

RYDEX LAUNCHES ALTERNATIVE INVESTMENTS FUND OF FUNDS

Rydex Alternative Strategies Allocation Fund offers investors easy access to multiple alternative asset classes and strategies within a single investment.

March 17, 2008...Rockville, MD—Rydex Investments—a pioneer in bringing institutional-style investing mainstream—today announced the launch of a fund of funds that offers convenient exposure to the alternatives marketplace. Rydex Alternative Strategies Allocation Fund seeks to deliver a return that has low correlation to the returns of traditional stock and bond asset classes, as well as to provide capital appreciation.

“From hedge fund replication to the industry’s first managed futures mutual fund, Rydex has been a leader in bringing alternative investments to financial professionals and their clients,” says Kevin McGovern, managing director of Rydex mutual funds. “We’re pleased to build on this expertise with Rydex Alternative Strategies Allocation Fund, offering a packaged solution for investors seeking multiple alternative investments within a single fund.”

According to McGovern, the new Rydex fund can help do the heavy lifting for those investors who are uncertain about how many and which types of alternatives to incorporate into their portfolios.

Rydex Alternative Strategies Allocation Fund invests in a suite of alternative mutual funds and ETFs, including other Rydex funds, to provide exposure to alternative asset classes and investment strategies such as absolute returns, commodities, currency arbitrage, managed futures and real estate. The fund uses a quantitative investment methodology in an attempt to emphasize the most favorable alternative asset classes and investment strategies at any given point in time.

“Rydex relies on a rules-based investment methodology to analyze the historical correlations and risks of the underlying funds, as well as current market conditions,” says Edward Egilinsky, managing director of alternative investments for Rydex. “From a portfolio diversification standpoint, alternatives have collectively shown a very low or negative historical correlation to stocks and bonds.”

For years, institutional investors have used alternatives to help mitigate portfolio declines and enhance returns. Retail investor portfolios, on the other hand, tend to consist primarily of traditional assets such as domestic and international stocks, bonds and cash.

“Until recently, individual investors have had difficulty gaining access to alternative investments due to high minimum requirements, lack of liquidity and other barriers,” says Egilinsky. “By packaging alternative exposures within mutual fund product structures, Rydex has been able to deliver the potential benefits of alternatives to individual investors in a retail-friendly format.”

According to recent Rydex AdvisorBenchmarking findings, 64% of financial professionals plan to increase their use of alternative investments, citing absolute returns and access to noncorrelated assets as

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the top two drivers of client demand.¹

Despite a growing interest in nontraditional investments, the survey also shows a need for more education surrounding alternatives and how they can be incorporated as part of a well-diversified portfolio. To help inform financial professionals of the potential benefits and risks associated with alternative investing, Rydex offers a lineup of educational literature.

¹ Source: *Rydex AdvisorBenchmarking Semiannual Survey—Winter 2008*.

Rydex Alternative Strategies Allocation Fund is subject to a number of risks and may not be suitable for all investors. Although the fund's asset allocation among several underlying funds that represent different alternative asset classes and strategies generally limits risk and exposure to any one asset class or strategy, the risk remains that the fund's investment advisor may favor an asset class or strategy that performs poorly relative to other asset classes and strategies. There is also no guarantee that the underlying funds will achieve their investment objectives. Each of the underlying funds in which the fund invests has its own investment risks, and those risks can affect the value of the fund's shares and investments. The risks of the underlying funds include those associated with investments in derivative instruments, leveraged and short selling techniques, commodities markets, foreign securities and currencies, and lower rated ('junk') bonds. Additionally, the fund will bear a proportionate share of each underlying fund's operating expenses. Please see the prospectus for more information on these and additional risks.

About Rydex Investments

Rydex Investments continues to drive change in the financial industry by introducing investment products and services that challenge conventional thinking, empower investors and provide essential new options for uncertain market conditions. Rydex manages approximately \$15 billion in assets via nearly 100 mutual funds and exchange traded products.

For more complete information regarding Rydex Alternative Strategies Allocation Fund, including management fees and expenses, call 800.820.0888 for a prospectus. Investors should carefully consider the investment objectives, risks, charges and expenses of a fund before investing. The fund's prospectus contains this and other information about the fund. Please read the prospectus carefully before you invest or send money.

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