

Should You Put Your Green in Green?

Environmental Investing May Make Good Financial Sense



Investing in the environment may be a natural way to align your personal interests with your financial ones. According to recently released results of Allianz Global Investors' second annual nationwide survey, many individuals have already recognized the potential of this emergent, dynamic sector. Answer the following questions to track your green investing philosophy with our survey responses.

1. Finding solutions to environmental problems will be a major issue for years to come

Agree Disagree

Nearly everyone (91%) agrees that the environment will be a long-term theme around the globe, with positive implications for business. As carbon emission rates accelerate and as resources such as fossil fuel and clean water become strained, a growing number of companies are responding with technologies that generate clean, renewable energy, reduce pollution and help preserve the world's water supply.

2. Have you ever invested in the stock of a company because it was developing new environmental technologies?

Yes No

Environmental investment as a discrete asset management strategy is a fairly new phenomenon, so relatively few investors—only 22%—have focused on the opportunity already. That said, more than two-thirds of respondents think green investing is worth exploring and nearly half plan to invest over the next year.

3. Investing in companies well-positioned to capitalize on environmental trends is first and foremost:

A good financial decision Socially responsible

Slightly more than half (56%) of respondents believe that environmental investing is first and foremost socially responsible. At the same time, the sector also provides an opportunity to pursue a range of investment goals, including diversification, long-term investing and participating in emergent sectors.

4. Investing in environmental companies provides an opportunity for long-term growth potential.

Agree Disagree

Population growth, rising energy prices and tighter regulation are driving the long-term opportunity for environmental investing. Most investors (71%) agree that companies focusing on these trends provide attractive growth potential.

5. Investing in environmentally focused mutual funds or exchange-traded funds is a sounder way to invest than trying to choose individual stocks.

Agree Disagree

About seven of 10 investors agree that mutual funds or ETFs are better ways to invest. One of the potential benefits of active management is the manager's ability to leverage comprehensive, fundamental research when selecting investments.

6. Environmental technology has the potential to be the next great American industry.

Agree Disagree

Seventy-eight percent agree. The environment is a watershed issue for Americans, and with the shifting political landscape, it will likely be fertile ground for investments. The same percentage also believes that the first year of the Obama administration is likely to see even more policies promoting clean tech business investment than all eight years of the Bush administration, with strong support from Congress.

7. Environmental investing is just the latest fad, not a profitable financial strategy.

Agree Disagree

Three-quarters of respondents agree that environmental investing is more than a fad. In fact, sophisticated investors such as venture capitalists and investment banks have already directed billions of dollars into clean technology.

Did You Know?

■ A record \$155 billion was invested in clean energy investments in 2008. *Source: New Energy Finance.*

■ U.S. utility companies are planning to deploy more than 45 million "smart" meters by 2010, encouraging customers to reduce energy consumption during peak hours. *Source: Federal Energy Regulatory Commission.*

■ MIT's fastest-growing student group is its Energy Club, aimed at building awareness of trends, technologies and careers in "green tech" fields. *Source: Newsweek, 5/15/2008.*

■ More silicon wafers are sold to the solar energy industry than to computer chip makers. *Source: Earth Policy Institute.*

8. Which of the following statements best describes your opinion?

- Investing in environmental opportunities makes my portfolio more volatile.
- Investing in environmental opportunities makes my portfolio less volatile.

Two-thirds of investors believe green investments add volatility to a portfolio. In fact, because they tend to move at a different pace than some other asset classes, environmental stocks can actually help reduce overall volatility, making them a sensible addition to a diversified portfolio.

9. It's important to explore alternative fuel sources for the future, even if gas prices go down.

- Agree
- Disagree

There is near unanimous (97%) agreement that developing alternative fuel sources is a priority. Global demand for energy is expected to increase 50% by 2030, mostly from emerging nations such as China and India. And as we saw recently in the U.S., an over-dependence on foreign oil can have severe economic repercussions.

10. Which of the following statements best describes your opinion?

- I'm sick of hearing companies talk about "going green."
- I think it's great that companies are publicly committed to being environmentally responsible.

Nearly 6 in 10 investors applaud the public commitment by companies to go "green." With environmental protection being a major issue today, it will become more and more common for companies to proclaim an eco-friendly orientation. That in turn will create additional demand for new technologies and approaches to help them reach their goals.

A Leader in Environmental Investing

Allianz Global Investors is at the forefront of environmental investment research. Through RCM, one of five Allianz-owned investment firms, we have developed an expertise in environmental science, technology and policy. RCM is the manager for the Allianz RCM Global EcoTrendsSM Fund and the Allianz Global Water Fund.

Did You Know?

- American wind farms generated 1.5% of U.S. electricity supply in 2008, enough to power over 5.7 million homes; the industry is credited with creating over 20,000 U.S. jobs. *Source: American Wind Energy Association.*
- Using waste-to-energy technology, the average kitchen trash bag contains enough energy to light a 100-watt bulb for over 24 hours. *Source: Covanta Energy.*
- The U.S. Energy Independence & Security Act of 2007 will, among other things, phase out the use of incandescent light bulbs by 2014. *Source: www.whitehouse.gov.*

For more information about the survey or any Allianz funds, visit www.allianzinvestors.com or call 1-888-877-4626.

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

The Allianz Global Investors 2008 Environmental Investing survey was conducted online by GfK Roper from December 12–19, 2008. Completed surveys were obtained from 1,264 adults age 25 or older, residing in the United States, with \$100,000 or more in investments and who have sole responsibility for household investment decisions. The sample was weighted to match the characteristics of the total online population in terms of gender, age, household asset level and region, according to the U.S. Census.

An investment that focuses its holdings on environment- or water-related industries will be more affected by positive or negative events affecting those sectors than a more diversified investment. Companies in these sectors may be particularly susceptible to factors such as environmental protection, international or political developments, changes in government subsidy levels, conservation practices and tax policies, for example. These sectors are newly developing and strongly influenced by rapid technological change, which can render an existing product obsolete. Many of these companies may have limited operating histories and small market capitalizations, making their stock prices particularly volatile. Water-related investments can be affected by risks related to the volatility and speculative nature of commodities, uncertainties regarding exploration, environmental damage, depletion of resources and risks related to technology mentioned above. Funds that invest in these types of securities may also invest in highly volatile IPOs and make investments in derivatives, which when used for leverage purposes can magnify gains or losses. They may also use derivative strategies for investment or hedging purposes. Use of these instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk and the risk that a fund could not close out a position when it would be most advantageous to do so.

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