

Keeping a Long-term Perspective

Investment Spotlight

Managing Emotions

Market fluctuations, while unsettling, are a normal part of the investing journey. Maintaining a long-term perspective can help you remain calm during times of market and economic stress. It is important to remember not to make decisions driven by emotions.

Strategies that offer a level of downside protection, such as buffers or floors, can help you remain focused and stay the course. To put this in perspective, the top chart provides a hypothetical look at different periods of market pullbacks and how strategies with two types of downside protection, sometimes referred to as a “buffer” or “floor,” can help limit or avoid losses.¹

Limit Losses and Stay the Course

As you think about how much it’ll take to recover from a market pullback, it is not a one-to-one relationship. For example, a 20% loss would need a 25% gain to recoup the loss and get back to even.

In the lower chart, we use the losses of the market pullback from the top chart, and highlight the gains needed for a portfolio to recover with and without downside protection. What we see is that a portfolio that includes a level of downside protection would experience less market loss, making it easier to recover after a down market.

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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- Not FDIC insured • Not insured by any federal government agency
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¹ A buffer limits the amount of negative index credit applied to an account. The buffer is the amount of the protected negative return. A 0% floor protects from any negative index credit even if the index return is negative. Buffer and floor availability varies by product.

² This is the amount you would need to earn to recoup your loss. The return values might or might not be attainable for some strategies that limit upside potential.

This is a hypothetical example for illustrative purposes only. It does not reflect a specific product or product type, an actual account value, any fees or charges, or the performance of any investment.

Hypothetical Declines Over Investment Period

Loss Over Investment Period	Loss without protection	Loss with 10% Buffer	Loss with 0% Floor
-8.00%	-8.00%	No loss	No loss
-17.00%	-17.00%	-7.00%	No loss
-20.00%	-20.00%	-10.00%	No loss
-34.00%	-34.00%	-24.00%	No loss

How would you feel if your portfolio was down only 10% instead of 20%?

Recovery Needed to Break Even After Market Declines Over Investment period²

Loss Over Investment Period	Without protection	With 10% buffer	With 0% Floor
-8.00%	8.70%	N/A	N/A
-17.00%	20.48%	7.53%	N/A
-20.00%	25.00%	11.11%	N/A
-34.00%	51.52%	31.58%	N/A

Would you rather need an 11.11% or a 25% return to recover from a market loss?



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