UNDERSTANDING INVESTING

The Benefits of Staying Invested

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What this chart shows
As this hypothetical example shows,investors may make suboptimal decisions when emotions take over, tending to buy out of excitement when the market is going up and sell out of fear when the market is falling. Markets do ultimately normalize, and when they do, those who stay invested may benefit more than those who don't.

What it means for investors
To help reason prevail, first make sure you're comfortable with your allocation to riskier assets and that it makes sense in light of your time horizon. You also need a logical framework for financial decisions and a plan that anticipates periods of market turbulence. A systematic approach for reviewing portfolio results, with pre-established guidelines for selling, may help as well.

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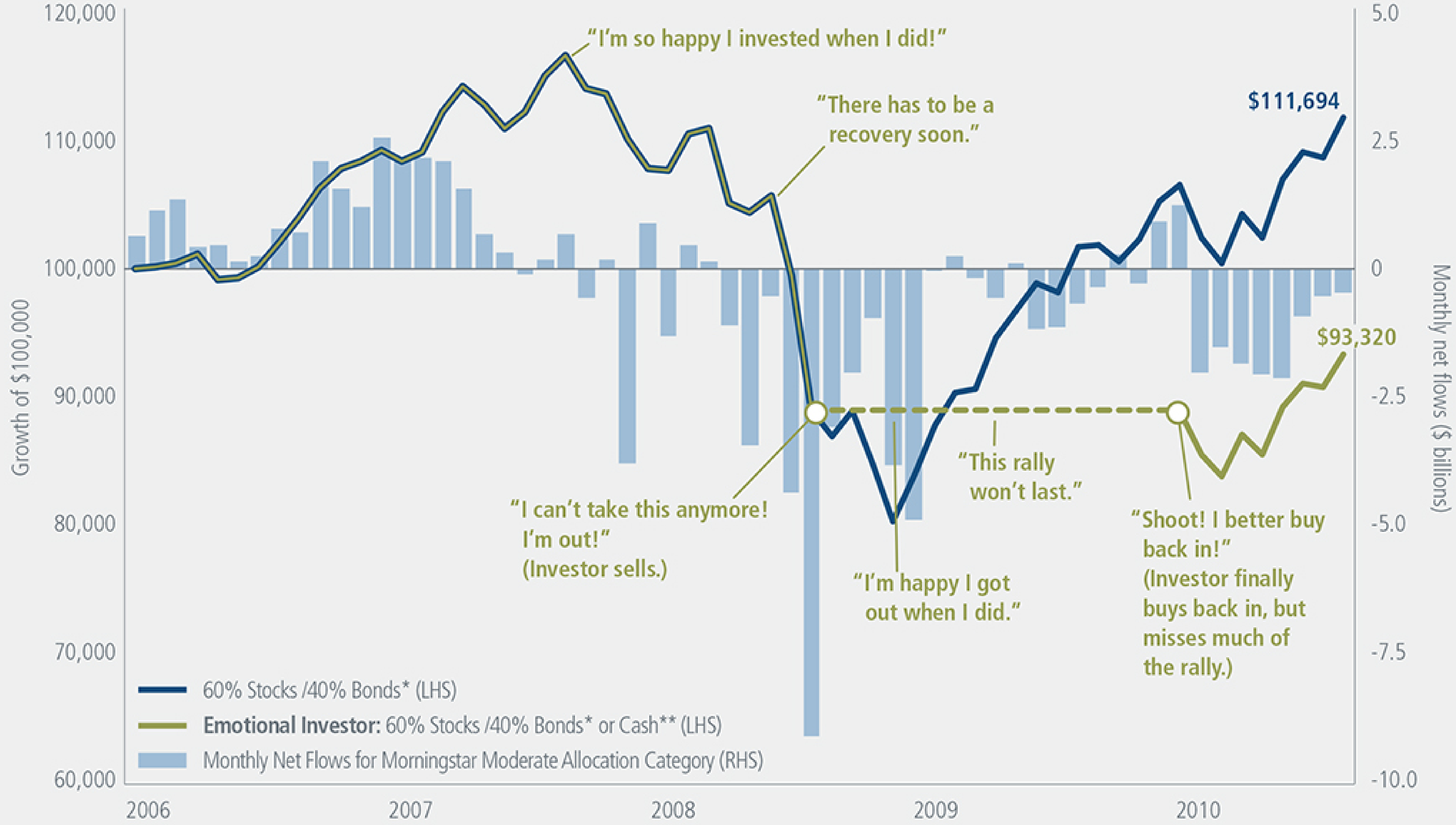

January 2006 to December 2010. Source: Morningstar, Bloomberg, PIMCO

Hypothetical example for illustrative purposes only. Not indicative of the past or future performance of any PIMCO product.

* Stocks are represented by S&P 500 Index. Bonds are represented by Barclays U.S. Aggregate Index. It is not possible to invest in an unmanaged index.

** These results are based on hypothetical modeling and are intended for illustrative purposes only. Emotional Investor is assumed to move to cash on 10/31/2008 and back to 60% Stocks /40% Bonds on 04/30/2010.

Hypothetical and simulated examples have many inherent limitations and are generally prepared with the benefit of hindsight. There are frequently sharp differences between simulated results and the actual results. There are numerous factors related to the markets in general or the implementation of any specific investment strategy, which cannot be fully accounted for in the preparation of simulated results and all of which can adversely affect actual results. No guarantee is being made that the stated results will be achieved.