

## **FINANCIAL ADVISORS VIEW TRADITIONAL ASSET ALLOCATION STRATEGIES AS INADEQUATE, ACCORDING TO NEW RYDEX | SGI ALTERNATIVE INVESTMENTS SURVEY**

*Survey reveals a demand for additional investor education as alternative investments become more mainstream.*

**January 28, 2010...Rockville, MD**—Alternative investments are playing an increasingly important role in asset allocation, according to a new Rydex|SGI survey of registered investment advisors (RIAs) and broker-dealer representatives (brokers). Believing that traditional stocks, bonds and cash do not provide adequate portfolio diversification, the majority of financial advisors surveyed look to alternative investments as a way to diversify their portfolios rather than a source of outsized performance. In fact, 81% of RIAs and 78% of brokers surveyed cite diversification as the main driver of alternatives usage.

Although the majority of RIAs (96%) and brokers (95%) surveyed already employ alternatives in their client portfolios, Rydex|SGI found that alternative investment usage and awareness is in the “adolescent” stage for RIAs versus the “infancy” stage for brokers. Only 8% of RIAs say that they have “little familiarity” with alternatives compared to 16% of brokers. Overall, financial advisors indicate a significant appetite for additional education regarding alternative investments, with RIAs universally wanting to enhance their knowledge and 86% of brokers saying they would carve out time to learn more about using alternatives.

With more than a decade of experience performing independent research through Rydex|SGI AdvisorBenchmarking, the firm conducted its recent financial advisor survey as part of a strategic effort to intensify focus on its alternative investments business. “This research provides valuable insight into financial professionals’ usage and knowledge of alternative investments,” says Richard Goldman, CEO, Rydex|SGI. “As a pioneer and leader in packaging nontraditional exposures such as managed futures and long/short commodities in mutual fund structures, we will draw from these survey findings to anticipate and understand advisors’ needs in order to better help them implement alternative strategies in their portfolios.”

Rydex|SGI has experienced significant momentum in its alternative investments business in recent years, including a 25% increase in alternative assets under management to \$5.4 billion during 2009. In addition to offering a suite of alternative investment solutions, the firm has embarked on a comprehensive educational campaign

to increase investors' understanding of the potential benefits and risks associated with alternatives. To meet varying levels of advisor sophistication, the firm plans to introduce a new tiered educational program that addresses a range of advisor knowledge including an introduction to alternative investments, implementing alternatives in a portfolio and selecting alternative investment products and other advanced topics. Rydex|SGI currently conducts ongoing educational roundtables and workshops, and recently introduced [www.GetAlts.com](http://www.GetAlts.com), an interactive web site geared toward helping investors better understand alternative investments.

A highlights sheet providing a synopsis of the complete Rydex|SGI Financial Advisor Alternative Investments Survey is available by contacting the firm's media relations department at 301.296.5146 or [cpean@sg-investors.com](mailto:cpean@sg-investors.com).

*Security Global Investors in conjunction with Amplitude Research® conducted this survey of financial professionals in November-December 2009. The survey was conducted with 291 financial professionals (100 RIAs, 94 independent brokers and 97 wirehouse brokers.) RIA participants had investable assets of more than \$100M. This data is for informational purposes only. Amplitude Research® is not affiliated with Security Global Investors. Although Security Global Investors believes the information from this organization is correct, it cannot, and does not, guarantee or warrant the completeness or suitability of this information.*

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Alternative investment mutual funds may not be suitable for all investors because of the sophisticated and aggressive investment techniques such investments employ, including leverage, the use of derivatives and short selling.

Diversification neither assures a profit nor eliminates the risk of experiencing investment losses.

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