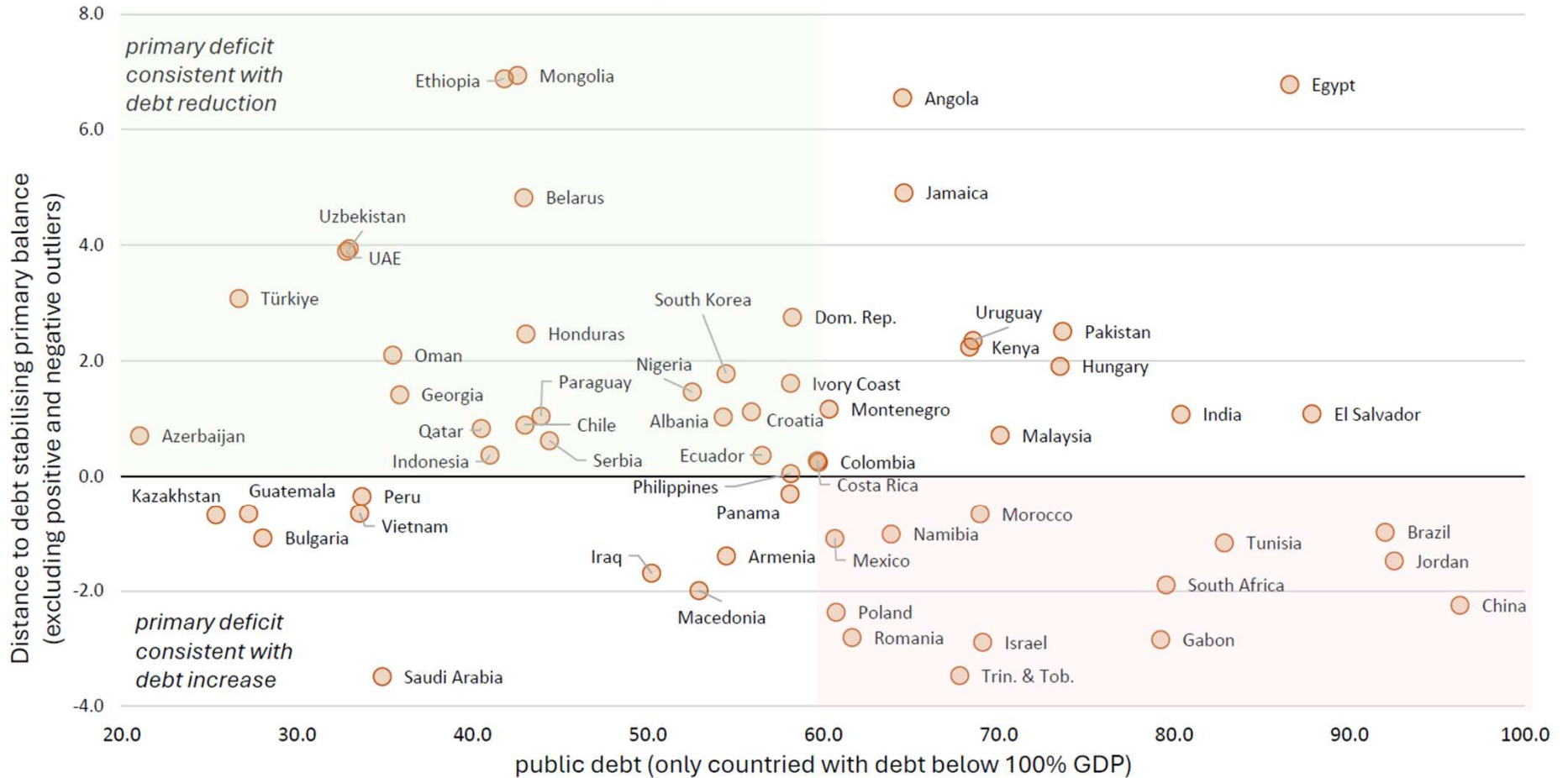
Last Updated: November 4, 2025

Sources: US Federal Reserve, Macrobond

# EM Fundamentals are Improving

## Public debt vs Distance to debt stabilising primary balance (% GDP)

Source: IMF, World Bank, National Sources



Source of top chart: Macrobond. PGIM Fixed Income as of July 31, 2025. For illustrative purposes only. The data provided above may not be representative of PGIM Fixed Income's current views regarding the countries discussed, shall not constitute investment advice, and should not be used as the basis of any investment decision. Does not constitute a representation that PGIM Fixed Income would purchase any securities of the countries referenced or that an investment in any securities of such countries would be profitable.

# Starting Yield Can The Best Forecaster Of Total Return

## EMBI Global Diversified Yield & Return Relationship

Period	Starting Yield	Annualized Return
2002-2012	11.3%	11.2%
2013-2022	4.3%	1.6%
2023-10/31/2025	8.5%	10.8%
10/31/2025 onward	6.8%	?

Source: PGIM Fixed Income, Bloomberg and JPMorgan. As of October 31, 2025. Past performance is not a guarantee or a reliable indicator of future results. Please see Notice for important disclosures. An investment cannot be made directly into an index.

# Performance Analysis: Emerging Markets Total Return

## Strong Long-Term Performance Driven by Conviction In Our Fundamental Research

### The Strategy Has Outperformed in 6 of the Last 7 Years<sup>1</sup>

	Emerging Markets Total Return Composite Gross(%)	Emerging Markets Total Return Composite Net(%)	ICE BofA US 3-Month Treasury Bill Index USD Index (%) <sup>2</sup>	Gross Difference (bps)	Net Difference (bps)
2025	8.49	8.04	3.17	+539	+487
2024	11.16	10.55	5.25	+591	+530
2023	8.23	7.60	5.01	+321	+258
2022	2.35	1.74	1.43	+92	+31
2021	4.23	3.60	0.17	+406	+343
2020	1.26	0.65	1.08	+17	-43
2019 (May 19 -Dec 31)	8.29	7.86	1.64	+665	+622

Performance Statistics <sup>3</sup>	Since Inception <sup>4</sup>
Excess Return – Gross (bps)	+406
Excess Return – Net (bps)	+344
Tracking Error – Net (bps)	+1,022
Information Ratio – Gross	0.44
Information Ratio – Net	0.38

### High Upside Capture with Limited Downside Capture

Upside / Downside Capture		
	Upside	Downside
1Y	278	-
3Y	203	-
5Y	272	-
SI	259	-

**Positive Alpha in Difficult Market Environments:  
2025, 2024, 2023, 2022, 2021, 2019**

**Periods of Underperformance:  
2020**

*Past performance is not a guarantee or a reliable indicator of future results. Please see Reference section for important additional disclosures. The value of investments can go down as well as up. Where overseas investments are held the rate of currency exchange may cause the value of investments to fluctuate. If applicable, investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets and non-USD securities are converted to USD using a spot rate conversion. All return periods longer than one year are annualized. Gross returns do not reflect the deduction of investment advisory fees and other expenses. Net returns reflect the deduction of investment advisory fees and other expenses. Gross and net performance have been calculated in U.S. dollars and reflect the deduction of transaction costs and withholding taxes, if any, and the reinvestment of income. As of September 30, 2025, unless otherwise noted. Source: PGIM Fixed Income. Source of benchmark: ICE BofA 3-MO US Treasury Bill. <sup>1</sup>On a gross basis. Includes partial periods. <sup>2</sup>The source of benchmark: Bank of America. As of March 1, 2022, the benchmark for this composite is the ICE BofA U.S. 3-Month Treasury Bill Index. Prior to March 1, 2022, the benchmark for this composite was the ICE BofA 3-Month Deposit Offered Rate Constant Maturity Index. <sup>3</sup>Periods ended September 30, 2025, The results of the gross and net calculations for annualized Tracking Error statistics are the same. <sup>4</sup>Inception Date May 1, 2019*