



# Micro-Term Fixed Income: **ONE WAY TO STAY INVESTED**

## EXCHANGE-TRADED FUNDS

## Are You Unsure About the Current Market Volatility but Still Looking for Ways to Remain Invested?

Investing in U.S. fixed income securities with maturities of less than one year, known as ultra-short term or micro-term bonds, may be an attractive approach to managing volatility and staying invested. One benefit of a micro-term bonds investing approach is that the potentially negative impact bonds may experience as a result of a rise in interest rates or inflation is often less than other asset classes and bonds with longer maturities. In general, interest rates and bond prices are inversely related, so that when interest rates rise, bond prices typically fall, and vice versa. The same may hold true for inflation, as periods of higher inflation have historically led to higher interest rates. When compared with intermediate and long-term bond funds, all things being equal, the value of a micro-term bond fund is generally impacted less by an increase in interest rates.

### POTENTIAL OF GREATER STABILITY AND FLEXIBILITY FOR ASSET ALLOCATION SHIFTS THROUGH MICRO-TERM INVESTING

In the uncertainty and volatility of today's markets, it may be advantageous to be invested in the market to capture growth opportunities, but you also may want to maintain the ability to reevaluate your asset allocation as the market shifts. Micro-term bond funds may provide a level of flexibility and have historically had lower levels of volatility risk than intermediate and long-term bond strategies.

In addition, for those whose main goal is to reduce risk and volatility, it's important to note that micro-term bonds have historically displayed a low correlation with stocks. In addition, ultra-short term bonds tend to be more effective at reducing volatility than long-term fixed income, as they have historically displayed less price fluctuation than longer-term bonds.

### CLAYMORE'S MICRO-TERM FIXED INCOME STRATEGY

If you are seeking to gain exposure to ultra-short term fixed income through an ETF, consider the Claymore U.S. Capital Markets Micro-Term Fixed Income ETF (NYSE Arca: ULQ) which seeks investment results that correspond generally to the performance, before the fund's fees and expenses, of a money market and micro-term fixed income securities index called CPMKTL – The Capital Markets Liquidity Index<sup>SM</sup>.

### Claymore U.S. Capital Markets Micro-Term Fixed Income ETF



#### The index ULQ tracks includes:

- Micro-Term U.S. Treasury Fixed Income Securities
- Micro-Term U.S. Federal Agency and Other Government Sponsored Entities Fixed Income Securities
- Micro-Term Investment Grade U.S. Corporate Fixed Income Securities
- Commercial Paper
- Bankers Acceptances
- Large Time Deposits
- U.S. Federal Agency Discount Notes

#### The fund offers:

- Investment grade portfolio
- Intraday Liquidity
- Monthly Distribution\*
- Portfolio Transparency
- Micro-Term Duration

\* It is expected, but not guaranteed, that the ETF will pay a monthly distribution.

**The Fund is not a money market fund and thus does not seek to maintain a stable net asset value of \$1.00 per share.**

## INTERESTED IN LEARNING MORE? FOR PERFORMANCE, HOLDINGS AND LITURATURE ON ULQ, VISIT [WWW.CLAYMORE.COM/ETF/FUND/ULQ](http://WWW.CLAYMORE.COM/ETF/FUND/ULQ).

**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. **The Fund is not a money market fund and thus does not seek to maintain a stable net asset value of \$1.00 per share.**

**Asset Class Risk:** The bonds in the Fund's 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 Fund's having to reinvest proceeds at lower interest rates, resulting in a decline in the Fund's income. **Credit/Default Risk:** The risk that issuers or guarantors of debt instruments or the counterparty to a derivatives contract, 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. However, securities issued by U.S. government agencies (such as U.S. agency mortgage pass-through securities) are not necessarily backed by the full faith and credit of the U.S. government. Credit rating downgrades and defaults (failure to make interest or principal payment) may potentially reduce the Fund's income and share price. **Derivatives Risk:** The Fund may invest in certain types of derivatives contracts, including futures, options and swaps which, increases the risk of loss for the Fund. **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 Fund's performance may suffer from its inability to invest in higher yielding securities. **Foreign Issuers Risk:** Investing in U.S. registered, dollar-denominated bonds of foreign corporations, governments, agencies and supra-national agencies 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. **Income Risk:** The risk that falling interest rates will cause the Fund's income to decline. **Interest Rate Risk:** As interest rates rise, the value of fixed-income securities held by the Fund 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. **Liquidity Risk:** If the Fund invests in illiquid securities or securities that become illiquid, Fund returns may be reduced because the Fund may be unable to sell the illiquid securities at an advantageous time or price. **Sampling Risk:** The Fund's use of a representative sampling approach will result in its holding a smaller number of securities than are in the Index. As a result, an adverse development respecting an issuer of securities held by the Fund could result in a greater decline in net asset value than would be the case in the Fund held all of the securities in the Index. **Finance Services Sector Risk:** Subject to extensive government regulation, relatively rapid change due to increasingly blurred distinctions between service segments, and can be significantly affected by availability and cost of capital funds, changes in interest rates, the rate of corporate and consumer debt defaults, and price competition. **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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Claymore Securities, Inc.  
2455 Corporate West Drive  
Lisle, IL 60532

Claymore Securities, Inc.  
2100 Enterprise Ave.  
Geneva, IL 60134

888-WHY-ETFs  
888-949-3837  
[www.claymore.com/etf](http://www.claymore.com/etf)

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Investors should carefully consider the investment objectives and policies, risk considerations, charges and ongoing expenses of the ETF before investing. The prospectus contains this and other relevant information. Please read the prospectus carefully before you invest. To obtain a prospectus, please contact a securities representative or Claymore Securities, Inc., or download one from [www.claymore.com](http://www.claymore.com).