

Rydex|SGI Funds Reverse Share Split

Frequently Asked Questions

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

A. Rydex|SGI Large Cap Core Fund, Rydex|SGI Large Cap Value Fund, Rydex|SGI Mid Cap Growth Fund and Rydex|SGI U.S. Intermediate Bond Fund.

Q. What is a reverse share split?

A. A reverse share split is the process by which the number of shares of a fund are reduced and the price per share of the fund is increased by a predetermined 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 would a fund go through a reverse share split?

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

Q. Is a reverse share split a taxable event?

A. No. Shares were 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 Friday, April 8, 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, April 11, 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 April 8, 2011.

Q. How will the reverse share split be calculated on April 8, 2011?

A. On April 8, 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 April 8 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 (4/8/2011) NAV will still reflect the previous NAV, but Monday's (4/11/2011) NAV will reflect the predetermined ratio.

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 shares X \$2 per share = \$2,000

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

New share balance: 1,000 shares/4 = 250 shares

New NAV: \$2 per share X 4 = \$8 per share

250 shares X \$8 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.

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Frequently Asked Questions

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

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

A regular share split decreases the NAV and increases the numbers 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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