

State of Alaska Defined Contribution Plans

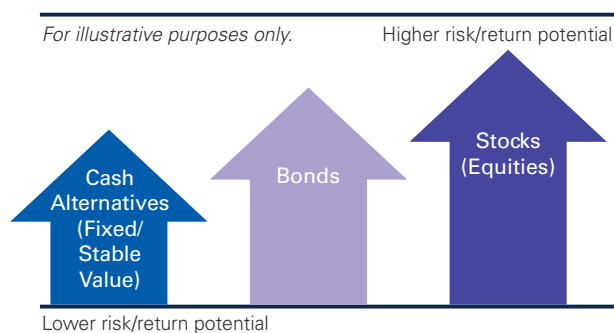
INVESTMENT FUNDAMENTALS

Investment Building Blocks

Cash Alternatives — Investments in which the underlying principal you invest is generally stable or preserved.¹

Bonds — Investments in which you are lending money to the bond issuer to be repaid on a certain date with interest.²

Stocks, or Equities — Investments in which you become part-owner of the company and share in its profits and losses.



Managing Risks

Asset Allocation. Balance risk and return by putting a percentage of your money into the different asset classes (cash equivalents, bond funds and stock funds).³

Diversification. You can take asset allocation a step further and diversify or divide up your money within each asset class to also help balance risk.³

Beware of Inflation. Just as you should be aware of investing too aggressively, you should also be aware of being too cautious. When you're ready to retire, you'll most likely be living in a more expensive world than we live in today due to inflation.

Invest for the Long Term. The market will have ups and downs, but if you invest wisely and invest for the long term you'll have a better chance of reaching your long-term investment goals.

Investment Risks

Market Risk — An investment may drop in value due to a decline in the financial markets.

Business Risk — An investment may drop in value due to a decline in a particular industry or company.

Inflation Risk — An investment may not outpace the rate of inflation.

Interest Rate Risk — An investment may fall in value if interest rates rise.

International Risk — An international investment may drop in value due to political, economic or currency instability.

Risk of Not Investing — The risk that you will not have enough retirement income for a secure future.

Develop Your Investment Strategy

Your Savings Target — Consider the amount of money you need to save and invest for a comfortable retirement.

Your Time Horizon — Consider the amount of time you have to invest in your Plan before you retire.

Your Risk Tolerance — Consider your comfort level with the ups and downs in the value of your investments.

For additional information, visit the website at www.akdrb.com or call the voice response system at 1-800-232-0859.⁴

¹ Although these funds generally seek to preserve the value of your investment, it is possible to lose money while invested in a cash equivalent-type option.

² A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.

³ Asset allocation and diversification do not ensure a profit and do not protect against loss in declining markets.

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