

Interim Management
Report of Fund Performance &
Interim Financial Statements
(Unaudited)
June 30, 2010



CLAYMORE ETFs

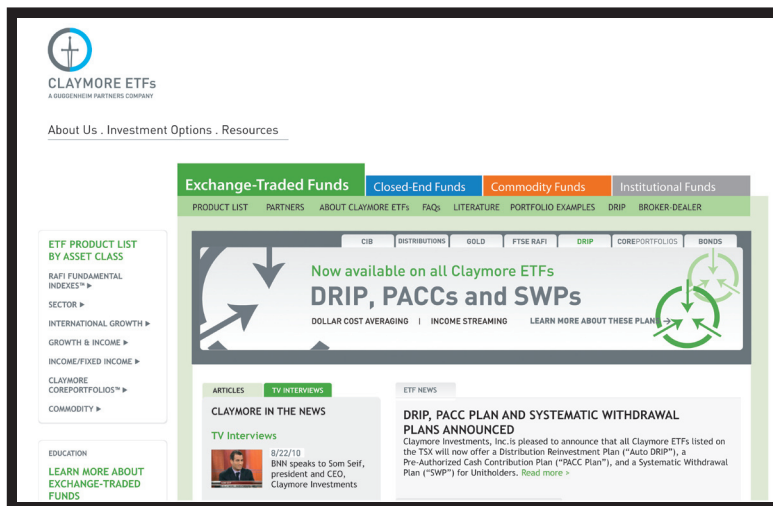
A GUGGENHEIM PARTNERS COMPANY

Big Bank Big Oil Split Corp
(BBO, BBO.PR.A)

INTELLIGENT INVESTING

www.claymoreinvestments.ca

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most up-to-date INFORMATION about
the Claymore Funds



Online at www.claymoreinvestments.ca, you will find:

- Daily, weekly and monthly data on share prices, distributions, dividends and more
- Monthly portfolio overviews and performance analyses
- Announcements, press releases and special notices
- Fund and advisor contact information

Claymore Investments is continually updating and expanding shareholder information services on the Fund's website, in an ongoing effort to provide you with the most current information about how your Fund's assets are managed, and the results of our efforts. It is just one more small way we are working to keep you better informed about your investment in the Funds.

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Management Report of Fund Performance | As of June 30, 2010

The Big Bank Big Oil Split Corp

This interim management report of fund performance contains financial highlights but does not contain either interim or annual financial statements for the investment fund. You may obtain a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-866-417-4640, by writing us at Claymore Investments, Inc. 200 University Ave. 13th Floor, Toronto, Ontario M5H 3C6 or by visiting our website at www.claymoreinvestments.ca or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the investment fund.

This report may contain forward-looking statements. Forward-looking statements involve risks and uncertainties and are predictive in nature. Actual results could differ materially from those contemplated by the forward-looking statements.

Management Discussion of Fund Performance

Investment Objective and Strategies

Big Bank Big Oil Split Corp. (the "Fund") has been created to provide investors with a diversified investment in big Canadian banks and oil and gas companies utilizing a split share structure. The investment objectives for the preferred shares are to provide their holders with fixed cumulative preferential quarterly cash distributions of \$0.13125 per Preferred Share, representing a yield on the issue price of the Preferred Shares of 5.25% per annum and to return the original issue price to preferred shareholders at the time of redemption of such shares on December 30, 2011. The investment objectives for the Capital Shares are to provide their holders with regular monthly cash distributions and to provide capital shareholders with the opportunity for growth in net asset value.

Strategies

The Fund invests on an equal-weighted basis in the largest (by market capitalization) issuers in two of Canada's strongest industry sectors:

- I. the big six banks which have a history of strong earnings growth, increased dividend rates and capital appreciation; and
- II. the ten biggest oil and gas companies which have diversified operations and assets and have a history of growing production, reserves and market value.

The Fund may also selectively write (sell) call options on securities within the portfolio.

Risk

The risks of investing in the Fund are described in the prospectus. During 2009, there have been no changes to the Fund that have materially affected its overall level of risk as described in the prospectus.

Results of Operations

The Fund's net assets dropped to \$34.5 million on June 30, 2010 from \$37.1 million on December 31, 2009. Net retraction from the Fund in 2010 was \$64,000 for capital shares (5,099 units) and \$51,000 for preferred shares (5,099 units). On a NAV basis the total return of the Fund in 2010 was -4.06%

All returns cited—whether based on net asset value ("NAV") or market price—assume the reinvestment of all distributions. For the year end return of the Fund's Capital Shares was -9.58% on a NAV basis from December 31, 2009, through June 30, 2010. This represents a change in NAV to \$11.01 on June 30, 2010 from \$12.59 on December 31, 2009. Market price return of the Fund's Capital Shares for the year was -11.11%. The market price of the Fund's Capital Shares was \$10.49 on June 30, 2010, compared with \$12.22 on December 31, 2009. The Fund's Preferred Shares were flat on a NAV basis, opening and closing the period at \$10.00 per share, producing a NAV return of 2.64%. Market price return of the Fund's Preferred Shares for the year was 1.84%. The market price of the Fund's Preferred Shares was \$10.33 on June 30, 2010, compared with \$10.40 on December 31, 2009.

The broad market averages continued their downward trajectory as the markets continued to worry about future growth. Concerns included poor economic data on both consumer & industrial level for North America and global concerns included the slowing of Chinese economic growth and the health of sovereign debts level within many of the Euro zone countries.

In the second quarter of 2010, in USD terms, the S&P 500 returned a loss of 12.6% which was the worst return for a quarter since late 2008. The Dow Jones Industrial, Russell 1000 & Russell 2000 Indices were all double digit losers as well with losses of 10.55%, 12.54% and 10.89% respectively. In Canada, the S&P/TSX 60 fared much better but was still down 7.05% on a year to date basis, and globally the MSCI EAFE Index was down 15.88%.

The continuing theme in the markets appears to be a flight to quality. Investors sought out quality in all asset classes including equities rotating out of high beta names and into the relative safety of U.S. and Canadian higher quality names.

Recent Developments

There have been no recent developments of particular note, aside from the normal fluctuations of the markets, that are expected to have any undue influence on the portfolio of the Fund when compared to its benchmark and there has been no change in the manager, sub-advisor or in the membership of the independent review committee of the Fund.

On May 18, 2010, shareholders approved amendments to the articles of the Company to extend the ultimate redemption date of the Class A capital shares ("Capital Shares") and the Class A preferred shares ("Preferred Shares") for an additional term of five years to December 30, 2016, and to change the restriction relating to the making of special distributions on the Capital Shares such that they are defined by reference to regular monthly distributions on the Capital Shares in lieu of distributions in excess of \$0.05 per month.

Introduction of Harmonized Sales Tax

Effective July 1, 2010, the province of Ontario and the province of British Columbia have harmonized their provincial sales taxes with the goods and services tax (GST), resulting in a harmonized sales tax (HST) of 13% (Ontario) and 12% (British Columbia). The HST will be charged on the Fund's management fees as well as other expenses payable by the Fund that are currently subject to GST. Any increased costs resulting from an increase in such tax payable by the Fund may be borne by the unit holders of the Fund.

Related Party Transactions

Claymore Investments, Inc. ("Claymore"), a registered exempt market dealer and portfolio manager, is the manager and trustee of the Fund and is responsible for the administration of the Fund. Claymore is a wholly-owned subsidiary of Claymore Group Inc., a financial services and asset management company based in the Chicago, Illinois area.

Claymore, as the manager and trustee of the Fund, is responsible for the operations of the Fund and is entitled to receive a management fees from the Fund (see "Management Fees" below). Claymore Advisors, LLC ("Investment Advisor") an affiliate of Claymore has been engaged by Claymore to act as sub advisor of the Fund. All operating expenses other than the management fees, service fees, fees relating to the Independent Review Committee, income tax and withholding taxes, interest expenses, brokerage commission and charges and other extraordinary expenses, are the responsibilities of Claymore.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six months ended June 30, 2010 and the years ended December 31 for the past four years.

Net Assets per Unit ⁽¹⁾	June 30, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
Net Assets, beginning of the year	\$ 22.82	\$ 16.62	\$ 25.94	\$ 27.25	\$ 25.00
Increase (decrease) from operations:					
Total revenue	0.41	0.86	0.96	0.77	0.30
Total expenses	(0.46)	(0.90)	(1.15)	(0.97)	(0.46)
Realized gains (losses) for the period	0.43	(3.19)	1.64	1.94	0.85
Unrealized gains (losses) for the period	(1.56)	10.44	(9.72)	(2.41)	2.95
Total increase (decrease) from operations ⁽²⁾	(1.18)	7.21	(8.27)	(0.67)	3.64
Distributions:					
From investment income	(0.80)	(0.72)	(1.57)	—	—
From capital gains	—	—	—	—	—
Return of capital	—	(0.89)	—	(1.28)	(0.23)
Total distributions ⁽³⁾	(0.80)	(1.61)	(1.57)	(1.28)	(0.23)
Net Assets, end of year	\$ 21.25	\$ 22.82	\$ 16.62	\$ 25.94	\$ 27.25
Ratios and Supplemental Data (Based on Net Asset Value)					
Net asset value (\$000's) ⁽⁴⁾	\$ 34,087	\$ 36,767	\$ 31,485	\$ 56,876	\$ 76,913
Number of units outstanding (000's) ⁽⁴⁾	1,622	1,628	1,891	2,191	2,785
Management expense ratio ⁽⁵⁾	1.79%	1.89%	2.58%	1.70%	1.30%
Management expense ratio excluding offering expense ⁽⁵⁾	1.47%	1.36%	1.69%	1.22%	1.22%
Portfolio turnover rate ⁽⁶⁾	32.01%	111.42%	50.52%	32.31%	69.39%
Trading expense ratio ⁽⁷⁾	0.03%	0.11%	0.10%	0.02%	0.17%
Net asset value per Unit	\$ 21.01	\$ 22.59	\$ 16.65	\$ 25.96	\$ 27.25
Market Price, end of period	\$ 20.82	\$ 22.22	\$ 15.25	\$ 24.26	\$ 25.12

⁽¹⁾ This information is derived from the Fund's unaudited interim and audited annual financial statements. The Net Assets per unit presented in the financial statements differ from the Net Asset Value calculated for Fund pricing purposes, as "Net Assets" reflect the value of securities at their closing bid/ask prices for long/short positions where as "Net Asset Value" reflects the value of securities at their last traded price. (See the complete interim financial statements for more information on "Net Assets" and "Net Asset Value").

⁽²⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

⁽³⁾ Distributions were paid in cash/reinvested in additional units of the Fund, or both.

⁽⁴⁾ The information is provided as of June 30, 2010 and December 31 of the years shown, as applicable and includes preferred shares value of \$10.00.

⁽⁵⁾ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction charges) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

⁽⁶⁾ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The rate is calculated based on the lesser of purchases or sales of securities by the average weighted market value of the portfolio securities, excluding short-term securities.

⁽⁷⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

Management Fees

Claymore receives a management fee for providing management and administration services to the Fund. The management fee, exclusive of GST, is charged at 0.50% per annum on the units and is calculated and accrued daily and paid monthly, in arrears. Approximately, 100% of management fees were used for investment management, other general administration expenses and profit.

The Manager has paid substantially all of the costs and expenses relating to the operation of the business and affairs of the Fund including investment management, administration, legal, accounting, custody, audit, registrar and transfer agency fees and expenses associated with the advertising, marketing, sponsoring and promoting the sale of the units of the Fund.

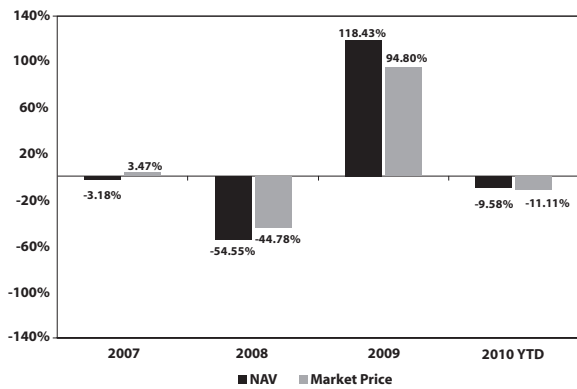
Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

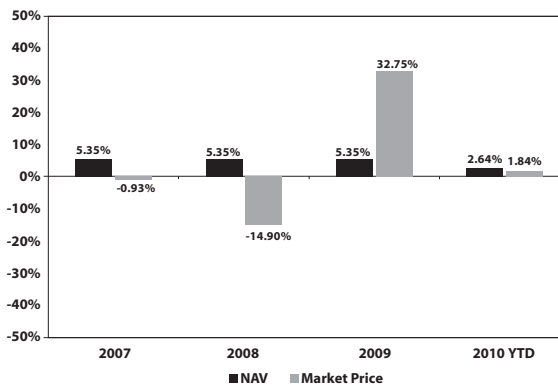
Year by Year Returns

The following bar chart shows the Fund's performance for each of the periods indicated and illustrates how the fund's performance changed from period to period. In percentage terms, the bar chart shows how much the investment would have grown or decreased by the end of each financial period if the investment had made on the beginning of the financial year.

Total Returns (Fiscal Year) – Capital Shares



Total Returns (Fiscal Year) – Preferred Shares



Summary of Investment Portfolio as at June 30, 2010 (unaudited)

Sector Mix	% of Fund's Net Asset Value	Top Issuers	% of Fund's Net Asset Value
Equities		Canadian Imperial Bank of Commerce	8.8
Financials	50.0	National Bank of Canada	8.4
Energy	40.0	Toronto-Dominion Bank	8.3
Income Trusts		Bank of Nova Scotia	8.2
Energy	10.2	Royal Bank of Canada	8.2
Cash and Cash Equivalents	1.0	Bank of Montreal	8.1
Net Other Assets	(1.2)	Talisman Energy Inc.	5.3
	100.0	Canadian Oil Sands Trust	5.1
		Cenovus Energy Inc.	5.1
		Crescent Point Energy Corp.	5.0
		Penn West Energy Trust	5.0
		Husky Energy Inc.	5.0
		Canadian Natural Resources Ltd.	4.9
		Suncor Energy Inc.	4.9
		Nexen Inc.	4.9
		Imperial Oil Ltd.	4.8
			100.0
		Total Net Asset Value	\$34,087,225

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. An update is available quarterly at www.claymoreinvestments.ca.

Notice to **Investors**

The accompanying interim financial statements have not been reviewed by the external auditors of the Funds. The external auditors will be auditing the annual financial statements of the Funds in accordance with Canadian generally accepted auditing standards.

Statement of Financial Position

As at June 30, 2010 and December 31, 2009

	June 30, 2010 (unaudited)	December 31, 2009 (audited)
Assets		
Investments, at fair value (note 3)	\$ 34,164,370	\$ 36,791,434
Cash	325,281	295,548
Deferred financing costs (note 6)	171,984	229,508
Recoverable tax receivable	222,683	222,683
Dividends receivable	126,055	151,000
Prepaid expenses	9,524	8,379
Due from Manager	764	-
Total Assets	35,020,661	37,698,552
Liabilities		
Distributions payable to shareholders	326,513	360,090
Liability from options written	16,818	-
Accounts payable and accrued liabilities	151,783	137,507
Issuance costs payable	22,205	22,205
Accrued service fees (note 8)	5,739	22,230
Accrued management fees (note 8)	16,909	15,549
Preferred share capital (note 5)	16,224,270	16,275,260
Total Liabilities	16,764,237	16,832,841
Shareholders' Equity		
Class A capital shares (note 5)	22,666,227	22,730,002
Class J shares (note 5)	100	100
Retained earnings (deficit)	(4,409,903)	(1,864,391)
Total Shareholders' Equity	18,256,424	20,865,711
Total Liabilities and Shareholders' Equity	\$ 35,020,661	\$ 37,698,552
Units Outstanding		
	1,622,427	1,627,526
Net assets per unit (note 3)	\$21.25	\$22.82
Redemption value per preferred share	(10.00)	(10.00)
Net Assets per Class A Capital Share	\$ 11.25	\$ 12.82
Net asset value per unit (note 3)	\$ 21.01	\$ 22.59

Approved on behalf of the Fund Manager



Som Seif
President & CEO



Kevin M. Robinson
Secretary

See accompanying notes which are an integral part of these financial statements.

Statement of Operations and Retained Earnings

For the six months ended
June 30 (unaudited)

	2010	2009
Income		
Dividends	\$ 530,683	\$ 546,732
Interest	122,030	142,986
Securities lending (note 9)	3,948	1,198
	<u>656,661</u>	<u>690,916</u>
Expenses		
Amortization of deferred financing costs (note 6)	57,524	112,794
Management fees (note 8)	98,772	72,781
Service fees (note 8)	38,487	49,219
Audit fees	18,824	40,269
Independent Review Committee fees	15,081	25,274
Custodial fees	21,494	21,842
Shareholder reporting	32,738	21,598
Legal fees	9,374	19,189
Other administrative	30,697	4,190
	<u>322,991</u>	<u>367,156</u>
Net Investment Income Before Distributions on Preferred Shares	333,670	323,760
Distributions paid on Preferred Shares (note 5(b) & 7)	(425,887)	(427,226)
Net Investment Loss	(92,217)	(103,466)
Net realized gain (loss) on investments	281,124	(5,943,150)
Net realized gain on foreign currency transactions	115	178
Net realized gain on options	412,131	666,813
Transaction costs (note 3)	(5,379)	(23,049)
Change in unrealized appreciation (depreciation) in value of investments	(2,556,081)	13,722,857
Change in unrealized appreciation in currency	36	45
Change in unrealized appreciation on options	63,730	(194,400)
	<u>(1,804,324)</u>	<u>8,229,294</u>
Net Gain (Loss) on Investments	(1,804,324)	8,229,294
Increase (Decrease) in Net Assets from Operations	(1,896,541)	8,125,828
Retained earnings (deficit), beginning of the period	(1,864,391)	(11,881,039)
Distributions to Class A capital shareholders (note 5(a) & 7)	\$ (648,971)	(878,864)
Retained earnings (deficit), end of the period	\$ (4,409,903)	\$ (4,634,075)
Increase (decrease) in net assets from operations per Class A capital share ⁽¹⁾	\$ (1.18)	\$ 4.95
Distributions Paid Per Share:		
Preferred Share	\$ 0.26	\$ 0.26
Class A Capital Share	\$ 0.40	\$ 0.54

(1) Based on the weighted average number of Class A capital shares outstanding for the period

See accompanying notes which are an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

For the six months ended
June 30 (unaudited)

	2010	2009
Shareholders' Equity, Beginning of the Period	\$ 20,865,711	\$ 12,518,706
Operations:		
Increase (decrease) in net assets from operations	(1,896,541)	8,125,828
Shareholder Transactions:		
Retraction of Class A Capital Shares	(63,775)	(1,669,643)
Distributions to Class A Capital Shareholders (note 5(b) & 7):		
Net investment income	(648,971)	(878,864)
Total shareholder transactions	(712,746)	(2,548,507)
Net increase (decrease) in shareholders' equity	(2,609,287)	5,577,321
Shareholders' Equity, End of the Period	\$ 18,256,424	\$ 18,096,027

See accompanying notes which are an integral part of these financial statements.

Statement of Cash Flows

For the periods ended June 30 (unaudited)

	2010	2009
Cash flows from operating activities		
Increase (decrease) in net assets from operations	\$ (1,896,541)	\$ 8,125,828
Items not affecting cash:		
Amortization of deferred financing costs (note 6)	57,524	112,794
Net realized (gain) loss on investments	(281,124)	5,943,150
Net realized gain on options	(412,131)	(666,813)
Transaction costs (note 3)	5,379	23,049
Change in unrealized (appreciation) depreciation in value of investments	2,556,081	(13,722,857)
Change in unrealized depreciation on options	(63,730)	194,400
Change in non-cash working capital items	27,102	99,419
	(7,440)	108,970
Cash flows from investing activities		
Purchase of investments	(11,529,224)	(15,822,641)
Proceeds from sale of investments	12,368,632	21,282,376
	839,408	5,459,735
Cash flows from financing activities		
Retraction of Class A Capital Shares and Preferred Shares	(114,765)	(4,299,643)
Distributions to Class A Capital Shareholders	(682,548)	(937,053)
	(797,313)	(5,236,696)
Net increase in cash	34,655	332,009
Cash, beginning of the period	295,548	181,963
Cash, end of the period	\$ 330,203	\$ 513,972

See accompanying notes which are an integral part of these financial statements.

Statement of Investment Portfolio

As at June 30, 2010 (unaudited)
(Expressed in Canadian Dollars)

Number of Shares/Units	Description	Average Cost	Fair Value	% of Net Assets
Income Trusts				
Energy				
65,100	Canadian Oil Sands Trust	\$ 1,833,167	\$ 1,757,049	
84,600	Penn West Energy Trust	1,967,213	1,717,380	
		3,800,380	3,474,429	19.03%
Canadian Common Stocks				
Energy				
47,800	Canadian Natural Resources Ltd.	1,699,849	1,688,774	
63,500	Cenovus Energy Inc.	1,751,614	1,739,900	
46,400	Crescent Point Energy Corp.	1,689,067	1,722,832	
68,000	Husky Energy Inc.	2,139,326	1,716,320	
42,300	Imperial Oil Ltd.	1,789,992	1,640,394	
80,000	Nexen Inc.	2,063,793	1,675,200	
53,700	Suncor Energy Inc.	1,878,948	1,682,421	
111,500	Talisman Energy Inc.	1,947,122	1,795,150	
		14,959,711	13,660,991	74.83
Financials				
Banks				
47,500	Bank of Montreal	2,715,971	2,742,650	
57,200	Bank of Nova Scotia	2,723,886	2,805,088	
45,300	Canadian Imperial Bank of Commerce	3,019,787	2,996,142	
52,400	National Bank of Canada	3,054,893	2,853,180	
55,300	Royal Bank of Canada	2,864,733	2,803,710	
41,000	Toronto-Dominion Bank	2,594,730	2,828,180	
		16,974,000	17,028,950	93.28
Total Canadian Common Stocks		31,933,711	30,689,941	168.11
Total Equity Investments		35,734,091	34,164,370	187.14
Options				
Written Call Options				
(122)	Bank of Montreal, July 2010, \$64	(9,028)	(854)	
(111)	Canadian Natural Resources Ltd., July 2010, \$40	(3,440)	(832)	
(124)	Canadian Oil Sands Trust, July 2010, \$30	(3,100)	(992)	
(180)	Cenovus Energy Inc., July 2010, \$31	(8,100)	(1,530)	
(118)	Crescent Point Energy Corp., July 2010, \$40	(3,540)	(1,180)	
(217)	Husky Energy Inc., July 2010, \$28	(5,425)	(1,736)	
(170)	National Bank of Canada, July 2010, \$60	(6,630)	(1,360)	
(270)	Nexen Inc., July 2010, \$24	(7,560)	(2,565)	
(156)	Penn West Energy Trust, July 2010, \$22	(2,340)	(1,404)	
(173)	Royal Bank of Canada, July 2010, \$56	(13,523)	(1,730)	
(150)	Suncor Energy Inc., July 2010, \$36	(6,000)	(825)	
(329)	Talisman Energy Inc., July 2010, \$18	(13,160)	(1,810)	
		(81,846)	(16,818)	(0.05)
Total Investments		35,652,245	34,147,552	187.14
Transaction costs (note 3)		(9,177)		
Total Investments		\$ 35,643,068	\$ 34,147,552	187.14%
Liabilities less other assets			(15,891,128)	(87.14)
Net Assets			\$ 18,256,424	100.00%

See accompanying notes which are an integral part of these financial statements.

Notes to the Financial Statements | As of June 30, 2010 (Unaudited)

1. Corporate Activities

Big Bank Big Oil Split Corp. (the "Company") is a mutual fund corporation established under the laws of the Province of Ontario on April 27, 2006. The manager of the Company is Claymore Investments, Inc. (the "Manager" or "Claymore"). The investment sub-advisor to the Company is Claymore Advisors, LLC (the "Investment Advisor" or "Claymore Advisors"). The Company has been created to provide investors with a diversified investment in big Canadian banks and oil and gas companies utilizing a split share structure on a low cost basis.

2. Investment Objectives

The investment objectives for the preferred shares of the Company (the "Preferred Shares") are to provide their holders ("Preferred Shareholders") with fixed cumulative preferential quarterly cash distributions in the amount of \$0.13125 per Preferred Share (representing a yield on the issue price of the Preferred Shares of 5.25% per annum), and to return the original issue price to Preferred Shareholders at the time of redemption of such shares on December 30, 2011 (the "Redemption Date").

The investment objectives for the capital shares of the Company (the "Capital Shares") are to provide their holders ("Capital Shareholders") with regular monthly cash distributions targeted to be \$0.05 per Capital Share representing a yield on the issue price of the Capital Shares of 4.0% per annum and to provide Capital Shareholders with the opportunity for growth in net asset value ("NAV") per Capital Share. Preferred Shareholders and Capital Shareholders are collectively referred to as "Shareholders".

3. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could vary from these estimates.

a) Financial Instruments

The Company has adopted the accounting guidelines of CICA Handbook – Accounting Section 3862, Financial Instruments – Disclosures ("Section 3862") and Section 3863, Financial Instruments – Presentation ("Section 3863").

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, Financial Instruments – Disclosure and Presentation. This standard requires the Company to provide disclosure in the financial statements that enables users to evaluate the significance of financial instruments for the Company's financial position and performance as well as the nature and extent of risks arising from these financial instruments during the year and at the date of the financial statement in addition to how the Company manages those risks. Section 3863 carries forward the same presentation requirements for financial instruments under Section 3861. Refer to Note 11 for further details.

On September 30, 2009, an amendment to Section 3862 became effective, requiring the Company to disclose fair value measurements by source of inputs, using a three-level hierarchy. For further details, see Note 13 Fair Value Measurements.

b) Capital Disclosures

Section 1535, Capital Disclosures ("Section 1535") of the CICA Handbook establishes standards for disclosing information about an entity's capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Refer to Note 5 for a discussion on the Company's capital and how it is managed.

c) Application of CICA Handbook Section 3855

For purpose of preparing its financial statements, the Company values its investments pursuant to Section 3855 as outlined below; the resulting net assets balance is referred to as the "Net Assets". For all other purposes, including the processing of transactions of holders of Units (as defined below) ("Unitholder transactions"), the value of securities traded in the active market continue to be valued at their last traded price, and the resulting value of net assets is referred to as the "Net Asset Value." "Net assets per unit" and "Net asset value per unit" are presented in the Statement of Financial Position of the Company. This is in compliance with the amended Section 14.2 of NI 81-106 issued by the Canadian Securities Administrators ("CSA") allowing the calculation of net asset value for the purpose of processing Unitholder transactions to differ from that of GAAP fair value measurements. In accordance with the amendment to NI 81-106 made by the CSA, reconciliation between the net asset value calculated in accordance with GAAP (referred to as Net Assets) and the price used for subscriptions and redemptions (referred to as Net Asset Value) is required to be disclosed in the financial statements. This information can be obtained on the Company's Statement of Net Assets.

Compliance with Section 3855, accounting policies for the Company are as follows:

Valuation of investments

1. Securities listed on a recognized exchange or on an over-the-counter market are valued at their closing bid/ask price for long/short positions. If a closing bid price on a recognized exchange or over-the-counter market is not available, then the price of the most recent transaction is used. The value of any security for which a market quotation is not readily available will be its fair value as determined by the Manager using valuation techniques commonly used by market participants.
2. Short-term notes, treasury bills and bonds are valued at the average bid quotations from recognized investment dealers.

Transaction costs

In accordance with Section 3855, transaction costs are expensed and included in "Transaction costs" in the Statements of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Prior to the adoption of Section 3855, transaction costs were capitalized and included in the cost of purchases or proceeds from sale of investments. There is no impact on the NAV of the Company in using either of these methods. The cost of investments for each security is determined on an average cost basis.

- d) The Company intends to write call options in respect of some or all of the securities of the portfolio ("Portfolio Securities"). Such call options may be either exchange-traded options or over-the-counter options. Since call options will be written only in respect of securities that are in the Portfolio and the investment restrictions of the Company prohibit the sale of securities subject to an outstanding option, the call options will be covered at all times.

Options that are publicly traded, including exchange-traded options, are valued at their closing bid price for long positions and closing ask prices for short positions. If a closing price is not available, then these investments are valued using most recent transaction price.

- e) Investment transactions are recorded on the trade date. Interest income is accrued daily at the interest rate of the debt security. Dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated on an average cost basis.
- f) Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the period-end date. Purchases and sales of investments and income and expense transactions are translated at the rate of exchange prevailing on the date of the transactions.

- g) Increase (decrease) in net assets from operations per Class A capital share represents the increase (decrease) in net assets from operations for the period divided by the weighted average units outstanding during the period.
- h) Issuance costs incurred in connection with the offerings of capital shares are charged to equity.

4. Changeover to International Financial Reporting Standards

On January 1, 2011, International Financial Reporting Standards (“IFRS”) will replace current Canadian standards and interpretations as Canadian GAAP for publicly accountable enterprises, which includes investment funds.

For the Company, IFRS will be effective for the interim and annual periods starting January 1, 2011, including the preparation and reporting of one year of comparative figures. In order to prepare for the transition to IFRS, the Manager has consulted with the Company’s auditor and has developed an implementation plan that involves a review of the opening balances used for comparative figures by the Company’s auditors and overall review of the Managers readiness for the IFRS conversion.

The Manager has presently determined that there will be no material impact to the net asset value per unit from the changeover to IFRS. The impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of presentation and additional note disclosures in the financial statements of the Company.

In May 2010, the Accounting Standard Board (“AcSB”) stated that it was submitting an exposure draft to defer the implementation date of IFRS for entities currently applying Accounting Guideline 18 Investment Companies (“AcG 18”) to years beginning after January 1, 2012. At this time this exposure draft has not been approved but, if approved, could delay the final implementation date for the Company to IFRS.

5. Share Capital

The Company is authorized to issue an unlimited number of Class A Preferred Shares, Class A Capital Shares, Class B preferred shares issuable in series, Class B capital shares issuable in series and Class J shares (the “Class J Shares”). The Company issued 100 Class J Shares to Claymore for cash consideration of \$100. The holders of Class J Shares are entitled to one vote per share and are not entitled to receive dividends. The Class J Shares are redeemable and retractable at a price of \$1.00 per share. A “Unit” consists of one Preferred Share and one Capital Share.

	June 30, 2010		December 31, 2009	
	Preferred Shares	Capital Shares	Preferred Shares	Capital Shares
Shares outstanding, beginning of period	1,627,526	1,627,526	1,627,526	1,890,526
Shares issued for cash	–	–	–	–
Shares retracted	(5,099)	(5,099)	(263,000)	(263,000)
Shares outstanding, end of period	1,622,427	1,622,427	1,627,526	1,627,526

On May 18, 2010, the Shareholders of the Company approved amendments to the articles of the Company to extend the ultimate redemption date of the Class A Capital Shares and the Class A Preferred Shares for an additional term of five years to December 30, 2016.

(a) Preferred Shares

Holders of Preferred Shares will be entitled to receive quarterly fixed cumulative preferential cash distributions equal to \$0.13125 per Preferred Share. Such quarterly distributions are expected to be paid to holders of record as of the last business day of March, June, September and December in each year commencing in September 2006.

The Preferred Shares outstanding on December 30, 2016 will be redeemed by the Company on such date for a redemption price per share equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon; and (ii) the NAV of the Company on that date divided by the number of Preferred Shares then outstanding.

The Preferred Shares may be surrendered at any time for retraction. The retraction price per share will be equal to 96% of the lesser of (i) the NAV per Unit determined as of the relevant retraction date less the cost to the Company of the purchase of a Capital Share for cancellation; and (ii) \$10.00.

The Preferred Shares have been presented as liabilities in the financial statements.

(b) Capital Shares

The Capital Shares outstanding on December 30, 2016 will be redeemed on such date for an amount per share equal to the greater of (i) the NAV per Unit minus \$10.00 and any accrued and unpaid distributions on a Preferred Share; and (ii) nil.

The Capital Shares may be surrendered at any time for retraction. The retraction price per share will be equal to 96% of the difference between (i) the NAV per Unit determined as of the relevant retraction date; and (ii) the cost to the Company of the purchase of a Preferred Share for cancellation.

Holders of Capital Shares will be entitled to receive distributions as and when declared by the board of directors of the Company (the "Board"). It will be the policy of the Board to declare and pay monthly non-cumulative distributions in an amount targeted at \$0.05 per Capital Share.

6. Deferred Financing Costs

The issuance costs associated with the creation of the Preferred Shares have been deferred and will be amortized over the term of the Preferred Shares using the straight-line method.

7. Distributions to Shareholders

Distributions, as declared by the Manager, are made on a quarterly basis on the Preferred Shares and on a monthly basis on the Capital Shares. Distributions are payable no later than the 10th business day of the following month. All ordinary dividends distributed by the Company are regarded as eligible dividends for income tax purposes.

8. Manager and Service Fees

The Company has retained Claymore to act as manager under a management agreement dated May 26, 2006, pursuant to which the Manager is entitled to fees at the annual rate of 0.50% of the NAV of the Company. Such fees are calculated and payable monthly.

The Manager also collects from the Company a service fee equal to 0.40% annually of the NAV of the Capital Shares which it pays to dealers in connection with amounts held by clients of the sales representatives of such dealers. This service fee is payable quarterly.

Harmonized Sales Tax

Effective July 1, 2010, the Government of Ontario has harmonized the provincial sales tax with the federal goods and services tax (GST). As a result, Claymore will be required to collect up to a combined 13% harmonized sales tax on management fees and service fees, paid to it by the Company. Prior to this, any management fees charged by Claymore to the Company were only subject to the 5% federal GST. Since the management expense ratio of the Company includes taxes, a 13% harmonized sales tax will cause an increase in the management expense ratio of the Company.

9. Securities Lending

In order to generate additional returns, the Company may lend Portfolio Securities to securities borrowers acceptable to the Company pursuant to the terms of a securities lending arrangement under which: (i) the borrower will pay to the Company a negotiated securities lending fee and will make compensation payments to the Company equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Income Tax Act (Canada) (as defined under “Canadian Federal Income Tax Considerations”); and (iii) the Company will receive collateral security. The custodian, as securities lending agent for the Company, will be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis. All securities lending arrangements will comply with the provisions of NI 81-102 and such other conditions as the Company may require.

The Company has entered into a securities lending program with RBC Dexia Investor Services Trust. The aggregate market value of all securities loaned by the Company cannot exceed 50% of the net asset value of the Company. The Company will receive collateral of at least 102% of the value of securities on loan.

Balances as at June 30, 2010:

Market Value of Securities Loaned	\$3,444,433
Market Value of Collateral Held	\$3,551,832

Balances as at December 31, 2009:

Market Value of Securities Loaned	\$5,057,745
Market Value of Collateral Held	\$5,212,507

10. Financial Instruments and Risk Management

The Company’s financial instruments consist of cash, investments and Preferred Shares. As a result, the Company is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, interest rate risk, credit risk, liquidity risk and currency risk. These risks and related risk management practices employed by the Company are discussed below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of a fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by a fund is determined by the fair value of the financial instruments. The Manager monitors the Company’s overall market positions on a daily basis and positions are maintained within established ranges.

As at June 30, 2010, the Company’s market risk is affected by change in actual market prices. If the market values of portfolio investments increased by 5%, with all other variables held constant, this would have increased net assets by approximately \$1,708,218 (December 31, 2009 - \$1,839,572); conversely, if the value of portfolio investments decreased by 5%, this would have decreased net assets by the same amount.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Company’s financial assets and liabilities are non-interest bearing. As a result, the Company is not subject to interest rate risk due to fluctuations in the prevailing level of market interest rates.

Credit risk

Credit risk is the risk of loss due to the failure of a Counterparty to satisfy its obligations. Financial assets which potentially expose the Company to credit risk consist principally of cash, amounts due from brokers and investments in preference shares. To minimize the credit risk, the Manager performs ongoing credit evaluations based upon factors surrounding the credit risk of counterparties, historical trends and other information.

Liquidity risk

Liquidity risk is the possibility that investments in a fund cannot be readily converted into cash when required.

The Company's investments are considered readily realizable and highly liquid, therefore the Company's liquidity risk is considered minimal.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the reporting currency of the fund, will fluctuate due to changes in foreign exchange rates. As at December 31, 2009, the majority of the Company's investments and cash balances are denominated in Canadian dollars. As a result, the Company is not significantly exposed to currency risk.

11. Income Taxes

The Company qualifies as a mutual fund corporation as defined by the *Income Tax Act* (Canada). As a mutual fund corporation the Company is entitled to capital gains refunds in respect of: (i) capital gains dividends paid by it; and (ii) qualifying redemptions to the extent that the Company has paid or is liable to pay Canadian federal income tax on its taxable capital gains. As a result thereof, and for the deduction of expenses in computing its taxable income, no provisions for income taxes are made in the financial statements.

12. Soft Dollar Commissions on Securities Transactions

The Manager does not enter into soft dollar contracts. All commission on trades is strictly for trade execution.

13. Fair Value Measurements

The Company adopted the amendments to CICA 3862 on December 31, 2009, which established a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Company's investments. The hierarchy of inputs is summarized below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as priced) or indirectly (derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investments' assigned level.

The following is a summary of the inputs used as of June 30, 2010 and December 31, 2009 in valuing the ETF's investments and derivatives that are carried at fair value:

June 30, 2010

Financial assets held for trading	Level 1	Level 2	Level 3	Total
1. Equity Investments	\$34,164,370	–	–	\$34,164,370

December 31, 2009

Financial assets held for trading	Level 1	Level 2	Level 3	Total
1. Equity Investments	\$36,791,434	–	–	\$36,791,434

When fair values of listed equity and debt securities as well as publicly traded derivatives at the reporting date are based on quoted market prices or binding dealer price quotations (bid price for long positions and ask price for short position), without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

The Company uses widely recognized valuation models for determining fair values of over-the-counter derivatives. For these financial instruments, inputs into these models are market observable and are therefore included within Level 2.

The fair values for forward agreements, if any are calculated by reference to current exchange rates for contracts with similar maturity and risk profiles.

Instruments that would be included in Level 3 include those for which there is no current market activity. Currently, the Company does not hold any such investments.

Transfer between categories

There were no transfers between Level 1 and Level 2 of the fair value hierarchy.

14. Comparative Financial Statements

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2010 financial statements.

Fund Information

Claymore Investments, Inc.

Directors and Officers

Som Seif
Chief Executive Officer, President and Director

Chuck R. Craig
Chief Investment Officer

Bruce Albelda
Chief Financial Officer and Director

Kevin M. Robinson
Secretary

J. Thomas Futrell
Director

Michael J. Rigert
Vice President

Jeffrey D. Logan
Vice President

David C. Hooten
Chairman of the Board of Directors

Bruce Saxon
Vice President Compliance

Fund Advisory Board

Douglas G. Hall
Roman Friedrich III
Randall C. Barnes

Custodian

RBC Dexia Investor Services

Auditors

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