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Prudential Financial, Inc. (PRU)

KBW Insurance Conference - Fireside Chat

CORPORATE PARTICIPANTS

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

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Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

MANAGEMENT DISCUSSION SECTION

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Hi. Good morning, everyone. I'm Ryan Krueger, the life insurance analyst at KBW. Really [audio gap] (00:00:11) today with Charlie – by Charlie Lowrey, the Chairman and CEO of Prudential.

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

Thank you for having me.

QUESTION AND ANSWER SECTION

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

So to kick it off, a few years ago, Prudential had introduced a strategy to shift business mix, improve growth, and also become more capital efficient. Can you start by discussing the company's progress on these objectives as well as what your key focus areas are as we go forward from here?

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Sure. So as you said, about five years ago, we created a strategy which was to become a higher growth, less market sensitive and more nimble company, all under the guise of fulfilling our vision, which is to become a global leader in expanding access to retirement, to insurance and to investment security over time. And everything we've done, as you said, over the past five years, can fit into one of those three buckets.

So if we go through the buckets, just very quickly. Less market sensitive, you saw we did another GUL transaction a couple of weeks ago and have reduced GUL exposure by about 60%. We have reduced VA exposure through reinsurance and sales by about 50%. By the way, that decreases at about \$4 billion to \$5 billion a quarter. And so – or \$3 billion to \$4 billion a quarter. And so you can think of that as, over the course of the year, as another transaction sort of \$15 billion-ish. So, we are well on our way to reducing market exposure.

In terms of higher growth, we think about three areas. We think about capabilities, we think about distribution, and we think about product. So, on capabilities, you've seen us make acquisitions in PGIM, with Montana Capital Partners, the latest Deerpath Capital. You've seen us do an acquisition in emerging markets, with Alex Forbes (sic) [Alexander Forbes] a couple of years ago in South Africa. So, we're adding capabilities as we go. You've seen us increase distribution in PGIM and in Brazil, in other areas, and so we're increasing distribution. And you've seen us change our product mix to become less market sensitive, but also meet the clients' needs. So, creating the fixed index annuities product, creating the RILA products. We have the largest sort of suite of products we've ever had in individual retirement. And so we've made a conscious effort with capabilities, distribution and product to expand.

The results of that you're starting to see. And in the second quarter, I think you started to see some material results. So in Retirement Strategies, we're up 67%. We did \$22 billion in the first quarter. You've seen in Brazil, we're up 27% through increased distribution and product and what we're doing with Mercado Libre. You've seen in Japan, we're up 20% in terms of the retirement savings products that we've offered. Group was up 13%, Individual Life was up 7%, and we can go through some of those. But in general, we're beginning to see the traction of a lot of the work we've been doing.

The final part is becoming more nimble. And you've seen us take out costs. You've seen us take out layers, increase spans of control, doing things to what I call increase the metabolic rate of the company. You've seen that in terms of product design. You've seen it in terms of capabilities and what we're doing. So, we're making progress in all three of those areas, and you're beginning to see tangible results. And I think some of that has occurred in the first and second quarter of the year. So brief overview, but kind of gets you to where we are.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

And are those the same focus areas as we go forward from here?

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Absolutely. So, our desire is to always work on the foundational capabilities of the company to make sure that we are competitive and that we're meeting our customer needs as we go forward.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

So, another new thing is Prismic, your reinsurance platform that you launched. I think it was almost exactly a year ago because it was announced, I believe, right after you guys were at our conference. Because I think there's been a lot of questions on kind of how meaningful can Prismic be to Prudential over time, as well as just what are the opportunities for Prismic with Prudential, both in the near term and over the longer term.

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Absolutely. I think your comment over time is critical because we think of Prismic not as a panacea, but as another arrow in the quiver. So, you think about the capabilities we have and the alternatives we have now as we write new liabilities. We can keep those liabilities on our balance sheet as we go forward. We can reinsure them to third parties. We can reinsure them to our Bermuda captives, or we can reinsure them to Prismic, and as we did with the structured settlements transactions a year ago. And we can do this with back book, forward flow, third parties, and we created Prismic.

It took time to create Prismic because it's a different vehicle. It's not a sidecar vehicle with a bespoke product like fixed indexed annuities, sort of a one liner. We designed it, so that it could take a variety of different liabilities. It could create – take mortality, longevity, international, domestic, long duration, short duration. And the idea with the like-minded investors we have investing in Prismic is that we're going to create a portfolio of liabilities and assets to create a risk return profile that will exist for decades to come. And so, it is – the calculus we go through is which assets and which liabilities do we want to put into Prismic, in what order over time to create a durable, diversified portfolio, and that's what we're doing.

So, as we joke, when you've done one transaction, you've done one transaction. Each transaction is different and each one has its own sort of gestation period over time. And we're working on a whole series of transactions and we'll see when they come to fruition. But we have high hopes for it, but it's going to be over time. This is a long-term effort, not a short-term effort.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Got it. Maybe shifting to PGIM, your asset manager. So I mean, it has an impressive amount of assets, \$1.3 trillion. I think it's a top 15 global asset manager by AUM. The earnings contribution to Prudential is about 10% of your earnings. And just curious, where do you see that 10% going over time? Do you see big, meaningful opportunities for PGIM to become a bigger percentage of Prudential's overall earnings?

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Yeah, absolutely. And I divide the growth prospects into three parts. One is assets, one is our investments in growth, and one are efficiencies. And all three play into margin and ultimately play into sort of size of contribution to PRU. So, with assets under management, that's a function of a couple of things. It's a function of where the markets are. And a couple of years ago, when you have a 500-basis-point increase in interest rates very quickly and you run \$900 billion of fixed income, your assets go down, your fees go down, your margin goes down. There's nothing you can do about that.

In terms of net flows, we're beginning to see or feel a difference in the marketplace. So, Institutional Retirement investors were absolutely on the side of when they thought interest rates may continue to go up. Now that the propensity of thought is that interest rates may start to come down, you're starting to see a softening of that. That's not saying that we're going to get huge flows tomorrow. It is saying that on the retail side, we're seeing some positivity, and on the institutional side, we're seeing some interest in coming back into the market. I'd say the same obviously for real estate, too, which kind of ground to a halt in terms of transactions and the prices. We think that may be at a nadir and beginning to sort of perk up a little bit.

So, net flows over time will, I think, be more – the environment will be more constructive for net flows. Again, I can't predict anything. Secondly, we've been investing a lot in growth. So whether it is the alternatives capabilities and other things where we can – where we will have net flows, whether it's in distribution and we've been investing in distribution in Europe and Asia and the Middle East and in retail and that's going to inure to our benefit over time.

The third area, which will help contribution but also certainly help margin is we have very much, as a firm, including PGIM, focused on efficiencies. You saw a few years ago we've wrung out a fair amount within the company of expenses. Some of that was within PGIM, and that was to become more efficient over time. So, we are very constructive on PGIM. We think it will become a larger percentage of the company's earnings, but that will happen over time, and it has a variety of those factors.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

You mentioned adding capabilities within PGIM. You've also done some smaller M&A transactions there, as well as in emerging markets, like to what extent is M&A something that is of interest in the future? And what are the key areas you'd be – you'd consider going forward?

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

It's certainly of interest to us. We've talked about programmatic M&A, where we would be adding capabilities over time. And we've said in PGIM, those capabilities would be in the alternatives area as you've seen with Deerpath or Montana or Green Harvest or others that we've done, or it would be in distribution, especially in Europe and Asia for PGIM. So, we'll do very targeted M&A deals with mature companies that can add the capabilities that we need. In emerging markets, we're in all – we're in the countries we want to be in and it's just a question of going deeper into those countries. So, you saw the last country we want to be in was South Africa to complete the kind of triumvirate between Ghana, Kenya and South Africa to create our Africa strategy. And now, we'll go deeper into those countries and in Asia as well.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Just shifting to the US Retirement business and starting with your institutional strategies. Can you talk about the growth opportunities you're seeing there?

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Sure. So, we have been and remained very constructive on Institutional Retirement, on PRT essentially. We think the pension funds are overfunded at this point. They're in a good place to, in fact, transact. And we have said and remained constructive that there is a very healthy pipeline of transactions out there in their overfunded position. We are one of the real leaders in the jumbo space. We do some transactions in the cash space, which I would say was sort of \$1 billion and under. And I think we announced a transaction last week or two weeks ago, a small multi-employer transaction. It was the first multi-employer transaction, I think, that's been done.

But where our sweet spot is really in the jumbo transactions, the big complicated deals where brand and experience make a real difference. And we see no letup in interest in doing those side. When you look at the international space, so longevity reinsurance, there are about 10 players. We have about a 15% market share. We see real demand there, too, both in the UK. We did our first transaction in the Netherlands recently, and so we've been expanding there as well. But we see continued strong demand on both sides of the Atlantic for that.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

In your Individual Retirement business, you've started to sell more fixed annuities, which were not historically very large product for Prudential. Can you talk about why you've expanded into that product? And then also just are there other adjacent products generally within – I guess, within either the Individual or Institutional Retirement business that could be of interest that you could add from here?

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Yeah. So, the main reason is because of customer demand. So if you think within PRU – this is a little alarming. Zoomers have taken over boomers, right? So why is that? Because boomers are retiring. And so, we see an immense wave of retirement taking place. And what do retirees want? They want certainty of income. And so, they are looking for ways for guaranteed income for a period of time. And so, there is a very strong demand for fixed indexed annuities, and so we're meeting that demand. I mean, the demand in the first half of this year, I think, is up 20% over last year, just in general. And so, we're doing that.

We also have adjacent products. We have two RILA products which we have, which are selling very well. In fact, all three of those products had record sales in the second quarter, which speaks to your point of the demand that's out there for these products. So, we feel we have the broadest product suite we've ever had to meet this demand. And in fact, we have the right product at the right time and the right place, with good distribution in order to get to our customers. So, we feel very good about what we have, and we think there's – given the wave of retirement coming and the need for income security, that it will continue to be a robust demand.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

So, I think a common question I've been getting certainly a lot more of is just we've been in a higher interest rate environment finally for a few years, which has been a benefit to both demand for retirement products as well as

margins of the business. Now, there's – we might be possibly shifting to at least a somewhat lower interest rate environment again. How do you think that would affect, I guess, both growth opportunities as well as potential margins in your US Retirement businesses, if we do end up with a lower rate environment again?

Charles F. Lowrey*Chairman & Chief Executive Officer, Prudential Financial, Inc.*

A

Yeah. It's a really good question. We spend a lot of time kind of thinking about that. Let me take the Institutional first and then go to Individual.

Ryan Krueger*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

Yeah.

Charles F. Lowrey*Chairman & Chief Executive Officer, Prudential Financial, Inc.*

A

So, on the Institutional side, on the PRT side, we see no letup in demand. Now, the good news is that pension funds are overfunded at this point. So, there's a cushion there. So, interest rates can come down somewhat, and they'll still be in an overfunded position. The second thing I'd say is that if an institution is thinking about doing a PRT transaction within the next 6 to 18 months, rough justice, they probably already hedged it out. So, the near-term – their near-term pipeline of institutions looking to do PRT transactions probably won't be affected very much. And I think there'd have to be a quite significant change in long-term rates for there to be a real change. So, I think we're still constructive even if interest rates start coming down on the PRT side.

On the Institutional – on the Individual side, I'd say a couple of things. One, getting back to the kind of demographic wave that's taking place, we see no letup in the demand for fixed indexed annuities or the RILA products. I think there's just an overwhelming need for income security, and that's not going to change in the short term with a change in interest rates. So, I think that the fundamentals are still going to be there for that.

From a Prudential's perspective, I'd say a couple of things. One, if you look at the cash we have on our balance sheet or the collateral we have in our Individual Retirement Services business, we hedge that out. So, we're going to be fine if there's a decrease in interest rates. The other thing I'd say is that, as of the second quarter, we had basically a 200-basis-point spread between our new money rate and our yield on our portfolio. So, we have cushion there, too. The rates can come down some, and we'll still be earnings accretive. So, I think from a Prudential perspective, we're in good shape.

Ryan Krueger*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

Just one other related follow-up, in-plan annuities, like you recently did announce that you're on the JPMorgan Asset Management platform with like a newer in-plan annuity product. What do you generally think about that opportunity for Prudential and maybe the whole industry going forward?

Charles F. Lowrey*Chairman & Chief Executive Officer, Prudential Financial, Inc.*

A

Yeah. I think it could be quite large. And so you think – and I'm very much supportive of it because when you think about – for one case, when you think about the in-plan annuities, it's a way for people to gain their security, to gain that comfort easily without having to do a lot of machinations. And so whether it's Fidelity or JPMorgan or some of the others, I think having – giving retirees the easy option of creating a fixed income for them for life or for

a period of time is actually a great thing. And so we're very supportive of companies that are looking at this and doing it, and happy to help where we can.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

In Japan, you did mention the Retirement product or the growth of Retirement products, right? I wanted to get more into that. But just, I guess, just generally, your Japan businesses have generated a lot of earnings and they're consistent over time. But the challenge has been more how do you keep growing them from here. So, can you talk a little bit more about the growth initiatives in Japan that you have?

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Sure. So, we really focus on three things, which is product, its distribution and its service. And we're so maniacally focused on those. The result of that has been that we've been one of the top three providers in terms of new business face amount over the past 10 years. So, we have a very robust business. We have four channels of distribution between bank, IA, Gibraltar and POJ, Prudential of Japan, and each one serves a different market. And so we feel like we have a very good foundation from which to be able to change and pivot, and that's what we've been doing.

And so, we've been looking at more yen-based product. As the yen has weakened, we've looked at more retirement and savings products. You saw in the first half of this year, retirement savings products were up by 20%. And so, we feel we have – the chassis is there, and our ability to pivot and change and adapt is there as well, which is what I think has been the key to our success over 35 years.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

I think one thing that's been interesting with LDTI disclosures is you can kind of calculate embedded insurance margins. And you guys have talked about that some in Japan, you have a very large amount of embedded value. It seems like in your Japan business, that would be recognized over a very long period of time in the future. Are there any strategies you've considered to try to accelerate the recognition of some of that value?

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Sure. So, we look at a variety of mechanisms fairly regularly, including reinsurance, which would be sort of the obvious way of doing that, reinsuring through either third party, through Prismic, through our Bermuda captives. And so that is clearly an alternative we have. And if it's in the best interest of shareholders, given the strategy of the firm, we would certainly consider that.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

I guess, outside of Japan, but sticking with international, can you provide a little more information on your emerging market businesses? And how big are they at this point and what's the opportunity?

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Sure. So, we think of our emerging market businesses in three buckets, sort of short term, medium term and long term. Short term would be Latin America, and I'll talk about particularly Brazil. Medium term would be Asia and that would be Indonesia, India and China. And then longer term would be our investments in market leading companies in Africa and Ghana, Kenya and South Africa. So, that's how we think about it. And we think about it that way because we are now the beneficiaries of our former colleagues who planted seeds in Japan 35 years ago. And so, my hope is that whoever our colleagues are who succeed us who are talking about Africa and others in the same way as we are talking about Japan now.

But in the short term, Brazil would be kind of the major one we should focus on, the major country. And there, it's been a very interesting strategy, where it's – you can see what we've done and what we want to do in other countries, because we're in most of the countries we want to be in, we just want to go deeper. So in Brazil, we're the largest non-life insurer – excuse me, non-bank life insurance company. And what we realized a few years ago was that we were playing in about 20% of the market, which is that market. The rest is group, about 40% group, 40% bancassurance.

And so we went out and we bought a – and this about 10 years ago, we bought a group company from Itaú. So, we're now in the group insurance business. And then at the same time, we created a bancassurance relationship with Itaú to be in that other part. So, we're now in 100% of the market. That has inured to our benefit over time in terms of the absolute growth of Brazil through third-party distribution, through group insurance, through bancassurance. And as a result, you've seen for the first six months, again, we're up 27%.

If you'd asked me this question two or three years ago now, we – the contribution to our international business would have been mid-single digits. Now, three years later is high-single digits and growing. So, it is becoming a more meaningful part of the business. And if you add our business in Chile to that, it would become even more so. That's why Latin America is in the short term. So, that's what we've been focused on and talked most about. Then you have the medium and long term which will come later.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

And go back to the US, your US Insurance businesses, both group and individual, I guess, combined are the smallest contributor to the overall earnings of PRU. Can you talk about how those businesses fit into the strategy at this point? And do you see opportunities to improve margins in both of those businesses?

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Yes and yes. So if you go back, we'll be 150 years old next year. And the company was founded with the purpose of creating life insurance for working class families to provide the dignity of a burial. And we have retained those roots. Life insurance is core to our purpose, and so we're unapologetic about being in the business. We think it's a good business, and we're in the business. The business we're writing today in the Life Insurance business is far less market sensitive. It is a profitable business. We like the business. It's meeting a customer need. And the Life Insurance business has grown 7% year-to-date, so year-over-year. So, we feel good about the business we're writing. We've reinsured some of the – 60% of the GUL stuff. So we're – we think that the dynamic of that business is changing materially.

On the Group side, what you've seen is the product expansion on the voluntary basis that we've done. So, our voluntary products are getting larger, which has enabled us to go from the national market down to the premier market. And so, we are a leader clearly in the national market, and we are now beginning to systematically go down and penetrate the premier market, which is why our sales are up 13% year-to-date. And so, we're very

pleased with the business we have there. We've invested in efficiencies. So if you look at our benefit ratio, it was 81% for the second quarter, and we are very pleased with the progress we've made with both those groups and are constructive about them going forward.

Ryan Krueger*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

You had mentioned upfront that one of the objectives was to become more nimble, which I think probably, that part of that is speed of decisions, I think. But you've also taken out a lot of expenses as well to improve efficiency. Can you talk about some of the things you have done to become more nimble but also to reduce expenses, and do you think there's more to do on a go-forward basis?

Charles F. Lowrey*Chairman & Chief Executive Officer, Prudential Financial, Inc.*

A

So, first of all, there's always more to do. And so, what we're doing is adapting, and part of it is a cultural change. So, we're really adopting a culture of continuous improvement. And that might sound like motherhood and apple pie, but it is really a mindset shift within the company that we work for our shareholders, and every day, we want to become better. And that's incredibly important to me, and it's incredibly important to the senior leadership team that we do this. We have gone on a systematic, I would say, journey to get to a place that is more nimble.

So firstly, we took out almost \$1 billion in costs over the – and we track that for you guys. As we did that, we've reduced spans – we've increased spans of control. We've reduced the numbers of layers. We've invested a lot in process and technology. We've taken out a lot of work through AI and other means. So, what I've tried to do – what we've tried to do to make the employee experience better is through AI and genAI take the, what I call, the menial and turn it into meaningful, so to make their work more meaningful over time, but also more efficient.

And as we've done all of that, we've increased, as you well point out, the speed at which we've been able to make decisions. You look at the time it takes to create products and you look at the time to do approvals, it has gotten much, much faster. So, I talked about increasing the metabolic rate of the company. You are beginning to see the results of that, and part of that is the tangible proof with the kind of increase in sales and the speed at which we've gone to market with a number of things we've done. So, more to – there's always more work to do. That's a mindset shift that we're never done, but we're making good progress.

Ryan Krueger*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

Can you talk about some of the capital deployment priorities for PRU? I think one question, I think, that we get sometimes is if you free up capital by third – reinsurance, Prismic, what would you then potentially use in terms of redeployment of that capital? So, I guess, maybe a broader question on just your capital deployment strategy from here.

Charles F. Lowrey*Chairman & Chief Executive Officer, Prudential Financial, Inc.*

A

Yeah. So, the first is always organic growth. And so, we will continue to invest in our businesses. You look at our ROE, and we think that's a very good return for shareholders on the investments. We'll be very careful about the investments we make, but we're investing again in capabilities, in distribution, in product, in technology, and that's something that we will continue to do.

The second would be M&A, and we've talked about the programmatic M&A that we've done. And finally is if we don't have a good use of that capital, we'll return it to shareholders over time. We have a very sort of steady state return of capital to shareholders, and we will continue with that philosophy as we go forward. But right now, there are tremendous number of opportunities for organic growth. You saw, we did \$10 billion of PRT in the first half. It's one of the best years we've ever had. And so, we will continue to use the capital wisely on behalf of shareholders. But organic growth would be our first priority.

Ryan Krueger*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

So, a couple of follow-ups from earlier, one, going back to Japan in selling more Retirement products, is that just – is that more of a product of just where you're seeing demand in Japan or kind of why are you focusing more there now when probably traditionally, you were a little more focused on mortality and other insurance products?

Charles F. Lowrey*Chairman & Chief Executive Officer, Prudential Financial, Inc.*

A

Yeah. Part of it is just the inexorable demographic change that's taking place and the need of the Japanese consumer for – as in the US with the boomer wave for retirement security. And they don't have the safety net necessarily that we do with Social Security and other things. And as a result – or the pension fund. So as a result, they are looking for retirement and savings products that can help them during their retirement. So, there is very much of a demand that is accentuating and we see it.

Ryan Krueger*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

And then on Prismic, I think you've talked about opportunities from Prudential's existing liabilities, new business, Japan third-party reinsurance, like is there any one area you see as a bigger opportunity than the rest than – or do you see these as all kind of pretty meaningful over time?

Charles F. Lowrey*Chairman & Chief Executive Officer, Prudential Financial, Inc.*

A

Yeah. I think there is obviously opportunity in back books, but that's a diminishing opportunity that goes down. Forward flow is obviously, by definition, recurring, and therefore that's a meaningful opportunity. And we think that there is a significant opportunity given our brand, our reputation and our standing in Japan to begin to do Japan third-party deals over time. So, I would say the latter two. That's not to say that we won't do existing back book deals, but there's only – by definition, there's sort of finite amount of that you can do. The structured settlements was a way to jumpstart Prismic a year ago.

Ryan Krueger*Analyst, Keefe, Bruyette & Woods, Inc.*

All right. Well, we're just about out of time. I don't know if you want to make any closing comments before we wrap it up.

Charles F. Lowrey*Chairman & Chief Executive Officer, Prudential Financial, Inc.*

Yeah. Well, first of all, thank you for the opportunity. And second of all, just I think the – what I said in the beginning, which was we have three priorities, which is to become a higher growth, less market sensitive and more nimble company. You will see us continue to have that mantra. And everything we do fits under one of those

three buckets, and we will be maniacally focused on continuing to emphasize those three priorities as we go forward in order to become the global leader that we aspire to be over time. And we think we have all the capabilities that we need to do that and it's now a matter of execution. And hopefully, what you've seen in the first half of the year is some proof points on the execution of what we've been doing for the past five years. So, we will continue on that track and we'll become even more competitive over time.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Excellent. Well, thank you very much, Charlie.

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

Thank you. Appreciate it.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Thank you all for attending. And also thanks to Bob and Stan from Investor Relations. And we will wrap it up there.

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

Thank you.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Thanks.

Charles F. Lowrey

Chairman & Chief Executive Officer, Prudential Financial, Inc.

Thanks so much.

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