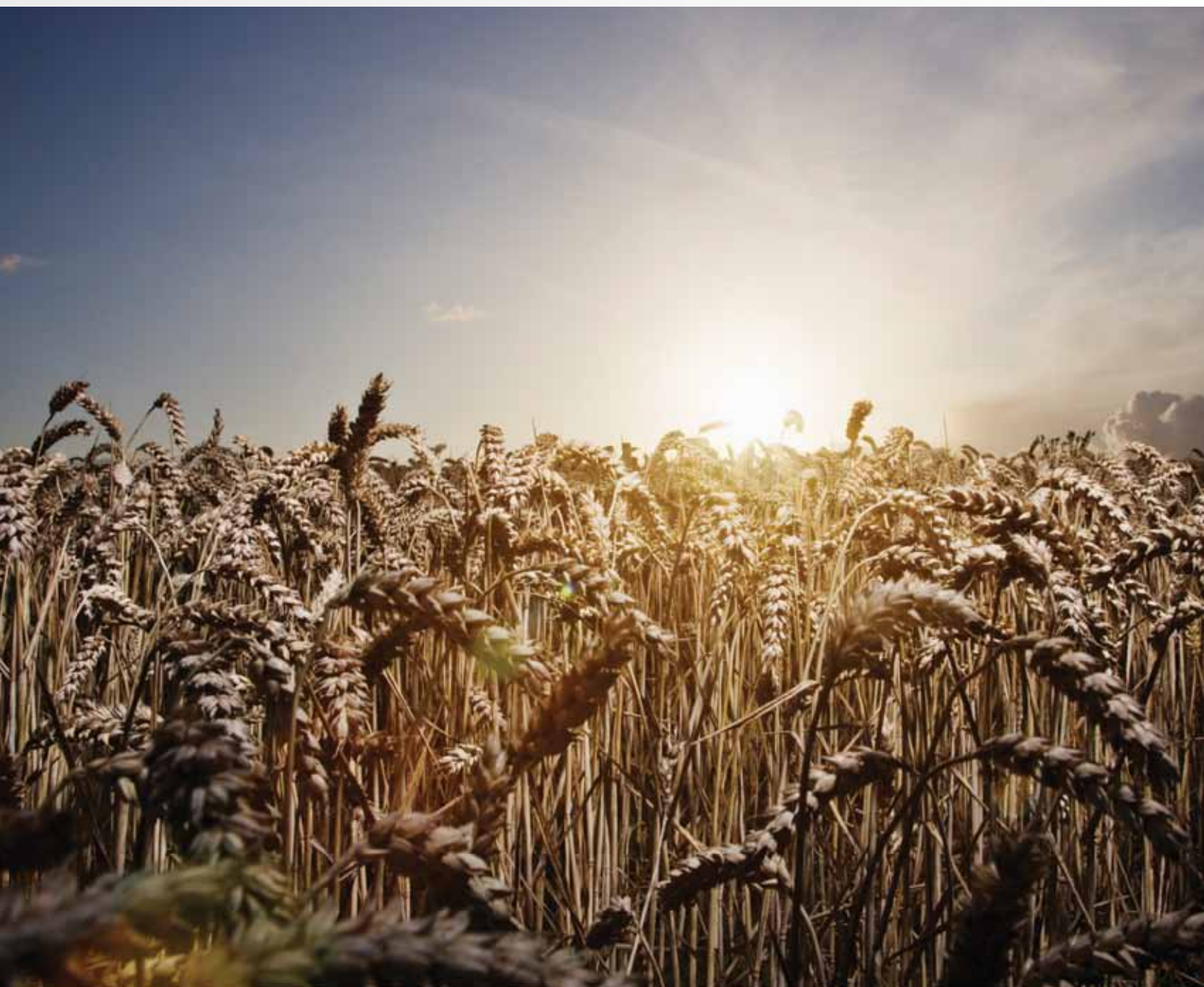

 EXCHANGE-TRADED FUNDS

Investing in Commodities

Positioning for Diversification and Inflation





The global supply of vital commodity and natural resource materials is expected to become so constrained that it will be unable to keep pace with growing global demand. Growth in emerging markets may only serve to accelerate this developing trend. These global supply and demand dynamics have the potential to place upward pressure on natural resources and commodity prices, leading to potentially attractive investment opportunities.

STRAINED GLOBAL SUPPLY

Continued growth in emerging world market economies is likely to be a key driver supporting strong demand. It is anticipated that emerging market countries will account for almost half of global growth in 2011.¹ The global supply of various natural resources and commodities is not expected to increase enough to be able to keep pace with this rising global demand.² Countries with substantial commodity deposits tend to benefit from these supply/demand dynamics.

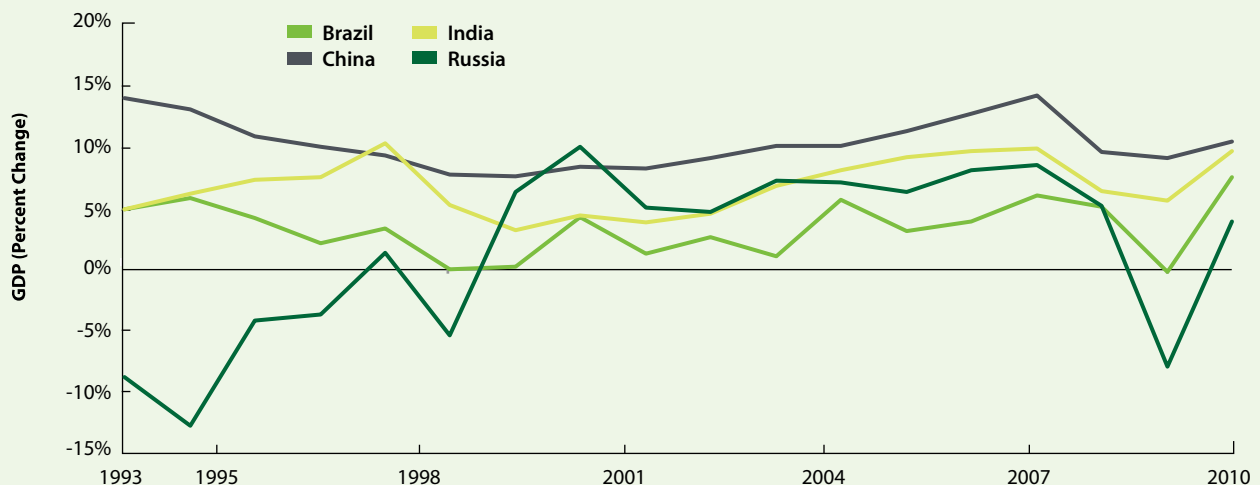
Factors Impacting Global Demand

- Existing resources are becoming more difficult to access.
- Gold and other precious metal supplies are constrained and a lack of capital expenditure has limited growth in production capacity.³
- Industrial production is increasing in developing world markets and this has accelerated the consumption of commodities.⁴
- Less developed nations are becoming wealthier and as population requirements for food and other necessary resources rise, demand for commodities increases.⁵
- Political constraints and environmental concerns are impacting exploration and production.

The growth of emerging market countries has a multi-faceted impact on commodities and will be a prime factor driving the demand for natural resources and commodities on a global basis.

The growth of emerging market countries has a multi-faceted impact on commodities and will be a prime factor driving the demand for natural resources and commodities on a global basis. Strong growth coupled with inefficient use of raw materials may drive commodity prices higher.

GROWTH IN EMERGING MARKETS



GDP grew 3.0% in the developed world in 2010.*

*International Monetary Fund, February 2011.

Source: International Monetary Fund, World Economic Outlook Database, October 2010.

Data for 2010 based on estimates.

Why Commodities Now?

Commodities prices usually rise when inflation is accelerating and, as a result, offer protection from the effects of inflation. As demand for goods increases, the price of those goods will usually rise as well, which increases the prices of the commodities used to develop those goods.

Commodity-related investments may also provide a hedge against a weakening U.S. dollar and inflation. There are several market-related factors that support this view:

- **Position for Inflation:** U.S. commodities account for approximately 40% of the Consumer Price Index, emphasizing a positive relation between inflation and commodity investing.⁶
- **Position for Purchasing Power:** Central bank easing of monetary and fiscal policies suggests investors should consider alternatives to maintaining purchasing power.
- **Position for Recovery:** A recovery in the global economy may drive the price of commodities higher as emerging economies and per capita consumption rise.



ACCESSING THE COMMODITIES MARKETS

While investing in commodities can provide greater diversification for a portfolio, accessing the market has not always been easy. Purchasing a physical commodity asset or investing through futures or derivatives poses its own set of challenges and risks. However, there are more convenient and effective ways to enter this dynamic and growing segment of the markets.

COMMODITY-PRODUCER INVESTMENTS

Invest directly in those industry sectors primarily involved in utilizing commodities as an integral component of manufacturing and production.

COMMODITY-LINKED ECONOMY INVESTMENTS

Exposure to companies from commodity-rich countries. During inflationary periods in commodity-linked economies, many companies (not just energy and material producers) tend to flourish as overall profits and employment rise in their country's export sector.

Through either approach, investors not only gain exposure to the potential growth in the commodities markets, but also have the opportunity to benefit from the improved earnings and performance of these companies.

FOR MORE
INFORMATION

How can you broaden the diversification of your portfolio and position it to keep pace with a potential rise in inflation?

SPEAK TO YOUR FINANCIAL ADVISOR ABOUT THE ROLE THAT COMMODITY INVESTMENTS CAN PLAY IN YOUR INVESTMENT PORTFOLIO.

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¹ Source: World Bank, January 2011.

² Source: World Development Report 2011

³ Source: International Precious Metals Institute, June 2011.

⁴ Source: UN, June 2011

⁵ Source: Brookings Institute, May 2011

⁶ Source: Goldman Sachs, 2010.

RISKS CONSIDERATIONS Investors should consider the following risk factors and special considerations associated with investing in the Fund, which may cause you to lose money, including the entire principal amount that you invest. **Equity Risk:** The value of the securities held by the Fund will fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate, or factors relating to specific companies in which the Fund invests. **Foreign Investment Risk:** Investing in non-U.S. issuers, although limited to ADRs, may involve unique risks such as currency, political, and economic risk, as well as less market liquidity, generally greater market volatility and less complete financial information than for U.S. issuers. Risks of investing in each of Australia and Canada include commodity exposure risk, geographic risk and trading partners risk. Commodity exposure risk is exposure related to any negative changes in the agricultural or mining industries which could therefore have an adverse impact on the Australian or Canadian economy, as applicable. Geographic risk is the risk that a natural disaster could occur in Australia or Canada, as applicable. Trading partners risk is due to the Australian or Canadian economy, as applicable, being heavily dependent upon trading with its key partners. Any reduction in this trading may cause an adverse impact on the economy in which the Fund invests. Brazil has experienced substantial economic instability resulting from, among other things, periods of very high inflation, persistent structural public sector deficits and significant devaluations of the currency of Brazil, and leading also to a high degree of price volatility in both the Brazilian equity and foreign currency markets. Brazilian companies may also be adversely affected by high interest and unemployment rates, and are particularly

sensitive to fluctuations in commodity prices. **Concentration Risk:** If the Index concentrates in an industry or group of industries the Fund's investments will be concentrated accordingly. In such event, the value of the Fund's Shares may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries. Currently, the Fund is subject to *Financial Services Sector Risk and Telecommunication Sector Risk*. Therefore, the Fund can be significantly affected by certain economic, competitive and regulatory developments associated with these sectors. **Small and Medium-Sized Company Risk:** Investing in securities of these companies involves greater risk as their stocks may be more volatile and less liquid than investing in more established companies. These stocks may have returns that vary, sometimes significantly, from the overall stock market. In addition the funds are subject to **Non-Correlation Risk, Replication Management Risk, Issuer-Specific Changes, and Non-Diversified Fund Risk. Please read the Fund's prospectus for more detailed information on these risks and considerations.**

Investors should consider the investment objectives, risks, charges and ongoing expenses of any investment product carefully before investing. The prospectus contains this and other relevant information. Investors should read the prospectus carefully before investing. To obtain a prospectus, visit www.guggenheimfunds.com or contact a securities representative or Guggenheim Funds Distributors, Inc. 2455 Corporate West Drive, Lisle, IL 60532, 800-345-7999.