

Guggenheim Investment Management, LLC

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

GIM is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

Item 2 – Material Changes

This Brochure dated March 29, 2012 is an update of a prior version of the Brochure dated as of November 9, 2011. GIM has not made any material changes to the Brochure since the March 31, 2011 annual update.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will provide you with a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year (December 31). We may provide other ongoing disclosure information about material changes as necessary.

We will also provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting the Chief Compliance Officer at erin.king@gpam.com or (310) 576-1229.

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Item 4 – Advisory Business

A. Guggenheim Investment Management, LLC (“GIM” or the “Adviser”) is an indirect subsidiary of Guggenheim Partners, LLC, which is owned by Guggenheim Capital, LLC. Guggenheim Capital, LLC is owned in part by Sammons Enterprises, Inc. Employee Stock Ownership Trust. GIM was incorporated on October 19, 2001.

B. GIM manages and sub-manages securities and other financial instruments for its clients, including but not limited to, bank loans, high yield bonds, stressed and distressed debt, convertible bonds, investment grade bonds and loans, commercial paper, bridge loans, private placements, and equities. GIM may also invest in derivatives of the aforementioned instrument types.

C. GIM tailors its investment strategy to meet a specific client’s investment objectives. Each account is managed in a manner to achieve the investment objective of the client, as agreed upon by GIM and the client, or the fund’s offering documents, in the case of a pooled investment vehicle. Client investment guidelines may be amended, by agreement of the client and GIM, based upon changing market conditions or needs of the client.

D. GIM does not offer a wrap fee program.

E. As of March 29, 2012, GIM advises \$32,597,214,205 on a discretionary basis and \$63,104,570 on a non-discretionary basis.

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

Item 5 – Fees and Compensation

A. and B. GIM is paid a management fee on assets held in the client’s account. Management fees, set forth in the client’s investment management agreement or fund offering documents, are generally billed to clients on a monthly or quarterly basis, though some fees may be payable in advance. GIM charges a performance fee for certain clients. Please see Section 6 for further information on performance fees.

C. Clients pay, in addition to management or performance fees, brokerage commissions and other trading execution and settlement related costs and expenses, custody fees, interest incurred on borrowings, if any, and dividends paid on securities sold short. GIM also charges items of income, loss and expense to its fund clients, consistent with U.S. generally accepted accounting principles.

GIM, in certain circumstances, may invest client assets in mutual funds. If a client account holds mutual funds, the client pays two fees for the management of these assets, one to GIM and one to the mutual fund manager.

GIM, in certain circumstances, may invest client assets in interests in limited partnerships. Certain of these partnerships may be offered by affiliates of GIM who are compensated for managing these

partnerships. GIM may also receive management fees for asset or collateral management services provided to structured product vehicles (the “Structured Vehicles”).

D. In some instances, fees may be payable in advance. In the event of a withdrawal, the client would receive a pro rata rebate of the allocable portion of the fee not earned by GIM during the period. With respect to mutual or private funds, please see the fund’s offering materials for details on refunds of unearned fees and termination provisions.

E. Neither GIM nor its personnel receives transaction-based compensation for the sale of securities to clients.

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

GIM charges performance fees, in addition to management fees, for certain clients. GIM structures any performance fee arrangement subject to Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The existence of a performance fee may create an incentive for GIM to approve or cause the account to make investments in more speculative securities than it may otherwise make in the absence of a performance fee.

GIM has developed an allocation policy and procedures designed to mitigate conflicts presented by performance fees, side-by-side management, and limited investment opportunities. The allocation policy provides that investment decisions are not based upon account performance or fee structure. Allocation decisions are made in accordance with the investment objectives, guidelines, and restrictions governing the respective clients and in a manner that does not unfairly favor one client over another. The procedures also seek to monitor reasonable efficiency in client transactions and to provide portfolio managers with flexibility to use allocation methodologies appropriate to GIM’s investment disciplines and the specific goals and objectives of each client account.

Item 7 – Types of Clients

The following is a list of the types of clients to which GIM provides investment advisory services:

Registered Funds: GIM advises and sub-advises funds registered with the SEC under the Investment Company Act of 1940, as amended (the “1940 Act”).

Separate Accounts: GIM provides portfolio management services to institutions such as insurance companies, sovereign wealth funds, pension funds, special purpose vehicles, individuals, family entities and companies. For its separate account clients, GIM generally requires a minimum account size of \$50 million dollars but the amount can be waived at GIM’s discretion.

Private Funds: GIM manages privately-offered funds that are exempt from registration with the SEC. GIM serves as asset or collateral manager for certain non-registered structured products.

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

A. Investing in securities involves risk of loss that clients should be prepared to bear. GIM uses fundamental, cyclical, and technical analysis to analyze and consider investment opportunities. In addition, GIM relies on research, economic theory and capital markets data provided by certain affiliates. GIM uses third party market service data providers, including, but not limited to: Bloomberg, Reuters, and rating agencies.

B. GIM manages client assets within the fixed income and equity strategies. Material risks inherent in each strategy are described below:

Fixed Income Risks

Credit Risk — Credit risk is the risk that an issuer of a debt security is unable to make interest and principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer's ability to make payments.

High Yield Securities Risk — The market for high yield securities may be less liquid than for other asset classes. High yield securities generally have more volatile prices and carry more risk to principal loss than do investment grade securities.

Income Risk — The income earned from a portfolio may decline because of falling market interest rates. During periods of declining interest rates, the issuer of certain types of securities may exercise its option to prepay principal earlier than scheduled, forcing a portfolio to reinvest in lower yielding securities. This is known as call or prepayment risk.

During periods of rising interest rates, the average life of certain types of securities may be extended because of lower than expected principal payments. This locks in a below market interest rate, increases the security's duration and reduces the value of the security. This is known as extension risk.

Bank Loan Risk – Bank loans (sometimes called senior loans) are generally: (1) in some cases, may not be rated by a ratings organization at the time of investment; (2) not registered with the SEC; and (3) not listed on a securities exchange. In some cases, an active trading market may not exist for some bank loans, and they are generally considered less liquid than other asset classes. In most cases, investments in bank loans are designed to give bank loan investors preferential treatment over high yield bond investors if the issuer's credit quality declines. Even when these arrangements exist, however, the principal and interest owed on the bank loan may not be repaid in full.

Borrowers may default on their obligations to pay principal or interest when due. If a borrower is to file for bankruptcy, the portfolio may experience delays or limitations in its ability to realize the benefits of any collateral securing a bank loan.

A portfolio also may purchase a participation interest in a bank loan and by doing so acquires some or all of the interest of a bank in a loan to a borrower.

Equity Risks

Common Stock Risk — Equity portfolios are subject to the risk that stock prices fall over short or extended periods of time. The value of a company's common stock may fluctuate drastically from day to day based on various factors. These factors contribute to price volatility, which is a principal risk of investing in common stocks.

Quantitative Investment Strategy Risk — Portfolios using the RBP® methodology seek to track a quantitative strategy index, meaning that a portfolio invests in securities comprising an index created by a proprietary model. The factors used in the quantitative analysis and the weight placed on these factors may not be predictive of a security's value. As a result, a portfolio may have a lower return than if the portfolio is managed using a fundamental investment strategy or an index based strategy that does not incorporate quantitative analysis.

Risks of Index Investing — A portfolio using the RBP® methodology is not "actively managed." Therefore, the portfolio does not sell an equity security because the security's issuer is in financial trouble unless that security is removed from the index.

Non-Correlation Risk — A portfolio may not be fully invested at times as a result of cash flows. In addition, because a portfolio using the RBP® methodology may not fully replicate the index and may hold less than the total number of securities in the index, the portfolio is subject to management risk. This is the risk that GIM's security selection process, which is subject to a number of constraints, may not produce the intended results.

Large Capitalization Company Risk — The large capitalization companies in which the portfolios invest may underperform other segments of the equity market or the equity market as a whole.

Concentration Risk — By concentrating its assets in a particular industry or group of industries, a portfolio is subject to the risk that economic, political or other conditions that may have a negative effect on that industry or group of industries may negatively impact the portfolio to a greater extent than if the portfolio's assets invested in a wider variety of industries. In addition, the amount of a portfolio's assets in a particular industry may not match the industry's representation in the index.

Derivatives Risk — A portfolio may invest in stock and stock index futures contracts and other derivatives. Compared to conventional securities, derivatives can be more sensitive to changes in interest rates or to sudden fluctuations in market prices and thus the portfolio's losses may be greater if it invests in derivatives than if it invests only in conventional securities.

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

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

B. Neither GIM nor any of its management persons are currently commodity pool operators or commodity trade advisors or have applications pending as such.

C. Guggenheim Partners Asset Management, LLC (“GPAM”) is an investment adviser affiliated with GIM. GIM engages certain GPAM employees to advise on investment allocations, investment grade bonds, asset backed securities, municipals, and equities. GIM acts as a sub-adviser to certain portions of GPAM’s client accounts. GIM has a potential conflict in that it may favor its clients over GPAM’s clients. GPAM and GIM seek to overcome the conflict by coordinating investment decisions and allocations. GPAM and GIM share the same CIO who helps guide investment decisions, policy and practice for both advisers. This shared management is intended to mitigate interests that would otherwise not be aligned.

Guggenheim Securities, LLC (“GS”) is a broker-dealer affiliated with GIM. GS may receive fees for referring clients or investors to GIM. This may present a conflict as GIM may have an incentive to direct trades to GS. GIM’s Best Execution Policy seeks to maintain that client trades are reviewed for best execution and that trades are directed to the broker that provides favorable terms for execution. Additionally, if GS solicits a client for GIM, GS discloses their relationship with GIM to the client.

GIM is also affiliated with other broker/dealers, none of which are material to GIM’s business.

Guggenheim Corporate Funding, LLC (“GCF”) is an affiliate of GIM’s that structures credit facilities and loans. GIM, on behalf of its clients, may, in some instances, purchase loans structured by GCF. GCF does not earn a management fee; rather, GCF may earn a structuring fee which is paid by the issuer. A potential conflict may exist in that GIM’s decision to purchase a GCF structured loan assists GCF in earning a fee. GIM manages this potential conflict by having its portfolio management team evaluate each transaction to determine if it appears to be a favorable investment relative to other non-affiliated investment opportunities. The Adviser treats these purchases as “related party transactions,” and provides disclosures to clients and obtains client consent.

GIM’s affiliate, Transparent Value Advisors, LLC (“TVA”), acts as a sub-adviser to funds advised by GIM by developing and selecting investment strategies using models that are based on the RBP® Methodology.

GIM is affiliated with Guggenheim Partners Europe Limited (“GPE”). GPE, located in Dublin, Ireland, was established in 2007. GPE operates as an Investment Business firm under Regulation 11 of European Communities, Markets in Financial Instruments Directive “MiFID”. A potential conflict may exist if the portfolio management teams place opposite trades (e.g., GPE sells a security while

GIM purchases the same security). In order to manage this potential conflict, GPE participates in GIM's weekly investment committee where all credits are discussed and decisions whether to hold, buy or sell credits are made for all participating accounts.

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

D. GS also acts as agent with respect to the placements of certain investment opportunities which GIM may purchase for its clients. GS generally receives a fee from the issuer of the securities. In such a situation, GS receives a fee in addition to management fees and, where applicable, performance fees received by GIM. GIM's policy is to seek prior client consent for these transactions. This disclosure and client consent mitigates the inherent conflict of two sets of fees.

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

A. GIM has adopted a Code of Ethics and Insider Trading Policy ("Code") to comply with Rule 204A-1 under the Advisers Act, which sets forth procedures and limitations governing the business conduct and personal securities trading of persons associated with GIM. The Code is based upon the principle that GIM's employees owe a fiduciary duty to clients and to conduct their affairs, including their personal securities transactions, in a manner to avoid: (i) serving their own personal interests ahead of clients; (ii) taking inappropriate advantage of their position with the firm; and (iii) any actual or potential conflicts of interest or any abuse of their position of responsibility. Personal securities transactions of GIM's affiliated persons are reported quarterly and account holdings are reported annually. Both are monitored, in an attempt to monitor fiduciary responsibility and to limit potential conflicts of interest. In addition, GIM maintains a restricted list. Employees of GIM are prohibited from trading in companies contained therein. A copy of GIM's Code is provided to any client or prospective client upon request by contacting Erin King, CCO, at erin.king@gpam.com.

B. and C. and D. Participation or Interest in Client Transactions

Cross Transactions

GIM executes cross transactions only so long as GIM (or an affiliate) does not receive any compensation in connection with the transaction. GIM executes internal cross transactions at prices that are fair to all clients involved and that represent the current value of the securities at the time of the transaction. GIM only executes a cross transaction for a registered fund client in accordance with the requirements of Rule 17a-7 under the 1940 Act, and the policies of the respective fund family.

Related Party Transactions

In certain instances, funds managed by the Adviser may purchase interests in loans that are structured by its affiliate, GCF. The borrower compensates GCF in the form of a structuring fee, and

in certain situations, GCF shares a portion of said economics with the original lender(s) in the form of a management fee credit as specified in the underlying fund document. The Adviser treats these purchases as “related party transactions”, provides disclosures to clients, and obtains their consent to these transactions.

Recommendations of Partnerships

GIM serves as general partner (or equivalent) of several private investment vehicles for which it also acts as investment manager. These funds are offered through offering memoranda only to investors which are qualified to invest in the respective funds (e.g., accredited investors, qualified purchasers, or knowledgeable employees). Related persons of GIM from time to time solicit, recommend to, or purchase or sell on behalf of clients, securities or other investment products in which GIM, its affiliates or other related persons have a financial interest as the investment manager, general partner, or as a co-investor in these investment products. Clients of GIM may from time to time be solicited to invest in other limited partnership or limited liability companies managed by GIM or affiliates of GIM which may serve as general partner, manager in a similar capacity and are compensated for these services. This presents a potential conflict whereby GIM or its affiliates may receive additional fees or have a greater ability to allocate favorable investments to clients who invest in multiple products across GIM and its affiliates. GIM manages this conflict through disclosure in this brochure and other relevant documents, as well as the allocation process as discussed herein.

GIM and its related persons may from time to time buy or sell for their own accounts the same securities they buy or sell for, or recommend to, GIM clients. This trading is performed independent of the trading activities in client accounts and a client’s interest always has priority to the interests of GIM or its related persons. In addition, GIM or an affiliate may maintain investments in the structured vehicles it manages.

Item 12 – Brokerage Practices

A. 1. Research and Other Soft Dollar Benefits

GIM does not participate in soft dollar transactions.

A. 2. Brokerage for Client Referrals

Best Execution

GIM considers numerous factors in arranging for the purchase and sale of clients’ portfolio securities in order to achieve best execution for its clients. When selecting a broker, GIM considers the full range and quality of a broker’s services, including execution capability, price, financial stability and reliability. GIM is not obliged to merely get the lowest price or commission; but to attempt to achieve the best qualitative execution for the account. The result is that best execution is not always be measured by a comparison of quotes provided by multiple potential counterparties because in some cases there is only one, if any, counter-party which makes a market in the security

in question. In these situations, GIM uses its best effort to obtain the best execution from the counterparty. GIM monitors its use of certain brokers in the event a client provides guidelines with respect to transacting only with certain brokers.

Broker Selection

If there are multiple broker/dealers making a market in a particular security, GIM is responsible for determining the broker-dealer to use for the transaction. GIM selects the broker-dealer that it believes can execute the transaction in a manner that achieves the most favorable execution for the client under the circumstances. In making this determination, GIM takes into account such factors as price, likelihood of execution (within a desired timeframe), market conditions, volume, confidentiality, minimum market effect, creditworthiness, willingness and ability of a counterparty to make a market in particular securities, operational coordination including communication and ability to settle trades reliably and quickly, reputation for ethical and trustworthy behavior, use of automation, willingness of counterparty to commit capital, market knowledge and ability of counterparty to execute difficult transactions in unique and complex securities.

A. 3. Directed Brokerage

GIM does not engage in directed brokerage transactions.

B. GIM attempts to allocate investment opportunities among its clients in a manner it believes to be reasonable and equitable. Investment decisions for a client are made in accordance with the investment objectives, guidelines, and restrictions governing specific client accounts and are independent of investment decisions made for other clients. However, since investment decisions frequently affect more than one account, it is inevitable that, at times, it is desirable to acquire or dispose of the same security for more than one client account at the same time. Accordingly, GIM's procedures are designed to monitor that investment opportunities are allocated equitably among different client accounts. These procedures also seek to maintain reasonable efficiency in client transactions and to provide GIM with flexibility to use allocation methodologies appropriate to GIM's investment disciplines and the specific goals and objectives of each account.

GIM's clients occasionally participate in the allocation of certain eligible securities with clients of its affiliate, GPAM. When possible, investments bought or sold in an aggregated transaction are allocated among the participating client accounts starting in an approximate pro rata manner and then taking into consideration the specific objectives and constraints for each account which include, but are not limited to, the following: risk tolerance; rating constraints; maturity constraints; issue size; yield; purchase price; existing exposure; minimum trade allocation; minimum position holding size; costs of splitting trades; sector allocation limits; duration; convexity; strategy, and lot size. In addition, GIM considers the liquidity requirements, investment phase of the account (e.g., ramping-up or taking gains/losses for tax purposes) and cash available in each account when making an allocation decision.

Any material violations of the allocation and aggregation policy and procedures are reported to the Chief Compliance Officer.

Item 13 – Review of Accounts

A. and B. Each portfolio is reviewed on a routine basis by the portfolio management team. In addition to the routine guideline reviews conducted, risk management reviews are conducted regularly. On at least a monthly basis and more frequently as necessary, GIM's investment committee meets to discuss sector performance and strategy for the fixed income and bank loans accounts.

GIM equity portfolios are maintained on a centralized portfolio management system and also monitored and maintained on internally developed systems which augment the core portfolio management system. Portfolios are monitored routinely and in real-time, with reports run on a regular basis that detail portfolio performance and risk exposures. Equity portfolios are routinely rebalanced in effort to maintain that portfolio objectives are met. Portfolio performance is regularly reviewed along with detailed attribution of performance for all portfolios.

C. Funds managed by GIM have an independent trustee or a qualified custodian which distributes a monthly or quarterly account statement which provides holdings details, transaction details, and measures of the underlying characteristics of the fund's portfolio against its respective indenture requirements (if applicable).

Item 14 – Client Referrals and Other Compensation

A. GIM does not engage third party advisers to manage its clients' accounts.

B. GIM's affiliated broker-dealer, GS, refers prospective clients to GIM. This arrangement is governed by a written agreement between GIM and GS and, as applicable, complies with Rule 206(4)-3 of the Advisers Act. Solicitors' compensation may be based on either: (1) a percentage of the management fees, performance fees or both, earned by GIM from the referred client; or (2) percentage of assets raised by the solicitor.

Item 15 – Custody

In certain cases, GIM is deemed to have custody over a client account because GIM can instruct the trustee or custodian to pay fees to GIM directly from the account or is a general partner (or its equivalent) of the private fund. Clients are encouraged to review account statements which are sent directly from their custodian or trustee on a monthly or quarterly basis.

Item 16 – Investment Discretion

GIM generally is granted discretion over its client accounts. For separate accounts, each investment agreement has investment guidelines. For funds or other pooled investment vehicles, guidelines and limitations are described in the respective fund's offering material. Before assuming discretionary authority, GIM receives a power of attorney or similar trading authorization from the client.

Item 17 – Voting Client Securities

A. and B. At any time, a client may provide GIM with voting instructions. In determining how to vote individual proxies, GIM takes into account what it believes is in the best interests of its client(s). The portfolio managers, in conjunction with appropriate management or members of GIM, evaluate and vote proxies in accordance with GIM's Proxy Policy.

Additionally, for certain equity focused clients; GIM retains RiskMetrics Group ("RMG") to record, track, file and vote all proxy solicitations. Through RMG, GIM maintains these clients' proxy records, including copies of proxy statements received, a record of each vote cast, a copy of any written material used as the basis for or created in connection with proxy voting decisions.

GIM recognizes that there may be a potential conflict of interest when it votes a proxy. To that end, GIM has implemented these procedures to address certain votes that may be subject to a material conflict of interest, including, but not limited to: (a) evaluating the nature of GIM's and its employees' material business and personal relationships with any company whose equity securities are held in client accounts and any client that has sponsored or has material interest in a proposal upon which GIM, on behalf of the client, is eligible to vote; (b) prohibiting employees involved in the decision making process or vote administration from revealing how GIM intends to vote on a proposal in order to reduce any attempted influence from interested parties; and (c) where a material conflict of interest exists, abstaining a vote in certain circumstances or, (d) where necessary, considering the views of a third party research service.

Clients may obtain information about how GIM votes proxies on their behalf by contacting their GIM administrative representative. Alternatively, clients may make a written request for proxy voting information to: Chief Compliance Officer, Guggenheim Investment Management, LLC, 100 Wilshire Blvd, Ste. 500, Santa Monica, CA 90401.

Item 18 – Financial Information

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

B. The management of GIM believes it has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

C. GIM has not been the subject of a bankruptcy proceeding at any time during the past ten years.