

FAQs: Class B-Shares Closing to New Purchases Effective January 4, 2010

Why are we closing B-Shares to new purchases?

Industry trends have shown a significant decrease in the sale of Class B-Shares. As a result, many mutual fund companies, including Rydex|SGI, have elected to close Class B-Shares.

When is the effective date?

Class B-Shares will be closed to new purchases on and after January 4, 2010. The following funds will be impacted:

Rydex|SGI Large Cap Value

Rydex|SGI Equity

Rydex|SGI Alpha Opportunity*

Rydex|SGI Global Equity

Rydex|SGI Mid Cap Value

Rydex|SGI Small Cap Growth

Rydex|SGI Select 25

Rydex|SGI Mid Cap Growth

Rydex|SGI U.S. Intermediate Bond

Rydex|SGI High Yield

What is the impact to shareholders?

Class B-Shares will no longer be available for purchases from existing and/or new shareholders on or after January 4, 2010. Automatic purchases in Class B-Shares made after this date will be redirected to A-Shares and will be subject to any applicable sales charges and pricing breakpoints. Class A-Shares have a lower total expense ratio than Class B-Shares. After January 4, 2010, current Class B-shareholders can continue to hold and/or exchange their Class B-Shares for Class B-Shares of other Rydex|SGI Funds listed above until the shares are redeemed or automatically rolled into Class A-Shares (which occurs after eight years).

Do shareholders have to take action?

No shareholder action is required at this time.

Can shareholders continue to reinvest dividends and capital gains after the effective date of January 4, 2010?

Class B-shareholders who have chosen to reinvest their Class B-Shares dividends and capital gains within Class B-Shares of the same fund may continue to do so after January 4, 2010.

However, shareholders who have chosen to reinvest their Class B-Shares dividends and capital gains from one fund into another fund may continue to do so until December 10, 2009, at which time future reinvestments of Class B-Shares dividends and capital gains from one fund into another fund shall cease, and such Class B-Shares will be rolled into A-Shares of the same fund.

Why can't shareholders reinvest dividends and capital gains of Class B-Shares from one fund to another fund after December 10, 2009?

Class B-Shares automatically roll to Class A-Shares at the end of eight years. After the closing of Class B-Shares, reinvestment of dividends and capital gains within the same fund will continue to roll automatically along with the shares from which the dividend or capital gain was generated. However, the automatic roll to A-Shares of Class B-share dividends and capital gains reinvested from one fund to another fund will not be operationally supported after December 10, 2009 (which is the last scheduled automatic roll of Class B-Shares to Class A-Shares prior to the closing of Class B-Shares).

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Are exchange privileges still available?

Yes, shareholders may exchange Class B-Shares of a Rydex|SGI fund for a Class B-share of another Rydex|SGI fund (those funds listed above).

Is this considered a taxable event?

The conversion from Class B-Shares to Class A-Shares is not considered a taxable event. However, if shareholders elect to redeem their Class B-Shares prior to the conversion, this may trigger a taxable event and shareholders should consult their tax advisor before taking action.

Will Class B-Shares cease to exist after 8 years?

Because Class B-Shares automatically roll to Class A-Shares after eight years, we expect all Class B-Shares for shareholders as of January 4, 2010 to cease to exist no later than January 4, 2018.

Read the fund's prospectus carefully before investing. It contains the fund's investment objectives, risks, charges, expenses and other information. Obtain a prospectus at www.rydex-sgi.com or call 800.820.0888.

Not FDIC insured. No bank guarantee. May lose value.

***Effective as of close of business 10/3/2008, Rydex|SGI Alpha Opportunity Fund is temporarily closed and will not accept subscriptions from new or existing shareholders. Shareholders may redeem or exchange their shares, as circumstances require, at any time.**

The funds are distributed by Rydex Distributors, Inc. (RDI). Security Global InvestorsSM is the investment advisory arm of Security Benefit Corporation (Security Benefit). Security Global Investors consists of Security Global Investors, LLC, Security Investors, LLC and Rydex Investments. Rydex Investments is the primary business name for PADCO Advisors, Inc. and PADCO Advisors II, Inc. SGI and RDI are affiliates and are subsidiaries of Security Benefit.