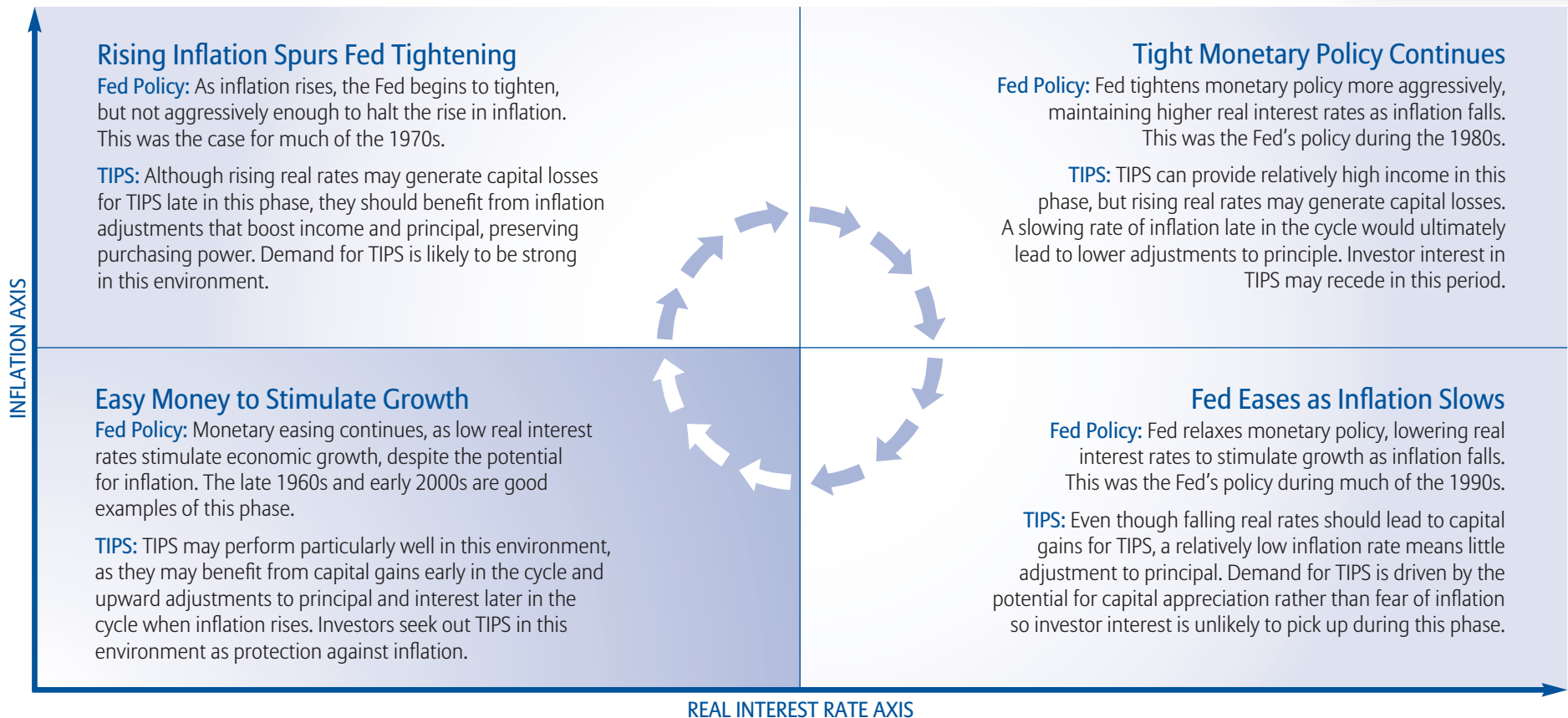


Fed Policy and TIPS

While Treasury Inflation Protected Securities (TIPS) are more likely to perform well in periods of easy money and increasing inflation, they have the potential to add diversification to an investor's portfolio in any environment.



Past performance is no guarantee of future results. Treasury Inflation-Protected Securities (TIPS) are inflation-indexed bonds issued by the U.S. Government. They are fixed-income securities whose principal value is periodically adjusted according to the rate of inflation, which will affect the interest payable on them. Repayment upon maturity of the adjusted principal value is guaranteed by the U.S. Government. Neither the current market value of inflation-indexed bonds nor the share value of a fund that invests in them is guaranteed, and either or both may fluctuate. Diversification does not ensure a profit or eliminate the risks of investing.

While inflation-indexed bonds, including TIPS, are structured to provide protection against inflation, the value of these bonds is likely to change in response to changes in "real" interest rates (current market interest rates minus the expected impact of inflation). In other words, a rise in real interest rates can lead to a decrease in the value of inflation-indexed bonds. A decline in real interest rates could produce the opposite effect.

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