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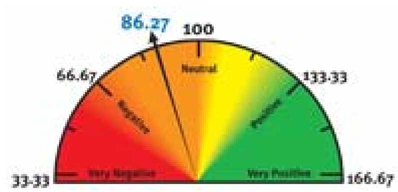
Rydex AdvisorBenchmarking
best practices for a better business

# Advisor confidence sinks to its lowest level since index inception.
*Advisors are most pessimistic about the stock market outlook*

**July 28, 2008…Rockville, MD…** Advisor confidence in the economy and stock market declined further in July according to Rydex AdvisorBenchmarking. The Advisor Confidence Index (ACI)—a benchmark that gauges advisors' views on the U.S. economy and stock market—was down almost 11% in July compared to June.

## Economic and market outlook is more pessimistic

Cautious pessimism about the outlook for the economy and stock markets took a turn for the worse in July. The ACI fell sharply to 86.27, from 96.93 in June. Advisors feel more pessimistic due to "negative sentiment towards the U.S. and its blue chips," according to Bill Ramsay, Financial Symmetry. Advisors' "clients are getting very nervous—more so than (at) any time in the last 20 years," says Pat Raskob, Raskob Kambourian Financial. "(They are) fearful their retirement is going down the drain."




Each of the four economic elements used to calculate the ACI decreased in July. Advisors are most pessimistic about the current economic outlook (-17.53%). A closer look at the components reveals the following:

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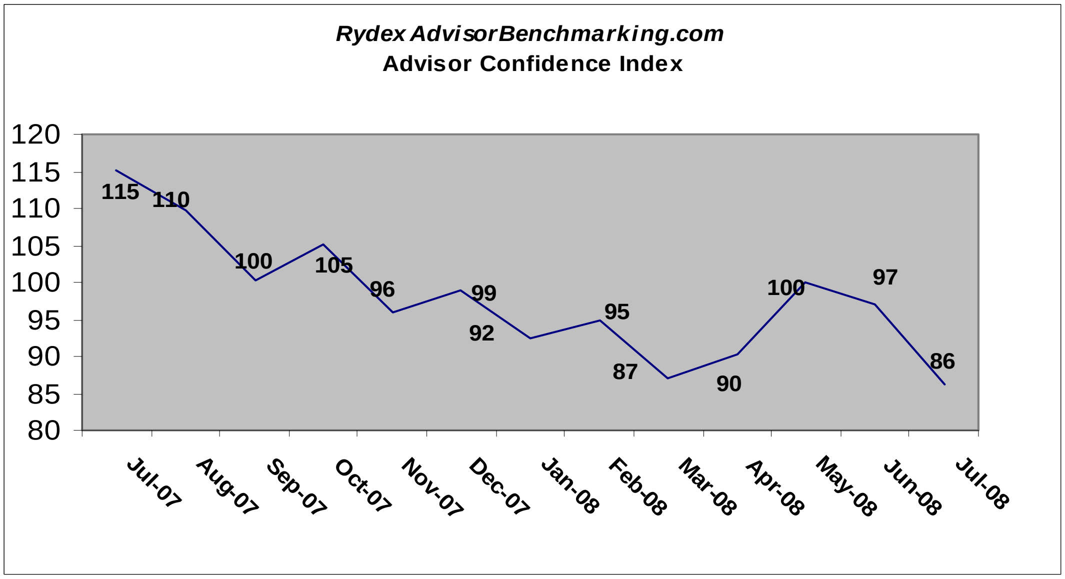
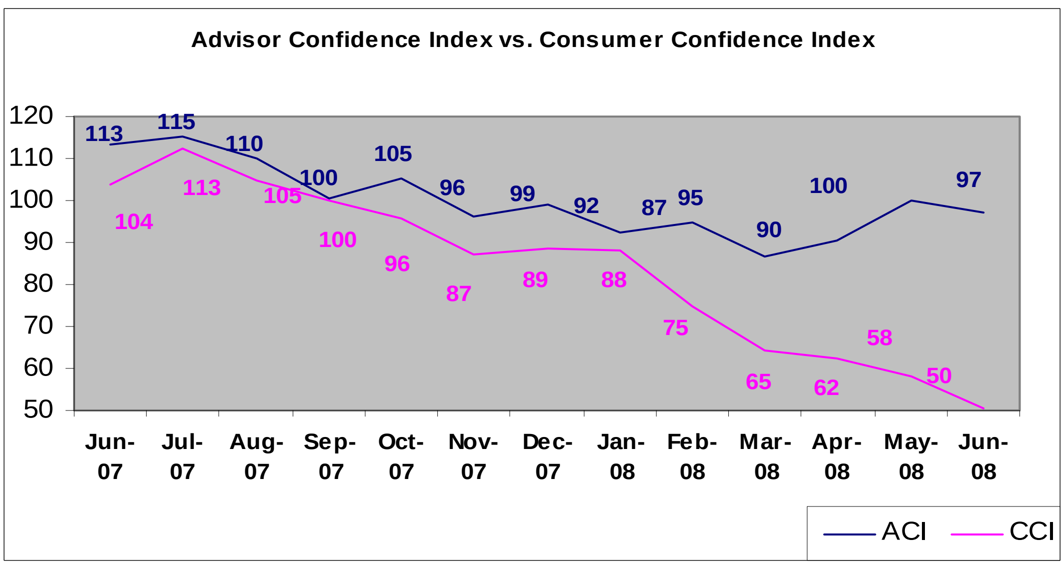
|---|---|
| Current economic outlook | -17.53% |
| Six-month economic outlook | -12.04% |
| 12-month economic outlook | -11.72% |
| Stock market outlook | -3.20% |




## Advisor vs. consumer confidence

The Conference Board Consumer Confidence Index, which has declined since last summer, posted a further decrease in June. The Consumer Confidence Index was 50.4, down 13.25%, compared to a 3.07% decrease for the advisor index since May.




## Notable comments from participating advisors

Most of the advisors who participate in the survey elect to have their names made available to reporters who would like to interview them about their economic sentiments. AdvisorBenchmarking can facilitate such interviews for reporters.

“A good old-fashion(ed) bank run or two, the S&P500 below the level it first hit at the end of 1998, and now Suze Orman reverses course and recommends against the S&P500 and for emerging markets, oil and mining. It’s hard to picture a more negative sentiment towards the U.S. and its blue chips. Extreme sentiment is often the best time to bet the opposite way.”

-- Bill Ramsay, Financial Symmetry Inc

“I think the ongoing train wreck in the subprime mortgage lending business is not yet over and as long as there are write-downs announced, the market will not stabilize. When you add consumers using credit cards to pay for runaway energy costs and the increased costs of groceries, I think we could see another crisis when Joe Lunchbucket can't pay his credit card bill. The reason I am neutral is [that] the markets are about a six-month forward looking indicator and by the end of the year may spot a light at the end of the tunnel.”

-- David Cramer, Cramer Financial Services

“Due to deteriorating fundamentals, we remain cautious on equities. We are increasing exposure to structured notes in an effort to reduce portfolio volatility and protect client principal, but still provide some opportunity for attractive returns.”

--Frederick Wright, Smith & Howard

“As Nero (Congress & President) plays the nation burns. Until leadership is established, investor confidence will continue to decline. The White House should be moved to Kansas so our elected officials could be in touch with reality.”

-- Gary Clemmons, Texas Capital Management

“I hate to sound like a broken record, but facts are facts. The American consumer accounts for two-thirds of economic spending, with business making up the difference. With no credit, property values falling, incomes stagnant, job security a thing of the past and higher fuel, utilities and food costs sucking up every dime of disposable income, the American consumer is tapped out! The American economic engine is at best in neutral and more likely in reverse (Still an “R” word, but no one likes to hear Recession). Capital markets have to see a light at the end of the tunnel before they will turn around, and right now there is no light. Look for cash to continue to be king, but for those with an appropriate long-term outlook, value can be found in companies that are using this time to cut costs and increase market share, particularly in the international marketplace.”

-- George Cheatham, American Financial Consultants, Inc.

“The second wave of the bear market appears to be under way, as the broader recognition of a recession and consumer problems emerges. Our base case since last July has been for a 30% bear market from the peak, with downside risk to 50% should the economy enter into a deep recession or worse. We are seeing increasing signals that the more negative outcome is more likely. Many advisors and investors who have generated solid relative or even absolute returns have focused on energy and materials. We would caution that those legs are likely to be knocked out from under the table as economic concerns go global. As we have been saying for 12 months, return of capital remains the priority over return on capital.”

-- James Dailey, TEAM Financial Managers

“Commercial banking/real estate is the next financial area to get the big setback, write-downs, etc. This will send banks reeling even more. Feds are attempting to address the residential mortgage crisis and meanwhile the building storm in commercial real estate is off their radar. Stay hedged against these areas and watch energy/commodities carefully as they could take out the late-to-the-party investors in a commodity correction. Quality of assets is staying paramount.”

-- Ken Graves, Capital Research

“Party like it’s 1999...oh yeah (lyrics from Prince). I was dreamin' when I wrote this, forgive me if it goes astray. But when I woke up this mornin' coulda sworn it was judgment day (another down day in the markets) The sky was all purple, there were people runnin' everywhere (lining up at Indymac and buying $4 gas for their SUVs) Tryin' to run from the destruction (....that perfect storm smacking us all) You know I didn't even care (....I’m not opening those brokerage statements) 'Cuz they say two thousand zero zero party over (zero here, zero there, billion over there) Oops out of time (Indymac, Bear Stearns, Freddie, Fannie) So tonight I'm gonna party like it's 1999.

Hmm...looking at the S&P 500, someone rolled back the clock to 1999. So basically we have a lost decade on our hands. All those financial plans that said we’d be worth millions now...looks like we get a redo. When will the madness stop? Who reading this still believes in the efficient market propaganda? Party like it’s 1999 oh yeah! The readings on the major markets are at extreme oversold levels—touching the lows prior to the Gulf wars in 1990 and 2002 and the reopening of the market after 9/11. In time, we believe investors will see this as a buying opportunity sometime over the next few months. Of interest, October tends to be a bear killer and we hope this October is no different, although the uncertainty of the election may keep investors on hold until November. For now, keep some cash on the sidelines and start preparing lists of buying opportunities. Once the institutions start buying (strong volume on up days), it will be safer to get back in the water.”

-- Kenny Landgraf, Kenjol Capital Management LLC

“Clients are getting very nervous and more so than any time in the last 20 years. (They’re) fearful their retirement is going down the drain, mad that Congress is not doing anything but bickering (and) accomplishing nothing of value. It seems the "chicken little" effect has been successfully fostered by the media.”

-- Pat Raskob, Raskob Kambourian Financial

“A confluence of worldwide economic problems is resulting in a major downturn that will result in serious recession.”

-- Peter Wheeler

“We now believe we are in a longer term "range bound" market that could last several years. This means strong rallies followed by sharp downturns that will continue to frustrate the traditional “buy and hold" investor.”

-- Rick Jurrens, FIG Financial

“This is the first time in my career as an advisor that I have taken a long-term negative or bearish stance on both the economy and the U.S. stock market. I am disappointed in the absence of many safeguards to protect against abuses in our markets and financial institutions as well as the lack of willingness to employ those that are in place, particularly in the futures markets. We have been so blasé about debt as a nation that it has become an all-encompassing problem and the effects have been devastating. In the past, we have depended upon the almighty U.S. consumer to bail us out with their spending sprees; however consumers are being hit on so many levels, it has been becoming increasingly difficult to afford the basics such as food, gas and heat. Certainly a consumer bailout at this point is a pipe dream. Perhaps this will be a much needed wake-up call that the amount of debt you acquire actually DOES matter. Perhaps the small glimmer of hope comes from the fact that this is hopefully a turning point, a road to a higher standard of fiscal responsibility for both government and consumer."

-- Cynthia Zalewsky, Saratoga Investment Solutions, Inc.

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