



RYDEX SPHINX LOOKS TO FUND BOARD TO REORGANIZE FUND

Open-end mutual fund structure will allow for daily liquidity and lower fees for investors

ROCKVILLE, Md., December 30, 2005—Rydex Investments announced today that Rydex SPhinX Fund will seek approval from the Fund's Board to reorganize the fund into and with Rydex Absolute Return Strategies Fund. The move would transform the current fund from a closed-end structure that allows for liquidity through quarterly tender offers into an existing open-end fund that provides investors with daily liquidity and fees that are substantially lower than Rydex SPhinX Fund's fees.

The reorganized multi-strategy fund would eliminate the second layer of fees associated with a fund of funds, as well as the incentive fees charged by the underlying hedge fund managers.

Launched in September 2005, Rydex Absolute Return Strategies Fund seeks to provide capital appreciation consistent with the return and risk characteristics of the hedge fund universe. To accomplish the fund's investment objective, Rydex Absolute Return Strategies Fund implements multiple trading strategies typically found in many hedge funds, including market neutral, equity long/short, merger arbitrage and fixed-income arbitrage. By integrating Rydex's experience with leverage, futures, short-selling and stock selection, investors get access to a multi-strategy product that may also provide diversification benefits because of its possible low correlation to the equity and bond markets.

"The original structure of Rydex SPhinX Fund was ideal at the time—offering investors and their financial advisors access to a registered fund of hedge funds," says Jeff Joseph, managing director, Rydex Investments Alternative Group. "Rydex SPhinX Fund was among the earliest hedge fund of fund products to offer lower minimums, SEC registration and transparency. The fund quickly became one of the fastest growing registered fund of hedge funds, reaching peak assets of \$275 million in 2005."

"Our industry evolves quickly and dramatically," says Joseph. "The contemplated fund reorganization will evolve Rydex SPhinX Fund to a more investor-friendly structure that is likely to be embraced by a wider audience of financial advisors who prefer the ease of transaction of open-end mutual funds. By staying ahead of the curve, we believe that we can provide a superior product to our clients with the same absolute return objective and breakthrough features of Rydex SPhinX Fund, but with the added benefits of daily liquidity and at a substantially lower cost to shareholders."

About Rydex

Rydex Investments, the investment advisor to Rydex funds, continues to drive change in the financial industry by introducing investment products and services that challenge conventional thinking, empower investors and provide essential new options for uncertain market conditions. Rydex manages \$14 billion in assets via 51 mutual funds, including three exchange traded products. For more information, call 800.258.4332 or visit www.rydexinvestments.com.

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For more complete information regarding Rydex funds, call 800.258.4332 for a prospectus. Investors should consider the investment objectives, risks, charges and expenses of a fund carefully before investing. The fund's prospectus contains this and other information about the fund. Please read the prospectus carefully before you invest or send money.

Rydex Absolute Return Strategies Fund is subject to a number of risks and may not be suitable for all investors. The fund's use of derivatives such as futures, options and swap agreements may expose the fund to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. The more the fund invests in leveraged instruments, the more the leverage will magnify any gains or losses on those investments. The fund's use of short selling involves increased risks and costs. The fund risks paying more for a security than it received from its sale. The fund's investments in high yield securities and unrated securities of similar credit quality ("junk bonds") may be subject to greater levels of interest rate, credit and liquidity risk than funds that do not invest in such securities. The fund's fixed income investments will change in value in response to interest rate changes and other factors. The fund's exposure to foreign currencies subjects the fund to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of short positions, that the U.S. dollar will decline in value relative to the currency being hedged. Additionally, diplomatic, political or economic developments in foreign countries could adversely impact the fund's investment in securities of foreign companies. These risks may cause the fund to experience higher losses and/or volatility than a fund that does not invest in derivatives, use leverage or short sales or have exposure to high yield/fixed income securities, foreign currencies and/or securities.

Rydex Distributors, Inc., an affiliate of Rydex Investments and Rydex Capital Partners, is the distributor of Rydex funds.