

Six Tried-and-True Principles for Any Investor



Having a firm grasp of some investing fundamentals can help you set realistic goals and stick to your financial plan. The professionals at Allianz Global Investors have compiled the following set of time-tested principals, which they themselves adhere to. Review them with your financial advisor, who can help you establish your own, personal investment approach.

1 Keep a Long-Term View

Keep in mind the historical returns of different asset classes when setting your financial goals. For example, stocks and bonds have returned about 10% and 7% annually over the past 20 years.* Treat any outperformance as a bonus. Remember—time is your ally! By focusing on long-term results, you'll find it easier to ride out short-term volatility.

2 Be Disciplined

Often the most successful portfolio managers are those that follow a proven investment process. The key is that they choose an investment discipline and adhere to it. By establishing a clear financial plan, you'll have a logical framework for your own financial decisions.

3 Invest Responsibly

Define your objectives and risk tolerance and consider them hard-and-fast parameters. While making big bets can sometimes reap big rewards, they often lead to steep losses instead. That's why many leading portfolio managers, like those at Allianz Global Investors, look to optimize the balance between risk and reward.

4 Understand What You Invest In

If you can't explain in simple terms why you're investing in a particular security, you should rethink the investment. And you should always have a clear understanding of any risks involved. Your financial advisor should prove an invaluable resource along these lines.

5 Stay Diversified

No one can predict the next top-performing asset class. That's why the importance of asset allocation is virtually undisputed. To achieve broad diversification, you should invest your assets across different sectors and industries as well as different asset classes. Remember to periodically rebalance to ensure the proper mix.

6 Know the Value of Professional Advice

An increasingly complex investment climate has made it challenging for investors to try to go it alone. That's why more and more investors are turning to professional management. And of course, a financial advisor can help you construct a solid financial plan, make sound investment choices and guide you through times of volatility.

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Investors should consider the investment objectives, risks, charges and expenses of any mutual fund carefully before investing. This and other information is contained in the fund's prospectus, which may be obtained by contacting your financial advisor, by visiting www.allianzinvestors.com or by calling 1-888-877-4626. Please read this prospectus carefully before you invest or send money.

*Stocks and bonds represented by the S&P 500 Index and Lehman Brothers Aggregate Bond Index, which returned 9.95% and 7.23%, respectively, for the 20-year period ended 9/30/08. Source: Zephyr.

Past performance is no guarantee of future results. Diversification does not ensure against loss. This is not an offer or solicitation for the purchase or sale of any financial instrument. It is presented only to provide information on investment strategies and opportunities. The material contains the current opinions of the author, which are subject to change without notice. Statements concerning financial market trends are based on current market conditions, which will fluctuate.

Stocks have tended to be volatile, involve risk to principal and, unlike bonds, do not offer a fixed rate of return. Bonds involve a fixed rate of return if held to maturity, but fluctuate in value in response to changes in interest rates.

The Standard & Poor's 500 Composite Index (S&P 500) is an unmanaged index that is generally representative of the U.S. stock market. The Lehman Brothers Aggregate Bond Index is composed of securities from the Lehman Brothers Government/Credit Bond Index, Mortgage-Backed Securities Index and Asset-Backed Securities Index. It is generally considered to be representative of the domestic, investment-grade, fixed-rate, taxable bond market. Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. It is not possible to invest directly in an index.

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