

# **Rydex Variable Trust Funds Annual Report**

**Alternatives Fund**

Guggenheim Long Short Equity Fund

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 Guggenheim Funds Distributors, LLC.

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**Dear Shareholder:**

Security Investors, LLC (the “Investment Adviser”) is pleased to present the annual shareholder report for Long Short Equity Fund (the “Fund”) that is part of the Rydex Variable Trust. This report covers performance of the Fund for the annual period ended December 31, 2017.

The Investment Adviser is a part of Guggenheim Investments, which represents the investment management businesses of Guggenheim Partners, LLC (“Guggenheim”), a global, diversified financial services firm.

Guggenheim Funds Distributors, LLC is the distributor of the Fund. Guggenheim Funds Distributors, LLC is affiliated with Guggenheim and the Investment Adviser.

We encourage you to read the Economic and Market Overview section of the report, which follows this letter, and then the Performance Report and Fund Profile for the Fund.

We are committed to providing innovative investment solutions and appreciate the trust you place in us.

Sincerely,

*Security Investors, LLC*  
January 31, 2018

***Read a prospectus and summary prospectus (if available) carefully before investing. It contains the 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](http://guggenheiminvestments.com) or call 800.820.0888.***

***This material is not intended as a recommendation or as investment advice of any kind, including in connection with rollovers, transfers, and distributions. Such material is not provided in a fiduciary capacity, may not be relied upon for or in connection with the making of investment decisions, and does not constitute a solicitation of an offer to buy or sell securities. All content has been provided for informational or educational purposes only and is not intended to be and should not be construed as legal or tax advice and/or a legal opinion. Always consult a financial, tax and/or legal professional regarding your specific situation.***

**The Long Short Equity Fund may not be suitable for all investors.** •The Fund is subject to the risk that the Advisor’s use of a momentum-driven investment strategy may cause the Fund to underperform other types of mutual funds that use different investment strategies during periods when momentum investing is out of favor. •It is possible that the stocks the Fund holds long will decline in value at the same time that the stocks or indices being shorted increase in value, thereby increasing potential losses to the Fund. •The Fund’s loss on a short sale is potentially unlimited because there is no upper limit on the price a borrowed security could attain. •The more the Fund invests in leveraged instruments, the more the leverage will magnify any gains or losses on those investments. •The use of derivatives, such as futures, options and swap agreements, may expose the Fund to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. •The Fund may invest in American Depositary Receipts (“ADRs”) therefore subjecting the value of the Fund’s portfolio to fluctuations in foreign exchange rates. •This Fund is considered non-diversified and can invest a greater portion of its assets in securities of individual issuers than a diversified fund. As a result, changes in the market value of a single security could cause greater fluctuations in the value of Fund shares than would occur in a more diversified fund. See the prospectus for more information on these and additional risks.

The market story at the end of 2017 was one of positive economic momentum. Economic activity finished 2017 strongly, led by an acceleration in household spending, which was bolstered by consumer confidence near cyclical highs and healthier household balance sheets. Job growth and rebuilding activity resumed following the several hurricanes that hit the U.S., and elevated business optimism and tax changes could boost business capital expenditure plans in the coming quarters. The economy could also benefit from favorable financial conditions both in the U.S. and abroad, which could keep economic growth well above 2% in 2018.

While job growth continues at an unsustainable pace, wage growth has still been relatively unresponsive to declines in the unemployment rate. This could mean that the natural rate of unemployment is lower than the U.S. Federal Reserve's (the "Fed") current estimate of 4.6%, and it could also mean that there is still labor market slack left in the form of people not currently participating in the labor force. Even so, the tighter labor market and increasing worker shortages will put upward pressure on wage growth, which has been held back by meager productivity gains.

Core inflation has been below the Fed's 2% target for some time now, which should continue for the next few months. However, by the middle of 2018 core inflation should approach the Fed's target due to an accelerating economy, reduced labor market slack, and favorable base effects. Inflation closer to target and continued declines in the unemployment rate will give the Fed confidence to press on with tightening. Moreover, financial conditions remain highly accommodative, and fiscal stimulus will give the economy an additional boost, giving the Fed further room to raise rates. Thus, even as the fourth quarter of 2017 saw the commencement of the Fed's balance sheet roll-off in October and another rate hike in December, we expect the Fed to move to increasingly tighter policy.

For the 12 months ended December 31, 2017, the Standard & Poor's 500<sup>®</sup> ("S&P 500") Index\* returned 21.83%. The MSCI Europe-Australasia-Far East ("EAFE") Index\* returned 25.03%. The return of the MSCI Emerging Markets Index\* was 37.28%.

In the bond market, the Bloomberg Barclays U.S. Aggregate Bond Index\* posted a 3.54% return for the period, while the Bloomberg Barclays U.S. Corporate High Yield Index\* returned 7.50%. The return of the ICE Bank of America ("BofA") Merrill Lynch 3-Month U.S. Treasury Bill Index\* was 0.86% for the 12-month period.

*The opinions and forecasts expressed may not actually come to pass. This information is subject to change at any time, based on market and other conditions, and should not be construed as a recommendation of any specific security or strategy.*

**\*Index Definitions:**

The following indices are referenced throughout this report. Indices are unmanaged and not available for direct investment. Index performance does not reflect transaction costs, fees, or expenses.

**Bloomberg Barclays U.S. Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including U.S. Treasuries, government-related and corporate securities, mortgage-backed securities or "MBS" (agency fixed-rate and hybrid adjustable-rate mortgage, or "ARM", pass-throughs), asset-backed securities ("ABS"), and commercial mortgage-backed securities ("CMBS") (agency and non-agency).

**Bloomberg Barclays U.S. Corporate High Yield Index** measures the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below.

**ICE BofA Merrill Lynch 3-Month U.S. Treasury Bill Index** is an unmanaged market Index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

**MSCI EAFE Index** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

**MSCI Emerging Markets Index** is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in the global emerging markets.

**S&P 500<sup>®</sup> Index** is a broad-based index, the performance of which is based on the performance of 500 widely held common stocks chosen for market size, liquidity, and industry group representation.

**HFRX Equity Hedge Fund Index** is designed to be representative of the overall composition of the equity hedge segment of the hedge fund universe. In an equity hedge strategy both long and short positions primarily in equities are maintained. Equities which are believed to be undervalued are bought and equities which are believed to be overvalued are sold.

**Russell 3000® Index** measures the performance of 3,000 publicly held U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

**Morningstar Long/Short Equity Category Average** is an average return of the funds in the Morningstar Long/Short Equity Category. The categories assist investors and investment professionals in making meaningful comparisons between funds, making it easier to build well-diversified portfolios, assess potential risk, and identify top-performing funds.

## ABOUT SHAREHOLDERS' FUND EXPENSES (Unaudited)

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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, other distributions, 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 June 30, 2017 and ending December 31, 2017.

The following tables illustrate the 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 fifth 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 the 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 the Fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

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.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) on purchase payments, and contingent deferred sales charges ("CDSC") on redemptions, if any. Therefore, the second table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

More information about the Fund's expenses, including annual expense ratios for periods up to five years (subject to the Fund's inception date), 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 Fund prospectus.

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

	Expense Ratio <sup>1</sup>	Fund Return	Beginning Account Value June 30, 2017	Ending Account Value December 31, 2017	Expenses Paid During Period <sup>2</sup>
<b>Table 1. Based on actual Fund return<sup>3</sup></b>					
Long Short Equity Fund	1.61%	11.02%	\$ 1,000.00	\$ 1,110.20	\$ 8.58
<b>Table 2. Based on hypothetical 5% return (before expenses)</b>					
Long Short Equity Fund	1.61%	5.00%	\$ 1,000.00	\$ 1,017.07	\$ 8.20

<sup>1</sup> Annualized and excludes expenses of the underlying funds in which the Fund invests. This ratio represents net expenses, which includes dividends on short sales and prime broker interest expenses. Excluding these expenses, the operating expense ratio of the Long Short Equity Fund would be 1.61%.

<sup>2</sup> Expenses are equal to the Fund's annualized expense ratio, net of any applicable fee waivers, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period). Expenses shown do not include fees charged by insurance companies.

<sup>3</sup> Actual cumulative return at net asset value for the period June 30, 2017 to December 31, 2017.

## LONG SHORT EQUITY FUND

**OBJECTIVE:** Seeks long-term capital appreciation.

For the one-year period ended December 31, 2017, the Long Short Equity Fund returned 14.85%.

Effective June 1, 2017, the Fund's Board of Trustees approved a change in the Fund's principal investment strategy. The Fund transitioned from a momentum-based long/short equity investment strategy based on 3- and 12-month trends with respect to factors, to one that is more valuation-based and does not incorporate momentum as a key factor to explain expected returns.

The current strategy uses a proprietary evaluation process to generate an expected return for individual stocks that considers market risks generally and company-specific risks. The process uses fundamentally-based, forward-looking forecasts of equity cash flows to generate return expectations for individual stocks. Guggenheim Investments believes that such a forward-looking valuation approach is superior to the more common approach of assuming that past returns explain future risk premiums.

Both the previous and current strategy are U.S. long/short equity strategies that seek long-term capital appreciation as an investment objective, and follow a multi-factor quantitative framework to identify investment opportunities in a large universe of U.S. stocks. On average, both the new strategy and previous strategy are expected to have a similar equity beta profiles.

To accompany the different focus on the new strategy, the Fund changed its benchmark effective June 1, 2017, from the HFRX Equity Hedge Index to the Morningstar Long/Short Equity Category Average. Portfolio management also changed to a different quantitative strategy team within Guggenheim Investments.

For the five-month period from January 1, 2017 through May 31, 2017, the Long Short Equity Fund returned 1.70%. The Fund's benchmark for that period, the HFRX Equity Hedge Index, returned 2.85%. For this period, derivatives were used to control the Fund's equity exposure. Derivative positions were small and did not contribute materially to the Fund's performance.

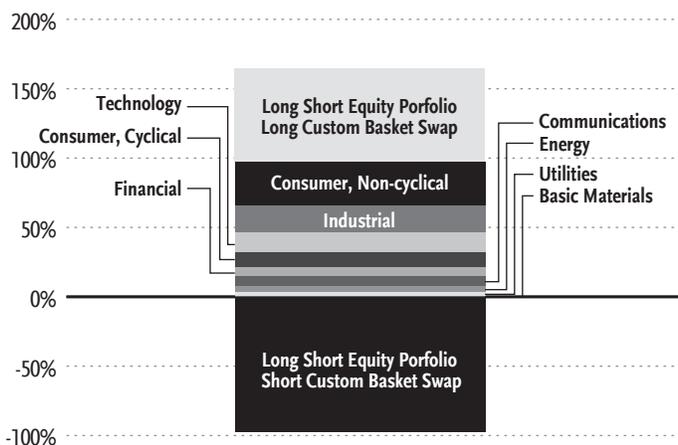
For the seven-month period from June 1, 2017 through December 31, 2017, the Long Short Equity Fund returned 12.95%. The Fund's benchmark for that period, the Morningstar Long/Short Equity Category Average, returned 6.71%.

On average during the seven-month period, the Fund held about 175% of assets in long securities, and 106% short, for an average net-dollar exposure of 69%. The realized net beta (sensitivity of daily Fund returns to the S&P 500 index) averaged around 0.64 during the period. The long positions averaged a return of 13.4%, compared to the Russell 3000 index return of 12.2%. Short positions returned 8.0% on a stand-alone basis. So, while on an absolute basis the long returns were positive in the surging market environment, and shorts lost money, both sides added alpha from a market adjusted return basis with the short positions doing notably better for the period in underperforming the markets.

Derivatives are essential for the execution of the Fund's strategy. Therefore, a significant amount of the Fund's performance for the last seven months of the period were driven by derivatives.

**Performance displayed represents past performance which is no guarantee of future results.**

**Holdings Diversification (Market Exposure as % of Net Assets)**



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

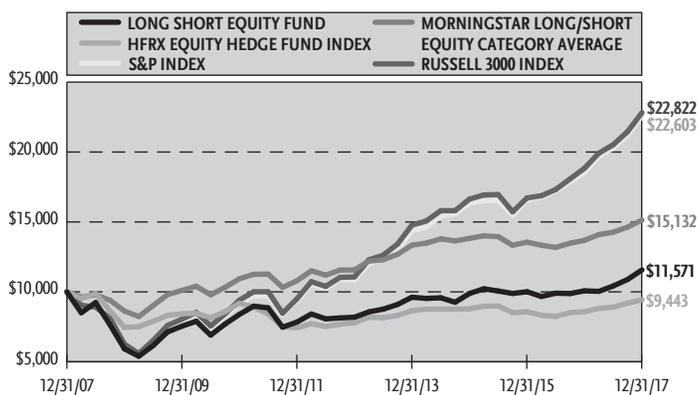
**Inception Date:** May 1, 2002

**Ten Largest Holdings (% of Total Net Assets)**

Verizon Communications, Inc.	1.9%
Union Pacific Corp.	1.8%
Exxon Mobil Corp.	1.8%
Southwest Airlines Co.	1.8%
Cummins, Inc.	1.6%
Pfizer, Inc.	1.6%
Johnson & Johnson	1.5%
Valero Energy Corp.	1.5%
JM Smucker Co.	1.5%
CVS Health Corp.	1.5%
<b>Top Ten Total</b>	<b>16.5%</b>

“Ten Largest Holdings” excludes any temporary cash or derivative investments.

**Cumulative Fund Performance<sup>\*†</sup>**



Effective May 31, 2017, the Fund changed its principal investment strategy. As a result of the investment strategy change, the Fund’s new benchmarks are the Morningstar Long/Short Equity Category Average and S&P 500® Index. Prior to May 31, 2017, the Fund’s benchmark was the HFRX Equity Hedge Index and Russell 3000 Index.

**Average Annual Returns<sup>\*†</sup>**

Periods Ended December 31, 2017

	1 Year	5 Year	10 Year
Long Short Equity Fund	14.85%	7.16%	1.47%
HFRX Equity Hedge Index	9.98%	3.92%	(0.57%)
S&P 500® Index	21.83%	15.79%	8.5%
Morningstar Long/Short Equity Category Average	10.58%	5.52%	4.23%

\* The performance data above represents past performance that is not predictive of future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Returns are historical and include changes in principal and reinvested dividends and capital gains and do not reflect the effect of taxes. The HFRX Equity Hedge Index, Russell 3000 Index and S&P 500® Index are unmanaged indices and, unlike the Fund, have no management fees or operating expenses to reduce their reported returns. The Morningstar Long/Short Equity Category Average is the equal-weighted, simple average daily return for all funds in the Morningstar Long/Short Equity Category.

† Returns do not reflect the impact of any additional fees charged by insurance companies.

## LONG SHORT EQUITY FUND

	SHARES	VALUE		SHARES	VALUE
<b>COMMON STOCKS<sup>†</sup> - 97.7%</b>					
<b>CONSUMER, NON-CYCLICAL - 31.7%</b>					
Pfizer, Inc. <sup>1</sup>	16,764	\$ 607,192			
Johnson & Johnson <sup>1</sup>	4,338	606,105			
JM Smucker Co. <sup>1</sup>	4,798	596,103			
Archer-Daniels-Midland Co. <sup>1</sup>	14,534	582,523			
Eli Lilly & Co. <sup>1</sup>	6,804	574,666			
US Foods Holding Corp.*	17,897	571,451			
Conagra Brands, Inc. <sup>1</sup>	13,855	521,918			
United Rentals, Inc.* <sup>1</sup>	2,777	477,394			
Cardinal Health, Inc. <sup>1</sup>	7,704	472,024			
McKesson Corp. <sup>1</sup>	2,788	434,789			
United Therapeutics Corp.*	2,891	427,723			
Zimmer Biomet Holdings, Inc. <sup>1</sup>	3,311	399,538			
Mylan N.V.* <sup>1</sup>	9,201	389,294			
Merck & Company, Inc. <sup>1</sup>	6,001	337,676			
Performance Food Group Co.*	10,098	334,244			
Medtronic plc <sup>1</sup>	3,579	289,004			
Prestige Brands Holdings, Inc.*	6,397	284,091			
CoreLogic, Inc.*	6,145	283,961			
Bioverativ, Inc.*	5,201	280,438			
Travelport Worldwide Ltd.	20,132	263,125			
Horizon Pharma plc*	16,104	235,119			
USANA Health Sciences, Inc.*	2,721	201,490			
United Natural Foods, Inc.*	3,922	193,237			
Sysco Corp. <sup>1</sup>	3,161	191,967			
SpartanNash Co.	7,138	190,442			
WellCare Health Plans, Inc.*	907	182,407			
Sanderson Farms, Inc.	1,183	164,177			
Darling Ingredients, Inc.*	8,983	162,862			
Baxter International, Inc. <sup>1</sup>	2,452	158,497			
Spectrum Brands Holdings, Inc.	1,405	157,922			
Cardtronics plc — Class A*	8,493	157,290			
TreeHouse Foods, Inc.*	3,010	148,875			
Boston Beer Company, Inc. — Class A*	771	147,338			
DaVita, Inc.* <sup>1</sup>	2,012	145,367			
Pilgrim's Pride Corp.*	4,662	144,802			
Humana, Inc. <sup>1</sup>	581	144,129			
Sabre Corp.	6,565	134,583			
QIAGEN N.V.*	4,293	132,783			
Dean Foods Co.	11,186	129,310			
IQVIA Holdings, Inc.* <sup>1</sup>	1,216	119,046			
UnitedHealth Group, Inc. <sup>1</sup>	530	116,844			
Thermo Fisher Scientific, Inc. <sup>1</sup>	599	113,738			
Euronet Worldwide, Inc.*	1,278	107,697			
AMAG Pharmaceuticals, Inc.*	7,929	105,059			
<b>Total Consumer, Non-cyclical</b>		<b>12,418,240</b>			
<b>INDUSTRIAL - 19.2%</b>					
Union Pacific Corp. <sup>1</sup>	5,219	699,868			
Cummins, Inc. <sup>1</sup>	3,569	630,428			
Owens Corning	6,354	584,187			
Greenbrier Companies, Inc. <sup>2</sup>	7,687	409,717			
Kirby Corp.*	5,883	392,984			
Snap-on, Inc.	2,240	390,432			
Regal Beloit Corp.	4,972	380,855			
Timken Co.	7,675	\$ 377,226			
Tech Data Corp.*	3,705	362,979			
Benchmark Electronics, Inc.*	11,782	342,856			
EnerSys	3,199	222,746			
Jabil, Inc.	8,183	214,804			
Crane Co.	2,241	199,942			
EMCOR Group, Inc.	2,387	195,137			
Belden, Inc.	2,461	189,916			
Crown Holdings, Inc.*	2,927	164,644			
Rexnord Corp.*	6,093	158,540			
Gibraltar Industries, Inc.*	4,621	152,493			
Trinity Industries, Inc.	3,923	146,956			
Sanmina Corp.*	4,361	143,913			
AECOM*	3,754	139,461			
Eaton Corporation plc <sup>1</sup>	1,649	130,287			
Boeing Co. <sup>1</sup>	441	130,055			
Applied Industrial Technologies, Inc.	1,825	124,283			
Tutor Perini Corp.*	4,820	122,187			
Vishay Intertechnology, Inc.	5,595	116,096			
Louisiana-Pacific Corp.*	4,184	109,872			
Owens-Illinois, Inc.*	4,834	107,170			
Caesarstone Ltd.*	4,530	99,660			
Applied Optoelectronics, Inc.* <sup>2</sup>	2,520	95,307			
<b>Total Industrial</b>		<b>7,535,001</b>			
<b>TECHNOLOGY - 14.5%</b>					
International Business Machines Corp. <sup>1</sup>	3,663	561,977			
Intel Corp. <sup>1</sup>	12,040	555,767			
CA, Inc. <sup>1</sup>	15,191	505,556			
Apple, Inc. <sup>1</sup>	2,638	446,429			
HP, Inc. <sup>1</sup>	21,153	444,425			
NetApp, Inc. <sup>1</sup>	6,389	353,439			
CSRA, Inc.	10,975	328,372			
First Data Corp. — Class A* <sup>1</sup>	18,951	316,671			
Convergys Corp.	13,146	308,931			
j2 Global, Inc.	3,826	287,065			
KLA-Tencor Corp. <sup>1</sup>	2,253	236,723			
NCR Corp.*	6,317	214,715			
Xerox Corp.	7,002	204,108			
Western Digital Corp. <sup>1</sup>	2,544	202,324			
VeriFone Systems, Inc.*	7,226	127,972			
Science Applications International Corp.	1,629	124,733			
Nuance Communications, Inc.*	7,610	124,424			
Cirrus Logic, Inc.*	2,355	122,130			
CACI International, Inc. — Class A*	888	117,527			
ON Semiconductor Corp.*	5,232	109,558			
<b>Total Technology</b>		<b>5,692,846</b>			
<b>CONSUMER, CYCLICAL - 10.9%</b>					
Southwest Airlines Co. <sup>1</sup>	10,465	684,934			
CVS Health Corp. <sup>1</sup>	8,128	589,280			
Alaska Air Group, Inc.	5,664	416,361			
Tailored Brands, Inc.	18,963	413,962			
Delta Air Lines, Inc. <sup>1</sup>	6,677	373,912			
United Continental Holdings, Inc.* <sup>1</sup>	4,849	326,823			
JetBlue Airways Corp.*	10,401	232,358			
Walgreens Boots Alliance, Inc. <sup>1</sup>	3,027	219,821			

**LONG SHORT EQUITY FUND**

	SHARES	VALUE		SHARES	VALUE
Lear Corp. <sup>1</sup>	1,047	\$ 184,963	<b>ENERGY - 4.7%</b>		
Ralph Lauren Corp. — Class A	1,572	163,000	Exxon Mobil Corp. <sup>1</sup>	8,224	\$ 687,855
Anixter International, Inc.*	1,991	151,316	Valero Energy Corp. <sup>1</sup>	6,571	603,941
American Airlines Group, Inc. <sup>1</sup>	2,685	139,701	PBF Energy, Inc. — Class A	4,559	161,617
American Axle & Manufacturing Holdings, Inc.*	8,084	137,671	Williams Companies, Inc. <sup>1</sup>	4,262	129,948
Tenneco, Inc.	2,008	117,548	First Solar, Inc.*	1,867	126,060
Copa Holdings S.A. — Class A	858	115,023	REX American Resources Corp.* <sup>2</sup>	1,395	115,492
<b>Total Consumer, Cyclical</b>		<u>4,266,673</u>	<b>Total Energy</b>		<u>1,824,913</u>
<b>FINANCIAL - 6.9%</b>			<b>UTILITIES - 3.0%</b>		
Principal Financial Group, Inc. <sup>1</sup>	8,293	585,154	AES Corp.	32,656	353,664
Mack-Cali Realty Corp. REIT	14,602	314,819	Portland General Electric Co.	7,579	345,451
Summit Hotel Properties, Inc. REIT	17,956	273,470	PNM Resources, Inc.	8,271	334,562
Interactive Brokers Group, Inc. — Class A	3,957	234,294	El Paso Electric Co.	2,228	123,320
LaSalle Hotel Properties REIT	7,984	224,111	<b>Total Utilities</b>		<u>1,156,997</u>
Brixmor Property Group, Inc. REIT	10,439	194,792	<b>BASIC MATERIALS - 0.3%</b>		
Capital One Financial Corp. <sup>1</sup>	1,930	192,189	Huntsman Corp.	3,717	123,739
Kite Realty Group Trust REIT	8,261	161,915	<b>Total Common Stocks</b>		<u>38,263,818</u>
Northern Trust Corp. <sup>1</sup>	1,585	158,326	(Cost \$35,897,052)		
E*TRADE Financial Corp.* <sup>1</sup>	2,778	137,705	<b>MONEY MARKET FUND<sup>†</sup> - 5.0%</b>		
Blackhawk Network Holdings, Inc.*	3,150	112,298	Invesco-Treasury Obligations Portfolio 0.00% <sup>3</sup>	1,945,267	1,945,267
OneMain Holdings, Inc.*	3,789	98,476	<b>Total Money Market Fund</b>		<u>1,945,267</u>
<b>Total Financial</b>		<u>2,687,549</u>	(Cost \$1,945,267)		
<b>COMMUNICATIONS - 6.5%</b>			<b>SECURITIES LENDING COLLATERAL<sup>†4</sup> - 0.7%</b>		
Verizon Communications, Inc. <sup>1</sup>	14,379	761,081	<b>Money Market Fund</b>		
Juniper Networks, Inc. <sup>1</sup>	18,408	524,628	First American Government Obligations Fund — Class Z, 1.15% <sup>3</sup>	270,351	270,351
InterDigital, Inc.	3,483	265,230	<b>Total Securities Lending Collateral</b>		<u>270,351</u>
ARRIS International plc*	8,793	225,892	(Cost \$270,351)		
ORBCOMM, Inc.*	15,100	153,718	<b>Total Investments - 103.4%</b>		<u>\$ 40,479,436</u>
AT&T, Inc. <sup>1</sup>	3,593	139,696	(Cost \$38,112,670)		
Viacom, Inc. — Class B <sup>1</sup>	4,499	138,614	<b>Other Assets &amp; Liabilities, net - (3.4)%</b>		<u>(1,341,615)</u>
Liberty Ventures*	2,290	124,210	<b>Total Net Assets - 100.0%</b>		<u>\$ 39,137,821</u>
Shenandoah Telecommunications Co.	3,354	113,365			
Viavi Solutions, Inc.*	12,749	111,426			
<b>Total Communications</b>		<u>2,557,860</u>			

**Custom Basket Swap Agreements**

Counterparty	Index	Financing Rate Pay (Receive)	Payment Frequency	Maturity Date	Notional Amount	Value and Unrealized Gain (Loss)
<b>OTC Custom Basket Swap Agreements Sold Short<sup>††</sup></b>						
Morgan Stanley	Long Short Equity Portfolio Short Custom Basket Swap <sup>5</sup>	(1.03%)	At Maturity	05/31/19	\$ 37,993,398	\$ (2,139,099)
<b>OTC Custom Basket Swap Agreements<sup>††</sup></b>						
Morgan Stanley	Long Short Equity Portfolio Long Custom Basket Swap <sup>6</sup>	1.78%	At Maturity	05/31/19	26,121,013	1,119,030

## LONG SHORT EQUITY FUND

	SHARES	PERCENTAGE VALUE	UNREALIZED GAIN		SHARES	PERCENTAGE VALUE	UNREALIZED GAIN (LOSS)
<b>CUSTOM BASKET OF LONG SECURITIES<sup>6</sup></b>							
Cisco Systems, Inc.	16,883	9.8%	\$ 109,755	Engerizer Holdings, Inc.	9,700	0.9%	\$ 10,077
FedEx Corp.	2,194	6.9%	77,584	Ingersoll-Rand plc	3,130	0.9%	9,563
Aflac, Inc.	6,875	6.6%	74,080	Abbott Laboratories	6,000	0.8%	9,082
Fluor Corp.	12,106	6.0%	67,490	Bank of New York Mellon Corp.	8,770	0.8%	8,878
Tyson Foods, Inc. — Class A	3,274	5.5%	61,687	eBay, Inc.*	3,597	0.7%	8,116
Norfolk Southern Corp.	2,872	5.3%	59,281	AbbVie, Inc.	3,054	0.7%	7,905
Kroger Co.	12,547	5.2%	58,389	Kinder Morgan, Inc.	6,597	0.7%	7,799
Carlisle Companies, Inc.	4,230	4.9%	55,316	AmerisourceBergen Corp. — Class A	2,016	0.7%	7,660
General Mills, Inc.	8,083	4.8%	53,642	U.S. Bancorp	3,597	0.6%	6,173
Prudential Financial, Inc.	4,549	4.7%	52,215	Bill Barrett Corp.*	16,197	0.5%	5,251
Discover Financial Services	3,048	4.6%	51,620	Campbell Soup Co.	10,851	0.4%	4,976
Chevron Corp.	5,202	4.4%	49,121	Procter & Gamble Co.	1,259	0.4%	4,891
Allison Transmission Holdings, Inc.	6,198	3.7%	40,934	Amdocs Ltd.	1,947	0.1%	1,486
Ingredion, Inc.	1,584	3.5%	39,574	Oracle Corp.	3,581	0.1%	1,482
Dr Pepper Snapple Group, Inc.	4,380	3.3%	37,285	Fidelity National Information Services, Inc.	1,255	0.1%	1,131
Genesee & Wyoming, Inc. — Class A*	6,186	3.3%	37,263	Celgene Corp.*	3,152	0.1%	744
PACCAR, Inc.	6,849	3.0%	33,923	Charles River Laboratories International, Inc.*	1,114	0.1%	702
Microsoft Corp.	2,678	2.9%	32,273	Dell Technologies Incorporated Class V — Class V*	3,114	0.0%	319
Amgen, Inc.	3,438	2.9%	31,903	NextEra Energy, Inc.	1,191	0.0%	(361)
Biogen, Inc.*	940	2.7%	30,035	CenterPoint Energy, Inc.	19,499	-0.2%	(2,252)
Marathon Petroleum Corp.	7,087	2.4%	27,190	Kimberly-Clark Corp.	1,394	-0.2%	(2,291)
AGCO Corp.	6,563	2.3%	26,117	Facebook, Inc. — Class A*	726	-0.2%	(2,485)
Alphabet, Inc. — Class C*	217	2.2%	25,061	Telephone & Data Systems, Inc.	14,373	-0.4%	(4,290)
Lowe's Companies, Inc.	1,859	2.1%	23,451	Western Union Co.	26,713	-0.5%	(6,005)
Citigroup, Inc.	2,087	2.0%	22,907	DXC Technology Co.	3,647	-0.7%	(7,449)
JPMorgan Chase & Co.	1,899	2.0%	22,686	Allergan plc	980	-0.9%	(10,353)
HollyFrontier Corp.	3,283	2.0%	22,433	Premier, Inc. — Class A*	4,058	-1.2%	(13,046)
WestRock Co.	6,016	2.0%	22,344	VEREIT, Inc.	54,712	-1.3%	(14,902)
WW Grainger, Inc.	617	2.0%	22,110	National Fuel Gas Co.	9,695	-1.8%	(19,930)
Gilead Sciences, Inc.	7,873	1.8%	20,566	Edgewell Personal Care Co.*	6,123	-1.8%	(19,951)
T-Mobile US, Inc.*	4,696	1.7%	18,818	Micron Technology, Inc.*	4,358	-2.0%	(22,257)
LyondellBasell Industries N.V. — Class A	2,933	1.7%	18,774	Versartis, Inc.*	65,144	-2.2%	(24,275)
Hubbell, Inc.	929	1.7%	18,631	Omnicom Group, Inc.	4,064	-3.6%	(40,182)
Travelers Companies, Inc.	1,756	1.6%	18,085	Owens & Minor, Inc.	5,953	-4.2%	(47,186)
FirstEnergy Corp.	13,086	1.6%	17,815	Edison International	4,950	-4.3%	(47,679)
TE Connectivity Ltd.	1,159	1.6%	17,699	ATN International, Inc.	6,849	-6.5%	(73,287)
Ameren Corp.	7,170	1.6%	17,533	PG&E Corp.	10,433	-17.7%	(197,711)
Cigna Corp.	561	1.5%	17,187	<b>Total Custom Basket of Long Securities</b>			<b>1,119,030</b>
Lam Research Corp.	531	1.5%	16,845				
Textron, Inc.	2,103	1.5%	16,698	<b>CUSTOM BASKET OF SHORT SECURITIES<sup>5</sup></b>			
Wells Fargo & Co.	2,059	1.5%	16,650	NewMarket Corp.	(547)	-1.6%	35,017
Molson Coors Brewing Co. — Class B	7,157	1.5%	16,486	Sensient Technologies Corp.	(5,160)	-1.6%	34,689
L3 Technologies, Inc.	1,339	1.4%	16,223	Essex Property Trust, Inc.	(1,261)	-0.9%	19,157
Anthem, Inc.	504	1.4%	15,994	Capitol Federal Financial, Inc.	(13,418)	-0.9%	18,961
American Financial Group, Inc.	2,993	1.1%	12,673	FireEye, Inc.*	(8,170)	-0.8%	17,512
Arconic, Inc.	6,250	1.0%	11,636	First Republic Bank	(1,623)	-0.8%	17,021
HRG Group, Inc.*	7,626	1.0%	11,588	CareTrust REIT, Inc.	(5,995)	-0.7%	15,664
Lions Gate Entertainment Corp. — Class A*	7,824	1.0%	11,117	Terreño Realty Corp.	(12,042)	-0.7%	15,520
				Autodesk, Inc.*	(1,492)	-0.7%	14,340

## LONG SHORT EQUITY FUND

	SHARES	PERCENTAGE VALUE	UNREALIZED GAIN (LOSS)		SHARES	PERCENTAGE VALUE	UNREALIZED LOSS
Hudson Pacific Properties, Inc.	(10,273)	-0.6%	\$ 11,864	American Homes 4 Rent — Class A	(11,129)	0.1%	\$ (2,703)
Royal Gold, Inc.	(5,677)	-0.5%	11,441	Neogen Corp.*	(1,399)	0.1%	(2,753)
Semtech Corp.*	(3,996)	-0.5%	11,021	Kilroy Realty Corp.	(1,512)	0.1%	(2,764)
Education Realty Trust, Inc.	(3,545)	-0.5%	10,829	Macerich Co.	(2,235)	0.1%	(2,885)
Chesapeake Energy Corp.*	(32,072)	-0.5%	10,234	RLI Corp.	(1,920)	0.1%	(2,970)
Veeva Systems, Inc. — Class A*	(1,838)	-0.5%	10,151	Weyerhaeuser Co.	(3,026)	0.2%	(3,235)
NVIDIA Corp.	(435)	-0.4%	8,870	PTC, Inc.*	(3,973)	0.2%	(3,485)
White Mountains Insurance Group Ltd.	(429)	-0.3%	7,046	Guidewire Software, Inc.*	(1,695)	0.2%	(4,482)
Extraction Oil & Gas, Inc.*	(7,838)	-0.3%	6,662	Tyler Technologies, Inc.*	(771)	0.2%	(4,669)
Camden Property Trust	(4,771)	-0.3%	6,268	Universal Health Realty Income Trust	(2,529)	0.2%	(4,686)
NorthStar Realty Europe Corp.	(7,834)	-0.3%	6,106	CyrusOne, Inc.	(2,514)	0.2%	(4,775)
Red Hat, Inc.*	(1,189)	-0.3%	6,055	Flagstar Bancorp, Inc.*	(3,122)	0.2%	(4,780)
Exponent, Inc.	(2,054)	-0.2%	4,643	Martin Marietta Materials, Inc.	(1,375)	0.2%	(4,812)
Vail Resorts, Inc.	(488)	-0.2%	4,588	IMAX Corp.*	(7,866)	0.2%	(4,830)
ProAssurance Corp.	(1,901)	-0.2%	4,061	On Assignment, Inc.*	(2,497)	0.2%	(5,176)
Healthcare Trust of America, Inc. — Class A	(7,543)	-0.1%	2,827	Federal Realty Investment Trust	(843)	0.2%	(5,326)
Public Storage	(527)	-0.1%	2,447	National Instruments Corp.	(4,287)	0.3%	(5,572)
Cannae Holdings, Inc.*	(6,448)	-0.1%	1,874	Jack Henry & Associates, Inc.	(1,160)	0.3%	(5,638)
CubeSmart	(4,462)	-0.1%	1,828	EastGroup Properties, Inc.	(2,709)	0.3%	(5,820)
TransUnion*	(10,127)	-0.1%	1,803	Interface, Inc. — Class A	(6,186)	0.3%	(5,834)
Realty Income Corp.	(1,977)	-0.1%	1,656	athenahealth, Inc.*	(1,463)	0.3%	(6,410)
NiSource, Inc.	(4,109)	-0.1%	1,151	WR Grace & Co.	(4,896)	0.3%	(6,858)
Ultimate Software Group, Inc.*	(631)	0.0%	983	Ferro Corp.*	(6,980)	0.3%	(6,963)
Aspen Insurance Holdings Ltd.	(2,770)	0.0%	953	Ecolab, Inc.	(3,778)	0.3%	(6,976)
Cabot Oil & Gas Corp. — Class A	(3,864)	0.0%	924	Air Products & Chemicals, Inc.	(3,350)	0.3%	(7,409)
Healthcare Realty Trust, Inc.	(4,787)	0.0%	864	PennyMac Mortgage Investment Trust	(9,911)	0.4%	(7,629)
Balchem Corp.	(4,443)	0.0%	753	Sun Communities, Inc.	(4,810)	0.4%	(7,917)
Equity LifeStyle Properties, Inc.	(4,999)	0.0%	750	PriceSmart, Inc.	(1,833)	0.4%	(7,988)
Physicians Realty Trust	(6,550)	0.0%	684	Douglas Emmett, Inc.	(2,756)	0.4%	(8,224)
American International Group, Inc.	(1,940)	0.0%	526	Aspen Technology, Inc.*	(1,705)	0.4%	(9,174)
CoStar Group, Inc.*	(1,463)	0.0%	461	DexCom, Inc.*	(2,122)	0.4%	(9,315)
Rexford Industrial Realty, Inc.	(7,669)	0.0%	(73)	Albemarle Corp.	(3,557)	0.5%	(9,870)
Extra Space Storage, Inc.	(1,283)	0.0%	(313)	Regency Centers Corp.	(1,655)	0.5%	(11,486)
Equinix, Inc.	(374)	0.0%	(764)	CoreSite Realty Corp.	(1,689)	0.5%	(11,560)
Tetra Tech, Inc.	(2,242)	0.1%	(1,153)	salesforce.com, Inc.*	(1,082)	0.6%	(11,793)
MSCI, Inc. — Class A	(3,545)	0.1%	(1,349)	American Tower Corp. — Class A	(1,226)	0.6%	(12,017)
Insperity, Inc.	(1,967)	0.1%	(1,587)	Yum! Brands, Inc.	(2,285)	0.6%	(12,049)
Dominion Energy, Inc.	(1,370)	0.1%	(1,637)	MarketAxess Holdings, Inc.	(1,098)	0.6%	(12,096)
Jack in the Box, Inc.	(1,383)	0.1%	(1,857)	Vulcan Materials Co.	(2,915)	0.6%	(12,098)
Ashland Global Holdings, Inc.	(2,469)	0.1%	(1,862)	Alliant Energy Corp.	(10,916)	0.6%	(12,158)
Celanese Corp. — Class A	(1,246)	0.1%	(1,976)	Nike, Inc. — Class B	(3,384)	0.6%	(12,372)
Bio-Rad Laboratories, Inc. — Class A*	(731)	0.1%	(2,571)	Dril-Quip, Inc.*	(3,566)	0.6%	(12,517)
GCP Applied Technologies, Inc.*	(3,787)	0.1%	(2,672)	WD-40 Co.	(1,064)	0.6%	(12,900)
				Atmos Energy Corp.	(6,019)	0.6%	(12,952)
				Blackbaud, Inc.	(1,125)	0.6%	(13,125)
				Rayonier, Inc.	(3,650)	0.6%	(13,235)
				Crown Castle International Corp.	(1,920)	0.6%	(13,394)
				SEI Investments Co.	(2,645)	0.7%	(14,077)

**LONG SHORT EQUITY FUND**

	SHARES	PERCENTAGE VALUE	UNREALIZED LOSS		SHARES	PERCENTAGE VALUE	UNREALIZED LOSS
Bio-Techne Corp.	(1,464)	0.7%	\$ (15,431)	SBA Communications Corp.*	(1,854)	1.4%	\$ (30,117)
First Industrial Realty Trust, Inc.	(7,617)	0.7%	(15,795)	Carpenter Technology Corp.	(5,882)	1.4%	(30,819)
First Midwest Bancorp, Inc.	(8,448)	0.8%	(16,251)	Callon Petroleum Co.*	(15,192)	1.5%	(31,061)
PolyOne Corp.	(3,191)	0.8%	(16,847)	WisdomTree Investments, Inc.	(21,414)	1.5%	(31,538)
Investors Bancorp, Inc.	(20,289)	0.8%	(17,428)	DCT Industrial Trust, Inc.	(6,236)	1.5%	(31,578)
People's United Financial, Inc.	(20,491)	0.8%	(17,844)	Bottomline Technologies de, Inc.*	(3,345)	1.5%	(31,630)
Boston Properties, Inc.	(2,569)	0.8%	(17,938)	Take-Two Interactive Software, Inc.*	(1,158)	1.7%	(36,284)
Cadence Design Systems, Inc.*	(2,679)	0.8%	(17,952)	Matador Resources Co.*	(4,986)	1.7%	(36,617)
Ally Financial, Inc.	(7,144)	0.9%	(18,555)	TopBuild Corp.*	(1,765)	1.8%	(38,842)
Spire, Inc.	(4,304)	0.9%	(19,350)	Covanta Holding Corp.	(19,017)	1.8%	(39,358)
Team, Inc.*	(12,327)	0.9%	(19,442)	Moody's Corp.	(2,150)	1.8%	(39,472)
Alexandria Real Estate Equities, Inc.	(1,425)	0.9%	(19,621)	Ollie's Bargain Outlet Holdings, Inc.*	(3,234)	1.9%	(40,215)
Ingevity Corp.*	(1,813)	0.9%	(19,742)	Commercial Metals Co.	(13,163)	1.9%	(40,946)
Nabors Industries Ltd.	(19,478)	0.9%	(19,933)	Scotts Miracle-Gro Co. — Class A	(2,782)	1.9%	(41,172)
Howard Hughes Corp.*	(1,600)	0.9%	(20,222)	Healthcare Services Group, Inc.	(11,321)	2.0%	(41,778)
Five Below, Inc.*	(1,876)	1.0%	(20,804)	Cognex Corp.	(2,873)	2.0%	(42,654)
LendingTree, Inc.*	(394)	1.0%	(21,102)	CME Group, Inc. — Class A	(1,566)	2.0%	(42,675)
Pool Corp.	(2,051)	1.0%	(21,786)	S&P Global, Inc.	(2,648)	2.1%	(43,862)
RSP Permian, Inc.*	(4,911)	1.0%	(22,162)	Trex Company, Inc.*	(1,283)	2.1%	(43,946)
McDonald's Corp.	(2,295)	1.1%	(23,582)	Eaton Vance Corp.	(5,020)	2.1%	(44,349)
Cintas Corp.	(3,694)	1.1%	(24,443)	International Flavors & Fragrances, Inc.	(3,331)	2.4%	(50,463)
Weatherford International plc*	(33,078)	1.2%	(25,354)	Monolithic Power Systems, Inc.	(3,679)	2.4%	(52,125)
Adobe Systems, Inc.*	(866)	1.2%	(25,608)	Goldman Sachs Group, Inc.	(1,616)	2.5%	(52,600)
John Bean Technologies Corp.	(1,053)	1.2%	(26,067)	FMC Corp.	(2,894)	2.5%	(53,992)
Rollins, Inc.	(12,346)	1.3%	(26,890)	Allegheny Technologies, Inc.*	(7,619)	2.7%	(57,093)
FactSet Research Systems, Inc.	(2,660)	1.3%	(27,319)	Compass Minerals International, Inc.	(7,368)	2.7%	(58,381)
Atlassian Corporation plc — Class A*	(2,855)	1.3%	(27,513)	Southern Copper Corp.	(11,379)	2.8%	(58,830)
Parsley Energy, Inc. — Class A*	(6,928)	1.3%	(27,770)	Cboe Global Markets, Inc.	(4,760)	2.8%	(59,650)
Verisk Analytics, Inc. — Class A*	(6,015)	1.3%	(27,931)	Diamondback Energy, Inc.*	(2,459)	3.3%	(71,146)
Aqua America, Inc.	(4,506)	1.3%	(27,995)	Copart, Inc.*	(15,703)	5.5%	(117,668)
Tanger Factory Outlet Centers, Inc.	(16,128)	1.3%	(28,194)	<b>Total Custom Basket of Short Securities</b>			<b>(2,139,099)</b>

\* Non-income producing security.

† Value determined based on Level 1 inputs — See Note 4.

†† Value determined based on Level 2 inputs — See Note 4.

<sup>1</sup> All or a portion of this security is pledged as equity swap collateral at December 31, 2017.

<sup>2</sup> All or portion of this security is on loan at December 31, 2017 — See Note 7.

<sup>3</sup> Rate indicated is the 7 day yield as of December 31, 2017.

<sup>4</sup> Securities lending collateral — See Note 7.

<sup>5</sup> Total Return based on the return of the custom short basket of securities +/- financing at a variable rate. Rate indicated is rate effective at December 31, 2017.

<sup>6</sup> Total Return based on the return of the custom long basket of securities +/- financing at a variable rate. Rate indicated is rate effective at December 31, 2017.

plc — Public Limited Company

REIT — Real Estate Investment Trust

See Sector Classification in Other Information section.

**LONG SHORT EQUITY FUND**

The following table summarizes the inputs used to value the Fund’s investments at December 31, 2017 (See Note 4 in the Notes to Financial Statements):

Investments in Securities (Assets)	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 2 - Other*	Level 3 Significant Unobservable Inputs	Total
Common Stocks	\$ 38,263,818	\$ —	\$ —	\$ —	\$ 38,263,818
Money Market Fund	1,945,267	—	—	—	1,945,267
Custom Basket Swap Agreements	—	—	1,119,030	—	1,119,030
Securities Lending Collateral	270,351	—	—	—	270,351
Total Assets	\$ 40,479,436	\$ —	\$ 1,119,030	\$ —	\$ 41,598,466

Investments in Securities (Liabilities)	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 2 - Other*	Level 3 Significant Unobservable Inputs	Total
Custom Basket Swap Agreements	\$ —	\$ —	\$ 2,139,099	\$ —	\$ 2,139,099

\* Other financial instruments include swaps, which are reported as unrealized gain/loss at period end.

Transfers between investment levels may occur as the markets fluctuate and/or the availability of data used in an investment’s valuation changes. Transfers between valuation levels, if any, are in comparison to the valuation levels at the end of the previous fiscal year, and are effective using the fair value as of the end of the current fiscal period.

For the year ended December 31, 2017, there were no transfers between levels.

**Affiliated Transactions**

Investments representing 5% or more of the outstanding voting shares of a portfolio company of a fund, or control of or by, or common control under Guggenheim Investments (“GI”), result in that portfolio company being considered an affiliated company of such fund, as defined in the 1940 Act.

The Fund may invest in the underlying series of the Guggenheim Strategy Funds Trust consisting of Guggenheim Strategy Fund I, Guggenheim Strategy Fund II, Guggenheim Strategy Fund III, and Guggenheim Variable Insurance Strategy Fund III (collectively, the “Cash Management Funds”), open-end management investment companies managed by GI. The Cash Management Funds, which launched on March 11, 2014, are offered as cash management options only to mutual funds, trusts, and other accounts managed by GI and/or its affiliates, and are not available to the public. The Cash Management Funds pay no investment management fees. The Cash Management Funds’ annual report on Form N-CSR dated September 30, 2017, is available publicly or upon request. This information is available from the EDGAR database on the SEC’s website at <https://www.sec.gov/Archives/edgar/data/1601445/000089180417000715/gug72218.htm>.

Transactions during the year ended December 31, 2017, in which the portfolio company is an “affiliated person”, were as follows:

Security Name	Value 12/31/16	Additions	Reductions	Realized Gain (Loss)	Change in Unrealized	Value 12/31/17	Shares 12/31/17	Investment Income
<b>Exchange-Traded Fund</b>								
Guggenheim S&P 500 Equal Weight ETF	\$ —	\$ 1,552,909	\$ (1,565,020)	\$ 12,111	\$ —	\$ —	—	\$ —
<b>Mutual Funds</b>								
Guggenheim Strategy Fund I	815,870	5,613	(823,445)	3,126	(1,164)	—	—	5,677
Guggenheim Strategy Fund II	11,306	102	(11,431)	35	(12)	—	—	104
	\$ 827,176	\$ 1,558,624	\$ (2,399,896)	\$ 15,272	\$ (1,176)	\$ —		\$ 5,781

**STATEMENT OF ASSETS AND LIABILITIES**

December 31, 2017

**ASSETS:**

Investments, at value - including \$256,749 of securities loaned (cost \$38,112,670)	\$ 40,479,436
Unrealized appreciation on swap agreements	1,119,030
Receivables:	
Fund shares sold	64,920
Dividends	30,138
Securities lending income	1,667

**Total assets** 41,695,191

**LIABILITIES:**

Overdraft due to custodian bank	3,032
Unrealized depreciation on swap agreements	2,139,099
Payable for:	
Return of securities loaned	270,351
Swap settlement	44,186
Management fees	29,190
Investor service fees	8,127
Fund shares redeemed	7,147
Transfer agent and administrative fees	3,251
Portfolio accounting fees	3,251
Miscellaneous	49,736

**Total liabilities** 2,557,370

**Commitments and contingent liabilities (Note 10)** —

**NET ASSETS** \$ 39,137,821

**NET ASSETS CONSIST OF:**

Paid in capital	\$ 33,516,069
Undistributed net investment income	3,933
Accumulated net realized gain on investments	4,271,122
Net unrealized appreciation on investments	1,346,697
<b>Net assets</b>	<b>\$ 39,137,821</b>
Capital shares outstanding	2,224,692
Net asset value per share	<u>\$17.59</u>

**STATEMENT OF OPERATIONS**

Year Ended December 31, 2017

**INVESTMENT INCOME:**

Dividends from securities of unaffiliated issuers (net of foreign withholding tax of \$576)	\$ 468,876
Dividends from securities of affiliated issuers	5,781
Interest	11,688
Income from securities lending, net	7,226
<b>Total investment income</b>	<u>493,571</u>

**EXPENSES:**

Management fees	304,714
Investor service fees	84,643
Transfer agent and administrative fees	33,857
Short sales dividend expense	58,194
Professional fees	46,377
Portfolio accounting fees	33,857
Custodian fees	5,786
Trustees' fees*	4,212
Miscellaneous	30,976
<b>Total expenses</b>	<u>602,616</u>
Less:	
Expenses waived by Adviser	(68)
<b>Net expenses</b>	<u>602,548</u>
<b>Net investment income</b>	<u>(108,977)</u>

**NET REALIZED AND UNREALIZED GAIN (LOSS):**

Net realized gain (loss) on:	
Investments in unaffiliated issuers	4,952,659
Investments in affiliated issuers	15,272
Swap agreements	1,183,416
Futures contracts	209
Securities sold short	(487,633)
<b>Net realized gain</b>	<u>5,663,923</u>
Net change in unrealized appreciation (depreciation) on:	
Investments in unaffiliated issuers	450,314
Investments in affiliated issuers	(1,176)
Securities sold short	(90,982)
Swap agreements	(1,020,069)
Futures contracts	(1,842)
<b>Net change in unrealized appreciation (depreciation)</b>	<u>(663,755)</u>
<b>Net realized and unrealized gain</b>	<u>5,000,168</u>
<b>Net increase in net assets resulting from operations</b>	<u>\$ 4,891,191</u>

\* Relates to Trustees not deemed "interested persons" within the meaning of Section 2(a) (19) of the 1940 Act.

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2017	Year Ended December 31, 2016
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:</b>		
Net investment income	\$ (108,977)	\$ 13,980
Net realized gain (loss) on investments	5,663,923	(682,532)
Net change in unrealized appreciation (depreciation) on investments	(663,755)	512,878
Net increase (decrease) in net assets resulting from operations	4,891,191	(155,674)
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM:</b>		
Net investment income	(126,120)	—
Total distributions to shareholders	(126,120)	—
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Proceeds from sale of shares	10,449,559	12,618,096
Distributions reinvested	126,120	—
Cost of shares redeemed	(8,089,622)	(19,695,322)
Net increase (decrease) from capital share transactions	2,486,057	(7,077,226)
Net increase (decrease) in net assets	7,251,128	(7,232,900)
<b>NET ASSETS:</b>		
Beginning of year	31,886,693	39,119,593
End of year	\$ 39,137,821	\$ 31,886,693
Undistributed net investment income at end of year	\$ 3,933	\$ 35,125
<b>CAPITAL SHARE ACTIVITY:</b>		
Shares sold	649,140	841,745
Shares issued from reinvestment of distributions	7,922	—
Shares redeemed	(506,416)	(1,329,016)
Net increase (decrease) in shares	150,646	(487,271)

## LONG SHORT EQUITY FUND

### 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 December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
<b>Per Share Data</b>					
Net asset value, beginning of period	\$15.37	\$15.27	\$15.08	\$14.67	\$12.49
Income (loss) from investment operations:					
Net investment income (loss) <sup>a</sup>	(.05)	.01	(.11)	(.09)	(.14)
Net gain (loss) on investments (realized and unrealized)	2.33	.09	.30	.50	2.32
Total from investment operations	2.28	.10	.19	.41	2.18
Less distributions from:					
Net investment income	(.06)	—	—	—	(—) <sup>b</sup>
Total distributions	(.06)	—	—	—	(—) <sup>b</sup>
Net asset value, end of period	\$17.59	\$15.37	\$15.27	\$15.08	\$14.67
<b>Total Return<sup>c</sup></b>	<b>14.85%</b>	<b>0.65%</b>	<b>1.26%</b>	<b>2.79%</b>	<b>17.46%</b>
<b>Ratios/Supplemental Data</b>					
Net assets, end of period (in thousands)	\$39,138	\$31,887	\$39,120	\$30,041	\$45,295
Ratios to average net assets:					
Net investment income (loss)	(0.32%)	0.04%	(0.71%)	(0.63%)	(1.05%)
Total expenses <sup>d,f</sup>	1.78%	2.22%	2.28%	2.12%	2.28%
Net expenses	1.78% <sup>e</sup>	2.22%	2.28%	2.12%	2.28%
Portfolio turnover rate	258%	239%	244%	316%	292%

<sup>a</sup> Net investment income (loss) per share was computed using average shares outstanding throughout the period.

<sup>b</sup> Distributions from net investment income are less than \$0.01 per share.

<sup>c</sup> Total return does not reflect the impact of any additional fees charged by insurance companies.

<sup>d</sup> Does not include expenses of the underlying funds in which the Fund invests.

<sup>e</sup> Net expense information reflects the expense ratios after expense waivers.

<sup>f</sup> Total expenses may include interest and dividend expense. Excluding interest and dividend expense related to short sales, net expense ratios for the years ended December 31 would be:

2017	2016	2015	2014	2013
1.61%	1.56%	1.51%	1.57%	1.62%

### Note 1 – Organization and Significant Accounting Policies

#### Organization

The Rydex Variable Trust (the “Trust”), a Delaware statutory trust, is registered with the SEC under the Investment Company Act of 1940 (“1940 Act”), as an open-ended investment company of the series type. Each series, in effect, is representing a separate Fund. The Trust is authorized to issue an unlimited number of no par value shares. At December 31, 2017, the Trust consisted of forty-nine funds (the “Funds”). The Trust offers shares of the Funds to insurance companies for their variable annuity and variable life insurance contracts.

This report covers the Long Short Equity Fund (the “Fund”), a non-diversified investment company.

Security Investors, LLC, which operates under the name Guggenheim Investments (“GI”), provides advisory services. Guggenheim Funds Distributors, LLC (“GFD”) acts as principal underwriter for the Trust. GI and GFD are affiliated entities.

#### Significant Accounting Policies

The Fund operates as an investment company and, accordingly, follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946 Financial Services – Investment Companies.

The following significant accounting policies are in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) and are consistently followed by the Trust. This requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, 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.

The net asset value per share (“NAV”) of a fund is calculated by dividing the market value of the fund’s securities and other assets, less all liabilities, by the number of outstanding shares of the fund.

#### (a) Valuation of Investments

The Board of Trustees of the Fund (the “Board”) has adopted policies and procedures for the valuation of the Fund’s investments (the “Valuation Procedures”). Pursuant to the Valuation Procedures, the Board has delegated to a valuation committee, consisting of representatives from Guggenheim’s investment management, fund administration, legal and compliance departments (the “Valuation Committee”), the day-to-day responsibility for implementing the Valuation Procedures,

including, under most circumstances, the responsibility for determining the fair value of the Fund’s securities and/or other assets.

Valuations of the Fund’s securities are supplied primarily by pricing services appointed pursuant to the processes set forth in the Valuation Procedures. The Valuation Committee convenes monthly, or more frequently as needed, to review the valuation of all assets which have been fair valued for reasonableness. The Fund’s officers, through the Valuation Committee and consistent with the monitoring and review responsibilities set forth in the Valuation Procedures, regularly review procedures used and valuations provided by the pricing services.

If the pricing service cannot or does not provide a valuation for a particular investment or such valuation is deemed unreliable, such investment is fair valued by the Valuation Committee.

Equity securities listed on an exchange (New York Stock Exchange (“NYSE”) or American Stock Exchange) are valued at the last quoted sales price as of the close of business on the NYSE, usually 4:00 p.m. on the valuation date. Equity securities listed on the NASDAQ market system are valued at the NASDAQ Official Closing Price on the valuation date, which may not necessarily represent the last sale price. If there has been no sale on such exchange or NASDAQ on a given day, the security is valued at the closing bid price on that day.

Open-end investment companies (“mutual funds”) are valued at their NAV as of the close of business, on the valuation date. Exchange-traded funds (“ETFs”) are valued at the last quoted sale price.

Money market funds are valued at net asset value.

Investments for which market quotations are not readily available are fair-valued as determined in good faith by GI, under the direction of the Board using methods established or ratified by the Board. Valuations in accordance with these methods are intended to reflect each security’s (or asset’s) “fair value”. Each such determination is based on a consideration of all relevant factors, which are likely to vary from one pricing context to another. Examples of such factors may include, but are not limited to market prices; sale prices; broker quotes; and models which derive prices based on inputs such as prices of securities with comparable maturities and characteristics, or based on inputs such as anticipated cash flows or collateral, spread over Treasuries, and other information analysis.

The values of over-the-counter (“OTC”) swap agreements entered into by a fund are accounted for using the unrealized gains or losses on the agreements that are determined by marking the agreements to the last quoted value of the index that the swaps pertain to at the close of the NYSE.

In connection with futures contracts and other derivative investments, such factors may include obtaining information as to how (a) these contracts and other derivative investments trade in the futures or other derivative markets, respectively, and (b) the securities underlying these contracts and other derivative investments trade in the cash market.

**(b) Short Sales**

When the Fund engages in a short sale of a security, an amount equal to the proceeds is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the market value of the short sale. The Fund maintains a segregated account of cash and/or securities as collateral for short sales.

Fees, if any, paid to brokers to borrow securities in connection with short sales are recorded as interest expense. In addition, the Fund must pay out the dividend rate of the equity or coupon rate of the obligation to the lender and record this as an expense. Short dividend or interest expense is a cost associated with the investment objective of short sales transactions, rather than an operational cost associated with the day-to-day management of any mutual fund. The Fund may also receive rebate income from the broker resulting from the investment of the proceeds from securities sold short.

**(c) Futures Contracts**

Upon entering into a futures contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is affected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

**(d) Swap Agreements**

Swap agreements are marked-to-market daily and the change, if any, is recorded as unrealized gain or loss. Payments received or made as a result of an agreement or termination of an agreement are recognized as realized gains or losses.

**(e) Foreign Taxes**

The Fund may be subject to foreign taxes (a portion of which may be reclaimable) on income, stock dividends, capital gains on investments or certain foreign currency transactions. All foreign taxes are recorded in accordance with the applicable foreign tax regulations and rates that exist in the foreign jurisdictions in which the Fund invests. These foreign taxes, if any, are paid by the Fund and reflected in its Statement of Operations as follows: foreign taxes withheld at source are presented as a reduction of income and foreign taxes on capital gains from sales of investments are included with the net realized gain (loss) on investments. Foreign taxes payable or deferred as of December 31, 2017, if any, are disclosed in the Fund’s Statement of Assets and Liabilities.

**(f) Security Transactions**

Security 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. Proceeds from lawsuits related to investment holdings are recorded as realized gains in the Fund. Dividend income is recorded on the ex-dividend date, net of any applicable taxes withheld by foreign countries. Taxable non-cash dividends are recorded as dividend income. Interest income, including amortization of premiums and accretion of discounts, is accrued on a daily basis. Dividend income from Real Estate Investment Trusts (“REITs”) is recorded based on the income included in the distributions received from the REIT investments using published REIT classifications, including some management estimates when actual amounts are not available. Distributions received in excess of this estimated amount are recorded as a reduction of the cost of investments or reclassified to capital gains. The actual amounts of income, return of capital, and capital gains are only determined by each REIT after its fiscal year-end, and may differ from the estimated amounts.

**(g) Distributions**

Distributions of net investment income and net realized 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. GAAP. Normally, all such distributions of the Fund will automatically be reinvested without charge in additional shares of the Fund.

**(h) Cash**

The Fund may leave cash overnight in its cash account with the custodian. Periodically, the Fund may have cash due to the custodian bank as an overdraft balance. A fee is incurred on this overdraft, calculated by multiplying the overdraft by a rate based on the federal funds rate, which was 1.33% at December 31, 2017.

**(i) Indemnifications**

Under the Fund’s organizational documents, the Trustees and Officers are indemnified against certain liabilities arising out of the performance of their duties to the Trust. In addition, throughout the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Fund’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund and/or its affiliates that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

**Note 2 – Financial Instruments and Derivatives**

As part of its investment strategy, the Fund utilizes a variety of derivative instruments. These investments involve, to varying degrees, elements of market risk and risks in excess of the amounts recognized in the Statement of Assets and Liabilities. Valuation and accounting treatment of these instruments can be found under Significant Accounting Policies in Note 1 of these Notes to Financial Statements.

**Short Sales**

A short sale is a transaction in which the Fund sells a security it does not own. If the security sold short decreases in price between the time the Fund sells the security and closes its short position, the Fund will realize a gain on the transaction. Conversely, if the security increases in price during the period, the Fund will realize a loss on the transaction. The risk of such price increases is the principal risk of engaging in short sales.

**Derivatives**

Derivatives are instruments whose values depend on, or are derived from, in whole or in part, the value of one or more other assets, such as securities, currencies, commodities or indices. Derivative instruments may be used to increase investment flexibility (including to maintain cash reserves while maintaining exposure to certain other assets), for risk management (hedging) purposes, to facilitate trading, to reduce transaction costs and to pursue higher investment returns. Derivative instruments may also be used to mitigate certain investment risks, such as foreign currency exchange rate risk, interest rate risk and credit risk. U.S. GAAP requires disclosures to enable investors to better understand how and why the Fund uses derivative instruments, how these derivative instruments are accounted for and their effects on the Fund’s financial position and results of operations.

The Fund utilized derivatives for the following purposes:

**Index Exposure:** the use of an instrument to obtain exposure to a listed or other type of index.

**Liquidity:** the ability to buy or sell exposure with little price/market impact.

**Futures**

A futures contract is an agreement to purchase (long) or sell (short) an agreed amount of securities or other instruments at a set price for delivery at a future date. There are significant risks associated with the Fund’s use of futures contracts, including (i) there may be an imperfect or no correlation between the changes in market value of the underlying asset and the prices of futures contracts; (ii) there may not be a liquid secondary market for a futures contract; (iii) trading restrictions or limitations may be imposed by an exchange; and (iv) government regulations may restrict trading in futures contracts. When investing in futures, there is minimal counterparty credit risk to the Fund because futures are exchange-traded and the exchange’s clearinghouse, as counterparty to all exchange-traded futures, guarantees against default. Cash deposits are shown as segregated cash with broker on the Statement of Assets and Liabilities; securities held as collateral are noted on the Schedule of Investments.

The following table represents the Fund’s use and volume of futures on a quarterly basis for the year ended December 31, 2017:

Fund	Use	Average Notional Amount	
		Long	Short
Long Short Equity Fund	Index exposure, Liquidity	\$ —	\$ 29,475

**Swaps**

A swap is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset. A fund utilizing OTC swaps bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty or if the underlying asset declines in value. Certain standardized swaps are subject to mandatory central clearing. Central clearing generally reduces counterparty credit risk and increases liquidity, but central clearing does not make swap transactions risk-free. Additionally, there is no guarantee that a fund or an underlying fund could eliminate its exposure under an outstanding swap agreement by entering into an offsetting swap agreement with the same or another party.

Total return swaps involve commitments where single or multiple cash flows are exchanged based on the price of an underlying reference asset (such as index or basket) or a fixed or variable interest rate. Index swaps will usually be computed based on the current index value as of the close of regular trading on the NYSE or other exchange, with the swap value being adjusted to include dividends accrued, financing charges and/or interest associated with the swap agreement. A fund utilizing a total return index swap bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty or if the underlying index declines in value.

The following table represents the Fund's use and volume of total return swaps on a quarterly basis for the year ended December 31, 2017:

Fund	Use	Average Notional Amount	
		Long	Short
Long Short Equity Fund	Index exposure, Liquidity	\$ 20,229,430	\$ 28,128,540

**Derivative Investment Holdings Categorized by Risk Exposure**

The following is a summary of the location of derivative investments on the Fund's Statement of Assets and Liabilities as of December 31, 2017:

Derivative Investment Type	Asset Derivatives	Liability Derivatives
Equity contracts	Unrealized appreciation on swap agreements	Unrealized depreciation on swap agreements

The following table sets forth the fair value of the Fund's derivative investments categorized by primary risk exposure at December 31, 2017:

Asset Derivative Investments Value		
Fund	Portfolio Swaps Risk	Total Value at December 31, 2017
Long Short Equity Fund	\$ 1,119,030	\$ 1,119,030

Liability Derivative Investments Value		
Fund	Portfolio Swaps Risk	Total Value at December 31, 2017
Long Short Equity Fund	\$ 2,139,099	\$ 2,139,099

## NOTES TO FINANCIAL STATEMENTS (continued)

The following is a summary of the location of derivative investments on the Fund's Statement of Operations for the year ended December 31, 2017:

Derivative Investment Type	Location of Gain (Loss) on Derivatives
Equity contracts	Net realized gain (loss) on futures contracts Net realized gain (loss) on swap agreements Net change in unrealized appreciation (depreciation) on futures contracts Net change in unrealized appreciation (depreciation) on swap agreements

The following is a summary of the Fund's realized gain (loss) and change in unrealized appreciation (depreciation) on derivative investments recognized on the Statement of Operations categorized by primary risk exposure for the year ended December 31, 2017:

Realized Gain (Loss) on Derivative Investments Recognized on the Statement of Operations				
Fund		Futures Equity Risk	Swaps Equity Risk	Total
Long Short Equity Fund	\$	209	\$ 1,183,416	\$ 1,183,625

Change in Unrealized Appreciation (Depreciation) on Derivative Investments Recognized on the Statement of Operations				
Fund		Futures Equity Risk	Swaps Equity Risk	Total
Long Short Equity Fund	\$	(1,842)	\$ (1,020,069)	\$ (1,021,911)

In conjunction with the use of derivative instruments, the Fund is required to maintain collateral in various forms. The Fund uses, 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 the Fund.

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.

### Note 3 – Offsetting

In the normal course of business, the Fund enters into transactions subject to enforceable master netting arrangements or other similar arrangements. Generally, the right to offset in those agreements allows the Fund to counteract the exposure to a specific counterparty with collateral received from or delivered to that counterparty based on the terms of the arrangements. These arrangements provide for the right to liquidate upon the occurrence of an event of default, credit event upon merger or additional termination event.

In order to better define its contractual rights and to secure rights that will help the Fund mitigate its counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement with its derivative contract counterparties. An ISDA Master Agreement is a bilateral agreement between a fund and a counterparty that governs OTC derivatives, including foreign exchange contracts, and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of a default (close-out netting) or similar event, including the bankruptcy or insolvency of the counterparty.

For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the mark-to-market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Fund and the counterparty. For financial reporting purposes, cash collateral that has been pledged to cover obligations of the Fund and cash collateral received from the counterparty, if any, are reported separately on the Statement of Assets and Liabilities as segregated cash with broker/receivable for variation margin, or payable for swap settlement/variation margin. Generally, the amount of collateral due from or to a counterparty must exceed a minimum transfer amount threshold (e.g., \$300,000) before a transfer is required to be made. To the extent amounts

## NOTES TO FINANCIAL STATEMENTS (continued)

due to the Fund from its counterparties are not fully collateralized, contractually or otherwise, the Fund bears the risk of loss from counterparty nonperformance. The Fund attempts to mitigate counterparty risk by only entering into agreements with counterparties that they believe to be of good standing and by monitoring the financial stability of those counterparties.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statement of Assets and Liabilities.

The following tables present derivative financial instruments and secured financing transactions that are subject to enforceable netting arrangements and offset in the Statement of Assets and Liabilities in conformity with U.S. GAAP:

Fund	Instrument	Gross Amounts of Recognized Assets	Gross Amounts Offset In the Statement of Assets and Liabilities	Net Amount of Assets Presented on the Statement of Assets and Liabilities	Gross Amounts Not Offset in the Statement of Assets and Liabilities		Net Amount
					Financial Instruments	Cash Collateral Received	
Long Short Equity Fund	Swap equity contracts	\$ 1,119,030	\$ —	\$ 1,119,030	\$ (1,119,030)	\$ —	\$ —

Fund	Instrument	Gross Amounts of Recognized Liabilities	Gross Amounts Offset In the Statement of Assets and Liabilities	Net Amount of Liabilities Presented on the Statement of Assets and Liabilities	Gross Amounts Not Offset in the Statement of Assets and Liabilities		Net Amount
					Financial Instruments	Cash Collateral Pledged	
Long Short Equity Fund	Swap equity contracts	\$ 2,139,099	\$ —	\$ 2,139,099	\$ (2,139,099)	\$ —	\$ —

### Note 4 – Fair Value Measurement

In accordance with U.S. GAAP, 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. U.S. GAAP establishes a three-tier fair value hierarchy based on the types of inputs used to value assets and liabilities and requires corresponding disclosure. The hierarchy and the corresponding inputs are summarized below:

Level 1 — quoted prices in active markets for identical assets or liabilities.

Level 2 — significant other observable inputs (for example quoted prices for securities that are similar based on characteristics such as interest rates, prepayment speeds, credit risk, etc.).

Level 3 — significant unobservable inputs based on the best information available under the circumstances, to the extent observable inputs are not available, which may include assumptions.

The types of inputs available depend on a variety of factors, such as the type of security and the characteristics of the markets in which it trades, if any. Fair valuation determinations that rely on fewer or no observable inputs require greater judgment. Accordingly, fair value determinations for Level 3 securities require the greatest amount of judgment.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The suitability of the techniques and sources employed to determine fair valuation are regularly monitored and subject to change.

**Note 5 – Investment Advisory Agreement and other Agreements**

Under the terms of an investment advisory contract, the Fund pays GI investment advisory fees calculated at an annualized rate of 0.90% on the average daily net assets of the Fund.

GI engages external service providers to perform other necessary services for the Trust, such as audit and accounting related services, legal services, custody, printing and mailing, etc., on a pass-through basis. Such expenses are allocated to various Funds within the complex based on relative net assets.

The Trust has adopted an Investor Services Plan for which GFD and other firms that provide investor services (“Service Providers”) may receive compensation. The Fund will pay investor service fees to GFD at an annual rate not to exceed 0.25% of average daily net assets. GFD, in turn, will compensate Service Providers for providing such services, while retaining a portion of such payments to compensate itself for investor services it performs.

If the Fund invests in an affiliated fund, the investing Fund’s adviser has agreed to waive fees at the investing fund level. Fee waivers will be calculated at the investing Fund level without regard to any expense cap, if any, in effect for the investing Fund. Fees waived under this arrangement are not subject to reimbursement to GI. For the year ended December 31, 2017, the Long Short Equity Fund waived \$68 related to investments in affiliated funds.

Certain officers of the Trust are also officers of GI and GFD.

MUFG Investor Services (US), LLC (“MUIS”) acts as the Fund’s administrator, transfer agent and accounting agent. As administrator, transfer agent and accounting agent, MUIS is responsible for maintaining the books and records of the Fund’s securities and cash. The U.S Bank, N.A. (“U.S. Bank”) acts as the Fund’s custodian. As custodian, U.S. Bank is responsible for the custody of the Fund’s assets. For providing the aforementioned services, MUIS and U.S. Bank are entitled to receive a monthly fee equal to an annual percentage of the Fund’s average daily net assets subject to certain minimum monthly fees and out of pocket expenses.

**Note 6 – Federal Income Tax Information**

The Fund intends to comply with the provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and will distribute substantially all taxable net investment income and capital gains sufficient to relieve the Fund from all, or substantially all, federal income, excise and state income taxes. Therefore, no provision for federal or state income tax or federal excise tax is required.

Tax positions taken or expected to be taken in the course of preparing the Fund’s 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 Fund’s tax positions taken, or to be taken, on federal income tax returns for all open tax years, and has concluded that no provision for income tax is required in the Fund’s financial statements. The Fund’s federal tax returns are subject to examination by the Internal Revenue Service for a period of three years after they are filed.

The tax character of distributions paid during the year ended December 31, 2017 was as follows:

Fund	Ordinary Income	Long-Term Capital Gain	Total Distributions
Long Short Equity Fund	\$ 126,120	\$ —	\$ 126,120

Note: For federal income tax purposes, short-term capital gain distributions are treated as ordinary income distributions.

## NOTES TO FINANCIAL STATEMENTS (continued)

The tax components of accumulated earnings/(deficit) as of December 31, 2017 were as follows:

Fund	Undistributed Ordinary Income	Undistributed Long-Term Capital Gain	Net Unrealized Appreciation (Depreciation)	Accumulated Capital and Other Losses	Total
Long Short Equity Fund	\$ 3,995,564	\$ 362,853	\$ 1,263,335	\$ —	\$ 5,621,752

For Federal income tax purposes, capital loss carryforwards represent realized losses of the Funds that may be carried forward and applied against future capital gains. For taxable years beginning on or before December 22, 2010, such capital losses may be carried forward for a maximum of eight years. Under the RIC Modernization Act of 2010, the Funds are permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. However, any losses incurred during those taxable years must be utilized prior to the losses incurred in pre-enactment taxable years. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law. As of December 31, 2017, the Fund did not have any capital loss carryforwards.

For the year ended December 31, 2017, the following capital loss carryforward amounts expired or were utilized:

Fund	Expired	Utilized	Total
Long Short Equity Fund	\$ —	\$ 815,042	\$ 815,042

Net investment income and net realized gains (losses) may differ for financial statement and tax purposes because of temporary or permanent book/tax differences. These differences are primarily due to losses deferred due to wash sales, investment in real estate investment trusts, investment in securities sold short, special dividends, investment in swaps and distributions in connection with redemption of fund shares. Additional differences may result from the tax treatment of net investment losses. To the extent these differences are permanent, reclassifications are made to the appropriate capital accounts in the period that the differences arise. These reclassifications have no effect on net assets or NAV per share.

The following adjustments were made on the Statement of Assets and Liabilities as of December 31, 2017 for permanent book/tax differences:

Fund	Paid in Capital	Undistributed Net Investment Income	Accumulated Net Realized (Loss)
Long Short Equity Fund	\$ 293,581	\$ 203,905	\$ (497,486)

At December 31, 2017, 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, was as follows:

Fund	Tax Cost	Tax Unrealized Gain	Tax Unrealized (Loss)	Net Unrealized (Loss)
Long Short Equity Fund	\$ 38,117,905	\$ 4,055,893	\$ (2,792,558)	\$ 1,263,335

### Note 7 – Portfolio Securities Loaned

The Fund may lend its securities to approved brokers to earn additional income. Security lending income shown on the Statement of Operations is shown net of rebates paid to the borrowers and earnings on cash collateral investments shared with the lending agent. Within this arrangement, the Fund acts as the lender, U.S. Bank acts as the lending agent, and other approved registered broker dealers act as the borrowers. The Fund receives cash collateral, valued at 102% of the value of the securities on loan. Under the terms of the Fund's securities lending agreement with U.S. Bank, cash collateral and proceeds are invested in the First American Government Obligations Fund - Class Z. The Fund bears the risk of loss on cash collateral investments. Collateral is maintained over the life of the loan in an amount not less than the value

## NOTES TO FINANCIAL STATEMENTS (continued)

of loaned securities, as determined at the close of fund business each day; any additional collateral required due to changes in security values is delivered to the Fund the next business day. Although the collateral mitigates the risk, the Fund could experience a delay in recovering its securities and a possible loss of income or value if the borrower fails to return the securities. The Fund has the right under the securities lending agreement to recover the securities from the borrower on demand. Securities lending transactions are accounted for as secured borrowings. The remaining contractual maturity of the securities lending agreement is overnight and continuous.

At December 31, 2017, the Fund participated in securities lending transactions, which are subject to enforceable netting arrangements, as follows:

Fund	Gross Amounts Not Offset in the Statement of Assets and Liabilities			Securities Lending Collateral		
	Value of Securities Loaned	Collateral Received <sup>a</sup>	Net Amount	Cash Collateral Invested	Cash Collateral Uninvested	Total Collateral
Long Short Equity Fund	\$ 256,749	\$ (256,749)	\$ —	\$ 270,351	\$ —	\$ 270,351

<sup>a</sup> Actual collateral received by the Fund is greater than the amount shown due to overcollateralization.

In the event of counterparty default, the Fund has the right to collect the collateral to offset losses incurred. There is potential loss to the Fund in the event the Fund is delayed or prevented from exercising its right 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 Fund seeks to assert its rights. GI, acting under the supervision of the Board, reviews the value of the collateral and the creditworthiness of those banks and dealers to evaluate potential risks.

### Note 8 – Securities Transactions

For the year ended December 31, 2017, the cost of purchases and proceeds from sales of investment securities, excluding government securities, short-term investments and derivatives, were as follows:

Fund	Purchases	Sales
Long Short Equity Fund	\$ 109,771,133	\$ 94,013,164

### Note 9 – Line of Credit

The Trust, along with other affiliated trusts, secured an uncommitted \$75,000,000 line of credit from U.S. Bank, N.A., which expires June 11, 2018. This line of credit is reserved for emergency or temporary purposes. Borrowings, if any, under this arrangement bear interest equal to the Prime Rate, minus 2%, which shall be paid monthly, averaging 2.09% for the year ended December 31, 2017. The Fund did not have any borrowings outstanding under this agreement throughout the year ended December 31, 2017.

### Note 10 – Legal Proceedings

#### Tribune Company

Rydex Variable Trust has been named as a defendant and a putative member of the proposed defendant class of shareholders in the case entitled *Kirschner v. FitzSimons*, No. 12-2652 (S.D.N.Y.) (formerly *Official Committee of Unsecured Creditors of Tribune Co. v. FitzSimons*, Adv. Pro. No. 10-54010 (Bankr. D. Del.)) (the “*FitzSimons* action”), as a result of ownership by certain series of the Rydex Variable Trust of shares in the Tribune Company (“Tribune”) in 2007, when Tribune effected a leveraged buyout transaction (“LBO”) by which Tribune converted to a privately-held company. In his complaint, the plaintiff has alleged that, in connection with the LBO, Tribune insiders and shareholders were overpaid for their Tribune stock using financing that the insiders knew would, and ultimately did, leave Tribune insolvent. The plaintiff has asserted claims against certain insiders, major shareholders, professional advisers, and others involved in the LBO. The plaintiff is also attempting to obtain from former Tribune shareholders, including the Rydex Variable Trust, the proceeds they received in connection with the LBO.

In June 2011, a group of Tribune creditors filed multiple actions against former Tribune shareholders involving state law constructive fraudulent conveyance claims arising out of the 2007 LBO (the “SLCFC actions”). Rydex Variable Trust has been named as a defendant in one or more of these suits. In those actions, the creditors seek to recover from Tribune’s former shareholders the proceeds received in connection with the 2007 LBO.

The *FitzSimons* action and the SLCFC actions have been consolidated with the majority of the other Tribune LBO-related lawsuits in a multidistrict litigation proceeding captioned *In re Tribune Company Fraudulent Conveyance Litig.*, No. 11-md-2696 (S.D.N.Y.) (the “MDL Proceeding”).

On September 23, 2013, the District Court granted the defendants’ omnibus motion to dismiss the SLCFC actions, on the basis that the creditors lacked standing. On September 30, 2013, the creditors filed a notice of appeal of the September 23 order. On October 28, 2013, the defendants filed a joint notice of cross-appeal of that same order. On March 29, 2016, the U.S. Court of Appeals for the Second Circuit issued its opinion on the appeal of the SLCFC actions. The appeals court affirmed the district court’s dismissal of those lawsuits, but on different grounds than the district court. The appeals court held that while the plaintiffs have standing under the U.S. Bankruptcy Code, their claims were preempted by Section 546(e) of the Bankruptcy Code—the statutory safe harbor for settlement payments. On April 12, 2016, the Plaintiffs in the SLCFC actions filed a petition seeking rehearing *en banc* before the appeals court. On July 22, 2016, the appeals court denied the petition. On September 9, 2016, the plaintiffs filed a petition for writ of certiorari in the U.S. Supreme Court challenging the Second Circuit’s decision that the safe harbor of Section 546(e) applied to their claims. The shareholder defendants, including the Funds, filed a joint brief in opposition to the petition for certiorari on October 24, 2016. The Supreme Court has not yet granted or denied the petition for certiorari.

On May 23, 2014, the defendants filed motions to dismiss the *FitzSimons* action, including a global motion to dismiss Count I, which is the claim brought against former Tribune shareholders for intentional fraudulent conveyance under U.S. federal law. On January 6, 2017, the United States District Court for the Southern District of New York granted the shareholder defendants’ motion to dismiss the intentional fraudulent conveyance claim in the *FitzSimons* action. The Court concluded that the plaintiff had failed to allege that Tribune entered the LBO with actual intent to hinder, delay, or defraud its creditors, and therefore the complaint failed to state a claim. In dismissing the intentional fraudulent conveyance claim, the Court denied the plaintiff’s request to amend the complaint. On February 23, 2017, the Court issued an order stating that it intends to permit an interlocutory appeal of the dismissal order, but will wait to do so until it has resolved outstanding motions to dismiss filed by other defendants. Accordingly, the timing of the appeal is uncertain.

On July 18, 2017, the plaintiff submitted a letter to the District Court seeking leave to amend its complaint to add a constructive fraudulent transfer claim. The shareholder defendants opposed that request. On August 24, 2017, the Court denied the plaintiff’s request without prejudice to renewal of the request in the event of an intervening change in the law.

None of these lawsuits alleges any wrongdoing on the part of Rydex Variable Trust. The following series of Rydex Variable Trust held shares of Tribune and tendered these shares as part of Tribune’s LBO: Nova Fund, S&P 500 2x Strategy Fund, Multi-Cap Core Equity Fund, S&P 500 Pure Value Fund, Hedged Equity Fund and Multi-Hedge Strategies Fund (the “Funds”). The value of the proceeds received by the foregoing Funds was \$12,580, \$2,380, \$1,360, \$148,376, \$2,720, and \$119,034, respectively. At this stage of the proceedings, Rydex Variable Trust is not able to make a reliable predication as to the outcome of these lawsuits or the effect, if any, on a Fund’s net asset value.

### **Lyondell Chemical Company**

In December 2011, Rydex Variable Trust was named as a defendant in *Weisfelner, as Trustee of the LB Creditor Trust, v. Fund 1 (In re Lyondell Chemical Co.)*, Adv. Pro. No. 10-4609 (Bankr. S.D.N.Y.) (the “Creditor Trust Action”). Its funds may also be putative members of the proposed defendant classes in *Weisfelner, as Trustee of the LB Litigation Trust v. A. Holmes & H. Holmes TTEE (In re Lyondell Co.)*, Adv. Pro. No. 10-5525 (Bankr. S.D.N.Y.) (the “Litigation Trust Action”) and *Weisfelner, as Trustee of the LB Creditor Trust, v. Reichman (In re Lyondell Chemical Co.)*, Adv. Pro. No. 12-1570 (Bankr. S.D.N.Y.).

Similar to the claims made in the Tribune matter, the Weisfelner complaints seek to have set aside and recovered as fraudulent transfers from former Lyondell Chemical Company (“Lyondell”) shareholders the consideration paid to them pursuant to the cash out merger of Lyondell shareholders in connection with the combination of Lyondell and Basell AF in 2007. Lyondell filed for bankruptcy in 2008. The Creditor Trust Action and *Reichman* allege claims against the former Lyondell shareholders under state law for both constructive fraudulent transfer and intentional fraudulent transfer. The Litigation Trust Action alleges a claim against the former Lyondell shareholders under federal law for intentional fraudulent transfer.

On April 7, 2014, the plaintiff filed a Third Amended Complaint in the Creditor Trust Action, a Second Amended Complaint in the Litigation Trust Action, and an Amended Complaint in *Reichman*.

On May 8, 2014, the plaintiff in the Litigation Trust Action filed a motion to certify a defendant class generally comprised of all former Lyondell shareholders that received proceeds in exchange for their shares in the 2007 merger transaction.

On July 30, 2014, the defendants filed a motion to dismiss these lawsuits. The Bankruptcy Court held oral argument on the motion to dismiss and on the motion for class certification on January 14 and January 15, 2015. On September 15, 2015, the Bankruptcy Court denied the motion for class certification without prejudice to the plaintiff's right to file a renewed motion. On November 18, 2015, the Bankruptcy Court granted the defendants' motion to dismiss the intentional fraudulent transfer claims in the Creditor Trust Action, the Litigation Trust Action, and in *Reichman*, but denied the motion to dismiss the constructive fraudulent transfer claims in the Creditor Trust Action and in *Reichman*. The Bankruptcy Court entered final judgment dismissing the Litigation Trust Action, but the plaintiff appealed the dismissal to the U.S. District Court for the Southern District of New York.

On July 27, 2016, the District Court reversed the Bankruptcy Court and reinstated the federal law intentional fraudulent transfer claim in the Litigation Trust Action and remanded to the Bankruptcy Court for further proceedings. The District Court found that the fraudulent intent that mattered was that of Lyondell's CEO, not its board, because the CEO's intent could be imputed to Lyondell under Delaware law agency principles. The District Court did note, however, that plaintiff faces a high standard for proving "actual intent" to harm creditors, and that it remains to be seen whether plaintiff will be able to make this showing. On August 11, 2016, the shareholder defendants filed a motion for reconsideration and/or to certify an interlocutory appeal of the District Court's opinion. On October 5, 2016, the District Court denied the motion for reconsideration and/or to certify an interlocutory appeal. On April 21, 2017, the Bankruptcy Court issued an Opinion and Order After Trial in a related Lyondell litigation (the "Blavatnik Action") rejecting claims for intentional fraudulent transfer and constructive fraudulent transfer in connection with the 2007 LBO. Based on this related ruling in the Blavatnik Action, the shareholder defendants filed a motion to dismiss the Litigation Trust Action on the grounds of collateral estoppel on May 30, 2017. Although the Bankruptcy Court had not yet ruled on the motion to dismiss, on August 15, 2017, the plaintiff in the Litigation Trust action filed a notice of dismissal of all claims against the defendants who joined the motion to dismiss. On August 18, 2017, the Litigation Trust plaintiff also withdrew his request for class certification of a defendant class in the Litigation Trust action. On September 5, 2017, the Court entered an order dismissing the Litigation Trust action with prejudice. The Court's order dismissed the action as to all defendants as well as to unnamed members of the putative defendant class.

On May 4, 2016, the defendants filed a motion to dismiss, or in the alternative, for a stay of, the Creditor Trust Action and *Reichman* in light of the U.S. Court of Appeals for the Second Circuit's opinion in the appeal of the Tribune SLCFC actions. On July 20, 2016, the Bankruptcy Court issued a report and recommendation granting the defendants' motion to dismiss. On May 30, 2017, the shareholder defendants filed a motion to remand the proceedings in the Creditor Trust and *Reichman* Actions to the Bankruptcy Court, for consideration of the collateral estoppel ground for dismissal raised by the Bankruptcy Court's ruling in the Blavatnik Action. On August 18, 2017, the plaintiff in the Creditor Trust action filed a notice of dismissal of claims brought against defendants who had not answered the Third Amended Complaint. The same day, the plaintiff in the *Reichman* action filed a notice of dismissal of all claims against named defendants who had not filed an answer and withdrew his request for class certification of a defendant class. On September 5, 2017, the Court entered an order dismissing the Creditor Trust and *Reichman* actions with prejudice. The Court's order dismissed the actions as to all defendants as well as to unnamed members of the putative defendant class in the *Reichman* action.

As a result of the dismissals above, there are no longer claims pending against the Rydex Variable Trust related to the Lyondell merger.

These lawsuits do not allege any wrongdoing on the part of Rydex Variable Trust. The following series of Rydex Variable Trust received cash proceeds from the cash out merger in the following amounts: Basic Materials Fund - \$1,235,952; Long Short Equity Fund f/k/a U.S. Long Short Momentum Fund - \$523,200; Multi-Cap Core Equity Fund - \$5,760; Hedged Equity Fund - \$480; and Multi-Hedge Strategies Fund - \$112,848.

### Note 11 – Fund Changes

At a meeting held on May 25, 2017, the Board of Trustees and the Advisor determined to revise the principal investment strategies of the Long Short Equity Fund (the "Fund") effective on May 31, 2017. For periods after May 31, 2017, the Fund will compare its performance to two new performance benchmarks: the Morningstar Long/Short Equity Category Average and the S&P 500<sup>®</sup> Index. The new comparative performance benchmarks will accompany the existing comparative performance benchmarks for the next year.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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To the Shareholders of Long Short Equity Fund and the Board of Trustees of Rydex Variable Trust

### Opinion on the Financial Statements

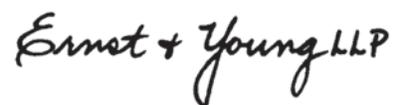
We have audited the accompanying statement of assets and liabilities of Long Short Equity Fund (the “Fund”) (one of the funds constituting Rydex Variable Trust (the “Trust”)), including the schedule of investments, as of December 31, 2017, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Rydex Variable Trust) at December 31, 2017, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

These financial statements are the responsibility of the Trust’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of the Trust’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2017, by correspondence with the custodian, transfer agent, and brokers or by other appropriate auditing procedures where replies from brokers were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The logo for Ernst & Young LLP is written in a cursive, handwritten style. The text "Ernst & Young" is in a larger font, and "LLP" is in a smaller font to the right.

We have served as the auditor of one or more Guggenheim investment companies since 1979.

Tysons, Virginia  
February 27, 2018

## OTHER INFORMATION (Unaudited)

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### Federal Income 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.

In January 2018, shareholders will be advised on IRS Form 1099 DIV or substitute 1099 DIV as to the federal tax status of the distributions received by shareholders in the calendar year 2017.

Of the taxable ordinary income distributions paid during the fiscal year ending December 31, 2017, the Fund had the corresponding percentage qualify for the dividends received deduction for corporations:

Fund	Dividend Received Deduction
Long Short Equity Fund	100.00%

With respect to the taxable year ended December 31, 2017, the Fund hereby designates as capital gain dividends the amounts listed below, or, if subsequently determined to be different, the net capital gain of such year:

Fund	From long-term capital gain:	From long-term capital gain, using proceeds from shareholder redemptions:
Long Short Equity Fund	\$ —	\$ 293,581

### 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 Fund's portfolio 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 <https://www.sec.gov>.

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 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 <https://www.sec.gov>.

### Sector Classification

Information in the Schedule of Investments is categorized by sectors using sector-level Classifications defined by the Bloomberg Industry Classification System, a widely recognized industry classification system provider. The Fund's registration statement has investment policies relating to concentration in specific sectors/industries. For purposes of these investment policies, the Fund usually classifies sectors/industries based on industry-level Classifications used by widely recognized industry classification system providers such as Bloomberg Industry Classification System, Global Industry Classification Standards and Barclays Global Classification Scheme.

### 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 <https://www.sec.gov>. The Fund's 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 800-SEC-0330. Copies of the portfolio holdings are also available to shareholders, without charge and upon request, by calling 800.820.0888.

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

A Board of Trustees oversees the Trust, as well as other trusts of GI, 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 visiting [guggenheiminvestments.com](http://guggenheiminvestments.com) or by calling 800.820.0888.

Name, Address* and Year of Birth of Trustees	Position(s) Held with the Trust	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
<b>INDEPENDENT TRUSTEES</b>				
<b>Angela Brock-Kyle</b> (1959)	Trustee, Member of the Audit Committee, Chairwoman and Member of the Compliance and Risk Oversight Committee, and Member of the Nominating and Governance Committee.	<b>Current:</b> Founder and Chief Executive Officer, B.O.A.R.D.S (consulting firm).  <b>Former:</b> Senior Leader, TIAA (financial services firm) (1987-2012).	133	Current: Infinity Property & Casualty Corporation (2014-present).
<b>Corey A. Colehour</b> (1945)	Trustee, Member of the Audit Committee, Member of the Nominating and Governance Committee, and Member of the Investment and Performance Committee.	<b>Current:</b> Retired.	133	None.
<b>J. Kenneth Dalton</b> (1941)	Trustee, Member and Chairman of the Audit Committee, and Member of the Compliance and Risk Oversight Committee.	<b>Current:</b> Retired.	133	Epiphany Funds (3) (2009-present).
<b>John O. Demaret</b> (1940)	Trustee, Member of the Audit Committee, and Member of the Compliance and Risk Oversight Committee.	<b>Current:</b> Retired.	133	None.
<b>Werner E. Keller</b> (1940)	Chairman and Trustee of the Board, and Member of the Audit Committee.	<b>Current:</b> Founder and President, Keller Partners, LLC (investment research firm) (2005-present).	133	None.
<b>Thomas F. Lydon, Jr.</b> (1960)	Trustee, Member of the Audit Committee, Chairman and Member of the Nominating and Governance Committee, and Member of the Investment and Performance Committee.	<b>Current:</b> President, Global Trends Investments (registered investment adviser) (1996-present).	133	US Global Investors (GROW) (1995-present).
<b>Patrick T. McCarville</b> (1942)	Trustee, Member of the Audit Committee, and Member of the Nominating and Governance Committee.	<b>Current:</b> Retired.  <b>Former:</b> Chief Executive Officer, Par Industries, Inc., d/b/a Par Leasing (1977-2010).	133	None.
<b>Sandra G. Sponem</b> (1958)	Trustee, Member of the Audit Committee, Member of the Nominating and Governance Committee, and Chairwoman and Member of the Investment and Performance Committee,	<b>Current:</b> Retired  <b>Former:</b> Senior Vice President and Chief Financial Officer, M.A. Mortenson Companies, Inc. (general contracting firm) (2007-2017).	133	None.

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

Name, Address* and Year of Birth of Trustees	Position(s) Held with the Trust	Principal Occupation(s) During Past 5 Years
<b>OFFICERS</b>		
Michael P. Byrum (1970)	Vice President	<p><b>Current:</b> Senior Vice President, Security Investors, LLC (2010-present); President and Chief Investment Officer, Rydex Holdings, LLC (2008-present); Director and Chairman, Advisory Research Center, Inc. (2006-present); Manager, Guggenheim Specialized Products, LLC (2005-present).</p> <p><b>Former:</b> Vice President, Guggenheim Distributors, LLC (2009); Director (2009-2010) and Secretary (2002-2010), Rydex Fund Services, LLC; Director (2008-2010), Chief Investment Officer (2006-2010), President (2004-2010) and Secretary (2002-2010), Rydex Advisors, LLC; Director (2008-2010), Chief Investment Officer (2006-2010), President (2004-2010) and Secretary (2002-2010), Rydex Advisors II, LLC.</p>
James M. Howley (1972)	Assistant Treasurer	<p><b>Current:</b> Managing Director, Guggenheim Investments (2004-present); Assistant Treasurer, certain other funds in the Fund Complex (2006-present).</p> <p><b>Former:</b> Manager, Mutual Fund Administration of Van Kampen Investments, Inc. (1996-2004).</p>
Keith D. Kemp (1960)	Assistant Treasurer	<p><b>Current:</b> Treasurer and Assistant Treasurer, certain other funds in the Fund Complex (2010-present); Managing Director, Guggenheim Investments (2015-present); Chief Financial Officer, Guggenheim Specialized Products, LLC (2016-present).</p> <p><b>Former:</b> Managing Director and Director, Transparent Value, LLC (2010-2016); Director, Guggenheim Partners Investment Management, LLC (2010-2015); Chief Operating Officer, Macquarie Capital Investment Management (2007-2009).</p>
Amy J. Lee (1961)	President	<p><b>Current:</b> President and Chief Executive Officer, certain other funds in the Fund Complex (2017-present); Chief Legal Officer, certain other funds in the Fund Complex (2014-present); Senior Managing Director, Guggenheim Investments (2012-present).</p> <p><b>Former:</b> Vice President, Associate General Counsel and Assistant Secretary, Security Benefit Life Insurance Company and Security Benefit Corporation (2004-2012).</p>
Mark E. Mathiasen (1978)	Secretary	<p><b>Current:</b> Secretary, certain other funds in the Fund Complex (2007-present); Managing Director, Guggenheim Investments (2007-present).</p>
Glenn McWhinnie (1969)	Assistant Treasurer	<p><b>Current:</b> Vice President, Guggenheim Investments (2009-present); Assistant Treasurer, certain other funds in the Fund Complex (2016-present).</p>
Elisabeth Miller (1968)	Chief Compliance Officer	<p><b>Current:</b> CCO, certain other funds in the Fund Complex (2012-present); CCO, Security Investors, LLC (2012-present); CCO, Guggenheim Funds Investment Advisors, LLC (2012-present); Managing Director, Guggenheim Investments (2012-present). Vice President, Guggenheim Funds Distributors, LLC (2014-present).</p> <p><b>Former:</b> CCO, Guggenheim Distributors, LLC (2009-2014); Senior Manager, Security Investors, LLC (2004-2009); Senior Manager, Guggenheim Distributors, LLC (2004-2009).</p>

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

Name, Address* and Year of Birth of Trustees	Position(s) Held with the Trust	Principal Occupation(s) During Past 5 Years
<b>OFFICERS - concluded</b>		
Adam J. Nelson (1979)	Assistant Treasurer	<p><b>Current:</b> Vice President, Guggenheim Investments (2015-present); Assistant Treasurer, certain other funds in the Fund Complex (2015-present).</p> <p><b>Former:</b> Assistant Vice President and Fund Administration Director, State Street Corporation (2013-2015); Fund Administration Assistant Director, State Street (2011-2013); Fund Administration Manager, State Street (2009-2011).</p>
Kimberly J. Scott (1974)	Assistant Treasurer	<p><b>Current:</b> Director, Guggenheim Investments (2012-present); Assistant Treasurer, certain other funds in the Fund Complex (2012-present).</p> <p><b>Former:</b> Financial Reporting Manager, Invesco, Ltd. (2010-2011); Vice President/ Assistant Treasurer, Mutual Fund Administration for Van Kampen Investments, Inc./Morgan Stanley Investment Management (2009-2010); Manager of Mutual Fund Administration, Van Kampen Investments, Inc./Morgan Stanley Investment Management (2005-2009).</p>
John L. Sullivan (1955)	Chief Financial Officer and Treasurer	<p><b>Current:</b> CFO, Chief Accounting Officer and Treasurer, certain other funds in the Fund Complex (2010-present); Senior Managing Director, Guggenheim Investments (2010-present).</p> <p><b>Former:</b> Managing Director and CCO, each of the funds in the Van Kampen Investments fund complex (2004-2010); Managing Director and Head of Fund Accounting and Administration, Morgan Stanley Investment Management (2002-2004); CFO and Treasurer, Van Kampen Funds (1996-2004).</p>
Jon Szafran (1989)	Assistant Treasurer	<p><b>Current:</b> Vice President, Guggenheim Investments (2017-present); Assistant Treasurer, certain other funds in the Fund Complex (2017-present).</p> <p><b>Former:</b> Assistant Treasurer of Henderson Global Funds and Manager of US Fund Administration, Henderson Global Investors (North America) Inc. ("HGINA"), (2017); Senior Analyst of US Fund Administration, HGINA (2014-2017); Senior Associate of Fund Administration, Cortland Capital Market Services, LLC (2013-2014); Experienced Associate, PricewaterhouseCoopers LLP (2012-2013).</p>

\* All Trustees and Officers may be reached c/o Guggenheim Investments, 227 West Monroe Street, Chicago, Illinois 60606.

Guggenheim Investments as used herein refers to Guggenheim Partners, LLC, Guggenheim Funds Investment Advisors, LLC, Guggenheim Partners Investment Management, LLC, Guggenheim Funds Distributors, LLC and Security Investors, LLC as well as the funds in the Guggenheim Funds complex (the “funds”).

### **Our Commitment to You**

When you become a Guggenheim Investments investor, you entrust us with not only your hard-earned money but also with personal and financial information about you. We recognize that your relationship with us is based on trust and that you expect us to act responsibly and in your best interests. Because we have access to personal information about you, we hold ourselves to high standards in its safekeeping and use. This means, most importantly, that we do not sell client or account information to anyone—whether you are a current or former Guggenheim Investments client.

### **The Information We Collect About You and How We Collect It**

In the course of doing business with shareholders and investors, we collect nonpublic personal information about you. You typically provide personal information when you complete a Guggenheim Investments account application or when you request a transaction that involves Rydex and Guggenheim Funds or one of the Guggenheim affiliated companies. “Nonpublic personal information” is personally identifiable information about you. For example it includes your name and address, Social Security or taxpayer identification number, assets, income, account balance, bank account information and investment activity (e.g. purchase and redemption history).

### **How We Share Your Personal Information**

As a matter of policy, we do not disclose your nonpublic personal information to nonaffiliated third parties except as required or permitted by law. As emphasized above, we do not sell information about current or former clients or their accounts to third parties. Nor do we share such information, except when necessary to complete transactions at your request or to make you aware of related investment products and services that we offer. Additional details about how we handle your personal information are provided below.

To complete certain transactions or account changes that you direct, it may be necessary to provide your personal information to companies, individuals or groups that are not affiliated with Guggenheim Investments. For example if you ask to transfer assets from another financial institution to Guggenheim Investments, we will need to provide certain information about you to that company to complete the transaction. In connection with servicing your accounts or to alert you to other Guggenheim Investments investment products and services, we may share your information within the Guggenheim Investments family of affiliated companies. This would include, for example, sharing your information within Guggenheim Investments so we can make you aware of new funds or the services offered through another Guggenheim Investments affiliated company. In certain instances, we may contract with nonaffiliated companies to perform services for us. Where necessary, we will disclose information we have about you to these third parties. In all such cases, we provide the third party with only the information necessary to carry out its assigned responsibilities and only for that purpose. And we require these third parties to treat your personal information with the same high degree of confidentiality that we do. In certain instances, we may share information with other financial institutions regarding individuals and entities in response to the U.S.A. Patriot Act. Finally we will share personal information about you if we are compelled by law to do so, if you direct us to do so with your consent, or in other circumstances as permitted by law.

### **How We Safeguard Your Personal Information**

We maintain physical, electronic and procedural safeguards to protect your personal information. Within Guggenheim Investments, access to such information is limited to those who need it to perform their jobs such as servicing your account, resolving problems or informing you of new products and services.

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