

**RYDEX VARIABLE TRUST**  
**ALTERNATIVE STRATEGIES ALLOCATION FUND**  
**SUPPLEMENT DATED AUGUST 1, 2009**  
**TO THE**  
**RYDEX VARIABLE TRUST PROSPECTUS DATED MAY 1, 2009,**  
**AND ALL SUPPLEMENTS THERETO**

**This supplement provides new and additional information beyond that contained in the Rydex Variable Trust Prospectus dated May 1, 2009 (the "Prospectus") and should be read in conjunction with the Prospectus.**

1. Effective August 1, 2009, the Principal Investment Strategy of the Alternative Strategies Allocation Fund is revised as follows:

**PRINCIPAL INVESTMENT STRATEGY**

The Fund, a “fund of funds,” seeks to achieve its objective by investing principally in a diversified portfolio of affiliated and un-affiliated funds (the “underlying funds”) that represent alternative and non-traditional asset classes and/or strategies in an attempt to deliver low correlation to traditional stock and bond asset classes and long-term positive returns. In managing the Fund, the Advisor will apply a proprietary asset allocation methodology that principally allocates assets among underlying funds that emphasize directly, or in combination with other investments, alternative or non-traditional asset classes or investment strategies (*i.e.*, absolute return strategies, commodities, currency arbitrage, global macro, managed futures and real estate) according to the degree of risk associated with each underlying fund given the market conditions in existence at the time of allocation.

Descriptions of the primary alternative and non-traditional asset classes and strategies are as follows:

**Market Neutral**

Market neutral strategies typically seek to profit independently from stock market movements, while maintaining a low correlation to and mitigating the risks of the US and international equity markets. The strategies will hold long securities that the managers believe are undervalued and take short positions in common stocks that the managers believe are overvalued.

**Long/Short Equity**

Long/short equity strategies typically seek to profit from investing on both the long and short sides of equity market.

**Merger Arbitrage**

Merger arbitrage strategies typically invest simultaneously in long and short positions in both companies involved in a merger or acquisition. They typically invest in long positions in the stock of the company to be acquired and short the stocks of the acquiring company.

**Commodities**

Commodity strategies typically seek exposure to the performance of the commodities markets and/or exposure to a long-short investment strategy that is based on commodity trends.

#### Currency Arbitrage

Currency arbitrage strategies typically seek capital appreciation through investing in various arbitrage opportunities in currency markets.

#### Global Macro

Global macro strategies typically seek to profit from changes in currency, commodity, equity and fixed income prices and market volatility.

#### Fixed Income Arbitrage

Fixed income arbitrage strategies typically seek to profit from relationships between different fixed income securities or fixed income and equity securities, leveraging long and short positions in securities that are related mathematically or economically.

#### Managed Futures

Managed futures strategies seek to preserve capital through capturing opportunities in various futures markets. The managers typically invest in long positions in the futures that are showing strong upward momentum and short positions in the futures that are in a downward trend. These strategies often provide different exposures to many markets and thus offer low correlations with traditional stock and bond markets.

#### Real Estate

Real estate strategies typically seek to profit through the development of liquid portfolios of stocks that effectively represent the real estate segment of the market.

The Fund may invest in, and thus have indirect exposure to the risks of the underlying investments, including but not limited to, the following underlying investments. Please note that the Advisor may change the Fund's asset class allocation and/or strategy allocation, the underlying funds, or weightings without shareholder notice. The Fund may generally invest in each underlying fund without limitation in a manner consistent with the Fund's qualification as a regulated investment company under the Internal Revenue Code of 1986, as amended.

#### **UNDERLYING INVESTMENTS:**

##### **Rydex Underlying Investments (Affiliated)**

Rydex Variable Trust Multi-Hedge Strategies Fund

Rydex Variable Trust Commodities Strategy Fund

Rydex Series Funds Global Market Neutral Fund

Rydex Series Funds Long/Short Commodities Strategy Fund

Rydex Variable Trust Managed Futures Strategy Fund

Rydex Variable Trust Real Estate Fund

CurrencyShares Australian Dollar Trust

CurrencyShares British Pound Sterling Trust

CurrencyShares Canadian Dollar Trust

CurrencyShares Euro Trust

CurrencyShares Japanese Yen Trust

CurrencyShares Mexican Peso Trust

CurrencyShares Russian Ruble Trust

CurrencyShares Swedish Krona Trust

CurrencyShares Swiss Franc Trust

##### **Un-Affiliated Underlying Investments**

PowerShares DB G10 Currency Harvest Fund

Underlying funds may include affiliated mutual funds, affiliated and unaffiliated exchange-traded funds (ETFs), commodity pools, and other pooled investment vehicles. The Fund may also invest in exchange-traded notes and individual securities to complement its investment in the underlying funds or to better manage cash positions.

The underlying funds will be periodically evaluated on their continued ability to deliver strong performance. To maintain the investment integrity of the Fund, alternate underlying funds may be added to obtain exposure to new alternative and non-traditional asset classes or investment strategies, to replace underperforming underlying funds, or to enhance returns.

From time to time, the portfolio managers may also evaluate the possibility of adding additional alternative and non-traditional asset class categories. A new asset class would be added if the fund managers determine that it will help the Fund meet its investment objective.

2. Effective August 1, 2009, the following risks, which are described in more detail below, have been added under the heading “Principal Risks” as additional principal risks applicable to investing in the Alternative Strategies Allocation Fund:
  - Exchange-Traded Note Risk
  - Large-Capitalization Securities Risk

**EXCHANGE-TRADED NOTES RISK** - Exchange-traded Notes (ETNs) are a type of unsecured, unsubordinated debt security that have characteristics and risks similar to those of fixed-income securities and trade on a major exchange similar to shares of exchange-traded funds. However, this type of debt security differs from other types of bonds and notes because ETN returns are based upon the performance of a market index minus applicable fees, no period coupon payments are distributed, and no principal protections exists. The purpose of ETNs is to create a type of security that combines both the aspects of bonds and exchange-traded funds (ETFs). The value of an ETN may be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying commodities or securities markets, changes in the applicable interest rates, changes in the issuer's credit rating and economic, legal, political or geographic events that affect the referenced commodity or security. In the case of the Alternative Strategies Fund, certain of the underlying funds' decisions to sell their ETN holdings may also be limited by the availability of a secondary market. If an underlying fund must sell some or all of its ETN holdings and the secondary market is weak, it may have to sell such holdings at a discount. If an underlying fund holds its investment in an ETN until maturity, the issuer will give the underlying fund a cash amount that would be equal to principal amount (subject to the day's index factor). ETNs are also subject to counterparty credit risk and fixed income risk.

**LARGE-CAPITALIZATION SECURITIES RISK** - Certain of the underlying funds are subject to the risk that large-capitalization stocks may underperform other segments of the equity market or the equity market as a whole.

3. Effective August 1, 2009, under the heading “Fund Fees and Expenses” and the line item “Other Expenses of the Fund,” footnote number six will apply, rather than footnote number one. Footnote six states: the Advisor has contractually agreed to pay all “Other Expenses” of the Fund, excluding acquired fund fees and expenses, interest expenses and taxes (expected to be de minimis), brokerage commissions and other expenses connected with the execution of portfolio transactions and extraordinary expenses.

4. Effective August 1, 2009, under the heading “The Advisor,” the fourth paragraph has been deleted and replaced with the following:

As part of its agreement with the Trust, the Advisor will pay all expenses of the Multi-Hedge Strategies Fund, Alternative Strategies Allocation Fund, and Asset Allocation Funds, including the cost of transfer agency, custody, fund administration, legal, audit and other services, except interest expense, acquired fund fees and expenses, and taxes (expected to be de minimis), brokerage commissions and other expenses connected with the execution of portfolio transactions, short dividend expenses and extraordinary expenses.

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**PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE.**

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