

## For Immediate Release

### AlphaSector Rotation Index Beats S&P 500 by 11.8% per year for past 5 years while only incurring 40% of its downside volatility<sup>1,2,3</sup>

**Wellesley, MA, May 19, 2009** – F-Squared Investments' AlphaSector™ Rotation Index (ticker ASRX) once again proved that investment strategies do not need to be complicated or difficult to understand in order to succeed. It also has shown that avoiding losses is a very powerful means of generating long-term wealth. F-Squared's soon to be released white paper "*Breaking with the Past – The Best Offense is a Great Defense*" details the benefits of investment strategies that embrace avoiding losses.

ASRX is constructed exclusively from exchange traded funds (ETFs), and does not short stocks, nor use leverage or derivatives<sup>4</sup>, and yet it was able to extend its performance dominance versus both the S&P 500 and US large cap equity mutual funds for the periods ending March 31, 2009:<sup>1,2</sup>

- Outperformed the S&P 500 by more than 34% for past 12 months (-3.5% versus -38.1% for the S&P 500);
- Beat the S&P500 by an average of 11.8% per year for trailing 5 years;
- Outperformed ALL US large cap equity funds for trailing 3 years and 5 years.

AlphaSector Rotation Index was designed to meet the real needs of investors. 2008 proved that strategies that beat the S&P 500, but still incur significant losses, are often considered a failure by most investors. The market appeal of ASRX is thus understandable considering that it has, to date, successfully delivered on its mandate of participating in up markets while providing strong downside risk controls<sup>1</sup>.

"In today's ever complicated, fast paced markets it is essential to have a dynamic approach to investing," said David Haviland, Partner at Beaumont Financial Partners, LLC in Wellesley, MA. "We believe in keeping a simple approach to investing that seeks to minimize risk and maximize performance. F-Squared's AlphaSector Rotation strategy does this for us."

The AlphaSector Rotation Index is an "active index" that is constructed exclusively from ETFs that track the sectors of the S&P 500 (i.e. blue chip stocks) plus an ETF tracking short-term Treasuries. ASRX is published daily by NASDAQ. The strategy is designed to make longer-term allocations among the S&P500 sectors, but in periods of market weakness it tactically builds positions in Treasuries. ASRX will completely eliminate sectors which are forecasted to underperform cash. For example, it first eliminated all exposure to Financials in July, 2007.

"We chose to employ F-Squared's AlphaSector strategy so that our clients might be able to capture most of the upside of the equity markets while minimizing the possibility that their financial plans could be derailed by steep drawdowns in their investment portfolios," stated Matthew M. Bell, Vice President of Cross Financial Services Corporation (San Antonio, TX).

Low cost separately managed accounts (SMAs) that track ASRX are available from F-Squared Investments. ASRX can also be made available as model portfolios for use within mutual fund wrap programs. F-Squared also makes available a Premium version and a Global version of the AlphaSector strategy. Because these strategies are invested entirely in ETFs, implementation is easy and cost effective.

"The world is changing," said Howard Present, CEO of F-Squared Investments. "And based on the strong response the strategy has been receiving from some very sophisticated advisors and wealth firms, we know we have been able to fill a client need that more traditional investment companies have failed to serve."

For more information or an advance copy of the white paper "*Breaking with the Past – The Best Offense is a Great Defense*", please contact:

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**About F-Squared Investments:** F-Squared Investments is an SEC-registered investment advisor. The firm creates investment solutions with the goal of generating repeatable, consistent investment value-add, delivered with the lowest possible costs. For more information, visit us at [www.f-squaredinvestments.com](http://www.f-squaredinvestments.com).

<sup>1</sup>Morningstar Direct, NASDAQ OMX, periods ending 3/31/2009.

<sup>2</sup>Downside Capture Ratio as downside risk measure.

<sup>3</sup>S&P 500 is a registered mark of Standard and Poors, Inc.

<sup>4</sup>Although ASRX does not short securities nor utilize leverage or derivatives, the ETFs that ASRX tracks may make use of such financial instruments or strategies.

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