

# Flaherty & Crumrine Preferred Portfolio, Series 26

## Investment Objective

The Flaherty & Crumrine Preferred Portfolio, Series 26 ("Trust") primarily seeks to provide high current income with a secondary objective of capital appreciation.

## Trust Highlights

- Guggenheim Funds Distributors, Inc. (the "Sponsor") with the assistance of Flaherty & Crumrine Incorporated ("Flaherty & Crumrine") selected the Trust's portfolio.
- As of the Inception Date, the Trust consists of: preferred stocks (42.28%); trust preferred securities (44.22%); and baby bonds (13.50%) selected from Flaherty & Crumrine's proprietary preferred securities database and its internally generated credit research. The Sponsor believes the Trust may offer investors an opportunity to receive many of the income flow advantages of bonds.
- In choosing the securities the primary factors include, but are not limited to, credit quality of the issuer and the liquidity and dividend yield of the security as of the Trust's initial date of deposit.

## CREDIT RATINGS\*

S&P Ratings			
A	6.99%	BB+	19.28%
A-	8.99%	BB	11.02%
BBB+	20.51%	BB-	2.52%
BBB	10.51%	B	2.98%
BBB-	15.20%	N/R	2.00%

\* Credit quality as rated by Standard & Poor's, is an assessment of the credit worthiness of an issuer of a security. Ratings relate to the underlying securities and not the units of the Trust or their value and are subject to change.

Country Weightings	
United States	78.54%
Bermuda	8.51%
Great Britain	5.00%
Spain	3.48%
Canada	2.00%
Switzerland	1.50%
Netherlands	0.97%
<b>TOTAL</b>	<b>100.00%</b>

Ratings and weightings are as of 11/9/11 and are subject to change.

## PORTFOLIO HOLDINGS

Holdings, weightings and ratings are as of 11/9/11 and subject to change.

Symbol	Company Name	S&P Ratings
<b>BANKS (38.03%)</b>		
BAC Y	BAC Capital Trust V 6.00% Due 11/3/2034	BB+
BCS C	Barclays Bank PLC 7.75%	A-
CFC B	Countrywide Capital V 7.00% Due 11/1/2036	BB+
DKT	Deutsche Bank Contingent Capital Trust V 8.05%	BBB
FTB B	Fifth Third Capital Trust VI 7.25% Due 11/15/2067	BB
GSF	Goldman Sachs Group, Inc. 6.125% Due 11/1/2060	A
GSJ	Goldman Sachs Group, Inc. 6.50% Due 11/1/2061	A
HCS B	HSBC Holdings PLC 8.00%	A-
JPM K	JP Morgan Chase Capital XI 5.875% Due 6/15/2033	BBB+
KEY F	KeyCorp Capital X 8.00% Due 3/15/2068	BB
PNH	PNC Capital Trust E 7.75% Due 3/15/2068	BBB
RF Z	Regions Financing Trust III 8.875% Due 6/15/2078	B
STD E	Santander Finance Preferred SA Unipersonal 10.50%	BBB+
SUS A	Susquehanna Capital I 9.375% Due 12/12/2067	BB-
USB L	US Bancorp 7.88%	BBB+
WB B	Wachovia Capital Trust IV 6.375% Due 3/1/2067	A-
WFC J	Wells Fargo & Company 8.00%	A-
ZB C	Zions Bancorporation 9.50%	B
<b>DIVERSIFIED FINANCIAL SERVICES (15.97%)</b>		
AMP A	Ameriprise Financial, Inc. 7.75% Due 6/15/2039	A
COF B	Capital One Capital II 7.50% Due 6/15/2066	BB
C N	Citigroup Capital XIII 7.875% Due 10/30/2040	BB+
CRP	Credit Suisse AG/Guernsey 7.90%	BBB+
HSBC B	HSBC Finance Corporation 6.36%	BBB-
MWR	Morgan Stanley Capital Trust III 6.25% Due 3/1/2033	BB+
MSK	Morgan Stanley Capital Trust VIII 6.45% Due 4/15/2067	BB+
NRC	National Rural Utilities Cooperative Finance Corporation 6.10% Due 2/1/2044	BBB
NRU	National Rural Utilities Cooperative Finance Corporation 5.95% Due 2/15/2045	BBB
<b>ELECTRIC (6.25%)</b>		
CEG A	Constellation Energy Group, Inc. 8.625% Due 6/15/2063	BB
DRU	Dominion Resources, Inc. 8.375% Due 6/15/2064	BBB
PCG A	Pacific Gas & Electric Company 6.00%	BBB-
SCU	SCANA Corporation 7.70% Due 1/30/2065	BBB-
<b>HOME BUILDERS (1.51%)</b>		
PHA	Pulte Group, Inc. 7.375% Due 6/1/2046	BB-
<b>INSURANCE (20.21%)</b>		
ARH B	Arch Capital Group Limited 7.88%	BBB
DFP	Delphi Financial Group, Inc. 7.376% Due 5/15/2037	BB+
ENH B	Endurance Specialty Holdings Limited 7.50%	BBB-
RE B	Everest Re Capital Trust II 6.20% Due 3/29/2034	BBB
IND	ING Groep NV 7.05%	BBB-
MET B	MetLife, Inc. 6.50%	BBB-
PRE E	PartnerRe Limited 7.25%	BBB+
PFG B	Principal Financial Group, Inc. 6.52%	BB
RNR C	RenaissanceRe Holdings Limited 6.08%	BBB+
RNR D	RenaissanceRe Holdings Limited 6.60%	BBB+
WRB A	W.R. Berkley Capital Trust 6.75% Due 7/26/2045	BBB-
<b>MEDIA (2.00%)</b>		
CCS	Comcast Corporation 6.625% Due 5/15/2056	N/R

PORTFOLIO HOLDINGS CONTINUED ON NEXT PAGE

**RISK CONSIDERATIONS** As with all investments, you may lose some or all of your investment in the Trust. No assurance can be given that the Trust's investment objective will be achieved. The Trust also might not perform as well as you expect. This can happen for reasons such as these: • Securities prices can be volatile. • Due to the current state of the economy, the value of the securities held by the Trust may be subject to steep declines or increased volatility due to changes in performance or perception of the issuers. • The Trust invests in preferred stocks and trust preferred securities which are typically subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and therefore will be subject to greater risk than those debt instruments. • The Trust includes securities issued by companies in the financial sector. The profitability of companies in the financial sector is largely dependent upon the availability and cost of capital which may fluctuate significantly in response to changes in interest rates and general

economic developments. Negative developments initially relating to the subprime mortgage market and subsequently spreading to other parts of the economy, have adversely affected credit and capital markets worldwide and significantly impacted financial sector companies. • The Trust invests in securities that are rated below investment-grade and are considered to be "junk" securities, speculative and are subject to greater market volatility and credit risks. • The Trust includes REITs which may concentrate their investments in specific geographic areas or in specific property types. The value of the REIT and the ability of the REIT to distribute income may be adversely affected by several factors beyond the control of the issuer of the REIT. • The value of your units will generally fall if interest rates, in general, rise. • An insurer or an issuer of the securities may be unwilling or unable to make principal payments and/or to declare dividends in the future, may call a security before its stated maturity or may reduce the level of dividends declared. • The financial condition of an issuer or

# Flaherty & Crumrine Preferred Portfolio

SERIES 26

## PORTFOLIO HOLDINGS (CONTINUED)

Holdings, weightings and ratings are as of 11/9/11 and subject to change.

Symbol	Company Name	S&P Ratings
<b>OIL &amp; GAS (2.00%)</b>		
NXY B	Nexen, Inc. 7.35% Due 11/1/2043	BB+
<b>REITS (14.03%)</b>		
CWH E	CommonWealth REIT 7.25%	BB+
DRE O	Duke Realty Corporation 8.38%	BB
DRE L	Duke Realty Corporation 6.60%	BB
FRCCO	First Republic Preferred Capital Corporation 7.25%	BBB-
PSB H	PS Business Parks, Inc. 7.00%	BBB-
PSB R	PS Business Parks, Inc. 6.88%	BBB-
PSA R	Public Storage 6.35%	BBB+
PSA P	Public Storage 6.50%	BBB+
PSA O	Public Storage 6.88%	BBB+
O E	Realty Income Corporation 6.75%	BB+
REG C	Regency Centers Corporation 7.45%	BB+
REG D	Regency Centers Corporation 7.25%	BB+
WRD	Weingarten Realty Investors 8.10% Due 9/15/2019	BBB
WRI F	Weingarten Realty Investors 6.50%	BB+

Source for Portfolio Holdings Breakdown: Bloomberg.

Credit quality as rated by Standard & Poor's, is an assessment of the credit worthiness of an issuer of a security. Ratings relate to the underlying securities and not the units of the Trust or their value and are subject to change. Certain bonds have a "make whole" call option and are redeemable in whole or in part at any time at the option of the issuer at a redemption price that is generally equal to the sum of the principal amount of the bonds, a "make whole" amount, and any accrued and unpaid interest to the date of redemption. Please see the Trust prospectus for more information.



Flaherty & Crumrine was formed in 1983 with the express intention of managing portfolios of preferred and debt securities for institutional investors. The firm has experience dating back to 1991 in managing preferred securities funds. Through its experience in the preferred and debt securities markets, Flaherty & Crumrine has developed the expertise necessary to implement the portfolio and interest rate management strategies necessary in seeking to obtain the highest sustainable income.

PARTNER  
FOCUS

**RISK CONSIDERATIONS (CONTINUED)** an insurer of the securities may worsen or its credit ratings may drop, resulting in a reduction in the value of your units. • The Trust will receive early returns of principal if securities held by the Trust are called or sold before they mature. If this happens your income will decline and you may not be able to reinvest the money you receive at as high a yield or as long a maturity. • Certain of the securities held by the Trust are rated as investment-grade by only one rating agency. As a result, such split-rated securities may have more speculative characteristics and are subject to a greater risk of default than securities rated as investment-grade by more than one rating agency. • The Trust invests in securities that are not rated by one or more of the rating agencies. As a result, it may be difficult to assess the credit quality of such securities. • The Trust invests in U.S.-listed foreign securities which present additional risk due to such factors as adverse economic, currency, political, social or regulatory developments in a country, including government seizure of assets, excessive taxation, limitations on the use or transfer of assets, the lack of liquidity or regulatory controls with respect to certain industries or differing legal and/or accounting standards. • The Trust may invest in issuers that are considered to be passive foreign investment companies ("PFICs") which are certain non-U.S. corporations that receive at least 75% of their annual gross income from passive sources (such as interest, dividends, certain rents and royalties or capital gains) or that hold at least 50% of their assets in investments producing such passive income. As a result of an investment in PFICs, the Trust could be subject to U.S. federal income tax and additional interest charges on gains and certain distributions with respect to those equity interests, even if all the income or gain is distributed to its unitholders in a timely manner. The Trust will not be able to pass through to its unitholders any credit or deduction for such taxes. • Inflation may lead to a decrease in the value of assets or income from investments. • The Sponsor does not actively manage the portfolio. **Please see the Trust prospectus for more complete risk information.**

Unit Investment Trusts ("UITs") are fixed and not actively managed. An investment in this fixed portfolio should be made with an understanding of the risks involved with owning various types of investments. Industry predictions may not materialize and securities selected for the Trust may not participate in overall industry growth, if any. Units, when redeemed, may be worth more or less than their original purchase price.

This UIT is part of a long-term strategy. Consult an attorney or tax advisor regarding tax consequences associated with an investment from one series to the next, if available. Investors should consult their tax advisor to determine tax consequences associated with the purchase or sale of units. Guggenheim Funds Distributors, Inc. does not offer tax advice.

**Consider the investment objectives, risks, charges and ongoing expenses of the UIT carefully before investing. The prospectus contains this and other information about the UIT. Please read the prospectus carefully before investing. To obtain a prospectus, visit [www.guggenheimfunds.com](http://www.guggenheimfunds.com) or contact a securities representative or Guggenheim Funds Distributors, Inc. 2455 Corporate West Drive, Lisle, IL 60532, 800-345-7999.**

## PORTFOLIO SUMMARY

Inception Date	November 10, 2011
Termination Date	November 13, 2013
Initial Offer Price	\$10.00
Number of Issues	59
Historical Annual Dividend Distribution**	\$0.6384
Distributions***	25th day of each month commencing on December 25, 2011, if any

\*\* The Historical Annual Dividend Distribution is as of 11/9/11 and subject to change.

\*\*\* The amount of distributions of the Trust may be lower or greater than the above-stated amount due to certain factors that may include, but are not limited to, a change in the dividends paid by issuers, a change in Trust expenses or the sale or maturity of securities in the portfolio. Fees and expenses of the Trust may vary as a result of a variety of factors including the Trust's size, redemption activity, brokerage and other transaction costs and extraordinary expenses.

## TICKETING INFORMATION

CUSIP (cash payment)	40167N625
CUSIP (reinvestment accounts)	40167N633
CUSIP (fee-cash)	40167N641
CUSIP (fee-reinvest)	40167N658
Ticker	CPREAX

## SALES CHARGES

Sales Charge ("S/C") is based on a \$10 per unit offering price.

	Amount Per Unit	Max Per Unit %
Up-front S/C	\$0.100	1.00%
Year One Deferred S/C	\$0.245	2.45%
Creation and Development ("C&D") Fee	\$0.050	0.50%
Total S/C	\$0.395	3.95%

The deferred sales charge ("DSC") will be deducted in monthly installments on the last business day commencing August 2012 and ending October 2012. If units are redeemed prior to the DSC period, the entire DSC will be collected.

For unit prices other than \$10, percentages of initial sales charge, C&D fees, and DSCs will vary. Early redemption of units will still cause payment of the DSC.

## VOLUME DISCOUNT BREAKPOINTS

Purchase Amount	Sales Charge Reductions (as a % of the Public Offering Price)
Less than \$50,000	0.00%
\$50,000 - \$99,999	0.25%
\$100,000 - \$249,999	0.50%
\$250,000 - \$499,999	0.75%
\$500,000 - \$999,999	1.00%
\$1,000,000 or more	1.50%