

## GUGGENHEIM PARTNERS INVESTMENT MANAGEMENT, LLC

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July 13, 2012

This Brochure provides information about the qualifications and business practices of Guggenheim Partners Investment Management, LLC (“GPIM”) 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 Investment 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 Investment Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

This Brochure updates the Brochure of Guggenheim Partners Asset Management, LLC (“GPAM”), dated as of March 29, 2012. Since the date of the previous Brochure, formerly an affiliate of GPAM, Guggenheim Investment Management, LLC (“GIM”) was merged into GPAM, with GPAM as the surviving entity. Subsequently, GPAM changed its name to Guggenheim Partners Investment Management, LLC (“GPIM”). This Brochure contains information regarding the consolidated entity.

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#### Item 4 – Advisory Business

Guggenheim Partners Investment Management, LLC (“GPIM”) is a Delaware limited liability company that was formed on September 29, 2005. Guggenheim Capital, LLC is the sole owner of GPIM through Guggenheim Manager, Inc., Guggenheim Partners, LLC and GPIM 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 described in greater detail below, GPIM was previously named Guggenheim Partners Asset Management, LLC (“GPAM”)

Since the date of the previous Brochure, Guggenheim Investment Management, LLC (“GIM”) formerly an affiliate of GPAM, was merged into GPAM, with GPAM as the surviving entity. In connection with this merger, GPAM’s name was changed to GPIM.

As of May 31, 2012 GPAM managed \$70,775,122,880 on a discretionary basis and \$6,774,763 on a non-discretionary basis. As of May 31 2012, GIM managed \$11,955,274,253 on a discretionary basis and \$41,118,487 on a non-discretionary basis. As of May 31, 2012, GPAM and GIM managed, on a consolidated basis, \$82,017,467,577 on a discretionary basis and \$47,893,250 on a non-discretionary basis.

GPIM 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 GPIM.

GPIM also provides advisory services to pooled investment vehicles (“Funds”), some of which are registered as investment companies (“Registered Funds”) under the Investment Company Act of 1940, as amended (“1940 Act”). 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.

GPIM 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 GPIM may consider of interest. GPIM does not charge a fee for providing this written commentary.

In addition, GPIM 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 such recommendations and/or advice. GPIM may charge a separate fee for such services.

The description of GPIM's investment advisory clients above is not exhaustive; GPIM 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 GPIM and the client prior to implementation of a strategy. A client may impose restrictions on GPIM'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 GPIM), 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 GPIM'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.

GPIM does not participate in any wrap fee program.

## Item 5 – Fees and Compensation

For separate account clients, GPIM is paid a monthly or quarterly management fee, generally 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 GPIM.

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 GPIM are based on the NAV at end of the applicable period (generally, a month or quarter) and are paid in arrears.

The standard management fee for investment advisory services provided to GPIM's separate account portfolios generally ranges from 0.25% to 1.00% (annual) of assets under

management. GPIM offers several different products with varying fees that could be higher than those depicted, and, as described above, fees are generally negotiable.

### 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 GPIM commenced trading the funds in the relevant account. In general, the separate account client or Fund advised by GPIM pays the management fee to GPIM 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; however, in some circumstances fees may be payable monthly or payable in advance. 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 GPIM. If fees have been paid in advance, in the event of a withdrawal, the client would receive a *pro rata* rebate of the allocable portion of the fee not earned by GPIM during the period. With respect to Registered Funds or Private Funds, please see the fund's offering materials for details on refunds of unearned fees and termination provisions.

### Performance Fees

For certain separate account clients and Private Funds, GPIM 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 GPIM's brokerage practices.

Pursuant to specific client authorization, through an IMA, a Fund governing document and/or on a case-by-case basis, GPIM 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, GPIM and its affiliates may retain commissions, remuneration or profits made in such transactions, in addition to management fees.

In certain circumstances, GPIM 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 GPIM's clients pursuant to an agreement or other arrangement with each such client.

To the extent permitted by an IMA, GPIM 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 GPIM or a GPIM 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 GPIM and one to the adviser of the vehicle, who may be GPIM or a GPIM affiliate. In other circumstances, GPIM 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 GPIM that will be compensated for such management services. GPIM 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. GPIM and its affiliate Guggenheim Commercial Real Estate Finance, LLC (“GCREF”), may originate commercial real estate loans on behalf of GPIM clients. GCREF will retain an origination and/or structuring fee and/or servicing fee.

Neither GPIM 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, GPIM 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, GPIM generally includes realized and unrealized capital gains and losses for purposes of such calculations.

Performance-based compensation arrangements may create an incentive for GPIM 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 GPIM 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, GPIM 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

GPIM provides investment advisory services to separate account clients, Private Funds and Registered Funds. GPIM'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. GPIM also acts as sub-adviser to closed-end registered investment companies and to exchange-traded funds. GPIM may also serve as asset or collateral manager for certain non-registered structured products. For its separate account clients, GPIM requires a minimum account size of \$50 million, subject to reduction in GPIM's discretion. GPIM'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.

GPIM 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 GPIM 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, GPIM 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 GPIM, based upon changing market conditions or needs of the client.

GPIM uses charting, fundamental analysis, and technical analysis to analyze and strategize investment opportunities for clients. In addition, GPIM 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, Transparent Value Advisors, LLC ("TVA"), Channel Capital LLC (Hedgefund.net), and Guggenheim Real Estate LLC. GPIM's use of these services provided by its affiliated entities may be regarded as a conflict of interest, as GPIM 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 GPIM is provided by GPIM's affiliates, and GPIM relies upon a wide range of sources for such services.

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

GPIM 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.

- *High Yield Strategy:* The high yield strategy seeks a high level of current income, with growth of capital as a secondary consideration, through investments primarily in high yield debt securities, preferred stocks, and convertible securities. High yield securities can be broadly classified into two categories: (a) securities issued with a below investment grade rating and (b) securities whose credit ratings have been downgraded below investment grade because of deteriorating investment fundamentals. The first category includes securities issued by companies that generally do not have the operating histories needed to secure investment grade ratings from the rating agencies, but that have attractive growth prospects and the potential to achieve an investment grade rating in the future. This category also includes companies that have converted from public to private ownership through leveraged buyout transactions or that have restructured their balance sheets through leveraged recapitalizations. The second category of high yield securities consists of securities of former investment grade companies that have experienced poor operating performance due to a variety of factors.

High yield debt securities are generally subject to the risks described above under “Customized/Core Fixed Income Strategies.” In addition, the economy and interest rates tend to affect high yield securities differently from other securities. The prices of high yield bonds have been found to be less sensitive to interest rate changes than higher-rated investments, but more sensitive to adverse economic changes or individual corporate developments. During an economic downturn or substantial period of rising interest rates, highly leveraged issuers may experience financial stress. Also, changes in the creditworthiness of lower-rated issuers and the market perceptions of the issuers’ creditworthiness tend to occur more frequently and in a more marked manner as compared to higher-rated issuers. The lower ratings of the high yield securities reflect a greater possibility that the financial condition of the issuers and/or adverse changes in general economic conditions may impair the ability of the issuers, individually or in general, to make payments of principal and interest.

- *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. GPIM 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.

- *Bank Loans:* Bank loans (sometimes called senior loans) hold senior positions in the capital structure of a business entity, are secured with specific collateral and have a claim on the assets and/or stock of the borrower that is senior to that held by unsecured creditors, subordinated debt holders and stockholders of the borrower.

Bank loans are generally are not: (1) rated by a ratings organization at the time of investment; (2) registered with the Securities and Exchange Commission or (3) listed on a securities exchange. In some cases, an active trading market may not exist for some bank loans, and they are generally considered less liquid than other asset classes. In most cases, investments in bank loans are designed to give bank loan investors preferential treatment over high yield bond investors if the issuer’s credit quality declines. Even when these arrangements exist, however, the principal and interest owed on the bank loan may not be repaid in full. Borrowers may default on their obligations to pay principal or interest when due. If a borrower is to file for bankruptcy, the portfolio may experience delays or limitations in its ability to realize the benefits of any collateral securing a bank loan. A portfolio also may purchase a participation interest in a bank loan and by doing so acquires some or all of the interest of a bank in a loan to a borrower.

- *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, GPIM 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, GPIM 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 GPIM seeks to ensure that every holding is liquid and easily traded, there is no assurance that this will remain true in all market conditions.

GPIM may also serve as to 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 GPIM’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.

GPIM 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 GPIM 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 GPIM.

## Item 10 – Other Financial Industry Activities and Affiliations

Neither GPIM nor any of its management persons are registered representatives of a broker/dealer or have an application pending as such. Neither GPIM 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, GPIM 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 GPIM.

Guggenheim Securities, LLC (“GS”) is an affiliate of GPIM that is a registered broker-dealer. GS acts as agent with respect to the placements of certain investment opportunities which GPIM 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 GPIM purchases these securities from GS, the transactions may be considered riskless principal transactions. GS also structures securities and underwrites securities purchased for GPIM client accounts. The fee received by GS is in addition to management fees and, where applicable, performance-based compensation received by GPIM. GPIM'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. GPIM evaluates the placement fees to verify they are comparable with similar transactions handled by affiliated and non-affiliated third parties.

Guggenheim Funds Distributors, LLC, Rydex Distributors, LLC, and Security Distributors, Inc. are affiliates of GPIM that are registered broker-dealers. GPIM serves as adviser or sub-adviser for funds offered by the above referenced affiliated broker-dealers.

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

Guggenheim Corporate Funding, LLC (“GCF”) is an affiliate of GPIM that offers credit facilities and loans to support the acquisition-related and other activities for companies. GPIM may purchase loans structured or offered by GCF. GPIM may purchase, for client accounts, investments for which GCF or its affiliates receive management fees. These fees present a conflict in that GPIM and its affiliate are both receiving fees in the same or related transactions. GPIM may be viewed as having an incentive to purchase GCF structured investments to earn its management fee and fees for its affiliate. GPIM 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 relative to other non-affiliated investment opportunities. GPIM 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.

TVA, an affiliate of GPIM, acts as a sub-advisor to funds advised by GPIM by developing and selecting investment strategies using models that are based on the RPB® Methodology.

In addition, GPIM is affiliated with Guggenheim Partners Europe Limited (“GPE”). GPE, based in Dublin, Ireland, was established in 2007. GPE operates as an Investment Business Firm under Regulation 11 of European Communities, Markets in Financial Instruments Directive (or “MiFID”). A potential conflict may exist if the portfolio management teams place opposite trades (e.g., GPE sells a security while GPIM purchases the same security). In order to seek to manage this potential conflict, GPE participates in GPIM’s weekly investment committee meetings, where the investment committee discusses credits and makes decisions whether to hold, buy or sell credits for all participating accounts.

Sammons, an insurance company, indirectly holds a minority interest in GPIM. Sammons is also an advisory client of GPIM. This poses a potential conflict of interest, as GPIM may be regarded as having an incentive to allocate favorable trades to the Sammons accounts. GPIM’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.

GPIM is also affiliated with other investment advisers, both registered and unregistered, which are not material to GPIM’s business. GPIM 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 GPIM serves an investment manager.

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

GPIM 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 GPIM. The Code is based upon the principle that GPIM’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. GPIM 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 GPIM. In addition, GPIM maintains a restricted list, and employees of GPIM are prohibited from trading in companies contained on

the restricted list. 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, GPIM 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, GPIM clients. Such trading is performed independently of the trading activities in client accounts, and it is GPIM's policy that a client's interests are always given priority over the interests of GPIM or its related persons. In addition, GPIM or an affiliate may maintain investments in the Funds it manages.

GPIM serves as general partner (or equivalent) of several private investment vehicles for which it also acts as investment manager. These funds are offered through offering memoranda only to investors that are qualified to invest in the respective funds (e.g., accredited investors, qualified purchasers or knowledgeable employees). Related persons of GPIM may from time to time solicit, recommend to, or purchase or sell on behalf of clients, securities or other investment products in which GPIM, 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 GPIM's related persons may create a conflict between the economic interests of these related persons and the interests of GPIM's clients. However, as discussed in the last two paragraphs of the response to this item 11, GPIM has developed procedures to address related party transactions.

In addition, clients of GPIM may from time to time be solicited to invest in other Funds managed by GPIM or affiliates of GPIM 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 GPIM 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.

GPIM may execute internal cross transactions between client accounts only so long as GPIM (or an affiliate) does not receive any compensation in addition to its management fee in connection with the transaction. GPIM 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. GPIM will only execute a cross transaction for a registered fund client in accordance with the requirements of Rule 17a-7 under the 1940 Act and the policies of the respective fund family. GPIM will not execute cross transactions in client accounts subject to ERISA. A copy of GPIM'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 GPIM affiliate may act as a principal and/or may receive a mark-up or commission for securities GPIM purchases from such affiliate or another affiliate. Where necessary or appropriate, as provided by client investment guidelines, the IMA or applicable regulations, GPIM obtains approval and discloses to its clients the nature of the transaction prior to effecting such transaction.

GPIM may execute client transactions through GS or Guggenheim Investor Services, LLC, in which case GPIM 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).

GPIM 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, GPIM 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 party or committee reviews and approves the terms of related party transactions, including principal, riskless principal, and investment in GPIM 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, GPIM will follow the requirements of the 1940 Act, and the applicable Registered Fund's procedures.

## Item 12 – Brokerage Practices

### Broker Approval Policies and Procedures

GPIM 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 GPIM 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, GPIM 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 GPIM's opinion, have financial stability and a positive reputation in the industry.

GPIM does not participate in directed commissions, soft dollar arrangements or directed brokerage, nor does GPIM 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 GPIM client may be aggregated. If trades are aggregated, GPIM will: (i) treat all participating client accounts fairly; (ii) continue to seek best execution; (ii) 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 GPIM’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, GPIM allocates transactions involving aggregated orders in a manner deemed equitable to each account, considering each account’s investment guidelines and cash available. GPIM 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, GPIM believes that the advantages of combined orders or random allocation based on size will generally outweigh the possible disadvantages of separate transactions.

#### Additional Factors

Members of the PCG 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.

GPIM 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 GPIM. Trading for Unit Investment Trusts is non-discretionary. GPIM 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 GPIM on what bonds to purchase for fixed income UITs. For equity UIT’s, GPIM 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 GPIM, but for both within the confines of GF’s direction based upon trust cashflows.

#### Item 13 – Review of Accounts

The Chief Investment Officer (“CIO”), other members of the PCG, sector specialists (which include members various investment committees), and each portfolio manager regularly record and review the investment strategies for each industry sector.

The CIO provides the sector specialists and the PCG with direction for overall investment strategy. The sector specialists, PCG members, and portfolio managers report to the CIO on the performance of the underlying portfolios and sectors.

The PCG meets at least once a month and was formed to manage the fixed income investment process. In consultation with the CIO, the PCG determines both tactical and strategic asset allocations for client portfolios, providing sector specialists with direction for overall investment strategy, and performs risk management, overseeing the securities selected by sector specialists to seek to ensure they conform to client investment objectives.

Sector teams ("Sector Specialist Teams") for equity and fixed income incorporate the CIO's (and, in the case of fixed income asset selection, the PCG's) macroeconomic insights into the applicable Sector Special Team's own investment selection. Members of the Sector Specialist Teams seek investment opportunities within their respective sectors, which are approved for purchase by the head of each Sector Specialist Team or by the investment committee dedicated to the specific sector, such as aviation or corporate credit, or in the case of quantitative strategies, through the approved model.

In addition, GPIM uses several systems to manage the day to day aspects of its investment management business. Those systems include: the Blackrock Solutions Aladdin (BRS) system (which acts as a portfolio management system and is used to manage the day-to-day aspects of GPIM's investment activity), Charles River, and Wall Street Office. Risk management of each portfolio is under the direction of the Assistant CIO for equities and fixed income, as applicable, as well as the PCG and the applicable Investment Committee who provides information to the CIO on a regular basis.

Funds managed by GPIM have an independent trustee or a qualified custodian that distributes a monthly or quarterly account statement that provides holdings details, transaction details and measures of the underlying characteristics of the fund's portfolio against its respective indenture requirements (if applicable). Separate account clients generally receive quarterly performance and holdings reports and monthly holdings and transaction reports directly from the client's custodian. GPIM has internet access to most statements through the custodian's website. Generally no less than monthly, GPIM will reconcile its record of the client positions to the statements received from the custodian. GPIM 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

GPIM has entered into arrangements with both affiliated and unaffiliated third-party solicitors, including GPIM's affiliated broker-dealers, GS and Rydex. Such agreements involve the solicitor referring prospective clients to GPIM 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 GPIM from the referred client. In the case of GS, referred clients receive disclosure about the affiliation between GPIM and GS.

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

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

#### Item 15 – Custody

GPIM does not have custody of client assets other than the Private Fund clients. In general, GPIM 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. Clients are encouraged to review account statements that are sent directly from their custodian or trustee on a monthly or quarterly basis.

#### Item 16 – Investment Discretion

GPIM 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 GPIM's IMA with the Fund. Before assuming discretionary authority for a separate account, GPIM executes a power of attorney, generally included in the IMA, with the separate account client pursuant to which GPIM agrees to supervise and direct the investment of the assets in the account in accordance with the IMA for that account.

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

#### Item 17 – Voting Client Securities

GPIM 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 GPIM's Director of Operations (or his or her designee), are responsible for evaluating and voting proxies in

accordance with the guidelines established in GPIM'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, GPIM considers the best interests of the relevant client and GPIM's proxy voting policy. GPIM currently retains ISS and Proxy Edge to record, track, file, and effect voting all proxy solicitations. Through ISS and Proxy Edge, GPIM 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 GPIM 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 GPIM'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 GPIM.

GPIM recognizes that there may be a potential conflict of interest when GPIM votes a proxy. To that end, GPIM 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 GPIM 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 GPIM intends to vote on a proposal in order to reduce any attempted influence from interested parties.

Because under certain circumstances GPIM 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 GPIM voted proxies on their behalf, or a copy of GPIM's proxy voting policy, by contacting their GPIM administrative representative. Alternatively, clients may make a written request for proxy voting information to: Chief Compliance Officer, Guggenheim Partners Investment Management, LLC, 100 Wilshire Blvd., Ste. 500, Santa Monica, CA 90401.

## Item 18 – Financial Information

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