

## **1. COVER PAGE**

### **GUGGENHEIM INVESTMENT ADVISORS, LLC**

#### **WRAP FEE PROGRAM BROCHURE**

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**This wrap fee program brochure provides information about the qualifications and business practices of Guggenheim Investment Advisors, LLC. If you have any questions about the contents of this wrap fee program brochure, please contact us at 212-901-9405 and /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 or by any state securities authority.**

**Guggenheim Investment Advisors, LLC is a registered investment adviser. The term “registered investment adviser” does not imply a certain level of skill or training.**

**Additional information about Guggenheim Investment Advisors, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## 2. SUMMARY OF MATERIAL CHANGES

Guggenheim Investment Advisors, LLC (“GIA”) is required to identify and discuss any material changes made to this Form ADV Part 2A Wrap Fee Program Brochure (this “Wrap Fee Program Brochure”) since its last annual update on March 31, 2011. The following material changes have been identified:

As of March 2012, GIA acts as manager to certain private funds (the “Private Funds”), as described further in this Wrap Fee Program Brochure. Private Funds may be available for investment by wrap program clients. The Private Funds were previously managed by Guggenheim Advisors, LLC (“Guggenheim Advisors”), an affiliate of GIA. Currently, the Private Funds that GIA manages may invest in separately managed accounts, as well as pooled investment vehicles, such as mutual funds, exchange traded funds and other private or hedge funds. Certain Private Funds also may invest in and directly hold financial instruments. Additional information about the Private Funds can be found in this Wrap Fee Program Brochure.

GIA also constructs asset allocation strategies and model portfolios where it selects the underlying investments for such model portfolios (“Model Strategies”) for a variety of investors and may be available for investment by wrap program clients. Certain Model Strategies are executed through and maintained by an independent investment adviser. Additional information about the Model Strategies can be found in this Wrap Fee Program Brochure.

Philip E. Moriarty is no longer part of the management team of GIA.

Dina DiLorenzo is now the Chief Operating Officer of GIA.

### **3. TABLE OF CONTENTS**

<b>1.</b>	<b>Cover Page.....</b>	<b>1</b>
<b>2.</b>	<b>Summary Of Material Changes.....</b>	<b>2</b>
<b>3.</b>	<b>Table Of Contents .....</b>	<b>3</b>
<b>4.</b>	<b>Services, Fees And Compensation.....</b>	<b>4</b>
<b>5.</b>	<b>Account Requirements And Types Of Clients .....</b>	<b>5</b>
<b>6.</b>	<b>Portfolio Manager Selection And Evaluation.....</b>	<b>5</b>
<b>7.</b>	<b>Client Information Provided To Portfolio Managers.....</b>	<b>12</b>
<b>8.</b>	<b>Client Contact With Portfolio Managers.....</b>	<b>12</b>
<b>9.</b>	<b>Additional Information .....</b>	<b>12</b>
<b>10.</b>	<b>Requirements For State-Registered Advisers .....</b>	<b>18</b>

#### **4. SERVICES, FEES AND COMPENSATION**

GIA sponsors a wrap fee program which is available to Guggenheim Wealth Management (“GWM”) clients. The GIA wrap program consists of investment advisory services offered on a discretionary or non-discretionary basis and may include access to Riskometry™, model portfolios and private investment funds; asset allocation; investment manager (each, an “Investment Manager”) selection; portfolio implementation, monitoring and rebalancing; and reporting. Recommended investments may include Private Funds and/or Model Strategies (both as described below in this Wrap Fee Program Brochure) or other products or services that may be offered, advised or managed by GIA and Investment Managers that may be affiliates of GIA.

The GIA wrap program offers the same investment advisory services offered to GWM clients that do not participate in the wrap program. Custody for wrap program clients is provided by J.P. Morgan Clearing Corp. GIA charges clients a fee for the bundling of services rendered through the wrap program based on a percentage of assets under management. 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 may provide certain brokerage services for the wrap program. Wrap program clients are not charged a separate fee for GIS services.

With respect to each client, the wrap fee is set forth in the investment advisory agreement at the time it is signed and/or amended. Although wrap fees may be negotiated, generally, the wrap fee is expressed as a percentage of the value of the assets under management, typically in the range of 0.75%-1.50% per year. The wrap fee typically accrues at the end of each month and is payable quarterly in arrears.

The wrap fee is negotiable will vary based on the types of assets included in client’s portfolio, the complexity and size of the portfolio, the services to be provided and other factors. Accordingly, the wrap fee for any given client may be higher or lower than for any other client. Under certain circumstances, the wrap fee may be structured as a fixed fee.

The wrap fee represents the fee payable to GIA. The wrap fee may not include, among other things, Investment Manager fees, managed fund and mutual fund fees that may be payable under the terms of the applicable fund, brokerage fees, custodial fees or other third party fees. GIA does not charge commissions or markups to wrap program clients, and GIA does not seek any fees or commissions from third parties with respect to client transactions. GIS does not charge any brokerage fees to wrap program clients, however it may receive commissions paid by funds that are recommended to a wrap program clients.

When considering the wrap program, a prospective client should be aware that the wrap program may cost more or less than purchasing advisory, brokerage and custodial services included in the wrap program separately. The factors that should be considered by a prospective client include the size of the client’s portfolio, the nature of the investments to be managed, custodial expenses, the anticipated level of trading activity,

commission costs, if any, and the amount of advisory fees for managing the client portfolio.

GIA may compensate an affiliated solicitor, including its own employees, affiliates or employees of its affiliates for client referrals to the wrap fee program. Any referral fee shall be paid by GIA to the solicitor and will not result in any additional charge to the wrap program client. GIA requires affiliated solicitors to disclose the nature of their relationship with GIA to prospective clients at the time of the solicitation.

## **5. ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

GIA generally offers the wrap program services to clients such as high net worth individuals, trusts and other entities that have a minimum of \$50 million of investable assets. GIA, in its sole discretion, may accept wrap program clients with fewer assets.

## **6. PORTFOLIO MANAGER SELECTION AND EVALUATION**

GIA's portfolio management team provides all portfolio management services for GIA. The portfolio management team is responsible for the following areas with respect to investment advice for clients: (i) portfolio modeling and asset allocation and (ii) Investment Manager and investment vehicle evaluation and (iii) Private Fund advising and management.

The GIA portfolio management team develops customized portfolio models and asset allocation recommendations based on an investor's objectives and restrictions. For portfolio modeling and asset allocation, GIA uses Riskometry, a proprietary risk assessment program that evaluates how people actually behave, based on their personalities and personal concerns, rather than how an idealized investor acts. Riskometry examines the psychology of investing and considers the intuitive responses and behavioral biases that individuals exhibit when considering risk tolerance for investing. GIA evaluates an investor's risk tolerance through the use of specialized questionnaires, as well as a review of an investor's holdings and current financial situation. The portfolio management team uses proprietary software to evaluate and test the effects of multiple portfolio strategies and assist in developing an investor's investment policy statement ("Investment Policy Statement"). The Investment Policy Statement includes the portfolio objectives and guidelines, which may contain liquidity constraints, asset or liability matching goals, drawdown provisions, legal investment structures, domicile of investment, volatility and risk (different beta limitations), as well as other instructions regarding investments, such as the continued holding of particular investments and limitations based on social issues or other matters. The GIA portfolio management team also creates Model Strategies that can be used by multiple investors to fulfill specific investment requirements.

With respect to Investment Manager and investment vehicle selection, GIA's portfolio management team employs a detailed approach to researching and selecting Investment Managers suitable for investment. This analysis and selection process is performed for

individual clients, Private Funds and Model Strategies. GIA identifies potential Investment Managers through networks established by analysts at GIA and its affiliates, as well as through periodicals, directories and databases containing information about Investment Managers. After a potential Investment Managers is identified, GIA and/or one of its affiliates will perform investment, operational and/or other due diligence on the Investment Managers and its key personnel through a variety of methods, including a review of the Investment Manager's offering documents and SEC or other regulatory filings (if applicable), as well as interviews with the Investment Manager's personnel (both principals and staff).

After an Investment Manager has been approved, GIA and/or one of its affiliates conduct on-going reviews and analysis of the Investment Manager's investment performance, including adherence to its investment strategy, guidelines and restrictions. Investment manager performance is reviewed relative to applicable major market and style indices, on an absolute basis and on a risk-adjusted basis.

GIA may cease recommending an Investment Manager for reasons including but not limited to changes in management or ownership, poor performance, failure to follow a stated investment discipline or other concerns, or because of the identification of an alternative Investment Manager that provides similar investment characteristics but is thought to be superior.

GIA evaluates Investment Managers specializing in a wide variety of financial instruments and investment strategies, including (i) domestic and international fixed income, including taxable and tax-exempt; (ii) equity and long-short equity securities, including domestic, international and developing economy; (iii) real assets and inflation-related strategies, including real estate, commodities and inflation-linked financial instruments; and (iv) multi-strategy funds, such as opportunistic, relative value, distressed securities, global macro, managed futures, market neutral and event driven. The Investment Managers execute their strategies by advising separately managed accounts and pooled investment vehicles such as mutual funds and private or hedge funds and other products.

GIA seeks out Investment Managers with a range of disciplines to make a wide variety of strategies available. Each of the investment strategies has risks. Investing in securities involves risk of loss that an investor should be prepared to bear.

Wrap program clients generally may invest with Investment Managers, either through a pooled investment vehicle or separate account managed by a particular Investment Manager. An investment in a pooled investment vehicle, including the Private Funds that are managed or advised by GIA, that allocate assets to Investment Managers carries certain risks that are described below.

**Investment Manager Risk.** There is no guarantee that the manager of a Private Fund will be successful in selecting portfolio managers. Decisions regarding timing, size of

allocation to Investment Managers and the overall mix of trading styles will all impact the performance.

**Limited Transparency.** To the extent that a Private Fund invests in an Investment Manager's private fund, GIA will have limited access to information that might permit early detection of problems or management issues. Many Investment Managers do not distribute performance figures until month or quarter end, and information on their positions may be vague. The timeliness and usefulness of that information could create issues for the management of the Private Fund.

**Layered Expenses.** In addition to directly bearing the costs and expenses arising from an investment in a Private Fund, investors will bear, indirectly, the costs and expenses borne by the underlying funds or accounts.

**Performance Compensation.** A Private Fund often will pay performance compensation to individual Investment Managers based on the independent performance of the Investment Manager's fund or account. The Private Fund may be required to pay performance compensation to Investment Managers even if the Private Fund experiences a loss overall.

**Lengthy Withdrawal Process.** The process of withdrawing from an Investment Manager may be complicated by "lock ups" or "gates," which prevent investors from withdrawing during particular time periods or impose fees. In addition, Investment Managers may have the ability to withhold a portion of the withdrawal proceeds. These restrictions may hinder the Private Fund's ability to make timely withdrawal payments to investors.

**"Uninvested" Assets May Dilute Returns.** GIA may invest a portion of a Private Fund's assets in short term instruments such as U.S. treasury securities or money market funds when suitable investments with Investment Managers are not available or due to liquidity demands on the fund-of-funds. Such periods of "uninvestment" may have a negative impact on performance.

Investing with Investment Managers, whether directly or indirectly, carries certain risks. For investors who access Investment Managers through a pooled investment vehicle that invests with multiple Investment Managers, the following risk factors should be considered in addition to the ones described above. For investors that invest directly with Investment Managers through a pooled investment vehicle or other direct investment such as a managed account, the risk factors described below represent the primary strategy risks, as well as certain structural risks that may apply to a pooled investment vehicle.

**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 the Investment Manager, such as: changing market sentiment; changes in

industrial 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 an Investment Manager that has profitably executed a strategy in the past will continue to be profitable in the future.

**Leverage.** The investment strategies used by Investment Managers may require the use of substantial leverage, which may magnify the degree of risk, as well as the opportunity for gain. To the extent that the Investment Manager 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.** Certain of the Investment Managers may use 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 fund or account managed by the Investment Manager.

**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.

**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 may be 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 fund or 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 fund or account to suffer a loss.



**Market Volatility.** An Investment Manager may trade in markets where prices may fluctuate rapidly and over wide ranges.

**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 an Investment Manager to liquidate positions, exposing the fund or account to continuing losses.

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 or recommended by GIA. Additional risks may apply to specific pooled investment vehicles (including the Private Funds), Model Strategies, separately managed accounts and other products and are more fully described in the offering and other disclosure 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.

See Item 9, “**ADDITIONAL INFORMATION- Review of Accounts**” for additional information on standards used to calculate performance and account review and valuation.

### **Related Persons**

The portfolio management team is responsible for asset allocation and portfolio management for accounts participating in the GIA wrap fee program. GIA affiliates do not provide portfolio advice to the GIA wrap fee program. 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 Investment Manager or other service provider for funds, accounts or products; however, neither GIA nor any of its supervised persons is compensated directly for the sale of a product or service offered, managed or advised by an affiliate.

### **Advisory Business**

For the wrap program, GIA’s “Guggenheim Wealth Management” or “GWM,” business is described at Item 4, “**SERVICES, FEES AND COMPENSATION.**” The GIA wrap program offers the same investment advisory services offered to GWM clients that do not participate in the wrap program. Advisory services are provided to GWM clients on both a discretionary and a non-discretionary basis.

A portion of GIA’s business, referred to herein as “Guggenheim Investment Advisory Solutions” or “GIAS,” focuses on providing advisory services to other investment advisers, family offices, trust companies, private banks, insurance companies and other intermediaries (each, an “Intermediary” and together, the “Intermediaries”), that may in turn serve their own clients. Services offered may include access to Riskometry, model

portfolios and private investment funds; asset allocation; and Investment Manager selection, each of which may assist Intermediaries in serving their own clients. Investment offerings may include Private Funds and/or Model Strategies or other products or services that may be offered, advised or managed by GIA and Investment Managers that may be affiliates of GIA. Advisory services are provided to Intermediaries on a non-discretionary basis.

GIA also provides services through the management of certain strategy funds (collectively, the “Private Funds”). The Private Funds to which GIA provides its services are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and interests in such Private Funds are not registered under the Securities Act of 1933, as amended. The Private Funds are offered on private placement basis, exclusively to investors who meet the specific requirements set forth in the offering documents for each Private Fund. Currently, the Private Funds that GIA manages may invest in separately managed accounts, as well as pooled investment vehicles such as mutual funds, exchange traded funds and other private or hedge funds that are organized, controlled, advised and/or managed by Investment Managers. Selected Investment Managers may or may not be affiliates of GIA. Certain Private Funds may also invest in and directly hold financial instruments. GIA has discretionary authority with respect to the Private Funds’ investment allocations to the Investment Managers; however Investment Managers generally have discretion with respect to investing and trading activities related to that allocation. GIA manages the Private Funds in accordance with the terms of the applicable investment management agreements, service agreements, organizational documents or offering documents.

GIA also constructs asset allocation strategies and model portfolios where it selects the underlying investments for such model portfolios (“Model Strategies”) for a variety of investors. Model Strategies are created to fulfill a particular investment objective and may be executed at different levels of customization for investors. GIA provides access to the Model Strategies and provides services to such Model Strategies in accordance with the terms of the applicable investment management agreements, service agreements, organizational documents or offering documents. Model Strategies may be executed through and maintained by an independent investment adviser. The Model Strategies that are be executed through and maintained by an independent investment adviser will not modified for individual investors and may include allocations to mutual funds, exchange traded funds, and, in certain cases, separately managed accounts that are organized, controlled, advised and/or managed by Investment Managers (including affiliates of GIA). Model Strategies may be executed by investors that are clients of Financial Intermediaries at multiple levels that may include, in addition to mutual funds, exchange traded funds and separately managed accounts, allocations to private or hedge funds, including the Private Funds and other investment products or services that are organized, controlled, advised and/or managed by Investment Managers (including affiliates of GIA). Model Strategies may be completely customized for investors that are GWM clients and may include an allocation of assets to any appropriate investment strategy or product based on the client’s investment objective. Model Strategies generally are made available to investors on a non-discretionary basis.

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's, Private Fund's or Model Strategy's stated investment objectives, including limitations on investment.

### **Performance-Based Fees and Side-By-Side Management**

GIA may charge certain GWM clients performance-based fees and other clients, including certain wrap program clients, only a management fee based on a percentage of the client's net assets under management. GIA charges others, including Private Funds and Model Strategies that are executed through and maintained by an independent investment adviser a management fee based on the net assets under management. Fees for services provided to Intermediaries will be negotiated and billed on a case-by-case basis, but no performance fees are charged currently.

GIA may face conflicts of interest by managing accounts for GWM clients charged a performance-based fee and accounts for GWM 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. GIA's performance fees may create an incentive for it to make investments that are riskier or more speculative than would be the case in the absence of such fees because GIA benefits from such fees on the appreciation in value of the applicable investments. Moreover, the Private Funds may invest in separately managed accounts and pooled investment vehicles, such as mutual funds, exchange traded funds and other private or hedge funds that are organized, controlled and/or managed by Investment Managers, including affiliates of GIA, that are compensated in whole or in part based on the appreciation in value (including unrealized appreciation) of the assets managed by the Investment Managers. This type of arrangement may create an incentive for the Investment Managers to make investments that are riskier or more speculative than would be the case in the absence of such an arrangement. All Private Fund offering documents disclose where performance fees may be charged by an Investment Manager to the Private Fund.

### **Voting Client Securities**

GIA does not vote proxies or corporate actions with respect to securities in portfolios. Investors retain the responsibility for voting proxies and other corporate actions that are held in the name of individual investor. This policy applies to all GWM clients, including wrap program clients.

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.

With respect to the Private Funds, GIA does not vote securities in the ordinary course of business. GIA generally will authorize Investment Managers to exercise voting rights with respect to the securities held by a separately managed account, and an Investment Manager are authorized to exercise voting rights for a pooled investment vehicle that it

manages. Certain Investment Managers, however, may not accept authority to exercise voting rights on behalf of a separately managed account. In such a case, or if a Private Fund invests directly in securities that have voting rights, GIA's portfolio management team will be responsible for voting such securities. The portfolio management team, in accordance with its written guidelines, will evaluate voting for board memberships, corporate organizational and policy matters and corporate actions such as tender offers and exchange offers.

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.

## **7. CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

GIA encourages ongoing communication between its clients and portfolio managers for client portfolios. Clients in the wrap program provide personal and financial information to GIA. Each wrap program client has a relationship manager who, among other things, is principally responsible for gathering information about the client and collecting account documentation.

The portfolio management team monitors client portfolios on an ongoing basis. At least quarterly, the performance of wrap program client portfolios is evaluated on an absolute, relative and risk-adjusted basis and for compliance with the Investment Policy Statement established for the portfolio. At least annually, the Portfolio Managers will review a client's Investment Policy Statement to confirm that it remains consistent with client stated goals and objectives. Typically, relationship managers will meet with clients at least annually, and more frequently if requested by a client, to review the client's portfolio, including performance, market conditions, financial circumstances and investment objectives. For additional information, see Item 9, "**ADDITIONAL INFORMATION- Review of Accounts.**"

## **8. CLIENT CONTACT WITH PORTFOLIO MANAGERS**

GIA encourages ongoing communication between its clients and their GIA portfolio managers with respect to client portfolios. There are no restrictions placed on the clients' ability to contact and consult with their GIA portfolio managers.

## **9. ADDITIONAL INFORMATION**

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of GIA or the integrity of GIA's management. GIA has no information applicable to this item.

## **Other Financial Industry Activities and Affiliations**

GIA is neither registered nor has an application pending to register as a broker-dealer; however, the following management persons are registered representatives of the affiliated broker-dealer, Guggenheim Investor Services, LLC: Dina DiLorenzo, Andrew Rosenfield, Donald J. Mueth, Chuck Stucke and Adam Rezak.

Neither GIA nor any of its management persons is registered nor has an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. GIA is a commodity pool operator that is exempt from registration

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

Guggenheim Investor Services, LLC (“GIS”) is an introducing broker/dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. GIS is a related person of GIA because they share common ownership and control. GIS may receive selling compensation from an issuer (such as a mutual fund or an insurance company), including sales loads, commissions and/or Investment Company Act Rule 12b-1 (distribution) fees, as well as commissions, for executing transactions. GIS may also receive compensation related to the distribution of offering materials for the Private Funds and the Feeder Funds.

Guggenheim Onshore Access Fund, LLC, Guggenheim Offshore Access Fund Ltd. and Highly Managed Offshore Access Fund ERISA SPC (the “Feeder Funds”) are unmanaged pooled investment vehicles that provide access for investors to private investment funds offered, managed or advised by independent Investment Managers. GIS, a related person of GIA may receive selling compensation as a result of its distribution of the Feeder Funds’ underlying private funds managed by independent Investment Managers.

GP Feeder Fund Management, LLC (“GPFFM”) is a related person of GIA. GPFFM is the managing member or holds a comparable position for the Feeder Funds. Further, due to its role as managing member or comparable position with the Feeder Funds, GPFFM is also a commodity pool operator that is exempt from registration. GPFFM may be paid a fee by the Feeder Funds to pay operational expenses of the Feeder Funds. GIA may receive compensation for support services provided to GPFFM.

Guggenheim Advisors, LLC (“GA”) is a related person of GIA and is a registered investment adviser. GA previously acted as the manager of the Private Funds. In addition, certain supervised persons of GIA are also supervised persons of GA.

Asset Consulting Group, LLC (“ACG”) is a related person of GIA. ACG is a registered investment adviser and pension consultant that provides portfolio advice and services to pension funds. GIA relies, in part, on research developed and provided by ACG. ACG may take action or provide different advice to its clients than GIA does with respect to its

clients based on different investment objectives and requirements. In addition, a member of GIA's management team is also a member of ACG's management team.

Guggenheim Life and Annuity Company ("GLAC") is a related person of GIA and offers accident, health and life insurance services. A member of the management team of GLAC is a registered representative of GIS and has provided insurance services to a GIA client.

GS Gamma Advisors, LLC ("GS Gamma") is a related person of GIA and a registered investment adviser. GS Gamma is an Investment Manager that has been selected for certain GIA clients.

Guggenheim Partners India Management, LLC ("GPIM") is a related person of GIA. A member of GIA's portfolio management team provides services to GPIM. In addition a member of GIA's management team is also a member of GPIM's management team.

Guggenheim Investment Advisors (Hong Kong) Ltd. ("GIA HK") is a related person of GIA. GIA HK is licensed by the Hong Kong Securities and Futures Commission. GIA HK is a registered investment adviser and certain GIA HK clients have invested in one or more of the Feeder Funds. A member of GIA's portfolio management team provides services to GIA HK.

Guggenheim Funds Investment Advisors, LLC ("GFIA") is a related person of GIA and a registered investment adviser. GFIA is an Investment Manager selected by one or more of the Private Funds.

Guggenheim Investment Management, LLC ("GIM") is a related person of GIA and a registered investment adviser. GIM may be an Investment Manager selected by one or more of the Private Funds.

Guggenheim Partners Asset Management, LLC ("GPAM") is a related person of GIA and a registered investment adviser. GPAM shares premises with GIA.

Security Investors, LLC, which primarily does business under the name Security Global Investors, LLC ("SGI") is a related person of GIA and is a registered investment adviser. SGI is an Investment Manager selected by one or more of the Private Funds.

Transparent Value Advisors, LLC ("Transparent Value") is a related person of GIA and is registered investment adviser. Transparent Value is an Investment Manager selected by one or more of the Private Funds.

With respect to each of the above related persons and affiliates of GIA, all such personnel devote such time to the activities of GIA and each such other related person or affiliate as is necessary and appropriate to carry out their duties in accordance with applicable standards and the amount of time devoted to different duties may vary.

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 Investment Manager 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 will have 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 Wrap Fee Program Brochure, and may be disclosed in the offering materials for of pooled investment vehicles, separately managed accounts and other products or services managed or advised by GIA and/or its affiliates.

GIA does not have any relationships that are material to its advisory business or to its clients with a bank or thrift institution, an accountant or accounting firm, a lawyer or a law firm, or a real estate broker or dealer.

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

GIA has adopted a Code of Ethics (“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 Wrap Fee Program Brochure.

For wrap program clients, GIA may recommend investments in separately managed accounts, pooled investment vehicles, such as mutual funds, exchange traded funds and other private or hedge funds and other products that are managed or advised by GIA and/or one 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 other private or hedge funds or other products for investors and clients, including the Private Funds, 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.

Affiliates of GIA also may serve as service providers with respect to transactions, including as brokers and providers of other financial services for wrap program clients. 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 Investment Manager.

Such conflicts are disclosed in this Wrap Fee Program Brochure, as well as in the offering materials for pooled investment vehicles such as the Private Funds.

GIA will not effect any cross transactions for GWM clients, including wrap program clients. Private Funds may be recommended to wrap program clients. Although GIA has not done so, it may effect cross transactions for the Private Funds in accordance with the policies of the Private Funds, as set forth in the offering documents for the Private Funds, and in compliance with the Advisers Act and applicable law.

### **Review of Accounts**

Each wrap program client portfolio is reviewed quarterly by committee of the portfolio management team. The purpose of the quarterly reviews is to (1) assess the performance of the assets with respect to the chosen strategies; (2) determine whether the assets have been allocated in accordance with each investor's Investment Policy Statement portfolio mandates and/or execution schedule; (3) determine whether adjustments should be made to assets within an investment or asset category; and (4) determine whether adjustments need to be made to assets as a result of market factors, internal investment research and/or changes in client circumstance.

The portfolio management team may also conduct ad hoc reviews or assessments of specific accounts. These reviews are generally prompted by market factors (e.g., volatility resulting in significant increases or decreases in market value) and/or changes in investor circumstance (e.g., cash flow needs, risk tolerance or investment time horizon).

On a quarterly basis, each wrap program client is provided with a written performance report (a "Performance Report"), which details a portfolio's performance and includes explanatory charts and graphs, and also may compare performance to benchmarks and/or indices such as the S & P 500 Equity Index and Barclays Aggregate Bond Index where appropriate.



Performance Reports are prepared by third party providers using data provided by custodians, Investment Managers and independent pricing services. Publicly traded securities are valued based on information obtained from an independent pricing service and custodian statements. Private funds (including hedge funds, private equity, real estate and venture capital or other funds) are valued based on statements or information provided by or on behalf of a private fund (including its administrator).

GIA uses third-party software for record keeping, performance calculation and reporting. GIA reports performance using Time-Weighted Rates of Returns (“TWR”). TWR is a series of geometrically linked internal rates of return (“IRRs”). By geometrically linking the IRRs from each sub-period (usually one-month periods), any impact on of returns caused by cash flows moving through an account is minimized. GIA uses TWR because by minimizing the effects of large cash flows, it better reflects the performance of underlying assets and allows for more accurate comparisons of performance of portfolios to benchmarks and/or the returns of different Investment Managers.

If requested by a wrap program client, GIA may include information on assets that are not in the portfolio in the Performance Report, though the inclusion of this information may result in an additional fee to the client. To the extent that the value of other assets is included in a Performance Report at the request of the client, the values are reported as provided by the client. GIA will not independently verify the valuation and/or pricing information provided by the investor.

From time to time GIA may adjust previously reported returns. This may occur because we receive corrected or more current information. The most common reason is due to the use of estimates reported by a private fund. When actual or corrected information is received, GIA compares it to the estimated information. If the difference is material (generally, a variance of over 0.50%), GIA will, for each affected investor, calculate the dollar amount of the change to the valuation of the affected portfolio. If such amount represents 50 basis points or more of the total value of an investor’s portfolio, GIA will issue a revised Performance Report. Historically, these differences typically have not been material, however, with a negligible effect on historical quarterly returns and, thus, in the ordinary course past reports will not be revised.

Clients in the wrap program may invest in the Private Funds and Model Strategies that GIA offers.

**Private Fund and Model Strategy Reviews.** The portfolio management team communicates with members of GIA’s operations and research teams to review the status of Private Funds and Model Strategies. Periodic reports are prepared to show the investment performance and risk exposures of the Private Funds and the Model Strategies. Based on investment performance and market conditions, GIA’s portfolio management team assesses the risk exposures of the Private Funds and the Model Strategies, along with their investment allocations among the various investment strategies and Investment Managers to make decisions concerning the allocation or re-allocation of holdings among such investment strategies and/or Investment Managers. A

review of the Private Funds' and the Model Strategies' allocations may also be triggered by any unusual activity.

GIA generally reviews each Private Fund's portfolio allocations monthly or more frequently and reviews the investment objectives for all Private Funds at least annually. The Model Strategies are evaluated no less than monthly, and allocations for Model Strategies that are executed through and maintained by an independent investment adviser are updated on a quarterly basis, as needed, unless market or other conditions require more frequent reallocations.

Investors in the Private Funds receive monthly unaudited statements showing account net asset values, changes in account values and account activity. On an annual basis, investors in the Private Funds also receive copies of the relevant Private Fund's audited financial statements. Investors in Model Strategies maintained by an independent adviser receive monthly unaudited statements showing account net asset values directly from the independent investment adviser that provides platform services to the Model Strategies.

### **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 or solicit or place interests in the Private Funds to prospective investors. 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, including the Private Funds.

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 wrap fees or allocations actually received by GIA or its affiliates with respect to such clients or interests.

### **Financial Information**

GIA does not require or solicit the prepayment of wrap fees. All wrap fees are billed in arrears. Management fees for a Private Fund in which a wrap program client may invest may be charged monthly or quarterly, generally in arrears, and are pro-rated for partial periods.

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.

## **10. REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

This item is not applicable to GIA.