

# Timeless Truths

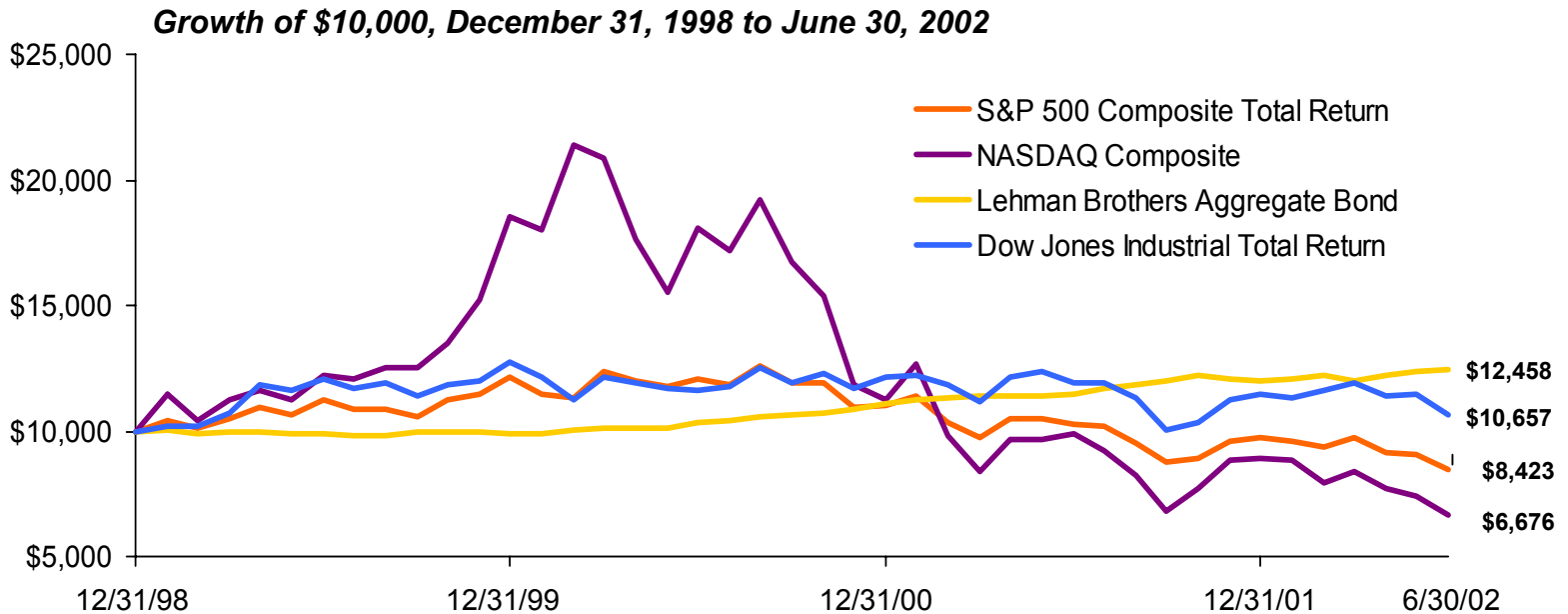
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**Six Enduring Principles for Successful Investing In Any Market**

# Challenging Times

The last several years have seen almost every kind of market—and events of historic proportion. Y2K concerns. The Internet boom... and bust. A contested Presidential election. The attack on the U.S., and war. Accounting scandals. All have affected the market.

But if the last few years have taught us anything, it's that the basic, proven investing principles still hold true.

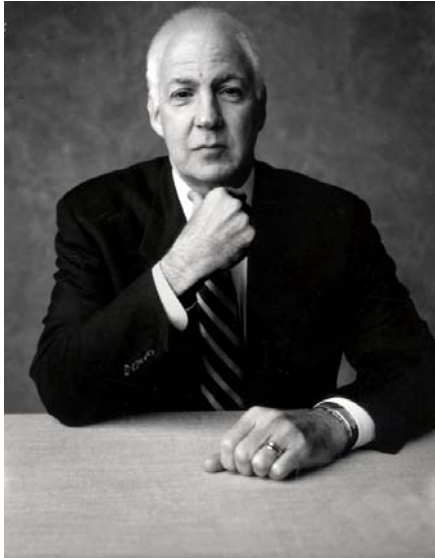


## Past performance is not indicative of future results.

Source: Wiesenberger, a Thomson Financial Company. This chart is for illustrative purposes only and does not represent past or future performance of any specific fund or investment option. The chart represents unmanaged indices in which investors cannot directly invest. The figures assume reinvestment of dividends and do not reflect any fees, expenses or tax consequences. The Dow Jones Industrial Average is a price-weighted average of 30 actively traded blue-chip stocks. Figures for the DJIA include reinvestment of dividends. The Standard & Poor's 500 Index is a market capitalization-weighted measure of 500 widely held common stocks.

The Nasdaq Composite Index is a market value-weighted index that measures all domestic and non-U.S. based securities listed on the Nasdaq stock market. The Lehman Brothers Aggregate Bond Index is a broad measure of the performance of taxable bonds in the U.S. market, with maturities of at least one year. The Index is comprised of U.S. Treasury bonds, government agency bonds, mortgage-backed securities and corporate bonds.

# 1. Keep a long-term perspective

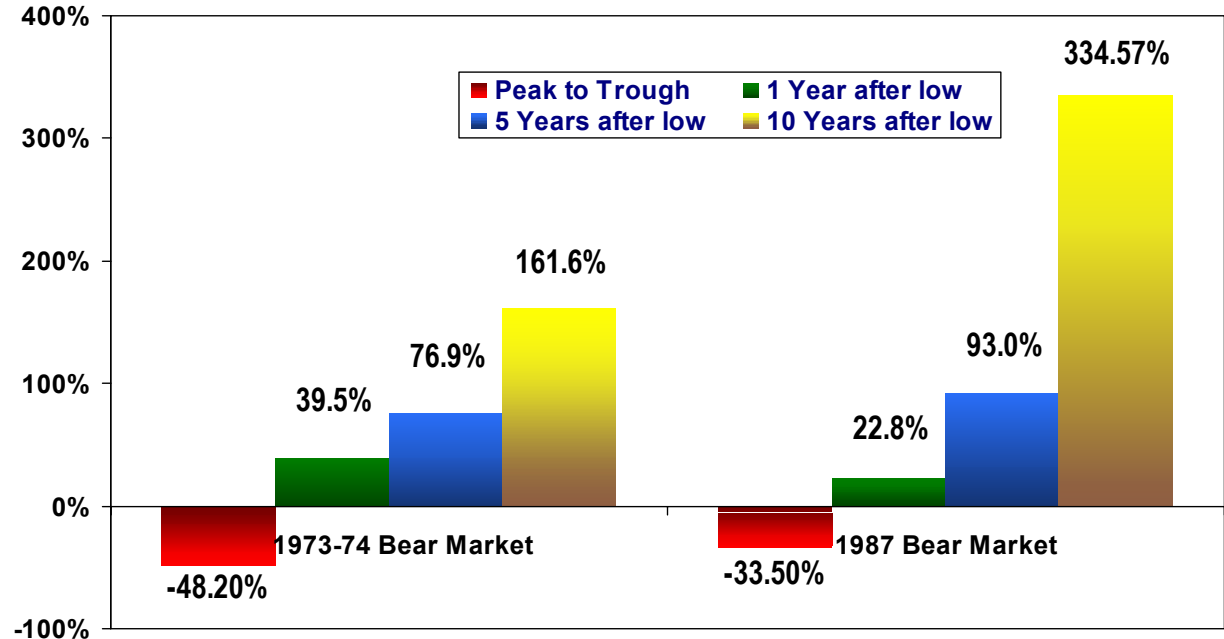


**Hersh Cohen**  
Equity Manager  
33 years of experience

"The U.S. economy isn't going away. If a company was a good buy in the past, it remains a good buy—and may even be a better one."

## Even the Worst Bear Markets Recover

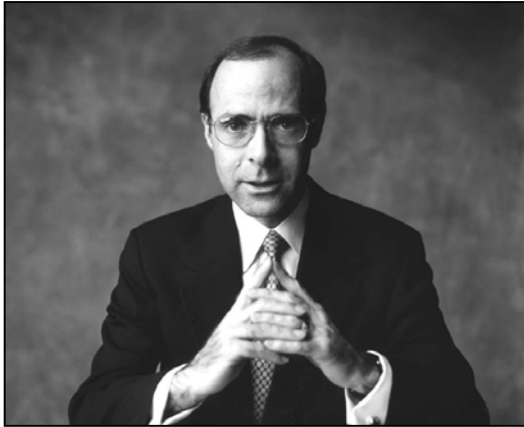
*Cumulative Total Returns of the S&P 500*



Source: Bear Market dates: NBER Raw Data: Economy.com

**Past Performance is no guarantee of future results.** The chart above illustrates a hypothetical investment in the S&P 500 Index before and after two bear market bottoms ("troughs"): 10/3/74 and 12/04/87. The S&P 500 is a market capitalization-weighted measure of 500 widely held common stocks. Please note that an investor cannot invest directly in an index.

## 2. Stay invested

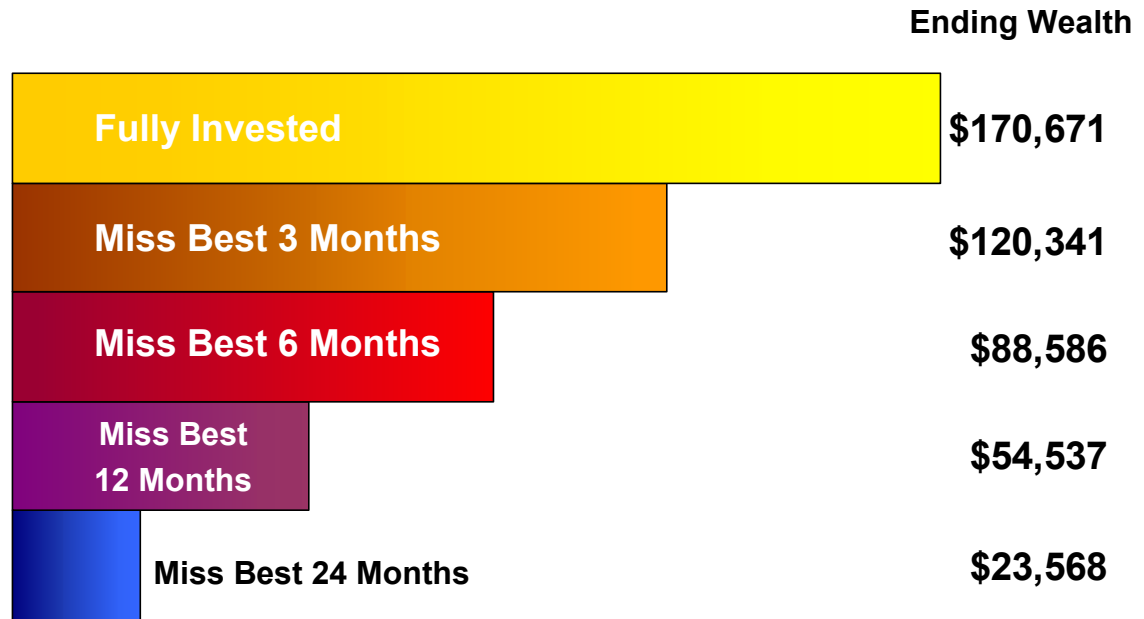


**Richie Freeman**  
All-Cap Growth Manager  
27 years of experience

**“Don’t try to time the market. The one sure way to lose money on Wall Street is to buy when everyone wants to buy and sell when everyone wants to sell.”**

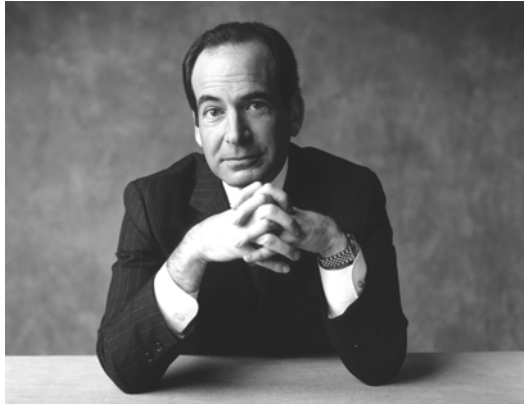
### The Effect of Missing the Best Months of the Market

*Growth of \$10K invested in the S&P 500 Index from 12/81 to 12/01*



*Source:* Wiesenberger, a Thomson Financial Co. **Past Performance is no guarantee of future results.** This chart is for illustrative purposes only. These figures are based on a hypothetical \$10,000 investment in the S&P 500 Composite Index over a 20 year period from 12/31/81 to 12/31/01, exclusive of taxes. The S&P is a market capitalization-weighted index of 500 widely held stocks. An investor cannot invest directly in an index. The returns do not reflect the past or future performance of any specific fund or investment option.

# 3. Keep investing

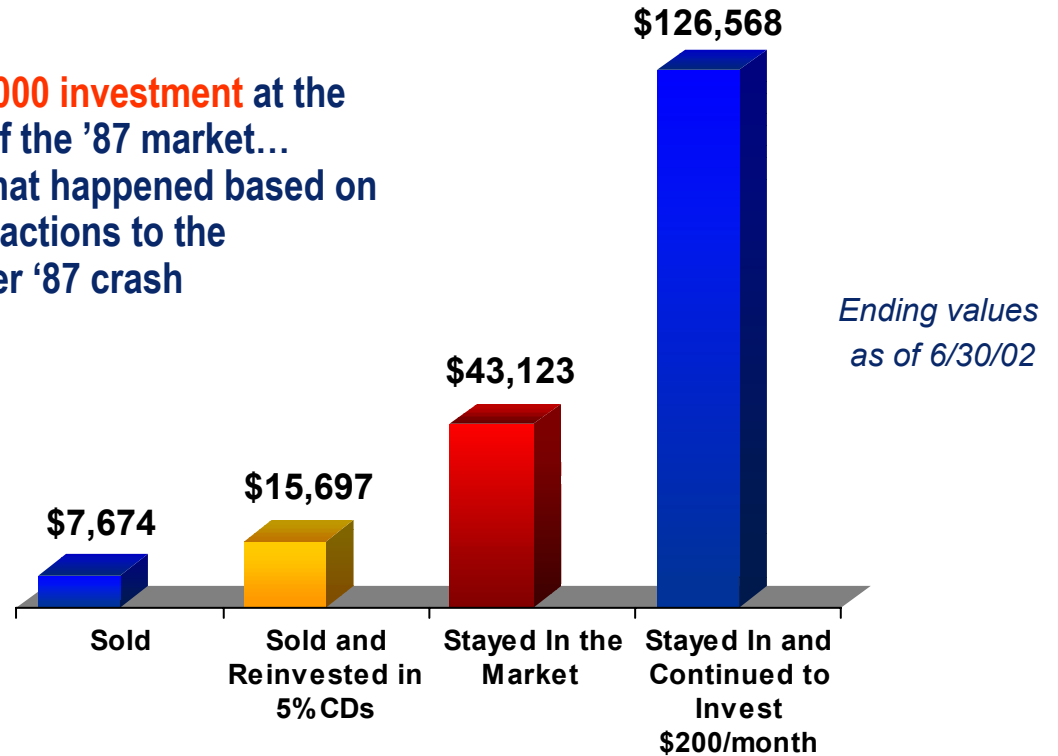


**Alan Blake**  
Large-Cap Growth Manager  
25 years of experience

“The recent bear market is one of those once-in-a-generation bear markets, like 1973/1974. The key is to stay invested and continue investing.”

## A Tale of Four Investors *The power of a regular investing program*

**A \$10,000 investment at the peak of the '87 market... and what happened based on four reactions to the October '87 crash**



Source: Wiesenberger, a Thomson Financial Co. The chart above illustrates a hypothetical investment of \$10K invested in the S&P500 Index on August 31, 1987, near the market high, and then the subsequent financial impact of various investment strategies on your portfolio implemented on 10/31/87, after the market crash on October 19, 1987. The S&P 500 is a market capitalization-weighted measure of 500 widely held common stocks. Please note that an investor cannot invest directly in an index. Dollar cost averaging does not assure a profit or protect against losses in declining markets. Because such a strategy involves periodic investment, you should consider your financial ability and willingness to continue to invest through periods of low price levels.

## 4. Stay diversified



**Joe Deane**

Fixed Income Manager  
32 year of experience

**“Two years ago, people thought diversification meant owning 50% technology stocks and 50% telecom stocks. Since then, investors have seen why true diversification makes so much sense.”**

### Different Years, Different Market Leaders

1997	1998	1999	2000	2001	
Large Cap 32.85%	Large Cap 27.02%	International 27.30%	Fixed Income 11.84%	Fixed Income 8.51%	<p>Best Performance</p> <p>Worst Performance</p>
Mid Cap 29.01%	International 20.33%	Small Cap 21.26%	Mid Cap 8.26%	Cash 3.39%	
Small Cap 22.36%	Mid Cap 10.09%	Large Cap 20.92%	Cash 5.09%	Small Cap 2.48%	
Fixed Income 9.76%	Fixed Income 9.49%	Mid Cap 18.23%	Small Cap -3.02%	Mid Cap -5.63%	
Cash 4.79%	Cash 4.46%	Cash 4.18%	Large Cap -7.80%	Large Cap -12.46%	
International 2.06%	Small Cap -2.55%	Fixed Income -2.16%	International -13.96%	International -21.20%	

Source: Wiesenberger, A Thomson Financial Company. **Past performance is no guarantee of future results.**

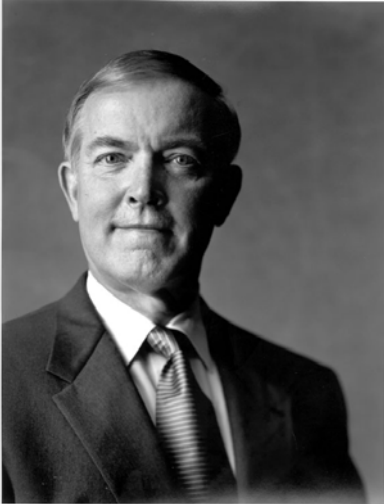
This chart is for illustrative purposes only is not indicative of past or future performance of the indices or the Fund. An investor cannot invest directly in an index.

**Large Cap Value** is represented by the Russell 1000 Value Index, which contains the stocks of companies with less-than-average growth orientation. **Mid cap** is represented by the S&P Mid-Cap 400 Index, a market-weighted index that contains 400 domestic stocks chosen for market size, liquidity and industry group. **Large Cap Growth** is represented by the Russell 1000 Growth Index, which contains the stocks of companies with a greater-than-average growth orientation. **Small Cap** is represented by the Russell 2000 Index, a capitalization-weighted, total return index containing the stocks of the 2,000 smallest companies of the Russell 3,000 Index. **Fixed income** is represented by the Lehman Brothers Government/Credit Bond Index, which includes the Lehman Brothers Government Bond Index and the Lehman Brothers Credit Bond Index. **Cash** is represented by the 90-Day T-bill, which contains notes or loans made by the U.S. government in order to pay for the national debt and other expenses. **International** is represented by the Morgan Stanley Capital International EAFE Index, an unmanaged index of common stocks of companies located in Europe, Australasia and the Far East. The S&P 500 index is a market capitalization-weighted index of 500 widely held common stocks. Please note that an investor cannot invest in an index.

## 5. Remember that experience counts

Work with an experienced asset manager that adheres to these basic principles.

Managed money in the  
1973-74 bear market



**John Goode**  
Large-Cap Value Manager  
33 years of experience

**“Bear markets purge the excesses of the previous bull market. That’s what we’re living through now—the rationalization of all the excess of the last few years.”**

Managed money in the  
1987 bear market



**Scott Glasser**  
Equity Manager  
14 years of experience

**“The easiest thing to do is to give up. The hardest thing to do is to stay the course, own stocks and be set for the next bull market.”**

Managed money in the  
1990 bear market



**Jack Cunningham**  
Large-Cap Value Manager  
15 years of experience

**“Don’t get caught up in the headlines. Investors who have continued to invest have been rewarded.”**

## 6. Seek professional advice

- Keep in close touch with your financial professional—he or she has the **perspective**, **experience** and **knowledge** to help guide you through any market successfully.
- Access Citigroup Asset Management portfolio managers' most recent market and economic perspectives:
  - Toll free: 866-811-7258 (domestic) or 866-203-7911 (international)
  - Online: [www.salomonsmithbarney.com](http://www.salomonsmithbarney.com)
    - Click on: Products > Mutual Funds > Smith Barney Mutual Funds and look under “In the Spotlight”
    - Also click on: Products > Managed Money > Private Portfolio Group > News & Views

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