

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

| | | | |
|--|-----------------------------------|---|-----------------------------|
| 1 Issuer's name | | 2 Issuer's employer identification number (EIN) | |
| Rydex Dynamic Funds - Inverse S&P 500 2x Strategy Fund | | 52-2277643 | |
| 3 Name of contact for additional information | 4 Telephone No. of contact | 5 Email address of contact | |
| Glenn McWhinnie | 312-357-0356 | glenn.mcwhinnie@guggenheiminvestments.com | |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact | | 7 City, town, or post office, state, and Zip code of contact | |
| 227 West Monroe Street | | Chicago, IL 60606 | |
| 8 Date of action | | 9 Classification and description | |
| 11/7/16 | | Shares: 1 for 4 Reverse Split | |
| 10 CUSIP number | 11 Serial number(s) | 12 Ticker symbol | 13 Account number(s) |
| See attachment | | See attachment | |

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On September 23rd, 2016 Guggenheim Investments announced it would execute a 1 for 4 reverse split of shares of Rydex Dynamic Funds - Inverse S&P 500 2x Strategy Fund for shareholders of record after the close of markets on November 4th, 2016. The effective date of the reverse split was at market open on November 7th, 2016.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The total market value of the shares outstanding was not affected as a result of the reverse split, except with respect to the redemption of fractional shares. In general, a shareholders aggregated tax basis in his or hers shares held immediately prior to distribution should be allocated in proportion to the relative fair market value of the shares under IRC §358.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ 1 for 4 reverse split example:

| Period | #of shares owned | Hypothetical Market Price | Total Share Value |
|----------------------|------------------|---------------------------|-------------------|
| Pre-split | 100 | \$4 | \$400 |
| Post-split (11/7/16) | 25 | \$16 | \$400 |

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ **Internal Revenue Code §358.**

Blank lines for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ **Fractional shares sold November 7th, 2016, or soon as practicable, may result in a shareholder recognizing gain or loss on such fractional shares.**

Blank lines for providing information regarding fractional shares.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶

Blank lines for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ Glenn McWhinnie Date ▶ 12-12-16

Print your name ▶ Glenn McWhinnie Title ▶ Assistant Treasurer

| | | | | | |
|-------------------------------|---------------------------|----------------------|------|---|--------------|
| Paid Preparer Use Only | Firm type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| | Firm's name ▶ | | | | Firm's EIN ▶ |
| | Firm's address ▶ | | | | Phone no. |

Rydex Dynamic Funds - Inverse S&P 500 2X Strategy Fund
Attachment to: IRS Form 8937

EIN: 52-2277643

Part I Reporting Issuer

| <u>Share Class</u> | <u>Box 10 Cusip Number</u> | <u>Box 12 Ticker Symbol</u> |
|--------------------|--------------------------------|---------------------------------|
| A | 78355Y607 | RYTMX |
| C | 78355E304 | RYCBX |
| H | 783554421 | RYTPX |