



2009 Tax Year Combined Form 1099-Div/B Fact Sheet

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PLEASE NOTE:

This fact sheet applies only to certain funds. Please see the following page for a complete list of applicable funds.

Rydex|SGI funds covered by this tax form fact sheet

Alternatives	Asset Allocation	Opportunistic
Alternative Strategies Allocation	All-Asset Aggressive Strategy	All-Cap Opportunity
Global 130/30 Strategy	All-Asset Conservative Strategy	International Opportunity
Global Market Neutral	All-Asset Moderate Strategy	
Long/Short Commodities Strategy		
Managed Futures Strategy		
Multi-Hedge Strategies		
Leverage/Inverse - Domestic Equity/Broad Market		Target Beta - Specialty - Sectors
Dow 2x Strategy		Banking
Inverse Dow 2x Strategy		Basic Materials
Inverse Mid-Cap Strategy		Biotechnology
Inverse NASDAQ-100® 2x Strategy		Consumer Products
Inverse NASDAQ-100® Strategy		Electronics
Inverse Russell 2000® 2x Strategy		Energy
Inverse Russell 2000® Strategy		Energy Services
Inverse S&P 500 2x Strategy		Financial Services
Inverse S&P 500 Strategy		Health Care
Mid-Cap 1.5x Strategy		Internet
NASDAQ-100®		Leisure
NASDAQ-100® 2x Strategy		Precious Metals
Nova		Retailing
Russell 2000®		Technology
Russell 2000® 1.5x Strategy		Telecommunications
Russell 2000® 2x Strategy		Transportation
S&P 500		Utilities
S&P 500 2x Strategy		
Target Beta - Pure Styles		Target Beta - Leverage/Inverse - Fixed Income
S&P 500 Pure Growth		Government Long Bond 1.2x Strategy
S&P 500 Pure Value		High Yield Strategy
S&P MidCap 400 Pure Growth		Inverse Government Long Bond Strategy
S&P MidCap 400 Pure Value		Inverse High Yield Strategy
S&P SmallCap 600 Pure Growth		
S&P SmallCap 600 Pure Value		
Target Beta - Specialty - Commodities		Target Beta - Leverage/Inverse - International Equity
Commodities Strategy		Europe 1.25x Strategy
Strengthening Dollar 2x Strategy		Japan 2x Strategy
Weakening Dollar 2x Strategy		
Target Beta - Specialty - Real Estate		Target Beta - Money Market
Real Estate		U.S. Government Money Market

Dear Shareholder:

As part of our ongoing efforts to keep you informed and up-to-date regarding your investments in the Rydex|SGI Funds, enclosed is important information necessary to complete your 2009 income tax returns. Your packet may include one or more of the following:

Form 1099-Div: This form is a record of all taxable dividend and capital gains earned in your mutual fund account during the 2009 calendar year. Please note that box 1a, "Ordinary Dividends", includes both dividend and short-term capital gains distributions. In accordance with IRS regulations, if you received a distribution that is less than \$10.00 in a fund, this information may not be included or reported on the Form 1099-Div. Box 1b reports any Qualified Dividends. Qualified Dividends may be eligible for a reduced tax rate. Box 2a reports any long-term capital gain distributions. Please refer to the instructions on the back of your 1099-Div for more information.

Form 1099-B: This form details the proceeds of all sales of mutual fund shares. This includes actual redemptions as well as exchanges out of a fund. The IRS requires mutual funds and brokers to report proceeds from all sales (exchanges and redemptions). "Fund Total" indicates the total amount of all redemptions and exchanges out of the fund. This form is NOT an indication of gains or losses in your account. You will not receive a 1099-B if you did not sell or exchange shares from a non-money market fund in 2009.

Important State Tax Information: This letter provides information to assist in the preparation of your state tax return. Please contact your state or local tax office and/or your tax advisor for specific information about your state's reporting requirements.

Please review these forms for accuracy, especially your Social Security Number and account type. If you find any errors, please contact us immediately. By contacting us early, you help us correct the information we report to the IRS in a timely manner.

You should have already received your 2009 Year-End Statement that lists all activity in your account. You will need this statement along with the information contained on your Form 1099-B in order to determine capital gains or losses resulting from the sale of fund shares. As always, we strongly encourage you to consult with a tax advisor to assist you in preparing your income tax returns.

If you have any questions about the enclosed information, please visit the "Tax Guide" section of our website at www.rydex-sgi.com or contact Shareholder Services at 800.820.0888 between the hours of 8:30 am and 5:30 pm ET, Monday through Friday.

Sincerely,



Carol Bauroth
Head of the Transfer Agency
Rydex Fund Services, Inc.

This information does not constitute tax advice. Please consult your tax advisor and/or state and local tax office for more complete information.

2009 IMPORTANT STATE TAX INFORMATION

The following information is provided to you to assist in the preparation of your 2009 state tax return.

We strongly recommend that you contact your state or local tax office and/or your tax advisor concerning reporting requirements for your particular state

The amount shown on the enclosed Form 1099-DIV labeled "ORDINARY DIVIDENDS" may include income that was derived from direct obligations of the United States government. Such income **may be** tax-exempt in your state. If so, multiply the income percentage shown below in Column A by the amount labeled "ORDINARY DIVIDENDS" on the enclosed Form 1099-DIV to determine the amount of exempt dividends.

State and local governments vary in their treatment of income derived from direct U.S. government obligations.

	COLUMN A	COLUMN A**
RYDEX SGIFUND (All Share Classes)	Percentage of ordinary income attributable to direct U.S. government obligations.	Percentage of ordinary income attributable to direct U.S. government obligations. (Tennessee Residents)
	See Footnote (A)	See Footnote (B)
Government Long Bond 1.2x Strategy Fund	99.84%	99.99%
Inverse S&P 500 Strategy Fund	23.98%*	42.88%
Inverse S&P 500 2x Strategy Fund	12.30%*	66.74%
U.S. Government Money Market Fund	34.18%*	43.67%
Commodities Strategy Fund	N/A	31.45%
Dow 2x Strategy Fund	N/A	1.94%
High Yield Strategy Fund	N/A	1.61%
International Opportunity Fund	N/A	4.94%
Nova Fund	N/A	1.22%
S&P 500 Fund	N/A	0.82%
S&P 500 2x Strategy Fund	N/A	3.17%

* This fund did not meet the threshold requirements for CA, CT or NY. Therefore, the percentage shown is not eligible for pass-through treatment in these states.

**Percents in this column should only be used by TN residents.

Note: If a fund that paid a distribution in 2009 is not listed in the table, the percentage is 0.00%.

- (A) In computing these percentages, direct U.S. government obligations held by the Rydex|SGI Funds included: U.S. Treasury Bills, U.S. Treasury Bonds, Federal Home Loan Bank Discount Notes, Federal Farm Credit Bank Discount Notes, Federal Home Loan Bank Bonds and Federal Farm Credit Bank Bonds. The Rydex|SGI Funds listed above both 1) paid a net investment income distribution and 2) held direct U.S. government obligations during this period.
- (B) In computing these percentages, direct U.S. government obligations held by the Rydex|SGI Funds included: U.S. Treasury Bills, U.S. Treasury Bonds, Federal Home Loan Bank Discount Notes, Federal Farm Credit Bank Discount Notes, Federal Home Loan Bank Bonds, Federal Farm Credit Bank Bonds and Repurchase agreements. The Rydex|SGI Funds listed above both 1) paid a net investment income distribution and 2) held direct U.S. government obligations during this period.

This information does not constitute tax advice. Please consult your tax advisor and/or state and local tax office for more complete information.

FAQ's for the Combined 1099-Div/B Form

FAQ's about Form 1099-Div:

Q: WHY DID I RECEIVE A 1099-DIV?

A: This form is a record of all taxable dividend and capital gains earned in your mutual fund account during the 2009 calendar year.

Q: WHY DIDN'T I RECEIVE A 1099-DIV?

A: Rydex|SGI provides 1099-Div forms to the following account types: Individual, Joint, Trust, UGMA/UTMA, and Association/Partnership. Corporations and any type of retirement account are among the account types that will not receive this form.

In accordance with IRS regulations, if you received a distribution that is less than \$10.00 in a fund, this information may not be included or reported on the 1099-Div form.

Q: MY YEAR-END STATEMENT LISTS DIVIDENDS AND SHORT-TERM CAPITAL GAINS BUT MY 1099-DIV ONLY LISTS DIVIDENDS. IS MY 1099-DIV MISSING INFORMATION?

A: No. Box 1a, "Ordinary Dividends," includes both dividend and short-term capital gains distributions. The total of the dividends and short-term capital gains listed on your year-end statement should be the same as the amount reported in box 1a, "Ordinary Dividends."

Q: WHAT ARE QUALIFIED DIVIDENDS?

A: Qualified Dividends may be eligible for a reduced tax rate and are reported in box 1b, "Qualified Dividends". See the Form 1040/1040A instructions for how to determine this amount.

Q: WHY IS A PORTION OF MY INCOME DIVIDEND LISTED IN BOX 3 – NONTAXABLE DISTRIBUTION?

A: This amount represents the portion of the income dividend that is nontaxable due to certain actions (including going out of business) of the company that paid income to the mutual fund. This is also called "Return of Capital."

FAQ's about Form 1099-B:

Q: WHY DID I RECEIVE A 1099-B?

A: This form reports redemption and exchange redemption proceeds from your non-money market, non-retirement mutual fund accounts for the calendar year.

Q: WHY DIDN'T I RECEIVE A 1099-B?

A: You will not receive a 1099-B if you did not sell or exchange shares from a **non-money market fund** in 2009. Also, Rydex|SGI only provides 1099-B forms to the following account types: Individual, Joint, Trust, UGMA/UTMA, and Association/Partnership.

Q: DOES THIS FORM REPORT MY GAINS OR LOSSES?

A: This form is NOT an indication of gains or losses in your account. Cost basis must be calculated in order to determine gains or losses.

This information does not constitute tax advice. Please consult your tax advisor and/or state and local tax office for more complete information.

FAQ's about Form 1099-B: (continued)

Q: WHAT ARE "GROSS PROCEEDS"?

A: Gross Proceeds are listed by fund and are the total proceeds for each sale of shares. An exchange from one Rydex|SGI fund to another is considered a sale and subsequent purchase of shares. The IRS requires mutual funds and brokers to report the proceeds from each sale, exchange or redemption transaction. Therefore, the sale of shares generated by the exchange out of a fund is included in the Gross Proceeds figure for that fund.

Q: I HOLD A-CLASS OR C-CLASS SHARES. ARE COMMISSIONS INCLUDED IN THE GROSS PROCEEDS?

A: Yes, gross proceeds are reported including any commissions.

Q: HOW DO I REPORT THIS INFORMATION ON MY TAXES?

A: Please see the table below or the back of the first page of your 1099-Div/B form for IRS directions. For more specific information, we strongly recommend that you contact a tax professional for more information.

General FAQ's about the Combined Form:

Q: WILL RYDEX|SGI PROVIDE COST BASIS INFORMATION FOR MY TRANSACTIONS?

A: Rydex|SGI will provide a Cost Basis Accounting (CBA) statement for eligible accounts and transactions. For more information, please see the link about CBA statements in the Tax Guide on our website. This statement is typically mailed in February.

Q: WHY DOESN'T RYDEX|SGI PROVIDE A TOTAL FOR ALL FUNDS REPORTED ON THE 1099-DIV OR 1099-B?

A: IRS regulations prohibit us from providing an aggregate total of all funds on both the 1099-Div and 1099-B.

Q: WHAT SHOULD I DO IF I BELIEVE ANY OF THE INFORMATION REPORTED ON MY 1099 DIV/B FORM IS INCORRECT?

A: Please contact Rydex|SGI shareholder services at 800.820.0888, Monday through Friday, 8:30 am - 5:30 pm, ET to speak with one of our representatives.

This information does not constitute tax advice. Please consult your tax advisor and/or state and local tax office for more complete information.

How to Read Your Form 1099-DIV

Box	Box Title	Description
	Fund Name	Shows the fund name for the fund being reported.
	Fund TIN	Shows the Tax Identification Number for the fund being reported.
1a	Ordinary Dividends	Shows total ordinary (short term) dividends that are taxable. Include this amount on line 9a of Form 1040 or 1040A. Also, report it on Schedule B (Form 1040) or Schedule 1 (Form 1040A), if required.
1b	Qualified Dividends	Shows the portion of the amount in box 1a that may be eligible for the 15% or zero capital gains rates. See the Form 1040/1040A instructions for how to determine this amount. Report the eligible amount on line 9b, Form 1040 or 1040A.
2a	Total Capital Gain Distributions	Shows total capital gain distributions (long-term) from a regulated investment company or real estate investment trust. Report the amounts shown in-box 2a on Schedule D (Form 1040), line 13. But, if no amount is shown in boxes 2c-2d and your only capital gains and losses are capital gain distributions, you may be able to report the amounts shown in box 2a on line 13 of Form 1040 (line 10 of Form 1040A) rather than Schedule D. See the Form 1040/1040A instructions.
3	Nontaxable Distribution	Shows the part of the distribution that is nontaxable because it is a return of your cost (or other basis). You must reduce your cost (or other basis) by this amount for figuring gain or loss when you sell your stock. But if you get back all your cost (or other basis), report future distributions as capital gains. See Pub. 550, Investment Income and Expenses
4	Federal Income Tax Withheld	Shows backup withholding. For example, a payer must backup withhold on certain payments at a 28% rate if you did not give your taxpayer identification number to the payer. See Form W-9, Request for Taxpayer Identification Number and Certification for information on backup withholding. Include this amount on your income tax return as tax withheld.
6	Foreign Tax Paid	Shows the foreign tax you may be able to claim as a deduction or credit on Form 1040. See the Form 1040 instructions.

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How to Read Your Form 1099-B

Box	Box Title	Description
	Fund Name	Shows the fund name for the fund being reported.
	Fund TIN	Shows the Taxpayer Identification Number for the fund being reported.
1a	Trade Date	Shows the trade date of the transaction.
1b	Portfolio CUSIP	Shows the CUSIP (Committee on Uniform Security Identification Procedures) number of the item reported.
2	Gross Proceeds	Shows the proceeds from the sale or exchange of your Rydex SGI Fund shares (excluding the US Government Money Market fund) during 2009. See the Form 1040/1040A instructions to determine how to report. This amount is not an indication of gains/losses.
4	Federal Income Tax Withheld	Shows backup withholding. Generally, a payer must backup withhold at a 28% rate if you did not furnish your taxpayer identification number to the payer. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on your income tax as tax withheld.

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