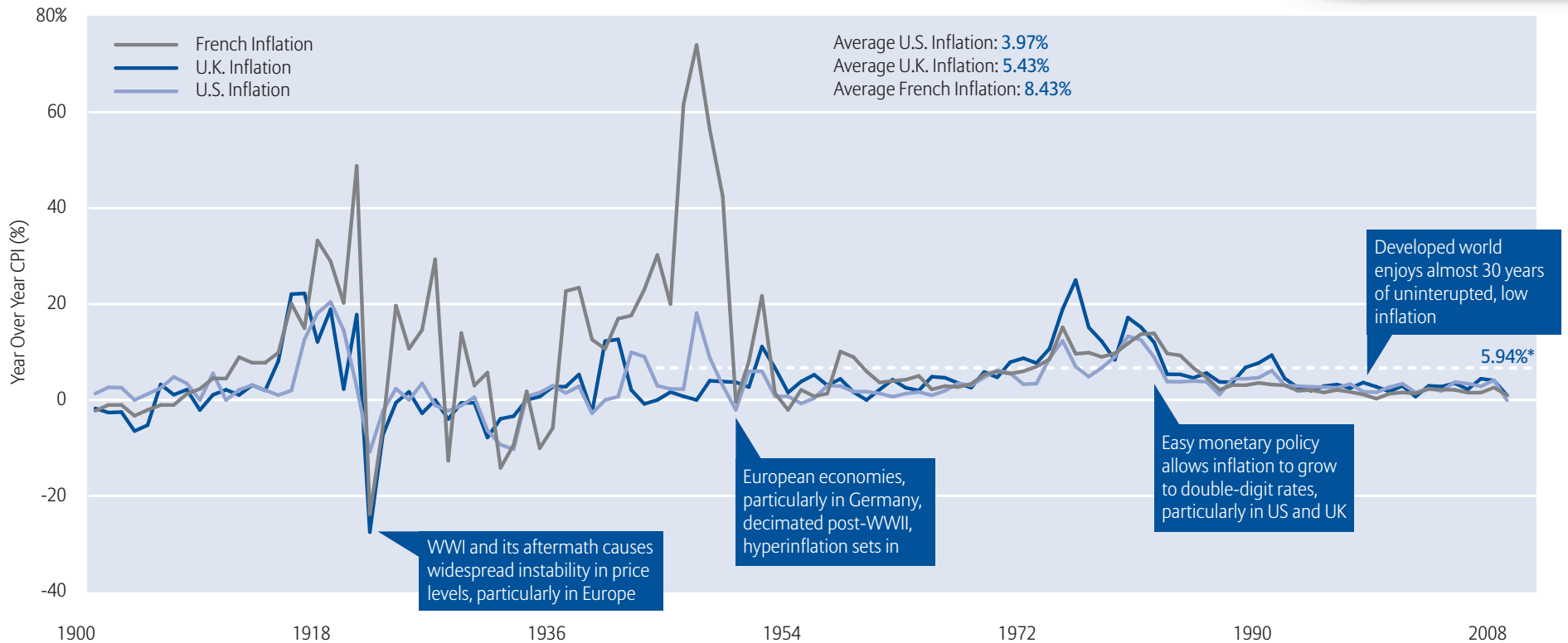


Putting Inflation In Historical Context

Historically, there have been several periods of high inflation. When this has happened it has tended to occur quickly—and unexpectedly. This is why one should consider inflation-hedging assets in a portfolio—because you never know when inflation will strike.



Source: U.S. Bureau of Labor Statistics

*Average of all inflation shown. Average inflation numbers are from January 1944–December 2008. **Past performance is no guarantee of future results.** This chart is not indicative of the past or future performance of any Allianz Global Investors product. Inflation-indexed bonds issued by the U.S. Government, known as TIPS, 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. U.S. inflation is represented by the Consumer Price Index (CPI) which is an unmanaged index representing the rate of inflation in U.S. consumer prices as determined by the U.S. Department of Labor Statistics. U.K. inflation is represented by the U.K. Retail Price Index which is the most familiar general purpose domestic measure of inflation in the U.K. French inflation is measured by the France Consumer Price Index which measures changes in the price of a fixed basket of 303 goods and services offered to the public. There can be no guarantee that the CPI or other indexes will reflect the exact level of inflation at any given time. Data as of 12/31/08.

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