

FOR IMMEDIATE RELEASE

Guggenheim Investments Study Finds: Individual Investors are Concerned about “Investment Headwinds” Amidst Volatile Financial Markets

SURVEY SUMMARY:

- 72 percent of respondents are concerned about the impact of fixed income yields on their portfolios
 - 41 percent have not re-allocated their portfolios, despite concerns around low interest rates
- 69 percent of individual investors are worried about saving enough for retirement, with 51 percent concerned about rising healthcare cost, and 21 percent on purchasing a home

NEW YORK –SEPTEMBER 30, 2013 – Guggenheim Investments, the investment management division of Guggenheim Partners, today announced the results of a study highlighting a number of investment headwinds currently facing today’s individual investor, including lack of current income, volatile equity returns and scarcity of stable diversification. The study surveyed 1,000 Americans with investable assets of \$100,000 or more.¹

Lack of Current Income

Guggenheim’s study reveals that the current yield environment and the uncertain future of the U.S. economy have caused concern amongst investors about their ability to save enough for upcoming life events. A majority of individual investors (69 percent) are worried that they will not have enough income for retirement, while rising healthcare costs (51 percent), or purchasing a home (21 percent) were also life event concerns in today’s market.

“Individual Investors are looking for unique and innovative ways to find potential income given the volatile market and ETFs fill a void for a range of applications—from replacing gaps created by maturities or, called bonds to managing cash flow needs, and to customizing a portfolio’s duration profile,” said William Belden, Managing Director, Product Development at Guggenheim Investments.

Volatile Equity Returns

Despite current concerns, individual investors surveyed are optimistic about the future of fixed income, in light of volatile equity returns. The majority of respondents choose to get their fixed income exposure through mutual funds (63 percent) and or individual bonds (38). While less than one quarter (21 percent) of individual investors are currently investing in ETFs.

Individual investors may also not be interested in pursuing asset allocation changes because they remain confident about the future of fixed income. The survey revealed that nearly three quarters of individual investors (72 percent) believe that fixed income will continue to offer stable and consistent income streams and protection for the principal value of their portfolio (49 percent). Respondents indicated high yield (29 percent), emerging markets (27 percent) and investment grade (25 percent), as offering the most opportunity for individual investors given the rising yield environment.

“For individual investors looking to save for life events such as retirement, defined-maturity products could be attractive, given the current volatile economic environment,” said Belden. “With increasing education initiatives around ETFs, more advisors are looking to them as a potential investment vehicle to help their clients reach their investment goals.”

Scarcity of Stable Diversification

Diversification continues to be the primary driver for investing in fixed income ETFs, as cited by 49 percent of surveyed individual investors. Tax efficiency (18 percent) and convenience (13 percent) are other important drivers. For individual investors hesitant to allocate their assets to fixed income, ETFs are one investment vehicle to consider given their ability to capture broad, diversified exposure to this segment.

Belden added: “Not all fixed income products are created equal, and fixed income ETFs can offer individual investors a viable way to capture exposure to diversified, transparent and tax efficient investment vehicles. With the ETF industry experiencing strong growth over the last several years, it will likely garner broader acceptance from the investment community.”

¹ The survey was conducted online by Amplitude Research for Guggenheim Investments during the week of September 9, 2013. A total of 1,000 investors with investable assets of \$100,000 or more were surveyed.

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About Guggenheim Investments

Guggenheim Investments represents the investment management division of Guggenheim Partners, LLC (“Guggenheim”), which consists of investment managers with approximately \$151 billion in combined total assets*. Collectively, Guggenheim Investments has a long, distinguished history of serving institutional investors, ultra-high-net-worth individuals, family offices and financial intermediaries. Guggenheim Investments offers clients a wide range of differentiated capabilities built on a proven commitment to investment excellence. Guggenheim Investments has offices in Chicago, New York City and Santa Monica, along with a global network of offices throughout the United States, Europe, and Asia.

*The total asset figure is as of 6.30.2013 and includes \$11.720B of leverage and \$0.331B of leverage for Serviced Assets. AUM includes assets from Security Investors, Guggenheim Partners Investment Management, LLC, Guggenheim Funds Investment Advisors and its affiliated entities, and some business units including Guggenheim Real Estate, Guggenheim Aviation, GS GAMMA Advisors, Guggenheim Partners Europe, Transparent Value Advisors, and Guggenheim Partners India Management. Values from some funds are based upon prior periods.

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