

**ITEM 1**

**COVER PAGE**

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**GUGGENHEIM**

**GUGGENHEIM INVESTMENT ADVISORS, LLC**

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**PART 2A OF FORM ADV: FIRM BROCHURE**

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This brochure provides information about the qualifications and business practices of Guggenheim Investment Advisors, LLC (“GIA”), a Delaware limited liability company. If you have any questions about the contents of this brochure, please contact us at (212) 901-9405 or [dina.dilorenzo@guggenheimpartners.com](mailto:dina.dilorenzo@guggenheimpartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. GIA is registered as an investment adviser with the SEC. Registration does not imply a certain level of skill or training.

Additional information about GIA is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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March 31, 2018

## **ITEM 2**

### **MATERIAL CHANGES**

GIA had no material changes made to its brochure update since its last annual update submitted on March 31, 2017.

### ITEM 3

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## ITEM 4

### ADVISORY BUSINESS

#### A. General Description of Advisory Firm

GIA is a Delaware Limited Liability Company and began operations in July 2000. GIA is wholly owned by GWM Holdco, LLC. GWM Holdco, LLC is a subsidiary of Guggenheim Partners, LLC, which in turn is a subsidiary of Guggenheim Capital, LLC. Guggenheim Capital is owned in part by Sage Assets, Inc. Sage Assets, Inc. is wholly owned by Sammons Equity Alliance, Inc. Sammons Equity Alliance, Inc. is wholly owned by Consolidated Investment Services, Inc., which is wholly-owned by Sammons Enterprises, Inc., which is owned by Sammons Enterprises, Inc. Employee Stock Ownership Trust. GreatBanc Trust Company is the Trustee for Sammons Enterprises, Inc. Employee Stock Ownership Trust.

#### B. Description of Advisory Services

GIA's business focuses on serving insurance company and other institutional clients. GIA provides investment advisory services offered on a discretionary basis. These services include implementation of quantitative investment strategies whereby GIA will engage in hedging and event-driven strategies, primarily through derivatives transactions. Additionally, GIA provides its clients ongoing evaluation, monitoring and reporting of its strategies.

Please see Item 8, "**METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**" for more details on and descriptions of GIA's investment strategies.

The descriptions set forth in this Brochure of specific advisory services that GIA offers to clients should not be understood to limit in any way GIA's investment activities. GIA may, in the future, offer any advisory services, engage in any investment strategy and make any investment that GIA considers appropriate, subject to each client's investment objectives and guidelines.

GIA does not restrict its investment advice to certain specific types of investments; however decisions regarding portfolio recommendations will be made in accordance with the applicable investor and/or stated investment objectives, including limitations on investment.

#### C. Wrap Fee Programs

Currently, GIA does not sponsor a wrap fee program.

#### D. Assets Under Management

As of December 31, 2017, GIA managed on a discretionary basis, regulatory assets under management of \$8,979,827,798. GIA's regulatory assets under management are calculated on notional value, rather than on market value; see Item 5.

## ITEM 5

### FEES AND COMPENSATION

**Quantitative Strategy Fees.** The management fee may be negotiated and shall be calculated monthly as the notional amount, equaling the total value of the assets in specified transactions further defined in Item 8 below.

Brokerage and custody fees are also discussed herein at Item 12, “**BROKERAGE PRACTICES**” and Item 15, “**CUSTODY**”.

We do not currently charge performance fees, if GIA were to charge in the future we would do so in accordance with Section 205 of the Advisers Act and the conditions of Rule 205-3 thereunder.

## ITEM 6

### PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under Item 5 above, GIA does not currently charge performance-based fees and other clients only a management fee. If GIA were to do so in the future we may face conflicts of interest by managing accounts for clients charged a performance-based fee and accounts for clients charged only a management fee or a flat fee, including that GIA may have an incentive to favor accounts for which it receives performance-based fees. Portfolio managers employed by GIA or its affiliates may manage multiple accounts 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.

## ITEM 7

### TYPES OF CLIENTS

GIA provides investment advice to insurance companies and other entities. Generally, GIA provides services to institutional entities but may consider clients with lower investable assets. There is no minimum asset base required for clients, and GIA will evaluate each client on a case by case basis.

## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

#### A. Methods of Analysis and Investment Strategies

As stated above, GIA's investment management team is responsible for quantitative strategies designed to hedge directional exposure to certain investment risks and engage in event-driven trading on an ad-hoc basis. GIA may enter into derivative, commodity swap or option, equity or index swap or option, futures, FX, repurchase and reverse repurchase transactions.

## B. Types of Risks

### **Limited Transparency.**

Limited transparency is also a factor using an algorithm. While executing an order the lack of visibility into the algorithm can be problematic for a particular market condition or investment.

**Hedging Transactions.** GIA enters into hedging transactions to seek to reduce risk for client investments. Such transactions may not be fully effective in mitigating risk, which may result in losses. Furthermore, hedging techniques involve one or more of the following risks: (i) imperfect correlation; (ii) lack of a secondary market; (iii) losses resulting from interest rate, spread or other market movements; (iv) additional margin or other payment requirements; and (v) default or refusal to perform on the part of the counterparty with which GIA trades. Additionally, to the extent that any hedging strategy involves the use of over-the-counter derivatives transactions, such a strategy would be affected by implementation of various regulations.

**Algorithmic Trading.** GIA uses algorithms which generate trade recommendations for institutional clients. Algorithms identify opportunities using a systemic approach in an automated computer system that could be affected by connectivity errors or system failure. The mathematical model that defines the instructions by which each client's objectives are transacted varies.

**Analytical Model Risk.** While GIA employs controls designed to assure that our models are sound in their development and appropriately adapted, calibrated and configured, analytical error, software development errors, and implementation errors are an inherent risk of complex analytical models and quantitative investment management processes. These errors may be extremely hard to detect in some cases, and some errors may go undetected for long periods of time, or not be detected at all. GIA controls, including our escalation policies, are designed to assure that certain types of errors are subject to review once discovered. However, the effect of errors on our investment process and, where relevant, performance (which can be either positive or negative) may not be fully apparent even when discovered. Given the inevitability of errors in our complex programming environment and the speculative nature of investing itself, one critical control is to ensure our portfolios are robust to small errors by monitoring them for adherence to the key elements of our investment philosophy. Our investment personnel exercise judgment and discretion in model output.

**Technology and Licensing Risk.** The investment strategy of and recommendations developed by GIA rely heavily on the use of proprietary and non-proprietary software, data, and intellectual property being licensed to us on a non-exclusive basis by commercial software analytics, research and data supply entities. To the extent that an unforeseeable software or hardware malfunction or problem is caused by a defect, virus or other outside force, GIA's business including our financial condition, and/or our client portfolios may be adversely affected. In addition, if licensed material is found to be owned by a third party, and not by the licensing company, as represented, GIA's business, including our financial condition, and/or our client's portfolios may be adversely affected.

**General Investment Risk.** All investments in securities and other financial instruments involve substantial

risk of volatility (potentially resulting in rapid declines in market prices and significant losses) arising from any number of factors that are beyond the control of GIA, such as: changing market sentiment; changes in industry conditions, competition and technology; changes in inflation, exchange or interest rates; changing domestic or international economic or political conditions or events; changes in tax laws and governmental regulation; and changes in trade, fiscal, monetary or exchange control programs or policies of governments or their agencies (including their central banks).

**Past Performance Is No Guarantee of Future Results.** There is no guarantee that a profitably executed strategy in the past will continue to be profitable in the future.

**Leverage.** The investment strategies used by GIA may require the use of substantial leverage, which may magnify the degree of risk. To the extent that GIA uses leverage in a separately managed account, its trading positions may result in losses that exceed the value of the assets committed to the managed account.

**Use of Derivatives.** GIA uses derivative instruments, including futures contracts, option contracts, swap agreements and forward contracts, as well as derivative techniques for hedging or speculative purposes. The use of such instruments or techniques may result in significant leveraging of the assets of the account managed.

#### Purchase and Sale of Futures Risk

Certain of our portfolios invest in futures on individual securities, indexes and currencies. Futures are volatile and are influenced by a variety of factors, including national and international political and economic developments. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to a portfolio. Positions in futures may be closed out only on the exchange on which they were entered into or through a linked exchange, and no secondary market exists for those contracts. Although relevant portfolios typically will enter into futures contracts only if an active market exists for the contracts, no assurance can be given that an active market will exist for the contracts at any particular time. Moreover, futures positions are marked-to-market at the end of each trading day. This process ensures that outstanding futures obligations are limited by the maximum daily permissible price movements and to prevent losses from accumulating in any futures account. Accordingly, if a portfolio's futures positions have declined in value, the portfolio may be required to post additional margin to cover this decline. Alternatively, if a portfolio's futures positions have increased in value, this increase will be credited to the portfolio's account or transferred to the portfolio's custodian. Unlike trading on the U.S. futures exchanges, trading on non-U.S. futures exchanges is not regulated by the U.S. Commodity Futures Trading Commission and may be subject to greater risks than trading on the U.S. exchanges. For example, some non-U.S. exchanges are principal markets so that no common clearing facility exists and a trader may look only to the broker for performance of the contract. In addition, unless a portfolio successfully hedges against fluctuations in the exchange rate between the U.S. dollar and the currencies in which trading on foreign exchanges, any profits that the portfolio might realize in trading could be eliminated by adverse changes in the exchange rate, or the portfolio could incur losses as a result of those changes.

#### Forward Contracts

Forward contracts and options thereon are not traded on exchanges, are not standardized and are not currently regulated. Instead, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain

participants in these markets have refused to quote prices for certain currencies or commodities, or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention, or other factors. The imposition of controls by governmental authorities or the implementation of regulations might also limit such forward (and futures) trading to less than that which GIA would otherwise recommend, to the possible detriment of a client. Market illiquidity or disruption could result in significant losses.

#### *Risks Related to OTC FX Transactions and FX markets*

Foreign exchange (“FX”) rates may be highly volatile and are influenced by many factors. FX rates are influenced by supply and demand, which in turn are influenced by existing and expected rates of inflation, existing and expected interest rate levels, the balance of payments between the relevant countries and government surpluses or deficits in the relevant countries, among other factors. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time. Foreign currency risks include, but are not limited to, convertibility risk, market volatility and potential interference by foreign governments through regulation of local markets, foreign investment or particular transactions in foreign currencies. FX rates may be especially volatile during times of financial turmoil, as capital can flow very quickly out of regions that are perceived to be impacted disproportionately by such turmoil.

**Use of Fixed Income Instruments.** Price movements in fixed income investments are influenced principally by changes in interest rates, as well as in the borrower’s ability to repay the investment (*i.e.*, interest rate risk and credit risk). Changes in the interest rate or creditworthiness of the issuer could negatively impact the value of fixed income instruments.

**Use of Equity Instruments.** The value of equity securities and equity derivatives generally will vary with the performance of the issuer and movements in the equity markets and an account may suffer losses if it invests in equity instruments of issuers whose performance diverges from the account’s expectations or if equity markets generally move in a single direction and such account has not hedged against such a general move.

**Non-U.S. Investments.** Trading on foreign exchanges involves the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums and investment controls, or political or diplomatic events that might adversely affect trading activities. The risks of investing in non-U.S. securities and other financial instruments may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets and higher brokerage commissions and custody fees. Furthermore, foreign trading is also subject to the risk of changes in the exchange rate between U.S. dollars and the currencies in which the securities or other financial instruments traded on such exchanges are settled.

**Counterparty Risk.** Certain securities and other financial instruments are traded in “over-the-counter” or “interdealer” markets, where participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of exchange-based markets. This exposes the account to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the account to suffer a loss.

**Market Volatility.** GIA may trade in markets where prices may fluctuate rapidly and over wide ranges. All strategies implemented by GIA will be subject to some dimension of market risk, including the restricted availability of credit, governmental intervention, directional price movements, deviations from historical



pricing relationships, changes in the regulatory environment, changes in market volatility and the “flight-to-quality.”

The diversification of a portfolio may not always be significant and, even if significant, may not provide meaningful risk control, even though it may reduce such account’s profit potential. The particular or general types of market conditions in which GIA may incur losses cannot be predicted, and GIA may materially underperform other money managers that implement substantially similar investment strategies and approaches. Certain market conditions, such as inflation, shortages of credit, declining stock markets, economic recession and rising interest rates, could materially reduce the profit potential of the accounts.

**Market Disruptions.** Certain exchanges have the ability to invoke “circuit breakers” or otherwise suspend or limit trading when prices move too rapidly. Suspended or limited trading could result in the inability of GIA to liquidate positions, exposing the account to continuing losses.

**Liquidity Risk.** Interests of client accounts will not be freely transferable and may be illiquid. An investor may terminate its investment consistent with the terms set forth in the investment advisory agreement or mutually agreed upon termination date.

**Operational Risk.** Operational risks may arise, for example, from mistakes made in the confirmation or settlement of transactions, transactions not being properly booked, evaluated or accounted for or other similar disruptions in operations that may cause financial loss, disruption of business, liability to clients or third parties, regulatory intervention or reputational damage.

**Convertible Securities.** A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by an account is called for redemption, such account will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have a material adverse effect on an account’s performance. Convertible securities are also subject to liquidity risk based on market conditions.

**Systems Risks.** GIA depends on various service providers to maintain appropriate systems to facilitate such clients’ activities. Each such service provider may rely extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor the portfolio and net capital and to generate risk management and other reports that are critical to oversight of a clients’ activities. In addition, certain of GIA’s operations will interface with or depend on systems operated by third parties, including prime brokers, securities exchanges and other types of trading systems, market counterparties, custodians and other service providers. Service providers may not be in a position to verify the risks or reliability of such third-party systems. Furthermore, these programs or systems may be subject to defects, failures or interruptions, including, without limitation, those caused by computer “worms,” viruses and power failures. Any such defect or failure could have a material adverse effect on a GIA account. For example, such failures could cause the settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect GIA’s ability to monitor the investment portfolios and risks.

The risk factors described above are not exhaustive, but rather represent some of the more common risks ascribed to investing in portfolios and products that are advised by GIA. Additional risks may apply to separately managed accounts as more fully described in documents that may be provided to an investor. All investments are subject to the risk of loss that an investor should be prepared to bear.

## ITEM 9

### DISCIPLINARY INFORMATION

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

## ITEM 10

### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

#### A. Broker-Dealer Registration Status

GIA is neither registered nor has an application pending to register as a broker-dealer; however, the following management persons are registered representatives of Guggenheim Investor Services, LLC ("GIS"), a U.S. Securities and Exchange Commission registered broker-dealer, member of FINRA and SIPC, and an affiliate of GIA: Dina DiLorenzo, Erin King, and Georgia McFarland. Dina DiLorenzo and Georgia McFarland are also registered representatives of Guggenheim Funds Distributors, LLC.

#### B. CFTC Registration Status

Dina DiLorenzo is registered as an Associated Person and Branch Manager in her capacity as Principal of Guggenheim Partners Investment Management, LLC ("GPIM") an affiliated Commodity Pool Operator ("CPO") and Commodity Trading Advisor ("CTA").

#### C. Industry Relationships Material to Advisory Business

GIA and/or its management persons, maintain the following relationships or arrangements with related persons that are material to its advisory business:

GIS is an introducing broker-dealer registered with the SEC and a member of FINRA and SIPC. GIS is a related person of GIA because they share premises, supervised persons, common ownership and control.

GPIM, mentioned above, is a related person of GIA and investment adviser that is registered with the SEC. GPIM is a NFA member registered with the CFTC as a CPO. GPIM shares premises and supervised persons with GIA.

Guggenheim Funds Distributors, LLC ("GFD") is a related person of GIA and a registered investment adviser with the Securities and Exchange Commission and broker/dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. GFD shares premises and supervised persons with GIA.

Clear Spring Life Insurance Company ("Clear Spring") is a related person and insurance company client of GIA. Guggenheim Capital, LLC, GIA's ultimate parent company, wholly owns Clear Spring.

Guggenheim Life and Annuity Company ("GLAC") is a related person and insurance company client of GIA that shares supervised persons with GIA. Guggenheim Capital, LLC, GIA's ultimate parent company, wholly owns GLAC.

Certain officers and directors of Guggenheim Capital, LLC and its subsidiaries, excluding GIA

(“Guggenheim Related Persons”), have indirect economic interests or voting interests in certain companies, including GLAC and Clear Spring, which are advisory clients of GIA’s, and these Guggenheim Related Persons may from time to time enter into transactions, including loans, with these companies or their affiliates. Guggenheim Related Persons also may have indirect economic interests or voting interests in issuers in which GIA has invested or will invest on behalf of its clients. Certain Guggenheim Related Persons are also directors or officers of certain insurance company clients.

GIA is also affiliated with other investment advisers, both registered and unregistered. These affiliated advisers are not material to GIA’s business. Certain of GIA’s management persons also hold positions with the affiliates listed above and in this Item 10. In these positions, those management persons of GIA 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 GIA and these other entities, these management persons may be subject to the same or similar potential conflicts of interest that exist between GIA and these affiliates. GIA has established a variety of restrictions, policies, procedures, and disclosures designed to address potential conflicts that may arise between GIA, its management persons and its affiliates. These policies and procedures include information barriers designed to prevent the flow of information between GIA, personnel of GIA and certain 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 GIA’s general processes to mitigate potential conflicts of interest, see “Item 6 – Performance-Based Fees and Side-By-Side Management” and “Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – General Process Regarding Potential Conflicts”.

#### D. Material Conflicts of Interest Relating to Other Investment Advisers

GIA may recommend investments in separately managed accounts, pooled investment vehicles such as mutual funds, exchange traded funds and private or hedge funds, as well as other products that may be offered, managed or advised by GIA or one of its affiliates as described above. GIA and/or its affiliates may receive compensation as an adviser or other service provider for funds, accounts or products; however, GIA is not compensated directly for the sale of a product or service offered, managed or advised by an affiliate. GIA has a conflict between its obligation to act in the best interests of its clients and any interest that GIA’s affiliates may have in generating revenues for themselves or promoting themselves. Such conflicts are disclosed in this Form ADV Part 2A Brochure, and may be disclosed in the offering materials of pooled investment vehicles, separately managed accounts and other products or services managed or advised by GIA and/or its affiliates.

Advisory relationships with related persons may pose potential conflicts of interest because there may be the perception that GIA may have the incentive to favor these related advisory clients over other advisory clients.

GIA may from time to time, initiate or recommend transactions in the securities of companies in which GIA’s affiliates have controlling interests or are affiliated. In addition, in some circumstances, GIA on behalf of its clients invests in issuers or borrowers, or otherwise participates in transactions, in which related persons of GIA, such as Guggenheim Related Persons or officers or employees of GIA, 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. Senior executives of Guggenheim Related Persons may also have provided loans to or received loans from, or from time to time in the future provide loans to or receive loans from, GIA clients.

Additional conflicts may arise where GIA invests client assets in parts of an issuer’s or borrower’s capital

structure when GIA affiliates or related persons investing 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 GIA's clients and GIA'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 GIA on behalf of its clients may have an adverse effect on the interests of its affiliates or related persons, and vice versa, (ii) GIA may have an incentive to invest GIA clients in the issuer or borrower to either facilitate or obtain preferable terms for a proposed investment by a GIA affiliate or related person in such issuer or borrower, or (iii) GIA may have an incentive to preserve or protect the value or rights associated with an existing economic interest of a GIA affiliate or related person in the issuer or borrower, which may have an adverse effect on the interests of GIA clients.

The financial interests of GIA's affiliates or related persons creates a potential conflict between the economic interests of these affiliates or related persons and the interests of GIA's clients.

GIA or its affiliates or related persons, or their respective officers, directors or employees, including portfolio managers or senior managers of GIA, 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 equivalents roles) with certain GIA clients that may create potential conflicts of interest. For example, a potential conflict could exist to the extent that portfolio managers or senior GIA personnel, or investment vehicles in which they participate, have direct or indirect personal investments in certain clients or when certain client accounts are investment options in GIA's employee benefit and/or deferred compensation plans. Investment vehicles in which GIA or its affiliates, or their respective officers, directors or employees, including portfolio managers or senior managers of GIA, have an interest may also receive loans or other funding from GIA clients. These participations or interests in client accounts may result in an incentive for GIA to favor these clients over other advisory clients. GIA'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. For additional information regarding GIA'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".

## **ITEM 11**

### **CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

GIA has adopted a Code of Ethics pursuant to the Advisers Act Rule 204A-1. The Code of Ethics applies to all employees and is designed to address conflicts of interest arising among GIA, its employees and client transactions that may arise during the course of business. It is also designed to detect and prevent the misuse of material, nonpublic information. The Code of Ethics is based upon the principle that GIA's employees owe a fiduciary duty to clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid: (i) serving their own personal interests ahead of clients; (ii) taking inappropriate advantage of their position with GIA; and (iii) any actual or potential conflicts of interest or any abuse of the position of responsibility. The Code of Ethics establishes policies and procedures that are reasonably designed to (a) prevent improper personal trading, (b) identify circumstances that may result in an actual or potential conflict of interest or the appearance thereof, and (c) provide a means to resolve such conflicts.

Generally, the Code of Ethics requires each employee of GIA and any other person subject to GIA's supervision and control to obtain prior approval of all personal transactions in securities. Clients and prospective clients may request a copy of GIA's Code of Ethics at the address or telephone number listed on the first page of this Brochure.

GIA may recommend investments in separately managed accounts, pooled investment vehicles, such as mutual funds, exchange traded funds and private funds and other products that are managed or advised by GIA and/or one of its affiliates. GIA and/or its affiliates may receive asset-based compensation as an issuer, underwriter, manager or adviser to such funds, accounts or products. This may create an incentive for GIA to recommend such separately managed accounts, pooled investment vehicles, such as mutual funds, exchange traded funds and private funds or other products for investors and clients, rather than recommending investment vehicles that are managed or advised by independent third parties. In addition, GIA's portfolio management fees and expenses, combined with fees charged by separately managed accounts, pooled investment vehicles, such as mutual funds, exchange traded funds and other private or hedge funds or other products managed or advised by GIA and/or its affiliates may result in an additional layer of fees and greater expense than would be associated with direct investment.

Certain employees of Guggenheim affiliates, provide supporting services to GIA. Such shared employees are not required to devote a certain amount of time to providing supporting services to GIA, and their other activities for the respective affiliate will involve a substantial devotion of time and effort. Such activities could be viewed as a conflict of interest in that the time and effort of such shared employees will not be devoted exclusively, or even predominately, to GIA activities. To the extent that such shared employees may have access to or come into possession of material, nonpublic or other confidential information of the other party or its clients, GIA has developed controls, including, but not limited to, the establishment of information barriers. All shared employees are subject to GIA's Code of Ethics and therefore all personal securities transactions and personal trading of shared employees who are "Access Persons" must be pre-cleared and reported in accordance with the Code of Ethics. To the extent that personal investing activities of shared employees raises potential conflicts of interest, GIA is authorized to suspend the shared employee arrangements or require that shared employees engage in such trading activities *pari passu* together with GIA clients.

Affiliates of GIA also may serve as service providers with respect to transactions, including as brokers and providers of other financial services for investors. Further, as described above, GIA may recommend investments in financial instruments issued, underwritten, distributed by or otherwise sponsored by its affiliates. The use of affiliated service providers, brokers, counterparties or distributors creates certain conflicts of interest between GIA's duties to its investors and its incentive to direct business to such affiliates. Additionally, affiliated service providers or brokers may not have the same independence with respect to the performance of their duties to a client as an unaffiliated service provider, broker or adviser. Such conflicts are disclosed in this Form ADV Part 2A Brochure.

## **ITEM 12**

### **BROKERAGE PRACTICES**

#### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

In selecting a broker for a separately managed account, GIA considers, to the extent consistent with any applicable obligations to obtain best execution, such factors as price; the ability of the broker to effect

transactions; the broker's facilities, including information systems; the broker's reliability and financial responsibility; and any research products or services provided by such broker, including to GIA, or any other factors GIA may deem appropriate with respect to the services provided by such broker. The client may provide GIA their preferred broker list or direct brokerage.

1. Research and Other Soft Dollar Benefits

Generally, the separately managed account pays its own brokerage commissions. GIA does not have any soft dollar arrangements with respect to any separately managed accounts that it manages. Any soft dollar arrangements entered into by GIA in the future are expected to be in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended; however GIA will develop specific written policies and procedures at such time as it determines to enter into any soft dollar arrangements.

2. Brokerage for Client Referrals

When selecting or recommending broker-dealers, GIA does not consider whether GIA or a related person receives client referrals from such broker-dealer or any third party and does not solicit such referrals.

3. Directed Brokerage

Clients of GIA may direct brokerage. Where GIA has the authority to select a broker-dealer to execute a transaction, it will do so in a manner consistent with its obligation to seek best execution. GIA may recommend affiliated and unaffiliated brokers to its clients.

B. Aggregated or "Bunched" Orders

GIA advises clients with similar investment strategies however, liabilities received from clients are specific to those individualized positions and hedged accordingly without allocation between GIA clients. In the event GIA aggregates investments, it 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, GIA 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, GIA 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.

## ITEM 13

### REVIEW OF ACCOUNTS

**Quantitative Model Oversight.** In connection with Guggenheim's implementation of quantitative investment strategies, GIA is responsible for the evaluation, testing of programming code ("Code") and maintaining related records. Such records include, at a minimum, a description of the quantitative investment approach or strategy, copies of related client disclosures, the approved theorems or formulae, the Code itself, a testing plan and related testing results, and the approval by GIA's Head of Business and Chief Compliance Officer. GIA conducts reviews of the operational Code used in the implementation of GIA's quantitative investment in an effort to determine whether the Code is performing as intended and in a manner consistent with client disclosures. The Chief Compliance Officer or its designee will conduct an

annual assessment of the model control procedures, to be memorialized in the Chief Compliance Officer's risk assessment. On a quarterly basis, the investment management team must complete a verification checklist signed by the quantitative team head, Guggenheim's Head of Business and the Chief Compliance Officer.

## **ITEM 14**

### **CLIENT REFERRALS AND OTHER COMPENSATION**

GIA does not receive economic benefits from non-clients for providing investment advice and other advisory services. GIA may compensate an affiliated solicitor, including its own employees, affiliates, employees of its affiliates or third party solicitors, including placement agents, finders, distributors or similar persons who refer clients to GIA. Any such compensation generally is expected to be paid by GIA to the solicitor and will not result in any additional charge to its clients.

Where applicable, GIA acts in accordance with the Advisers Act Rule 206(4)-3 and other applicable federal and state laws. Solicitation fees may be calculated as a percentage of the management fees or allocations actually received by GIA or its affiliates with respect to such clients or interests.

## **ITEM 15**

### **CUSTODY**

GIA does not have custody of client assets.

## **ITEM 16**

### **INVESTMENT DISCRETION**

GIA offers clients investment advisory services on a discretionary basis. A client signing a discretionary investment advisory agreement is granting GIA the ability to implement investment decisions on such client's behalf, subject to any limitations imposed by the client. If the client would like GIA to provide services on a discretionary basis, GIA will receive such written authority, prior to engaging in any advisory services for the client.

Prior to providing any discretionary advisory services, GIA requires that all clients enter into a written investment advisory agreement. Clients must provide personal and financial information to GIA.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

GIA clients typically retain the responsibility for voting proxies and other corporate actions that are held in the name of the individual investor.

Generally, an investor will receive proxies or other solicitations directly from its custodian or a transfer agent. In the event that GIA receives proxy materials or other solicitations on behalf of an investor, GIA will forward such information to the investor.

Investors may contact GIA at 212-901-9405 with operational questions about proxy materials or solicitations, but GIA will not advise on the merits of a particular solicitation.

## **ITEM 18**

### **FINANCIAL INFORMATION**

GIA is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients, and has never been the subject of a bankruptcy proceeding.

### **ADDITIONAL INFORMATION**

#### Business Continuity

GIA has a business continuity plan that provides for meeting the goal of recovering its critical business functions in the event of a disaster affecting one of its offices. Critical business functions include: communicating with clients; managing and trading the client accounts, performing investment research and analysis, accessing key network based files, and regulatory reporting.

#### Cybersecurity

Guggenheim believes that information is one of its most important assets. The firm's information security policy sets forth the requirements for the protection and security of the firm's information in order to maintain confidentiality, integrity and availability. At a core level, information is classified as highly confidential, confidential or public. Highly confidential and confidential information have strict limitations on their access, use and transmission. Access and entitlement to this type of information is approved by an employee's manager with a review of that access at least quarterly. In addition, transmission of highly confidential information must be through an encrypted method and transmission of confidential information may be but is not required to be sent through an encrypted method.

In addition, user IDs and passwords are known only to the user and passwords must be changed periodically. Visitors requiring access to the internet when visiting a Guggenheim office are allowed to use the guest network but cannot have access to the Guggenheim network.