



AN IN-DEPTH LOOK AT DEFINED-MATURITY ETFs

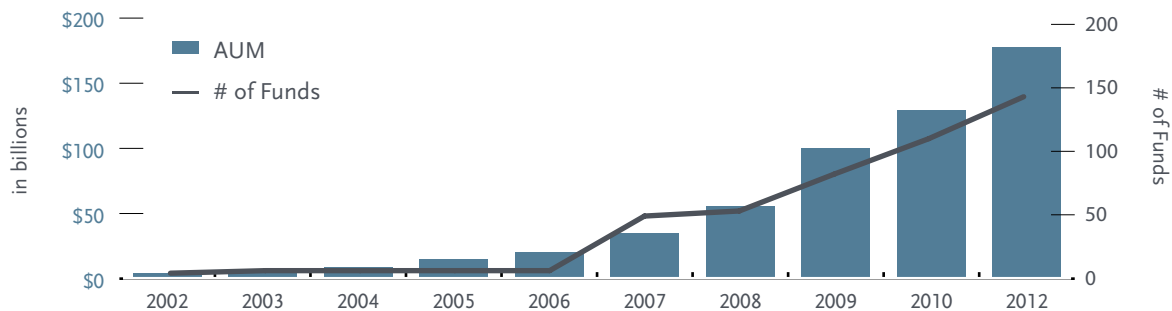
Defined-maturity exchange-traded funds (ETFs), a recent structural innovation in the rapidly growing ETF market, have created a new realm of opportunities for fixed-income investors. On the following pages we provide an in-depth look at these new products, how they compare to alternative investment vehicles, and various implementation strategies for the funds within a portfolio. We'll also introduce you to Guggenheim Bulletshares® ETFs, the only defined-maturity corporate bond ETFs available in the marketplace today.

The Evolution and Innovation of the Fixed-Income ETF Market

Over the past several years, a variety of investment vehicles have been introduced that provide exposure to the fixed-income market including ETFs, open-end mutual funds, closed-end funds (CEFs), and unit investment trusts (UITs). Prior to the advent of fixed-income ETFs, however, investors seeking diversified bond exposure typically purchased shares of a bond mutual fund or purchased several different individual bonds. While both of these products offer certain benefits, they can also present challenges for investors including limited trading flexibility and transparency of holdings as well as potentially higher costs. Fixed-income ETFs offered a welcome alternative because, like mutual funds, the ETFs may also offer diversified exposure to a basket of bonds in a single transaction, but unlike mutual funds, ETFs trade on major stock exchanges, affording the added benefits of intra-day pricing and trading flexibility. Fixed-income ETFs offer greater transparency of holdings, tax efficiencies and generally lower expenses than both mutual funds and individual bonds. Furthermore, as the ETF market has evolved, so too has the breadth and depth of available products. Today, there are ETFs designed to provide either broad or sector-specific exposure to the fixed-income market, including segments of the market previously only accessible to institutional investors. For these reasons, fixed-income ETFs have become the investment vehicle of choice for many investors.

While fixed-income ETFs have been heralded as a convenient, low-cost alternative to both bond mutual funds and individual bonds, certain investment strategies such as building a laddered bond portfolio or obtaining targeted exposure to particular points on the yield curve were still only attainable through a direct investment in bonds. That is, until the introduction of defined-maturity ETFs—a recent structural innovation that has opened the door to new opportunities for bond investors.

ASSET GROWTH OF U.S. LISTED FIXED-INCOME ETFs



Source: Guggenheim Funds Distributors, Inc. and Morningstar

Defined-Maturity ETFs: A New Era in Fixed-Income Investing

Defined-maturity ETFs, introduced in early 2010, possess all of the features of traditional fixed-income ETFs with one distinct difference: a specified maturity date. Each fund is structured to track an index comprised of bonds that all mature in a particular year. During that year, the index—and the ETF—terminate and the fund's net assets are distributed to shareholders. In other words, defined-maturity ETFs have an investment and cash-flow profile similar to bonds with all the advantages inherent in an ETF. Adding to their appeal is the fact that the funds offer a level of liquidity, price transparency and trading flexibility typically not available in the over-the-counter (OTC) market in which bonds trade. As such, the funds may serve as a diversified substitute for individual bonds, providing investors access to strategies they may not have been able to otherwise implement. They may be a compelling alternative to other fixed-income products as well.

Following are the key features of defined-maturity ETFs, the benefits they may afford investors, and some factors to consider when evaluating investment alternatives.

Pre-Defined Maturity Date – Because defined-maturity ETFs, like bonds, provide exposure to a particular year of maturity when proceeds* are distributed to shareholders, they enable investors to create customized portfolios that address projected cash flow needs and precisely manage interest rate exposure. Perpetual-life funds offer limited flexibility to match interest rate exposure and future cash flow needs.

Diversification – Defined-maturity ETFs typically offer exposure to a basket of 30 to 100 individual bonds from multiple issuers, reducing issuer concentration risk and potentially, portfolio volatility. While most traditional bond funds offer similar exposure, replicating this level of diversification in the OTC bond market is considerably more difficult and costly, as the minimum investment required to purchase a single bond is often \$10,000.

Exchange-Traded Liquidity and Transparency – ETFs offer daily holdings disclosure as well as the real-time pricing, intra-day trading and liquidity that come with exchange listing. In comparison, mutual fund shares are priced once daily and holdings are usually disclosed quarterly, while the OTC bond market can be non-transparent and thinly traded. In addition, defined-maturity ETFs generally have tight bid/ask spreads, especially in comparison to those of the OTC bond market.

Lower Costs – Expense ratios for defined-maturity ETFs are comparable to other fixed-income ETFs and are generally lower than those of mutual funds. Transaction costs for defined-maturity ETFs are minimized because the bonds in the portfolios are held until maturity (unless called or defaulted). Additionally, because of the way ETFs are structured and their unique in-kind share creation/redemption process (which we explore in the next section), the funds generally do not incur the trading costs associated with cash inflows/outflows from shareholders, as is the case with mutual funds.

*These ETFs do not seek to return any predetermined amount at maturity, and the amount an investor receives may be worth more or less than their original investment. In contrast, when an individual bond matures, an investor typically receives the bond's par (or face) value.

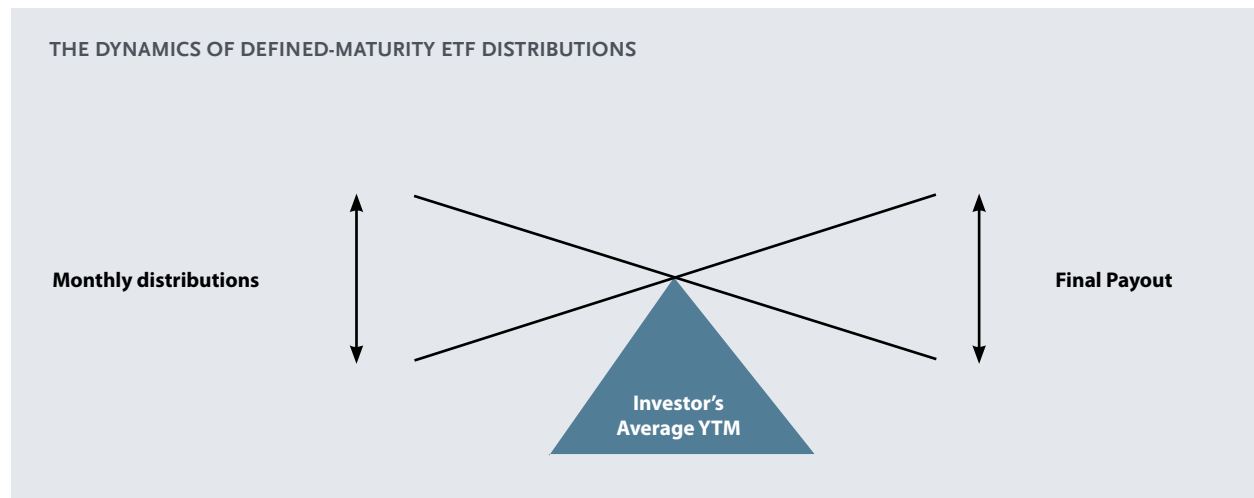
The first fixed-income ETFs were introduced in 2002, roughly 10 years after the advent of the ETF market itself with the launch of the Standard and Poor's Depository Receipt ("SPDR") ETF. Although equity ETFs still represent a comparatively larger percentage of the total ETF market, fixed-income ETFs are rapidly gaining market share. In the last two years alone, the total amount of assets in U.S. listed fixed-income ETFs more than doubled from approximately \$60 billion on December 31, 2008 to more than \$177 billion as of December 31, 2011. Today there are approximately 143 fixed-income ETFs listed in the U.S. offering exposure to virtually every sector of the market. The vast majority of these funds are index-based in that they seek to replicate the performance of a particular benchmark index (before fund fees and expenses).

Tax Efficiencies – Defined-maturity ETFs are generally more tax efficient than bond mutual funds. Mutual funds often have to sell bonds in order to meet redemptions, particularly in a declining market, or as the bonds’ remaining time to maturity falls below the fund’s threshold, investing the proceeds in new bonds. This increases turnover in the portfolio which may create tax consequences for those who continue to hold shares of the fund. Defined-maturity ETFs, on the other hand, do not sell securities to meet redemptions and unless the bonds in the fund’s portfolio are called, the securities are generally held until they mature. As a result, the funds typically generate comparably fewer taxable events. It should be noted, however, that a defined-maturity ETF’s final distribution is considered a sale for tax purposes and therefore, depending upon the purchase price and holding period, investors may incur a capital gain or loss.

Monthly Income – The funds seek to pay a monthly income distribution, as do mutual funds, whereas bonds pay semi-annually. An ETF’s more frequent distributions, if any, may be an attractive feature for investors looking to supplement their income.

Understanding Fund Distributions

Defined-maturity ETFs are designed to provide a yield-to-maturity (YTM) comparable to what an investor would realize if they were to invest in the fund’s underlying bond portfolio. It’s important to note that unlike bonds, which have a fixed coupon payment and return par (or face) value at maturity, the fund’s monthly distributions and final payout may fluctuate. Nonetheless, investors can still determine with a fair amount of accuracy what their YTM may be because these fluctuations occur in opposite directions such that any increase/decrease in income distributions a shareholder may experience is generally offset by a corresponding decrease/increase in the final payout they receive at fund maturity. This is due to the way in which ETFs are structured and the unique share creation and redemption process.



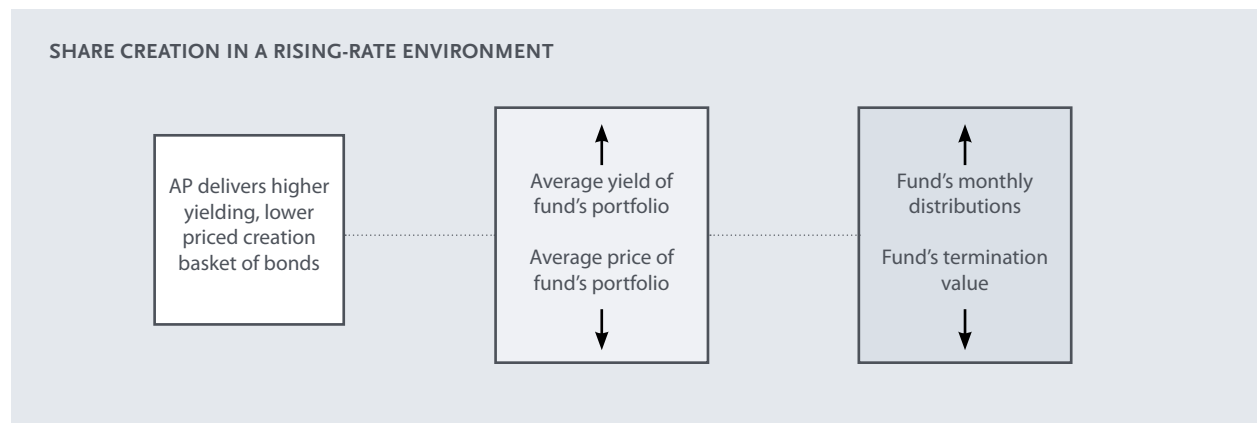
THE IN-KIND SHARE CREATION/REDEMPTION PROCESS

ETFs continuously offer and redeem shares through an in-kind share creation/redemption process wherein Authorized Participants or “APs” (typically large investment firms and the only entities that can transact directly with the fund) and the ETF exchange baskets of the fund’s securities for shares of the fund. Shares of an ETF are created when an AP delivers to the ETF a basket of securities representative of the underlying portfolio, referred to as a creation unit, and typically a small amount of cash in return for shares of the ETF. When redeeming shares, the opposite occurs: the ETF delivers a basket of securities to the AP in return for the ETF shares.

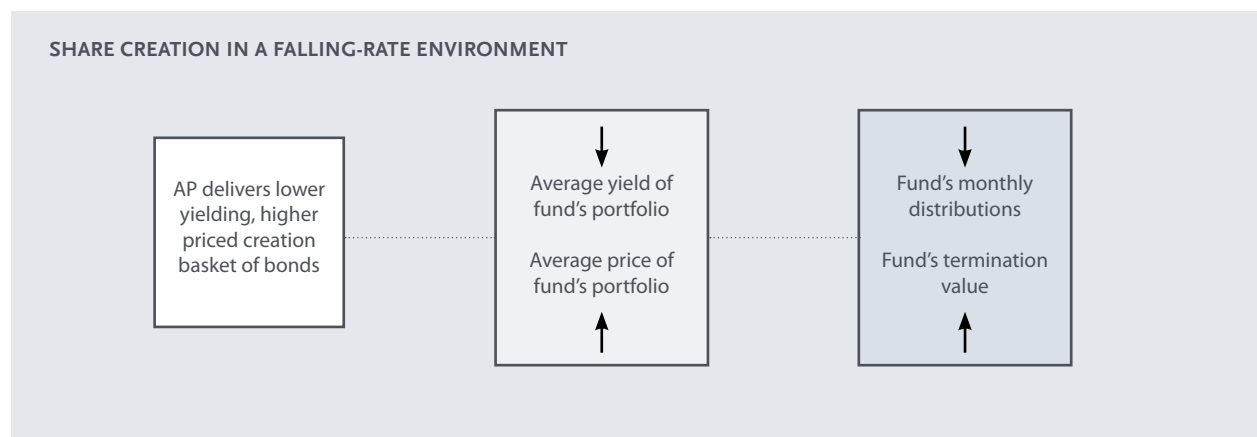
The AP creates and redeems shares as necessary to meet the supply and demand needs within the marketplace as investors buy and sell shares on the exchange, which in turn, helps to keep an ETF's market price relatively in line with its NAV. It also serves to minimize transaction costs incurred by the fund and to reduce the potential for capital gains transactions that result from cash inflows and outflows. (For more detailed information on the ETF share creation/redemption process, see our publication *Have You Explored ETFs?*)

THE ROLE OF MARKET INTEREST RATES

Share creation and redemption, coupled with changing market interest rates, may cause a fund's income accrual rate to fluctuate because as market rates rise and fall, the bonds delivered into and out of the portfolio will change, causing the fund's distributions to fluctuate. For example, if market yields rise, an AP creating shares of the ETF typically delivers higher yielding bonds into the fund's portfolio, which serves to increase the portfolio's yield and therefore, its distributions to shareholders. However, because of the inverse relationship between bond prices and yields, the higher yielding bonds delivered into the fund's portfolio will have declined in price, reducing the average price of the fund's portfolio and therefore, its termination value.



The opposite is true in a falling-rate environment: APs typically deliver lower-yielding/higher priced bonds into the fund's portfolio, reducing the portfolio's average yield but increasing its termination value.



In other words, the fund's distributions and final payout dynamically adjust in accordance with changing market yields to the extent that shares are created or redeemed, and generally offset each other such that an investor's anticipated YTM will remain relatively constant.

fund distributions will also likely change as the fund approaches its termination date. This is because as the fund nears its termination and bonds in the portfolio mature, the proceeds are generally reinvested in cash or cash-equivalent securities earning prevailing short-term rates until the fund terminates and the proceeds are distributed to shareholders.

Portfolio Applications

Defined-maturity ETFs can be a powerful tool for implementing a variety of strategies previously only afforded through direct bond investments. The funds may be particularly attractive for liability-based investing because they enable investors to time maturities to meet anticipated expenses, while also reducing interest-rate risk as future liabilities approach. Following are some of the ways in which investors may use the funds to create customized investment solutions.

Create Laddered Portfolios: To help manage interest-rate risk, fixed-income investors frequently construct laddered bond portfolios (portfolios of bonds with successive maturities). As each bond matures, the proceeds are reinvested in new bond(s) earning prevailing market rates. However, creating ladders with individual bonds can present a number of challenges including limited bond availability, liquidity and cost constraints, and concentrated bond exposure. Defined-maturity ETFs offer a convenient and cost-effective approach to portfolio laddering with the added benefit of diversification.

Fill Gaps in Existing Portfolios: Defined-maturity ETFs can be used to fill gaps in an existing laddered portfolio resulting from matured, called or defaulted bonds in order to maintain the strategy. They may also be used to gain targeted exposure to a particular segment of the bond market or to enhance a portfolio's overall diversification.

Obtain Targeted Yield-Curve Exposure: For Investors seeking to capture perceived opportunities at particular points on the yield curve, defined-maturity ETFs offer an effective means of obtaining precise, targeted exposure. Investors can also easily barbell their yield-curve exposure by simultaneously overweighting and underweighting particular maturity years, while gaining an added element of diversification.

Manage Future Cash Flow Needs: In addition to providing supplemental monthly income, defined-maturity ETFs may provide a source of cash that can be allocated to large future expenses as the funds allow investors to match maturities with expected liabilities. For example, an investor facing future college expenses can select funds whose terminations align with the years those expenses will be incurred. As each fund terminates, the final cash distribution can be applied toward that year's tuition payment.

As with any ETF, defined-maturity ETFs may be sold prior to their maturity date at the then-current market price (less any brokerage and transactional fees that may apply) and the amount an investor receives at the time of sale or maturity may be more or less than their original investment. If the amount an investor receives as liquidation proceeds upon the ETF's termination is higher or lower than their cost basis, they may incur a gain or loss for tax purposes. Defined-maturity ETFs, like any fixed-income investment, entail interest-rate risk and depending upon the fund's underlying investments, may entail credit risk as well. In addition, because the distributions generated by the funds are less predictable than those of bonds, the funds may not be appropriate for investors requiring a fixed stream of income. Investors should consult with their financial advisor to help determine whether defined-maturity ETFs are appropriate for their portfolio.

Guggenheim BulletShares® ETFs

Guggenheim offers the only suite of defined-maturity corporate bond ETFs available in the marketplace today. Through these one-of-a-kind products, investors can gain targeted exposure to either the investment-grade or high-yield sector of the corporate bond market, affording new opportunities to create customized portfolios tailored to specific maturity profiles, risk preferences and investment goals.

Guggenheim BulletShares Corporate Bond ETFs ¹		Guggenheim BulletShares High Yield Corporate Bond ETFs	
	NYSE Arca Ticker		NYSE Arca Ticker
Guggenheim BulletShares 2012 Corporate Bond ETF	BSCC	Guggenheim BulletShares 2012 High Yield Corporate Bond ETF	BSJC
Guggenheim BulletShares 2013 Corporate Bond ETF	BSCD	Guggenheim BulletShares 2013 High Yield Corporate Bond ETF	BSJD
Guggenheim BulletShares 2014 Corporate Bond ETF	BSC E	Guggenheim BulletShares 2014 High Yield Corporate Bond ETF	BSJE
Guggenheim BulletShares 2015 Corporate Bond ETF	BSCF	Guggenheim BulletShares 2015 High Yield Corporate Bond ETF	BSJF
Guggenheim BulletShares 2016 Corporate Bond ETF	BSCG	Guggenheim BulletShares 2016 High Yield Corporate Bond ETF	BSJG
Guggenheim BulletShares 2017 Corporate Bond ETF	BSCH	Guggenheim BulletShares 2017 High Yield Corporate Bond ETF	BSJH
Guggenheim BulletShares 2018 Corporate Bond ETF	BSCI	Guggenheim BulletShares 2018 High Yield Corporate Bond ETF	BSJI
Guggenheim BulletShares 2019 Corporate Bond ETF	BSCJ		
Guggenheim BulletShares 2020 Corporate Bond ETF	BSCK		
<p>BulletShares Corporate Bond ETFs—each with a designated year of maturity ranging from 2012 through 2020—seek investment results that correspond generally to the performance, before the funds' fees and expenses, of the corresponding BulletShares® USD Corporate Bond Index.²</p>		<p>BulletShares High Yield Corporate Bond ETFs—each with a designated year of maturity ranging from 2012 through 2018—seek investment results that correspond generally to the performance, before the funds' fees and expenses, of the corresponding BulletShares® USD High Yield Corporate Bond Index.²</p>	

The funds have designated years of maturity ranging from 2012 to 2017 and will terminate on or about December 31st of their respective maturity year. In connection with such termination, each fund will make a cash distribution to then-current shareholders of its net assets after making appropriate provisions for any liabilities of the fund. The funds do not seek to return any predetermined amount at maturity. In the final six months of operation, as the bonds held by the fund mature, the fund's portfolio will transition to cash and cash equivalents, including without limitation U.S. Treasury Bills and investment grade commercial paper, which may result in a lower yield than the yields of the bonds previously held by the fund and/or prevailing yields for bonds in the market. The funds will terminate on or about the date above without requiring additional approval by the Trust's Board of Trustees (the "Board") or fund shareholders. The Board may change the termination date to an earlier or later date if a majority of the Board determines the change to be in the best interest of the funds.

¹ Prior to September 24, 2010, the funds were named Claymore BulletShares Corporate Bond ETFs.

² BulletShares® USD Corporate Bond Indices are designed to represent the performance of a held-to-maturity portfolio of U.S. dollar-denominated investment-grade corporate bonds with effective maturities in the same calendar year. BulletShares® USD High Yield Corporate Bond Indices are designed to represent the performance of a held-to-maturity portfolio of U.S. dollar-denominated high-yield corporate bonds with effective maturities in the same calendar year. The indices are unmanaged and it is not possible to invest directly in the indices.

To learn more about Guggenheim BulletShares ETFs and how they may help optimize your portfolio's performance, talk with your advisor or visit GuggenheimFunds.com/BulletShares.

RISK CONSIDERATIONS Investors should consider the following risk factors and special considerations associated with investing in the funds, which may cause you to lose money, including the entire principal amount that you invest. **Interest Rate Risk:** As interest rates rise, the value of fixed-income securities held by the funds are likely to decrease. Securities with longer durations tend to be more sensitive to interest rate changes, making them more volatile than securities with shorter durations. **Credit/Default Risk:** The risk that issuers or guarantors of debt instruments or the counterparty to a derivatives contract (BulletShares Corporate Bond ETFs only), repurchase agreement or loan of portfolio securities is unable or unwilling to make timely interest and/or principal payments or otherwise honor its obligations. Debt instruments are subject to varying degrees of credit risk, which may be reflected in credit ratings. Securities issued by the U.S. government have limited credit risk. Credit rating downgrades and defaults (failure to make interest or principal payment) may potentially reduce the funds' income and share prices. **Asset Class Risk:** The bonds in the funds' portfolio may underperform the returns of other bonds or indexes that track other industries, markets, asset classes or sectors. **Call Risk/Prepayment Risk:** During periods of falling interest rates, an issuer of a callable bond may exercise its right to pay principal on an obligation earlier than expected. This may result in the funds having to reinvest proceeds at lower interest rates, resulting in a decline in the funds' income. **Extension Risk:** The risk that an issuer will exercise its right to pay principal on an obligation later than expected. This may happen when there is a rise in interest rates. Under these circumstances, the value of the obligation will decrease and the funds' performance may suffer from its inability to invest in higher yielding securities. **Income Risk:** The risk that falling interest rates will cause the funds' income to decline. **Liquidity Risk:** If the funds invest in illiquid securities or securities that become illiquid, fund returns may be reduced because the funds may be unable to sell the illiquid securities at an advantageous time or price. **Declining Yield Risk:** During the final year of the funds' operations, as the bonds held by the funds mature and the funds' portfolio transitions to cash and cash equivalents, the funds' yield will generally tend to move toward the yield of cash and cash equivalents and thus may be lower than the yields of the bonds previously held by the funds and/or prevailing yields for bonds in the market. **Fluctuation of Yield and Liquidation Amount Risk:** The funds, unlike a direct investment in a bond that has a level coupon payment and a fixed payment at maturity, will make

distributions of income that vary over time. Unlike a direct investment in bonds, the breakdown of returns between fund distributions and liquidation proceeds are not predictable at the time of your investment. For example, at times during the funds' existence, it may make distributions at a greater (or lesser) rate than the coupon payments received on the funds' portfolio, which will result in the funds returning a lesser (or greater) amount on liquidation than would otherwise be the case. The rate of fund distribution payments may adversely affect the tax characterization of your returns from an investment in the funds relative to a direct investment in corporate bonds. If the amount you receive as liquidation proceeds upon the funds' termination is higher or lower than your cost basis, you may experience a gain or loss for tax purposes. In addition the funds are subject to **Non-Correlation Risk, Replication Management Risk, Issuer-Specific Changes, and Non-Diversified fund Risk.** The investment-grade corporate bond ETFs also entail the following risks. **Foreign Issuers Risk:** Investing in U.S. registered, dollar-denominated bonds of foreign corporations which have different risks than investing in U.S. companies. These include 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. **Derivatives Risk:** The funds may invest in certain types of derivatives contracts, including futures, options and swaps which, increases the risk of loss for the funds. The high-yield corporate bond ETFs also entail the following risks: **High-Yield Securities Risk:** The funds invest in bonds that are rated below investment-grade and are considered to be "junk" securities. While these securities generally offer a higher current yield than that available from higher grade issues, they typically involve greater risk. The ability of issuers of high-yield securities to make timely payments of interest and principal may be adversely impacted by adverse changes in general economic conditions, changes in the financial condition of the issuers and price fluctuations in response to changes in interest rates. High-yield securities are less liquid than investment-grade securities and may be difficult to price or sell, particularly in times of negative sentiment toward high-yield securities. **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. In addition, the high-yield corporate bond ETFs may entail some or all of the following sector risks:

Financial Services Sector Risk, Consumer Staples Sector Risk, Telecommunications Sector Risk, and Consumer Discretionary Sector Risk. Please read each fund's prospectus for more detailed information on these risks and considerations. As with any investment, you should consider how your investment will be taxed. The tax information contained in the prospectus is provided as general information. Investors should consult their own tax professional about the tax consequences of an investment as Guggenheim Funds Distributors, LLC does not offer tax advice.

Guggenheim Funds Investment Advisors LLC, an affiliate of Guggenheim Funds Distributors LLC, serves as the investment advisor.

The Index provider and its affiliates do not make any warranties or bear any liabilities with respect to Guggenheim Funds. BulletShares®, BulletShares® USD Corporate Bond Index and BulletShares® USD High Yield Corporate Bond Index are trademarks of Accretive Asset Management LLC and have been licensed for use by Guggenheim Funds Investment Advisors, LLC.

Guggenheim Investments represents the investment advisory businesses of Guggenheim Partners, LLC ("GP"). The following businesses comprise Guggenheim Investments: Security Investors, LLC (SI) doing business as Security Global InvestorsSM and Rydex Investments, Guggenheim Partners Asset Management, LLC, ("GPAM"), Guggenheim Investment Management, LLC, ("GIM"), Guggenheim Funds Investment Advisors, LLC, Guggenheim Funds Distributors, Inc., Guggenheim Aviation, GS GAMMA Advisors, LLC, Guggenheim Real Estate, LLC, Guggenheim Structured Real Estate, Guggenheim Partners Europe, Claymore Investments, Inc., Transparent Value Advisors, LLC and Guggenheim Partners India Management. This material is intended to inform you of services available through Guggenheim Investments' affiliate businesses.

Consider the investment objectives, risks, charges and ongoing expenses of any ETF carefully before investing. The prospectus or summary prospectus, if available, contains this and other relevant information. Please read the prospectus carefully before investing. To obtain a prospectus, visit guggenheimfunds.com or contact a securities representative or Guggenheim Funds Distributors, LLC. 2455 Corporate West Drive, Lisle, IL 60532, 800.345.7999.

Member FINRA/SIPC

ETF-BRO-BSDEFM-0412 x0413 #4905