AAAD
PGIM AAA CLO Aggregate Duration ETF

Fund Description

AAAD is an actively managed ETF that primarily invests in AAA-rated collateralized loan obligations (CLOs) while using a duration overlay to align interest rate sensitivity more closely with the broad US bond market. The fund seeks total return through a combination of income and capital appreciation.

FactSet Analyst Report

AAAD combines exposure to predominantly AAA-rated CLOs with a duration management strategy designed to increase interest rate sensitivity beyond that of a typical CLO portfolio. Because AAA CLOs generally have very short durations, the fund uses longer-duration fixed income instruments and derivatives, including Treasury futures and interest rate swaps, to maintain a portfolio duration generally within one year of the broad U.S. bond market. Most of the funds CLO exposure is expected to come through investments in the affiliated PGIM AAA CLO ETF (Ticker: PAAA), although it may also invest directly in CLO securities. The fund primarily invests in senior CLO tranches, which typically occupy the highest position in a CLOs capital structure. It may also allocate a limited portion of assets to lower-rated CLOs, non-US dollar-denominated instruments, and fixed-rate CLOs. Security selection combines macroeconomic analysis, fundamental credit research, quantitative models, and risk management tools.