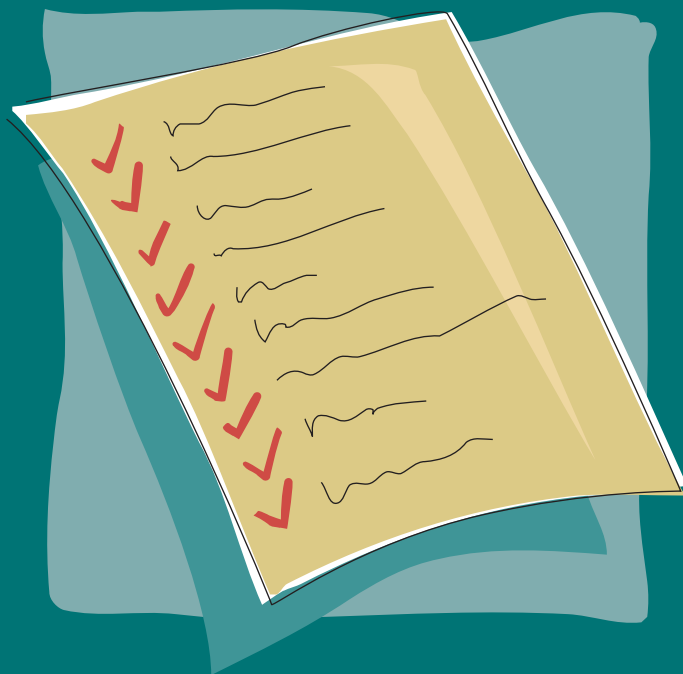


Questions You Should Ask



Before You Invest in a Mutual Fund



Questions to Ask Before Investing in a Mutual Fund



- ✓ What is the fund's goal?
- ✓ What is the fund's investment strategy?
- ✓ What are the main risks of investing in the fund?
- ✓ What are the fund's fees and expenses?
- ✓ Who manages the fund?
- ✓ How do I buy the fund's shares?
- ✓ How do I sell the fund's shares?
- ✓ How are the fund's distributions made and taxed?
- ✓ What services are available from the fund?

Before investing in a mutual fund, you should know the answers to some key questions. The answers can be found in a fund's prospectus—a document that all funds are required by law to provide free of charge to investors.

1. What is the fund's goal?

The fund's goal should match your own. If your goals change over time, you may need to reevaluate your investments.

If you invest primarily for growth, your goal is to increase the value of your investment over the long term. If you invest primarily for income, your goal is to receive a regular flow of earnings from your investment. If you invest primarily for stability, your goal is to protect your investment from loss.

No investment can maximize all three goals simultaneously. Some funds emphasize one goal; others try to assign priorities among goals; still others try to strike a balance among different goals.

2. What is the fund's investment strategy?

The prospectus describes the range of securities the fund may purchase, how it selects them, the types of securities it emphasizes, and investment practices the fund may use.

The fund's investment strategy relates to its—and your—goals.

3. Risk and Reward: What are the fund's most significant risks and how has it performed?

Understanding risk is critical to being an informed investor. Markets can go up and down, and you can make or lose money in any investment. This general investment risk is what most people think about when considering risk. But there are also specific risks with each fund, such as those listed here. For example:

► ***inflation risk:*** the risk that the value of an investment will be eroded as inflation rates rise.

► ***interest-rate risk:*** the risk that the value of an investment will decline as interest rates rise.

► ***credit risk:*** the risk that an obligation will not be paid.

► ***liquidity risk:*** the risk that an investor will not be able to buy or sell an investment quickly because buying and selling opportunities are limited.

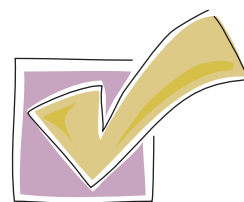
► ***currency risk:*** the risk that an investment transacted in a foreign currency will lose value due to fluctuations in the rate of exchange.

► ***political risk:*** the risk that a foreign investment will lose value due to unfavorable political or regulatory changes in that country.

Unless you are familiar with the risks involved in an investment, you won't know what to expect from your fund's performance, and you won't know how to properly evaluate it.

Although past performance cannot predict future results, looking at performance will give you a good idea how the fund has behaved in different market conditions and how it compares to other relevant performance measures and to other funds with the same investment objective.

All funds are required to present a bar graph showing annual total returns for each of the last 10 years (or since the fund's inception, if the fund is less than 10 years old). In addition, funds must include a comparison chart that shows the fund's performance over the past 1, 5, and 10-year periods against an appropriate market index.



Checking the facts before you invest will help you know what to expect and how to choose investments that best suit your needs.

4. What are the fund's fees and expenses?

All funds must fully disclose their fees and expenses in a table at the front of the prospectus. To make it easy to understand and compare to different funds, all fee tables must follow a standardized format. You must decide if the cost of owning a particular fund is acceptable to you.

5. Who manages the fund?

What firm serves as the fund's investment adviser and who manages the fund's portfolio? The adviser/management company is the firm responsible for deciding how, where, and when to invest the fund's assets.

6. How can you buy fund shares?

Some mutual funds offer their shares through investment professionals who provide investment advice, such as brokers, bank representatives, and financial planners. Other funds offer shares directly to investors—through the mail, by telephone, over the Internet, or at their own retail offices. Funds may also be offered through employer retirement plans. No matter how or where you invest, mutual funds, unlike bank deposits, are not insured or guaranteed by the federal government.

7. How can you sell fund shares?

By law, the fund must stand ready to buy back your shares on any business day. Depending on their value at the time you redeem, you may receive more or less than you paid for them. Redemptions may be made by contacting the fund company directly or through your investment professional.

8. How are the fund's distributions made and taxed?

Fund distributions—your earnings—include dividends earned on the investments the fund holds, and any capital gains made when the fund sells investments for more than it paid for them. Funds must make distributions at least once each year. Many shareholders elect to have their distributions reinvested in the purchase of additional shares of the fund, rather than taking them out as cash. It may also be important to you to determine when distributions are made and how they're taxed. You will be taxed on all taxable distributions, whether you take them as cash or reinvest them in additional shares. Of course, if you sell your fund shares, you may realize a gain or loss which is subject to taxation.

9. What services are available to you?

You should identify any fund services that are important to you and check to make sure the fund offers them. For instance, most funds allow you to exchange shares of one fund for shares of another in the same fund "family" for a low or no charge. Other services may include automated information and transaction options, electronic transfers, automatic investment and withdrawal plans, retirement plan options, and checkwriting.



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