PGIM FIXED INCOME

655 Broad Street 9th Floor
Newark, NJ 07102-4410

January 21, 2018

Dear GIPS Executive Committee,

We would like to thank you for providing the Guidance Statement on Benchmarks and giving us the opportunity to comment. Please see our comments and answers to the questions within the paper below.

On page 6, we would like to see acceptable reasons why a benchmark may not be defined in advance. We also suggest there should be some recognition and discussion of the fact that some of the examples of commonly used benchmarks on page 7 do not fit the listed properties of good benchmarks on page 6.

Question 1: Do you agree that firms should be required to disclose why they have chosen an ETF rather than a market index as the composite benchmark?
Yes, especially when the index is based on a market index.

Question 2: Do you agree that the ETF chosen must be one in which the returns are comparable to those of the composite?
Yes, in that if gross returns are being reported for the composite than the benchmark should also be gross.

Question 3: Do you agree that the hedging criteria for the benchmark must be disclosed? Do you agree that it should be required that any material difference in hedging between the composite and the benchmark be disclosed?
If the firm is reporting a hedged benchmark that is reported unhedged by the index provider, the firm should disclose the hedging methodology. We agree that material hedging differences between composite and benchmark must be disclosed.

Question 4: Do you agree that firms should be required to select the benchmark that is most consistent with the withholding tax status of the portfolios in the composite?
Yes, we agree that if both gross and net of withholding tax is offered by the index provider, the firm should choose the most consistent benchmark to that of the portfolios in the composite.

Question 5: Do you agree with the creation of custom benchmarks using fees and/or trading costs to provide returns comparable with the net-of fees and/or trading costs composite returns?
No, we do not think this is necessary or practical.

Question 6: Do you agree that if a net-of-fees and/or trading costs benchmark is presented, the firm should be required to disclose the fee schedule and/or the trading costs used to derive the benchmark returns?
The firm should be required to disclose that the benchmark is net-of-fees or trading costs, and to generally describe the fees or trading costs.

Question 7: Do you agree with the proposed treatment of price-only benchmark returns?
Yes, we agree with the proposed treatment.

Question 8: Do you agree that if a firm changes a benchmark retroactively, the disclosure of the change should be required to be included in the compliant presentation only for as long as it is meaningful as per the firm's policy and the disclosure can be removed once it is no longer meaningful?
Yes, we agree.

Question 9: Do you agree that firms must disclose changes to benchmark ordinal (primary, secondary)?
Yes, we agree.

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Question 10: Do you agree that firms should be allowed to present the name of the benchmark for a readily recognized index or other point of reference instead of presenting the full benchmark description?
Yes, we agree.

Question 11: Do you agree that if the firm is uncertain about whether the benchmark is readily recognized by any potential prospective client, the firm should be required to include the benchmark description?
Yes, we agree.

Question 12: Do you agree that if other benchmarks are presented and labelled as supplemental information, that all of the required benchmark disclosure and presentation items should be required to be presented for all benchmarks included in the compliant presentation?
Yes, we agree.

Thank you for the opportunity to comment on this Guidance Statement.

Sincerely,

PGIM Fixed Income