



MARCH 31, 2010

RYDEX SERIES FUNDS ANNUAL REPORT

ASSET ALLOCATION FUNDS

RYDEX|SGI ALL-ASSET CONSERVATIVE STRATEGY FUND
(Formerly, Essential Portfolio Conservative Fund)

RYDEX|SGI ALL-ASSET MODERATE STRATEGY FUND
(Formerly, Essential Portfolio Moderate Fund)

RYDEX|SGI ALL-ASSET AGGRESSIVE STRATEGY FUND
(Formerly, Essential Portfolio Aggressive Fund)

RYDEX | SGI
SECURITY GLOBAL INVESTORSSM


GO GREEN! ELIMINATE MAILBOX CLUTTER

Go paperless with Rydex|SGI eDelivery—a service giving you full online access to account information and documents. Save time, cut down on mailbox clutter and be a friend to the environment with eDelivery.

With Rydex|SGI eDelivery you can:

- View online confirmations and statements at your convenience.
- Receive email notifications when your most recent confirmations, statements and other account documents are available for review.
- Access prospectuses, annual reports and semiannual reports online.

It's easy to enroll:

- 1/ Visit www.rydex-sgi.com and select “Individual Investors”
- 2/ Click on “eDelivery Sign-Up” 
- 3/ Follow the simple enrollment instructions

If you have **questions about Rydex|SGI eDelivery services**, contact one of our Shareholder Service Representatives at **800.820.0888**.



This report and the financial statements contained herein are submitted for the general information of our shareholders. The report is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

Distributed by Rydex Distributors, Inc.

TABLE OF CONTENTS

LETTER TO OUR SHAREHOLDERS	2
ABOUT SHAREHOLDERS' FUND EXPENSES	4
PERFORMANCE REPORTS AND FUND PROFILES	6
SCHEDULES OF INVESTMENTS	12
STATEMENTS OF ASSETS AND LIABILITIES	15
STATEMENTS OF OPERATIONS	16
STATEMENTS OF CHANGES IN NET ASSETS	18
FINANCIAL HIGHLIGHTS	20
NOTES TO FINANCIAL STATEMENTS	22
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	29
OTHER INFORMATION	30
INFORMATION ON BOARD OF TRUSTEES AND OFFICERS	31

LETTER TO OUR SHAREHOLDERS

DEAR SHAREHOLDER,

The U.S. economy has stabilized and displays signs of growing again, despite having shrunk 2.4 percent last year. It was the worst economic performance since 1946, and the longest recession since the 1930s. Yet, the S&P 500® Index has grown 75 percent since March 2009, staging the biggest rally since the Great Depression—propped up by more than \$8 trillion in government stimulus. And the U.S. earned \$10.5 billion on TARP Investments; with three-quarters of banks' bailout money returned, replaced by private capital.

In prepared remarks to the Dallas Regional Chamber, Fed Chairman Ben Bernanke said, "The economy has stabilized and is growing again, although we can hardly be satisfied when one out of every 10 U.S. workers is unemployed and family finances remain under great stress."

Steady Progress, But Certainty Still Elusive

Major market indexes continue their path to recovery, steadily recovering losses and hitting highs not seen since markets began a precipitous fall in September 2008. And there has been more than eight months of relative stability in house prices.

The yield differential between Treasuries and investment grade corporate bonds (i.e., "spread") recently narrowed to 1.59 percentage points, the lowest since November 2007, from a high of 6.56 percentage points in November 2008, according to Bank of America Merrill Lynch index data. And a benchmark indicator of U.S. corporate credit risk dropped to its lowest since March 17, when it was 82.5 basis points, CMA DataVision prices show. Narrowing spreads and reduction in risk are strong indications of growth potential building in the U.S. economy.

In currencies, the euro has been falling steadily against the dollar, while a report showed Europe's recovery stalled in the fourth quarter, spurring speculation the European Central Bank will keep interest rates at a record low. And the fastest growth in global currency reserves since the credit crisis is blunting a rise in Treasury yields, even as concern increases about record U.S. borrowing and an unprecedented budget deficit.

China may widen the daily trading band for its currency and allow the yuan to appreciate, the *Financial Times* reported, citing Ba Shusong, deputy director-general of the Financial Research Institute at the Development Research Center. And in mid-April, Singapore revalued its currency in a move widely interpreted as an anticipation of possible revaluation of the yuan – even though Chinese officials have ruled it out.

In commodities, crude oil climbed to a 17-month intraday high in April, to more than \$86 a barrel in New York, with a floor established at \$75 a barrel. Gold futures are up 3 percent this year after advancing 24 percent in 2009 as the dollar weakened and central banks and governments maintained low borrowing costs and spent trillions of dollars to stimulate economies. Gold reached a record \$1,215 an ounce on December 2, 2009.

Balancing Growth and Caution

Minutes of a March 16 Federal Reserve meeting, showed policy makers warned against raising rates too soon because unemployment may hobble a recovery in the world's largest economy. Separately, New York Fed President William Dudley said that the benchmark federal funds rate "needs to be exceptionally low for an extended period to contribute to easier financial conditions to support economic activity." The Fed has kept its target rate for overnight loans between banks at zero to 0.25 percent since December 2008.

LETTER TO OUR SHAREHOLDERS *(concluded)*

Companies in the S&P 500 Index are forecast to gain in the first quarter of 2010, building on strong performance in the last three months of 2009. We believe that stubbornly high unemployment will keep the Fed from raising rates too soon in order to avoid stifling the recovery. At the same time, the recent growth in global currency reserves will dampen the rise in Treasury yields, despite unprecedented U.S. borrowing and budget deficits. As the Asian currencies are allowed to appreciate and the euro stabilizes against the dollar, we expect to see a continued recovery in developed economies.

In any case, the broad array of product offering at Rydex|SGI can help investors either hedge or augment exposures to the equity or fixed-income markets, as well as introduce alternative assets and strategies into a portfolio to improve overall diversification. Thank you for the trust you place in us.

Sincerely,



Michael Byrum
President & Chief Investment Officer

Performance displayed represents past performance, which is no guarantee of future results. Fund performance is subject to daily market volatility and may be better or worse since the end of the last quarter. For up-to-date fund performance, call 800.820.0888 or visit www.rydex-sgi.com.

ABOUT SHAREHOLDERS' FUND EXPENSES *(Unaudited)*

All mutual funds have operating expenses and it is important for our shareholders to understand the impact of costs on their investments. Shareholders of a Fund incur two types of costs: (i) transaction costs, including sales charges (loads) on purchase payments, reinvested dividends, or other distributions; redemption fees; and exchange fees; and (ii) ongoing costs, including management fees, administrative services, and shareholder reports, among others. These ongoing costs, or operating expenses, are deducted from a fund's gross income and reduce the investment return of the fund.

A fund's expenses are expressed as a percentage of its average net assets, which is known as the expense ratio. The following examples are intended to help investors understand the ongoing costs (in dollars) of investing in a Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period and held for the entire six-month period beginning September 30, 2009 and ending March 31, 2010.

The following tables illustrate a Fund's costs in two ways:

Table 1. Based on actual Fund return. This section helps investors estimate the actual expenses paid over the period. The "Ending Account Value" shown is derived from the Fund's actual return, and the fourth column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. Investors may use the information here, together with the amount invested, to estimate the expenses paid over the period. Simply divide the Fund's account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number provided under the heading "Expenses Paid During Period."

Table 2. Based on hypothetical 5% return. This section is intended to help investors compare a Fund's cost with those of other mutual funds. The table provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses paid during the period. The example is useful in making comparisons because the U.S. Securities and Exchange Commission (the "SEC") requires all mutual funds to calculate expenses based on the 5% return. Investors can assess a Fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Certain retirement plans such as IRA, SEP, Roth IRA, 403(b) and Rydex prototype money purchase plan and profit sharing plan accounts are charged an annual \$15 maintenance fee. Upon liquidation of a retirement account, a \$15 account closing fee will be taken from the proceeds of the redemption.

The calculations illustrated above assume no shares were bought or sold during the period. Actual costs may have been higher or lower, depending on the amount of investment and the timing of any purchases or redemptions.

Note that the expenses shown in the table are meant to highlight and help compare ongoing costs only and do not reflect any transactional costs which may be incurred by a Fund.

More information about a Fund's expenses, including annual expense ratios for the past five years, can be found in the Financial Highlights section of this report. For additional information on operating expenses and other shareholder costs, please refer to the appropriate Fund prospectus.

ABOUT SHAREHOLDERS' FUND EXPENSES *(Unaudited) (concluded)*

	Expense Ratio†	Beginning Account Value September 30, 2009	Ending Account Value March 31, 2010	Expenses Paid During Period*
Table 1. Based on actual Fund return				
All-Asset Conservative Strategy Fund				
A-Class	0.00%	\$1,000.00	\$1,031.40	\$ —
C-Class	0.75%	1,000.00	1,027.00	3.79
H-Class	0.00%	1,000.00	1,031.40	—
All-Asset Moderate Strategy Fund				
A-Class	0.00%	1,000.00	1,042.50	—
C-Class	0.75%	1,000.00	1,038.20	3.81
H-Class	0.00%	1,000.00	1,041.40	—
All-Asset Aggressive Strategy Fund				
A-Class	0.00%	1,000.00	1,057.30	—
C-Class	0.75%	1,000.00	1,053.10	3.84
H-Class	0.00%	1,000.00	1,057.30	—
Table 2. Based on hypothetical 5% return (before expenses)				
All-Asset Conservative Strategy Fund				
A-Class	0.00%	1,000.00	1,024.93	—
C-Class	0.75%	1,000.00	1,021.19	3.78
H-Class	0.00%	1,000.00	1,024.93	—
All-Asset Moderate Strategy Fund				
A-Class	0.00%	1,000.00	1,024.93	—
C-Class	0.75%	1,000.00	1,021.19	3.78
H-Class	0.00%	1,000.00	1,024.93	—
All-Asset Aggressive Strategy Fund				
A-Class	0.00%	1,000.00	1,024.93	—
C-Class	0.75%	1,000.00	1,021.19	3.78
H-Class	0.00%	1,000.00	1,024.93	—

* Expenses are equal to the Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year, then divided by the number of days in the current fiscal year.

† Annualized and excludes expenses of the underlying funds in which the Funds invest.

ALL-ASSET CONSERVATIVE STRATEGY FUND

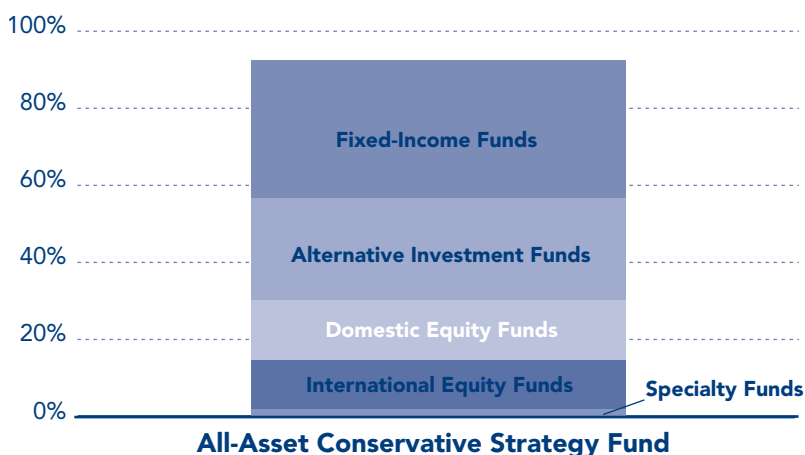
(Formerly, Essential Portfolio Conservative Fund)

OBJECTIVE: Primarily seeks preservation of capital and, secondarily, seeks long-term growth of capital.

Inception: June 30, 2006

From April 1, 2009 to March 31, 2010, the equity market has almost continuously gone up, after being depressed by the financial crisis just a few months prior to this period. Part of the market movement was the rebound from the over-sold positions, while the other part was due to support from the government through both fiscal and monetary policies. For this period, international equity (the MSCI EAFE Index) was up 54.44%, while the Russell 3000 Index was up 52.43%. The Barclays Aggregate Bond Index was well behind, up only 7.69%. In the last 30 years, this was the largest out performance of equities over bonds. Out of all fund components, Rydex Government Long Bond 1.2x Strategy Fund Investor Class was the worst performer, down 17.71%. In an extraordinary upward stock market environment, alternative strategies did not fare as well as the general market. Rydex|SGI alternative funds were not spared. Managed Futures Strategy Fund H-Class, which tends to perform best in high-volatility environments, lost 4.27%, while Rydex|SGI Multi-Hedge Strategies Fund H-Class returned 2.60%. All-Asset Conservative Strategy Fund H-Class returned 19.00% during the period.

Holdings Diversification (Market Exposure as % of Net Assets)



"Holdings Diversification (Market Exposure as % of Net Assets)" excludes any temporary cash investments.

Inception Dates:

A-Class	June 30, 2006
C-Class	June 30, 2006
H-Class	June 30, 2006

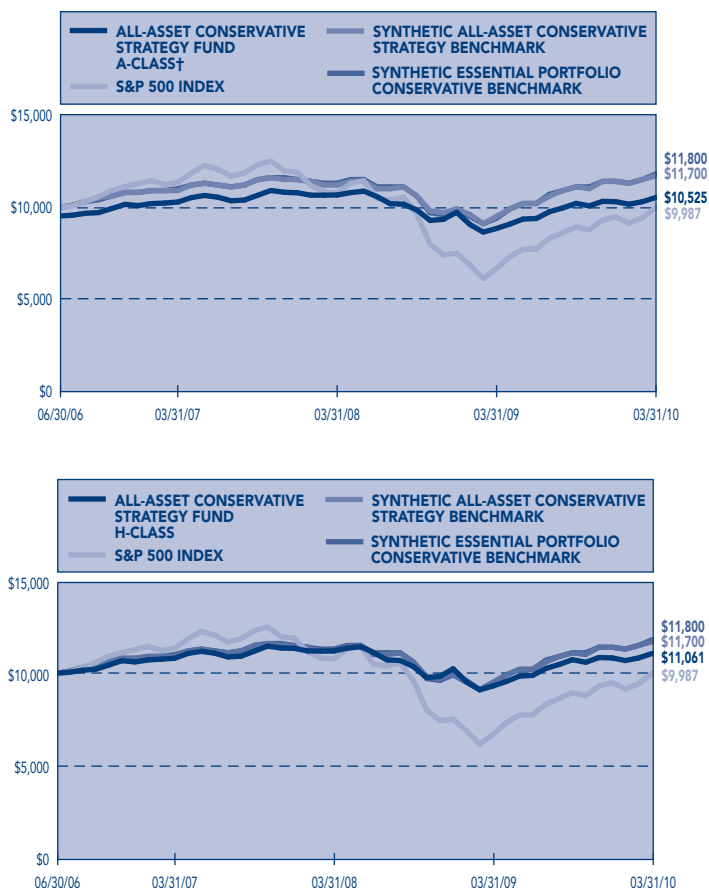
Ten Largest Holdings (% of Total Net Assets)

Rydex SGI Income Fund U.S. Intermediate Bond Fund	18.6%
RSF — Rydex SGI All-Cap Opportunity Fund	14.1%
Rydex SGI Income Fund High Yield Fund	11.1%
RSF — Rydex SGI Global Market Neutral Fund	8.3%
RSF — Rydex SGI Managed Futures Strategy Fund	8.2%
RSF — Government Long Bond 1.2x Strategy Fund	6.2%
Rydex SGI Large Cap Value Fund	5.0%
Rydex SGI Equity Fund® Large Cap Concentrated Growth Fund	4.9%
RSF — Rydex SGI Global 130/30 Strategy Fund	4.8%
RSF — Rydex SGI Multi-Hedge Strategies Fund	1.8%
Top Ten Total	83.0%

"Ten Largest Holdings" exclude any temporary cash or derivative investments.

PERFORMANCE REPORTS AND FUND PROFILES *(Unaudited) (continued)*

Cumulative Fund Performance



† Initial investment has been adjusted for the maximum sales charge of 4.75%.

AVERAGE ANNUAL TOTAL RETURNS FOR THE PERIOD ENDED 03/31/10

	A-Class (06/30/06)				C-Class (06/30/06)			H-Class (06/30/06)	
	ONE YEAR	ONE YEAR*	SINCE INCEPTION	SINCE INCEPTION*	ONE YEAR	ONE YEAR**	SINCE INCEPTION	ONE YEAR	SINCE INCEPTION
ALL-ASSET CONSERVATIVE STRATEGY FUND††	19.02%	13.38%	2.70%	1.37%	18.12%	17.12%	1.95%	19.00%	2.72%
S&P 500 INDEX	49.77%	49.77%	-0.04%	-0.04%	49.77%	49.77%	-0.04%	49.77%	-0.04%
SYNTHETIC ESSENTIAL PORTFOLIO CONSERVATIVE BENCHMARK♦	23.16%	23.16%	4.27%	4.27%	23.16%	23.16%	4.27%	23.16%	4.27%
SYNTHETIC ALL-ASSET CONSERVATIVE STRATEGY BENCHMARK♦♦	25.53%	25.53%	4.51%	4.51%	25.53%	25.53%	4.51%	25.53%	4.51%

†† On June 23, 2009, the Fund changed its benchmark from the Synthetic Essential Portfolio Conservative Benchmark to the Synthetic All-Asset Conservative Strategy Benchmark. The compositions of the comparative benchmarks were changed because the Advisor believes these benchmarks are the most appropriate benchmarks for comparative purposes given the investment strategy of the Fund.

* Fund returns are calculated using the maximum sales charge of 4.75%.

** Fund returns include a contingent deferred sales charge ("CDSC") of 1% if redeemed within 12 months of purchase.

♦ Benchmark reflects a 40/60 ratio of the performance of the S&P 500 Index and the Barclays Capital U.S. Aggregate Bond Index.

♦♦ Benchmark reflects 32% Russell 3000® Index, 8% MSCI EAFE Index®, and 60% Barclays Capital U.S. Aggregate Bond Index.

The returns presented above do not reflect the effects of taxes. Past performance is no guarantee of future results. The S&P 500 Index, Barclays Capital U.S. Aggregate Bond Index, Russell 3000 Index, and the MSCI EAFE Index are unmanaged indices and, unlike the Fund, have no management fees or other operating expenses to reduce their reported returns. Returns are historical and include changes in principal and reinvested dividends and capital gains. The graphs are based on A-Class shares and H-Class shares only; performance for C-Class shares will vary due to differences in fee structures.

ALL-ASSET MODERATE STRATEGY FUND

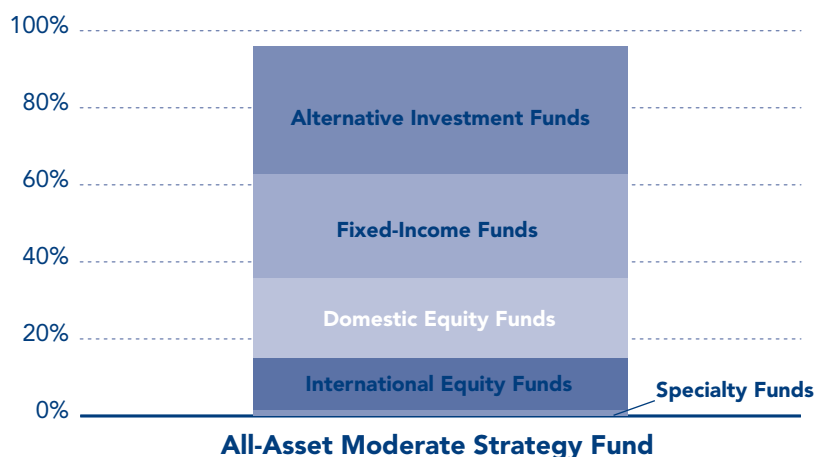
(Formerly, Essential Portfolio Moderate Fund)

OBJECTIVE: Primarily seeks growth of capital and, secondarily, seeks preservation of capital.

Inception: June 30, 2006

All-Asset Moderate Strategy Fund H-Class returned 26.18% for the one-year period ended March 31, 2010. The market environment in this period was not conducive to alternative asset classes, including Rydex|SGI alternative strategy funds. Managed Futures Strategy Fund H-Class which tends to perform the best in high-volatility environments lost 4.27%, while Multi-Hedge Strategies Fund H-Class returned 2.60%. During the period, the equity market has almost continuously gone up, after being depressed by the financial crisis just a few months prior to this period. Part of the market movement was the rebound from over-sold positions, while the other part was due to support from the government through both fiscal and monetary policies. For this period, international equity (the MSCI EAFE Index) was up 54.44%, while the Russell 3000 Index was up 52.43%. The Barclays Aggregate Bond Index was well behind, up only 7.69%. In the last 30 years, this was the largest out performance of equities over bonds. Out of all fund components, Rydex Government Long Bond 1.2x Strategy Fund Investor Class was the worst performer, down 17.71%.

Holdings Diversification (Market Exposure as % of Net Assets)



"Holdings Diversification (Market Exposure as % of Net Assets)" excludes any temporary cash investments.

Inception Dates:

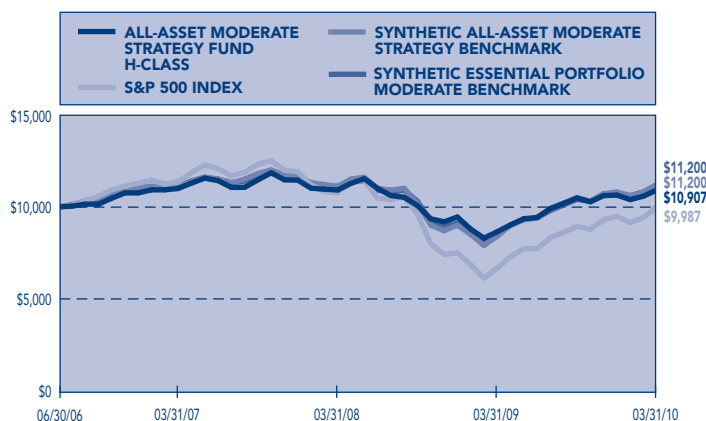
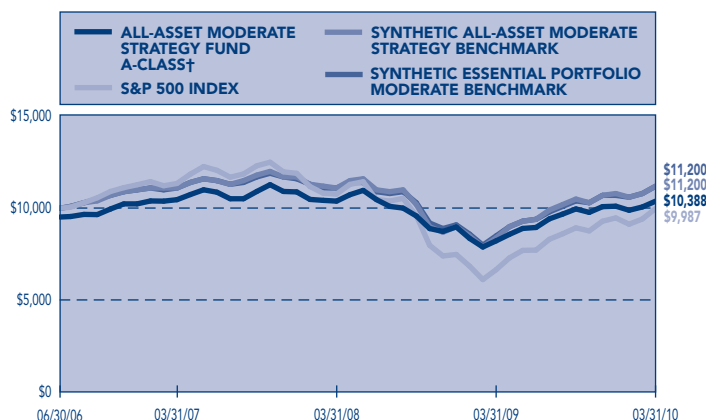
A-Class	June 30, 2006
C-Class	June 30, 2006
H-Class	June 30, 2006

Ten Largest Holdings (% of Total Net Assets)

RSF — Rydex SGI All-Cap Opportunity Fund	19.3%
Rydex SGI Income Fund U.S. Intermediate Bond Fund	19.1%
RSF — Rydex SGI Global Market Neutral Fund	8.6%
Rydex SGI Large Cap Value Fund	7.2%
Rydex SGI Equity Fund® Large Cap Concentrated Growth Fund	7.1%
RSF — Rydex SGI Managed Futures Strategy Fund	7.1%
RSF — Rydex SGI Global 130/30 Strategy Fund	5.1%
RSF — Government Long Bond 1.2x Strategy Fund	4.8%
Rydex SGI Income Fund High Yield Fund	4.7%
RSF — Rydex SGI International Opportunity Fund	4.3%
Top Ten Total	87.3%

"Ten Largest Holdings" exclude any temporary cash or derivative investments.

Cumulative Fund Performance



† Initial investment has been adjusted for the maximum sales charge of 4.75%.

AVERAGE ANNUAL TOTAL RETURNS FOR THE PERIOD ENDED 03/31/10

	A-Class (06/30/06)				C-Class (06/30/06)			H-Class (06/30/06)	
	ONE YEAR	ONE YEAR*	SINCE INCEPTION	SINCE INCEPTION*	ONE YEAR	ONE YEAR**	SINCE INCEPTION	ONE YEAR	SINCE INCEPTION
ALL-ASSET MODERATE STRATEGY FUND††	26.34%	20.27%	2.34%	1.02%	25.33%	24.33%	1.59%	26.18%	2.34%
S&P 500 INDEX	49.77%	49.77%	-0.04%	-0.04%	49.77%	49.77%	-0.04%	49.77%	-0.04%
SYNTHETIC ESSENTIAL PORTFOLIO MODERATE BENCHMARK♦	31.76%	31.76%	3.07%	3.07%	31.76%	31.76%	3.07%	31.76%	3.07%
SYNTHETIC ALL-ASSET MODERATE STRATEGY BENCHMARK♦♦	33.33%	33.33%	3.07%	3.07%	33.33%	33.33%	3.07%	33.33%	3.07%

†† On June 23, 2009, the Fund changed its benchmark from the Synthetic Essential Portfolio Moderate Benchmark to the Synthetic All-Asset Moderate Strategy Benchmark. The compositions of the comparative benchmarks were changed because the Advisor believes these benchmarks are the most appropriate benchmarks for comparative purposes given the investment strategy of the Fund.

* Fund returns are calculated using the maximum sales charge of 4.75%.

** Fund returns include a CDSC of 1% if redeemed within 12 months of purchase.

♦ Benchmark reflects a 60/40 ratio of the performance of the S&P 500 Index and the Barclays Capital U.S. Aggregate Bond Index.

♦♦ Benchmark reflects 48% Russell 3000® Index, 12% MSCI EAFE Index®, and 40% Barclays Capital U.S. Aggregate Bond Index.

The returns presented above do not reflect the effects of taxes. Past performance is no guarantee of future results. The S&P 500 Index, Barclays Capital U.S. Aggregate Bond Index, Russell 3000 Index, and the MSCI EAFE Index are unmanaged indices and, unlike the Fund, have no management fees or other operating expenses to reduce their reported returns. Returns are historical and include changes in principal and reinvested dividends and capital gains. The graphs are based on A-Class shares and H-Class shares only; performance for C-Class shares will vary due to differences in fee structures.

ALL-ASSET AGGRESSIVE STRATEGY FUND

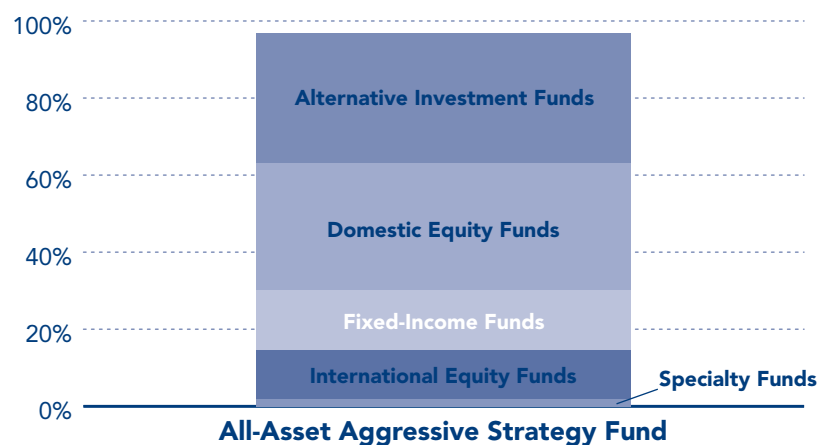
(Formerly, Essential Portfolio Aggressive Fund)

OBJECTIVE: Seeks growth of capital.

Inception: June 30, 2006

All-Asset Aggressive Strategy Fund H-Class returned 34.86% for the one-year period ended March 31, 2010. During the period, the equity market has almost continuously gone up, after being depressed by the financial crisis just a few months prior to this period. Part of the market movement was the rebound from the over-sold positions, while the other part was due to support from the government through both fiscal and monetary policies. For this period, international equity (the MSCI EAFE Index) was up by 54.44%, while the Russell 3000 Index was up by 52.43%. The Barclays Aggregate Bond Index was well behind, up only 7.69%. In the last 30 years, this was the largest out performance of equities over bonds. Out of all fund components, Rydex Government Long Bond 1.2x Strategy Fund Investor Class was the worst performer, down 17.71%. The market environment in this period was not very friendly to our alternative strategy funds. Managed Futures Strategy Fund H-Class which tends to perform the best in high-volatility environments, lost 4.27%, while our Multi-Hedge Strategies Fund H-Class returned 2.60%.

Holdings Diversification (Market Exposure as % of Net Assets)



"Holdings Diversification (Market Exposure as % of Net Assets)" excludes any temporary cash investments.

Inception Dates:

A-Class	June 30, 2006
C-Class	June 30, 2006
H-Class	June 30, 2006

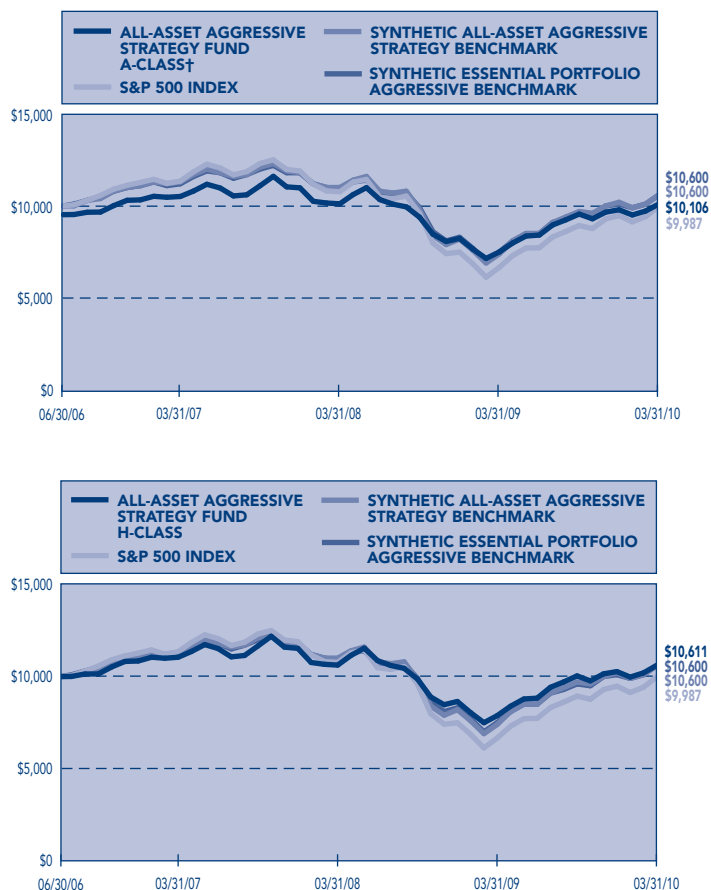
Ten Largest Holdings (% of Total Net Assets)

RSF — Rydex SGI All-Cap Opportunity Fund	19.2%
Rydex SGI Income Fund U.S. Intermediate Bond Fund	11.3%
Rydex SGI Large Cap Value Fund	9.9%
Rydex SGI Equity Fund® Large Cap Concentrated Growth Fund	9.8%
RSF — Rydex SGI Global Market Neutral Fund	7.9%
RSF — Rydex SGI Managed Futures Strategy Fund	6.4%
RSF — Rydex SGI International Opportunity Fund	5.3%
RSF — Rydex SGI Global 130/30 Strategy Fund	4.8%
Rydex SGI Mid Cap Growth Fund	3.0%
Rydex SGI Equity Fund® Mid Cap Value Fund	2.9%
Top Ten Total	80.5%

"Ten Largest Holdings" exclude any temporary cash or derivative investments.

PERFORMANCE REPORTS AND FUND PROFILES *(Unaudited) (concluded)*

Cumulative Fund Performance



† Initial investment has been adjusted for the maximum sales charge of 4.75%.

AVERAGE ANNUAL TOTAL RETURNS FOR THE PERIOD ENDED 03/31/10

	A-Class (06/30/06)				C-Class (06/30/06)			H-Class (06/30/06)	
	ONE YEAR	ONE YEAR*	SINCE INCEPTION	SINCE INCEPTION*	ONE YEAR	ONE YEAR**	SINCE INCEPTION	ONE YEAR	SINCE INCEPTION
ALL-ASSET AGGRESSIVE STRATEGY FUND††	34.67%	28.24%	1.59%	0.28%	33.72%	32.72%	0.81%	34.86%	1.59%
S&P 500 INDEX	49.77%	49.77%	-0.04%	-0.04%	49.77%	49.77%	-0.04%	49.77%	-0.04%
SYNTHETIC ESSENTIAL PORTFOLIO AGGRESSIVE BENCHMARK♦	41.33%	41.33%	1.57%	1.57%	41.33%	41.33%	1.57%	41.33%	1.57%
SYNTHETIC ALL-ASSET AGGRESSIVE STRATEGY BENCHMARK♦♦	43.24%	43.24%	1.57%	1.57%	43.24%	43.24%	1.57%	43.24%	1.57%

†† On June 23, 2009, the Fund changed its benchmark from the Synthetic Essential Portfolio Aggressive Benchmark to the Synthetic All-Asset Aggressive Strategy Benchmark. The compositions of the comparative benchmarks were changed because the Advisor believes these benchmarks are the most appropriate benchmarks for comparative purposes given the investment strategy of the Fund.

* Fund returns are calculated using the maximum sales charge of 4.75%.

** Fund returns include a CDSC of 1% if redeemed within 12 months of purchase.

♦ Benchmark reflects a 80/20 ratio of the performance of the S&P 500 Index and the Barclays Capital U.S. Aggregate Bond Index.

♦♦ Benchmark reflects 64% Russell 3000® Index, 16% MSCI EAFE Index®, and 20% Barclays Capital U.S. Aggregate Bond Index.

The returns presented above do not reflect the effects of taxes. Past performance is no guarantee of future results. The S&P 500 Index, Barclays Capital U.S. Aggregate Bond Index, Russell 3000 Index, and the MSCI EAFE Index are unmanaged indices and, unlike the Fund, have no management fees or other operating expenses to reduce their reported returns. Returns are historical and include changes in principal and reinvested dividends and capital gains. The graphs are based on A-Class shares and H-Class shares only; performance for C-Class shares will vary due to differences in fee structures.

SCHEDULE OF INVESTMENTS

March 31, 2010

ALL-ASSET CONSERVATIVE STRATEGY FUND

	Shares	Market Value		Face Amount	Market Value
MUTUAL FUNDS 90.3%††(a)			REPURCHASE AGREEMENT 9.6%†(b)		
Rydex SGI Income Fund U.S. Intermediate Bond Fund	765,111	\$ 3,144,605	Mizuho Financial Group, Inc. issued 03/31/10 at 0.00% due 04/01/10	\$1,626,989	\$ 1,626,989
RSF — Rydex SGI All-Cap Opportunity Fund*	189,852	2,390,242	Total Repurchase Agreement		<u>1,626,989</u>
Rydex SGI Income Fund High Yield Fund	150,637	1,879,947	(Cost \$1,626,989)		
RSF — Rydex SGI Global Market Neutral Fund*	61,192	1,402,513	Total Investments 99.9%		<u>\$16,933,512</u>
RSF — Rydex SGI Managed Futures Strategy Fund*	53,974	1,393,058	(Cost \$15,524,788)		
RSF — Government Long Bond 1.2x Strategy Fund	95,765	1,049,588	Other Assets in Excess of Liabilities – 0.1%		<u>\$ 13,058</u>
Rydex SGI Large Cap Value Fund	122,481	840,216	Net Assets – 100.0%		<u>\$16,946,570</u>
Rydex SGI Equity Fund® Large Cap Concentrated Growth Fund*	106,074	832,678			
RSF — Rydex SGI Global 130/30 Strategy Fund	89,509	819,902			
RSF — Rydex SGI Multi-Hedge Strategies Fund*	14,790	303,041			
RSF — Rydex SGI International Opportunity Fund	14,752	302,265			
Rydex SGI Mid Cap Growth Fund*	34,593	252,182			
Rydex SGI Equity Fund® Mid Cap Value Fund	8,550	248,806			
RSF — Rydex SGI Long/Short Commodities Strategy Fund*	5,239	138,680			
Rydex SGI Equity Fund® Small Cap Growth Fund*	6,949	83,175			
Rydex SGI Equity Fund® Small Cap Value Fund	5,686	80,401			
RSF — Commodities Strategy Fund	4,916	79,141			
RSF — Real Estate Fund	2,726	66,083			
Total Mutual Funds		<u>15,306,523</u>			
(Cost \$13,897,799)					

* Non-Income Producing Security.

† Repurchase Agreement - See Note 5.

†† A-Class shares of Affiliated Funds.

(a) Value determined based on Level 1 inputs - See Note 6.

(b) Value determined based on Level 2 inputs - See Note 6.

RSF — Rydex Series Funds.

SCHEDULE OF INVESTMENTS

March 31, 2010

ALL-ASSET MODERATE STRATEGY FUND

	Shares	Market Value		Face Amount	Market Value
MUTUAL FUNDS 97.7%††(a)			REPURCHASE AGREEMENT 2.4%†(b)		
RSF — Rydex SGI All-Cap Opportunity Fund*	571,082	\$ 7,189,921	Mizuho Financial Group, Inc. issued 03/31/10 at 0.00% due 04/01/10	\$873,736	\$ 873,736
Rydex SGI Income Fund U.S. Intermediate Bond Fund	1,724,787	7,088,873	Total Repurchase Agreement (Cost \$873,736)		<u>873,736</u>
RSF — Rydex SGI Global Market Neutral Fund*	139,996	3,208,704	Total Investments 100.1% (Cost \$33,091,820)		<u>\$37,199,401</u>
Rydex SGI Large Cap Value Fund	389,166	2,669,682	Liabilities in Excess of Other Assets – (0.1%)		<u>\$ (25,127)</u>
Rydex SGI Equity Fund® Large Cap Concentrated Growth Fund*	336,936	2,644,946	Net Assets – 100.0%		<u>\$37,174,274</u>
RSF — Rydex SGI Managed Futures Strategy Fund*	102,243	2,638,902			
RSF — Rydex SGI Global 130/30 Strategy Fund	205,828	1,885,387			
RSF — Government Long Bond 1.2x Strategy Fund	162,091	1,776,518			
Rydex SGI Income Fund High Yield Fund	141,487	1,765,755			
RSF — Rydex SGI International Opportunity Fund	77,217	1,582,184			
Rydex SGI Equity Fund® Mid Cap Value Fund	26,011	756,913			
Rydex SGI Mid Cap Growth Fund*	103,379	753,630			
RSF — Rydex SGI Long/Short Commodities Strategy Fund*	19,749	522,751			
RSF — Commodities Strategy Fund	32,372	521,181			
RSF — Rydex SGI Multi-Hedge Strategies Fund*	21,971	450,195			
RSF — Real Estate Fund	14,225	344,803			
Rydex SGI Equity Fund® Small Cap Value Fund	18,653	263,753			
Rydex SGI Equity Fund® Small Cap Growth Fund*	21,852	<u>261,567</u>			
Total Mutual Funds (Cost \$32,218,084)		<u>36,325,665</u>			

* Non-Income Producing Security.

† Repurchase Agreement - See Note 5.

†† A-Class shares of Affiliated Funds.

(a) Value determined based on Level 1 inputs - See Note 6.

(b) Value determined based on Level 2 inputs - See Note 6.

RSF — Rydex Series Funds.

SCHEDULE OF INVESTMENTS

March 31, 2010

ALL-ASSET AGGRESSIVE STRATEGY FUND

	Shares	Market Value		Face Amount	Market Value
MUTUAL FUNDS 97.2%††(a)			REPURCHASE AGREEMENT 2.7%†(b)		
RSF — Rydex SGI All-Cap Opportunity Fund*	261,462	\$ 3,291,801	Mizuho Financial Group, Inc. issued 03/31/10 at 0.00% due 04/01/10	\$462,506	\$ 462,506
Rydex SGI Income Fund U.S. Intermediate Bond Fund	469,632	1,930,188	Total Repurchase Agreement (Cost \$462,506)		<u>462,506</u>
Rydex SGI Large Cap Value Fund	248,446	1,704,343	Total Investments 99.9% (Cost \$15,252,776)		<u>\$17,127,228</u>
Rydex SGI Equity Fund® Large Cap Concentrated Growth Fund*	214,955	1,687,400	Other Assets in Excess of Liabilities – 0.1%		<u>\$ 23,179</u>
RSF — Rydex SGI Global Market Neutral Fund*	59,008	1,352,471	Net Assets – 100.0%		<u>\$17,150,407</u>
RSF — Rydex SGI Managed Futures Strategy Fund*	42,824	1,105,294			
RSF — Rydex SGI International Opportunity Fund	43,946	900,455			
RSF — Rydex SGI Global 130/30 Strategy Fund	90,464	828,651			
Rydex SGI Mid Cap Growth Fund*	70,047	510,641			
Rydex SGI Equity Fund® Mid Cap Value Fund	17,207	500,722			
RSF — Government Long Bond 1.2x Strategy Fund	44,505	487,770			
RSF — Real Estate Fund	15,465	374,866			
RSF — Commodities Strategy Fund	20,622	332,010			
RSF — Rydex SGI Long/Short Commodities Strategy Fund*	11,655	308,521			
Rydex SGI Equity Fund® Small Cap Value Fund	17,916	253,333			
Rydex SGI Equity Fund® Small Cap Growth Fund*	20,965	250,947			
Rydex SGI Income Fund High Yield Fund	19,897	248,316			
RSF — Russell 2000® Fund*	10,068	231,160			
RSF — Rydex SGI Multi-Hedge Strategies Fund*	11,246	230,439			
RSF — S&P 500 Fund	5,841	135,394			
Total Mutual Funds (Cost \$14,790,270)		<u>16,664,722</u>			

* Non-Income Producing Security.

† Repurchase Agreement - See Note 5.

†† A-Class shares of Affiliated Funds.

(a) Value determined based on Level 1 inputs - See Note 6.

(b) Value determined based on Level 2 inputs - See Note 6.

RSF — Rydex Series Funds.

STATEMENTS OF ASSETS AND LIABILITIES

March 31, 2010

	All-Asset Conservative Strategy Fund	All-Asset Moderate Strategy Fund	All-Asset Aggressive Strategy Fund
ASSETS			
Investment Securities in Affiliated Funds	\$15,306,523	\$36,325,665	\$16,664,722
Repurchase Agreements	1,626,989	873,736	462,506
Total Investments	16,933,512	37,199,401	17,127,228
Receivable for Fund Shares Sold	22,083	1,052	27,885
Investment Income Receivable from Affiliated Funds	2,626	4,393	1,202
Total Assets	16,958,221	37,204,846	17,156,315
LIABILITIES			
Payable to Affiliated Funds for Securities Purchased	2,851	4,679	1,292
Payable for Fund Shares Redeemed	2,787	13,379	154
Distribution and Service Fees Payable	6,013	12,514	4,462
Total Liabilities	11,651	30,572	5,908
NET ASSETS	\$16,946,570	\$37,174,274	\$17,150,407
NET ASSETS CONSIST OF			
Paid-In Capital	\$17,872,040	\$42,649,016	\$19,742,430
Undistributed Net Investment Income	135,362	215,068	55,895
Accumulated Net Realized Loss on Investments	(2,469,556)	(9,797,391)	(4,522,370)
Net Unrealized Appreciation on Investments	1,408,724	4,107,581	1,874,452
NET ASSETS	\$16,946,570	\$37,174,274	\$17,150,407
A-Class	\$ 2,805,456	\$ 9,906,899	\$ 6,457,378
C-Class	9,473,965	19,607,381	7,062,607
H-Class	4,667,149	7,659,994	3,630,422
SHARES OUTSTANDING			
A-Class	277,391	1,007,179	695,078
C-Class	964,577	2,051,652	784,162
H-Class	461,118	778,465	390,935
NET ASSET VALUES			
A-Class	\$10.11	\$9.84	\$9.29
A-Class Maximum Offering Price*	10.61	10.33	9.75
C-Class	9.82	9.56	9.01
H-Class	10.12	9.84	9.29
Cost of Investments	\$15,524,788	\$33,091,820	\$15,252,776

* Net asset value adjusted for the maximum sales charge of 4.75% of offering price, calculated NAV/(1-4.75%).

STATEMENTS OF OPERATIONS

Year Ended March 31, 2010

	All-Asset Conservative Strategy Fund	All-Asset Moderate Strategy Fund	All-Asset Aggressive Strategy Fund
INVESTMENT INCOME			
Interest	\$ 647	\$ 781	\$ 285
Dividends from Affiliated Funds	181,500	334,041	84,864
Total Income	182,147	334,822	85,149
EXPENSES			
Distribution & Service Fees:			
C-Class	57,804	146,996	45,138
Custody Fees	146	378	75
Total Expenses	57,950	147,374	45,213
Net Investment Income	124,197	187,448	39,936
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS			
Net Realized Gain (Loss) on:			
Affiliated Investment Securities	628,199	1,745,709	1,874,682
Realized Gain Distributions Received from Affiliated Funds	11,525	28,908	17,244
Total Net Realized Gain	639,724	1,774,617	1,891,926
Net Change in Unrealized Appreciation (Depreciation) on:			
Investment Securities	1,448,397	5,927,044	2,476,505
Net Change in Unrealized Appreciation (Depreciation)	1,448,397	5,927,044	2,476,505
Net Gain on Investments	2,088,121	7,701,661	4,368,431
Net Increase in Net Assets from Operations	\$2,212,318	\$7,889,109	\$4,408,367

This page intentionally left blank.

STATEMENTS OF CHANGES IN NET ASSETS

	All-Asset Conservative Strategy Fund		All-Asset Moderate Strategy Fund	
	Year Ended March 31, 2010	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2009
FROM OPERATIONS				
Net Investment Income	\$ 124,197	\$ 407,727	\$ 187,448	\$ 665,906
Net Realized Gain (Loss) on Investments	639,724	(2,848,339)	1,774,617	(10,604,666)
Net Change in Unrealized Appreciation (Depreciation) on Investments	1,448,397	(168,692)	5,927,044	(208,696)
Net Increase (Decrease) in Net Assets from Operations	2,212,318	(2,609,304)	7,889,109	(10,147,456)
DISTRIBUTIONS TO SHAREHOLDERS FROM:*				
Net Investment Income				
A-Class	(46,919)	(46,893)	(181,973)	(17,007)
C-Class	(154,231)	(72,527)	(353,869)	(45,786)
H-Class	(57,560)	(62,462)	(114,562)	(16,709)
Realized Gain on Investments				
A-Class	(2,025)	(55,079)	(7,728)	(117,048)
C-Class	(6,656)	(85,187)	(15,027)	(315,116)
H-Class	(2,484)	(73,366)	(4,865)	(114,994)
Total Distributions to Shareholders	(269,875)	(395,514)	(678,024)	(626,660)
SHARE TRANSACTIONS				
Proceeds from Shares Purchased				
A-Class	2,771,441	3,184,417	6,093,317	4,027,378
C-Class	6,862,753	5,193,932	6,542,120	7,691,246
H-Class	2,804,609	4,206,848	5,480,540	7,667,158
Redemption Fees Collected				
A-Class	691	1,241	6,784	2,207
C-Class	1,905	1,673	13,624	7,040
H-Class	881	1,835	4,711	3,070
Value of Shares Purchased through Dividend Reinvestment				
A-Class	44,175	78,514	163,536	123,280
C-Class	148,390	146,760	349,382	345,607
H-Class	55,860	123,401	112,274	123,890
Cost of Shares Redeemed				
A-Class	(2,700,284)	(4,554,407)	(6,164,594)	(4,511,332)
C-Class	(3,641,473)	(4,224,264)	(9,138,829)	(13,987,437)
H-Class	(1,748,551)	(7,270,527)	(5,569,956)	(10,502,859)
Net Increase (Decrease) in Net Assets From Share Transactions	4,600,397	(3,110,577)	(2,107,091)	(9,010,752)
Net Increase (Decrease) in Net Assets	6,542,840	(6,115,395)	5,103,994	(19,784,868)
NET ASSETS—BEGINNING OF PERIOD	10,403,730	16,519,125	32,070,280	51,855,148
NET ASSETS—END OF PERIOD	\$16,946,570	\$10,403,730	\$37,174,274	\$ 32,070,280
Undistributed Net Investment Income—End of Period	\$ 135,362	\$ 269,875	\$ 215,068	\$ 678,024

* For financial reporting purposes, certain distributions from net investment income for federal income tax purposes have been reclassified to distributions from realized gains.

**All-Asset
Aggressive Strategy Fund**

Year Ended March 31, 2010	Year Ended March 31, 2009
\$ 39,936	\$ 184,349
1,891,926	(5,284,888)
2,476,505	200,395
4,408,367	(4,900,144)
(70,250)	(184,383)
(70,882)	(128,799)
(37,616)	(92,075)
(6,272)	(3,482)
(6,329)	(2,432)
(3,358)	(1,737)
(194,707)	(412,908)
2,124,848	1,619,522
2,646,769	2,809,535
1,506,274	3,059,297
796	2,032
776	1,514
436	1,035
45,349	97,327
73,772	122,413
40,849	93,386
(2,799,013)	(2,545,792)
(1,875,260)	(2,647,763)
(2,124,552)	(3,224,177)
(358,956)	(611,671)
3,854,704	(5,924,723)
13,295,703	19,220,426
\$17,150,407	\$13,295,703
\$ 55,895	\$ 194,707

FINANCIAL HIGHLIGHTS

This table is presented to show selected data for a share outstanding throughout each period, and to assist shareholders in evaluating a Fund's performance for the periods presented.

Year Ended	RATIOS TO AVERAGE NET ASSETS:													
	NET ASSET VALUE, BEGINNING OF PERIOD	Net Investment Income (Loss)†	Net Realized and Unrealized Gains (Losses) on Investments	Net Increase (Decrease) in Net Asset Value Resulting from Operations	Distributions from Net Investment Income	Distributions from Net Realized Gains	Total Distributions	Redemption Fees Collected	NET ASSET VALUE, END OF PERIOD	Total Investment Return†††	Total Expenses††	Net Investment Income (Loss)	Portfolio Turnover Rate	Net Assets, End of Period (000's omitted)
All-Asset Conservative Strategy Fund A-Class														
March 31, 2010	\$ 8.64	\$.12	\$ 1.52	\$ 1.64	\$ (1.16)	\$ (0.01)	\$ (1.17)	\$ —	\$10.11	19.02%	0.00%	1.27%	174%	\$ 2,805
March 31, 2009	10.74	.28	(2.08)	(1.80)	(.14)	(.16)	(.30)	—	8.64	(17.05)%	0.00%	2.84%	230%	2,274
March 31, 2008	10.70	.26	.12	.38	(.22)	(.14)	(.36)	.02	10.74	3.70%	0.01%	2.39%	119%	4,431
March 31, 2007*	10.00	.20	.56	.76	(.09)	—	(.09)	.03	10.70	7.94%	0.01%**	2.47%**	105%	782
All-Asset Conservative Strategy Fund C-Class														
March 31, 2010	8.46	.05	1.48	1.53	(.16)	(.01)	(.17)	—	9.82	18.12%	0.75%	0.58%	174%	9,474
March 31, 2009	10.60	.28	(2.12)	(1.84)	(.14)	(.16)	(.30)	—	8.46	(17.65)%	0.75%	2.87%	230%	5,107
March 31, 2008	10.65	.17	.12	.29	(.22)	(.14)	(.36)	.02	10.60	2.86%	0.75%	1.53%	119%	5,074
March 31, 2007*	10.00	.08	.63	.71	(.09)	—	(.09)	.03	10.65	7.44%	0.76%**	1.05%**	105%	2,804
All-Asset Conservative Strategy Fund H-Class														
March 31, 2010	8.65	.12	1.52	1.64	(.16)	(.01)	(.17)	—	10.12	19.00%	0.00%	1.28%	174%	4,667
March 31, 2009	10.75	.31	(2.11)	(1.80)	(.14)	(.16)	(.30)	—	8.65	(17.03)%	0.00%	3.14%	230%	3,022
March 31, 2008	10.71	.25	.13	.38	(.22)	(.14)	(.36)	.02	10.75	3.69%	0.01%	2.28%	119%	7,014
March 31, 2007*	10.00	.15	.62	.77	(.09)	—	(.09)	.03	10.71	8.04%	0.01%**	1.93%**	105%	3,634
All-Asset Moderate Strategy Fund A-Class														
March 31, 2010	7.93	.09	1.99	2.08	(.17)	(.01)	(.18)	.01	9.84	26.34%	0.00%	0.94%	170%	9,907
March 31, 2009	10.18	.20	(2.31)	(2.11)	(.02)	(.12)	(.14)	—	7.93	(20.85)%	0.00%	2.14%	220%	7,907
March 31, 2008	10.56	.17	(.24)	(.07)	(.12)	(.19)	(.31)	—	10.18	(0.75)%	0.01%	1.58%	125%	10,214
March 31, 2007*	10.00	.18	.79	.97	(.10)	(.32)	(.42)	.01	10.56	9.90%	0.00%**	2.26%**	66%	9,719
All-Asset Moderate Strategy Fund C-Class														
March 31, 2010	7.77	.02	1.94	1.96	(.17)	(.01)	(.18)	.01	9.56	25.33%	0.75%	0.17%	170%	19,607
March 31, 2009	10.05	.11	(2.25)	(2.14)	(.02)	(.12)	(.14)	—	7.77	(21.42)%	0.75%	1.22%	220%	17,885
March 31, 2008	10.50	.10	(.24)	(.14)	(.12)	(.19)	(.31)	—	10.05	(1.43)%	0.76%	0.90%	125%	30,282
March 31, 2007*	10.00	.11	.80	.91	(.10)	(.32)	(.42)	.01	10.50	9.29%	0.75%**	1.34%**	66%	18,551
All-Asset Moderate Strategy Fund H-Class														
March 31, 2010	7.94	.08	1.99	2.07	(.17)	(.01)	(.18)	.01	9.84	26.18%	0.00%	0.92%	170%	7,660
March 31, 2009	10.18	.16	(2.26)	(2.10)	(.02)	(.12)	(.14)	—	7.94	(20.75)%	0.00%	1.73%	220%	6,219
March 31, 2008	10.56	.13	(.20)	(.07)	(.12)	(.19)	(.31)	—	10.18	(0.75)%	0.01%	1.22%	125%	11,359
March 31, 2007*	10.00	.18	.79	.97	(.10)	(.32)	(.42)	.01	10.56	9.90%	0.00%**	2.32%**	66%	8,623
All-Asset Aggressive Strategy Fund A-Class														
March 31, 2010	6.98	.05	2.37	2.42	(.10)	(.01)	(.11)	—	9.29	34.67%	0.00%	0.55%	185%	6,457
March 31, 2009	9.69	.12	(2.60)	(2.48)	(.22)	(.01)	(.23)	—	6.98	(25.81)%	0.02%	1.40%	278%	5,389
March 31, 2008	10.28	.11	(.48)	(.37)	(.06)	(.16)	(.22)	—	9.69	(3.77)%	0.01%	1.01%	120%	8,596
March 31, 2007*	10.00	.24	.77	1.01	(.10)	(.64)	(.74)	.01	10.28	10.37%	0.00%**	3.11%**	92%	13,854
All-Asset Aggressive Strategy Fund C-Class														
March 31, 2010	6.82	(.02)	2.32	2.30	(.10)	(.01)	(.11)	—	9.01	33.72%	0.75%	(0.21)%	185%	7,063
March 31, 2009	9.56	.05	(2.56)	(2.22)	(.22)	(.01)	(.23)	—	6.82	(26.48)%	0.77%	0.59%	278%	4,667
March 31, 2008	10.22	.06	(.50)	(.44)	(.06)	(.16)	(.22)	—	9.56	(4.48)%	0.76%	0.60%	120%	6,178
March 31, 2007*	10.00	(.03)	.98	.95	(.10)	(.64)	(.74)	.01	10.22	9.76%	0.75%**	(0.34)**	92%	6,537

FINANCIAL HIGHLIGHTS (concluded)

This table is presented to show selected data for a share outstanding throughout each period, and to assist shareholders in evaluating a Fund's performance for the periods presented.

Year Ended	RATIOS TO AVERAGE NET ASSETS:													
	NET ASSET VALUE, BEGINNING OF PERIOD	Net Investment Income†	Net Realized and Unrealized Gains (Losses) on Investments	Net Increase (Decrease) in Net Asset Value Resulting from Operations	Distributions from Net Investment Income◇	Distributions from Net Realized Gains◇	Total Distributions	Redemption Fees Collected	NET ASSET VALUE, END OF PERIOD	Total Investment Return†††	Total Expenses†††	Net Investment Income	Portfolio Turnover Rate	Net Assets, End of Period (000's omitted)
All-Asset Aggressive Strategy Fund H-Class														
March 31, 2010	\$ 6.97	\$.04	\$ 2.39	\$ 2.43	\$ (1.10)	\$ (.01)	\$ (.11)	\$ —	\$ 9.29	34.86%	0.00%	0.53%	185%	\$ 3,630
March 31, 2009	9.69	.11	(2.60)	(2.49)	(.22)	(.01)	(.23)	—	6.97	(25.92)%	0.02%	1.22%	278%	3,240
March 31, 2008	10.29	.08	(.46)	(.38)	(.06)	(.16)	(.22)	—	9.69	(3.87)%	0.01%	0.80%	120%	4,447
March 31, 2007*	10.00	.15	.87	1.02	(.10)	(.64)	(.74)	.01	10.29	10.48%	0.00%**	1.94%**	92%	6,486

* Since the commencement of operations: June 30, 2006.

** Annualized

† Calculated using the average daily shares outstanding.

†† Does not include expenses of the underlying funds in which the Funds invest.

††† Total investment return does not reflect the impact of any applicable sales charges and has not been annualized.

◇ For financial reporting purposes, certain distributions from net investment income for federal income tax purposes have been reclassified to distributions from realized gains.

\$ Less than \$.01 per share.

NOTES TO FINANCIAL STATEMENTS

1. Organization and Significant Accounting Policies Organization

The Rydex Series Funds (the "Trust") is registered with the SEC under the Investment Company Act of 1940 (the "1940 Act") as a non-diversified, open-ended investment company. The Trust offers seven separate classes of shares, Investor Class shares, Investor2 Class shares, Advisor Class shares, A-Class shares, C-Class shares, H-Class shares, and Y-Class shares. C-Class shares have a 1% CDSC if shares are redeemed within 12 months of purchase. Sales of shares of each Class are made without a sales charge at the net asset value per share, with the exception of A-Class shares. A-Class shares are sold at net asset value, plus the applicable front-end sales charge, except for U.S. Government Money Market Fund. The sales charge varies depending on the amount purchased, but will not exceed 4.75%. A-Class share purchases of \$1 million or more are exempt from the front-end sales charge but have a 1% CDSC if shares are redeemed within 18 months of purchase.

At March 31, 2010, the Trust consisted of fifty-five separate Funds. This report covers the Asset Allocation Funds (the "Funds"), while the other Funds are contained in separate reports.

Each Fund is a "fund of funds," which means that it seeks to achieve its investment objective by investing primarily in a combination of funds within the same group of affiliated investment companies (the SGI Funds and the Rydex family of mutual funds) and exchange-traded funds ("ETFs") (collectively, the "underlying funds") instead of in individual securities. The SGI Funds are advised by Security Investors, LLC and Security Global Investors, LLC (collectively, "Security Global Investors"). Rydex Investments and Security Global Investors are subsidiaries of Security Benefit Corporation.

At March 31, 2010, only A-Class, C-Class and H-Class shares had been issued by the Funds. All share classes of the Funds are subject to a 1% redemption fee if redeemed within 30 days of purchase.

Rydex Investments provides advisory, transfer agent and administrative services, and accounting services to the Trust. Rydex Distributors, Inc. (the "Distributor") acts as principal underwriter for the Trust. Both Rydex Investments and the Distributor are affiliated entities.

Significant Accounting Policies

The following significant accounting policies and the preparation of financial statements are in conformity with U.S. generally accepted accounting principles and are consistently followed by the Trust. This requires

management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. All time references are based on Eastern Time.

A. Open-end investment companies are valued at their Net Asset Value per share ("NAV") as of the close of business, usually 4:00 p.m. on the valuation date. ETFs and closed-end investment companies are valued at the last quoted sales price. Debt securities with a maturity greater than 60 days at acquisition are valued at the last traded fill price at the close of business, unless no trades were executed. If there are no trades, a debt security is valued at the reported bid price, at the close of business. Short-term debt securities with a maturity of 60 days at acquisition or less and repurchase agreements are valued at amortized cost, which approximates market value.

B. Securities transactions are recorded on the trade date for financial reporting purposes. Realized gains and losses from securities transactions are recorded using the identified cost basis. Dividend income is recorded on the ex-dividend date, net of applicable taxes withheld by foreign countries. Taxable non-cash dividends are recorded as dividend income. Interest income, including amortization of premiums and accretion of discount, is accrued on a daily basis.

C. Interest and dividend income, most expenses, all realized gains and losses, and all unrealized gains and losses are allocated to the Classes based upon the value of the outstanding shares in each Class. Certain costs, such as distribution and service fees related to C-Class shares, are charged directly to such class. In addition, certain expenses have been allocated to the individual Funds in the Trust on a pro rata basis upon the respective aggregate net assets of each Fund included in the Trust.

D. Distributions of net investment income and net realized capital gains, if any, are declared and paid at least annually. Distributions are recorded on the ex-dividend date and are determined in accordance with income tax regulations which may differ from U.S. generally accepted accounting principles.

E. The Funds may also purchase American Depository Receipts, U.S. Government securities, Commercial Paper and enter into repurchase agreements.

F. Throughout the normal course of business, the Funds and the underlying funds enter into contracts that contain a variety of representations and warranties which

provide general indemnifications. The maximum exposure under these arrangements is unknown, as this would involve future claims that may be made that have not yet occurred. However, based on experience, the Funds expect the risk of loss to be remote.

2. Financial Instruments

As part of their investment strategies, the underlying funds may utilize short sales and a variety of derivative instruments including, options, futures, options on futures, structured notes and swap agreements. These investments involve, to varying degrees, elements of market risk and risks in excess of the amounts reflected in the underlying funds' NAVs.

A short sale is a transaction in which an underlying fund sells an equity or fixed income security it does not own. If the security sold short goes down in price between the time the underlying fund sells the security and closes its short position, that underlying fund will realize a gain on the transaction. Conversely, if the security goes up in price during the period, that underlying fund will realize a loss on the transaction. The risk of such price increases is the principal risk of engaging in short sales.

The risk associated with purchasing options is limited to the premium originally paid. The risk in writing a covered call option is that an underlying fund may forego the opportunity for profit if the market price of the underlying security increases and the option is exercised. The risk in writing a covered put option is that an underlying fund may incur a loss if the market price of the underlying security decreases and the option is exercised. In addition, there is the risk that an underlying fund may not be able to enter into a closing transaction because of an illiquid secondary market or, for over-the-counter options, because of the counterparty's inability to perform.

There are several risks in connection with the use of futures contracts. Risks may be caused by an imperfect correlation between movements in the price of the instruments and the price of the underlying securities. In addition, there is the risk that an underlying fund may not be able to enter into a closing transaction because of an illiquid secondary market.

There are several risks associated with the use of structured notes. Structured securities are leveraged, thereby providing an exposure to the underlying benchmark greater than the face amount and increasing the volatility of each note relative to the change in the underlying linked financial instrument. A highly liquid secondary market may not exist for the structured notes an under-

lying fund invests in which may make it difficult for that underlying fund to sell the structured notes it holds at an acceptable price or to accurately value them. In addition, structured notes are subject to the risk that the counterparty to the instrument, or issuer, might not pay interest when due or repay principal at maturity of the obligation. Although the Trust will not invest in any structured notes unless Rydex Investments believes that the issuer is creditworthy, an underlying fund does bear the risk of loss of the amount expected to be received in the event of the default or bankruptcy of the issuer.

There are several risks associated with the use of swap agreements that are different from those associated with ordinary portfolio securities transactions. Swap agreements may be considered to be illiquid. Although the Trust will not enter into any swap agreement unless Rydex Investments believes that the other party to the transaction is creditworthy, the underlying funds bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of the agreement counterparty.

There are several risks associated with credit default swaps. Credit default swaps involve the exchange of a fixed-rate premium for protection against the loss in value of an underlying debt instrument in the event of a defined credit event (such as payment default or bankruptcy). Under the terms of the swap, one party acts as a "guarantor," receiving a periodic payment that is a fixed percentage applied to a notional principal amount. In return, the party agrees to purchase the notional amount of the underlying instrument, at par, if a credit event occurs during the term of the swap. An underlying fund may enter into credit default swaps in which that underlying fund or its counterparty act as guarantors. By acting as the guarantor of a swap, that underlying fund assumes the market and credit risk of the underlying instrument, including liquidity and loss of value.

In conjunction with the use of short sales, options, futures, options on futures, and swap agreements, the underlying funds are required to maintain collateral in various forms. The underlying funds use, where appropriate, depending on the financial instrument utilized and the broker involved, margin deposits at the broker, cash and/or securities segregated at the custodian bank, discount notes, or the repurchase agreements allocated to each underlying fund. The risks inherent in the use of short sales, options, futures contracts, options on futures contracts, and swap agreements include i) adverse changes in the value of such instruments; ii) imperfect correlation between the price of the instruments and

movements in the price of the underlying securities, indices, or futures contracts; iii) the possible absence of a liquid secondary market for any particular instrument at any time; and iv) the potential of counterparty default. The Trust has established counterparty credit guidelines and enters into transactions only with financial institutions of investment grade or better. The Trust monitors the counterparty credit risk.

3. Fees And Other Transactions With Affiliates

Rydex Investments manages the investment and reinvestment of the assets of each of the Funds in accordance with the investment objectives, policies, and limitations of each Fund, however, the Funds do not pay Rydex Investments a management fee. As part of its agreement with the Trust, Rydex Investments will pay all expenses of the Funds, including the cost of transfer agency, fund administration, audit and other services, excluding interest expense, taxes (expected to be de minimis), brokerage commissions and other expenses connected with the execution of portfolio transactions, short dividend expenses, and extraordinary expenses.

Each Fund indirectly bears a proportionate share of the total operating expenses (including investment management, shareholder servicing, custody, transfer agency, audit and other expenses) of the underlying funds in which the Fund invests. In addition, some underlying funds charge redemption fees if a shareholder, including a Fund, redeems shares before the end of the funds' requisite holding period. Therefore, if a Fund sells shares of an underlying fund that is subject to a redemption fee, that Fund will be responsible for paying the redemption fee to the underlying fund.

Rydex Investments provides transfer agent, accounting services and administrative services to the Funds. However, the related fees are paid by Rydex Investments, as noted above.

The Funds have not adopted a Distribution Plan or a Shareholder Services Plan with respect to A-Class shares and H-Class shares. Instead, the Funds invest in underlying funds that have a distribution plan that allows the underlying funds to pay distribution fees to the Distributor and other firms that provide distribution services ("Service Providers"). The underlying funds will pay distribution fees to the Distributor at an annual rate not to exceed 0.25% of average daily net assets, pursuant to Rule 12b-1 under the 1940 Act, as amended. If a Service Provider provides distribution or shareholder services, the Distributor will, in turn, pay the Service Provider for the services it provides at an annual rate not to exceed 0.25% of the average daily net assets of a Fund.

The Funds have adopted a Distribution and Shareholder Services Plan applicable to its C-Class shares that allows the Funds to pay annual distribution and service fees of 0.75% of the Funds' C-Class shares average daily net assets. The annual 0.25% service fee compensates the shareholder's financial advisor for providing ongoing services to the shareholder. The annual 0.50% distribution fee reimburses the Distributor for paying the shareholder's financial advisor an ongoing sales commission. The Distributor advances the first year's service and distribution fees to the financial advisor. The Distributor retains the service and distribution fees on accounts with no authorized dealer of record.

For the year ended March 31, 2010, the Distributor retained sales charges of \$913,374 relating to sales of A-Class shares of the Trust.

Certain officers and trustees of the Trust are also officers of Rydex Investments and the Distributor.

4. Federal Income Tax Information

The Funds intend to comply with the provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and will distribute substantially all net investment income and capital gains to shareholders.

Tax positions taken or expected to be taken in the course of preparing the Funds' tax returns are evaluated to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Management has analyzed the Funds' tax positions taken on Federal income tax returns for all open tax years (fiscal years 2007-2010), and has concluded that no provision for income tax is required in the Funds' financial statements.

Income and capital gain distributions are determined in accordance with Federal income tax regulations, which may differ from U.S. generally accepted accounting principles. These differences are primarily due to differing treatments for losses deferred due to wash sales, losses deferred due to post-October losses, and excise tax regulations.

Permanent book and tax basis differences, if any, will result in reclassifications. This may include net operating losses not utilized during the current period and capital loss carryforward expired. These reclassifications have no effect on net assets or net asset values per share. Any undistributed ordinary income or long-term capital gain remaining at fiscal year end is distributed in the following year.

NOTES TO FINANCIAL STATEMENTS *(continued)*

Tax basis capital losses in excess of capital gains are carried forward to offset future net capital gains.

The tax character of distributions paid during the year ended March 31, 2010, was as follows:

Fund	Ordinary Income	Long-Term Capital Gain	Total Distributions
All-Asset Conservative Strategy Fund	\$269,875	\$ —	\$269,875
All-Asset Moderate Strategy Fund	678,024	—	678,024
All-Asset Aggressive Strategy Fund	194,707	—	194,707

The tax character of distributions paid during the year ended March 31, 2009, was as follows:

Fund	Ordinary Income	Long-Term Capital Gain	Total Distributions
All-Asset Conservative Strategy Fund	\$308,712	\$ 86,802	\$395,514
All-Asset Moderate Strategy Fund	306,653	320,007	626,660
All-Asset Aggressive Strategy Fund	412,908	—	412,908

The tax character of distributable earnings/(accumulated losses) at March 31, 2010, was as follows:

Fund	Undistributed Ordinary Income	Undistributed Long-Term Capital Gain	Net Unrealized Appreciation	Capital Loss Carryforward ¹
All-Asset Conservative Strategy Fund	\$135,362	\$ —	\$ 1,142,005	\$(2,202,837)
All-Asset Moderate Strategy Fund	215,068	—	3,114,483	(8,804,293)
All-Asset Aggressive Strategy Fund	55,895	—	1,248,329	(3,896,247)

Capital Loss Carryforward amounts may be limited due to Treasury Regulations.

¹A summary of the expiration of the aforementioned Capital Loss Carryforward is as follows:

Fund	Expires in 2016	Expires in 2017	Expires in 2018	Total Capital Loss Carryforward
All-Asset Conservative Strategy Fund	\$ —	\$(1,085,370)	\$(1,117,467)	\$(2,202,837)
All-Asset Moderate Strategy Fund	—	(4,439,372)	(4,364,921)	(8,804,293)
All-Asset Aggressive Strategy Fund	(343,627)	(1,832,491)	(1,720,129)	(3,896,247)

At March 31, 2010, the cost of securities for Federal income tax purposes, the aggregate gross unrealized gain for all securities for which there was an excess of value over tax cost and the aggregate gross unrealized loss for all securities for which there was an excess of tax cost over value, were as follows:

Fund	Tax Cost	Tax Unrealized Gain	Tax Unrealized Loss	Net Unrealized Gain (Loss)
All-Asset Conservative Strategy Fund	\$15,791,507	\$ 1,248,065	\$ (106,060)	\$ 1,142,005
All-Asset Moderate Strategy Fund	34,084,918	3,439,719	(325,236)	3,114,483
All-Asset Aggressive Strategy Fund	15,878,899	1,401,267	(152,938)	1,248,329

5. Repurchase Agreements

The Funds transfer uninvested cash balances into a single joint account, the daily aggregate balance of which is invested in one or more repurchase agreements collateralized by obligations of the U.S. Treasury and U.S. Government Agencies. The collateral is in the possession of the Funds' custodian and is evaluated to ensure that its market value exceeds at a minimum, 102% of the original face amount of the repurchase agreements. Each Fund holds a pro rata share of the collateral based on the dollar amount of the repurchase agreement entered into by each Fund. Repurchase Agreements are valued at amortized cost, which approximates market value.

The repurchase agreements executed by the joint account and outstanding at March 31, 2010, were as follows:

Counterparty	Terms of Agreement	Face Value	Market Value	Repurchase Price
Mizuho Financial Group, Inc.	0.00% due 04/01/10	\$33,039,274	\$33,039,274	\$33,039,274
			\$33,039,274	\$33,039,274

NOTES TO FINANCIAL STATEMENTS *(continued)*

At March 31, 2010, the collateral for the repurchase agreements in the joint account was as follows:

Security Type	Maturity Dates	Range of Rates	Par Value	Market Value
U.S. Treasury Bills	05/06/10 – 09/09/10	0.00%	\$33,727,500	\$33,700,086
				\$33,700,086

In the event of counterparty default, the Funds have the right to collect the collateral to offset losses incurred. There is potential loss to the Funds in the event the Funds are delayed or prevented from exercising its rights to dispose of the collateral securities, including the risk of a possible decline in the value of the underlying securities during the period while the Funds seek to assert their rights. The Funds' investment advisor, acting under the supervision of the Board of Trustees, reviews the value of the collateral and the credit worthiness of those banks and dealers with which the Funds enter into repurchase agreements to evaluate potential risks.

6. Fair Value Measurement

In accordance with U.S. generally accepted accounting principles, fair value is defined as the price that the Fund would receive to sell an investment or pay to transfer a liability in an orderly transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. A three-tier hierarchy is utilized to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Funds' investments. The inputs are summarized in the three broad levels listed below:

Level 1 — quoted prices in active markets for identical securities.

Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 — significant unobservable inputs (including the fund's own assumptions used to determine the fair value of investments).

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table summarizes the inputs used to value the Funds' net assets at March 31, 2010:

Fund	Level 1 Investments In Securities	Level 2 Investments In Securities	Level 3 Investments In Securities	Total
Assets				
All-Asset Conservative Strategy Fund	\$15,306,523	\$1,626,989	\$ —	\$16,933,512
All-Asset Moderate Strategy Fund	36,325,665	873,736	—	37,199,401
All-Asset Aggressive Strategy Fund	16,664,722	462,506	—	17,127,228

7. Securities Transactions

For the year ended March 31, 2010, the cost of purchases and proceeds from sales of investment securities, excluding short-term and temporary cash investments, were:

	All-Asset Conservative Strategy Fund	All-Asset Moderate Strategy Fund	All-Asset Aggressive Strategy Fund
Purchases	\$25,957,774	\$59,783,934	\$28,341,560
Sales	23,058,690	62,849,674	29,232,794

NOTES TO FINANCIAL STATEMENTS (continued)

8. Share Transactions

The Trust is authorized to issue an unlimited number of shares (no par value). Transactions in shares for the years presented were:

	Shares Purchased		Shares Purchased through Dividend Reinvestment		Shares Redeemed		Net Shares Purchased (Redeemed)	
	Year Ended March 31, 2010	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2009
All-Asset Conservative Strategy Fund								
A-Class	297,040	321,202	4,444	8,256	(287,337)	(478,729)	14,147	(149,271)
C-Class	730,691	537,552	15,345	15,730	(385,038)	(428,353)	360,998	124,929
H-Class	285,678	414,698	5,620	12,949	(179,433)	(730,595)	111,865	(302,948)
All-Asset Moderate Strategy Fund								
A-Class	668,414	449,747	16,964	14,252	(674,704)	(471,088)	10,674	(7,089)
C-Class	739,428	851,078	37,241	40,755	(1,026,637)	(1,604,713)	(249,968)	(712,880)
H-Class	574,958	799,520	11,622	14,323	(599,341)	(1,138,670)	(12,761)	(324,827)
All-Asset Aggressive Strategy Fund								
A-Class	243,697	186,877	5,005	12,823	(325,847)	(314,444)	(77,145)	(114,744)
C-Class	316,405	356,718	8,383	16,453	(225,023)	(335,001)	99,765	38,170
H-Class	176,531	357,765	4,509	12,304	(254,656)	(364,296)	(73,616)	5,773

9. Name Changes

Effective July 1, 2009, the Essential Portfolio Conservative Fund, Essential Portfolio Moderate Fund, and Essential Portfolio Aggressive Fund changed their Fund names to the All-Asset Conservative Strategy Fund, All-Asset Moderate Strategy Fund, and All-Asset Aggressive Strategy Fund, respectively. The name change did not have any impact on the Funds' investment objectives, tickers or CUSIPS.

10. Line of Credit

The Trust has secured an uncommitted, \$75,000,000 line of credit with U.S. Bank, N.A. Borrowings, if any, under this arrangement bear interest equal to the Prime Rate, minus 2%, which shall be paid monthly. The maximum loan amount outstanding per Fund should be the lesser of: an amount which, when added to the total of other outstanding loan amounts under this agreement, exceeds the total line of credit, 33⅓% of a Fund's net assets, 33⅓% of a Fund's assets held by the Custodian or 33⅓% of the sum of a Fund's securities on any given day. This line of credit expires on June 15, 2010. As of and for the year ended March 31, 2010, the Funds did not have any outstanding borrowings under this agreement.

11. New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board issued an Accounting Standards Update, Improving Disclosures about Fair Value Measurements, which introduces new disclosure requirements and clarifies certain existing disclosure requirements around fair value measurements currently presented in Note 6. The new disclosures and clarifications of existing disclosures are generally effective for the Funds' year ending March 31, 2011 and interim periods therein. Management is evaluating the impact of this update on its current disclosures.

12. Subsequent Events

Management has evaluated events or transactions that may have occurred since March 31, 2010, that would merit recognition or disclosure in the financial statements and there were no events or transactions to be reported.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders
of Rydex Series Funds:

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of the All-Asset Conservative Strategy Fund, All-Asset Moderate Strategy Fund, and All-Asset Aggressive Strategy Fund (three of the series constituting the Rydex Series Funds) (the "Funds") as of March 31, 2010, and the related statements of operations for the year then ended, statements of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the three years in the period then ended and the period June 30, 2006 (commencement of operations) through March 31, 2007. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of March 31, 2010, by correspondence with the transfer agent of the underlying funds and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the above listed Funds at March 31, 2010, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and their financial highlights for each of the three years in the period then ended and the period June 30, 2006 (commencement of operations) through March 31, 2007, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

McLean, Virginia
May 28, 2010

OTHER INFORMATION *(Unaudited)*

Tax Information

This information is being provided as required by the Internal Revenue Code. Amounts shown may differ from those elsewhere in the report because of differences in tax and financial reporting practice.

Of the taxable ordinary income distributions paid during the fiscal year ending March 31, 2010, the following Funds had the corresponding percentages qualify for the dividends received deduction for corporations:

<u>Fund</u>	<u>% Qualifying</u>
All-Asset Conservative Strategy Fund	4.01%
All-Asset Moderate Strategy Fund	11.18%
All-Asset Aggressive Strategy Fund	19.06%

Additionally, the following amounts of taxable ordinary income dividends paid during the fiscal year qualified for the lower income tax rate available to individuals under the Jobs and Growth Tax Relief Reconciliation Act of 2003.

<u>Fund</u>	<u>% Qualifying</u>
All-Asset Conservative Strategy Fund	3.48%
All-Asset Moderate Strategy Fund	9.23%
All-Asset Aggressive Strategy Fund	15.37%

Proxy Voting Information

A description of the policies and procedures that the Trust uses to determine how to vote proxies relating to securities held in the Funds' portfolios is available, without charge and upon request, by calling 800.820.0888. This information is also available from the EDGAR database on the SEC's website at <http://www.sec.gov>.

Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended September 30 is available without charge, upon request, by calling 800.820.0888. This information is also available from the EDGAR database on the SEC's website at <http://www.sec.gov>.

Quarterly Portfolio Schedules Information

The Trust files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q; which are available on the SEC's website at <http://www.sec.gov>. The Funds' Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and that information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. Copies of the portfolio holdings are also available to shareholders, without charge and upon request, by calling 800.820.0888.

Pending Acquisition Transaction

On February 16, 2010, Security Benefit Corporation ("SBC"), the parent company of PADCO Advisors, Inc., PADCO Advisors II, Inc. and Security Investors, LLC, the Funds' investment advisers, as applicable (the "Investment Advisers"), and certain of SBC's affiliates entered into agreements with an investor group (the "Investors") led by Guggenheim Partners, LLC ("Guggenheim"). Under the agreements, a special purpose vehicle owned by the Investors and managed by an affiliate of Guggenheim would receive a 100% ownership stake in SBC and consequently acquire control of the Investment Advisers and affiliates (the "Purchase Transaction"). Guggenheim is a global, independent, privately held, diversified financial services firm with more than \$100 billion in assets under supervision. The Purchase Transaction should not result in material changes to the day-to-day management and operations of the Funds or any increase in fees. While the parties expect the Purchase Transaction's closing to take place on or about the end of the second quarter of 2010, it is subject to various conditions, and may be delayed or even terminated due to unforeseen circumstances.

INFORMATION ON BOARD OF TRUSTEES AND OFFICERS *(Unaudited)*

A Board of Trustees oversees all Rydex Investments, in which its members have no stated term of service, and continue to serve after election until resignation. The Statement of Additional Information includes further information about Fund Trustees and Officers, and can be obtained without charge by calling 800.820.0888.

All Trustees and Officers may be reached c/o Rydex Investments, 9601 Blackwell Rd., Suite 500, Rockville, MD 20850.

INDEPENDENT TRUSTEES

Name, Position and Year of Birth	Length of Service As Trustee (Year Began)	Number of Funds Overseen
John O. Demaret Trustee, Chairman of the Board (1940)	Rydex Series Funds – 1997 Rydex Variable Trust – 1998 Rydex Dynamic Funds – 1999 Rydex ETF Trust – 2003	151
Principal Occupations During Past Five Years: Retired		
Corey A. Colehour Trustee (1945)	Rydex Series Funds – 1993 Rydex Variable Trust – 1998 Rydex Dynamic Funds – 1999 Rydex ETF Trust – 2003	151
Principal Occupations During Past Five Years: Retired (2006 to present); Owner and President of Schield Management Company, registered investment adviser (2005 to 2006); Senior Vice President of Marketing and Co-Owner of Schield Management Company, registered investment adviser (1985 to 2005)		
J. Kenneth Dalton Trustee (1941)	Rydex Series Funds – 1995 Rydex Variable Trust – 1998 Rydex Dynamic Funds – 1999 Rydex ETF Trust – 2003	151
Principal Occupations During Past Five Years: Mortgage Banking Consultant and Investor, The Dalton Group		
Werner E. Keller Trustee (1940)	Rydex Series Funds – 2005 Rydex Variable Trust – 2005 Rydex Dynamic Funds – 2005 Rydex ETF Trust – 2005	151
Principal Occupations During Past Five Years: Retired (2001 to present); Chairman, Centurion Capital Management (1991 to 2001)		
Thomas F. Lydon, Jr. Trustee (1960)	Rydex Series Funds – 2005 Rydex Variable Trust – 2005 Rydex Dynamic Funds – 2005 Rydex ETF Trust – 2005	151
Principal Occupations During Past Five Years: President, Global Trends Investments		
Patrick T. McCarville Trustee (1942)	Rydex Series Funds – 1997 Rydex Variable Trust – 1998 Rydex Dynamic Funds – 1999 Rydex ETF Trust – 2003	151
Principal Occupations During Past Five Years: Founder and Chief Executive Officer, Par Industries, Inc.		
Roger Somers Trustee (1944)	Rydex Series Funds – 1993 Rydex Variable Trust – 1998 Rydex Dynamic Funds – 1999 Rydex ETF Trust – 2003	151
Principal Occupations During Past Five Years: Owner, Arrow Limousine		

INFORMATION ON BOARD OF TRUSTEES AND OFFICERS *(Unaudited) (continued)*

EXECUTIVE OFFICERS

<u>Name, Position and Year of Birth</u>	<u>Principal Occupations During Past Five Years</u>
Richard M. Goldman* President (1961)	President of Rydex Series Funds, Rydex Variable Trust, Rydex Dynamic Funds and Rydex ETF Trust (2009 to present); Chief Executive Officer and Director of Rydex Investments (2009 to present); President, Chief Executive Officer and Director of Rydex Distributors, Inc. (2009 to present); President and Chief Executive Officer of Rydex Holdings, LLC (2009 to present); Senior Vice President of Security Benefit Corp. (2007 to present); Director of First Security Benefit Life and Annuity Insurance Company of New York (2007 to present); Director of Security Distributors, Inc. (2007 to present); President of Security Investors, LLC (2007 to present); Manager and President of Security Global Investors, LLC (2007 to present); Managing Member of R.M. Goldman Partners, LLC (2006 to 2007); President and Chief Executive Officer of FortsmannLeff Associates (2003 to 2005)
Michael P. Byrum* Vice President (1970)	Vice President of Rydex Series Funds (1997 to present); Vice President of Rydex Variable Trust (1998 to present); Vice President of Rydex Dynamic Funds (1999 to present); President of Rydex Investments (2004 to present); Chief Investment Officer of Rydex Investments (2006 to present); Secretary of Rydex Investments (2002 to present); Director of Rydex Investments (2008 to present); Chief Investment Officer of Rydex Holdings, LLC (2008 to present); Vice President of Rydex Distributors, Inc. (2009 to present); Manager of Rydex Specialized Products, LLC (2005 to present); Secretary of Rydex Specialized Products, LLC (2005 to 2008); Trustee of Rydex Series Funds, Rydex Variable Trust and Rydex Dynamic Funds (2005 to 2009); Vice President of Rydex ETF Trust (2002 to present); President and Trustee of Rydex Capital Partners SPhinX Fund (2003 to 2007)
Nick Bonos* Vice President and Treasurer (1963)	Vice President and Treasurer of Rydex Series Funds, Rydex Variable Trust, Rydex Dynamic Funds and Rydex ETF Trust (2003 to present); Senior Vice President of Rydex Investments (2006 to present); Chief Executive Officer of Rydex Specialized Products, LLC (2009 to present); Chief Financial Officer of Rydex Specialized Products, LLC (2005 to 2009); Vice President and Treasurer of Rydex Capital Partners SPhinX Fund (2003 to 2006)
Joanna M. Haigney* Chief Compliance Officer and Secretary (1966)	Chief Compliance Officer of Rydex Series Funds, Rydex Variable Trust, and Rydex Dynamic Funds (2004 to present); Secretary of Rydex Series Funds, Rydex Variable Trust, Rydex Dynamic Funds (2000 to present); Secretary of Rydex ETF Trust (2002 to present); Chief Compliance Officer of Rydex Investments (2005 to present); Vice President of Compliance of Rydex Investments (2006 to present); Director of Rydex Distributors, Inc. (2009 to present); Secretary of Rydex Capital Partners SPhinX Fund (2003 to 2006)

INFORMATION ON BOARD OF TRUSTEES AND OFFICERS *(Unaudited) (concluded)*

EXECUTIVE OFFICERS -concluded

<u>Name, Position and Year of Birth</u>	<u>Principal Occupations During Past Five Years</u>
Keith Fletcher* Vice President (1958)	Vice President of Rydex Series Funds, Rydex Variable Trust, Rydex Dynamic Funds and Rydex ETF Trust (2009 to present); Vice President of Rydex Investments (2009 to present); Vice President of Rydex Specialized Products, LLC (2009 to present); Vice President and Director of Rydex Distributors, Inc. (2009 to present); Vice President of Security Global Investors, LLC (2009 to present)
Amy Lee* Vice President and Assistant Secretary (1960)	Vice President and Assistant Secretary of Rydex Series Funds, Rydex Variable Trust, Rydex Dynamic Funds and Rydex ETF Trust (2009 to present); Secretary of Rydex Distributors, Inc. (2008 to present); Chief Compliance Officer of Rydex Distributors, Inc. (2008 to 2009); Vice President, Associate General Counsel and Assistant Secretary of Security Benefit Corp. (2005 to present); Vice President, Associate General Counsel and Assistant Secretary of Security Benefit Life Insurance Co. (2004 to present); Assistant General Counsel of First Security Benefit Life and Annuity Company of New York (2004 to present); Chief Compliance Officer and Secretary of Security Distributors, Inc. (2004 to present); Secretary of Security Global Investors, Inc. (2007 to present)
Joseph Arruda* Assistant Treasurer (1966)	Assistant Treasurer of Rydex Series Funds, Rydex Variable Trust, Rydex Dynamic Funds and Rydex ETF Trust (2006 to present); Senior Vice President of Rydex Investments (2008 to present); Vice President of Rydex Investments (2004 to 2008); Manager and Chief Financial Officer of Rydex Specialized Products, LLC (2009 to present); Director of Accounting of Rydex Investments (2003 to 2004)
Paula Billos* Controller (1974)	Controller of Rydex Series Funds, Rydex Variable Trust, Rydex Dynamic Funds and Rydex ETF Trust (2006 to present); Director of Fund Administration Rydex Investments (2001 to present)

* Officers of the Funds are deemed to be "interested persons" of the Trust, within the meaning of Section 2(a) (19) of the 1940 Act, inasmuch as this person is affiliated with Rydex Investments.

This page intentionally left blank.

This page intentionally left blank.

This page intentionally left blank.

This page intentionally left blank.

RYDEX | SGI
SECURITY GLOBAL INVESTORSSM

9601 Blackwell Road, Suite 500
Rockville, MD 20850
www.rydex-sgi.com
800.820.0888
RSEPF-ANN-0310x0311