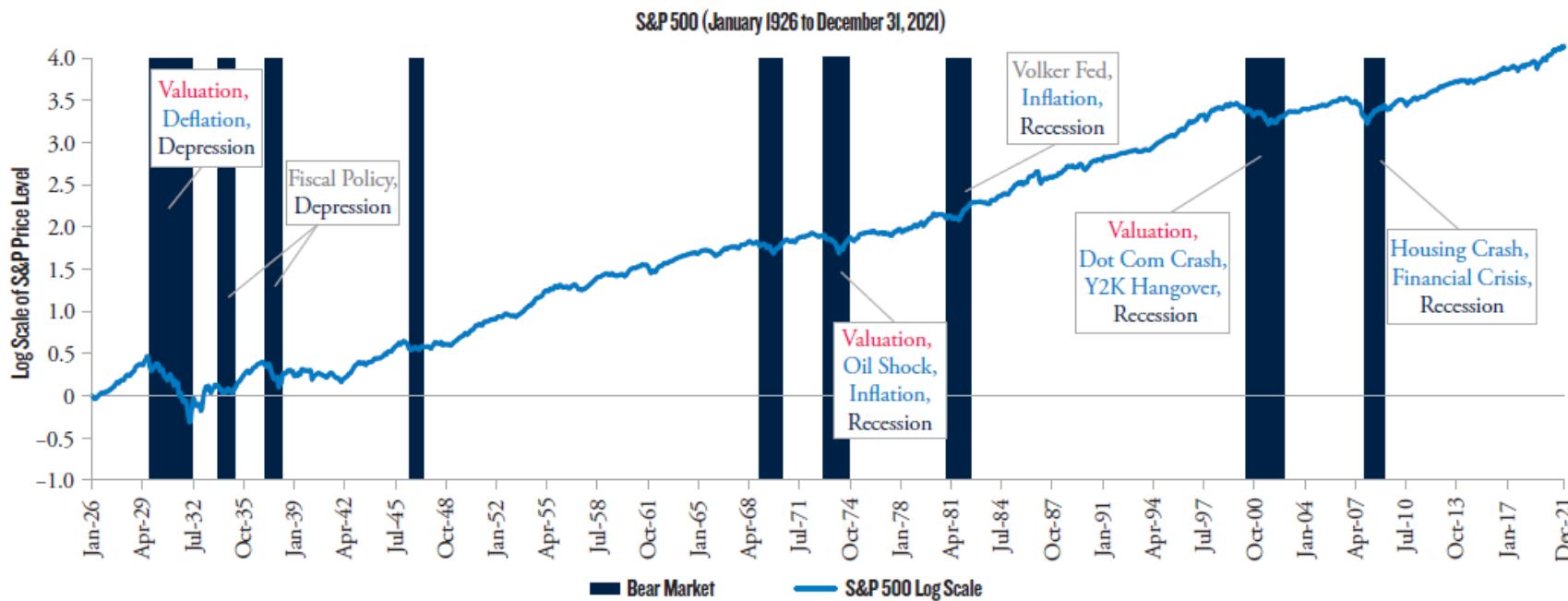


Bear Market Triggers - RSVP

January 2022



Bear Market Triggers



As of 12/31/2021.

Source: PGIM Quantitative Solutions, Ibbotson Associates.

This is shown for illustrative purposes only. Please see 'Notes to Disclosure' page for Important Information including risk factors and disclosures.

Bear Market Triggers

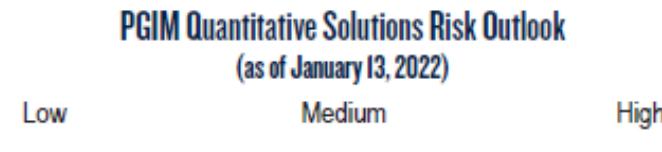
Recession, Shocks, Equity Valuations, Fed Policy (RSVP)

Earnings support stock prices, but Omicron and a tighter Fed pose risk.

PGIM Quantitative Solutions has analyzed prior bear markets and has determined that they are typically caused by one or more of the following events:

R – Recession:

- Omicron will likely hurt Q1 growth, but Q2 should rebound
- Supply chain constraints continue to limit growth
- Fed tightening sometimes leads to recession



S – Shocks:

Typically can't predict and always somewhat of a risk

- Geopolitical risks rise with Russia/Ukraine and China lockdowns
- Omicron has exploded but cases might peak soon
- Inflation may have peaked but risk of persistent inflation remains



V – Equity Valuations:

- Forward P/E above long-term average
- Low rates have supported higher equity valuations
- Potential higher interest rates could pressure valuations, especially for growth stocks



P – Public Policy (Mistakes):

- Fed will tighten policy in 2022, risking a hard landing
- New fiscal support for economy unlikely
- High current inflation risks economic volatility



PGIM Quantitative Solutions' Tactical Asset Class Views



Asset Class	-	Neutral	+
Stocks			
Fixed Income	■		
Real Estate			
Commodities			
Cash	■		
Stocks			
US			
EAFE			
Emerging Markets			
Fixed Income			
US Core	■		
TIPS			■
High Yield			■
Non-US Dev. Sov. Bonds	■		
Emerging Market Debt		■	

■ January 13, 2022

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