

GUGGENHEIM PARTNERS ASSET MANAGEMENT, LLC

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This Brochure provides information about the qualifications and business practices of Guggenheim Partners Asset Management, LLC (“GPAM”) or (“Guggenheim”). If you have any questions about the contents of this Brochure, please contact us at (310) 576-1229. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Guggenheim Partners Asset Management, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

Item 2 – Material Changes

This Brochure dated March 29, 2012 is an update of a prior version of the Brochure dated as of August 25, 2011 (which is GPAM's most recent annual update). GPAM has not made any material changes to the Brochure since the March 31, 2011 annual update.

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Item 4 – Advisory Business

Guggenheim Partners Asset Management, LLC (“GPAM”) is a Delaware limited liability company that was formed on September 29, 2005. Guggenheim Capital, LLC is the sole owner of GPAM through Guggenheim Manager, Inc., Guggenheim Partners, LLC and Guggenheim Holdings, LLC. Sage Assets, Inc. holds a minority ownership interest in Guggenheim Partners, LLC. Sammons Enterprises, Inc. (“Sammons”), which is owned by its employees, holds all of the ownership interests in Sage Assets, Inc. through a wholly-owned subsidiary, Consolidated Investment Services, Inc.

As of December 30, 2011, GPAM managed \$65,834,164,399 on a discretionary basis and \$10,746,000 assets on a non-discretionary basis.

GPAM provides investment advisory and supervisory services, primarily focused on implementing fixed income and equity asset management strategies, to a variety of institutional clients through separate accounts and pooled investment vehicles. For separate account relationships, a client selects a custodian for the account and is charged a quarterly fee for management of assets and, in certain cases, a performance or incentive fee or allocation based on profits or gains above a benchmark or threshold set by client and/or GPAM.

GPAM also provides advisory services to pooled investment vehicles (“Funds”), some of which are registered as investment companies under the Investment Company Act of 1940, as amended (“Registered Funds”). Registered Funds are charged a management fee based on the Fund’s net asset value (“NAV”), while, in addition to a management fee, unregistered Funds (“Private Funds”) may also be charged an incentive or performance fee based on profits earned by the Private Fund or gains above a benchmark or threshold.

GPAM may on occasion prepare written commentary on general market conditions. The commentary is prepared to educate and inform current and prospective clients, consultants and other business contacts about market conditions or trends that GPAM may consider of interest. GPAM does not charge a fee for providing this written commentary.

In addition, GPAM may provide recommendations on investment opportunities and investment advice to certain clients. The client receiving these recommendations and/or advice ultimately decides how it will utilize it. GPAM does may charge a separate fee for such services.

The description of GPAM’s investment advisory clients above is not exhaustive; GPAM may thus provide advisory services to other types of clients.

For separate accounts, a client’s initial objectives are determined in consultation with the client. Investment guidelines and objectives are memorialized by GPAM and the client prior to implementation of a strategy. A client may impose restrictions on GPAM’s authority to invest in certain securities and types securities, or to use leverage. The investment guidelines are

included as part of the client's investment management agreement ("IMA"). The investment guidelines may be updated as needed (upon approval of the client and GPAM), for reasons including a change in the client's situation or needs or a change in relevant market conditions. These objectives, guidelines, and restrictions may be reviewed by GPAM's portfolio construction group in the normal course of business, but in any event no less frequently than annually.

For Registered and Private Funds, a vehicle's investment objective, strategies and any applicable investment restrictions are generally described in the vehicle's offering documents and may be changed in accordance with the vehicle's offering and organizational documents and as permitted by law.

GPAM does not participate in any wrap fee program.

Item 5 – Fees and Compensation

For separate account clients, GPAM is paid a quarterly management fee, in arrears, based on the NAV of all assets held in a client's account. The management fee is equal to a mutually agreed upon annual fee prorated and multiplied by the separate account's NAV as of each calendar month-end, reduced for periods of less than a complete month and prior to any reduction for such management fee. The management fee is calculated and accrued monthly and is generally payable quarterly in arrears, subject to any different payment terms in a client's IMA. Fees may be negotiated in different amounts with each client based upon the type of service provided, size of the account, and relationship between the client and GPAM.

Private Funds pay a management fee, generally quarterly and in arrears, and may also pay an incentive or performance fee or allocation based on profits earned by the Private Fund or gains above a benchmark or threshold, as further described in a Private Fund's offering documents.

In the case of Registered Funds, management fees earned by GPAM are based on the NAV at end of the applicable period (generally, a month or quarter) and are paid in arrears.

The standard fee schedules for investment advisory services provided to GPAM's separate account portfolios are detailed below. GPAM offers several different products with varying fees that could be higher than those depicted, and, as described above, fees are generally negotiable.

Fixed income mandates:

- 0.350% annual management fee on accounts with NAVs of \$100 million to \$200 million.
- Fees for separate accounts with NAVs exceeding \$200 million are negotiated with clients.
- The minimum separate account size is generally \$100 million, but GPAM may accept smaller investments in its discretion.

Opportunistic Investment Grade Securities mandates:

- 1.0% annual management fee on all account sizes plus performance fees.
- The minimum account size is generally \$50 million, but GPAM may accept smaller investments at its discretion.

Covered Call/Enhanced Equity Income mandates:

- 0.750% annual management fee on the first \$100 million in NAV in an account; and
- 0.500% annual management fee on NAV in excess of \$100 million.
- The minimum account size is \$50 million, but GPAM may accept smaller investments at its discretion.

Global Alpha (core) mandates:

- 0.60% annual management fee on the first \$50 million in NAV in an account;
- 0.50% annual management fee on the next \$50 million in NAV in an account; and
- 0.45% annual management fee on NAV in excess of \$100 million in an account
- The minimum separate account size is generally \$25 million, but GPAM may accept smaller investments in its discretion.

Global Minimum Volatility mandates:

- 0.40% annual management fee on the first \$50 million in NAV in an account;
- 0.30% annual management fee on the next \$50 million in NAV in an account; and
- 0.25% annual management fee on NAV in excess of \$100 million in an account.
- The minimum separate account size is generally \$25 million, but GPAM may accept smaller investments in its discretion.

Emerging Minimum Volatility mandates:

- 0.65% annual management fee on the first \$50 million in NAV in an account;
- 0.55% annual management fee on the next \$50 million in NAV in an account; and
- 0.50% annual management fee on NAV in excess of \$100 million in an account.
- The minimum separate account size is generally \$25 million, but GPAM may accept smaller investments in its discretion.

Management Fees

Management fees, described in the relevant IMA or a Fund's offering documents, generally accrue commencing as of the effective date on which GPAM commenced trading the funds in the relevant account. In general, the separate account client or Fund advised by GPAM pays the management fee to GPAM within 30 calendar days from the end of each calendar quarter and 30 calendar days from the expiration of the term if such date is not the end of the calendar quarter. Should a separate account client or Fund terminate an advisory arrangement, fees will be charged until the mutually agreed upon termination date. Advisory arrangements may generally be terminated by providing written notice to GPAM.

Performance Fees

For certain separate account clients and Private Funds, GPAM may charge a performance or incentive fee or allocation constituting a percentage of profits or gains above a benchmark, such as an equity index, or a threshold, such as a fixed percentage rate. Such fee or allocation is generally subject to a “high water mark,” under which the agreed-upon portion of profits or gains for a period will only be paid if any previous losses in prior periods have been recouped. Performance-based compensation arrangements will be structured in accordance with the requirements of Rule 205-3 of the Investment Advisers Act of 1940, as amended (“Advisers Act”).

Expenses charged to and borne by separate accounts and Funds generally include management fees and all costs and expenses related to the assets allocated to the relevant account, including brokerage commissions and other trading execution and settlement related costs and fees; custody fees, interest incurred on borrowings, if any; and dividends paid on securities sold short. Please see Item 11 for a discussion of GPAM's brokerage practices.

Pursuant to specific client authorization, through an IMA, a Fund governing document and/or on a case-by-case basis, GPAM may execute transactions for a separate account or Fund with or through itself or any of its affiliates, as agent. In such instances, and pursuant to the client's authorization, GPAM and its affiliates may retain commissions, remuneration or profits made in such transactions, in addition to management fees.

In certain circumstances, GPAM may waive all or part of any fees with respect to certain affiliated or related party transactions for one or more, but not all, of GPAM's clients pursuant to an agreement or other arrangement with each such client.

To the extent permitted by an IMA, GPAM may in certain circumstances invest client assets in mutual funds, private investment funds, and exchange-traded funds, some of which may be advised or subadvised by GPAM or a GPAM affiliate. If a separate account or Fund holds an interest in any such fund, the separate account client or Fund investors may be subject to two fees for the management of these assets, one to GPAM and one to the adviser of the vehicle, who may be GPAM or a GPAM affiliate. In other circumstances, GPAM may make investments for clients in limited partnerships or similar vehicles to gain exposure to real asset classes such as aircraft, asset backed securities, commercial mortgage backed securities, and other fixed income structures. Certain of these vehicles are managed by affiliates of GPAM that will be compensated for such management services. GPAM and its affiliates may also receive annual management fees for asset or collateral management services provided to certain structured product vehicles (the “Structured Vehicles”) in which client assets may be invested. These fees may be based on either the market value or par value of the underlying collateral, depending upon the structure of the relevant Structured Vehicle. GPAM and its affiliate Guggenheim Commercial Real Estate Finance, LLC (“GCREF”), may originate commercial real estate loans on behalf of GPAM clients. GCREF will retain an origination and/or structuring fee and/or servicing fee.

Neither GPAM nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6 – Performance-Based Fees and Side-By-Side Management

As discussed in more detail in response to Item 5, GPAM may charge certain separate account clients and Private Funds a performance or incentive fee or allocation constituting a percentage of profits or gains above a benchmark or threshold. In measuring clients' assets for the calculation of performance-based compensation, GPAM generally includes realized and unrealized capital gains and losses for purposes of such calculations.

Performance-based compensation arrangements may create an incentive for GPAM to recommend investments that may be riskier or more speculative than those that would be recommended under a different compensation arrangement. Such performance-based compensation arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

Portfolio managers employed by GPAM or its affiliates (collectively, "Guggenheim") may manage multiple accounts, including separate accounts, Private Funds and Registered Funds, according to the same or similar investment strategies. Side-by-side management raises the possibility of favorable or preferential treatment of a client or group of clients. In general, investment decisions for each client account advised by Guggenheim will be made independently from those of other client accounts and are made with specific reference to the individual needs and objectives of each client account. Because of this, account investments and performance resulting from such decisions may differ from client to client.

Guggenheim may have clients with similar investment strategies. As a result, if an investment opportunity would be appropriate for more than one client, Guggenheim will be required to allocate such opportunity among its clients for whom such opportunity is appropriate, which may result in an allocation to one or more clients in a lesser amount than if Guggenheim did not allocate such opportunity among more than one client. In addition, Guggenheim may determine that an investment opportunity is appropriate for a particular account, but not for another.

Guggenheim's allocation decisions are made in accordance with the investment objectives, guidelines, and restrictions governing the respective client accounts and in a manner that will not unfairly favor one client over another. Guggenheim believes this policy helps to mitigate the inherent conflict of performance-based compensation, side-by-side management, and limited investment opportunities. Guggenheim's allocation policy provides that investment decisions may not be based on account performance or fee structure. Accordingly, Guggenheim's allocation procedures are intended to ensure that investment opportunities are allocated equitably among different client accounts over time. These procedures also seek to ensure that client transactions are executed efficiently with due regard to the specific goals and objectives of

each client account and Guggenheim's investment philosophy. In this regard, Guggenheim will consider the following factors, among others, in effecting client transactions and making allocation decisions: client investment guidelines, account size, available cash, liquidity requirements, an account's investment phase (*i.e.*, ramping up or taking gains/losses for tax purposes), and an account's specific objectives and constraints, including risk tolerance, rating constraints, maturity constraints, issue size, yield, purchase price, existing fund exposure, minimum trade allocation, minimum position holding size, sector allocation limits, duration, convexity, strategy, and lot size.

In addition, GPAM employs a quantitative strategy in some client accounts. Allocations arrived at pursuant to a quantitative strategy will only be allocated to accounts with a quantitative component. During an account's ramp-up period, such account may receive larger trade quantities than an established account would potentially receive.

Item 7 – Types of Clients

GPAM provides investment advisory services to separate account clients, Private Funds and Registered Funds. GPAM's separate account clients and investors in the Funds include corporate pension and profit-sharing plans, trusts, estates, charitable organizations, municipalities, corporations/business entities, and other pooled investment vehicles. GPAM also acts as sub-adviser to closed-end registered investment companies and to exchange-traded funds. GPAM may also serve as asset or collateral manager for certain non-registered structured products. For its separate account clients, GPAM requires a minimum account size of \$50 million, subject to reduction in GPAM's discretion. GPAM's Registered Fund clients and Private Fund clients have separate suitability and other requirements, and minimum investment amounts, as set forth in the applicable Fund's offering and subscription documentation.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

GPAM tailors the investment strategies used on behalf of a client to meet a specific client's investment objectives. Each account is managed with the goal of achieving the investment objective of the client, as agreed upon by GPAM and the client in the relevant IMA, in the case of a separate account client, or the Fund's offering documents, in the case of a Fund. In constructing a client's portfolio, GPAM will take into consideration the composition of the relevant benchmark index(es), as well as the compositions of portfolios within a relevant peer group. Client investment guidelines may be amended, by agreement of the client and GPAM, based upon changing market conditions or needs of the client.

GPAM uses charting, fundamental analysis, and technical analysis to analyze and strategize investment opportunities for clients. In addition, GPAM may rely on research, economic theory,

quantitative methods, and capital markets data provided by certain affiliates, including but not limited to Asset Consulting Group, LLC, Guggenheim Investment Management, LLC ("GIM"), Transparent Value Advisors, LLC, Channel Capital LLC (Hedgefund.net), and Guggenheim Real Estate LLC. GPAM's use of these services provided by its affiliated entities may be regarded as a conflict of interest, as GPAM may be viewed as having an incentive to use its affiliates' services. In this regard, it should be noted that a small portion of all of such services used by GPAM is provided by GPAM's affiliates, and GPAM relies upon a wide range of sources for such services.

For example, GPAM uses the services of third party market service data providers, including without limitation Bloomberg, Reuters, Mobius, and rating agencies. GPAM also has relationships with outside consultants who provide quantitative strategy recommendations which GPAM implements in some of its client accounts.

GPAM manages client assets using a variety of disciplines within fixed income and equity strategies, including but not limited to:

- *Customized/Core Fixed Income Strategies:* These strategies are generally designed to meet client-specific risk/reward objectives by investing in fixed income securities, including but not limited to corporate bonds and a variety of asset-backed, municipal, residential mortgage-backed and/or commercial mortgage-backed securities, across a broad range of sectors. In general, fixed income securities are subject to interest rate, market and credit risks. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Market risk relates to changes in the risks or perceived risks of an issuer, country or region. Credit risk relates to the ability of an issuer to make payments of principal and interest.

In addition, investments in corporate bonds are subject to risks related to an issuer's financial condition, ability to meet its obligations, and willingness or ability to make principal payments or declare distributions. The value of corporate bonds may be subject to steep declines or increased volatility, increases in interest rates, and inflation. Investments in asset-backed securities bear the risks of exhaustion of credit support or enhancement and a shift in the market perception of credit worthiness. Asset-backed securities may also be backed by non-real-estate loans such as auto, credit card, or home equity loans which present risks related to the underlying collateral and the laws governing the underlying collateral. In addition to the risks shared with asset-backed securities, residential mortgage-backed securities present risks due to the unique economic conditions surrounding them, including increased interest rates and lower home prices, as well as aggressive lending practices. Residential mortgage loans have in recent periods experienced, and may again in future periods experience, increased rates of delinquency, foreclosure, bankruptcy and loss. In addition to the risks shared with asset-backed securities, commercial mortgage-backed securities bear significantly greater price and yield volatility than traditional fixed-income securities. During periods of declining interest rates, prepayments can be expected to accelerate, and such prepayments will shorten these securities' weighted average life and may lower their

return. Conversely, in a rising interest rate environment, a declining prepayment rate will extend the weighted average life of these securities which generally would cause their values to fluctuate more widely in response to changes in interest rates.

- *Covered Call Equity Strategy/Enhanced Equity Income:* The Guggenheim Enhanced Equity Income strategies seek to deliver superior equity performance through some combination of improved returns with reduced risk. Guggenheim EEI portfolios focus on income generation through rules-based strategies that incorporate derivative overlays to an underlying equity allocation. The aim of the strategy is a scalable, repeatable, and consistent approach. Liquidity is a key driver throughout the portfolio construction. Guggenheim EEI portfolios directly target the source of Alpha in the strategy return: the volatility component, and manage volatility as a separate and distinct asset class. The alpha source for the EEI strategy is the implied premium that investors often pay for implied volatility with the consistent targeting and capture of this premium the core aim of the Guggenheim EEI approach. The strategies generally target the sale of at-or-out-of the money options. Guggenheim manages both levered and unlevered versions of the strategy with both U.S. Domestic and International Equity benchmark.
- *Opportunistic Investment Grade Securities Strategy:* This strategy seeks to maximize total return by investing in a variety of fixed income sectors and assets, primarily investment-grade assets with what are believed to be low valuations and high absolute return potential. This strategy is generally subject to the risks described above under “Customized/Core Fixed Income Strategies.” Some of the investments under this strategy may be particularly sensitive to economic, market, industry and other variable conditions. Some of the markets invested in under this strategy have recently experienced and may continue to experience significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses under this strategy.
- *Beta Plus Strategy:* The investment objective of this strategy is to offer a low correlated source of return (alpha) while maintaining the client's desired systematic (beta) exposures across single or multiple asset classes. The beta is achieved by using swaps and/or contractual derivatives to replicate the returns of a benchmark or an index or a mix of multiple benchmarks and indices. Because the beta exposure is notional, there is excess capital available to invest in a pool of fixed income and other securities which have little or no relation to the selected beta exposures. The returns on these low-correlated investments are known as alpha. Alpha returns are added (ported) to the returns earned on beta replication, thus creating total return on a portfolio of assets. The beta portion of this strategy is subject to a variety of risks associated with swaps and/or contractual derivatives, such as counterparty credit risk (the risk that the counterparty will be unable to meet its contractual obligations) and risks of termination (a swap or other derivative contract may terminate earlier than is expected, subjecting the applicable client to early termination fees and possibly leaving the client without a beta source for a period of time). The alpha component of this strategy is generally subject to

the risks described above under “Customized/Core Fixed Income Strategies.” In addition, because investors participating in this strategy have the ability to redeem their investments before the duration period applicable to the beta plus strategy is over, this strategy runs the risk of substantial redemptions where the effect of multiple investors redeeming their investments could cause the underlying investment to liquidate. GPAM may also make investments related to corporate aircraft leasing and financing through special purpose vehicles for its clients. Economic recessions, war, the price of petroleum, the availability of more attractively priced and/or more efficient business aircraft, price discounting by manufacturers of new business aircraft, technical and regulatory obsolescence, and geopolitical and terrorism concerns, among other factors, can have a profound effect on the market value of corporate aircraft assets, especially in the short term. Most of these circumstances cannot be predicted, and the occurrence of one or more of these circumstances may adversely affect the value of the investments.

- *Cash Management:* This strategy is intended to address an organization’s operating, capital, and debt pay-down and cash flow needs. Cash management strategies are based upon the possibility that a client may need to access their funds on short notice. Typically client portfolios will be invested in fixed income securities that have average maturities ranging from 30 days to 3 years, depending upon whether or not their cash needs are predictable and their investment time horizon. Investments are made in high-grade fixed income securities (for example, A1/P1 rated securities) in order to earn a competitive rate of interest and to preserve principal value. The principal risks presented by an investment in this strategy are a credit risk of the investment grade bonds failing to make payments when due, foreign investing risk, US Government securities risk, interest rate risk, liquidity risk, and management risk. More information regarding these risks is described above under “Customized/Core Fixed Income Strategies.”
- *Unit Investment Trusts:* For these unit investment trusts, GPAM works with its affiliate Guggenheim Funds Distributors to select the securities to be included in a trust’s portfolios that implement a variety of fixed income and equity strategies. The fixed income investments made by these trusts are subject to the risks described above under “Customized/Core Fixed Income Strategies.” With respect to the investments in equity securities made by the trusts, the value of such equity securities is subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market’s perception of such securities. While offering greater potential for long-term growth, equity securities are more volatile and more risky than some other investments.
- *Global Alpha Equity Strategy:* Under this strategy, GPAM constructs a risk-controlled portfolio of investments in developed equity markets using a systematic factor model approach across all countries in the developed markets. The portfolios are customizable by region, concentration and client-selected restrictions. In addition to the risks described above under “Unit Investment Trusts,” risks related to issuer, industry, market and general economic conditions all affect this strategy. There is no assurance that this strategy will achieve its investment objective, as returns will fluctuate in response to

changes in the market and on income on the portfolio's investments.. While GPAM seeks to ensure that every holding is liquid and easily traded, there is no assurance that this will remain true in all market conditions.

GPAM may also serve as the investment manager to a Private Fund whose assets are managed on a day-to-day basis by an unaffiliated third-party investment adviser, subject to GPAM's general oversight. In such cases, the specific investment strategy (and associated risks) will be set forth in the investment guidelines relating by the Private Fund and the investment adviser. The investment strategies employed by the unaffiliated third-party investment advisers will vary, but will be broadly comparable to the risks noted above for equity, debt and derivative investments. These risks may be heightened to the extent that an unaffiliated third-party investment adviser invests in non-U.S. securities or in non-U.S. markets. In addition, investors will be dependent on the performance of the unaffiliated investment adviser in implementing the applicable investment strategy.

GPAM recommends a variety of investments depending on the investment objectives and guidelines applicable to its clients. Each type of security is subject to different risks. Investors in Funds are urged to consult the relevant Fund's offering documents for further information related to the specific risks of an investment in that Fund.

Item 9 – Disciplinary Information

The management of GPAM believes that there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of or the integrity of GPAM.

Item 10 – Other Financial Industry Activities and Affiliations

Neither GPAM nor any of its management persons are registered representatives of a broker/dealer or have an application pending as such. Neither GPAM nor any of its management persons are commodity pool operators or commodity trading advisors or have applications pending as such.

However, as described in greater detail below, GPAM may from time to time have arrangements or agreements material to its advisory and supervisory business with one or more affiliates and may rely on affiliates for research on capital markets activity, asset allocation modeling, sector performance attribution and portfolio construction.

Guggenheim Services, LLC provides administrative, operations, and infrastructure services for GPAM.

Guggenheim Securities, LLC ("GS") is an affiliate of GPAM that is a registered broker-dealer. GS acts as agent with respect to the placements of certain investment opportunities which GPAM may purchase for its clients. GS will generally receive a fee from the issuer of the

securities that are the subject of the placement. When GPAM purchases these securities from GS, the transactions may be considered riskless principal transactions. GS also structures securities and underwrites securities purchased for GPAM client accounts. The fee received by GS is in addition to management fees and, where applicable, performance-based compensation received by GPAM. GPAM's general policy is to obtain client consent for such transactions, as required by the Advisers Act and as may be expressly provided for in a client's IMA. GPAM evaluates the placement fees to verify they are comparable with similar transactions handled by affiliated and non-affiliated third parties.

GPAM is also affiliated with other broker/dealers, none of which are material to GPAM's business. GPAM provides a list of those broker/dealers upon request.

Guggenheim Corporate Funding, LLC ("GCF") is an affiliate of GPAM that offers credit facilities and loans to support the acquisition-related and other activities for companies. GPAM may purchase loans structured or offered by GCF. GPAM may purchase, for client accounts, investments for which GCF or its affiliates receive management fees. These fees present a conflict in that GPAM and its affiliate are both receiving fees in the same or related transactions. GPAM may be viewed as having an incentive to purchase GCF structured investments to earn its management fee and fees for its affiliate. GPAM seeks to mitigate this potential conflict of interest by evaluating the transaction to determine if it appears to be a favorable investment for the participating accounts. GPAM will also review the fees earned by GCF to ascertain if they are comparable with similar loan structurings handled by affiliated and non-affiliated parties.

Sammons, an insurance company, indirectly holds a minority interest in GPAM. Sammons is also an advisory client of GPAM. This poses a potential conflict of interest, as GPAM may be regarded as having an incentive to allocate favorable trades to the Sammons accounts. GPAM's allocation policies and procedures, more fully described in the response to Item 6, are intended to mitigate this potential conflict by providing that client trades are allocated in a fair and equitable manner.

GIM is a registered investment adviser that is affiliated with GPAM. GPAM engages certain GIM employees to advise on investment allocations in corporate credit instruments, mezzanine debt and bank loans. GIM acts as a sub-adviser to certain portions of GPAM's client accounts. GIM has a potential conflict in that it may favor its clients over GPAM's clients. GPAM and GIM seek to overcome the conflict by coordinating investment decisions and allocations. GPAM and GIM share the same CIO who helps guide investment decisions, policy and practice for both advisers. This shared management may mitigate interests that would otherwise not be aligned.

GPAM is also affiliated with other investment advisers, both registered and unregistered, which are not material to GPAM's business. GPAM provides a list of those advisors upon request.

Guggenheim Partners Covered Call Fund GP, LLC is the general partner of a limited partnership for which GPAM serves an investment manager.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

GPAM has adopted a Code of Ethics and Insider Trading Policy (“Code”) to comply with Rule 204A-1 under the Advisers Act. The Code includes procedures and limitations that govern the business conduct and personal securities trading of persons associated with GPAM. The Code is based upon the principle that GPAM’s employees owe a fiduciary duty to clients to conduct their affairs, including their personal securities transactions, in manner intended to avoid: (i) serving their own personal interests ahead of clients; (ii) taking inappropriate advantage of their position with the firm; and (iii) any actual or potential conflicts of interest or any abuse of their position of responsibility. GPAM and its personnel are not permitted to trade on securities with respect to which any of them obtains material non-public information, including information obtained from public companies which are clients of GPAM. Clients and prospective clients may request a copy of the Code by contacting Chief Compliance Officer, 100 Wilshire Blvd. Ste. 500, Santa Monica, CA 90401.

Subject to the provisions of the Code described above, GPAM and its related persons may from time to time buy or sell, for their own accounts, the same securities they buy or sell for, or recommend to, GPAM clients. Such trading is performed independently of the trading activities in client accounts, and it is GPAM’s policy that a client’s interests are always given priority over the interests of GPAM or its related persons. In addition, GPAM or an affiliate may maintain investments in the Funds it manages.

Related persons of GPAM may from time to time solicit, recommend to, or purchase or sell on behalf of clients, securities or other investment products in which GPAM, its affiliates or other related persons have a financial interest as the investment manager, general partner, director, officer, trustee or as a co-investor in such investment products. The financial interests of GPAM’s related persons may create a conflict between the economic interests of these related persons and the interests of GPAM’s clients. However, as discussed in the last two paragraphs of the response to this item 11, GPAM has developed procedures to address related party transactions.

In addition, clients of GPAM may from time to time be solicited to invest in other Funds managed by GPAM or affiliates of GPAM and for which affiliates may serve as general partner, manager in a similar capacity and will be compensated for such services. This presents a potential conflict because GPAM and/or affiliates may receive additional compensation in connection with such investments, as further described in response to Item 10. However, clients receive disclosure about such affiliations and compensation.

GPAM may execute internal cross transactions between client accounts only so long as GPAM (or an affiliate) does not receive any compensation in addition to its management fee in connection with the transaction. GPAM will execute internal cross transactions at prices that are fair to all clients involved and that represent the current value of the securities at the time of the transaction. GPAM will only execute a cross transaction for a registered fund client in

accordance with the requirements of Rule 17a-7 of the Investment Company Act of 1940 ("1940 Act") and the policies of the respective fund family. GPAM will not execute cross transactions in client accounts subject to ERISA. A copy of GPAM's internal cross transaction policy may be obtained from the Chief Compliance Officer, 100 Wilshire Blvd. Ste. 500, Santa Monica, CA 90401.

From time to time, a GPAM affiliate may act as a principal and/or may receive a mark-up or commission for securities GPAM purchases from such affiliate or another affiliate. Where necessary or appropriate, as provided by client investment guidelines, the IMA or applicable regulations, GPAM obtains approval and discloses to its clients the nature of the transaction prior to effecting such transaction.

GPAM may execute client transactions through GS or Guggenheim Investor Services, LLC, in which case GPAM is required to seek best execution for its clients and, where necessary or appropriate as provided by client investment guidelines, the IMA or applicable regulations, will obtain pre-approval from its clients where GS or an affiliate is paid a fee for the transaction(s).

GPAM has developed policies and procedures addressing principal transactions, cross transactions, and other related party transactions. For separate account clients, as required by the Advisers Act and as may be expressly provided for in a client's IMA, GPAM will disclose the potential conflicts and compensation associated with such trades to the client and will request consent from the client to allocate the trade to their account.

In the case of most Private Funds, an independent client representative ("ICR") reviews and approves the terms of related party transactions, including principal, riskless principal, and investment in GPAM or affiliated managed funds. In connection with this review and approval process, the ICR confirms in writing that a transaction was consummated on comparable terms with similar transactions consummated by unrelated third parties. For related party transactions sought to be allocated to Registered Funds, GPAM will follow the requirements of the 1940 Act, and the applicable Registered Fund's procedures.

Item 12 – Brokerage Practices

Broker Approval Policies and Procedures

GPAM has adopted Broker Approval Policies and Procedures pursuant to which it maintains an Approved Broker List. The Approved Broker List sets out brokers approved by GPAM that advisory personnel may use to execute client transactions. Transactions may only be executed with brokers on the Approved Broker List. Initially and on an ongoing basis, GPAM consults a variety of information relating to a broker, including regulatory reports and financial information, in connection with adding and maintaining a broker to or on the Approved Broker List. Generally, brokers on the Approved Broker List must, in GPAM's opinion, have financial stability and a positive reputation in the industry.

GPAM does not participate in directed commissions, soft dollar arrangements or directed brokerage, nor does GPAM direct trades to brokers on the basis of client referrals made by such brokers.

Aggregation Policy

In order to minimize execution costs and obtain best execution for clients, trades in the same security transacted on behalf of more than one GPAM client may be aggregated. If trades are aggregated, GPAM will: (i) treat all participating client accounts fairly; (ii) continue to seek best execution; (iii) ensure that clients who participate in an aggregated order will participate at the average share price with all transaction costs shared *pro rata* based on each client's participation in the transaction; and (iv) disclose its aggregation policy to clients.

When possible, securities bought or sold in an aggregated transaction will be allocated among the participating client accounts by a designated member of the Portfolio Construction Group ("PCG") for fixed income securities or by a member of the equity group for equity trades, generally in consultation with GPAM's Chief Investment Officer, after taking into consideration the specific objectives and constraints for each account as described in response to Item 6.

As further described in response to such item, GPAM allocates transactions involving aggregated orders in a manner deemed equitable to each account, considering each account's investment guidelines and cash available. GPAM may randomly allocate purchases or sales among accounts if the amounts involved are too small to be apportioned *pro rata* in a cost-effective manner. Although, in some cases, joint execution of orders and random allocation of small orders could adversely affect the price of the security that a particular account could obtain in a particular transaction, GPAM believes that the advantages of combined orders or random allocation based on size will generally outweigh the possible disadvantages of separate transactions.

Additional Factors

GPAM's clients may occasionally participate in the allocation of certain eligible securities with clients of GIM, its affiliate.

Members of the Portfolio Construction Group who are responsible for allocating trades across fixed income mandated accounts also have some portfolio management responsibilities for several client accounts. The conflict or potential conflict that the portfolio manager allocates larger or more favorable trades to those accounts has been mitigated as other portfolio managers have direct responsibility for the client accounts. Additionally, the team focused approach employed through the allocation procedure described above, further mitigates the potential conflict.

GPAM assists with the selection and purchase of securities for Unit Investment Trusts for both fixed income and equity securities. Some securities purchased for these trusts may also be suitable for other account or Funds managed by GPAM. Trading for Unit Investment Trusts is non-discretionary. GPAM will select securities based upon desired credits. It then will build a

portfolio which it submits to Guggenheim Funds (“GF”) for approval. Once approved, GF will direct GPAM on what bonds to purchase for fixed income UITs. For equity UIT’s, GPAM provides a recommended list of securities for inclusion in the UIT. Trading occurs by GF for equity UIT’s and for fixed income UIT’s by GPAM, but for both within the confines of GF’s direction based upon trust cashflows.

Item 13 – Review of Accounts

All portfolios are maintained on a centralized portfolio management system (Blackrock Solutions – Aladdin) in order to monitor risk. For fixed income mandates, each account is reviewed on a routine basis by a member of the Portfolio Construction Group (“PCG”). In addition to routine guideline reviews, risk management reviews are regularly conducted on such account. Such reviews focus on daily profit and loss, analytical risk and attribution for each account. For equity, client accounts managed by GPAM are reviewed by Jayson Flowers, Jamal Pesaran, Qi Yan, Jim Cao, Samir Sanghani, Ole Jakob Wold, and Nardin Baker. For fixed income, client accounts managed by GPAM are reviewed by; Anne Walsh, Michael Curcio, Frank Beardsley, Michelle Brown, Bill Cannon, Kerim Engin, David Gold, Yezdan Badrakhan, Zhenning Kong, Brian Kunde, Steven McClurg, James Michal, Scott Minerd, Patrick Mitchell, Lisa Purcelli, Robert Salzman, and Eric Silvergold. On a bi-weekly basis, the PCG meets to discuss sector performance and strategy for the fixed income accounts. On a quarterly basis, the PCG conducts a more detailed review of each fixed income account, which may include a review of holdings and performance and comparing the account to the respective client investment guidelines.

All GPAM equity mandates are also monitored and maintained on in-house developed risk sheets. Such accounts are monitored routinely and generally in real-time, with reports run on a regular basis that detail portfolio performance and risk exposures. Equity portfolios are routinely rebalanced in an effort to ensure that portfolio objectives are met. Portfolio performance is regularly reviewed along with detailed attribution of performance for all portfolios.

Separate account clients generally receive quarterly performance and holdings reports and monthly holdings and transaction reports directly from the client’s custodian. GPAM has internet access to most statements through the custodian’s website. Generally no less than monthly, GPAM will reconcile its record of the client positions to the statements received from the custodian. GPAM will also provide performance reports at the request of the client. Fund investors receive certain periodic and annual reports, as specified in the relevant Fund documentation. All such reports will be in writing and may be delivered by electronic means.

Item 14 – Client Referrals and Other Compensation

GPAM has entered into arrangements with both affiliated and unaffiliated third-party solicitors. Such agreements involve the solicitor referring prospective clients to GPAM for the provision of

advisory services. These arrangements are structured to comply with Rule 206(4)-3 of the Advisers Act. Such solicitor's compensation may be based on a percentage of the management fees, performance-based compensation, or a combination of both, earned by GPAM from the referred client.

The response to Item 10 above provides information regarding client referrals and other compensation involving GPAM and its affiliates.

The response to Item 5 above provides information regarding (i) GPAM's origination of, and retention of fees with respect to, commercial loans on behalf of some of its clients, (ii) investments by GPAM of client assets in limited partnerships or similar vehicles holding real asset classes that are managed by GPAM affiliates that are compensated in addition to fees payable to GPAM, and (iii) GPAM's receipt of management fees services provided to Structured Vehicles.

Item 15 – Custody

GPAM does not have custody of client assets other than the Private Fund clients. In general, GPAM is deemed to have custody of the assets of Private Funds by reason of serving as general partner, managing member or in a similar capacity with regard to each such Private Fund. In accordance with applicable custody requirements under the Advisers Act, investors in each Private Fund receive audited financial statements annually.

Item 16 – Investment Discretion

GPAM generally is granted investment discretion over its client accounts, subject to the client's (or Fund's) investment objectives, guidelines and restrictions. For separate accounts, each IMA generally includes investment guidelines. For Funds, guidelines and limitations are described in the respective Fund's offering documents and/or in GPAM's IMA with the Fund. Before assuming discretionary authority for a separate account, GPAM executes a power of attorney, generally included in the IMA, with the separate account client pursuant to which GPAM agrees to supervise and direct the investment of the assets in the account in accordance with the IMA for that account.

For its Funds, GPAM is granted discretion through the relevant Fund's organizational document or in GPAM's IMA with the Fund.

Item 17 – Voting Client Securities

GPAM has authority to vote proxies on behalf of its clients as provided in a client's IMA or a Fund's offering and organizational documents.

The portfolio managers for a separate account or Fund, in conjunction with GPAM's Director of Operations (or his or her designee), are responsible for evaluating and voting proxies in accordance with the guidelines established in GPAM's proxy voting policy. The Director of Operations (or designee) is responsible for administering, overseeing and updating this policy as may be appropriate from time to time.

In determining how to vote individual proxies, GPAM considers the best interests of the relevant client and GPAM's proxy voting policy. GPAM currently retains ISS to record, track, file, and effect voting all proxy solicitations. Through Proxy Edge, GPAM maintains all proxy records, including copies of proxy statements received, a record of each vote cast, a copy of any written material used as the basis for or created in connection with proxy voting decisions, a copy of any written client request for information on how GPAM voted proxies on behalf of such client (a "proxy voting report") and a copy of any proxy voting report sent to a client.

In addition, the Director of Operations (in consultation with senior management as may be necessary) is responsible for: assisting portfolio managers in analyzing and evaluating particular proposals presented for vote; facilitating when and how proxies should be voted other than in accordance with GPAM's proxy voting policy; implementing procedures reasonably designed to ensure that proxies are received and voted in a timely manner; and making and keeping all required records with respect to proxies voted by GPAM.

GPAM recognizes that there may be a potential conflict of interest when GPAM votes a proxy. To that end, GPAM has implemented additional procedures to ensure that proxy votes are not the product of a material conflict of interest, including without limitation by requiring each person involved in the decision making process to disclose to GPAM Chief Compliance Officer any potential conflict that they are aware of (including personal relationships) and prohibiting employees involved in the decision-making process or vote administration from revealing how GPAM intends to vote on a proposal in order to reduce any attempted influence from interested parties.

Because under certain circumstances GPAM considers the recommendation of third party research services in the proxy voting process, the Director of Operations or designee will take reasonable steps to verify that any third party research service is in fact independent, based on all of the relevant facts and circumstances.

Clients may obtain information about how GPAM voted proxies on their behalf, or a copy of GPAM's proxy voting policy, by contacting their GPAM administrative representative. Alternatively, clients may make a written request for proxy voting information to: Chief Compliance Officer, Guggenheim Partners Asset Management, LLC, 100 Wilshire Blvd., Ste. 500, Santa Monica, CA 90401.

Item 18 – *Financial Information*

GPAM is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients. Additionally, GPAM has not been the subject of a bankruptcy proceeding.