

Rydex | SGI Funds Reverse-Share Split Frequently Asked Questions

Q. What funds will be affected by the upcoming reverse-share split?

A. Rydex Inverse NASDAQ-100[®] 2x Strategy Fund, Rydex Inverse Russell 2000[®] 2x Strategy Fund, Rydex Variable Annuity Strengthening Dollar 2x Strategy Fund and Rydex Variable Annuity Government Long Bond 1.2x Strategy Fund.

Q. What is a reverse-share split?

A. A reverse-share split is the process in which the number of shares of a fund is reduced and the price per share of the fund is increased by a pre-determined ratio.

For example: If a fund were to go through a one-for-four reverse-share split, the total shares would be divided by four and the price per share (NAV) would be multiplied by four.

Q. Why does a fund go through a reverse-share split?

A. The primary reason a fund undergoes a reverse-share split is to increase the net asset value (NAV) of the fund.

Q. Is a reverse-share split a taxable event?

A. No. Shares are not purchased or sold; therefore, a reverse-share split is not a taxable event.

Q. What are the details about the funds' reverse-share split?

A. The reverse-share split will occur for shareholders of record as of the close of business on Friday, December 2, 2011. The ex-date (that is, the date the share price will change to reflect the split) for the reverse-share split will be Monday, December 5, 2011.

Q. Will the reverse-share split of the funds affect me?

A. Only if you hold shares of the aforementioned funds as of the close of business on December 2, 2011.

Q. How will the reverse-share split be calculated on December 2, 2011?

A. On December 2, 2011, an NAV will be calculated for the four funds at the market close. New share balances that reflect the purchase and sale activity on December 2 will be calculated as of the determined NAV. After all activity has been processed, the reverse-share split will take place. This means that the Friday's 12/02/2011 NAV will still reflect the previous NAV, but Monday's 12/05/2011 NAV will reflect the predetermined ratio.

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Q. If I own shares of the fund on the day it performs a reverse-share split, will the reverse split impact my dollar value in that fund?

A. No. This is because the dollar value is calculated by taking the number of shares in a fund and multiplying it by the NAV per share of that fund. For example, if you held 1,000 shares of a fund and the NAV was \$2 per share, your total dollar value for that fund would be \$2,000.

$$1,000 \text{ shares} \times \$2 \text{ per share} = \$2,000$$

If the fund went through a one-for-five reverse split, the shares would be divided by five and the NAV would be multiplied by five:

$$\text{New share balance: } 1,000 \text{ shares} / 5 = 200 \text{ shares}$$

$$\text{New NAV: } \$2 \text{ per share} \times 5 = \$10 \text{ per share}$$

$$200 \text{ shares} \times \$10 \text{ per share} = \$2,000$$

As you can see, the dollar value did not change as a result of the reverse split. This example is hypothetical and for illustration purposes only. It is not meant to represent an investment in any particular fund.

Q. What is the difference between a reverse-share split and a regular share split?

A. A reverse-share split is the process in which the shares of a fund are reduced and the price per share of the fund is increased by a pre-determined ratio.

A regular share split decreases the NAV and increases the number of shares by multiplying the number of shares and dividing the NAV by the predetermined factor.

Read the fund's prospectus and summary prospectus (if available) carefully before investing. It contains the fund's investment objectives, risks, charges, expenses and other information, which should be considered carefully before investing. To download a prospectus and summary prospectus (if available) [click here](#) or call 800.820.0888.

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