



Investment Spotlight IS CASH STILL KING?



Challenges of Holding Cash

As the Federal Reserve lifted interest rates to its highest levels in 22 years¹, investors have been moving assets to cash in record amounts with nearly \$17 trillion in commercial bank deposits². While there is no denying the attractiveness of higher yields and relative stability, investors holding excess cash should keep a few items in mind:

- **Opportunity Cost:** Cash-like investments may be attractive short term but long term have generated less growth than equities, government bonds, and even inflation³.
- **Timing Risk:** Market rebounds can happen quickly. In fact, missing just 10 of the best performing days over the last decade would have reduced your final return by 82%.³
- **Reinvestment Risk:** This is the chance you may have to reinvest money from a short-term investment at a lower rate than its current rate.
- **Inflation and Taxes:** After inflation and taxes, the income generated by cash may be less enticing.

The chart to the right looks at the growth of a cash investment as compared to other asset classes over the past 10 years, based on a \$100,000 initial investment. As you review the appropriate asset mix within your plan it may be worth considering investments, such as annuities, that can offer a balance of growth opportunities with levels of downside protection as market conditions evolve.

Who's Your Rock?

In challenging times, you'll want to partner with a brand that has been helping investors for over 145 years. Prudential's issuing companies offer a broad range of strategies that can help you meet your goals on your path to achieving greater financial security.

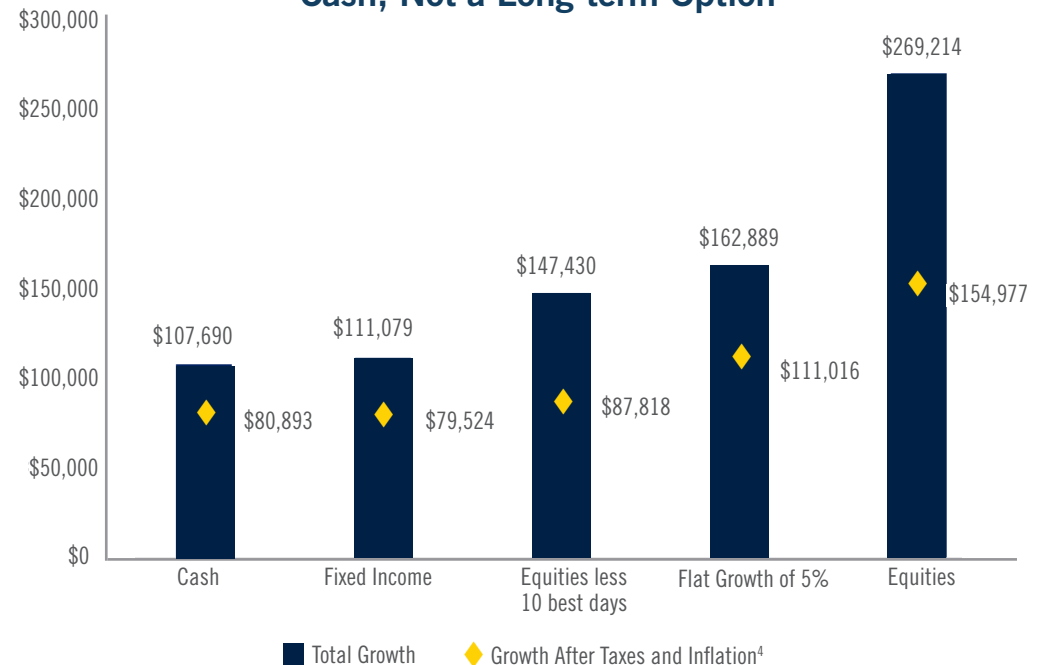
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Cash, Not a Long-term Option³



For illustrative purposes only. Past performance does not guarantee similar future results.

¹ CNBC 7/26/2023

² Invesco—Beyond Money markets U.S. Federal Reserve and Investment Company Institute, 7/31/23. Deposit and money market rates are sourced from Bankrate.com

³ Morningstar August 2023 - Returns are represented by the past 10 years (2013 - 2022). Cash is represented by the FTSE 3 Month U.S. Treasury Bill, Fixed income is represented by U.S. Bloomberg Aggregate Bond Index, Equities is represented by the S&P 500® Price Returns, and Equities less the 10 best days is represented by the S&P 500® Price Return minus the 10 best days, and flat rate of return is representative of current interest rates.

⁴ Growth After Taxes and inflation is illustrative of historical U.S. Consumer Price Index, seasonally adjusted rates and a 24% average Federal Income Tax rate over the past 10 years.



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