



CLAYMORESM

A Guide to Closed-End Funds

About Claymore Securities

Claymore Securities, Inc. is a privately-held financial services company offering unique investment solutions for financial advisors and their valued clients. Claymore entities have been entrusted to provide supervision, management, servicing or distribution of closed-end funds, unit investment trusts and exchange-traded funds.

We believe it is important to offer timely investment solutions and we strive to bring you, what we believe to be, best-in-class asset managers. With our team of well-trained, service-oriented individuals, we vow to offer world-class support of our investment solutions from thought to the aftermarket. By listening to and quickly responding to the feedback we receive from financial advisors, we believe we can make their efforts in assisting their valued clients easier and more beneficial.

Please visit www.claymore.com/cefs for further information on Claymore's closed-end funds.

Investors should consider the investment objectives and policies, risk considerations, charges and ongoing expenses of the Funds carefully before they invest. For this and more information, please contact a securities representative or Claymore Securities, Inc.

A Guide to Closed-End Funds

A closed-end fund is a professionally-managed investment company registered under the Investment Company Act of 1940 that invests in securities that it believes will help it achieve its investment objective, pursuant to the prospectus limitations. Historically, most closed-end funds specialize in either fixed-income or equity securities and follow a pre-determined investment objective, such as current income or capital appreciation.

How Closed-End Funds Work

Closed-end funds raise their assets by issuing a fixed number of shares via an initial public offering (“IPO”). Closed-end fund shares are primarily traded on the New York Stock Exchange (“NYSE”), NASDAQ and the American Stock Exchange (“AMEX”). The proceeds from the IPO are invested in a portfolio of equity and/or fixed-income securities that intend to meet the fund’s investment objective. The portfolio of securities is then professionally and actively managed by the fund’s manager.

Unlike open-end funds, also known as mutual funds, whose shares are purchased and sold at their underlying net asset value, closed-end fund shares are either purchased or sold at their prevailing market price. Because the number of shares is fixed at issuance, the portfolio managers tend to have a more stable asset base to invest, do not need to manage the fund’s cash flows, may invest a higher percentage in illiquid assets and can remain fully invested in their investment strategy.

RISK CONSIDERATIONS

Additional information on Claymore’s closed-end funds is available at www.claymore.com/CEFs.

Past performance is no guarantee of future results. This information does not represent an offer to sell securities of the funds and it is not soliciting an offer to buy securities of the funds. There can be no assurance that the funds will achieve their investment objectives.

The net asset values of the funds will fluctuate with the value of the underlying securities. It is important to note that closed-end funds trade on their market value, not net asset value, and closed-end funds often trade at a discount to their net asset value.

Advantages of Closed-End Funds

EXCHANGE-TRADED LIQUIDITY

Closed-end funds are typically listed on a major exchange such as the NYSE, NASDAQ and AMEX. An exchange listing provides investors with the benefits of intra-day liquidity and the ability to track the investment intraday. Unlike mutual funds, closed-end funds allow an investor to obtain an intra-day price quotation, purchase or sell shares throughout the trading day, sell short, and place market or limit orders to purchase or sell shares.

To help keep investors informed, using the fund's ticker symbol, one can easily access current and historical pricing and performance information via financial publications, select newspapers and other electronic services.

ACCESS TO ALTERNATIVE SECURITIES AND STRATEGIES

The closed-end fund structure provides an investment vehicle to invest in alternative securities and strategies historically viewed as institutional or strategies generally not available within other investment vehicles. Although not exclusive to closed-end funds, some examples of alternative securities include, but are not limited to, convertible securities, master limited partnerships ("MLPs"), senior loans and commodities. Some examples of alternative strategies include covered-call writing and dividend capture strategies.

OPPORTUNITY TO BUY SHARES AT A DISCOUNT

During any period of time, a closed-end fund's market price may be at, above or below its net asset value ("NAV"). The premium or discount valuation is in reference to the closed-end fund's underlying NAV and is calculated as market price minus NAV, divided by NAV [(Market Price-NAV)/NAV]. Although there is no single reason that succinctly explains why closed-end funds trade at discounts or premiums to their underlying net asset values, there are several factors that may contribute to premiums or discounts. Some factors include, but are not limited to, investor sentiment, supply and demand of the fund, historical performance and the yield the strategy has historically been able to generate for shareholders.

Investors may find it advantageous to buy a fund when it is trading at a discount to its NAV as every dollar working for the Fund (NAV) is greater than every dollar invested (market price). The yield, if purchased at a discount, based upon market price, will be higher than if based on the NAV of the portfolio. Conversely, if a closed-end fund is purchased at a premium to its NAV, the yield would be reduced as compared to a purchase at NAV. There is no guarantee that a fund's yield will not fall regardless of whether the discount widens. In addition, as an investor's total return will be impacted by the value of the fund's shares, a widening discount may negatively effect total return.

ABILITY TO LEVERAGE

As a means of attempting to improve the common shareholder's total return, many closed-end funds will utilize leverage to help enhance a fund's yield and overall performance potential. A closed-end fund may benefit from leverage by borrowing and/or issuing preferred shares at a lower interest rate and investing those monies at a higher reinvestment rate in an effort to take advantage of any spread that may exist. In general, leverage may be a positive contributor to performance if the rate earned on the investment strategy exceeds the cost of borrowing or issuing preferred shares. Conversely, leverage can detract from the overall fund performance if the spread narrows; thereby pressuring a fund's cash flows.

Leverage can be structured in a number of different ways. The most typical forms of closed-end fund leverage include the issuance of senior securities in the form of preferred shares, or the utilization of commercial paper, bank loans or debt securities. Leveraging carries certain risks, including higher volatility of NAV, share price and income, which may increase the chance of loss to the common shareholders.

Leverage risk is the risk associated with the borrowing of funds and other investment techniques, including the issuance of the preferred shares by a fund, to leverage the common shares. Leverage is a speculative technique which may expose a fund to greater risk and increase its costs. Increases and decreases in the value of the fund's portfolio will be magnified when a fund utilizes leverage. For example, leverage may cause greater swings in a fund's NAV or cause a fund to lose more than it invested. A fund will also have to pay interest or dividends on its leverage, reducing a fund's return. This expense may be greater than a fund's return on the underlying investment. There is no assurance that a fund's leveraging strategy will be successful.

ATTRACTIVE INCOME POTENTIAL

Many closed-end funds are considered income vehicles that are designed to distribute income to shareholders via periodic distributions. Investors generally have the option of receiving distributions in cash or having them reinvested through the fund's dividend reinvestment program ("DRIP"). By utilizing the fund's DRIP, investors can purchase additional shares of the fund at regular intervals, and over time, this program has the potential to lead to higher total returns.

This method does not ensure a profit and does not protect against loss in a declining market.

Types of Closed-End Funds

Closed-end funds are able to invest in many unique securities and strategies. The most prevalent closed-end fund is one invested in fixed-income securities. Although less prevalent, equity closed-end funds may allow an investor access to strategies and securities that may not typically be found within other investment vehicles.

Equity Income Funds Domestic equity funds invest primarily in companies whose common stock are listed and incorporated in the United States. Global funds invest in both U.S. and foreign equity securities and international funds invest in securities from non-U.S. countries. While some funds are fully diversified throughout various countries, there are funds that invest specifically in equity securities of one foreign country.

Equity Option Income / Covered Call Funds One of the more popular strategies is the equity option income or covered call funds. While each fund's strategy may differ slightly, in general, the funds invest in a portfolio of individual equity securities and write, or sell, calls on those securities or indices. Premiums received from writing the options are typically passed through to the shareholders through periodic distributions.

Tax-Exempt Income Funds Municipal bond funds account for a substantial portion of the closed-end fund universe. These funds typically seek to provide current income exempt from regular federal income tax by investing in bonds issued by a state, municipality, or county. Single-state municipal bond funds are also available and are intended to provide income free from state and local taxes, if applicable. A large majority of municipal bond closed-end funds employ leverage.

In certain situations, investors may still be subjected to state and local taxes and possibly alternative minimum tax (AMT).

Taxable Income Funds Taxable income funds invest in bonds and/or other debt-related instruments. These instruments may be U.S. government bonds, corporate bonds, senior loans, mortgage-backed securities or preferred securities. As with their federally tax-exempt counterparts, a majority of taxable income closed-end funds employ leverage to attempt to enhance their yield and overall performance potential.



NOT FDIC-INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE



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