

ITEM 1
COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Guggenheim Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 884-6225 or hfinvestor@guggenheimadvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Guggenheim Advisors, LLC is registered as an investment adviser with the SEC. Registration does not imply a certain level of skill or training.

Additional information about Guggenheim Advisors, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2

MATERIAL CHANGES

Guggenheim Advisors is required to identify and discuss any material changes made to this Form ADV Part 2A (this “Brochure”) since its last annual update. The following material changes have been identified:

A portion of Guggenheim Advisors, LLC’s business, referred to herein as “Guggenheim Investment Advisory Solutions” or “GIAS,” will now focus on serving other investment advisers and intermediaries, who may in turn serve their investor clients. GIAS offers advisory services, including access to Riskometry™ analysis, asset allocation, portfolio management, investment manager selection, and research services and reporting, which may assist financial intermediary clients in serving their investor clients. Information regarding GIAS’s research and investment methods are described herein.

GIAS will also manage certain Private Funds (defined herein) as part of Guggenheim Advisors, LLC’s business. Currently, the Private Funds that Guggenheim Advisors manages are structured as funds that invest in separate managed accounts organized and controlled by Guggenheim Advisors, LLC and investment managed by professional investment managers. The new commingled Private Funds that GIAS will manage may also invest in such separate managed accounts, but it is expected that the GIAS Private Funds will also invest in commingled third-party funds organized, controlled and managed by the respective portfolio managers, not Guggenheim Advisors, LLC. Such third-party funds may include investment companies registered under the U.S. Investment Company Act of 1940 and exchange traded funds and other private investment funds. The GIAS Private Funds may also invest in and directly hold financial instruments.

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ADVISORY BUSINESS

General

Guggenheim Advisors, LLC, a Delaware limited liability company (“Guggenheim Advisors”), began operating in August 2002. The principal owner is Guggenheim Alternative Asset Management, LLC. Guggenheim Advisors offers a variety of Investment Management Services (as defined below) to Private Funds (as defined below) and Investment Advisory Services (as defined below) to institutional and sophisticated high net worth investors, including Private Funds, and other investment advisors.

Guggenheim Advisors offers its services through the management (collectively, the “Investment Management Services”) of multi- and single- strategy funds for commingled pools of investors and customized funds for single investors (collectively, the “Private Funds”). The Private Funds to which Guggenheim Advisors provides its services are exempt from registration under the U.S. Investment Company Act of 1940, as amended (the “Company Act”), and interests in such Private Funds are not registered under the Securities Act of 1933, as amended. Guggenheim Advisors may also provide from time to time investment advisory services to clients and other investment advisors (collectively, the “Investment Advisory Services”).

As of the date hereof, and based on Guggenheim Advisors’ expectations, a significant part of Guggenheim Advisors’ resources and business will be dedicated to the provision of Investment Management Services to the Private Funds. For more information, please refer to the respective offering documents of the appropriate Private Fund.

Description of Investment Management Services

Guggenheim Advisors manages multi-strategy and single-strategy Private Funds that may be organized in the United States or in a foreign jurisdiction as limited liability companies, limited partnerships, trusts, offshore corporations, partnerships or any other legal entity. Guggenheim Advisors seeks to achieve the investment objectives of each Private Fund by engaging one or more professional investment managers (collectively, the “Portfolio Managers”) to execute the investment strategy or strategies for the Private Fund. Such Portfolio Managers may or may not be registered as investment advisors with the SEC under the Investment Advisers Act of 1940 (the “Advisers Act”) or any state securities regulatory agency under applicable law and may or may not be affiliates of Guggenheim Advisors. Please see Item 8 for more details on and descriptions of Guggenheim Advisors’ investment strategies. The descriptions set forth in this Brochure of specific advisory services that Guggenheim Advisors offers to clients should not be understood to limit in any way Guggenheim Advisors’ investment activities. Guggenheim Advisors may, in the future, offer any advisory services, engage in any investment strategy and make any investment, that Guggenheim Advisors considers appropriate, subject to each client’s investment objectives and guidelines. The investment strategies that Guggenheim Advisors pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

Guggenheim Advisors has full discretionary authority with respect to some of the Private Funds' investment allocations to the Portfolio Managers and its advice with respect to those Private Funds is made in accordance with the investment objectives and guidelines as set forth in the applicable Private Fund's operating or offering documents. Guggenheim Advisors does not have discretionary authority with respect to all client accounts. With respect to such non-discretionary accounts, however, Guggenheim Advisors does have on-going responsibility to monitor or make recommendations, based upon the needs of the client, as to the Portfolio Manager allocations for such Private Funds and, if such recommendations are accepted by the investor(s), Guggenheim Advisors is responsible for arranging or effecting the investment allocations.

The Private Funds to which Guggenheim Advisors currently provides, and may in the future provide, Investment Management Services are, and may be, structured as funds that invest in separate managed accounts organized and controlled by Guggenheim Advisors and investment managed by the Portfolio Managers (each, a "Managed Account"). The Private Funds may also invest in the commingled third-party funds organized, controlled and managed by the Portfolio Managers (each, a "Portfolio Fund"). The Private Funds may also invest directly in financial instruments as a hedge against certain investment risks or to enhance the return potential of a Private Fund.

Generally, each of the Managed Accounts are held in onshore or offshore limited liability companies or other entities (each, a "Portfolio Company") formed by Guggenheim Advisors for the purposes of facilitating the investment by Guggenheim Advisors' (or its affiliates') clients in the Portfolio Accounts. A significant portion of Guggenheim Advisors' assets under management are managed through its funds of hedge funds that invest with the Portfolio Managers through Managed Accounts held in Portfolio Companies. Currently, substantially all of the interests in such Portfolio Companies are held by funds of hedge funds managed by Guggenheim Advisors or its affiliates. The Portfolio Funds are generally collective investment vehicles, including investment companies registered under the Company Act, exchange traded funds or private investment funds that are managed and controlled by the related Portfolio Manager. The Managed Accounts, Portfolio Companies, Portfolio Funds and direct investments in which any Private Fund may invest, and which would comprise the investment assets of any Third Party Model described below, are collectively referred to in this Brochure as the "Portfolio Investments."

In certain circumstances, Guggenheim Advisors may allocate the assets of a Private Fund to a Managed Account, Portfolio Company or Portfolio Fund for which Guggenheim Advisors or an affiliate is the investment manager and not to a third-party Portfolio Manager.

Description of Investment Advisory Services

Guggenheim Advisors provides investment advisory services to clients, including Private Funds. Such services may include, without limitation, one or more of the following services: (i) assisting a client in the formulation of the investment policies and guidelines relating to its investments, (ii) formulating appropriate investment and trading strategies and the relative weightings of such investment strategies, (iii) selecting Portfolio Managers for execution of various investment and trading strategies and conducting due diligence on such Portfolio Managers, (iv) formulating and monitoring investment guidelines for Portfolio Managers where

deemed appropriate, (v) monitoring the investment performance of the Portfolio Managers based on the performance information made available by such Portfolio Managers and recommending allocation of assets with the Portfolio Managers, (vi) assisting in creating customized performance reports and assisting such clients in structuring investments with Portfolio Managers and (vii) providing other advisory, consulting and administrative services as clients may request.

A portion of Guggenheim Advisors' business, referred to herein as "Guggenheim Investment Advisory Solutions" or "GIAS," focuses on providing advisory services to other investment advisers and intermediaries ("Intermediary Firms"), who may in turn serve their investor clients. Services offered may include access to Riskometry (a proprietary risk assessment program); asset allocation; investment manager selection; portfolio monitoring and rebalancing; and reporting, which may assist Intermediary Firms in serving their investor clients. Guggenheim Advisors may also construct asset allocation strategies and model portfolios and select the underlying investments for such model portfolios ("Third Party Models") for such Intermediary Firms to use to provide advisory services to the Intermediary Firms' clients. It is generally expected that the investment portfolios of the Third Party Models will consist exclusively of interests in investment companies registered under the U.S. Investment Company Act of 1940 and exchange traded funds. Investment Advisory Services are provided to GIAS clients on a non-discretionary basis.

Guggenheim Advisors manages the Private Funds and provides the Investment Advisory Services (including the Third Party Models) in accordance with the terms of the applicable investment management agreements, service agreements, organizational documents or offering documents.

Wrap Fee Programs

Guggenheim Advisors does not offer a wrap fee program.

Assets Under Management

Guggenheim Advisors manages approximately \$481,552,880 million as of June 30, 2011 on a discretionary basis and \$169,771,969 as of June 30, 2011 on a non-discretionary basis.

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FEES AND COMPENSATION

Guggenheim Advisors does not maintain a basic fee schedule. Fees for each client are determined on a case-by-case basis. In general, the following is a description of the types of fees Guggenheim Advisors or its affiliates charge Guggenheim Advisors' clients:

As compensation for its Investment Management Services and Investment Advisory Services (including GIAS), Guggenheim Advisors or one of its affiliates typically charge its clients a management fee. For certain Private Funds, Guggenheim Advisors charges a performance fee as well. Guggenheim Advisors does not charge performance-based fees to GIAS clients, although it may do so in the future. In certain cases, Guggenheim Advisors may charge a flat fee for the

performance of Investment Advisory Services. Fees for additional GIAS services will be negotiated and billed on a case-by-case basis.

The management fee for Guggenheim Advisors' services is based on a percentage of the client's net assets under management at fixed annual rates, which range up to 1.25% per year for certain Private Funds, subject to negotiation for customized Private Funds, and up to 1.5% per year for certain GIAS clients. Management fees may be charged monthly or quarterly, generally in arrears and pro rated for partial periods. Guggenheim Advisors will generally waive Guggenheim Advisors' management fees for the portion of any GIAS managed Private Funds that are allocated to Managed Accounts, Portfolio Companies or Portfolio Funds that are managed by an affiliate of Guggenheim Advisors.

The performance fee for a Private Fund, if any, generally will be a percentage of the net realized and unrealized profits earned by a client for each year. In certain cases, the performance fee may be charged after recoupment of any investment losses carried forward from previous years and, in certain cases, after achieving a threshold annual return on invested capital at varying rates. Generally, the performance fee rates charged by Guggenheim Advisors range up to 10% of the net realized and unrealized investment profit per year, subject to negotiation. Performance fees generally will be billed after the close of each calendar year. Performance fees will be charged in accordance with Section 205 of the Advisers Act and the conditions of Rule 205-3 thereunder.

With respect to the Private Funds, Guggenheim Advisors or one of its affiliates generally acts as the Private Funds' general partner, managing member or manager (or in a similar capacity) and, in such capacity, has the power and authority to direct the payment of the management fees and performance fees from the Private Funds' accounts to itself or its affiliates, as applicable. Where the GIAS client is an Intermediary Firm and Guggenheim Advisors provides services for the Intermediary Firm and/or the Intermediary Firms' clients, Guggenheim Advisors will bill the Intermediary Firm for the services provided on a quarterly basis rather than debiting an account directly.

The investment performance experienced by each investor in a Guggenheim Advisors' fund client, including the Private Funds, will be affected by all of the costs and expenses incurred by or on behalf of such funds, including: (1) the costs and expenses of forming the funds; (2) printing expenses, if any; (3) "Blue Sky" fees and expenses; (4) all other costs and expenses of offering and selling the interests in the funds; (5) all costs, taxes and expenses related to the funds' operations and investments, including, interest charges, transactional charges, due diligence costs and expenses associated with acquiring or disposing of investments; (6) Guggenheim Advisors' or its affiliates management and performance fees; (7) the cost of data collection services provided by any third-party data providers; (8) the fees and expenses of any risk services provider; (9) the funds' administrators' fees; (10) accounting, audit, tax, legal, reporting, filing and other operating costs not covered by the administrators' fees; (11) the costs of any liability insurance obtained on behalf of the funds; and (12) the costs of any litigation or investigation involving the funds. Such funds also bear their share of the organizational costs, operating costs, investment related expenses and any other expenses of the Portfolio Companies, Managed Accounts and Portfolio Funds, such as the fees imposed by the Portfolio Managers. The Portfolio Managers may charge fixed management fees, generally expected to be up to 3% of assets under management, performance fees, generally expected to be up to 30% of realized

and unrealized investment gains, and any early withdrawal or termination fees associated with the withdrawal of assets from the management of a Portfolio Manager.

All Managed Accounts, Portfolio Companies and Portfolio Funds will pay or bear the brokerage fees related to such accounts' and funds' investment transactions.

Negotiable Terms to Clients

In certain circumstances, Guggenheim Advisors offers certain clients similar or different services at variable terms and conditions. Such terms and conditions may provide such investors or clients access or exposure to similar investment opportunities under terms and conditions that are different than the terms and conditions offered to other investors or clients. Some variable terms and conditions are more favorable than the corresponding standard terms and conditions offered to other investors or clients. Typically, such terms and conditions may provide clients of, or investors in one or more Private Funds, among other things, lower management or performance fees, customized reports or specific legal or regulatory limitations or requirements. In determining whether to offer clients or investors such variable terms and conditions of investment or asset management, Guggenheim Advisors generally takes into account a number of factors that it believes may benefit the overall investment program in which an investor or a client invests. Such factors may include the size of the proposed investment by such client or investor in a Private Fund and potential future investments by such investor or client, benefits associated with the name or type of investor or client, or any regulatory, tax or other specific needs of such investor or client. The terms and conditions offered to an investor or a client are generally set forth in a written agreement (which may be in the form of a side letter agreement) with such investor or client that generally imposes a confidentiality obligation on the parties not to disclose such terms and conditions except under limited circumstances. To the extent consistent with the terms of such a written agreement and not otherwise prohibited or restricted by any applicable law, Guggenheim Advisors will use reasonable efforts to accommodate a reasonable request by an investor in a Private Fund to review the variable terms and conditions granted to the investors in such Private Fund.

Guggenheim Advisors and its personnel may invest in one or more Private Funds. If Guggenheim Advisors or its personnel invest in a Private Fund, it is expected that such investments would not be charged a management fee or a performance fee by the Private Funds, or such fees would be rebated or refunded.

At its discretion, Guggenheim Advisors may waive its fees or reimburse a Managed Account, Portfolio Company or Private Fund for certain expenses and/or organization costs.

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PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under Item 5 above, Guggenheim Advisors charges certain clients performance-based fees and other clients only a management fee based on a percentage of the client's net assets under management. Guggenheim Advisors charges GIAS clients and Intermediary Firms a management fee based on the assets under management.

Guggenheim Advisors may face conflicts of interest by managing accounts charged a performance-based fee and accounts charged only a management fee or a flat fee, including that Guggenheim Advisors may have an incentive to favor accounts for which it receives performance-based fees. Guggenheim Advisors' performance fees may create an incentive for it to make investments that are riskier or more speculative than would be the case in the absence of such fees because Guggenheim Advisors benefits from such fees on the appreciation in value of the applicable funds or accounts. Moreover, the Private Funds generally invest in Managed Accounts, Portfolio Companies and Portfolio Funds managed by Portfolio Managers who are compensated in whole or in part based on the appreciation in value (including unrealized appreciation) of the assets managed by the Portfolio Managers. This type of arrangement may create an incentive for the Portfolio Managers to make investments that are riskier or more speculative than would be the case in the absence of such an arrangement. Similarly, Guggenheim Advisors may have an incentive to favor accounts charged a higher performance-based fee over accounts from which it receives a lower performance-based fee. Guggenheim Advisors endeavors to ensure that all clients are treated fairly and equally. Guggenheim Advisors takes into account a number of factors to prevent this conflict in allocating investment opportunities among clients, including, but not limited to: client investment objectives and restrictions; the nature and size of available investments; liquidity requirements; investor input and consents; relative size and cash availability; the ability to borrow funds and the cost of borrowed funds; tax consequences; and legal restrictions.

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TYPES OF CLIENTS

Guggenheim Advisors generally provides investment advice to the Private Funds, interests in which are offered to qualified investors on a private placement basis. Guggenheim Advisors may also provide investment advice directly to institutional and sophisticated high net worth investors. Guggenheim Advisors manages the Third Party Models for GIAS clients and Intermediary Firms that provide advisory services to other investment advisers or financial institutions and their clients by utilizing the Third Party Models.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

In selecting potential Portfolio Managers for any particular investment strategy or any investment opportunity for a client, Guggenheim Advisors may, as it deems appropriate, use a quantitative and qualitative investment analysis to evaluate potential Portfolio Managers or investment opportunities. Guggenheim Advisors invests with managers in a combination that Guggenheim Advisors believes is generally representative of a portfolio's investment strategy and will enable the investment portfolio to achieve its risk/return objectives. To conduct this evaluation, Guggenheim Advisors generally will rely on information provided by the Portfolio Manager, information, data and reports obtained from external and internal sources and database vendors, industry or securities related research, regulatory filings, company press releases, investigative services and corporate rating services.

Guggenheim Advisors' research process is designed to:

- uncover and vet new investment opportunities across asset classes, geography, and investment structures;
- monitor current portfolio managers for evidence of positive or negative deviations from Guggenheim Advisors' initial thesis and to better inform Guggenheim Advisors' views on current market trends;
- manage relationships with current and prospective managers to ensure the investment portfolios can remain nimble as market opportunities change;
- integrate the "art" of assessing which portfolio managers will be positioned to outperform in the future with the "science" of understanding what has happened historically;
- identify managers who have specific and relevant experience in their strategies, and strategies and processes that have the prospect of adding alpha or contributing to the risk/return profile of the investment portfolios; and
- identify managers who are able to withstand the scrutiny of a due diligence process suitable for the asset type.

Once Guggenheim Advisors' research analysts have identified a pool of qualified and talented portfolio manager candidates for a particular investment strategy, Guggenheim Advisors undertakes a qualitative and quantitative review of the candidates.

The qualitative due diligence process involves an analysis of a manager candidate using various criteria, including, without limitation, (i) the number of years of investment management experience of the portfolio manager, (ii) the availability of sufficient information regarding the investment program managed by the portfolio manager, (iii) the quality of the portfolio manager's investment process, (iv) the stability of the portfolio manager's organization, (v) the historical performance of the portfolio manager's funds and relevant managed accounts, (vi) the amount of the portfolio manager's net worth that is invested in the investment program, (vii) the use of hedging strategies as part of the portfolio manager's investment approach, (viii) the portfolio manager's ability to consistently and effectively apply the investment approach, (ix) the diversification benefits that would be provided relative to other portfolio managers managing similar investment strategies, (x) the portfolio manager's operational and internal controls, and (xi) any regulatory or legal compliance issues.

Following a qualitative evaluation, Guggenheim Advisors conducts a quantitative analysis that typically will include, among other things, some or all of the following steps:

- An analysis of historical portfolios that characterizes the investment strategies, or investment style, of the portfolio manager and the circumstances under which the manager applied its investment strategy or style successfully and unsuccessfully.

- A multifactor analysis of the portfolio manager's investment return sensitivities to various market risk factors and the "alpha" or non-systematic investment return generated by the manager.
- An analysis of the portfolio manager's investment returns, volatility and correlation relative to peer group, strategy indices and targets.
- The creation of risk guidelines for, and a profile of, the portfolio manager's investment strategy and style.

Based on the documentation review and on-site due diligence conducted on a pool of potential portfolio managers for a particular investment strategy, Guggenheim Advisors' analysts prepare research reports for presentation at internal meetings of the investment professionals for the purpose of "tiering" or classifying each portfolio manager into various quality-based categories.

Guggenheim Advisors also generally conducts an operational and infrastructural risk and systems review of the portfolio manager candidates. This analysis generally entails on-site interviews and conference calls with a manager's Chief Operating Officer and Chief Financial Officer to discuss topics such as: (i) computer system configurations, maintenance, security support and back-up, (ii) disaster recovery plans, (iii) trade settlement, reconciliation, fund transfers, cash controls and trade allocations processes, (iv) pricing process, frequency, sources and verification, and (v) regulatory exams and audits. Also, Guggenheim Advisors may contact the portfolio manager's prime broker(s), accountants and auditors to confirm various information concerning the manager and the trading strategy and its implementation. Guggenheim Advisors also generally reviews a portfolio manager's audited financial statements and attempts to verify its performance track record.

Guggenheim Advisors' non-investment professionals typically perform a legal and regulatory due diligence review, and Guggenheim Advisors may retain an investigative firm to perform background checks, on a portfolio manager. Such background checks usually include review of (i) various databases for legal, regulatory or other filings involving the portfolio manager and its principals, (ii) confirmation of the professional and educational background of the portfolio manager's principals and (iii) interviews with a number of professional and investor references of the Portfolio Manager.

Guggenheim Advisors rebalances investment portfolios based on an assessment of the opportunity sets and performance expectations for the portfolio managers and an assessment of the tactical opportunities in the global financial markets. These shorter-term investment perspectives are used to opportunistically allocate assets among the selected portfolio managers and to implement overlays to the investment portfolios. The tactical approach may include analysis of short, intermediate and long-term market trends and opportunities, including, among others, analyses of the impact on performance of movement in major market factors such as interest rates, credit spreads, inflation, liquidity, direction of equity markets, currencies, commodities, and volatility of investment markets and financial instruments.

Guggenheim Advisors may also use tactical trades and overlays, including the use of derivative instruments, to gain exposure to individual securities or baskets of securities more efficiently

than can be accomplished in the cash markets, to hedge portfolio manager or portfolio risk, to adjust factor exposures, to change the characteristics of an investment, and for such other purposes as Guggenheim Advisors believes will enhance a portfolio's returns.

Guggenheim Advisors' approach to analyzing portfolio risks is factor based and may include evaluating the sensitivity of a portfolio's managers and direct investments to movements in interest rates, credit spreads, inflation, liquidity, direction of equity markets, currencies, commodities, and volatility of investment markets and financial instruments. Guggenheim Advisors regularly analyzes risk factors at both the aggregate portfolio and portfolio manager levels. Fund risk monitoring includes analysis of the Sub-Advisors' investment styles, which may include deviations from the Managing Member's stated objectives regarding exposures such as credit quality, market capitalization, growth or value orientation, counterparty risk, industry and sector concentration, liquidity, leverage, derivative exposures, currency exposures and sensitivity to investment risk. Such investment risk may include capital risk, inflation risk, shortfall risk, liquidity risk, agency risk and political risk.

For certain portfolios, Guggenheim Advisors may access the Guggenheim Risk Management System, a proprietary database that aggregates information from a variety of sources. The data is used to produce reports, some of which are standardized templates that are produced on a periodic basis and others of which are ad-hoc tools that allow greater flexibility in portfolio monitoring. The Guggenheim Risk Management System tools may include reports that include exposures and risk and return attribution, as well as a demonstration of how a portfolio is positioned and what factors have driven a portfolio's performance. Other tools may also include a "Guideline Report" that represents how a portfolio is positioned relative to benchmarks for exposure, concentration and scenario sensitivity. Meaningful deviations from these benchmarks may indicate a change in style or strategy.

Guggenheim Advisors' Private Funds, Managed Accounts, Portfolio Companies, Portfolio Funds and Third Party Models may use one or more of the following investment strategies, among others: relative value arbitrage strategies (such as convertible arbitrage, statistical arbitrage, risk arbitrage, and capital structure arbitrage), equity long/short and long-only strategies, fixed income strategies, special situation and distressed strategies, real estate based strategies, emerging and developing market based strategies and commodity futures based strategies. For those Private Funds that Guggenheim Advisors manages on a discretionary basis and the Third Party Models, Guggenheim Advisors will determine the risk weighting of each of the investment strategies and asset allocations associated therewith, in its sole discretion, in relation to the investment objectives and investment program of such clients. Some or all of the above investment strategies will involve the active trading (in both long and short and covered and uncovered positions) of domestic and foreign securities, instruments, claims and derivative instruments or any interests therein, including, without limitation, equity and debt securities, treasury securities, participations, commercial paper, certificates of deposit, repurchase contracts, securities lending contracts, options, swaps, futures contracts, foreign currencies, loans, real estate investment trusts, mortgage- and asset-backed securities, exchange traded fund shares, registered mutual fund shares, cash or cash equivalents, and any other securities, claims or instruments, including hedging activities, cash management activities, arbitrage activities and margin or other borrowings and levered transactions.

Guggenheim Advisors' and the Portfolio Managers' investment programs are speculative and entail investment- and market-related risks. There can be no assurance that the Private Funds' and Third Party Model's investment objectives will be achieved. The Private Funds' activities and the Third Party Models could result in substantial losses under certain circumstances, including a total loss of the capital invested. Investing in securities involves risk of loss that clients and investors should be prepared to bear.

The following risk factors do not purport to be a complete list or explanation of the risks involved with Guggenheim Advisors' methods, strategies and investment funds, including the Private Funds and Third Party Models. These risk factors include only those risks Guggenheim Advisors believes to be material and related to the particular investment strategies employed by Guggenheim Advisors.

Managed Account Operations Not Transparent. Although Guggenheim Advisors is responsible for supervising the Managed Accounts, it generally does not anticipate making specific investment decisions or controlling the investments of the Managed Accounts. Guggenheim Advisors will generally have no ability to control a Portfolio Fund. A Portfolio Manager may employ investment strategies that differ from its past practices and are not fully disclosed to Guggenheim Advisors and that involve risks that are not anticipated by Guggenheim Advisors. Some Portfolio Managers may have a limited operating history or may have limited experience in executing one or more investment strategies to be employed for a Managed Account or Portfolio Fund. Furthermore, notwithstanding Guggenheim Advisors' risk monitoring of the Portfolio Managers, there is no guarantee that the information given to Guggenheim Advisors' Private Funds administrator (the "Administrator") or risk services provider ("Risk Services Provider") and the reports given to Guggenheim Advisors with respect to the Portfolio Investments will not be fraudulent or inaccurate or incomplete. Because of the potential lack of transparency with respect to investment made by a Portfolio Manager, Guggenheim Advisors' ability to detect such fraudulent or inaccurate or incomplete information may be limited.

Limited Information Regarding Portfolio Managers. Although Guggenheim Advisors expects to receive detailed information from each Portfolio Manager regarding the Portfolio Manager's historical performance and investment strategy, Guggenheim Advisors often may not be given access to information regarding the actual investments made by the Portfolio Managers. At any given time, Guggenheim Advisors and its affiliates may not know the composition of any Managed Account's or Portfolio Fund's portfolio with respect to the degree of hedged or directional positions, the extent of concentration risk or exposure to specific markets. In addition, Guggenheim Advisors and its affiliates may not learn of significant structural changes, such as personnel, manager withdrawals or capital growth, until after the fact.

Risks of the Multi-Manager Strategy and Technique. Although Guggenheim Advisors is responsible for supervising the Managed Accounts, they do not anticipate making specific investment decisions or controlling the investments of the Managed Accounts, and Guggenheim Advisors generally will not be able to control a Portfolio Fund. Guggenheim Advisors will have the ability to reallocate the Private Funds' assets among Portfolio Investments, but Guggenheim Advisors' ability to do so may be constrained by the contractual and liquidity-related withdrawal limitations imposed by the Portfolio Managers. These withdrawal limitations may prevent the

Private Funds from reacting rapidly to market changes should a Portfolio Manager fail to effect portfolio changes consistent with such market changes and the demands of Guggenheim Advisors. Such withdrawal limitations may also restrict Guggenheim Advisors' ability to terminate investments with Portfolio Managers that are poorly performing or have otherwise had adverse changes.

Valuation of the Investments. Market prices of certain securities or instruments, including, without limitation, bonds, loans, participations, assignments or over-the-counter instruments or derivatives, held in the Managed Accounts or Portfolio Funds may not be readily available. Accordingly, the valuation of such investments will ordinarily be based on valuations provided by the Portfolio Managers or the dealers for such investments. Although Guggenheim Advisors will review the valuation procedures used by the Portfolio Managers, and the Administrator and Guggenheim Advisors will, to the extent practicable, attempt to confirm valuations provided by the Portfolio Managers, in calculating the Private Funds' net asset values, Guggenheim Advisors will rely significantly on the values of the Managed Accounts reported by the Portfolio Managers. With respect to a Private Fund's investments in Portfolio Funds, the Private Funds will rely solely on the values reported to the Private Funds by such Portfolio Funds.

Additionally, for any exchange-traded security or instrument for which a market price is available, if at any time the Administrator, after consultation or with prior consent of Guggenheim Advisors, or Guggenheim Advisors determines for any reason that the available market price of such security or instrument does not reflect a price at which there is a reasonable likelihood that such security or instrument would be traded at such time, then the fair value of such security or instrument may be determined by the Administrator, with the approval of Guggenheim Advisors, taking into account factors that the Administrator may consider relevant and appropriate, such as the liquidity of such security, recent sales and marketability of such security and other relevant publicly available information related to the security or instrument or the issuer. Accordingly, there can be no assurance that the value determined by the Administrator and approved by Guggenheim Advisors will reflect the true fair value of such security or instrument and will be based on all information that may materially affect the value of such security or instrument.

Certain securities in which the Portfolio Managers may invest and many of the derivative positions into which the Managed Accounts, the Portfolio Funds and the Portfolio Managers are likely to enter may not have a readily ascertainable market price. Such securities and derivative positions nevertheless will be valued by the Portfolio Managers or, in certain circumstances, Guggenheim Advisors. These valuations will generally be conclusive, even though many or all of the Portfolio Managers and Guggenheim Advisors generally will face a conflict of interest regarding such valuations due to their performance-based compensation or allocations. The Administrator and Guggenheim Advisors will, however, attempt to confirm such valuations, to the extent practicable, based on one or more unaffiliated recognized pricing authorities, if available, and other available information. For certain securities or instruments, the Private Funds may have to rely upon the valuations provided by the Portfolio Managers due to unavailability of any independent pricing source to verify the valuation provided by the Portfolio Managers.

Use of Estimated and Unaudited Information. The Private Funds will use estimated and unaudited data and information to calculate, account for and report each Private Fund's assets, liabilities and investment performance for any period. Accordingly, the net asset value of each Private Fund will be estimated and unaudited for any date other than December 31st of each year. Such estimated and unaudited data and information is subject to adjustment based on any errors or changes that are discovered by a Private Fund, Guggenheim Advisors, its affiliates, the Administrator, or the Portfolio Managers or their service providers, and any such adjustments may be effected in the accounting period in which it was discovered or following its discovery rather than the accounting period to which the adjustment relates. Such adjustments could be material and, to the extent related to a past accounting period, could cause a significant change in the Private Fund's previously reported assets, liabilities or net asset values.

Inability to Use Certain Portfolio Managers. To the extent that a Private Fund only invests its assets in separate managed accounts specially established and controlled by Guggenheim Advisors or its affiliates and not Portfolio Funds managed by the Portfolio Managers, the Private Fund may receive certain potential benefits due to the transparency and control of assets provided by such separate accounts as compared to the Portfolio Funds. Separate accounts, however, may be more difficult and expensive to create and operate as compared to making investments in Portfolio Funds. Because of such complexities and expenses, certain Portfolio Managers may not agree to manage assets on behalf of Guggenheim Advisors' clients if Guggenheim Advisors is only willing or able to invest with such Portfolio Managers through separate account structures. To the extent that Guggenheim Advisors or the Private Funds seek to invest exclusively or mainly Managed Accounts instead of Portfolio Funds, the Private Fund may not be able to invest with certain successful Portfolio Managers, which could cause the Private Funds' investment performance to be materially lower than if the Private Funds were to invest with such Portfolio Managers. There can be no assurance that Guggenheim Advisors or a Private Fund will be able to establish a separate account with every Portfolio Manager identified by Guggenheim Advisors' due diligence process.

General Equity Investment Risks. In addition to the specific risks arising from the Private Funds' and Third Party Models' investment strategies and structures, the Private Funds and Third Party Models will be subject to all of the risks associated with the investment in and trading of equity or equity-linked securities and other instruments by the Portfolio Managers.

The values of securities and instruments traded by the Portfolio Managers may be extremely volatile and may be influenced by, among other things, their liquidity, national and international political and economic events, fluctuations in currency exchange rates and interest rates and government trade, and fiscal, monetary and other policies and actions. As a result, the value of the applicable Private Fund's or Third Party Model's investments, and the value of the investors' capital accounts, may be subject to sudden and substantial declines in value.

It is possible that many of the Portfolio Managers' investment strategies may focus, from time to time, on U.S. equity markets and may have a net long or net short bias. During such periods, the Private Funds or Third Party Models could incur significant losses in the event of a substantial decline or appreciation, as the case may be, in the U.S. equity markets.

The Private Funds' and Third Party Models' portfolio positions may undergo significant short-term declines and experience considerable price volatility. Equity positions may include speculative securities. Accordingly, investors in the Private Funds and Third Party Models must be prepared to assume the risks inherent in such speculative investments. An investment in a Private Fund or Third Party Model should not be regarded as a complete investment program and should be considered solely by investors prepared to experience possible short-term volatility and fluctuations in value in the interest of seeking long-term, risk-adjusted returns.

Concentration of Investments. The core positions of any Managed Account's, Private Fund's or Third Party Model's investment portfolio may consist of a limited number of financial instruments or security issuers and may be concentrated in a particular industry area or group. Accordingly, the Managed Accounts and any Private Fund's or Third Party Model's investment portfolios may at times be significantly concentrated, both as to industries, individual companies and geographic regions. Such concentration will offer a greater potential for capital appreciation as well as an increased risk of loss. Such concentration may also be expected to increase the volatility of a Managed Account's, Private Fund's or Third Party Model's investment portfolio.

Investments in Restricted Securities. At any given time, a portion of a Managed Account's or Private Fund's assets may be invested in "restricted securities," which are securities subject to significant legal or contractual restrictions on their public resale. Investing in restricted securities involves a number of significant risks. Without the ability to resell restricted securities in the public markets, the Managed Accounts may be compelled to hold such investments indefinitely or to dispose of them in private transactions on unattractive terms. Such restrictions therefore can impair both the avoidance of losses as well as the timely realization of gains. Although in some instances the Managed Accounts (or the Portfolio Managers for their account) may have registration rights or other contractual means of achieving liquidity as to its investment in such restricted securities, such rights may in fact be limited or ineffective in achieving the secondary market desired. Restricted securities in which a Managed Account, and a Private Fund indirectly, invests may include highly speculative, developmental stage issuers, as well as securities of more seasoned companies, which can involve significant issuer or industry related risks.

The interests of the Portfolio Companies will not be listed on any securities exchange or otherwise readily tradable. The illiquidity of such securities may make it difficult or impossible for a Private Fund investor to dispose of such investments at desired times or at favorable prices, thereby increasing the risk of losses. Furthermore, the withdrawal by investors from a Private Fund may result in the capital account of the remaining investors having a greater portion of illiquid investments than may be the case prior to such withdrawal.

Options. The Private Funds and the Managed Accounts may write or purchase options. The writing or purchasing of an option gives rise to the risk of losing the entire investment in such option or, in the case of written options, amounts substantially in excess of such investment and of causing significant losses in a relatively short period of time.

Because option premiums paid or received by an investor will be small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could

cause an investor's asset value to be subject to more frequent and wider fluctuations than would be the case if the investor did not invest in options.

Upon the exercise of a put option on securities written by an investor, the investor may suffer a loss equal to the difference between the price at which the investor is required to purchase the underlying securities and their market value at the time of the option exercise, less the premium received from writing the option. Upon the exercise of a call option on securities written by an investor, the investor may suffer a loss equal to the excess of the market value of the securities at the time of the option's exercise over the investor's acquisition cost of the securities, less the premium received from writing the option.

Short Sales. The Private Funds and the Managed Accounts may use short sales as part of their respective investment programs. A short sale is a transaction in which an investor sells a security it does not own but has borrowed in anticipation that the market price of that security will decline. The investor must deliver the security to the broker-dealer upon conclusion of the short sale. The ability to continue borrowing the security is not guaranteed. If the short seller loses the ability to continue borrowing the security, a "buy-in" may occur, forcing the short seller to purchase the security at an inopportune moment. If the price of the security sold short increases between the time of the short sale and the time the investor replaces the borrowed security, the investor will incur a loss; conversely, if the price declines, the investor will realize a short-term capital gain. Although the investor's gain is limited to the difference between the price at which it sold the security short and the price at which it purchased the security to satisfy its obligation to the person from whom it borrowed the security, its potential loss is theoretically unlimited.

Derivative Instruments. Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from or the value of which is related to one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement cannot only result in the loss of the entire investment, but may also expose the Managed Account or Private Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a

particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Portfolio Manager from promptly liquidating unfavorable positions and subject the Managed Account or Private Fund to substantial losses. In addition, the Portfolio Manager may not be able to execute futures contract trades at favorable prices if little trading in the contracts involved is taking place. It also is possible that an exchange or the Commodity Futures Trading Commission may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Defaulted Debt Securities and Other Securities of Distressed Companies. The Portfolio Managers may invest in low grade or unrated debt securities (“high yield” or “junk” bonds) or in securities of distressed companies. Such investments involve highly significant risks. High-yield bonds are regarded as being predominantly speculative as to the issuer’s ability to make payments of principal and interest. Investment in such securities involves substantial risk. Issuers of high-yield debt may be highly leveraged and may not have available to them more traditional methods of financing. Therefore, the risks associated with acquiring the securities of such issuers generally are greater than is the case with higher-rated securities. The risk of loss due to default by the issuer is significantly greater for the holders of high-yield bonds because such securities may be unsecured and may be subordinated to the creditors of the issuer.

Investment in securities of distressed companies involves highly significant risks. Successful investing in distressed companies involves substantial time, effort and expertise, as compared to other types of investments. Information necessary to properly evaluate a distress situation may be difficult to obtain or be unavailable and the risks attendant to a restructuring or reorganization may not necessarily be identifiable or susceptible of considered analysis at the time of investment.

Foreign Investments. A portion of any Managed Account’s, Private Fund’s or Third Party Model’s assets may directly or indirectly consist of foreign investments, which may include foreign or domestic equity securities denominated in foreign currencies, issued by foreign issuers and/or traded outside of the United States. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or foreign governments, United States and foreign withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There may be less publicly available information about certain foreign companies than would be the case for comparable companies in the United States and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of United States companies. Securities markets outside the United States, while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these foreign markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some

non-U.S. markets is slower, less systematic and more subject to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in countries other than the United States.

Necessity for Counterparty Trading Relationships; Counterparty Risk. The Managed Accounts and Private Funds may be expected to establish relationships for prime brokerage services and to obtain financing and derivative intermediation that permit the Managed Accounts or Private Funds to trade in any variety of markets or asset classes over time; however, there can be no assurance that such accounts will be able to establish or maintain such relationships. An inability to establish or maintain such relationships would limit the Managed Accounts' and Private Funds' trading activities, could create losses, preclude the Managed Accounts or Private Funds from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent the Managed Accounts or Private Funds from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before a Managed Account or Private Fund establishes additional relationships could have a significant impact on such Managed Account's or Private Fund's business due to its reliance on such counterparties.

Some of the markets in which the Portfolio Managers may effect transactions are not "exchange-based," including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes an investor to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing such investor to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Portfolio Manager has concentrated its transactions with a single or small group of counterparties. Generally, the Managed Accounts and Private Funds will not be restricted from dealing with any particular counterparties. A Portfolio Manager's evaluation of the creditworthiness of a trading counterparty may not prove sufficient. The lack of a complete and accurate evaluation of the financial capabilities of the trading counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses.

Small- and Mid-Cap Risks. A portion of each Managed Account's, Private Fund's or Third Party Model's assets may be invested in securities of small-cap and mid-cap issuers. While the securities of a small- or mid-cap issuer may offer the potential for greater capital appreciation than investments in securities of large-cap issuers, securities of small- and mid-cap issuers may also present greater risks. For example, (i) some small- and mid-cap issuers often have limited product lines, markets, or financial resources, (ii) they may be dependent for management on one or a few key persons, and can be more susceptible to losses and risks of bankruptcy, and (iii) their securities may be thinly traded and may be more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers.

Institutional Risk and Custodial Risks. The institutions, including brokerage firms and banks, with which a Private Fund (directly or indirectly through the Portfolio Funds and Managed

Accounts) does business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Private Fund. Brokers may trade with an exchange as a principal on behalf of a fund, in a “debtor-creditor” relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Managed Account, Private Fund or Portfolio Fund (for example, the transactions which the broker has entered into on behalf of the fund as principal as well as the margin payments which the fund provides). In the event of such broker’s insolvency, the transactions which the broker has entered into as principal could default and the fund’s assets could become part of the insolvent broker’s estate, to the detriment of the funds. In this regard, Managed Account, Private Fund or Portfolio Fund assets may be held in “street name” such that a default by the broker may cause the funds’ rights to be limited to that of an unsecured creditor.

Other Types of Investments. The Private Funds’ and Third Party Models’ investment strategies include investing with a range of Portfolio Managers that engage in different investment strategies and use a variety of investment techniques. Each of these strategies and techniques may be non-traditional and involve substantial risks. Although several of these risks are discussed in other risk factors herein, it is impossible to identify all such risks, particularly since each Private Fund’s and Third Party Models’ investments with the Portfolio Managers are continually changing, as are the markets invested in by each Portfolio Manager.

Transaction Execution and Costs. Each Portfolio Manager’s investment strategy, it is likely to include short-term holdings (which may comprise a significant portion of a Managed Account’s or Portfolio Fund’s and, indirectly, a Private Fund’s or Third Party Model’s, portfolio), and, consequently, a Portfolio Manager’s overall portfolio is expected to experience a relatively high volume of trading activity. In addition, in many cases relatively narrow spreads may exist between the prices at which the Portfolio Managers will purchase and sell particular positions. The successful application of any Portfolio Manager’s investment strategy will therefore depend, in part, upon the quality of execution of transactions, such as the ability of broker-dealers to execute orders on a timely and efficient basis. Although the Portfolio Managers will seek to utilize brokerage firms which will afford superior execution capability to the Managed Accounts, Portfolio Funds and Private Funds, there is no assurance that all of the Managed Accounts’, Portfolio Funds’ or Private Funds’ transactions will be executed with optimal quality. Furthermore, on account of the degree of trading, total commission charges and other transaction costs may be expected to be high and adverse tax consequences may result to investors. The level of commission charges, as an expense of a portfolio, may therefore be expected to be a factor in determining the future profitability of such portfolio.

Ineffective Hedging. It is anticipated that most Portfolio Managers will employ certain hedging techniques that are designed to hedge exposure to market and other risks. Such hedging activities, however, involve the risk of an imperfect correlation between the hedging instrument and the asset being hedged, which could result in losses both on the hedging transaction and on the asset being hedged. Furthermore, the Portfolio Managers are generally not required to engage in hedging. Use of hedging activities generally may not prevent significant losses and could increase the loss of a portfolio’s assets.

Limits on Hedging Strategies. While certain Portfolio Managers may use “market neutral” or “relative value” hedging or arbitrage strategies, this in no respect should be taken to imply that the investments managed by any such Portfolio Managers are without risk. Substantial losses may be recognized on “hedge” or “arbitrage” positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation. Every market neutral or relative value strategy involves exposure to some second order risk of the market, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds or the price spread between different classes of stock for the same underlying firm. Further, many “market neutral” or “relative value” portfolio managers, which could include any Portfolio Manager, employ limited directional strategies that expose the portfolio funds or accounts they manage to certain market risks.

Unspecified Investments. For those Private Funds that Guggenheim Advisors manages on a discretionary basis and the Third Party Models, Guggenheim Advisors and its affiliates have complete discretion to select the investments as investment opportunities arise. Investors in such Private Funds and models must rely upon the ability of Guggenheim Advisors and its affiliates to identify and implement investments consistent with the investment objective. Further, the assets will be mainly invested by the Portfolio Managers. Guggenheim Advisors and its affiliates will generally not be aware of the investments the Portfolio Managers make prior to the execution of such investments. As a general matter, because Guggenheim Advisors and its affiliates will be subject to confidentiality obligations, the information concerning the investments will generally not be disclosed to investors, and any such disclosures to investors may be made in the sole discretion of Guggenheim Advisors and its affiliates. In addition, investors generally will not receive or otherwise be privy to due diligence or risk report information prepared by or for Guggenheim Advisors or its affiliates in respect of the Portfolio Managers.

Leverage. The Private Funds, Portfolio Funds and Managed Accounts may employ leverage through borrowings (including transactions entered into on margin) and through the use of options, futures contracts, swap transactions, repurchase agreements and other derivative instruments. While the use of borrowed funds can substantially improve the return on invested capital, it also may increase any adverse impact to which the funds may be subject and, therefore, subject the funds to greater risk of loss. Guggenheim Advisors will have little or no control over the use of leverage by Portfolio Funds.

Generally, the Private Funds may borrow funds on a secured or unsecured basis, at such times and in such amounts as Guggenheim Advisors and its affiliates may determine in its sole discretion, in order to: (i) provide liquidity for investments in and withdrawals from Managed Accounts or Portfolio Funds; (ii) fund capital withdrawals pending the receipt of proceeds from Managed Accounts or Portfolio Funds; (iii) pay operating expenses on an interim basis; (iv) meet other working capital needs; and (v) leverage its investments. There is no assurance that the Private Funds will be able to obtain such borrowed funds on reasonable terms, if at all. If a Private Fund borrows such funds, such Private Fund will be charged interest and may be required to pledge the underlying assets of the Private Fund as collateral. Not all such assets may be eligible collateral. The lender providing the borrowed funds may require that the borrowed amounts be repaid, pursuant to an event of default or otherwise, at a time when the Private Fund has little or no liquidity and such lender will thereafter have certain rights with respect to the collateral.

Investment Strategies and Ability to Change Strategies. There can be no assurance that a Portfolio Manager will be able to successfully employ a particular investment strategy or that a particular investment strategy, even if successfully employed, will result in profitable investment results in any particular market condition. In addition, some of the strategies may be speculative and may entail substantial risk. For example, relative value strategies, such as convertible securities arbitrage or merger arbitrage strategies, focus on identifying and exploiting spread relationships between pricing components of financial assets or commodities, either with respect to single assets or commodities or groups of assets or commodities whose prices are deemed to move in relation to each other and such strategies may expose investors to a significant risk of loss if the Portfolio Manager has incorrectly evaluated the nature or extent of the expected spread relationships or if unexpected, intervening events affect these relationships.

In addition, the Portfolio Managers could materially alter their investment strategy from time to time and, with respect to those certain Managed Accounts and Portfolio Funds for which limited position and other data is available, the Portfolio Managers thereof could materially alter their investment strategy from time to time without notice to Guggenheim Advisors.

Liquidity Limitations of Portfolio Funds. A Private Fund's ability to fund and accept withdrawal requests and conduct risk management is dependent on its ability to withdraw from the Managed Accounts and Portfolio Funds, which may have substantial liquidity restrictions. These liquidity restrictions may be particularly significant in connection with redemptions or withdrawals from Portfolio Funds. Portfolio Funds may impose liquidity restrictions such as lock-up periods (no withdrawals or redemption within one or more years following investment date), limited optional redemption frequency (yearly or even less-frequent liquidity terms), gates (limitation on total aggregate redemptions within a particular time frame to a particular percentage of the funds' net asset value), withdrawal penalty fees and other charges and other mandatory or discretionary liquidity restrictions. Furthermore, with respect to Portfolio Funds, neither the applicable Private Fund nor any Portfolio Company will have custody of any securities or instruments held in such Portfolio Fund. Such constraints and liquidity restrictions may prevent the Private Fund from withdrawing or redeeming its interests from a Portfolio Fund for the purpose of funding withdrawal requests or managing risk by withdrawing its investment in a poorly performing Portfolio Fund.

Illiquid Portfolio Instruments. The Managed Accounts, Portfolio Funds and Private Funds may invest in securities which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the Portfolio Managers may not be able to sell them when the Portfolio Manager desires to do so or to realize what the Portfolio Manager perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Illiquid investments and other assets and liabilities for which no such market prices are available may be carried on the books of a fund at fair value (which may be cost) as reasonably determined by the relevant Portfolio Manager. Certain illiquid investments may have a long investment

horizon, and until realized, no return on such investment may be realized. There is no guarantee that fair value will represent the value that will be realized on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

Consequences of Withdrawal from Underlying Accounts. In the event that there are substantial withdrawals by investors within a limited period of time, Guggenheim Advisors or a Portfolio Manager may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amount of assets under management. Under such circumstances, in order to provide funds to pay withdrawal proceeds, Guggenheim Advisors or a Portfolio Manager might be required to liquidate positions at an inappropriate time or on unfavorable terms. Actions taken to meet substantial withdrawal requests from the Private Fund or Third Party Model (as well as similar actions taken simultaneously in one or more of a Portfolio Manager's other accounts) could result in prices of securities or other financial instruments decreasing and in expenses increasing (e.g., transaction costs and the costs of terminating agreements). The overall value of a Private Fund also may decrease because the liquidation value of certain assets may be materially less than their mark-to-market value. Portfolio Managers may be forced to sell their more liquid positions which may cause an imbalance in their portfolios that could adversely affect the remaining investors. Substantial withdrawals could also significantly restrict a Portfolio Manager's ability to obtain financing or derivatives counterparties needed for its investment and trading strategies, which would have a further material adverse effect on a Private Fund's, Portfolio Fund's or Managed Account's performance. On an ongoing basis, irrespective of the period over which substantial withdrawals occur, it may be more difficult for the Portfolio Manager to generate favorable returns operating on a smaller asset base and, as a result of liquidating assets to fund withdrawals, the Private Fund, Portfolio Fund or Managed Account may be left with a much less liquid portfolio.

Portfolio Company Structure; Minority Investors of a Portfolio Company. Because the Managed Accounts are generally organized by Guggenheim Advisors (or its affiliates) for the purposes of facilitating the investment management of assets of Guggenheim Advisors' clients, the membership interests in such related Portfolio Companies will generally be held by one or more of Guggenheim Advisors' (or its affiliates') clients. This fund structure, in particular the existence of multiple funds investing in the Portfolio Companies, presents certain risks to the investors. Such other investment funds and clients may invest and withdraw from the Portfolio Companies at different times, under different circumstances and market conditions. Smaller feeder funds may be materially affected by the actions of larger feeder funds, including withdrawals by such other investment funds or clients of Guggenheim Advisors from the Managed Accounts or Portfolio Companies. Additionally, withdrawals by such other investment funds or clients from a Managed Account or Portfolio Company may reduce the size of such Managed Account or Portfolio Company, creating higher pro rata operating expenses for the remaining investment funds, thereby producing lower returns and making it economically unfeasible to continue to operate such Managed Account or Portfolio Company. This may require a Private Fund to withdraw or otherwise liquidate its investment exposure to such Managed Account or Portfolio Company even though Guggenheim Advisors and its affiliates would not otherwise desire to do so. Furthermore, withdrawals by such other investment funds or clients may result in the investment portfolio of such Managed Account or Portfolio Company becoming concentrated in illiquid assets or other assets, which may negatively impact such Managed Account's or Portfolio Company's investment performance, profile and/or the ability

to pay withdrawals in cash even though a Private Fund took no action with respect to its investments in such Managed Account or Portfolio Company. A Private Fund may also be subject to a “gate” in connection with its investment in a Portfolio Company, and redemption requests by other feeder funds may also significantly reduce the liquidity of a Private Fund and restrict an investor’s ability to withdraw.

Dependence on Portfolio Managers. The Private Funds and Third Party Models will be highly dependent upon the expertise and abilities of the Portfolio Managers and their key investment professionals who will have investment discretion over the assets of the Managed Accounts and Portfolio Funds and, therefore, the cessation of operations of any Portfolio Manager, or the death, incapacity or retirement of any individual Portfolio Manager or its principals may adversely affect investment results. Further, each Portfolio Manager will be under no obligation to accept or retain any investments, and any Portfolio Manager could reject an investment request or force the redemption of investment in a Managed Account or Portfolio Fund at any time. Guggenheim Advisors’ ability to identify and make investments sufficient to fully utilize all of the applicable Private Fund’s or Third Party Model’s available cash, therefore, may be limited.

Other Accounts of Portfolio Managers. Each Portfolio Manager generally manages accounts other than the relevant Guggenheim Advisors account (including other accounts in which the Portfolio Managers may have an interest) which, together with any additional accounts the Portfolio Manager may acquire for management, could increase the level of competition for the same trades the Portfolio Manager might otherwise make for the relevant Guggenheim Advisors account, including the priorities of order entry. This could make it difficult or impossible to take or liquidate a position in a particular security or futures contract at a price favorable to a Portfolio Manager’s strategy. The Portfolio Managers and their principals, in managing funds other than those of Guggenheim Advisors, may employ trading methods, policies and strategies that differ from those under which the respective Guggenheim Advisors accounts operate. Therefore, the results of any Managed Account’s or Portfolio Fund’s trading may differ significantly from those of the other accounts managed by the applicable Portfolio Manager.

Potential of Insufficient Investment Opportunities. Depending on the market conditions, Guggenheim Advisors may not be able to identify and obtain a sufficient number of investment opportunities or Portfolio Managers, as the case may be, to fully invest the investment proceeds received by the applicable Private Fund or Third Party Model at any time. Also, pending such investment, to the extent that any funds are invested in cash equivalents, at the sole discretion of Guggenheim Advisors or its affiliates, such cash equivalents may not earn a return sufficient to cover the Private Fund’s operating expenses and, therefore, the result would be a loss of capital invested by investors in the Private Fund.

Offsetting Investments. The Portfolio Managers and the Managed Accounts and Portfolio Funds will operate wholly independently of each other and may, at times, hold economically offsetting positions. To the extent that the Portfolio Managers invest in offsetting positions, a Private Fund or Third Party Model has a reduced opportunity for any gain (or loss), despite having paid brokerage charges and other expenses in respect of the investments.

Possible Lack of Diversification. Guggenheim Advisors or its affiliates are responsible for the allocation of the Private Funds' and Third Party Models' assets among the various Portfolio Managers, but will not have control over the day-to-day management of the underlying investments by the Portfolio Managers. Because Guggenheim Advisors may allocate their assets to multiple Portfolio Managers who make their trading decisions independently, it is possible that Portfolio Managers may on occasion take substantial positions at the same time in (i) the same security or group of securities, (ii) the same industries or group of industries or (iii) the same geographic regions. The possible lack of diversification caused by these factors may subject the investments of each Private Fund or Third Party Model to more rapid change in value than would be the case if the underlying assets of each Private Fund or Third Party Model were more widely diversified.

Third Party Model Cash Holdings. It is expected that Guggenheim Advisors will manage the Third Party Models as "fully invested" portfolios. Except for the portion of a Third Party Model that is expressly allocated to cash or cash equivalent investments, a Third Party Model will not hold or raise cash or cash equivalents for the purpose of timing the market to make future gains or avoid future losses. An investor utilizing a Third Party Model may be exposed to greater risk of loss than if such portfolio were not fully invested. The amount of cash or cash equivalent investments held by Guggenheim Advisors' Private Fund clients is expected to vary over time.

ITEM 9

DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Guggenheim Advisors' advisory business or the integrity of Guggenheim Advisors' management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Guggenheim Advisors is not registered as a broker-dealer and does not have an application pending to register with the SEC as a broker-dealer. Adam Rezak, the Chief Compliance Officer of Guggenheim Advisors, Philip Moriarty, a Senior Executive of Guggenheim Advisors, and Donald Mueth are registered representatives of Guggenheim Investor Services, LLC, an affiliated registered broker-dealer.

Guggenheim Advisors and its management persons are not registered as, and do not have any application to register as, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Guggenheim Advisors is affiliated with Guggenheim Securities, LLC and Guggenheim Investor Services, LLC, both registered broker-dealers. Guggenheim Advisors is also affiliated with Guggenheim Investment Advisors, LLC, an SEC-registered investment adviser.

Guggenheim Advisors, its affiliates and its personnel serve as investment advisers and investment managers to multiple Private Funds and Third Party Models. Guggenheim Advisors,

its affiliates and its personnel may take action or give advice with respect to certain Private Funds or Third Party Models that differs from the advice given to other Private Funds or the Third Party Models. Guggenheim Advisors, its affiliates and its personnel will devote as much time to the activities of each Private Fund and investment advisory service as they deem necessary and appropriate and the amount of time devoted to different Private Funds and advisory services may vary.

Guggenheim Advisors may recommend or select Portfolio Managers for its clients, but it is not compensated directly or indirectly from those investment advisers. Generally, Guggenheim Advisors does not have other business relationships with the Portfolio Managers, but in some situations, Guggenheim Advisors may allocate a Private Fund or Third Party Model to Portfolio Managers that are affiliates of Guggenheim Advisors. In the selection and termination of Portfolio Managers that are affiliated with Guggenheim Advisors, Guggenheim Advisors will have a conflict between its obligation to act in the best interests of its clients and any interest that Guggenheim Advisors' affiliates may have in generating revenues for themselves or promoting themselves. An investment by a Private Fund or Third Party Model may enable a Portfolio Manager that is an affiliate of Guggenheim Advisors to commence operations or make an affiliated Portfolio Manager more attractive to other investors and thus increase the capital invested with such affiliated Portfolio Manager (and thus increase the revenue earned by certain affiliates of Guggenheim Advisors).

ITEM 11

CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Guggenheim Advisors has adopted a Code of Ethics and Insider Trading Policy (the "Code") to comply with Rule 204A-1 under the Advisers Act, which sets forth procedures and limitations governing the business conduct and personal securities trading of persons associated with Guggenheim Advisors. The Code is based upon the principle that Guggenheim Advisors' employees owe a fiduciary duty to clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid: (i) serving their own personal interests ahead of clients; (ii) taking inappropriate advantage of their position with Guggenheim Advisors; and (iii) any actual or potential conflicts of interest or any abuse of the position of responsibility. The Code establishes policies and procedures that are reasonably designed to (a) prevent fraud and improper personal trading, (b) identify circumstances that may result in an actual or potential conflict of interest or the appearance thereof, and (c) provide a means to resolve such conflicts. Generally, the Code requires each employee of Guggenheim Advisors and any other person subject to Guggenheim Advisors' supervision and control to obtain prior approval of personal transactions in securities covered by the Code, interests in private funds, or interests in registered funds for which Guggenheim Advisors serves as an investment adviser or sub-adviser or for which the investment adviser or principal underwriter controls, is controlled by or is under common control with Guggenheim Advisors. Clients and prospective clients may request a copy of the Code by contacting Guggenheim Advisors at the address or telephone number listed on the first page of this document.

Guggenheim Advisors may recommend to and buy or sell for clients securities issued by Private Funds, Portfolio Companies, Portfolio Funds and Managed Accounts in which Guggenheim Advisors or one of its related persons has a financial interest or relationship. For example, Guggenheim Advisors could recommend that a client or investor invest in a Private Fund for which Guggenheim Advisors or an affiliate serves as investment manager, general partner, managing member, manager, director or placement agent. Guggenheim Advisors also could recommend that a client invest in a Portfolio Company, Managed Account or Portfolio Fund in which another investor, client, Private Fund or affiliate of Guggenheim Advisors either co-invests or has previously invested. Because Guggenheim Advisors will have a nominal ownership interest in the Private Funds and has a variable compensation structure for certain of its Private Funds, Guggenheim Advisors could have a potential conflict of interest in making such a recommendation. Guggenheim Advisors will inform a client (or investor in a Private Fund, Portfolio Company or Portfolio Fund) of the nature of such financial interests either before it makes the recommendation (such as in the client agreement or the offering documents of the Private Funds, Portfolio Companies or Portfolio Funds) or at the time of the recommendation so that the clients (or investors) may evaluate the recommendation in light of the potential conflicts of interest.

Please see Item 10 above for information regarding Guggenheim Advisors' ability to allocate Private Fund or Third Party Model assets to Portfolio Managers that are affiliates of Guggenheim Advisors. Additionally, a Portfolio Manager may from time to time cause a Private Fund, Managed Account, Portfolio Company or Portfolio Fund to invest in a fund or instrument that is issued, managed or advised by an affiliate of Guggenheim Advisors (each, an "Affiliated Security"), which affiliate may earn fees from such investment. These fees earned by the affiliate would be in addition to the fees earned by Guggenheim Advisors in connection with the value of the assets (including any such Affiliated Security) held in the Private Fund, Managed Account, Portfolio Company or Portfolio Fund. Guggenheim Advisors, however, will generally waive Guggenheim Advisors' management fees for the portion of the assets of any GIAS managed Private Funds that are allocated to Managed Accounts, Portfolio Companies or Portfolio Funds that are managed by an affiliate of Guggenheim Advisors.

Further, from time to time, Guggenheim Advisors may effect "cross" transactions, either directly or through unaffiliated broker-dealers, between accounts in which one client will purchase securities held by another client. For example, Guggenheim Advisors may effect a cross transaction between two or more Private Fund clients interests in Managed Accounts, Portfolio Companies or Portfolio Funds. Guggenheim Advisors may effect such a cross transaction by directing one of its Private Fund clients to purchase interests in a Portfolio Company or Portfolio Fund that are held by another of Guggenheim Advisors' Private Fund clients. Guggenheim Advisors may also effect a cross transaction of the underlying securities held in a Managed Account by directing one Portfolio Company to purchase an underlying security from another Portfolio Company or Managed Account. Cross transactions are often made in connection with reallocation and rebalancing transactions for Guggenheim Advisors' Private Fund clients. The need for reallocation and rebalancing transactions for the Private Funds is evaluated on a monthly basis, based on the investment objectives and criteria of the respective funds. Guggenheim Advisors effects such cross transactions after taking into account its fiduciary obligations with respect to each client participating in such cross transactions and other requirements of the Advisers Act and applicable law. Guggenheim Advisors engages in such

cross transactions among its clients only if it determines that such cross transactions are in the best interest of each client participating in such cross transactions and the cross transactions are executed at the net asset value of the interest or security transferred in such transactions. Neither Guggenheim Advisors nor any related party receives any compensation in connection with such cross transactions.

To the extent that such cross transactions may be viewed as principal transactions due to the ownership interest held by Guggenheim Advisors or its personnel in a Private Fund, Guggenheim Advisors will comply with the requirements of Section 206(3) of the Advisers Act, including that Guggenheim Advisors will notify the Private Fund in writing of the transaction and obtain the consent of the Private Fund.

ITEM 12

BROKERAGE PRACTICES

Guggenheim Advisors implements its Private Fund clients' investment strategies by allocating the Private Funds' assets to Managed Accounts (typically through Portfolio Companies) and Portfolio Funds that are investment managed by Portfolio Managers. When Guggenheim Advisors engages a Portfolio Manager to manage the assets of a Private Fund, Managed Account or Portfolio Company, Guggenheim Advisors selects the prime broker(s) to be used in connection therewith, primarily based upon the Portfolio Manager's recommendation, and the Portfolio Manager selects the brokers with whom individual trades are executed. For operational and trading efficiency, the prime brokers selected by Guggenheim Advisors for the Managed Accounts and Portfolio Companies are generally the ones recommended by the Portfolio Manager managing the account. In selecting a prime broker for a Managed Account, Guggenheim Advisors, in consultation with the relevant Portfolio Manager, considers, to the extent consistent with any applicable obligations to obtain best execution, such factors as price; the ability of the broker to effect transactions; the broker's facilities, including information systems; the broker's reliability and financial responsibility; and any research products or services provided by such broker including to the relevant Portfolio Manager or any other factors Guggenheim Advisors or the relevant Portfolio Manager may deem appropriate in respect to the services provided by such broker.

Guggenheim Advisors has no control over the selection of brokers for Portfolio Funds or the clients of GIAS and the Intermediary Firms utilizing a Third Party Model. Guggenheim Advisors will not be able to ensure that such Portfolio Funds or clients of GIAS receive the most favorable execution terms.

Guggenheim Advisors may also cause a Private Fund to invest directly in financial instruments. In choosing brokers and dealers for any Private Fund direct investments, Guggenheim Advisors is not required to consider any particular criteria but generally seeks the best combination of brokerage cost and execution quality. Guggenheim Advisors, however, is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers.

1. Research and Other Soft Dollar Benefits

Generally, each Private Fund and Managed Account pays its own brokerage commissions. Pursuant to the respective investment management agreement between the Portfolio Manager and the applicable Portfolio Company, no such manager may enter into any “soft dollar” arrangement with a broker-dealer unless either (a) the soft dollar arrangement is within the safe harbor of section 28(e) of the Securities Exchange Act of 1934 (the “Exchange Act”); or (b) Guggenheim Advisors has otherwise been notified of such arrangement or has approved such arrangement. Generally, soft dollar services include research products and services, quotation equipment and computer-related costs and expenses. Guggenheim Advisors does not generally have any soft dollar arrangements with respect to the Managed Accounts; however, certain of the Portfolio Managers to the Managed Accounts may have soft dollar arrangements. Guggenheim Advisors may consider the value of soft dollar services that a broker-dealer provides to the Private Fund in connection with a Private Fund’s direct investments in financial instruments. Any soft dollar arrangements entered into by Guggenheim Advisors will be in compliance with section 28(e) of the Exchange Act.

Generally, when an account uses brokerage commissions (or markups or markdowns) to obtain research or other products or services, the investment adviser to the account receives a benefit because the adviser does not have to produce or pay for the research, products or services received from the broker. Accordingly, the investment adviser may have an incentive to select or recommend a broker based on the adviser’s interest in receiving the research, products or services, which can create a conflict of interest between the adviser’s interests and the clients’ interests in receiving the most favorable execution. Additionally, the soft dollar benefits received by an adviser may be paid for or generated by all of the adviser’s client accounts though only a portion of the adviser’s client accounts receive a benefit from the research, products or services obtained.

During the last fiscal year, with respect to the Managed Accounts, Guggenheim Advisors did not direct client transactions to a particular broker-dealer in return for soft dollar benefits because the Portfolio Managers selected the brokers with whom individual trades were executed.

2. Brokerage for Client Referrals

Guggenheim Advisors does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or third party.

3. Directed Brokerage

Guggenheim Advisors has no control over the selection of brokers for Portfolio Funds or the clients of GIAS and the Intermediary Firms utilizing a Third Party Model. As set forth above, with respect to Guggenheim Advisors’ clients that are the Private Funds, Guggenheim Advisors has authority and/or ongoing responsibility to select or make recommendations generally with respect to the Private Funds’ allocations to the Managed Accounts, Portfolio Companies or Portfolio Funds that are each investment managed by a Portfolio Manager. When Guggenheim Advisors engages a Portfolio Manager to manage the assets of a Managed Account, Guggenheim Advisors selects the prime broker(s) to be used in connection therewith, primarily based on best

execution factors and upon the Portfolio Manager's recommendation, and the Portfolio Manager selects the brokers with whom individual trades are executed. With respect to a Private Fund's direct investment activity, Guggenheim Advisors would select on behalf of the Private Fund the brokers with whom the Private Fund would execute trades. Based on the foregoing description, Guggenheim Advisors' clients generally do not direct Guggenheim Advisors to execute transactions through a specific broker-dealer.

4. Order Aggregation

As set forth above, with respect to Guggenheim Advisors' clients that are the Private Funds, Guggenheim Advisors has authority and/or ongoing responsibility to select or make recommendations generally with respect to the Private Funds' allocations to the Managed Accounts, Portfolio Companies or Portfolio Funds that are each investment managed by a Portfolio Manager. Accordingly, the concept of order aggregation does not generally apply to Guggenheim Advisors' investment allocation decisions. The Portfolio Managers select the brokers with whom individual trades for the Managed Accounts are executed. The investment management agreement with the Portfolio Manager for each Managed Account generally provides that the Portfolio Manager may place aggregated orders and if all such orders are not filled at the same price, the Portfolio Manager will typically cause each such account to pay or receive the average of the prices at which the aggregated orders were filled. If aggregated orders cannot be fully executed by a Portfolio Manager under prevailing market conditions, the investment management agreements permit the Portfolio Managers to allocate trades in a manner that is fair and equitable to all accounts or otherwise reasonably acceptable to Guggenheim Advisors. Guggenheim Advisors has no control over the placement of orders for the Portfolio Funds or the GIAS clients and clients of the Intermediary Firms utilizing a Third Party Model.

ITEM 13

REVIEW OF ACCOUNTS

The senior management of Guggenheim Advisors, including the Heads of Manager Research, Risk Management and Portfolio Management, communicates with members of Guggenheim Advisors' operations, research and risk management teams to review the status of client accounts. The members of the operations and risk management teams prepare periodic reports showing the investment performance and risk exposures of the Private Funds, Third Party Models and the Portfolio Investments. Based on the investment performance of the Private Funds, Third Party Models and market conditions, the senior management of Guggenheim Advisors assesses the risk exposures of the Private Funds and Third Party Models and their investment allocations among the various investment strategies and Portfolio Managers and makes decisions concerning the allocation or re-allocation of the Private Funds' and Third Party Models' holdings among such investment strategies and/or Portfolio Managers. A review of the Private Funds' and Third Party Models' allocations may also be triggered by any unusual activity.

Guggenheim Advisors generally reviews the Private Funds' portfolio allocations twice per month or more frequently and reviews the investment objectives for all Private Funds at least annually. Guggenheim Advisors generally reviews the Third Party Models' portfolio allocations

once per month or more frequently and reviews the investment objectives for all models at least annually. Guggenheim Advisors will promptly provide updates to the Intermediary Firms as it amends and modifies the Third Party Models.

Investors in the Private Funds receive monthly unaudited statements showing account net asset values, changes in account values, account activity and investment performance. On an annual basis, investors in the Private Funds also receive copies of the relevant Private Fund's audited financial statements prepared as of December 31 of each year in accordance with generally accepted accounting principles by KPMG LLP (or another accounting firm registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board).

ITEM 14

CLIENT REFERRALS AND OTHER COMPENSATION

Guggenheim Advisors does not receive economic benefits from non-clients for providing investment advice and other advisory services to Guggenheim Advisors' clients. Guggenheim Advisors may compensate its own personnel, affiliates, employees of its affiliates, or third-party solicitors, placement agents, finders, distributors or similar persons who refer potential clients to Guggenheim Advisors or solicit or place interests in the Private Funds to prospective investors. Any such compensation is generally expected to be paid by Guggenheim Advisors and is not expected to be charged to its clients or the Private Funds. Such solicitation fees may be calculated as a percentage of the management or incentive fees or allocations actually received by Guggenheim Advisors or its affiliates with respect to such clients or interests. If applicable, any such arrangement with a solicitor will comply with Rule 206(4)-3 under the Advisers Act.

ITEM 15

CUSTODY

With respect to Guggenheim Advisors' clients that are Private Funds for which Guggenheim Advisors acts as the general partner, managing member, manager or in a similar capacity as described above, account statements related to such Private Funds are sent by the relevant qualified custodians to Guggenheim Advisors. On an annual basis, investors in the Private Funds receive annual audited financial statements of the Private Funds prepared in accordance with generally accepted accounting principles. Guggenheim Advisors does not have custody of, and account statements are not sent to or by Guggenheim Advisors, with respect to the assets of the GIAS clients or the Intermediary Firms' clients that utilize a Third Party Model.

ITEM 16

INVESTMENT DISCRETION

Guggenheim Advisors has full discretionary authority with respect to the investment allocations for some of the Private Funds, and its advice with respect to those Private Funds is exercised in accordance with the investment objectives and guidelines set forth in such Private Funds' operating agreements and offering documents. Guggenheim Advisors assumes discretionary

authority to manage these client accounts through the execution of the applicable limited partnership agreements, limited liability company agreements, subscription agreements or other operating or investment management agreements of the Private Funds, which may contain a power of attorney on behalf of the Private Funds in certain circumstances.

Guggenheim Advisors does not have discretionary authority with respect to all client accounts. With respect to non-discretionary accounts, if any, Guggenheim Advisors may have on-going responsibility to select or make recommendations, based upon the client's needs expressed by the investors, as to the specific securities, strategies or investments the account may purchase or sell. Furthermore, if such recommendations are accepted by the investors, Guggenheim Advisors would arrange or effect the purchase or sale of such securities, strategies or investments.

For GIAS and any Third Party Models, Guggenheim Advisors will provide services to the Intermediary Firms, such as registered investment advisers, on a non-discretionary basis. Such GIAS Intermediary Firms may in turn use Guggenheim Advisors' services to provide services to the Intermediary Firms' clients. Guggenheim Advisors will not have the authority to implement any of the recommendations it makes for investors that access Guggenheim Advisors services through an Intermediary Firm or with respect to a Third Party Model.

ITEM 17

VOTING CLIENT SECURITIES

As set forth above, with respect to Guggenheim Advisors' clients that are the Private Funds, Guggenheim Advisors selects or makes recommendations with respect to the Private Funds' allocations to the Managed Accounts, Portfolio Companies or Portfolio Funds that are each investment managed by a Portfolio Manager. Pursuant to the Investment Management Agreement for each Managed Account, the Portfolio Manager for a Managed Account is generally authorized to exercise voting rights with respect to the securities held by such Managed Account, including but not limited to voting on Board memberships ("Board Elections"), corporate organizational and policy matters ("Corporate Policy Questions"), and corporate actions such as tender offers and exchange offers ("Corporate Actions" and, collectively with Board Elections and Corporate Policy Questions, "Proxy Matters"). Certain Portfolio Managers, however, may not accept authority to exercise voting rights on behalf of a Managed Account.

As the general partner, managing member or manager (or acting in a similar capacity) for the Private Funds and Portfolio Companies, in compliance with Advisers Act Rule 206(4)-6, Guggenheim Advisors has established guidelines (the "Proxy Voting Guidelines") for the voting of the Managed Account's proxies and has instructed a third-party vendor, Institutional Shareholder Services ("ISS"), to vote the Managed Accounts' proxies that are submitted to it in accordance with the Proxy Voting Guidelines. ISS will enter a vote on the Proxy Matters received in accordance with such instructions, subject to the following exceptions:

- (i) Upon the request of a Portfolio Manager, the Portfolio Manager will be given direct access to the ISS database relating to the securities held by the applicable Managed Account. If a Portfolio Manager has been given such direct access, the Portfolio Manager, pursuant to its Investment Management Agreement, may elect to instruct ISS to vote on one or more

Proxy Matters, and such instruction shall override any general voting instruction that Guggenheim Advisors has given to ISS.

- (ii) If the Proxy Matter is of an extraordinary nature that is not covered by the Proxy Voting Guidelines or relates to one or more Corporate Actions, ISS will forward the materials related to such Proxy Matter to Guggenheim Advisors, which will either (a) determine how to vote following consultation with the applicable Portfolio Manager and then instruct ISS to submit the vote (or choose to take no action) or (b) forward such materials to the applicable Portfolio Manager, who will instruct ISS to submit the vote (or choose to take no action).
- (iii) If the security to which the Proxy Matter relates is no longer held by the Managed Account at the time the vote is due, a vote will not be submitted by ISS.

Guggenheim Advisors believes that it will not be faced with direct or indirect conflicts of interest with respect to voting proxies because it has engaged ISS to handle proxy votes.

Notwithstanding the foregoing, if a Portfolio Manager maintains its own account with ISS (or another proxy voting service) and elects to be directly responsible for monitoring and voting all Proxy Matters, such Portfolio Manager (each, an “Independent Voting Manager”) will be responsible for voting (or choosing to take no action) with regard to all Proxy Matters relating to securities held by the Managed Account managed by such Independent Voting Manager. In that case, the Independent Voting Manager must provide a copy (or summary thereof) of its proxy voting guidelines, as well as a quarterly report to Guggenheim Advisors of the Proxy Matters related to securities held by the Managed Account and a record of the actions that the Independent Voting Manager took with regard to such Proxy Matters during the quarter.

Guggenheim Advisors will not have authority to vote securities held by any Portfolio Funds or the clients of any Intermediary Firms utilizing a Third Party Model.

Guggenheim Advisors’ proxy voting policies may be changed from time to time. A copy of Guggenheim Advisors’ proxy voting policy and summary of the Proxy Voting Guidelines, or information on how Guggenheim Advisors voted proxies, is available to clients upon request. Please contact Guggenheim Advisors, LLC at 135 East 57th Street, 11th Floor, New York, NY 10022, Attn: Investor Relation Services, with any questions.

ITEM 18

FINANCIAL INFORMATION

Guggenheim Advisors is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.