

Item 1 – Cover Page

GUGGENHEIM PARTNERS INVESTMENT MANAGEMENT, LLC

100 Wilshire Blvd., Suite 500

Santa Monica, CA 90401

www.guggenheimpartners.com

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This Brochure provides information about the qualifications and business practices of Guggenheim Partners Investment Management, LLC (“GPIM”). If you have any questions about the contents of this brochure, please contact us at GIInstitutionalCompliance@guggenheimpartners.com or, alternatively at GuggenheimADV@guggenheiminvestments.com. 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.

GPIM is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about GPIM also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure updates the brochure of GPIM, dated as of August 24, 2016.

There have been no material updates to this brochure since the last version.

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Item 4 – Advisory Business

GPIM is a Delaware limited liability company formed on September 29, 2005. Guggenheim Capital, LLC is the sole owner of GPIM through a series of holding companies, including Guggenheim Manager, Inc.; Guggenheim Partners, LLC (“Guggenheim Partners”); GI Holdco II LLC; GI Holdco LLC; GMI GPIMH, LLC; GMI GPIM, LLC; and Guggenheim Partners Investment Management Holdings, LLC (“GPIMH”). Sage Assets, Inc. holds a minority ownership interest in Guggenheim Capital, LLC. Sammons Equity Alliance, Inc. holds all of the ownership interests in Sage Assets, Inc. Consolidated Investment Services, Inc. owns Sammons Equity Alliance, Inc. Sammons Enterprises, Inc. owns Consolidated Investment Services, Inc. Sammons Enterprises, Inc. Employee Stock Ownership Trust owns Sammons Enterprises, Inc. GreatBanc Trust Company is the Trustee for Sammons Enterprises, Inc. Employee Stock Ownership Trust.

As of December 31, 2016 GPIM manages approximately \$159,592,018,414 Regulatory Assets Under Management (“RAUM”), on a discretionary basis and no assets 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 separately managed accounts (“SMAs”) and registered and unregistered pooled investment vehicles.

An SMA client selects a custodian for the SMA and is charged a quarterly fee for management of assets and, in some cases, a performance or incentive fee or allocation on profits or gains generally subject to a benchmark or threshold agreed upon by the client and GPIM. For SMAs, a client’s initial investment objectives are determined in consultation with the client. Investment guidelines and these objectives are memorialized by GPIM and the client prior to implementation of a strategy. An SMA client may impose restrictions on GPIM’s authority to invest in specific securities and types of securities, or to use leverage, for example. The investment guidelines are documented in each client’s investment management agreement (“IMA”) and may be updated with the client’s consent for reasons including a change in the client’s situation or needs or a change in relevant market conditions. GPIM reviews these objectives, guidelines, and restrictions in the normal course of business, but no less frequently than annually.

GPIM also provides advisory services to pooled investment vehicles (“Funds”), some of which are registered investment companies (“Registered Funds”) under the Investment Company Act of 1940, as amended (“1940 Act”). For both unregistered Funds (“Private Funds”) and Registered Funds, the Fund’s investment objective, strategies, and any applicable investment restrictions are generally described in that Fund’s offering documents and may be changed in accordance with the Fund’s offering and organizational documents and as permitted by law.

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 particular clients. The client receiving these recommendations ultimately decides how and if it will use such recommendations. GPIM may charge a separate fee for such services.

GPIM does not participate in any wrap fee program.

The description of GPIM's investment advisory clients above is not exhaustive; consequently, GPIM may provide advisory services to other types of clients.

Item 5 – Fees and Compensation

Management Fees

For separate account clients, GPIM generally is paid a monthly or quarterly management fee, which is usually based on the net asset value ("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 or quarter-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 and calculation 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.

The standard management fee for investment advisory services provided to GPIM's SMA portfolios generally ranges up to 1.00 percent annually of assets under management. GPIM offers several different products with varying fees some of which may be higher than this, and, as described above, SMA fees are generally negotiable.

Private Funds pay a management fee either monthly or quarterly, in advance or in arrears, as set forth in the Fund's offering documents and relevant client or investor agreement.

For Registered Funds, management fees earned by GPIM are based on the NAV at the end of the applicable period (generally, a month or quarter) and are paid in arrears. Registered Fund fees vary depending on the type of investment strategy employed by a Fund, as described in more detail in the Fund's Prospectus and Statement of Additional Information.

Management fees for SMAs and Funds, described in the relevant IMA or a Fund's offering documents, generally accrue beginning on the effective date on which GPIM commenced trading in the relevant SMA or Fund. In general, the SMA or Fund advised by GPIM pays the management fee to GPIM within 30 calendar days from the receipt of an invoice 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 an SMA 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, details are disclosed in the Fund's offering materials.

Performance Fees

As set forth in Item 6 below, for some of GPIM's SMAs and Private Funds, GPIM may charge a performance or incentive fee constituting a percentage of profits or gains in addition to the management fees mentioned above.

Additional Fees

GPIM and its affiliates receive fees, commissions, remuneration, or profits made in some transactions involving affiliated entities in addition to any management and performance fees. For more information on transactions involving affiliated entities, please see Item 11.

Neither GPIM, nor any of its supervised persons acting on behalf of GPIM, accepts compensation for the sale of shares of the Registered Funds. GPIM and its affiliates will receive commissions, fees, or other remuneration for the sale of other securities to client accounts or Funds. Please see Item 10, "Other Financial Industry Activities and Affiliations – Other Potential Conflicts and Material Relationships with Affiliated Entities."

Expenses

Expenses borne by the Private Funds are set forth in the relevant Private Fund's offering documents, and generally include payment (or reimbursement to GPIM) for the costs, expenses and liabilities relating to the following: (i) the Private Fund's organization and initial offering of its interests/shares, (ii) the Private Fund's ongoing operations and (iii) other costs and expenses that may arise or are unanticipated, including extraordinary expenses incurred in connection with the disposition of illiquid investments or costs and expenses incurred after the termination or dissolution of a Private Fund.

Costs and expenses relating to a Private Fund's organization and initial offering include, but are not limited to, costs and expenses incurred by GPIM in connection with the formation and structuring of a Private Fund and the initial offering of Private Fund interests/shares, prior to the commencement of the Private Fund's investment program. Such costs and expenses typically are paid to professional service providers, including attorneys, auditors, accountants, administrators, trustees and other service providers, during the initial formation of a Private Fund.

Costs and expenses relating to a Private Fund's ongoing operations include, but are not limited to, the following: (i) all fees, costs and expenses related to the purchase, holding and sale of portfolio investments including travel costs and expenses associated with the foregoing (including in limited situations to the extent set forth in the Private Fund's offering documents, the use of private plane travel subject to GPIM's policies and procedures, which require among other things pre-clearance of the proposed expense); (ii) fees and expenses paid to an administrator, a custodian or other Private Fund service providers; (iii) fees and expenses paid to professional advisors regarding tax, accounting or legal matters related to the Private Fund or its investments; (iv) fees and expenses paid to directors, registered office fees, bank service fees, investment or trading related fees, brokerage commissions or spreads, prime broker fees, clearing and settlement charges, custodian fees or other transaction fees and costs in connection with the Private Fund's investments and trading; (v) expenses associated with any borrowing, financing or credit facility incurred by the Private Fund such as interest expenses; (vi) research expenses, consultant, operator or servicer fees, structuring and ongoing costs related to the analysis, purchase or sale of investments, including transactions not consummated; (vii) due diligence related to the analysis,

purchase or sale of investments, including transactions not consummated; (viii) costs and expenses associated with regulatory and licensing requirements that are applicable to the Private Fund, such as annual or periodic filings and reporting obligations, or its investment program (such as costs associated with complying with trading limitations); (ix) professional liability insurance; (x) any fees for bookkeeping, auditing, accounting or recordkeeping services obtained or maintained on behalf of the Private Fund; (xi) costs related to internal fund accounting, risk management and trading systems; (xii) expenses relating to the valuation or appraisal of investments; (xiii) distribution, marketing and offering costs and expenses, including costs and expenses incurred in connection with meetings, reports and communication with existing and prospective investors, including the annual meeting of the Private Fund and the use of placement agents and finders; (xiv) ministerial costs and expenses; (xv) taxes, litigation or indemnification costs or damages including indemnification obligations of the Private Fund related to or in connection with a portfolio investment (including investments that have been disposed of) or arising under contracts with service providers; (xvi) costs and expenses incurred in connection with the winding up and liquidating of the Private Fund; (xvii) any other expenses related to the investment, financing, monitoring, enhancement, disposition or reporting of Private Fund assets; (xviii) costs and expenses associated with an investor advisory committee, independent client representative or other similar person or body retained to represent the Private Fund's investors; (xix) to the extent that a Private Fund invests in a master fund, trading vehicle and/or other special purpose vehicle as part of its investment program, the Private Fund's pro rata share of costs and expenses associated with the Private Fund's investment in such vehicles; and (xx) to the extent that a Private Fund is a CLO or securitization vehicle, the costs and expenses related to the Trustees. To the extent possible, third-party costs are charged to the issuer of any portfolio investment.

To the extent set forth in a Private Fund's offering documents, a Private Fund may also bear costs and expenses incurred by GPIM in connection with its management of the Private Fund, including but not limited to: (i) costs and expenses associated with liability insurance, risk-specific insurance and "key person" life insurance on particular personnel, (ii) costs and expenses associated with technology, such as news feeds, data services, equipment and software incurred in connection with the provision of investment management, administrative or other services by GPIM or its affiliates (e.g., news and quotation services) and (iii) costs and expenses related to compliance matters, regulatory requirements and regulatory investigations or requests (e.g., Form PF and other regulatory filings, notices or disclosures of GPIM and its affiliates). Some expenses, such as expenses associated with liability insurance and technology services, typically are invoiced and paid (and, thus, allocated) in advance of the relevant period.

In some circumstances, to the extent set forth in a Private Fund's offering documents, a Private Fund may bear 100% of the expenses attributable to an unconsummated transaction. This will most typically occur in instances where the Private Fund is the GPIM-managed entity which is primarily focused on the relevant strategy and the potential co-investment group is not guaranteed an allocation of the relevant transaction and will be more particularly disclosed in the offering document for any Private Fund this applies to. All expenses regarding unconsummated transactions are subject to GPIM's policies and procedures, which require among other things that the allocation of such expenses to any such Private Fund be pre-cleared by GPIM Compliance.

Expenses charged to and borne by SMAs generally include management fees, all costs and expenses related to the SMA's portfolio investments and all other costs and expenses agreed to between the client and GPIM, such as indemnification expenses. Costs and expenses typically borne by an SMA relating to its portfolio investments

include: 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 12 for a discussion of GPIM's brokerage practices. Moreover, some of the costs and expenses identified above and borne by the Private Funds managed by GPIM may also be borne by SMAs in instances where (i) the SMA also participates in a portfolio investment alongside one or more Private Fund(s) either directly in the investment and/or through one or more special purpose vehicles or aggregator vehicles; (ii) the SMA derives a benefit from the incurrence of the cost or expense such as in the case of research, due diligence or technology services or (iii) in the reasonable discretion of GPIM not allocating the cost to the SMA may result in inequitable treatment of GPIM clients over time.

Costs and expenses borne by more than one Private Fund and/or SMA will be allocated in accordance with GPIM's policies and procedures in effect from time to time. GPIM's allocation methodologies seek to allocate expenses in a manner that generally reflects each Private Fund's and/or SMA's relative consumption of resources, relative allocation of benefits and/or other equitable considerations that may be appropriate under the circumstances; however, the allocation of expenses involves subjective determinations, which may involve conflicts of interest. For example, in some instances expenses may be allocated pro rata among Private Funds and SMAs participating in an investment (e.g., based on cash/capital available for investment, net assets or other methodology determined by GPIM to be appropriate), but in other instances expenses may be allocated on a non-pro rata basis. Moreover, allocations of expenses typically rely on then-available information, estimates and assumptions, which GPIM believes are reasonable and appropriate, but may be imprecise and subject to subsequent modification. While GPIM believes that its allocation methodology is reasonable, other allocation methodologies exist that may yield different results.

Costs and expenses that are borne by Registered Funds (in addition to investment advisory fees) which are incidental or related to the maintenance of an account or the buying, selling and holding of investments include, but are not necessarily limited to: (1) custodial charges; (2) brokerage fees, commissions and other related transaction costs and expenses; (3) governmental charges, taxes and duties; (4) transfer fees, registration fees and other expenses associated with buying, selling or holding investments; (5) withholding taxes payable and required to be withheld by issuers or their agents; and (6) fees associated with investments in other, unaffiliated pooled investment vehicles. Registered Fund costs and expenses are described in more detail in the Fund's Prospectus and Statement of Additional Information.

Guggenheim Securities, LLC ("Guggenheim Securities") or Guggenheim Funds Distributors ("GFD"), affiliates of GPIM, may receive a placement fee from GPIM with respect to investors which are introduced to particular Funds by Guggenheim Securities and/or GFD, as well as additional payments, including reimbursement for specific expenses incurred in providing its placement agent services. GPIM may also pay similar placement fees to unaffiliated entities.

Some of GPIM's employees (and others who act in the capacity of a consultant or advisor) from time to time also are employed, or engaged in an operating capacity by, or serve as a director for, one or more portfolio companies or entities in which GPIM has invested on behalf of its advisory clients. The services provided by such persons in such capacity are separate and apart from GPIM's investment advisory services to its advisory clients. Such persons may receive cash compensation, stock options and/or restricted stock as well as other compensation in their capacity as directors or employees of a portfolio company. Any such amounts (including, without limitation, salaries, additional investment rights and similar cash and non-cash compensation and

incentives) received, directly or indirectly, by such persons in respect of such portfolio companies will not reduce the management fee otherwise payable by advisory clients to GPIM and will be borne by the portfolio companies. Therefore, such amounts will indirectly be borne by the advisory clients as applicable invested in the portfolio company and not by GPIM.

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

Performance Based Fees

For SMAs and Private Funds as set out in governing documents, GPIM charges a performance or incentive fee or allocation constituting a percentage of profits or gains, generally subject to a benchmark (such as an equity index) or a threshold return (such as a fixed percentage rate). Performance-based compensation arrangements are structured in accordance with the requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended (“Advisers Act”) to the extent Rule 205-3 applies.

Performance-based fee arrangements for SMAs and Private Funds vary among clients and investment strategies. For example, SMAs or Private Funds that invest in readily marketable securities often provide for an asset-based fee based on the market value of the investments in the account at specified month/quarter ends and/or a performance-based fee often calculated by reference to the relevant high water marks for such client account. Others, such as SMAs and Private Funds that invest in assets which lack a readily available market value, provide for an asset-based fee based on the investor’s capital commitment to the account and a performance-based fee that applies once investors have received a return of their contributed capital and a specific minimum return. In addition, some SMAs and Private Funds are subject to a performance-based fee that is paid only after a specified return has been achieved (a “hurdle”) as compared to other SMAs and Private Funds that are subject to a performance-based fee that is not subject to a hurdle, or a performance-based fee that is 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.

These different types of performance-based fees mean that GPIM likely will receive a higher performance-based fee for some client accounts than for others. The simultaneous management of clients that pay performance-based fees and clients that pay only management fees or performance-based fees that are calculated in a different manner creates a potential conflict of interest as the portfolio manager may have an incentive to favor clients with the potential to generate greater fees.

Performance-based compensation arrangements reward GPIM for positive performance, and thus 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 accounts that pay higher fees over other accounts in the allocation of investment opportunities. For instance, a portfolio manager will face a potential conflict of interest when allocating scarce investment opportunities, which creates an incentive to allocate opportunities to client accounts that pay performance-based fees as opposed to client accounts that pay smaller or no performance-based fees.

The above conflicts of interest are mitigated by GPIM's allocation and best execution policies and procedures, which are designed to ensure GPIM acts in the best interests of its clients in accordance with its fiduciary duties.

Valuation

As noted above, GPIM's fees are often based on the value and performance of the assets held in the client account. When pricing a security, GPIM attempts, in good faith and in accordance with applicable laws, to determine the fair value of the security or other assets. For separately managed accounts, unless otherwise agreed to with a client, GPIM generally relies on prices provided by a broker-dealer or third-party pricing service for valuation purposes. However, when quotations from these sources are not readily available or are believed by GPIM to be unreliable, the security or other assets will be valued by GPIM or an affiliate in accordance with applicable valuation procedures. Pricing for Funds is generally determined by the Fund's administrator or by GPIM.

GPIM values securities and assets in client accounts according to its valuation policies. GPIM may value an identical asset differently than other affiliated subsidiaries of Guggenheim Partners value the asset, because such other entities have information regarding valuation techniques and models or other information that they do not share with GPIM. This is particularly the case in respect of difficult-to-value assets. Where appropriate, GPIM may also value an identical asset differently in different client accounts, for example because different client accounts are subject to different valuation guidelines pursuant to their respective governing agreements or different third party vendors perform valuation functions for the client accounts.

The performance of certain mandates managed by GPIM is judged against index benchmarks. Situations may arise where a GPIM managed account holds identical securities to those included in the applicable index. It is possible that those securities are valued differently by GPIM than how they are valued in the index, due to any variances in pricing methodology that may arise. In this situation, account under or over performance relative to the index benchmark, may be attributable to the use of different pricing methodologies, as opposed to security selection or portfolio management.

GPIM evaluates the performance of certain mandates against index benchmarks. At times, a GPIM managed account will hold the same securities that the applicable index holds. GPIM may value those securities differently than the index provider values them, because GPIM and index providers sometimes use different pricing methodologies. In this situation, account under or over performance relative to the index benchmark may be due to the use of different pricing methodologies, as opposed to security selection or portfolio management.

GPIM may face a potential conflict with respect to such valuations because they affect GPIM's compensation. To the extent GPIM's fees are based on the value or performance of client accounts, GPIM would benefit by receiving a fee based on the impact, if any, of an increased value of assets in an account. In addition, to the extent GPIM utilizes third-party vendors to perform particular functions, these vendors may have interests and incentives that differ from those of the client accounts. In order to mitigate such potential conflicts of interest, GPIM maintains a Valuation Policy and an oversight committee to monitor GPIM's valuation determinations in accordance with its fiduciary duties.

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.

Side-By-Side Management

Portfolio managers employed by GPIM or its affiliates may manage multiple accounts, including SMAs, Private Funds, and Registered Funds, according to the same or similar investment strategies and may seek to make or sell investments in the same securities, instruments, sectors or strategies. This side-by-side management of multiple accounts may create potential conflicts, particularly in circumstances where the availability or liquidity of investment opportunities is limited. Some investments (such as commercial mortgage loans, products structured for insurance company investment requirements, private equity, hedge funds, venture capital and/or other equity interests) may be offered to some but not all clients when appropriately within client investment guidelines, including unaffiliated and affiliated insurance companies (as described below in Item 10 – Other Financial Industry Activities and Affiliations – “Other Potential Conflicts and Material Relationships with Affiliated Entities”).

GPIM may face potential conflicts of interest because GPIM may have an incentive to favor particular accounts over others that may be less lucrative in the allocation of investments (e.g., because such accounts have the same or similar investment strategies or otherwise compete for investment opportunities, have potentially conflicting investment strategies or investments, or have differing ability to engage in short sales and economically similar transactions). These potential conflicts may arise when, for example, GPIM allocates investment opportunities that GPIM believes could more likely result in favorable performance, engages in cross trades or executes potentially conflicting or competing investments.

In addition, GPIM's actions for one client account may affect other client accounts, and GPIM's actions for one or more client accounts may affect, or be affected by, actions of GPIM affiliates or related persons who hold interests in a particular portfolio company, either directly or through a GPIM managed account. For additional information about these situations, please see respectively, “Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Conflicts Resulting from Investment Management Activities” and “Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Participation or Interest in Client Transactions”.

To address these potential conflicts, GPIM's policies and procedures require that investment decisions for client accounts advised by GPIM or its affiliates 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, without consideration of GPIM's or its employees' or affiliates' pecuniary or investment interests. In particular, under GPIM's policies and procedures investment opportunities will be allocated in a manner that GPIM believes is consistent with its obligations as an investment adviser. GPIM's policies and procedures relating to allocation of investment opportunities are described further in the “Allocation” section below. For additional information relating to GPIM's general processes to mitigate potential conflicts of interest, see “Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – General Process Regarding Potential Conflicts”. Investment groups within GPIM are subject to these and/or other similar policies and procedures that are consistent with GPIM's obligations as an investment adviser and that address circumstances that may be unique to their businesses. Accordingly, particular client accounts may receive an allocation in a given

transaction when other client accounts do not, and account investments and performance resulting from such decisions may differ from client to client.

Allocation

GPIM may advise clients with similar investment strategies. GPIM has implemented policies and procedures that govern the allocation of investment opportunities among clients in a fair and equitable manner, taking into account the needs and investment objectives of the clients as well as prevailing market conditions. In such circumstances, if an investment opportunity would be appropriate for more than one client, GPIM may be required to choose among those clients in allocating the opportunity, or to allocate less of the opportunity to a client than it would ideally allocate if it did not have to allocate to multiple clients. In addition, GPIM may determine that an investment opportunity is appropriate for a particular account, but not for another. There can be no assurance that a particular investment opportunity will be allocated in any particular manner.

In order to minimize execution costs for clients, trades in the same security transacted on behalf of more than one client may be aggregated (i.e. blocked or bunched), subject to the aggregation being in the best interests of the participating clients and the firm's obligation to seek best execution. GPIM will aggregate trades, unless it believes that doing so would conflict or otherwise be inconsistent with its duty to seek best execution for the clients and/or the terms of the respective investment advisory contracts and other agreements and understandings relating to the clients for which trades are being aggregated. When GPIM believes that it can effectively obtain best execution for the clients by aggregating trades, it will do so for all clients participating in the trade for which aggregated trades are consistent with the respective investment advisory contracts, investment guidelines, and other agreements and understandings relating to the clients.

In the event trades are aggregated, GPIM shall: (i) treat all participating client accounts fairly; (ii) continue to seek best execution; and (iii) ensure that clients who participate in an aggregated order will participate at the same price, net of transaction costs.

When a trade is to be executed for a single client and the trade is not in the best interests of other clients at the time of the transaction, then the trade will be executed only for that client. Other instances in which client orders will not be aggregated include, but are not limited to, the following:

- Traders and/or portfolio managers determine that the aggregation is not appropriate due to market conditions;
- Portfolio managers effect the transactions through an approved client-requested directed-brokerage arrangement (i.e. the same security/investment with different brokers), making aggregation unfeasible; or
- A client directs a purchase or sale transaction not in the best interests of other clients at the time of the transaction.

Aggregated transactions then are allocated among the participating client accounts after taking into consideration the specific objectives and constraints for each account, which could include, but are not limited to, the following: risk tolerance; rating constraints; maturity constraints; issue size; yield; purchase price; existing exposure of the investment vehicle; minimum trade allocation; minimum position holding size; sector allocation limits; duration; convexity; strategy; lot size; market conditions; and investment guideline considerations. In

addition, GPIM will consider the strategies, liquidity requirements, investment phase of the account (i.e. ramping-up or taking gains/losses for tax purposes) and cash available in each account when making an allocation decision. Other considerations are as follows:

- Multi-Strategy and Simple-Strategy Accounts: Multi-Strategy accounts generally have a larger spectrum of eligible asset classes and securities to purchase from. Simple-Strategy accounts have targeted strategies (or types of asset classes) and less flexibility to invest across multiple asset classes. In cases where there is a limited offering (in primary or secondary markets), Simple-Strategy accounts may receive a larger allocation than Multi-Strategy accounts as Multi-Strategy accounts may invest in other asset classes and securities that also align with their investment target, risk parameters, and investment guidelines.
- Cash Considerations: (i) New accounts with more investable cash may receive a larger allocation of a particular security (or securities) as other accounts may be closer to being fully invested and/or closer to achieving their targeted portfolio characteristics. (ii) There may be instances where existing accounts receive larger inflows of cash. In these instances where the account's cash balance is close to or exceeds the account's cash limits under its investment guidelines, or differs from the target cash weight within the portfolio, then these accounts may receive a larger allocation of a particular security (or securities) than other accounts that are not in a similar cash position.

The application of the relevant factors may result in non-*pro rata* allocations, and some client accounts (including client accounts in which GPIM or its affiliates or related persons, or their respective officers, directors or employees, including portfolio managers or senior managers of GPIM, have an interest) may receive an allocation when other client accounts do not.

GPIM allocates transactions on an objective basis and in a manner designed to assure that no participating client is favored over any other participating client. If an investment is suitable and desirable for more than one account, an initial allocation study will be determined based upon demand ascertained from the portfolio managers. With respect to fixed income and private equity assets, this initial allocation study is overseen by the Central Allocation Group and shall generally reflect a *pro rata* participation in the investment opportunity among the participating accounts that expressed demand. Final allocation decisions are made or verified independently by the Central Allocation Group which is comprised of disinterested GPIM employees reporting up to GPIM's Chief Risk Officer ("CRO"). With respect to public equity securities and public equity-related securities the allocation shall generally reflect a *pro rata* participation in the investment opportunity among participating accounts. Please also see "IPO/New Issue Allocation Policies" below.

In some circumstances, the Investment and Best Execution Committees, together with the Central Allocation Group, may approve other factors to be considered in determining a fair allocation, including follow-on investments and minimum investment thresholds. In situations where the amount of fixed income or private equity assets to be purchased is too limited for all eligible clients to share (even on an allocated basis), such transactions will be allocated in accordance with the Central Allocation Group's determination, made in good faith, to make a fair and equitable allocation which may include the use of a rotation process.

The Central Allocation Group is responsible for ensuring fair allocation of fixed income and private equity trades among eligible clients within the parameters established above. The Central Allocation Group may seek

input and suggestions from Portfolio Management with regards to proposed allocations and also on the reasonableness of allocations. The Central Allocation Group makes or verifies the final allocation decision for fixed income and private equity trades and will analyze and record the allocation of fixed income or private equity orders among clients.

In some situations in which an investment opportunity would be appropriate for one or more of GPIM's clients (based on the criteria described above), it may be necessary or appropriate for GPIM to obtain prior written consent from each client to place the investment in the client's account. If GPIM is unable to obtain prior written client consent, GPIM may allocate the investment opportunity only to the client(s) from whom GPIM is able to obtain prior written client consent. The investments will generally be allocated to those clients that provide timely approval, as permitted by their investment guidelines, available cash, and other factors provided herein.

IPO/New Issue Allocation Policies

Allocations of initial public offerings or new issues ("IPOs/New Issues") are effected consistent with fiduciary duties and in accordance with the general allocation policies and procedures outlined above under "Allocation." The application of the relevant factors may result in non-*pro rata* allocations, and particular client accounts (including client accounts in which GPIM or its affiliates or related persons, or their respective officers, directors or employees, including portfolio managers or senior managers of GPIM, have an interest) may receive an allocation when other client accounts do not. Allocations may be adjusted under specific circumstances, such as situations of scarcity where *pro rata* allocations would result in *de minimis* positions or odd lots. Furthermore, some client accounts may not be eligible to participate in an IPO/New Issue where, for example, the investment guidelines for a client account prohibit IPOs/New Issues or the account is owned by persons restricted from participating in IPOs/New Issues pursuant to Financial Industry Regulatory Authority Rules 5130 and/or 5131, as amended, as supplemented and interpreted from time to time, or other applicable laws or rules or prudent policies in any jurisdiction.

Discretionary v. Non-Discretionary Accounts

GPIM may provide non-discretionary investment advisory services where GPIM advises client accounts on purchasing, selling, holding, valuing, or exercising rights with respect to particular investments, but does not have discretion to execute purchases or sales on behalf of the client accounts without the specific instruction of the client. GPIM may advise with respect to the same or similar securities in discretionary and non-discretionary client accounts. There may be timing differences related to the transmission of advice to non-discretionary client accounts for consideration and a determination of whether to act on the advice. As a result, GPIM may execute trades in investments for discretionary client accounts in advance of GPIM communicating with non-discretionary client accounts about those investments. In other cases, GPIM may decide to separate advice in discretionary and non-discretionary accounts. For example, in connection with non-discretionary client accounts, GPIM may have information with respect to pending purchases or sales, or relating to a non-discretionary client's business and financial position. In the event that GPIM considers such information to be of a sensitive nature, GPIM may, on a case-by-case basis, elect to implement internal policies and procedures (including where appropriate, the use of informational barriers) to manage the flow of such information within GPIM, which may prevent the transmission or affect the timing of transmission of advice to some accounts.

Item 7 - Types of Clients

GPIM provides investment advisory services to SMAs, Private Funds and Registered Funds. GPIM's SMA clients and investors in the Funds include corporate pension and profit-sharing plans, trusts, estates, charitable organizations, municipalities, corporations and business entities (including affiliated and unaffiliated insurance companies), and other registered and unregistered pooled investment vehicles. GPIM also acts as adviser to open-end registered funds, closed-end registered funds, and as sub-adviser to investment companies, business development companies and exchange-traded funds. GPIM serves as investment manager to foreign domiciled funds including collective investment trusts and qualified investor funds. GPIM may also serve as asset or collateral manager for particular non-registered structured products. For its SMA clients, GPIM generally requires a minimum account size of \$100 million for its fixed income strategies and \$25 million for equity strategies, 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 and other instruments 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 an SMA, or the Fund's offering documents, in the case of a Fund. In constructing a client's portfolio, GPIM will typically take into consideration the composition of the relevant benchmark as well as the composition of portfolios within a relevant peer group. Client investment guidelines may be amended, by agreement of the client and GPIM.

GPIM uses charting, fundamental analysis, and technical analysis to formulate client investment opportunities. In addition, GPIM may rely on research, economic theory, quantitative methods, and capital markets data provided by affiliates, including but not limited to Asset Consulting Group, LLC, Transparent Value, LLC, 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:

- *Aircraft Strategy:* The investment objective of this strategy is to achieve attractive risk-adjusted total returns by (i) primarily, making direct and indirect investments in loans secured primarily by new and

used business aircraft; and (ii) secondarily, acquiring, holding, leasing, managing and disposing of new and used business aircraft directly or indirectly through special purpose vehicles formed for such purpose.

The prices of assets and other investments in this strategy may be volatile. Market movements are difficult to predict and are influenced by, among other things: government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly. Economic downturns, war, the price of fuel, the availability of more attractively priced and/or more efficient business aircraft, price discounting by manufacturers and geopolitical terrorism concerns, among other factors, can have a profound effect on the market value of business aircraft assets.

- *Customized/Core Fixed Income Strategies:* These strategies are generally designed to meet client-specific risk/reward objectives, which may include performance relative to a benchmark, by investing in fixed income securities, including but not limited to corporate bonds, bank loans and a variety of asset-backed, municipal, residential mortgage-backed and/or commercial mortgage-backed securities, treasuries, agencies, sovereigns and derivatives across a broad range of sectors. In general, fixed income securities are subject to interest rate, market, credit, spread and liquidity risks. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Spread 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. Market risk is event or systemic risk to capital markets. Liquidity risk relates to the ability to sell securities at or near the mark in different environments.

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 due to 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 include but are not limited to securities 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. In recent periods, residential mortgage loans have 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. Treasuries and agencies are subject to the risks of changes in their value resulting from changes in US interest rates as well as market and credit risk associated with the US government. Sovereigns are subject to the risks posed by changes in the interest rates and credit and market risk associated with currency and government of their domicile as well as inherent political / government risk. Derivatives may pose risks in addition to and greater than those associated with investing directly in securities or other investments, including risks relating to imperfect correlations with underlying investments or the strategies' other portfolio holdings, high price volatility, lack of availability, counterparty credit, liquidity, valuation, legal restrictions, and mark to market requirements. Their use is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. Finally, some of our strategies may incorporate the use of leverage, through borrowings or instruments such as derivatives. The use of leverage may cause the strategy to be more volatile and riskier than if it had not been leveraged.

- *Covered Call Equity Strategy/Enhanced Equity Income:* The Guggenheim Enhanced Equity Income (“GEEI”) strategies seek to deliver superior equity performance through a combination of improved returns with reduced risk. GEEI 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. GEEI 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 GEEI 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 GEEI approach. The strategies generally target the sale of at or out-of-the money options. GPIM manages both levered and unlevered versions of the strategy with both U.S. Domestic and International Equity benchmarks.
- *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 historically experienced and may in the future experience significant volatility and potential credit 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 an absolute 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 or loans or equity which may have little relation to the selected beta exposures. The returns on these investments attempt to have relatively low correlation to the beta component. Alpha returns are added (ported) to the returns earned on beta replication, through a combination of current income and capital appreciation by investing in a wide range of fixed-income, hybrids, commodities, currencies, equity securities and derivatives selected from a variety of sectors and credit qualities, 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), mark-to-market risk, 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 Fixed Income alpha component of this strategy is generally subject to the risks described above under “Customized/Core Fixed Income Strategies.” Equity securities include common stocks and other equity securities (and securities convertible into stocks), and the prices of equity securities fluctuate in value more than other investments. They reflect changes in the issuing company’s financial condition and changes in the overall market. Common stocks generally represent the riskiest investment in a company. The strategies may lose a substantial part, or even all, of their investment in a company’s stock. Growth stocks may be more volatile than value stocks. Derivatives, commodities and currencies may pose risks in addition to and greater than those associated with investing directly in securities or other investments, including risks relating to leverage, imperfect correlations with underlying investments or the strategies’ other portfolio holdings, high price volatility, lack of availability, counterparty credit, liquidity, foreign exchange fluctuations, valuation and legal restrictions. Their use

is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. 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. 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: (1) often are not rated by a ratings organization at the time of investment; (2) are not registered with the Securities and Exchange Commission; or (3) are not 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 and Short Duration Management:* These strategies are intended to balance an organization's income and cash flow needs while placing emphasis on capital preservation, liquidity and yield. 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 a diverse portfolio of fixed income securities that have varying maturities with an average portfolio duration of less than 1 year, depending upon; whether or not their cash needs are predictable and, their investment time horizon. Investments are made in investment grade fixed income securities (for example, A2/P2 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, U.S. 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:* GPIM works with its affiliate GFD to select and purchase securities for initial deposits of Unit Investment Trusts ("UITs") for both fixed income and equity strategies. GPIM also purchases securities for GFDs fixed income strategies. Trading for the fixed income UITs is non-discretionary and subject to the risks described in Item 6 above under "Discretionary v. Non-Discretionary Accounts". GPIM will select securities based upon desired credits. It then will build a portfolio which it submits to GFD for approval. Once approved, GFD will direct GPIM on what

bonds to purchase for fixed income UITs. The fixed income investments made by these trusts are subject to the risks described above under “Customized/Core Fixed Income Strategies.” For equity UITs, GPIM provides a recommended list of securities for inclusion in the UIT. 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. Trading occurs by GFD for equity UITs prior to the deposit date (GPIM does not trade equity UITs for GFD) and for fixed income UITs by GPIM, each within the confines of GFD’s direction based upon the anticipated size of the trust.

- *Multi-Asset Class Strategies:* These strategies seek to maximize total return through a combination of current income and capital appreciation by investing in a wide range of fixed-income, hybrids, commodities, currencies, equity securities and derivatives selected from a variety of sectors and credit qualities both in the U.S. and globally. The credit strategies are subject to the risks described above under “Customized/Core Fixed Income Strategies.” These strategies are subject to additional risks, such as equity securities risk derivatives risk, commodity risk and currency risk. Equity securities include common stocks and other equity securities (and securities convertible into stocks), and the prices of equity securities fluctuate in value more than other investments. They reflect changes in the issuing company’s financial condition and changes in the overall market. Common stocks generally represent the riskiest investment in a company. The strategies may lose a substantial part, or even all, of their investment in a company’s stock. Growth stocks may be more volatile than value stocks. Derivatives, commodities and currencies may pose risks in addition to and greater than those associated with investing directly in securities or other investments, including risks relating to leverage, imperfect correlations with underlying investments or the strategies’ other portfolio holdings, high price volatility, mark to market risk, lack of availability, counterparty credit, liquidity, foreign exchange fluctuations, valuation and legal restrictions. Their use is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If GPIM is incorrect about its expectations of market conditions, the use of derivatives could also result in a loss, which in some cases may be unlimited.
- *Capital Stewardship Strategy:* This strategy seeks to deliver superior risk-adjusted performance compared to the S&P 500 Index. Our research process seeks to identify companies that utilize a Multi-Stakeholder Management System (“MsMS”) which balances the inherent conflict between five primary stakeholders (customers, employees, investors, communities, and suppliers). This research process has determined that companies which have loyal customers and satisfied employees have a higher probability of performing as good, or better than, the overall equity market. The key drivers to the strategy are the security selection process identifying the 300 to 400 companies that best represent the MsMS and the portfolio construction process balancing portfolio risk characteristics with individual security performance expectations. This strategy is subject to U.S. equity market risk, including changes in macro-economic business environment, Federal bank policies and the market’s perception of risk.

- *Minimum Volatility Equity Strategies:* These strategies employ a rigorous and disciplined methodology that is designed to generate higher risk-adjusted returns primarily by minimizing volatility below that of the equity index for the particular strategy. GPIM manages different variations of the minimum volatility approach, including portfolios targeted to global, regional (including emerging markets) and country-specific markets, as well as “tilting” the portfolios to achieve specific desired results (to produce, for example, a higher dividend yield or to be more sensitive to factors, like inflation). Each portfolio, however, has the same basic goal of outperforming the stated benchmark on a risk-adjusted basis and utilizes optimized portfolios designed to provide the highest certainty of outperformance and achieve the target return. Historical volatility is used to construct the risk model. Country and sector exposures normally stay relatively close the benchmark, and liquidity is an important consideration in the portfolio construction process. The portfolios are customizable by region, concentration and client-selected restrictions. These strategies are long-only, and do not systematically hedge currency exposure.

GPIM may also serve as the investment manager to private funds 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 to the private fund and the investment adviser. The investment strategies and risks of these funds will vary, but will be broadly comparable to the strategies and 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

On August 10, 2015, the SEC issued a settled administrative order finding that GPIM in 2010-11 violated Sections 204, 204A, 206(2), and 206(4) of the Investment Advisers Act of 1940 and Rules 204-2, 204A-1, and 206(4)-7 promulgated thereunder. The violations related to (1) GPIM's negligent failure, in two transactions dating back to 2010, to disclose a potential conflict of interest related to a senior executive's receipt of a loan from a client; (2) its inadvertent billing of management fees on non-managed assets to one client; (3) its failure to enforce its compliance policies and procedures and code of ethics regarding conflicts of interest, gifts and entertainment, and trade errors; and (4) an error related to GPIM's books and records. GPIM neither admitted nor denied the findings in the Order. As required by the Order, GPIM paid a \$20 million civil monetary penalty on August 13, 2015. Additionally, as required by the Order, on September 9, 2015, GPIM engaged an Independent Consultant to conduct a review of selected GPIM compliance policies and procedures with respect to: (1) GPIM personnel who are involved in the business transactions of Guggenheim Partners, LLC (GPIM's corporate parent) and its affiliates, and consideration of that involvement to GPIM's advisory obligations, including whether such policies and procedures effectively detail Guggenheim Partners' role; (2)

conflicts of interests; (3) trade errors; and (4) gifts and entertainment. The Independent Consultant completed its review in December 2015, which concluded that “the GPIM Compliance program is reasonably designed to prevent and detect violations of the Advisers Act and the rules promulgated thereunder”. As provided in the Order, on March 7, 2016 GPIM certified to the SEC that it has complied with the required undertakings in the Order, including adopting the recommendations of the independent consultant.

Item 10 – Other Financial Industry Activities and Affiliations

GPIM is an indirect subsidiary of Guggenheim Partners, which is a global, diversified financial services firm. Guggenheim Partners and its affiliates (including GPIM) and their respective officers, directors, partners, employees, and consultants (collectively, “Guggenheim Entities”), provide their clients with a broad array of investment management, insurance, broker-dealer, investment banking, and other services.

Broker-Dealer Registration

Guggenheim Securities and GFD are affiliates of GPIM that are registered broker-dealers (Guggenheim Securities and GFD together, the “Affiliated Broker-Dealers”). GPIM serves as adviser or sub-adviser for Private Funds and Registered Funds offered to potential investors by the Affiliated Broker-Dealers, for which the Affiliated Broker-Dealers are paid a placement-agent fee, commission or other compensation. Guggenheim Securities also periodically acts as underwriter, initial purchaser, placement agent, financial advisor, arranger and/or structuring advisor with respect to a securities offering or loan and will generally receive a fee from the securities issuer or seller or from the loan borrower, as applicable. In addition, Guggenheim Securities Credit Partners, LLC, an affiliate of Guggenheim Securities, may provide bridge or other financing to potential borrowers, or provide arranging, structuring, administrative agent or similar services to potential borrowers, and will generally receive a fee from the loan borrower for such services. GPIM may be offered and may purchase such investment opportunities for its clients. GPIM may have an incentive to purchase such investments where its affiliate, Guggenheim Securities and/or Guggenheim Securities Credit Partners, will receive a fee. Some transactions, depending on the nature of the transaction and Guggenheim Securities’ involvement, are considered Principal Transactions under Section 206(3) of the Advisers Act or require client consent under the relevant client’s investment guidelines, IMA or governing Fund documents. The fees received by Guggenheim Securities from the securities issuer or seller or the loan borrower, as applicable, with respect to such transactions are in addition to management fees and, where applicable, performance-based compensation received by GPIM from the client accounts to which GPIM allocates the investments to. GPIM maintains processes to mitigate such potential conflicts of interest – See “Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – General Process Regarding Potential Conflicts” for more information.

GFD and/or Guggenheim Securities may also provide administrative, operations, and infrastructure services to GPIM. GPIM is also affiliated with other broker-dealers, none of which are material to GPIM’s business.

Commodity Pool Operator, National Futures Association

GPIM is registered as a commodity pool operator (“CPO”) and commodity trading advisor (“CTA”) with the Commodity Futures Trading Commission (“CFTC”) and is a member of the National Futures Association.

Generally, GPIM provides services as a CPO exclusively to commodity pools operating pursuant to CFTC Rules 4.13(a)-(3) or 4.5, so that GPIM is exempt from certain or most CFTC disclosure, reporting and recordkeeping requirements applicable to registered CPOs.

GPIM generally relies on CFTC Rule 4.7 with respect to its CTA activities and filed a notice of a claim for exemption thereunder with NFA on January 24, 2017. All GPIM SMAs will be “exempt” accounts for purposes of such rule, unless the related client objects. Where the client is a “qualified eligible person” as defined in CFTC Rule 4.7, such rule provides relief from CFTC Rules 4.31, 4.33, 4.34, 4.35 and 4.36, including the requirement to furnish the client with a disclosure document prepared in accordance with CFTC Rule 4.31. If desired, clients may object to their SMAs being treated as “exempt” accounts. If GPIM does not receive an objection from a client, such client will be deemed to (i) consent to its SMA being treated as an “exempt” account as described in CFTC Rule 4.7 and (ii) acknowledge that it will not be furnished with a disclosure document prepared in accordance with CFTC Rule 4.31, because no such document is required to be provided pursuant to CFTC Rule 4.7.

Management Persons; Policies and Procedures

A few of GPIM’s management persons also hold positions with the affiliates described above and in this Item 10. In these positions, those management persons of GPIM may have some responsibility with respect to the business of these affiliates and the overall compensation these management persons receive may be based, in part, upon the profitability of other parts of Guggenheim Partners. Consequently, in carrying out their roles at GPIM and these other entities, these management persons may be subject to the same or similar potential conflicts of interest that exist between GPIM and these affiliates. GPIM has established a variety of restrictions, policies, procedures, and disclosures designed to address potential conflicts that may arise between GPIM, its management persons and its affiliates. These policies and procedures include information barriers designed to prevent the flow of information between GPIM, personnel of GPIM and other affiliates; policies and procedures relating to brokerage selection, trading with affiliates or investing in products managed or sponsored by affiliates; and allocation and trade sequencing policies applicable to client accounts. For additional information relating to GPIM’s general processes to mitigate potential conflicts of interest, see “Item 6 – Performance-Based Fees and Side-By-Side Management – Allocation” and “Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – General Process Regarding Potential Conflicts”.

Other Potential Conflicts and Material Relationships with Affiliated Entities

GPIM makes investments for some client accounts that result in commissions, fees, or other remuneration paid to GPIM or one of its affiliates, such as (a) Guggenheim Securities, (b) Guggenheim Commercial Real Estate Finance, LLC (and its affiliates), (c) Guggenheim Corporate Funding, LLC, (d) Guggenheim Partners Europe Limited, an Investment Business Firm under Regulation 11 of European Communities, Markets in Financial Instruments Directive (“GPE”) and (e) Guggenheim Loan Services Company, LLC. Such investments may include (i) investments that GPIM or one of its affiliates originated, arranged or placed, (ii) investments where GPIM or its affiliates provided services to a third party, (iii) investments where GPIM or one of its affiliates acts as the collateral agent, administrator, originator, manager, or other service provider, and (iv) investments that are secured or otherwise backed by collateral that could include assets originated or sold by GPIM or its affiliates, investment funds or pools managed by GPIM or its affiliates or assets or obligations managed by

GPIM or its affiliates. Such commission, fees or other remuneration may also arise in financings involving multiple staged transactions (for instance, a commitment transaction to back-stop a credit facility intended to be funded in a syndicated transaction), fees may be earned by such affiliates relating to structuring and other services on the earlier transaction (e.g., the commitment), but not paid unless and until the second transaction is completed (e.g., the syndication). GPIM may in such circumstances allocate the earlier transaction and later transaction to different client accounts, in accordance with its allocation process as described above.

As permitted under applicable law and in client agreements or Fund offering documents, GPIM and its affiliates may retain any commissions, fees, or other remuneration, arising from the investments described above. Except as required, such commissions, fees, or other remuneration generally will not reduce the management or other fees GPIM receives from its advisory clients, though in some circumstances, GPIM may waive all or part of any fees with respect to particular affiliated or related party transactions for some, but not all, of its clients pursuant to an agreement or other arrangement with each such client. Commissions, fees, or other remuneration payable to GPIM or its affiliates in this transaction may present a potential conflict in that GPIM may be viewed as having an incentive to purchase such investments to earn, or facilitate its affiliates' ability to earn, such additional fees or compensation. GPIM seeks to mitigate this potential conflict of interest (a) by evaluating the transaction to determine if it appears to be a favorable investment for the participating accounts irrespective of such fees and relative to other non-related investment opportunities, (b) allocating opportunities to invest in such transactions in accordance with GPIM's allocation policy, as described in "Item 6 – Performance-Based Fees and Side-By-Side Management – Allocation" and (c) through the processes described in "Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – General Process Regarding Potential Conflicts".

To the extent permitted by an IMA, GPIM may in some circumstances invest client assets in mutual funds, closed-end funds, private investment funds, and/or exchange-traded funds, some of which may be advised or sub-advised by GPIM or a GPIM affiliate. If an SMA or Fund holds an interest in any such fund, the SMA 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 underlying fund, which 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 (1) real asset classes such as aircraft, (2) asset backed securities, (3) commercial mortgage backed securities, and (4) other fixed income structures. Some 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 or administrative fees for asset or collateral management services provided to particular investment products (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. For certain Structured Vehicles for which GPIM serves as investment or collateral manager, GPIM may be subject to U.S. and/or European risk retention requirements, pursuant to which GPIM (or its affiliates) would be required to purchase and hold a specified portion of the outstanding securities of the Structured Vehicle (the "Retained Interest"). GPIM may seek to obtain financing in order to purchase the Retained Interest from third parties, its affiliates, or from GPIM clients, including GPIM clients that are affiliated or related parties of GPIM. GPIM may also establish one or more collective investment vehicles (each such, a "Retention Vehicle") to acquire and hold various Retained Interests, as well as risk retention securities of third party issued and managed structured investment

vehicles, and may make interests in such Retention Vehicle available for investment by GPIM clients. In the event one or more Retention Vehicles are established and made available for investment by GPIM clients, GPIM would allocate the opportunity to participate in such Retention Vehicle as described in “Item 6 – Performance-Based Fees and Side-By-Side Management – Allocation”, but all subsequent opportunities to invest in Retained Interests identified by or to GPIM would be directed solely to such Retention Vehicle.

Where necessary or appropriate for the transactions described above, as provided by the relevant client investment guidelines, IMAs or governing fund documents (as applicable), or under Section 206(3) of the Advisers Act, GPIM will disclose to its clients the nature of such transactions prior to the completion of such transaction and will obtain the clients’ consent. In the case of some Private Funds, an independent client party or committee will review and provide any requested or required consent for those transactions. 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.

For more information regarding potential conflicts of interest including participation or interest in client transactions, refer to Item 11.

Sammons Enterprises, Inc. (“Sammons”), a diversified company with several insurance company subsidiaries, indirectly holds a greater than 20 percent interest in GPIM. Sammons insurance company subsidiaries are advisory clients of GPIM. Guggenheim Capital, LLC, GPIM’s ultimate parent company, wholly owns Guggenheim Life and Annuity Company, Paragon Life Insurance Company of Indiana and Clear Spring Life Insurance Company, which are also advisory clients of GPIM. For more information on affiliated insurance companies, see Part I, Item 7.A. Some officers and directors of Guggenheim Capital, LLC and its subsidiaries, other than GPIM personnel, (“Guggenheim Related Persons”), have economic interests or voting interests in companies, including insurance companies that are advisory clients of GPIM. Guggenheim Related Persons from time to time enter into transactions, including loans, with these companies. Some Guggenheim Related Persons also may have economic interests or voting interests in issuers in which GPIM has invested or will invest on behalf of its clients to which GPIM has provided or will provide financing on behalf of its clients. Particular Guggenheim Related Persons are also directors or officers of some insurance company clients. These conflicts and potential conflicts are addressed and mitigated as described below.

In addition a few executives of GPIM (“Relevant GPIM Executives”) have indirect economic interests in companies, including insurance companies, that are advisory clients of GPIM.

None of these executives have any allocation authority among client portfolios and the potential conflicts are addressed and mitigated as described below.

For further information, see “Item 11—Code of Ethics, Participation or Interest in Client Transactions and Personal Trading— Participation or Interest in Client Transactions”.

The above relationships pose potential conflicts of interest in transactions that involve both affiliated company advisory clients and other advisory clients, because GPIM could, in some instances, be viewed as having an incentive to favor affiliated clients. Such conflicts are directly and purposefully mitigated by GPIM’s designed allocation policies and procedures with respect to the allocation of investment opportunities, all more fully described in the response to Item 6, which provide that such investment opportunities must be allocated in a

fair and equitable manner and are monitored on a frequent basis to detect and mitigate error. In particular, fixed income and private equity investment opportunity allocation decisions are made or verified independently by the GPIM Central Allocation Group which is comprised of disinterested GPIM employees, reporting up to GPIM's CRO. Guggenheim Related Persons and Relevant GPIM Executives are not permitted to influence final allocation decisions. Additionally, Guggenheim Related Persons are not involved in the GPIM investment process. For more information regarding GPIM's process for mitigating potential conflicts, see "Item 11—Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—General Process Regarding Potential Conflicts".

Investment Adviser Affiliates

GPIM is affiliated with Security Investors, LLC, an investment adviser registered with the SEC ("Security Investors"). Security Investors provides discretionary advisory services to certain investment companies registered under the Investment Company Act of 1940, as amended ("1940 Act") (the "SI Funds").

GPIM serves as a sub-adviser to some of the SI Funds, pursuant to a sub-advisory agreement with Security Investors. Some of GPIM's employees are also portfolio managers for Security Investors.

GPIM is also affiliated with other investment advisers, both registered and unregistered these affiliate advisers are not material to GPIM's business.

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

Code of Ethics and Personal Trading

GPIM has adopted a Code of Ethics ("Code") and Insider Trading Policy 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 and private investments, in a 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.

Additionally, persons associated with GPIM are subject to policies and procedures regarding confidential and proprietary information, information barriers, private investments, outside business activities, political contributions and personal trading.

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, securities they buy or sell for, or recommend to, GPIM clients. Such trading is performed independently of the trading activities in client accounts. In addition, GPIM or a related person may maintain an investment in the Funds GPIM manages. Related persons may also make investments for their own account in securities that are not offered or available to SMAs or the Funds.

GPIM and persons associated with GPIM are not permitted to trade on securities with respect to which any of them obtains material non-public information (“MNPI”), including information obtained from public companies which are clients of GPIM or its affiliates. If GPIM receives MNPI about any issuers, such issuers will be placed on the restricted list. The restricted list is a list of issuers in which GPIM and its employees (and, in some cases, GPIM’s affiliates and their employees) are restricted from trading. For example, securities will be added to the list in the following circumstances:

- Where Guggenheim Capital, LLC, or any of its subsidiaries, has a concentration of beneficial interest in a security;
- When GPIM comes into possession of MNPI about a public company, such as business plans, earnings projections, or merger and acquisition plans; or
- When GPIM enters into a contractual agreement with the company not to trade in the company’s securities for a period of time.

With limited and specific exceptions, issuers on the restricted list may not be traded in GPIM client or employee personal accounts. Client accounts may be forced to deviate from their stated objectives because an issuer is restricted. Specifically, the restricted list may prohibit GPIM from buying or selling the issuer’s or an affiliate’s securities for SMAs, Registered Funds, or Private Funds. If an issuer’s securities are in a client account and subsequently that issuer’s securities are placed on the restricted list, absent an exception, GPIM will not trade that issuer’s securities in the client’s account until those securities are removed from the restricted list. Clients will bear the risk of loss during the period any such securities are on the restricted list. Accordingly, the placement of issuers’ securities on the restricted list has the potential to affect GPIM’s exercise of discretion over and the performance of client accounts.

Participation or Interest in Client Transactions

GPIM, from time to time, initiates or recommends transactions in the securities of companies in which GPIM’s affiliates have a controlling interest.

In some circumstances, GPIM on behalf of its clients, invests in or provides financing to issuers or borrowers, or otherwise participates in transactions, in which Guggenheim Related Persons, or officers or employees of GPIM, have invested or will invest, have other financial interests, or have financial or other relationships (including but not limited to directorships or equivalent roles) with affiliates or parties related to the issuers or borrowers in such transactions.

Potential conflicts of interest between GPIM or its related persons and GPIM clients with respect to proposed transactions described above are identified and appropriately managed by GPIM Compliance personnel designated to review transactions in which conflicts of interest may exist, as described under “Item 11—Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—General Process Regarding Potential Conflicts” below. Appropriate management includes but is not limited to obtaining specific client consent for the applicable transaction both as required for principal transactions subject to Section 206(3) of the Advisers Act or as required by client investment guidelines, IMAs or governing fund documents, or where otherwise determined necessary or appropriate.

Additional conflicts may arise where GPIM invests client assets in parts of an issuer's or borrower's capital structure when GPIM affiliates or related persons are investing in different parts of the same issuer's or borrower's (or its affiliate's) capital structure (including but not limited to investments in public versus private securities, investments in debt versus equity, or investments in senior versus subordinated debt), or where the same or similar instruments in a given issuer or borrower held by GPIM's clients and GPIM's affiliates or related persons have different rights or benefits. The following conflicts may arise in such situations: (i) enforcement of rights or determination not to enforce rights by GPIM on behalf of its clients may have an adverse effect on the interests of its affiliates or related persons, and vice versa, (ii) GPIM may have an incentive to invest GPIM client funds in the issuer or borrower to either facilitate or obtain preferable terms for a proposed investment by a GPIM affiliate or related person in such issuer or borrower, or (iii) GPIM may have an incentive to preserve or protect the value or rights associated with an existing economic interest of a GPIM affiliate or related person in the issuer or borrower, which may have an adverse effect on the interests of GPIM clients.

The financial interests of GPIM's affiliates or related persons could create a potential conflict between the economic interests of these affiliates or related persons and the interests of GPIM's clients. However, as discussed below in "General Process Regarding Potential Conflicts", GPIM has developed procedures to address potential conflicts of interest involving such transactions.

GPIM or its affiliates or related persons, or their respective officers, directors or employees, including portfolio managers or senior managers of GPIM, also may have direct or indirect proprietary or personal investments in and/or have financial or other relationships (including but not limited to directorships or equivalent roles) with some GPIM clients or GPIM-managed Private Funds or other investment vehicles (including but not limited to collateralized debt obligation ("CDO") or collateral loan obligation ("CLO") issuers) that may create potential conflicts of interest. For example, a potential conflict could exist to the extent that portfolio managers or senior GPIM personnel have indirect personal investments in certain clients or GPIM managed investment vehicles or when certain client accounts are investment options in GPIM's employee benefit and/or deferred compensation plans. These participations or interests in client accounts or in GPIM-managed investment vehicles may result in creating an incentive for GPIM to favor these clients or investment vehicles over other advisory clients. In addition, CLO, CDO or other structured investment vehicles in which GPIM or its affiliates, or their respective officers, directors or employees, including portfolio managers or senior managers of GPIM, have indirect equity interests may also receive debt funding from GPIM clients.

Potential conflicts of interest between GPIM or its related persons and GPIM clients with respect to the situations described above are identified and appropriately managed by GPIM Compliance personnel designated to review transactions in which conflicts of interest may exist, as described under "Item 11—Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—General Process Regarding Potential Conflicts" below. Appropriate management may include but is not limited to obtaining specific client consent for the applicable transaction both as required for principal transactions subject to Section 206(3) of the Advisers Act or as required by client investment guidelines, IMAs or governing fund documents, or where otherwise determined necessary or appropriate.

The above potential conflicts of interest are further mitigated by GPIM's allocation policies and procedures with respect to the allocation of investment opportunities, more fully described in the response to Item 6, which provide that such investment opportunities are allocated in a fair and equitable manner and are monitored on

a frequent basis. In particular, investment opportunity allocation decisions with respect to fixed income and private equity assets are made independently by the GPIM Central Allocation Group which is comprised of disinterested GPIM employees, including GPIM's CRO. Guggenheim Related Persons and Relevant GPIM Executives are not permitted to influence final allocation decisions. Additionally, Guggenheim Related Persons are not in any way involved in the GPIM investment process. For more information regarding GPIM's process for mitigating potential conflicts, see "Item 11—Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—General Process Regarding Potential Conflicts".

Cross Transactions and Principal Transactions

GPIM from time to time executes cross transactions between client accounts in which one client will purchase securities or other financial instruments held by another client, only so long as the transaction is in the best interests of both clients and GPIM, or an affiliate, does not receive any compensation in addition to its management fee in connection with the transaction. Cross trades present an inherent conflict of interest because GPIM represents the interests of both the selling account and the buying account in the same transaction, and GPIM may be perceived as seeking to treat one counterparty to the cross trade more favorably than the other party. Additionally, the price of a security bought or sold through a cross trade may not be as favorable as it might have been had the trade been executed in the open market, and any benefits of a cross trade may not be equally distributed among participating clients. GPIM has policies and procedures to mitigate these potential conflicts of interest and help ensure that internal cross transactions are in the best interests of, and appropriate for, all clients involved and the transactions are consistent with GPIM's obligation to seek best execution.

GPIM seeks to effect cross transactions at a price that is fair to the clients involved. This generally will be the last traded price, a price obtained from an independent third party source, such as a pricing service, or the average price obtained from three independent dealers, when available and reliable in accordance with GPIM's valuation policies and procedures. GPIM's trading desk will typically attempt to identify potential dealers by consulting available databases and utilizing dealer communication tools (e.g. Bloomberg message function), to search for potential dealers from whom GPIM can obtain a price for the security to be cross-traded. The trading desk may also contact other dealers with whom GPIM has traded in the past, or who are known to be active in the particular industry sector of the asset in question.

There may be circumstances when three independent offers and bids are not available or reliable, or the last traded price is believed not to reflect the market. The quantity and source of any independent quotes from unaffiliated dealers will vary depending on, among other things, market conditions, the dealer's familiarity with the asset class, the type of asset class, and various characteristics of a security (e.g., liquidity, rating, new issuances). Further, GPIM's trading desk evaluates quotes to consider whether any such bid and/or ask is reflective of the security's value, and whether any such bid and/or ask should be deemed unreliable or an outlier and, therefore excluded as not reflective of an accurate price for the security. In such circumstances, GPIM may use one or two independent bids and/or offers

However, there still may be instances where no reliable quotes are available. The illiquid nature of the market for leveraged loans and securities that are not publicly traded and that trade infrequently (such as asset-backed securities, mortgage-backed securities, other structured finance securities and particular corporate bonds) may mean that GPIM cannot readily locate dealers willing to provide a quote for such securities and loans, or such

a quote is unreliable. If no quotes are available or reliable, GPIM may proactively solicit dealer bids, or effect a cross trade at a price determined using other methods outlined in its security pricing policy and appropriate for the transaction or instrument in question, such as pricing vendors or valuation models.

Notwithstanding the methods for determining cross trade pricing above, 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. GPIM will typically not execute cross transactions in client accounts subject to the Employee Retirement Income Security Act of 1974 (“ERISA”). GPIM may use an affiliated person (such as an affiliated broker or dealer, or an account which is more than 25 percent owned by GPIM and/or its affiliates) to hold and clear bonds for clients where the use of the affiliated person does not create a conflict of interest. In these transactions, there will be no change in the bond price GPIM pays or receives and the price GPIM’s clients pay or receive for the same bonds when the affiliated person provides the bond holding and clearing services. The affiliated person will not receive any spread, mark-up, mark-down or transaction fee from the client for this service, but GPIM may reimburse the affiliated person’s expenses. When selling bonds, GPIM similarly may aggregate all, or a portion of, the block at an affiliated person, prior to selling them to a dealer. This practice also may produce the same benefits as when buying securities.

GPIM will not charge a mark-up/mark-down for cross trades. From time to time, cross trades are effected in which one or both sides of the cross trade is an affiliate of GPIM.

Additionally, from time to time agency cross trades are effected by GPIM in which a GPIM affiliate may charge a mark-up or commission for securities or other financial instruments GPIM purchases or sells from such affiliate or another affiliate on behalf of its clients.

GPIM has developed policies and procedures addressing principal transactions, cross transactions, including those with affiliates, and agency cross transactions. In particular, where necessary or appropriate, as provided by client investment guidelines, IMAs or governing fund documents (as applicable), or under Section 206(3) of the Advisers Act, GPIM discloses to its clients the nature of the transaction prior to the completion of such transaction and obtains the clients’ consent. See “General Process Regarding Potential Conflicts” below for more information regarding GPIM’s general processes to mitigate such potential conflicts of interest.

Investment Banking Activities

GPIM believes that the nature and range of investment banking clients and other customers to whom our affiliate broker-dealer, Guggenheim Securities, renders investment banking, financial advisory and other services is such that it would be inadvisable to exclude such clients or customers from a GPIM client's portfolio. Accordingly, unless a client advises us to the contrary, it is possible that such account’s holdings may include the securities or other financial instruments of corporations or other entities for which Guggenheim Securities performs investment banking and other services, including but not limited to financial advisory or financing services. Moreover, GPIM clients’ portfolios may include the securities of companies in which Guggenheim Securities makes a market.

Guggenheim Securities and GPIM are separated by an information barrier, which generally mitigates any impact of Guggenheim Securities investment banking activities on GPIM’s trading and investment activities in securities or other financial instruments. At times, federal securities laws may prevent GPIM from entering into

or recommending specific types of transactions in the securities or other financial instruments of companies for which Guggenheim Securities, as an affiliated broker-dealer, is performing investment banking or other services.

Conflicts Resulting from Investment Management Activities

GPIM is an indirect subsidiary of Guggenheim Partners, which is a global, diversified financial services firm. Guggenheim Partners and its direct and indirect subsidiaries (collectively the “Guggenheim Entities”) provide their clients with a broad array of investment management, insurance, broker-dealer, investment banking, and other similar services which may create potential and actual conflicts of interest, including, for example, the situations described below.

Some Guggenheim Entities manage long and short portfolios which are advised by GPIM. The simultaneous management of long and short portfolios creates potential conflicts of interest in portfolio management and trading in that opposite directional positions may be taken in client accounts advised by the same GPIM investment team, and creates potential risks such as (i) the risk that short sale activity could adversely affect the market value of long positions in one or more portfolios (and vice versa) and (ii) the risks associated with the trading desk receiving opposing orders in the same security simultaneously. GPIM has adopted policies and procedures that are reasonably designed to mitigate these potential conflicts.

The Guggenheim Entities may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or fall within the investment guidelines of GPIM’s clients. The Guggenheim Entities may give advice or take action for their own accounts, that may differ from, potentially conflict with or be adverse to advice given or action taken for any of their clients or GPIM’s clients.

Potential conflicts also may arise because securities or instruments may be held in some client accounts but not in others, or that various client accounts may have different levels of holdings in securities or instruments, and because various client accounts may pay different levels of fees.

GPIM may also give advice or take action with respect to the investments of one or more client accounts that may not be given or taken with respect to other client accounts with similar investment guidelines, objectives, and strategies. Accordingly, client accounts with similar strategies may not hold the same securities or instruments or achieve the same performance. GPIM also may advise client accounts with conflicting guidelines, objectives or strategies. For further detail, see “Item 6 – Performance-Based Fees and Side-By-Side Management”.

GPIM or an affiliate serves as general partner or equivalent of several Private Funds and other private investment vehicles for which it also acts as investment manager. These Private Funds and vehicles are offered through offering memoranda only to investors that are qualified to invest in the respective Private Fund or vehicle (e.g., accredited investors, qualified purchasers, or knowledgeable employees).

Different clients, including Funds advised by GPIM or an affiliate, may pursuant to one transaction or in a series of transactions over time, invest in different parts of an issuer’s or borrower’s capital structure (including but not limited to investments in public versus private securities, investments in debt versus equity, or investments in senior versus subordinated debt), depending on the respective client’s investment objectives and policies. As a result, the interests of one group of clients could conflict with those of other clients with respect

to the same issuer or borrower. In managing such investments, GPIM will consider the interests of all affected clients in deciding what actions to take with respect to a given issuer or borrower, but also at times will pursue or enforce rights on behalf of some clients in a manner that may have an adverse effect on other clients owning a different, including more senior or junior, investment in the same issuer or borrower. These potential conflicts of interests between GPIM's clients may also become more pronounced in situations in which an issuer or borrower experiences financial or operational challenges. For example, GPIM may, on behalf of clients that hold senior debt investments, foreclose on loans, put an issuer or borrower into default or seek a liquidation of the issuer, whereas a client holding junior debt investments or equity securities may have benefitted from a different outcome, such as a reorganization of the issuer. GPIM may also sponsor or support reorganization, recapitalization or similar workout arrangements for an issuer or borrower that (a) benefit clients holding more senior classes of securities or other financial instruments substantially more than, or even to the detriment of, clients holding more junior classes of securities or other financial instruments, (b) require additional investments from clients holding junior classes of securities or instruments that directly or indirectly refinance senior securities or instruments held by other clients, or (c) in some cases, could result in a substantial or even total loss of investment for clients holding junior securities or other financial instruments.

Any of the foregoing activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more client accounts, which could adversely impact the financial returns of GPIM's SMA clients or advised Funds.

GPIM may also from time to time enter into arrangements with, or establish (a) collective investment vehicles for, some clients, including affiliated and unaffiliated insurance companies, pursuant to which GPIM agrees to share a portion of the fees, commissions, remuneration, or profits otherwise retained by GPIM and its affiliates in those transactions, and (b) Retention Vehicles designed to hold Retained Interests. For more information on such transactions and transactions involving affiliated entities, including related insurance companies, please see "Item 10—Other Financial Industry Activities and Affiliations—Other Potential Conflicts and Material Relationships with Affiliated Entities". The foregoing arrangement could, depending on the circumstances, result in an incentive for GPIM to favor or disfavor clients participating in these arrangements or vehicles relative to other advisory clients. GPIM's allocation policies and procedures with respect to the allocation of investment opportunities, more fully described in the response to Item 6, are intended to mitigate potential conflicts by providing that such investment opportunities are monitored and are allocated in a fair and equitable manner.

Finally, GPIM may have potential conflicts in allocating its time and services among its SMA clients and advised Funds. GPIM devotes as much time to each SMA client and Fund as it deems appropriate to perform its duties in accordance with each SMA client's and Fund's respective IMA or governing Fund documents, as applicable.

General Process Regarding Potential Conflicts

The transactions and situations described above involve potential conflicts of interest between GPIM or its related persons and GPIM clients. The Advisers Act, the 1940 Act and ERISA and other applicable law and regulation impose requirements designed to decrease the possibility of conflicts of interest between an investment adviser and its clients. In some cases, transactions may be permitted subject to fulfillment of specific conditions. Other transactions may be prohibited. In addition, GPIM has instituted processes, policies and procedures designed to identify and mitigate potential conflicts of interest to the extent they arise in particular

transactions which GPIM seeks to execute for its managed client accounts and to ensure that GPIM effects such transactions for such clients in a manner that is consistent with its fiduciary obligations and in accordance with applicable law.

Transactions involving potential conflicts of interest may be also elevated for review by the Guggenheim Capital Conflicts Review Committee (the “CRC”). For any transaction elevated to the CRC for review, affirmation of approval by the CRC is required before the transaction may be executed on behalf of any GPIM advisory clients.

GPIM seeks to ensure that potential or actual conflicts of interest are appropriately resolved taking into consideration the best interest of all clients involved. Appropriate resolution will depend on the nature of the transaction and the potential conflict of interest, but may include, without limitation, (a) general disclosure in this brochure, or in IMAs or in governing fund documents for the relevant clients, or in specific client notifications, or (b) specific client consent for the applicable transaction both as required for principal transactions subject to Section 206(3) of the Advisers Act or as required by client investment guidelines, IMAs or governing fund documents, or where otherwise determined necessary or appropriate. In the case of potential conflicts in transactions sought to be allocated (a) to Registered Funds, GPIM will follow the requirements of the 1940 Act, and the applicable Registered Fund’s procedures, and (b) to ERISA clients, GPIM will follow the requirements of ERISA and the management agreements for those clients.

GPIM compliance personnel have been designated to review transactions in which conflicts of interest may exist, including those described above, to ensure compliance with applicable GPIM policies and legal or regulatory requirements.

Item 12 – Brokerage Practices

Counterparty/Broker Approval Policy and Procedures

In selecting a counterparty/broker-dealer to execute trades on behalf of clients, GPIM seeks to obtain “best execution” for client transactions (i.e., the most favorable price and execution). In seeking best execution, GPIM is not obligated to choose the counterparty offering the lowest available commission rate if, in GPIM’s reasonable judgment, (i) there is material risk that the overall cost to purchase securities will be higher or the proceeds from the sale of securities will be lower; (ii) a higher commission is justified by the trading or research services provided by the counterparty that fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended, or (iii) other considerations, such as the order size, the time required for execution, the depth and breadth of the market for the security, minimum credit quality requirements to transact business with a particular counterparty, or the quality of the counterparty’s back office dictate utilizing a different counterparty.

Counterparty/Brokerage Selection

GPIM has adopted a Counterparty Approval Policy pursuant to which it maintains an Approved Counterparty List. The Approved Counterparty List sets out counterparties/broker-dealers approved by GPIM that advisory personnel may use to execute client transactions. Transactions may only be executed with counterparties on

the Approved Counterparties List unless an exception is granted by an authorized person under the Counterparty Approval Policy. Initially and on an ongoing basis, GPIM consults a variety of information relating to a counterparty/broker-dealer, including regulatory reports and financial information, in connection with adding and maintaining a counterparty to the Approved Counterparty List. Generally, counterparties on the Approved Counterparty List must, in GPIM's opinion, have financial stability and a positive reputation in the industry. GPIM may execute client transactions through Guggenheim Securities, in which case GPIM is required to seek best execution for its clients. More information regarding GPIM's relationship with affiliated broker-dealers is in Item 10, "Broker-Dealer Registration".

Soft Dollar Policy

GPIM does not currently participate in soft dollar arrangements.

Directed Brokerage

GPIM does not typically participate in directed brokerage. No directed brokerage arrangement may be entered into by any GPIM personnel without the GPIM Compliance Department and senior management's prior approval. Such an arrangement may be permitted if the following factors are met:

- The client is informed that GPIM's ability to obtain best execution may be hindered by the directed brokerage relationship;
- The client is informed that they may lose any benefit from savings on execution costs that GPIM could obtain for its other clients through negotiating for volume discounts (where appropriate) with brokers;
- If the client is a retirement account, GPIM shall assure itself that the directed brokerage arrangement will exclusively benefit the account and any participating beneficiaries.

Client Referrals

GPIM does not typically direct trades to brokers on the basis of client referrals or solicitations made by such brokers. GPIM may execute client transactions through affiliated broker-dealers which solicit clients for GPIM. GPIM will direct execution to such brokers subject to best execution and proper disclosure to clients.

Wrap Fee Program

GPIM does not participate in or sponsor a wrap fee program.

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. Aggregation practices are described in Item 6.

Item 13 – Review of Accounts

Reviews

Client accounts are periodically reviewed by a combination of designated investment professionals, risk management, operations and investment committees. Each account's investment guidelines are integrated with compliance engines to help ensure adherence with identified regulatory, strategy, and client investment guideline requirements. In addition, investment performance figures and analytics are generated and reviewed by portfolio management, operations teams, risk management and the Office of the Chief Investment Officer ("CIO") to ensure consistency of style and to monitor dispersion.

Generally, investments leadership convenes bi-weekly meetings with the various sector and portfolio managers and senior research professionals. During these meetings, the sector and portfolio managers provide updates of market conditions within their specific segment of the broader market conditions and portfolio investments. As a segment of the meeting, macro-economic views are discussed with specific emphasis on recent changes in the CIO's macroeconomic insights. Portfolio managers seek investment opportunities within their respective investment strategies which are approved for purchase by the head of research, sector and portfolio manager and/or by investment committees, or in the case of quantitative strategies, through the consistent application of the approved model(s).

The sector managers specialists for fixed income will then incorporate the CIO's macroeconomic insights into their applicable sector investment selection. Sector managers seek investment opportunities within their respective sectors, which are approved for purchase by the head of each sector team or by the investment committee dedicated to the specific sector or in the case of quantitative strategies, through the approved model.

Finally, the CIO and CRO hold quarterly performance review meetings with portfolio management, if not more frequently. During these meetings, investment performance for each strategy and the relevant underlying investment accounts is reviewed.

Reports

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). Fund investors receive 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.

SMA 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.

Item 14 – Client Referrals and Other Compensation

GPIM has and may enter into arrangements with both affiliated and unaffiliated third-party solicitors, including Affiliated Broker-Dealers, to refer prospective advisory clients to GPIM. These arrangements are structured to comply with Rule 206(4)-3 under 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 Affiliated Broker-Dealers, referred clients receive disclosure about the affiliation between GPIM and such Affiliated Broker-Dealer.

The response to Item 10 above provides information regarding (i) GPIM's and its affiliates' receipt and retention of fees and other compensation for origination, structuring, arranging, placement and other services provided in relation to transactions in which GPIM invests client assets, (ii) investments by GPIM of client assets in limited partnerships or similar vehicles holding assets that are managed by GPIM or its affiliates and for which GPIM or such affiliates receive management, administrative or other fees or compensation in addition to account-level management fees payable to GPIM, and (iii) GPIM's receipt of management fees services provided to structured vehicles.

Item 15 – Custody

Unless otherwise agreed to in writing, GPIM does not have or maintain, within the meaning of Rule 206(4)-2 under the Advisers Act, custody and/or physical control of the assets in SMA custodial accounts.

GPIM is deemed to have custody and/or control 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. Generally, in accordance with applicable custody requirements under the Advisers Act, investors in each Private Fund receive audited financial statements annually. In some cases, however, GPIM relies on the performance of an annual surprise examination by an independent public accountant to meet applicable custody requirements for Private Funds for which GPIM has custody.

Clients and investors in unaudited Private Funds are urged to review account statements received directly from their custodian or trustee and to compare these statements to any statements received from GPIM or an affiliate.

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 SMAs, each IMA generally includes investment guidelines. Before assuming discretionary authority for an SMA, GPIM generally executes a power of attorney, normally included in the IMA, with the SMA client pursuant to which GPIM agrees to supervise and direct the investment of the assets in the SMA in accordance with the IMA for that account.

For Funds, investment guidelines and limitations are described in the respective Fund's offering documents and/or in GPIM's IMA with the Fund and GPIM is generally granted discretion through the relevant Fund's organizational document or in GPIM's IMA with the Fund.

Item 17 – Voting Client Securities

GPIM generally is responsible for voting proxies with respect to securities held in client accounts, including Registered Funds and clients that are pension plans subject to ERISA.

Where GPIM has been delegated the responsibility for voting proxies, it will take reasonable steps under the circumstances to ensure that proxies are received and voted in the best long-term interests of its clients. This generally means voting proxies with a view to enhancing the value of the shares of stock held in client accounts, considering all relevant factors and without giving undue weight to the opinions of others individuals or groups who may have an economic interest in the outcome of the proxy vote. GPIM's authority is initially established by its advisory contracts with the client or comparable documents. Clients, however, may change their proxy voting direction at any time.

The financial interest of GPIM's clients is the primary consideration in determining how proxies should be voted. Any material conflicts of interest between GPIM and its clients with respect to proxy voting are resolved in the best interests of the clients as described later in this Item.

GPIM utilizes the services of an outside proxy voting firm, Institutional Shareholder Services Inc. ("ISS"), to act as agent for the proxy process, to maintain records on proxy votes for its clients, and to provide independent research on corporate governance, proxy and corporate responsibility issues. The proxy voting guidelines set forth the ISS guidelines that GPIM uses in voting specific proposals. Depending on the objective of Fund or client account and the managing portfolio team, GPIM will assess the proxy voting guidelines to determine how proxies will be voted. GPIM reviews these voting recommendations and generally votes proxies in accordance with such recommendations. However, GPIM may deviate from the ISS guidelines if it is determined to be in the best interest of the client or if required to deviate under applicable law, rule or regulation. If a proposal is voted contrary to the ISS guidelines, the reasons will be documented in writing by the appropriate investment team(s) and retained by Operations. The manner in which specific proposals are to be voted may differ based on the type of client account. In the absence of contrary instructions received from GPIM, ISS will vote proxies in accordance with the ISS guidelines, as such guidelines may be revised from time to time. ISS will employ these guidelines based on account set up instructions received from Operations. ISS will notify Operations of all proxy proposals that do not fall within the ISS guidelines (i.e. proposals which are either not addressed in the ISS guidelines or proposals for which GPIM has indicated that a decision will be made on a case-by-case basis). Such proposals will be forwarded by Operations to the investment team(s) responsible for the client account. If the investment team(s) responsible determines that there is no material conflict of interest, the proposal will be voted in accordance with the recommendation of said team(s).

GPIM occasionally may be subject to conflicts of interest in the voting of proxies due to relationships it maintains with persons having an interest in the outcome of particular votes. The proxies that are not addressed by the Guidelines or are to be voted on a case-by-case basis will be forwarded to the appropriate investment management team(s) by Operations. Determination of whether there is a material conflict of interest between GPIM and a client due to (a) the provision of services or products by a GPIM affiliate to the company on whose behalf proxies are being solicited, (b) personal relationships that may exist between personnel of GPIM or its affiliates and proponents of a proxy issue or (c) any other issue, shall be made by senior members of the investment team responsible for voting the proxy. If a conflict of interest exists, the investment team will

consult the Committee (and Legal, as necessary) to determine how to vote the proxy consistent with the procedures below.

In the absence of established Guidelines (e.g., in instances where the Guidelines provide for a “case-by-case” review), GPIM may vote a proxy regarding that proposal in any of the following manners:

- Refer Proposal to the Client – GPIM may refer the proposal to the client and obtain instructions from the client on how to vote the proxy relating to that proposal.
- Obtain Client Ratification – If GPIM is in a position to disclose the conflict to the client (i.e., such information is not confidential), GPIM may determine how it proposes to vote the proposal on which it has a conflict, fully disclose the nature of the conflict to the client, and obtain the client’s consent for how GPIM will vote on the proposal (or otherwise obtain instructions from the client on how the proxy on the proposal should be voted).
- Use an Independent Third Party for All Proposals – Subject to any client imposed proxy voting policies, GPIM may vote all proposals in a proxy according to the policies of an independent third party (or to have the third party vote such proxies).
- Use an Independent Third Party to Vote the Specific Proposals that Involve a Conflict – Subject to any client imposed proxy voting policies, GPIM may use an independent third party to recommend how the proxy for specific proposals that involve a conflict should be voted (or to have the third party vote such proxies).
- Abstaining.

The method selected by GPIM to resolve the conflict may vary from one instance to another depending upon the facts and circumstances of the situation, but in each case, consistent with its duty of loyalty and care.

Clients may obtain information about how GPIM voted proxies on their behalf by contacting their GPIM administrative representative.

Item 18 – Financial Information

GPIM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and thus has not included a balance sheet for its most recent fiscal year. 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.