

# Even Modest Inflation Can Erode Purchasing Power

With the potential for increased inflationary pressure worldwide, now may be an especially compelling time to consider inflation-hedging investment strategies.

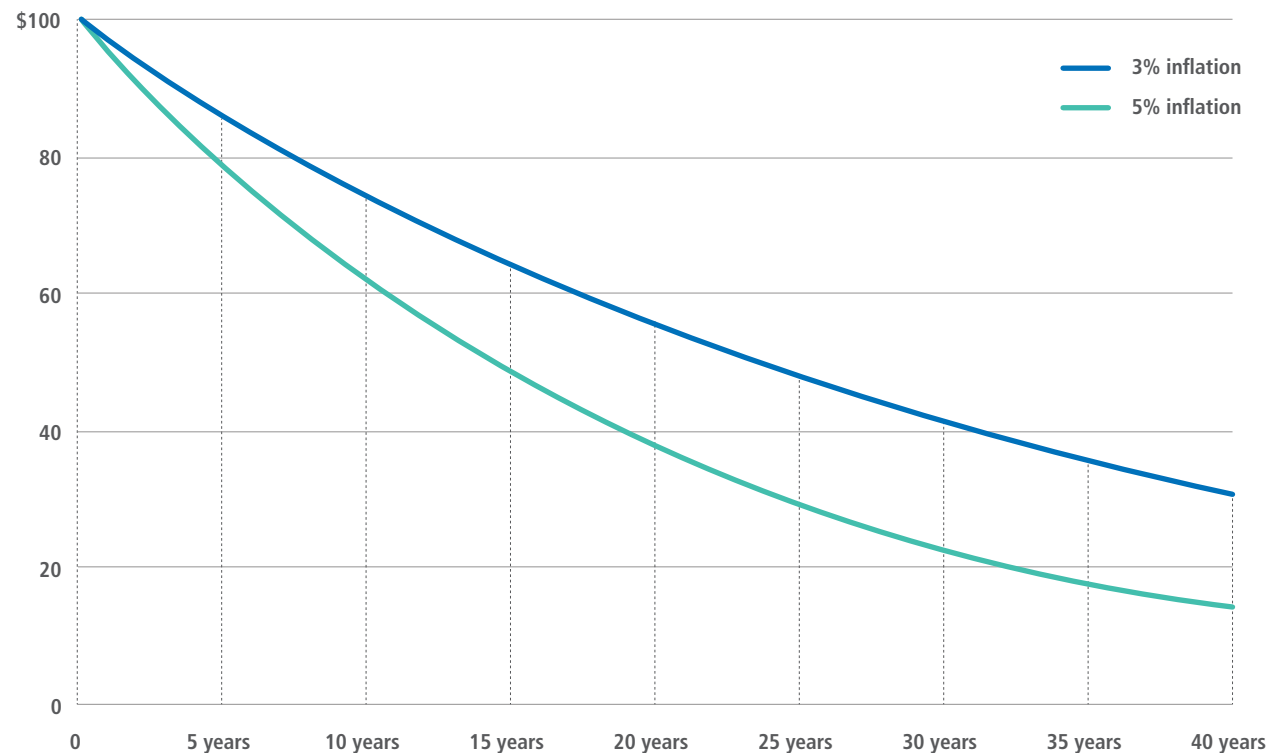
### WHAT THIS CHART SHOWS

Inflation does not need to be high to eat into investment returns. A 3% rate of inflation substantially reduces the purchasing power of \$100 over four decades. After just a decade, that income will cover 25% less of goods and services.

### WHAT IT MEANS FOR INVESTORS

Even at today's low levels, inflation can exact a heavy cost on the value of your portfolio over time. Maintaining a constant inflation-hedging strategy can help investors preserve purchasing power, while also cushioning against sudden spikes in inflation.

PURCHASING POWER OF \$100 WITH 3% AND 5% INFLATION



Source: PIMCO

**A word about risk:** Investing in the bond market is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and the current low interest rate environment increases this risk. Current reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed.

This material has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission. PIMCO is a registered trademark of Allianz Asset Management of America L.P. and Pacific Investment Management Company LLC, respectively, in the United States and throughout the world. © 2017 PIMCO

**PIMCO Investments LLC**, distributor, 1633 Broadway, New York, NY 10019, is a company of PIMCO.

Investment Products

Not FDIC Insured | May Lose Value | Not Bank Guaranteed

## HOW CAN I LEARN MORE?

Visit [pimco.com](http://pimco.com)

Call your investment professional

Call us at 888.87.PIMCO