

For more information, contact:
Barry Schwartz
212-677-8700 x18

For Immediate Release

F-SQUARED INVESTMENTS ANNOUNCES LAUNCH OF “ALPHASECTOR ROTATION” AS AN SMA AND OVERLAY FOR MUTUAL FUND WRAP
RIGOROUS SELL DISCIPLINE ELIMINATED EXPOSURE TO FINANCIALS IN JULY 2007 AND RESULTED IN 50% CASH POSITION ON “BLACK MONDAY 2008”

Wellesley, MA, Sept. 18, 2008 – F-Squared Investments, Inc. has announced the launch of a powerful new addition to its product arsenal with the introduction of the AlphaSector™ Rotation Strategy. This product will be immediately available as a Separately Managed Account (SMA) on most major platforms for RIAs and as an overlay for mutual fund wrap programs, and will be priced using F-Squared's traditional low fee philosophy.

AlphaSector Rotation Strategy applies a monthly trading protocol to 9 sector-based ETFs and cash, rotating amongst the sectors making up the S&P 500. Since 2001, the product has averaged 3% annualized excess return versus the S&P 500 while incurring only 73% of the volatility, and generating an R-Squared of only 53%¹. The buy and sell signals used in the product have been used to manage Private Client assets since 2001 and currently has over \$100M in client assets linked to it.

This strategy builds on the fact that individual sectors within the S&P 500 can differ dramatically in relative performance with, on average, the difference between the best and worst performing sectors exceeding 35% per year². Importantly, AlphaSector Rotation differs from traditional sector-based portfolios in three key areas:

- Only sectors that have a positive buy signal are allowed in the portfolio;
- All sectors represented are equal weighted, with a 25% cap for any one sector;
- When too few sectors have a buy signal (3 or fewer, reflecting the 25% cap per sector), the remainder of the portfolio is invested in cash.

“The AlphaSector's unique ability to fully participate in those sectors with a positive arc, while also being able to move to cash in periods of broader market weakness, is what generates the dual benefits of strong relative performance plus critical risk management,” said Howard Present, President and CEO of F-Squared Investments. “This strategy fits perfectly into our firm's commitment to deliver low cost, consistently performing investment solutions,” he added.

AlphaSector's buy and sell discipline has generated some timely and impressive investment decisions over the past year alone:

- Eliminated exposure to Financials in July of 2007;
- Emphasized Energy and Consumer Staples in the first two quarters of 2008 to generate a positive 1.5% return through June 2008, while the S&P 500 was off 11.9%¹;
- Moved to 50% cash, 25% Utilities and 25% Consumer Staples in September, resulting in a modest 1.14% decline on September 15, 2008, while the S&P 500 dropped 4.71%¹.

"The tried and true method of the AlphaSector strategy continues to succeed even in today's volatile market, with the clients reaping the rewards," stated Steven Cohen, President of Gold Coast Advisors, a wealth management firm in New York. "This product is easy to understand, it is easy to explain to my clients, and its downside risk management is absolutely right on target given today's markets", he added.

Advisors can use AlphaSector as a substitute for a traditional US equity position, or it can justify a 10% or 20% allocation from a diversified investment portfolio because of its historically high alpha/low risk profile and its very low correlation to the S&P 500.

For more information, please contact John Nelson or Chris Anderson at F-Squared Investments (1-866-288-7657 or email at jnelson@f-squaredinvestments.com) or visit us at our website at www.f-squaredinvestments.com.

¹Morningstar Direct, New Found Research, LLC, and F-Squared Investments

²Morningstar Direct

³ Morningstar Direct, Financial Research Corporation, and F-Squared Investments

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1- 866-288-7657

About F-Squared Investments:

F-Squared Investments is a Registered Investment Advisor that was founded on the premise of providing investors with the highest possible retained returns. The firm creates investment solutions with the goal of generating repeatable, consistent investment value-add and then delivering the investments with the lowest possible costs. F-Squared supports that goal by having established itself as the low cost industry leader in providing active, equity investment management.³ To learn more about F-Squared Investments and its investment approach, visit us at www.f-squaredinvestments.com or www.alphacycleinvesting.com.

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