

Cetera white paper guides on hedging against an increase in U.S. interest rates

LOS ANGELES – April 19, 2011 – Cetera Financial Group (Cetera), the partner of choice for advisors seeking independence and a supportive broker-dealer relationship, today released as part of its ongoing thought leadership series, a white paper explaining how advisors can reposition client portfolios to protect against a potential future rise in interest rates.

“Advisors need to effectively communicate to clients that, after three decades of steadily falling interest rates, the low levels of interest rates that we are experiencing today may be coming to an end,” said **Alex Kaye** CFA, head of research for Cetera Financial Group. “Our new white paper notes that an improving economy could very well trigger higher interest rates, which in turn could provide a significant headwind to fixed income performance. The paper also addresses how advisors can effectively diversify the fixed income allocation of client portfolios in order to help mitigate the negative effects of a rising interest rate environment.”

The white paper, “Investing in a Rising Interest Rate Environment,” is available at any of Cetera’s three broker dealer websites: www.multifinancial.com/RisingInterest, www.financialnetwork.com/RisingInterest, and www.primevest.com/RisingInterest

The white paper provides an in-depth historical analysis of interest rate cycles since the end of World War II, focusing on cycles from the past 30 years where the Federal Reserve was actively raising the fed funds rate. It recommends that investors looking to protect their portfolios should:

- Fully diversify a portfolio’s fixed income allocation into complementary fixed income asset classes such as floating rate notes, high-yield bonds, Treasury Inflation Protection Securities (TIPS), short-term bonds and non-U.S. bonds; and
- Reallocate up to 33 percent of a portfolio’s fixed income allocation into more absolute return types of investment strategies that have similar risk characteristics to fixed income. Absolute return strategies typically seek to add value in all types of market environments regardless of whether equity or fixed income markets are rising or falling.

“As the economic recovery picks up steam, the probability that interest rates will rise has increased in kind,” said Kaye. “Bond yields remain near historic lows, federal deficits are high and a second round of quantitative easing is under way. There is a good chance that these actions will pressure interest rates upward.”

“Making the necessary changes now to a client portfolio is particularly important, as it is extremely difficult to time when rates will rise with any degree of precision. Constructing a well-balanced global portfolio provides value to investors in any risk environment, and as we look ahead, it is also highly desirable given the prospects of rising interest rates in the future.”

Investing in mutual funds is subject to risk and potential loss of principal. There is no assurance or certainty that any investment or strategy will be successful in meeting its objectives. Investors should consider the investment objectives, risks and charges and expenses of the fund carefully before investing. The prospectus contains this and other information about the funds. Contact the issuing fund to obtain a prospectus which should be read carefully before investing or sending money.

About Cetera Financial Group

Cetera Financial Group provides comprehensive broker-dealer services, innovative technology, and competitive advisory programs for approximately 5,000 independent financial professionals and more than 700 financial institutions nationwide. Through its three distinct broker-dealer platforms, Financial Network

Investment Corporation, Multi-Financial Securities Corporation and PrimeVest Financial Services Inc., Cetera offers the scale-driven benefit of a large broker-dealer with the relationship focus and customized solutions of a smaller firm.

Based in Los Angeles, Cetera is committed to helping advisors grow their business and strengthen their relationships with clients. For more information, visit www.cetera.com.

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