September 2026 | Investment Perspective

The case for investing versus cash

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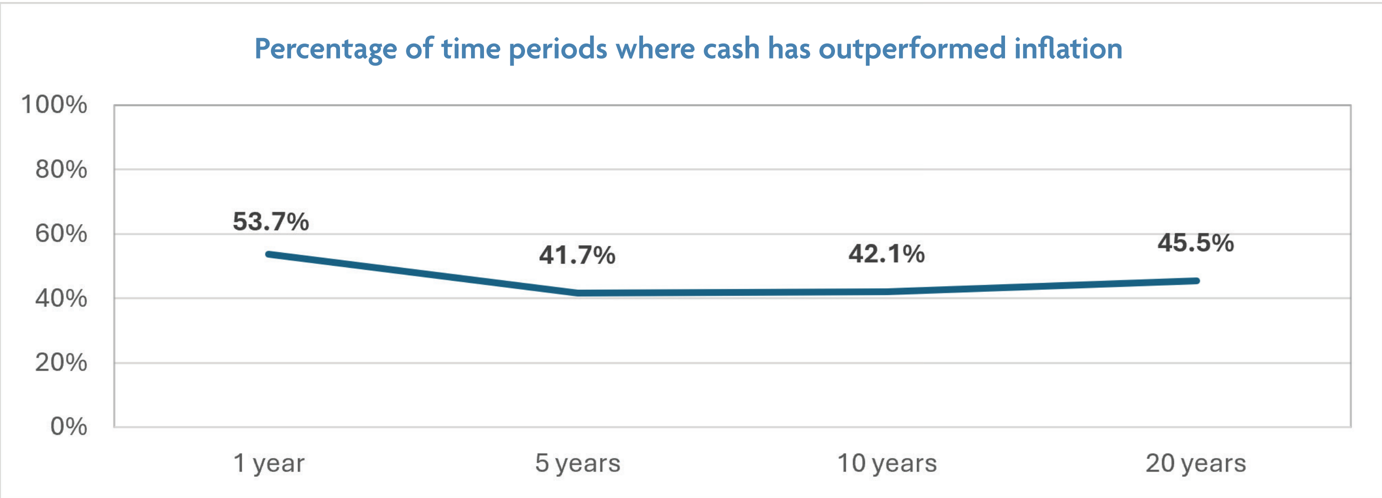
Why cash isn't always the safe option

It's easy to see why cash feels safe. Its value doesn't rise and fall in nominal terms, and your money is readily available when you need it. However, holding cash comes with a risk of its own: inflation. If prices rise faster than your savings, your spending power can fall over time.

The chart below shows that cash has beaten inflation little more than half the time over one-year periods and less than half the time over five, ten and twenty-year periods. That means investors who remained in cash often saw the purchasing power of their savings decline over time.
For investors with longer time horizons, the greater risk may not be short-term market volatility, but failing to generate returns that keep pace with the rising cost of living.



Source: Bloomberg, 1 January 1990 to 31 December 2025. Cash returns are represented by the S&P U.S. Treasury Bill 0-3 Month Index. Results are based on monthly rolling periods, covering 417 one-year periods, 369 five-year periods, 309 ten-year periods and 189 twenty-year periods.

Investing for real returns

Historically, diversified investment portfolios have been more likely to deliver returns above inflation than cash, particularly over longer time periods. The table shows how often portfolios with different levels of investment risk have outpaced inflation over rolling one, five, ten and twenty-year periods. The portfolios range from a higher-risk allocation of 95% equities and 5% bonds to a lower-risk allocation of 40% equities and 60% bonds.

While past performance is not a reliable guide to future returns, history suggests that investors who remain invested in diversified portfolios have generally improved their chances of growing their wealth and preserving their purchasing power over the long term.

Rolling Period	95% stocks 5% bonds	70% stocks 30% bonds	55% stocks 45% bonds	40% stocks 60% bonds	Cash
1 year	80.6%	81.1%	81.1%	80.8%	53.7%
5 years	77.8%	85.6%	94.9%	99.2%	41.7%
10 years	90.9%	92.2%	98.1%	**100%**	42.1%
20 years	**100%**	**100%**	**100%**	**100%**	45.5%

Source: Bloomberg from 31 December 1989 – 31 December 2025. Equities represented by the S&P 500 Total Return Index, Bonds represented by the Bloomberg U.S. Treasury 20+ Year Total Return Index and Inflation is represented by the US CPI Index for All Urban Consumers. Returns calculated by monthly returns across 417 1-year, 369 5-year, 309 10-year and 189 20-year periods. Cash source as above.

Approved by Omnis Investments on 17/09/2026.

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