

The Growth Potential of China's Technology Sector

China's technology sector remains a relatively small portion of the country's economy.¹ However, poised to benefit from market trends and governmental efforts, the sector may offer investors a way to strategically invest in China's growth potential.

For investors whose portfolios already have China exposure, it may be time to revisit those allocations. Some China-focused investment products may include little or no exposure to China's technology sector, leaving a portfolio underexposed to the sector's investment opportunity.

DEMOGRAPHIC SHIFTS: A GROWING MIDDLE CLASS AND URBANIZATION

China's urban household population is expected to reach 926 million by 2025,³ which may comprise one of the world's largest consumer markets with spending projected at about \$2.5 trillion annually.⁴ The increase in spending power of China's urban population means they have more money for technology-related products such as computers, software and internet services. For example, data on China's growing consumer reveals:

- E-Commerce is gaining a stronger foothold with 95% increase over the prior year on the value of retail transactions.⁵
- The mobile user population rose by 20 million in the first two months of 2011. In those same two months, the telecommunications industry's revenue increased 15% to generate \$25.97 billion.⁶
- The number of internet users rose 20.3% to 450 million in 2010.⁷

GOVERNMENT DRIVEN DEMAND

China's central government budget for science and technology has increased by 20% annually over the past 5 years.⁸ More recently, China approved their 12th Five-Year Plan in March of 2011. Within the plan, China has strategically selected seven technology-related industries to be key sectors for development. The government is expected to funnel over \$1.5 trillion into these industries over the next 5 years with the goal of increasing the technology sectors' share of GDP from 2% currently to 15% by 2020.⁹

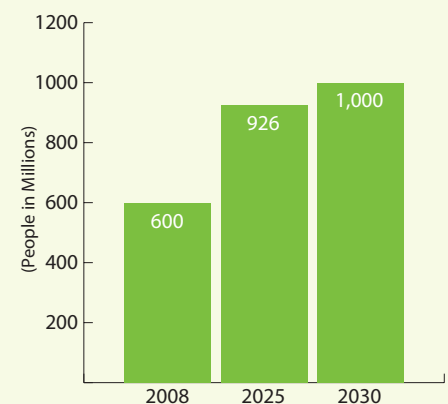
GREEN TECHNOLOGY INITIATIVES

In 2010, China was identified as the world's leading green IT producer as the sector grew 77% and brought in \$63.9 billion in revenue.¹⁰ Looking forward, the sectors' growth is projected to continue as the government supports initiatives in an effort to manage its populations' impact on the environment. For example, with the number of cars in China forecasted to increase 500% by 2030,¹¹ the government is targeting the production of one million electric vehicles by 2015.¹²

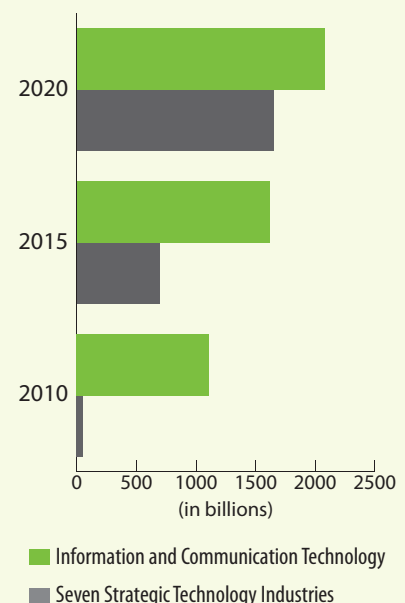
Past performance is no guarantee of future results. The trends and projections noted herein are for illustrative purposes and are not meant to forecast, imply or guarantee the future performance of any Guggenheim Funds product and they are subject to change. ¹ Bloomberg, April 2011. ² Foreign Policy, Why China's Economy Will Grow to \$123 Trillion by 2040, Jan/Feb 2010. ³ Woetzel, Jonathan, How green are China's cities? McKinsey & Company, January 2011. ⁴ Worldwatch Institute, New Report Urges Global Companies to Turn Attention to China's Surging Consumer Class, April 6, 2011. ⁵ Hogg, Chris, China's online retail booms as consumer base grows, BBC News, March 7, 2011. ⁶ Rediff Business, China's phone users reach 1.17 billion, March 25, 2011. ⁷ Tran, Tini, China's online population hits 450 million, MSNBC, Dec 30, 2010. ⁸ China puts priority on development of science and technology, Xinhua New Agency, April 3, 2011. ⁹ Benjamin Kang, China plans to spend big on nuclear power, high speed rail, Reuters Beijing, February 1, 2011. ¹⁰ Qing, Liao Yun, China top in green tech money, ZDNet, May 9, 2011. ¹¹ Malik Management, Don't be too Optimistic: Passenger Car Market will not be as big as in Western World. ¹² APCO Worldwide, China's 12th Five-Year Plan, December 2010. ¹³ Chien, Joanne, Overview of China's 12th Five-Year Plan, Digitimes Research, January 31, 2011.

The projected per capita income in China—\$85,000 by 2050—is more than double of that for the European Union.²

Projected Growth of China's Urban Population³



Production value of China's Information and Communication Technology and the Seven Strategic Technology Industries¹³



Why Sector Exposure in China?

For many investors, broad exposure to the growth opportunities in China may be appropriate. As not all market sectors respond to economic conditions in the same way, targeted exposure to specific market sectors may offer a way to diversify a portfolio. Targeting a specific sector of a market can expose a portfolio to greater risk and volatility, but may also position a portfolio to profit from economic conditions that may favor that sector.

Accessing China Sectors Through an ETF

Adding international exposure to a portfolio can include a number of obstacles for investors. ETFs offer investors an efficient way to gain exposure to a specific international market sector without the inefficiency and risk of purchasing individual securities.

VISIT WWW.GUGGENHEIMFUNDS.COM FOR INFORMATION ON ADDITIONAL CHINA INVESTMENT OPPORTUNITIES.

RISK 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 Funds will fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Funds participate, or factors relating to specific companies in which the Funds invest. **China Investment Risk:** Investing in securities of Chinese companies involves additional risks, including, but not limited to: the economy of China differs, often unfavorably, from the U.S. economy in such respects as structure, general development, government involvement, wealth distribution, rate of inflation, growth rate, allocation of resources and capital reinvestment, among others; the central government has historically exercised substantial control over virtually every sector of the Chinese economy through administrative regulation and/or state ownership; and actions of the Chinese central and local government authorities continue to have a substantial effect on economic conditions in China. In addition, previously the Chinese government has from time to time taken actions that influence the prices at which certain goods may be sold, encourage companies to invest or concentrate in particular industries, induce mergers between companies in certain industries and induce private companies to publicly offer their securities to increase or continue the rate of economic growth, control the rate of inflation or otherwise regulate economic expansion. From time to time, certain of the companies comprising the Index that are located in China may operate in, or have dealings with, countries subject to sanctions or embargoes imposed by the U.S. government and the United Nations and/or in countries identified by the U.S. government as state sponsors of terrorism. **Foreign Investment Risk:** Investing in non-U.S. issuers 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. Investment in securities of issuers based in developing or "emerging market" countries entails all of the risks of investing in securities of non-U.S. issuers, as previously described, but to a heightened degree. **Technology Sector Risk:** Competitive pressures may have a significant effect on the financial condition of companies in the technology sector. Also, many of the products and services offered by technology companies are subject to the risks of short product cycles and rapid obsolescence. Companies in the technology sector also may be subject to competition from new market entrants. Such companies also may be subject to risks relating to research and development costs and the availability and price of components. As product cycles shorten and manufacturing capacity increases, these companies could become increasingly subject to aggressive pricing, which hampers profitability. Other risks include those related to regulatory changes, such as the possible adverse effects on profits of recent increased competition among telecommunications companies and the uncertainties resulting from such companies' diversification into new domestic and international businesses, as well as agreements by any such companies linking future rate increases to inflation or other factors not directly related to the actual operating profits of the enterprise. **Limited Exposure Risk:** China A-Shares and China B-Shares are not eligible for inclusion in the Index, even if they would otherwise qualify under the other criteria set forth under "Index

THE GUGGENHEIM CHINA TECHNOLOGY ETF*: PUTTING THE 'C' IN TECHNOLOGY

The Guggenheim China Technology ETF offers access to a sector of the Chinese economy that previously was not accessible to most investors.

For more information, talk to your financial advisor whether exposure to the China technology sector makes sense for your portfolio or visit

www.guggenheimfunds.com/cqqq.

*Prior to 9/24/2010, the Fund's name was Claymore China Technology ETF.

CQQQ
LISTED
NYSE
ARCA

Construction" found in the prospectus. China A-Shares are subject to substantial restrictions on foreign investment, while the China B-Share market generally is smaller and offers less liquidity than the categories of securities which may be included in the Index. However, by excluding such shares from the Index, the exposure provided by the Index (and thus the Fund) to the Chinese presence in the sector may be more limited than would be the case if the Index included China A-Shares or China B-Shares. **Micro-Cap, Small- and Medium-Sized Company Risk:** Investing in securities of these companies involves greater risk as their securities may be more volatile and less liquid than investing in more established companies. These securities may have returns that vary, sometimes significantly, from the overall stock market. Micro-cap companies may be newly formed, less developed and there may be less available information about the company. **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. **Non-Correlation Risk:** The Fund's return may not match the return of the Index for a number of reasons. For example, the Fund incurs a number of operating expenses not applicable to the Index, and incurs costs in buying and selling securities, especially when rebalancing the Fund's securities holdings to reflect changes in the composition of the Index. The Fund may not be fully invested at times, either as a result of cash flows into the Fund or reserves of cash held by the Fund to meet redemptions and expenses. If the Fund utilizes a sampling approach or futures or other derivative positions, its return may not correlate as well with the return on the Index, as would be the case if it purchased all of the securities in the Index with the same weightings as the Index. **Replication Management Risk:** The Fund is not "actively" managed. Therefore, it would not necessarily sell a stock because the stock's issuer was in financial trouble unless that stock is removed from the Index. **Issuer-Specific Changes:** The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. The value of securities of smaller issuers can be more volatile than that of larger issuers. **Non-Diversified Fund Risk:** The Fund can invest a greater portion of assets in securities of individual issuers than a diversified fund. Changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a diversified fund. **Please read the Fund's prospectus for more detailed information on these risks and considerations.**

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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 www.guggenheimfunds.com or contact a securities representative or Guggenheim Funds Distributors, Inc. 2455 Corporate West Drive, Lisle, IL 60532, 800-345-7999.