Why Add Alternative Investments to Your Portfolio?
Alternative Investments May Help You Enhance Returns and Lower Overall Portfolio Risk in Any Market

Many large corporate pensions, endowments and high-net-worth investors have long understood the important role “alternatives” play in creating well-diversified portfolios designed to maximize returns while reducing overall portfolio risk. Many of these professional investors have been investing in alternatives for decades. In fact, institutional investors are expected to increase their allocations to alternative investments by more than 30% over the next 2-3 years.¹

Institutional investors realize that a key to achieving higher returns with less risk is to combine assets that have both upside potential and a low correlation to each other—meaning they generally don’t move in the same direction at the same time. Once accessible to only the largest institutions and wealthiest investors, exposure to alternative investments is now available to any investor in a mutual fund.

Defined broadly as investments that fall outside of the conventional asset classes of stocks, bonds and cash, alternatives can be divided into two general categories:²

- **Tangible assets** like real estate, gold, timber, currency, art and collectibles.
- **Professional investment strategies** such as long/short investing, hedge fund strategies, managed futures and momentum buying.

The SunAmerica Alternative Strategies Fund provides exposure to many different alternative investments through three widely used strategies available today—managed futures, commodities and hedge fund strategies. These strategies are designed to help you generate positive returns and manage risk in both rising and falling markets.

¹Russell Investments: 2010 Global Survey on Alternative Investing.
²These alternative categories are shown for illustrative purposes only. They are not intended to reflect the investment strategies or holdings of the SunAmerica Alternative Strategies Fund.
The Benefits of Having Three Alternative Strategies in One Fund

The SunAmerica Alternative Strategies Fund is a comprehensive, broadly diversified mutual fund that can serve as a “Core Alternative Solution” for your portfolio. It combines three widely acknowledged alternative strategies in an effort to deliver more consistent returns to your overall portfolio in any market.

Managed Futures may increase your return potential under all market conditions

This strategy involves the trading of futures contracts or futures-related instruments with exposure generally allocated across major asset classes such as commodities, currencies and global equities. Through managed futures, the Fund has the flexibility to utilize long and short positions to potentially enhance returns, no matter which way the market is moving. Plus, with a low correlation—or the tendency to act independently—to stocks and bonds, managed futures can help reduce the impact of the market’s volatility on your overall portfolio.3

Commodities may provide you with uncorrelated returns and diversification opportunities

The commodities strategy involves gaining exposure to the returns of real assets (such as energy, metals, food, agriculture and other items) by investing in commodity-linked derivative instruments. Commodities tend to move independently of traditional stocks and bonds and may provide a significant diversification benefit in changing markets. Their uncorrelated returns can also help enhance a portfolio’s overall performance.

Hedge Fund Strategies may help maximize growth potential while seeking to guard against market downturns

The Fund also provides access to hedge fund strategies through hedge fund-linked derivatives which may include exposure to market-neutral, event-driven and global macro strategies among others.4 Exposure to hedge fund strategies also offers return potential independent of traditional stock and bond markets. Unlike many traditional investments that seek to generate higher returns relative to an index, the goal of a hedge fund strategy is to generate absolute returns, regardless of the direction of the market.

1Correlation is a statistical measure of how two securities move in relation to each other. This measure ranges from -1 to +1, where -1 indicates perfect negative correlation and +1 indicates perfect positive correlation.

2The Fund’s exposure to these strategies is subject to change based on the construction of the index to which the derivatives are linked.

Note: The Fund’s actual exposure to the three alternative strategies may differ in percentages at any given time. Diversification does not guarantee a profit nor does it protect against loss.
3 Ways the SunAmerica Alternative Strategies Fund May Add Value to Your Portfolio

1 Enhance Your Portfolio’s Return Potential in Any Market

It can be difficult to predict which asset class will be in favor in any given year, and with a broadly diversified portfolio of alternative investments, you may not need to do so. Alternatives can give you access to a greatly expanded universe of asset classes and typically have the flexibility to use leveraging, short positions and hedging strategies to potentially deliver higher returns in both rising and falling markets.

By adding exposure to a combination of managed futures, commodities and hedge fund strategies to your stock and bond investments, you may help increase the return potential of your portfolio, while also reducing overall portfolio volatility.

ALT FACTS

How big are the managed futures, commodities and hedge fund markets?

- Hedge funds are among the largest alternative markets with $1.8 trillion under management as of the second quarter of 2011.5

- The managed futures market has shown significant growth over the last decade, increasing from $38 billion in 2000 to $299 billion through June 2011, a jump of more than 685%.5

- The gross market value of commodities contracts was $526 billion in 2010.6

Notes on Risk: The commodity and hedge fund-linked derivative instruments in which the Fund invests have substantial risks, including risk of loss of a significant portion of their principal value. Commodity and hedge fund-linked derivative instruments may be more volatile and less liquid than the underlying instruments and their value will be affected by the performance of the commodity markets or underlying hedge funds, as well as overall market movements and other factors. Commodity and hedge fund exposure may also subject the Fund to greater volatility than investing in traditional securities. The value of commodity-linked derivative instruments may be affected by commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The hedge funds comprising a hedge fund index invest in and may actively trade securities and other financial instruments using a variety of strategies and investment techniques that may involve significant risks. Managed futures involve going long or short in futures contracts and futures-related instruments. If the Fund’s investment advisor uses a future or other derivative instrument at the wrong time or judges market conditions incorrectly, use of such instruments may result in a significant loss to the Fund. The Fund could also experience losses if the prices of its futures or other derivative instruments were not properly correlated with other investments. Managed futures instruments and some other derivatives the Fund buys involve a degree of leverage. The Fund’s use of certain economically leveraged futures and other derivatives can result in a loss substantially greater than the amount invested in the futures or other derivative. Certain futures and other derivatives have the potential for unlimited loss, regardless of the size of the initial investment. When the Fund uses futures and other derivatives for leverage, a shareholder’s investment in the Fund will tend to be more volatile, resulting in larger gains or losses in response to the fluctuating prices of the Fund’s investments.

5BarclayHedge, Alternative Investment Databases, 2011.
Adding Alternatives to Stocks and Bonds May Provide Portfolio Stability in Changing Markets

By allocating a portion of your assets to alternatives, you can further diversify your investments and provide your portfolio with greater growth potential in times when traditional asset classes like stocks and bonds are underperforming. The addition of alternatives may also help you smooth out overall portfolio volatility in changing markets.

Manage Volatility to Help Deliver More Consistent Results

| Annual Returns of Traditional and Alternative Investments: 1991-2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Hedge Funds | Hedge Funds | Hedge Funds | Managed Futures | Stocks | Commodities | Stocks | Stocks | Commodities | Commodities | Bonds |
| 32.19% | 21.22% | 30.88% | 8.51% | 37.58% | 33.92% | 33.36% | 28.58% | 40.92% | 49.74% | 8.42% |
| Stocks | Mixed Portfolio | Stocks | Commodities | Hedge Funds | Stocks | Hedge Funds | Managed Futures | Hedge Funds | Managed Futures | Bonds |
| 30.47% | 8.64% | 10.08% | 5.29% | 21.50% | 22.96% | 16.79% | 10.24% | 18.30% | 4.62% |
| Bonds | Stocks | Bonds | Cash | Commodities | Managed Futures | Stocks | Bonds | Stocks | Mixed Portfolio | Cash |
| 16.00% | 7.62% | 9.75% | 4.24% | 20.33% | 21.75% | 9.68% | 8.67% | 12.75% | 4.09% |
| Mixed Portfolio | Managed Futures | Mixed Portfolio | Hedge Funds | Mixed Portfolio | Hedge Funds | Mixed Portfolio | Cash | Mixed Portfolio | Bonds |
| 14.45% | 7.52% | 7.33% | 4.10% | 19.56% | 21.10% | 9.28% | 5.06% | 17.80% | 11.63% |
| Managed Futures | Bonds | Managed Futures | Mixed Portfolio | Bonds | Mixed Portfolio | Managed Futures | Hedge Funds | Managed Futures | Cash |
| 10.65% | 7.40% | 5.33% | 3.52% | 18.48% | 17.80% | 7.24% | 2.62% | 11.29% | 5.96% |
| Cash | Commodities | Cash | Stocks | Managed Futures | Cash | Cash | Mixed Portfolio | Cash | Hedge Funds |
| 5.75% | 4.42% | 3.09% | 1.32% | 14.47% | 5.25% | 5.25% | 2.28% | 4.74% | 4.98% |
| Commodities | Cash | Commodities | Bonds | Cash | Bonds | Commodities | Commodities | Bonds | Stocks |
| -6.13% | 3.62% | -12.33% | -2.92% | 5.75% | 3.61% | -14.07% | -35.75% | -0.83% | -9.11% |

1992: Up Market
The addition of alternatives such as hedge funds to a traditional portfolio of stocks, bonds and cash may help you capture additional gains in an up market. Alternatives may not outperform traditional asset classes in all bull markets.

2000: Down Market
Exposure to alternative investments such as managed futures and commodities may help you lower volatility and smooth out returns in a down market.
For example, consider the performance of alternatives over the last 20 years:

- **Alternative strategies**—managed futures, hedge funds and commodities—were either the #1 or #2 performers every year for the last 20 years.

- **Commodities led the market** 35% of the time, or 7 out of the last 20 years. Although commodities can be volatile, when combined with other asset classes, they can provide your portfolio with a significant diversification benefit that can help reduce overall portfolio risk.

- **Managed Futures were the #1 performer** in the bear market of 2008. With their ability to use long and short positions to respond to changing market conditions, managed futures were one of the few investments that delivered positive returns in 2008—and were among the more consistent performers over the last two decades.

- **Hedge Funds were ranked #1 or #2** for 11 out of the last 20 years. Hedge fund strategies such as event-driven and global macro techniques may help enhance returns in all markets, whether traditional asset values are going up, down or sideways.

Source: SunAmerica Mutual Funds Research, Lipper, Inc.
Past performance is not a guarantee of future results.
The Mixed Portfolio is presented for hypothetical purposes only and does not represent the performance of any particular investment.
The Mixed Portfolio is equally weighted between all the asset classes shown here. Stocks are represented by the S&P 500 Index. Bonds are represented by the Barclays Capital Aggregate Bond Index. Commodities are represented by the S&P GSCI Index. Hedge funds are represented by the HFRI Fund Weighted Composite Index. Managed futures are represented by the S&P’s Diversified Trends Indicator (“S&P DTI”). Cash is represented by the Citigroup 3-month T-bill Index. The index returns do not include any management fees, transaction costs or expenses. The indices are unmanaged and are not available for direct investment. For more information on the indices, please refer to the back of this brochure.

**2007: Flat Market**
Alternative investments including commodities have the potential to positively impact a portfolio when traditional asset classes such as stocks, bonds and cash are underperforming.
Smooth Out the Returns in Your Portfolio Over Time

By combining alternative investments that can move in the opposite direction of stocks, bonds and each other, you’ll have the opportunity to offset underperforming investments with higher returns from other investments, thereby smoothing out your portfolio’s overall volatility, even in a turbulent market.

For example, take a look at the performance of a Mixed Portfolio with an equal weighting of traditional asset classes (stocks, bonds and cash) and alternative investments (managed futures, commodities and hedge funds) compared to a portfolio comprised of traditional asset classes only (in this case, 60% stocks and 40% bonds). Over the last 10 years, the Mixed Portfolio with Alternatives would have generated higher returns along with less volatility than the Traditional Portfolio. In fact, a diversified portfolio with the inclusion of alternatives would have produced over 25% more growth and less volatility than a stock-only portfolio.

Alternatives Can Help Lower Your Portfolio’s Overall Volatility

Hypothetical Growth of a $10,000 Investment: 10 Years through September 30, 2011

Source: SunAmerica Mutual Funds Research, Lipper, Inc.
Please refer to page 5 for the index for each asset class and to the back of this brochure for more information on the indices.
Past performance is not a guarantee of future results.
Diversify Your Assets to Generate Higher Return Potential with Less Volatility

The addition of the SunAmerica Alternative Strategies Fund to your portfolio can be especially beneficial in times of market uncertainty. For example, take a look at the impact of adding alternatives to a diversified portfolio over the last 10 years.

A traditional allocation of 60% stocks and 40% bonds would have generated a return of 4.29% with a standard deviation of 9.46%. (Standard deviation is a measure of the volatility that an investment experiences over time. The higher the standard deviation, the greater the performance swings of the investment.) As you can see from the chart below, a portfolio with an even distribution between stocks, bonds, cash, and alternatives would have generated a return of 4.71% but with a standard deviation of 6.76%. Adding alternatives may help lower your portfolio’s volatility and limit large performance swings, which may make it easier to maintain wealth over the long term.

The Benefits of Adding Alternatives to a Traditional Portfolio

<table>
<thead>
<tr>
<th>10 Years through September 30, 2011</th>
</tr>
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<tbody>
<tr>
<td>Traditional Portfolio of 60% Stocks and 40% Bonds</td>
</tr>
<tr>
<td>Return 4.29%</td>
</tr>
<tr>
<td>Standard Deviation 9.46%</td>
</tr>
<tr>
<td>Mixed Portfolio with Alternatives</td>
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</tr>
<tr>
<td>Standard Deviation 6.76%</td>
</tr>
</tbody>
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More Return with Less Volatility

Performance displayed represents past performance, which is not a guarantee of future results.

Source: SunAmerica Mutual Funds Research. This chart is for illustrative purposes only and is not indicative of any investment. No assumptions should be made that similar asset allocations will be profitable, suitable, or perform as indicated above. Allocations and their percentages may change based on an individual investor’s needs. The indices used to determine return and risk figures for the portfolio shown are as follows: Stocks=S&P 500 Index; Bonds=Barclays Capital Aggregate Bond Index; Cash=Citigroup 3-month T-Bill Index; and Alternatives=S&P GSCI (commodities), HFRI Fund Weighted Composite Index (hedge funds) and S&P DTI (managed futures). The performance of the alternative allocation does not represent the actual performance of the Fund or the current investment allocation of the Fund. Indices are unmanaged and are not available for direct investment. Indices do not reflect fees and expenses associated with the active management of a portfolio. Please refer to the back of this brochure for more information on these indices.
Many alternative investments exist in the market today, often in complex structures that are difficult or costly to access. The SunAmerica Alternative Strategies Fund allows you to fill the alternative sleeve of your investment portfolio with a “Core Alternative Solution” that’s available in a mutual fund. With no net worth requirements, daily liquidity and pricing, and ease of tax reporting, the Fund is able to provide you with the benefits of alternative investing without the complexity normally associated with alternatives.

Plus, if you choose to implement a “Core and Explore” strategy, the SunAmerica Alternative Strategies Fund can be used as the foundation on which to add exposure to other alternative investments that may not be available in the Fund.

ALT FACTS

Many alternative strategies such as hedge funds were once available only to very wealthy investors in limited partnerships and private equity investments. However, with the SunAmerica Alternative Strategies Fund, investors now have access to alternative strategies in a mutual fund that offers transparency, daily liquidity, 1099 reporting and no K-1 tax requirements.
NOTE: The Fund is not a complete investment program and should not be an investor’s sole investment. Investors should consider buying shares of the Fund only as part of an overall portfolio strategy that includes other asset classes, such as fixed income and equity investments. Investors in the Fund should be willing to assume greater risks of potentially significant short-term share price fluctuation because of the Fund’s investments in commodity-linked and hedge fund-linked instruments and in managed futures.

SunAmerica Alternative Strategies Fund

Class A: SUNAX       Class C: SUNCX       Class W: SUNWX

One Fund
Three Alternative Investments

Managed Futures • Commodities • Hedge Fund Strategies

• Access to alternative investments and strategies that were traditionally reserved for only large institutions and high-net-worth investors

• Greater diversification to help smooth out returns and reduce overall portfolio volatility

• Potential to generate returns in any market

• Professional asset management

• Low correlation to traditional asset classes

• Daily liquidity

• Ease of filing and taxation (no K-1 reports)

• Low minimums, no net worth requirements

Start diversifying with alternatives today.

For more information about the Fund, please talk to your financial advisor.

Note: Diversification does not guarantee a profit nor does it protect against loss.
Investors should carefully consider a Fund's investment objectives, risks, charges and expenses before investing. The prospectus, containing this and other important information, can be obtained from the SunAmerica Sales Desk at 800-858-8850, ext. 6003, or at www.sunamericafunds.com. Investors should read the prospectus carefully before investing.

Class A: SUNAX
Class C: SUNCX
Class W: SUNWX

Funds are distributed by:

SunAmerica Capital Services, Inc.
Harborside Financial Center
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Jersey City, NJ 07311-4992
800-858-8850

Additional information on the indices used in this brochure:

The S&P 500 Index is an unmanaged, broad-based, market-cap weighted index of 500 stocks.
The Barclays Capital Aggregate Bond Index represents securities that are U.S. domestic, taxable and dollar denominated. The index covers components for government and corporate securities, mortgage pass-through securities and asset-backed securities.
The S&P GSCI Index is calculated primarily on a world production-weighted basis and is comprised of the principal physical commodities that are the subject of active, liquid futures markets.
The HFRI Fund Weighted Composite Index is an equal weighted index which includes over 2000 domestic and offshore constituent hedge funds with at least $50 million under management or which have been actively trading for at least twelve months.
The S&P's Diversified Trends Indicator ("S&P DTI") is a diversified composite of commodity and financial futures designed to provide exposure to major global market trends. The S&P DTI is a composite of 24 highly liquid futures grouped into 14 sectors, evenly weighted between financials and physical commodities.