INVESTOR'S NOTEBOOK

Past Performance Does Not Guarantee Future Results

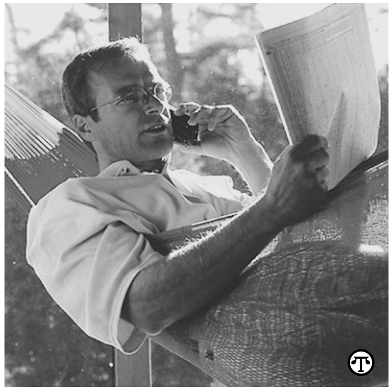
(NAPSA)—Wondering what the next hot investment will be? Perhaps you should ask yourself this: Is this the right question?

Investors who constantly look for hot investments often get burned, and here's why: Past performance truly "does not guarantee future results." That disclaimer, which you probably have seen many times, is for real. Unlike reports that measure the reliability of cars, for instance, investment performance is very difficult to predict.

It's natural to want to invest in a fund or an investment style that has been successful, but investment returns tend to go in cycles. One style or market segment outperforms another for a period of time and then lags. Value and growth investing styles come in and out of vogue. A sector such as technology burns red hot, then not. It's just too hard to predict performance and the potential rewards aren't worth the risks.

Underperforming after being the "next hot thing" is common. According to the Financial Research Corporation, although the average stock fund's three-year return during the 1990s was 10.92 percent, individual investors actually earned an average return of 8.7 percent—more than two points lower—during the same period.

Why? Performance chasers came aboard too late and incurred too many costs from excessive trading or switching into and out of funds, which ate into returns.



When it comes to investing, it's important to examine current trends, rather than past ones.

Because risk and reward tend to go hand in hand, with riskier investments often having greater potential, many investors figure they can handle the risk. But by going too far out on a limb to chase the latest hot investment, you may take on unnecessary risk for which you just aren't adequately compensated.

When it comes to hot investments, it's wise to heed the warning: Don't play with fire or you might get burned. Especially when investing for your future retirement, the experts at Diversified Investment Advisors caution, it is best to diversify your assets across the different classes and maintain a strategy that keeps your long-term objectives in perspective.

For more information on investing and saving for retirement, visit www.divinvest.com.