MF

LEVERAGED AND INVERSE FUNDS FOCUS

LEVERAGED AND INVERSE

AS OF 6.30.2013

Leveraged and inverse funds provide leveraged long or short exposure to the daily return of various indices or benchmarks.

Leveraged and inverse investment products provide the opportunity for magnified exposure to a desired index. Benchmarked daily to published indices, leveraged and inverse funds offer leveraged long or short exposure to the daily return of various indices or benchmarks. Due to their complex nature and inherent risks, these products should only be used by sophisticated investors with a solid understanding of the risks and the ongoing ability to closely monitor these investments. The funds' use of derivatives, such as futures, options and swap agreements, may expose the funds' shareholders to additional risks that they would not be subject to if they invested directly in the securities underlying those derivatives. The risks associated with the funds' use of futures and options contracts include that there may be an imperfect correlation between the changes in the market value of the derivatives and the underlying securities. The funds could experience greater losses or smaller gains than if the funds directly invested in the underlying securities.

LEVERAGED FUNDS

Leveraged funds allow you to magnify your exposure to a desired index. They seek to deliver multiples on a daily basis, such at 1.5 times or two times the performance of the index or benchmark they track. If you have a strong belief that the market is headed upward, you may want to invest in a leveraged investment.

Leverage causes the value of a fund's shares to be more volatile than if the fund did not use leverage. The increased exposure to an index is achieved through the use of instruments such as derivatives (e.g., futures, swaps and options) as well as through the underlying securities that enable the leveraged investment to pursue its objective. It's important to note that the use of borrowing (or other forms of leverage) provides the potential for greater gains and losses than those inherent in the underlying index.

Leveraged funds:

- Employ a strategy that seeks to magnify the index's exposure by a specific percentage on a daily basis.
- Provide enhanced exposure to an underlying benchmark per dollar invested.
- Are intended for investors who expect a specific index to go up and want accelerated investment gains when it does so—however, there is an increased risk of accelerated losses if the market declines.

INVERSE FUNDS

Inverse funds, sometimes referred to as "short" funds, move in the opposite direction of the market, meaning they attempt to deliver the opposite of the performance of the index they track on a daily basis. These funds are designed to increase in value when the market declines and decrease in value when the market rises. Their structure gives investors the ability to hedge a portfolio or potentially profit in a down market.

Inverse funds:

- Employ a strategy that seeks to inversely correspond to a specific percentage of the daily performance of a stated index.
- Provide an alternative to shorting individual stocks, bonds and currencies.
- Offer a potential portfolio hedge against market declines due to their daily inverse correlation to the underlying benchmark.
- The funds are also subject to short sales risk. Short sales are transactions in which funds sell a security they do not own, borrowing the security to make delivery to the buyer. They are obligated to replace the security borrowed by purchasing the security at the market price at the time of replacement. The price at such time may be higher or lower than the price at which the security was sold, resulting in a gain or a loss on the transaction.

A LESSON ON COMPOUNDING

At first glance, some investors might make the assumption that a leveraged or inverse fund will produce a simple multiple of an index's performance. For example, if the S&P 500® was up 5% in a single month, an uninformed in vestor might assume that a fund leveraged two times to the S&P 500® would deliver a 10% return during that same period. However, that simple assumption is incorrect. Compounding plays a major role in the ending performance of most funds, but especially leveraged or inverse funds.

LEVERAGE MAGNIFIES COMPOUNDING

As leveraged investments magnify the impact of market movements, the results of compounding are also magnified. In an upward- or downward-trending market, a leveraged investment that is on the correct side of the trend will see magn ified end results, while one on the wrong side of the trend will see magnified losses. When the underlying index is volatile, the leveraged fund will amplify this volatility.

AN EXAMPLE OF LEVERAGED AND INVERSE LEVERAGED COMPOUNDING

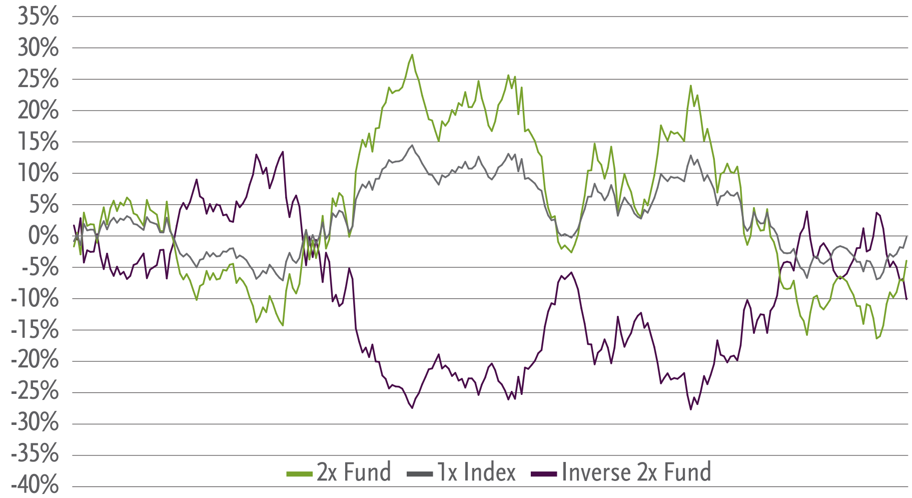
The following graphs further illustrate the impact of leverage and inverse leverage on fund performance in comparison to the perform ance of the fund's underlying index in three different markets—upward, flat and downward. Each of the three graphs shows a simulated hypothetical of the one-year performance of an index (1x index) compared with the p erformance of a fund that perfectly achieves its investment objective of exactly twice (200%) the daily index returns (2x index) and the inverse of exactly twice the daily index returns (inverse 2x index).

In order to isolate the impact of leverage, these hypothetical examples assume (i) no tracking error; (ii) no divi dends paid by the companies included in the underlying index; (iii) no expenses; and (iv) borrowing and/or lending rates (required to obtain leverage) of 0%. If tracking error, fund expenses and borrowing and lending rates of greater than 0% were include d in the graphs, the fund's performance (1x index) would be lower than that shown.

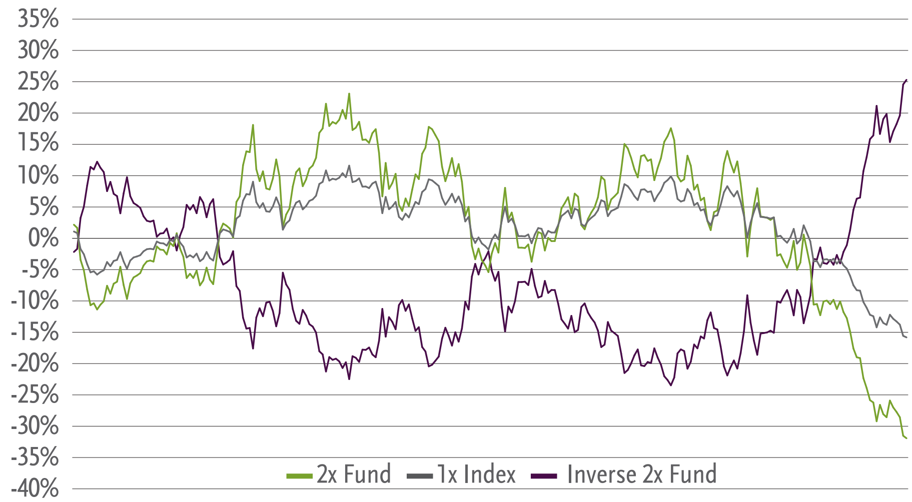
Each of the graphs assumes an index volatility of 20%. An index's volatility is a statistical measure of the magnitude of the fl uctuations in the returns of an index. For example, the average of the most recent three-year historica l volatility of the S&P 500® Index is 18.71% for the period ended 12.31.2011. The S&P 500® Index's volatility may be more or less significant at any given time. The indices underlying Rydex funds' benchmarks have different historical volatilities, which may be more or less significant t han the index volatilities assumed in the graphs shown. The hypothetical graphs are meant to demonstrate the effects of leverage and inverse leverage and are in no way indicative of the actual perfo rmance of any Rydex funds.

As illustrated by these simple examples, the effect of leverage can make it difficult to form longer-term expectations or judgments abou t a leveraged fund's performance given only the returns of the unleveraged index. As a general rule of thumb, more leverage will magnify the compounding effect. In addition, periods of high volatility in an underlying index will also cause the effects of compounding to be more pronounced .

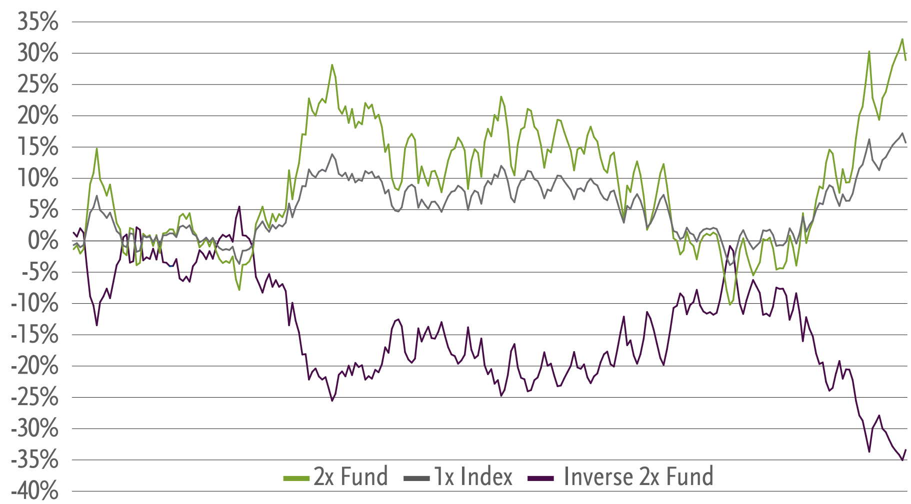
FLAT MARKET—ONE-YEAR SIMULATION



DOWNWARD MARKET—ONE-YEAR SIMULATION

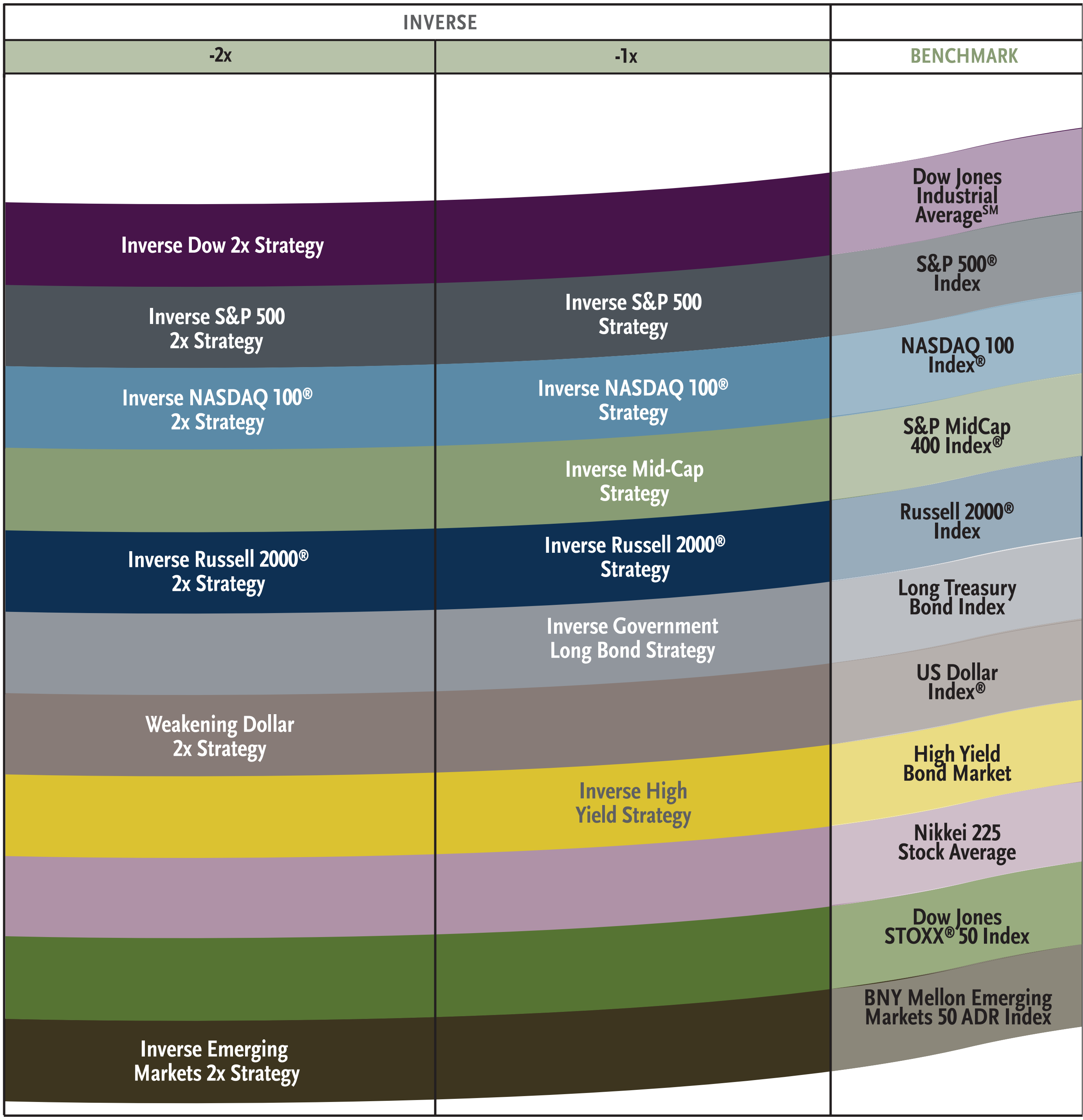


UPWARD MARKET—ONE-YEAR SIMULATION



The hypothetical graphs are meant to demonstrate the effects of leverage and inverse leverage and are in no way indicative of the actual performance of any Rydex funds.

RYDEX LEVERAGED AND INVERSE FUND LINE-UP



RYDEX LEVERAGED AND INVERSE FUND LINE-UP

LONG			
1x	1.2x/1.25x	1.5x	2x
			Dow 2x Strategy
S&P 500		Nova	S&P 500 2x Strategy
NASDAQ 100®			NASDAQ 100® 2x Strategy
		Mid-Cap 1.5x Strategy	
Russell 2000®		Russell 2000® 1.5x Strategy	Russell 2000® 2x Strategy
	Government Long Bond 1.2x Strategy		
			Strengthening Dollar 2x Strategy
High Yield Strategy			
			Japan 2x Strategy
	Europe 1.25x Strategy		
			Emerging Markets 2x Strategy Fund

THE IMPORTANCE OF MONITORING LEVERAGED AND INVERSE INVESTMENTS

The amplified effect of compounding on leveraged and inverse mutual funds underscores the importance of investors having a thorough understanding of these investments before making any investment decisions. Investors should monitor their leveraged and inverse holdings—as frequently as daily—to ensure that the holdings are consistent with their str ategies, and consult with their financial advisor before deciding what, if any, course of action to take for their particular situation.

RYDEX LEVERAGED AND INVERSE ANNUAL TOTAL RETURNS

Fund Name	Symbol	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception	Expense Ratio	Inception Date
Equity Leveraged (H-class/Investor class)									
Rydex Dow 2x Strategy	RYCVX	29.72%	35.48%	31.92%	7.96%	n/a	3.88%	1.79	2.20.2004
Rydex Emerging Markets 2x Strategy	RYWVX	-27.46%	-15.01%	n/a	n/a	n/a	-22.39%	1.77	10.29.2010
Rydex Europe 1.25x Strategy	RYEUX	-0.43%	18.46%	10.81%	-8.08%	2.43%	-3.36%	1.68	5.8.2000
Rydex Japan 2x Strategy	RYJHX	26.86%	42.80%	15.03%	-5.17%	n/a	-5.22%	1.51	2.22.2008
Rydex Mid-Cap 1.5x Strategy	RYMDX	20.98%	36.29%	25.70%	7.58%	10.39%	6.89%	1.67	8.16.2001
Rydex NASDAQ-100® 2x Strategy	RYVYX	18.65%	21.91%	36.16%	11.74%	10.69%	-13.20%	1.80	5.24.2000
Rydex Nova (Investor Class)	RYNVX	19.99%	29.66%	25.67%	6.28%	7.04%	7.58%	1.26	7.12.1993
Rydex Russell 2000® 1.5x Strategy	RYMKX	22.54%	34.13%	24.01%	7.37%	9.19%	4.29%	1.75	11.1.2000
Rydex Russell 2000® 2x Strategy	RYRSX	31.09%	46.99%	29.40%	3.98%	n/a	-1.03%	1.85	5.31.2006
Rydex S&P 500® 2x Strategy	RYTNX	26.78%	39.37%	32.21%	4.10%	5.88%	-3.89%	1.76	5.19.2000

Performance displayed represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than original cost. Current performance may be lower or higher than the performance data quoted. For up-to-date fund performance, including performance current to the most recent month end, please visit our web site at guggenheiminvestments.com.

Data is subject to change on a daily basis. Partial year returns are cumulative, not annualized. Returns reflect the reinvestment of dividends.

RYDEX LEVERAGED AND INVERSE ANNUAL TOTAL RETURNS

Fund Name	Symbol	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception	Expense Ratio	Inception Date
Equity Inverse (H-class/Investor class)									
Rydex Inverse Dow 2x Strategy	RYCWX	-25.88%	-32.45%	-35.03%	-28.54%	n/a	-17.90%	1.79	2.20.2004
Rydex Inverse Emerging Markets 2x Strategy	RYWYX	26.90%	0.44%	n/a	n/a	n/a	-3.27%	1.79	10.29.2010
Rydex Inverse Mid-Cap Strategy	RYMHX	-14.52%	-22.86%	-21.11%	-16.24%	n/a	-11.28%	1.67	2.20.2004
Rydex Inverse NASDAQ-100® 2x Strategy	RYVNX	-19.96%	-26.92%	-38.46%	-33.77%	-26.24%	-21.48%	1.79	5.23.2000
Rydex Inverse NASDAQ-100® Strategy (Investor Class)	RYAIX	-9.83%	-13.52%	-20.19%	-16.00%	-11.58%	-12.92%	1.45	9.3.1998
Rydex Inverse Russell 2000® 2x Strategy	RYIRX	-28.95%	-40.77%	-42.37%	-39.64%	n/a	-30.42%	1.86	5.31.2006
Rydex Inverse Russell 2000® Strategy	RYSHX	-15.48%	-22.55%	-22.04%	-18.42%	n/a	-11.79%	1.77	2.20.2004
Rydex Inverse S&P 500® 2x Strategy	RYTPX	-24.89%	-35.18%	-36.02%	-28.74%	-20.27%	-13.52%	1.76	5.19.2000
Rydex Inverse S&P 500® Strategy (Investor Class)	RYURX	-13.30%	-19.18%	-19.01%	-12.90%	-8.40%	-6.88%	1.41	1.7.1994
Fixed Income, Commodities, Currency (FICC) (H-class)									
Rydex Government Long Bond 1.2x Strategy (Investor Class)	RYGBX	-9.18%	-10.80%	7.95%	8.85%	6.08%	6.12%	0.95	1.3.1994
Rydex Inverse Government Long Bond Strategy (Investor Class)	RYJUX	10.34%	11.12%	-9.07%	-11.47%	-6.70%	-5.67%	4.13	3.3.1995
Rydex Inverse High Yield Strategy	RYIHX	-4.86%	-13.00%	-14.20%	-13.33%	n/a	-10.61%	1.51	4.16.2007
Rydex Strengthening Dollar 2x Strategy	RYSBX	6.87%	0.50%	-7.76%	-1.31%	n/a	-3.48%	1.69	5.25.2005
Rydex Weakening Dollar 2x Strategy	RYWBX	-9.46%	-6.25%	1.57%	-6.28%	n/a	-0.05%	1.69	5.25.2005

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Data is subject to change on a daily basis. Partial year returns are cumulative, not annualized. Returns reflect the reinvestment of dividends.

Inverse and leveraged funds are not suitable for all investors. • These funds should be utilized only by investors who (a) understand the risks associated with the use of leverage, (b) understand the consequences of seeking daily leveraged investment results, (c) understand the risk of shorting, and (d) intend to actively monitor and manage their investments. • The more a fund invests in leveraged instruments, the more the leverage will magnify any gains or losses on those investments. • Inverse funds involve certain risks, which include increased volatility due to the funds' possible use of short sales of securities and derivatives, such as options and futures. • The funds' use of derivatives, such as futures, options and swap agreements, may expose the funds' shareholders to additional risks that they would not be subject to if they invested directl in the securities underlying those derivatives. • Short-selling involves increased risks and costs. You risk paying more for a security than you received from its sale. • Leveraged and inverse funds seek to provide investment results that match the performance of a specific benchmark, before fees and expenses, on a daily basis. Because the funds seek to track the performance of their benchmark on a daily basis, mathematical compounding, especially with respect to those funds that use leverage as part of their investment strategy, may prevent a fund from correlating with the monthly, quarterly, annual or other period performance of its benchmark. **Due to the compounding of daily returns, leveraged and inverse funds' returns over periods other than one day will likely differ in amount and possibly direction from the benchmark return for the same period.** For those funds that consistently apply leverage, the value of the fund's shares will tend to increase or decrease more than the value of any increase or decrease in its benchmark index. The funds rebalance their portfolios on a daily basis, increasing exposure in response to that day's gains or reducing exposure in response to that day's losses. Daily rebalancing will impair a fund's performance if the benchmark experiences volatility. **Investors should monitor their leveraged and inverse funds' holdings consistent with their strategies, as frequently as daily.** • For more on these and other risks, please read the prospectus.

Shares of mutual funds are not deposits of, or guaranteed or endorsed by, any financial institution; are not insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board or any other agency; and involve risk, including the possible loss of the principal amount invested. See the prospectus for details on the specific risks of each fund. The funds are offered in multiple share classes. Please read the prospectus for information on fees, expenses and holding periods that may apply to each class. Each class invests in the same underlying portfolio. With the exception of the asset allocation funds, each fund is non-diversified and can invest a greater portion of its assets in securities of individual issuers than a diversified fund. Changes in the market value of a single security, therefore, could cause greater fluctuations in the value of the fund shares than would occur in a more diversified fund.

The funds are offered in multiple share classes. Read the prospectus for information on fees, expenses and holding periods that may apply to each class. Each class invests in the same underlying portfolio.

Read a 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. Obtain a prospectus and summary prospectus (if available) at guggenheiminvestments.com.

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