

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities.

PROSPECTUS

Initial Public Offering

June 7, 2011



CLAYMORE ADVANTAGED CONVERTIBLE BOND ETF

This prospectus qualifies the distribution of common units (the “Common Units”) and advisor class units (the “Advisor Class Units”) of the Claymore Advantaged Convertible Bond ETF (the “Claymore ETF”). The Claymore ETF is an investment trust established under the laws of the Province of Ontario and has been designed to provide investors with exposure to the performance of the DEX Convertible Bond Index (the “Index”) by replicating, to the extent possible, the performance of the Index. See “Investment Objectives”. The investment strategy of the Claymore ETF is to obtain economic exposure to the performance of the Index. See “Investment Strategies”.

Common Units and Advisor Class Units of the Claymore ETF may be issued and sold on a continuous basis and there is no maximum number of Units that may be issued. The Common Units and Advisor Class Units are collectively referred to as the “Units”.

Claymore Investments, Inc. (“Claymore” or the “Manager”), a registered portfolio manager, exempt market dealer and investment fund manager is the trustee and manager of the Claymore ETF and is responsible for the administration of the Claymore ETF. Claymore, in addition to acting as Manager for the Claymore ETF, is also the trustee and manager and investment advisor to certain other exchange-traded and closed-end funds. See “Organization and Management Details – Trustee and Manager”.

The Claymore ETF issues, or will issue, Units directly to Designated Brokers and Underwriters.

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of Units of the Claymore ETF, subject to the Claymore ETF fulfilling all of the requirements of the TSX on or before May 24, 2012.

Unitholders may redeem Units in any number for cash, subject to a redemption discount, or may exchange a Prescribed Number of Units (or integral multiple thereof) for Baskets of Securities and cash. See “Redemption and Exchange of Units”.

No underwriter has been involved in the preparation of the prospectus or has performed any review of the contents of the prospectus and the Canadian securities regulators have provided the Claymore ETF with a decision exempting them from the requirement to include a certificate of an underwriter in the prospectus. The Designated Brokers and Underwriters are not underwriters of the Claymore ETF in connection with the distribution of Units under this prospectus.

For a discussion of the risks associated with an investment in Units of the Claymore ETF, see “Risk Factors”. While the Claymore ETF will be a mutual fund under the securities legislation of certain provinces and territories of Canada, it has been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

During the period in which the Claymore ETF is in continuous distribution, additional information will be available in the most recently filed annual financial statements, and interim financial statements filed after the most recent annual financial statements, the most recently filed annual management report of fund performance (“MRFP”) and any interim MRFP filed after that annual MRFP for the Claymore ETF. These documents are or will be incorporated by reference into, and legally form an integral part of this prospectus. See “Documents Incorporated by Reference”.

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IMPORTANT TERMS

Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.

Basket of Securities – in relation to the Claymore ETF, a group of securities determined by the Manager from time to time.

Canadian Share Portfolio – as defined under “Investment Strategies – Use of Derivative Instruments”.

Canadian securities legislation – the *Securities Act* in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the securities regulatory authorities.

CDS – CDS Clearing and Depository Services Inc.

CDS Participant – a participant in CDS that holds Units on behalf of beneficial owners of Units.

Claymore or the Manager – Claymore Investments, Inc., a corporation established under the federal laws of Canada, the trustee and manager of the Claymore ETF.

Claymore ETF – the Claymore Advantaged Convertible Bond ETF.

Constituent Issuers – the issuers included in the Index from time to time.

Constituent Securities – the securities included in the Index from time to time.

Convertible Bonds – means unsecured, subordinated debentures of issuers that can be converted into equity securities of issuers at a specified price at the option of the holder, and excludes Synthetic Convertible Securities.

Counterparty – as defined under “Investment Strategies – Use of Derivative Instruments”.

CRA – the Canada Revenue Agency.

Custodian – CIBC Mellon Trust Company.

Custodian Agreement – the Custodian Agreement dated February 11, 2011 (as amended from time to time) between the Manager on behalf of certain exchange-traded funds and closed ended funds managed by Claymore, including the Claymore ETF, and CIBC Mellon Trust Company.

Declaration of Trust – the master declaration of trust establishing the Claymore ETF, as amended and restated from time to time.

derivatives – means an instrument, agreement or security, the market price, value or payment obligations of which are derived from, referenced to or based on an underlying interest.

Designated Broker – a registered dealer that has entered into a Designated Broker Agreement with the Manager, on behalf of the Claymore ETF, pursuant to which the Designated Broker agrees to perform certain duties in relation to the Claymore ETF.

Designated Broker Agreement – an agreement between the Manager, on behalf of the Claymore ETF, and a Designated Broker.

DEX Licence Agreement - Addendum #5 to the PC-Bond Index Licence Agreement (originally dated as of October 1, 2007) entered into effective as of June 7, 2011 between PC-Bond and the Manager, on behalf of the Claymore

ETF, pursuant to which PC-Bond will license the DEX Convertible Bond Index for use in connection with the Claymore ETF.

distribution record date – a date determined by the Manager as a record date for the determination of Unitholders of the Claymore ETF entitled to receive a distribution.

distribution payment date – a day which is no later than the 10th business day following the applicable distribution record date, on which the Claymore ETF pays a distribution to its Unitholders.

Eligibility Criteria – as defined under “Investment Objectives – The Index”.

ETF – exchange-traded fund.

Forward – as defined under “Investment Strategies – Use of Derivative Instruments”.

Forward Amount – as defined under “Investment Strategies – Use of Derivative Instruments”.

forward contracts – forward contracts are agreements between two parties to buy or sell an asset at a specified point of time in the future at a predetermined price and may include ***physical forward contracts***, which are forward contracts that settle by physical delivery of the asset that is bought or sold, as opposed to settlement in cash.

Index – the DEX Convertible Bond Index, provided by the Index Provider, or a replacement or alternative benchmark or index that applies substantially similar criteria to those currently used by the Index Provider for the benchmark or index, or a successor index that is substantially comprised of or would be substantially comprised of the same Constituent Securities or similar contracts or instruments, which is used as a reference by the Claymore ETF in relation to the Claymore ETF investment objective.

Index Provider – the third party provider of the Index, initially PC-Bond, with which Claymore has entered into licensing arrangements to use the Index and certain trademarks in connection with the operation of the Claymore ETF.

IRC – the Independent Review Committee of the Claymore ETF.

Liquidity Threshold – as defined under “Investment Objectives – The Index”.

Management Fee Distribution – as described under “Fees and Expenses – Management Fee Distributions”, an amount equal to the difference between the management fee otherwise chargeable and a reduced fee determined by the Manager from time to time, and that is distributed quarterly in cash to Unitholders who hold large investments in the Claymore ETF.

Manager – Claymore Investments, Inc., a corporation established under the federal laws of Canada, the trustee and manager of the Claymore ETF.

Market Price – as defined under “Distribution Policy – Reinvestment Plan”.

NAV and NAV per Unit (of a class) – in relation to the Claymore ETF, the net asset value of the Claymore ETF and the net asset value per Unit of that class of the Claymore ETF, calculated by the Custodian as described in “Calculation of Net Asset Value”.

NI 81-102 – National Instrument 81-102 – *Mutual Funds*.

NI 81-107 – National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

Permitted Merger – as defined under “Unitholder Matters – Permitted Mergers”.

PC-Bond – a business unit of TSX Inc. (formerly 2099242 Ontario Inc., doing business as PC-Bond, a corporation established under the laws of Ontario), the provider of the DEX Convertible Bond Index.

Plan Agent – Equity Financial Trust Company, plan agent for the Reinvestment Plan.

Plan Participant and **Plan Unit** – as defined under “Distribution Policy – Distribution Reinvestment Plan”.

Prescribed Number of Units – in relation to the Claymore ETF, the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Registrar and Transfer Agent – Equity Financial Trust Company.

Reinvestment Plan – the distribution reinvestment plan of the Claymore ETF as described under “Distribution Policy – Distribution Reinvestment Plan”.

securities regulatory authorities – the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such province or territory.

Synthetic Convertible Security – a combination of a debt instrument and an equity option that when combined behave in a manner similar to a convertible debenture, and includes instruments issued by financial institutions which offer combined exposure to the credit and equity option of an issuer.

Tax Act – the *Income Tax Act* (Canada), as amended from time to time.

Tax Proposals – all specific proposals to amend the Tax Act and the regulations thereunder that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof;

Trading Day – a day on which: (i) a regular session of the TSX is held; (ii) the primary market or exchange for the majority of the securities held by the Claymore ETF is open for trading; and (iii) the Index Provider calculates and publishes data relating to the Index.

TSX – The Toronto Stock Exchange.

Underwriter – a registered dealer (that may or may not be a Designated Broker) that has entered into an Underwriting Agreement with the Manager, on behalf of the Claymore ETF, pursuant to which the Underwriter may subscribe for Units of the Claymore ETF as described under “Purchase of Units – Issuance of Units”.

Underwriting Agreement – an agreement between the Manager, on behalf of the Claymore ETF, and an Underwriter.

Unit – in relation to the Claymore ETF, a redeemable, transferable Common or Advisor Class Unit of the Claymore ETF.

Unitholder – a holder of Units of the Claymore ETF.

Valuation Agent – CIBC Mellon Global Securities Services Company.

Valuation Date – each Trading Day and any other day designated by the Manager on which the NAV and NAV per Unit of the Claymore ETF will be calculated. If the Claymore ETF elects to have a December 15 year-end for tax purposes as permitted by the Tax Act, the NAV per Unit will be calculated on December 15.

Valuation Time – 5:00 p.m. (Toronto time) or such other time the Manager deems appropriate on each Valuation Date.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Units of the Claymore ETF and should be read together with the more detailed information and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.

- Issuer:** Claymore Advantaged Convertible Bond ETF (the “Claymore ETF”)
- The Claymore ETF is an exchange-traded mutual fund established as a trust under the laws of the Province of Ontario. Claymore Investments, Inc. is the manager and investment advisor of the Claymore ETF.
- Offering:** The Claymore ETF is offering two classes of units called Common units (the “Common Units”) and Advisor Class units (the “Advisor Class Units”). The Common Units and Advisor Class Units are collectively referred to as the “Units”.
- The only difference between Common Units and Advisor Class Units is the service fee component of the management fees payable by the Claymore ETF in respect of the Units of each class (as described under “Fees and Expenses”). Accordingly, the net asset value (“NAV”) per Unit of each class will not be the same as a result of the different fees allocable to each class of Units.
- Continuous Distribution:** Units of the Claymore ETF are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.
- The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of Units of the Claymore ETF subject to the Claymore ETF fulfilling all of the requirements of the TSX on or before May 24, 2012.
- The Manager expects that the first issuance, listing and trading of Units on the TSX of the Claymore ETF will occur in June 2011.
- From time to time as may be agreed between the Claymore ETF and the Designated Brokers and Underwriters, the Designated Brokers and Underwriters may agree to accept Constituent Securities as payment for Units from prospective purchasers.
- See “Purchases of Units – Issuance of Units” and “Purchases of Units – Buying and Selling Units”.
- Investment Objective:** The Claymore ETF has been designed to replicate, to the extent possible, the performance of the Index, net of expenses.
- See “Investment Objectives”.
- Index:** The Index of the Claymore ETF is the DEX Convertible Bond Index provided by PC-Bond.
- Investment Strategy:** The investment strategy of the Claymore ETF is to obtain economic exposure to the

performance of the Index.

See “Investment Strategies”.

Use of Derivative Instruments

The Claymore ETF may invest in or use derivative instruments, provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective and investment strategy of the Claymore ETF.

In order to obtain exposure to the performance of the Index, the Claymore ETF will invest the net proceeds of its continuous offerings in a portfolio of common shares of Canadian public companies listed on the TSX that qualify as “Canadian securities” for purpose of the Tax Act (the “Canadian Share Portfolio”). The Claymore ETF will enter into one or more forward purchase and sale agreements (collectively, the “Forward”) with a Canadian chartered bank or an affiliate thereof (the “Counterparty”) pursuant to which the Claymore ETF will agree to sell securities in the Canadian Share Portfolio to the Counterparty from time to time in exchange for a purchase price determined by reference to the Canadian dollar value (the “Forward Amount”) of the performance of the Index or of a fund that invests in or obtains exposure to the Index or the Constituent Securities thereof. However, neither the Claymore ETF nor its Unitholders by virtue of their investment in Units will have any ownership interest in the Index, securities or any other financial instrument, if any, the Counterparty chooses to hedge its exposure under the Forward.

Under the terms of the Forward, the Counterparty and the Claymore ETF will agree that their settlement obligations under the Forward with respect to the Canadian Share Portfolio securities will be discharged by physical delivery of the Canadian Share Portfolio securities by the Claymore ETF to the Counterparty against cash payment or, at the election of the Claymore ETF, by the making of cash payments between the parties. The amount payable by the Counterparty for physical delivery of the Canadian Share Portfolio may be more or less than the original subscription price of the Units of the Claymore ETF. Concurrent with entering into the Forward, the Canadian Share Portfolio securities or other acceptable securities will be pledged to and may be held by the Counterparty as security for the obligations of the Claymore ETF under the Forward.

The Claymore ETF will be entitled to pre-settle the Forward in whole or in part from time to time as needed to fund Unit redemptions, pay expenses and for such other purposes as it may determine by tendering to the Counterparty securities of the Canadian Share Portfolio or, at the election of the Claymore ETF, in cash. The Counterparty will also be entitled to terminate the Forward upon the occurrence of certain specified events of default or termination events.

Risk Factors:

There are certain general risk factors inherent to an investment in the Claymore ETF, including:

- (i) risk of error in replicating the Index;
- (ii) tracking error;
- (iii) potential difficulties in the calculation of the Index and the possible termination of the calculation of the Index or the DEX Licence Agreement;

- (iv) the possibility that Constituent Securities of the Index may be cease traded;
- (v) fluctuations in the NAV and NAV per Unit of the Claymore ETF;
- (vi) risks associated with the use of derivative transactions;
- (vii) counterparty risks associated with securities lending;
- (viii) the Units may trade in the market at a premium or a discount to the NAV per Unit and there can be no guarantee that Units will trade at prices that reflect their net asset value;
- (ix) potential conflicts of interest;
- (x) changes in legislation, including tax legislation;
- (xi) changes in the taxation of the Claymore ETF;
- (xii) the current absence of a public trading market for the Units of the Claymore ETF and the lack of operating history of the Claymore ETF;
- (xiii) reliance on the Manager;
- (xiv) index investment strategy risk;
- (xv) convertible bonds risk;
- (xvi) concentration risk;
- (xvii) interest rate risk;
- (xviii) counterparty credit risk;
- (xix) issuer risk;
- (xx) credit risk;
- (xxi) fixed income risk;
- (xxii) sensitivity to interest rates;
- (xxiii) high yield securities risk;
- (xxiv) equity risk;
- (xxv) call risk;
- (xxvi) illiquid securities risk;

(xxvii) oil and gas energy investments risk; and

(xxviii) real estate investments risk.

**Special
Considerations for
Purchasers:**

The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, the Claymore ETF has obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of the Claymore ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to Claymore not to vote more than 20% of the Units of the Claymore ETF at any meeting of Unitholders.

Market participants are permitted to sell Units of the Claymore ETF short and at any price without regard to the restrictions of the Universal Market Integrity Rules that generally prohibit selling securities short on the TSX unless the price is at or above the last sale price.

The Claymore ETF is an index participation unit within the meaning of NI 81-102. Accordingly, mutual funds may purchase Units of the Claymore ETF without regard to the control, concentration or “fund of funds” restrictions of NI 81-102.

The Tax Act contains “mark-to-market” rules applicable to taxpayers that are financial institutions within the meaning of such rules. The “mark-to-market” rules apply to property that falls within the meaning of “tracking property”, as defined. The Units may be considered to be “tracking property” and thus “mark-to-market properties” for purposes of the “mark-to-market” rules in the Tax Act. Financial institutions that are subject to the “mark-to-market” rules should consult their own tax advisors about the consequences of purchasing and holding Units.

See “Purchases of Units – Special Considerations for Unitholders”.

**Exchanges and
Redemptions:**

Unitholders may redeem Units in any number for cash, subject to a redemption discount, or may exchange a Prescribed Number of Units (or integral multiple thereof) for Baskets of Securities and cash. See “Redemption and Exchange of Units”.

Distributions:

Cash distributions on Units of the Claymore ETF are expected to be made at least quarterly. Distributions on Units are expected to consist of net realized capital gains and returns of capital less the expenses of the Claymore ETF. As a result of the higher management fees on the Advisor Class Units, any such cash distributions on the Advisor Class Units are generally expected to be less than the distributions payable on the Common Units. To the extent that the expenses of the Claymore ETF exceed the income generated by the Claymore ETF in any given quarter, no quarterly distribution will be paid.

On an annual basis, the Claymore ETF will ensure that the net income and net realized capital gains of the Claymore ETF have been distributed to Unitholders to such an extent that the Claymore ETF will not be liable for ordinary income tax thereon. To the extent that the Claymore ETF has not distributed the full amount of its net income or capital gains in any year, the difference between such amount and the amount actually distributed by the Claymore ETF will be paid as a “reinvested distribution”. Reinvested distributions, net of any required withholding tax, will be reinvested automatically in additional Units at a price equal to the NAV per Unit of the Claymore ETF and the Units will be immediately consolidated such that the number of outstanding Units following the

distribution will equal the number of Units outstanding prior to the distribution.

The Manager may determine in the future and upon notice to Unitholders of the Claymore ETF that quarterly distributions shall be automatically reinvested in additional units of the same class of the Claymore ETF. If the Manager determines to implement the automatic reinvestment of quarterly distributions, Unitholders may give notice that they wish to continue to receive their quarterly distributions in cash.

See “Distribution Policy”.

**Distribution
Reinvestment:**

At any time, a Unitholder may elect to participate in the Claymore ETF’s distribution reinvestment plan (the “Reinvestment Plan”) by contacting the CDS Participant through which the Unitholder holds its Units. Under the Reinvestment Plan, cash distributions will be used to acquire additional Units of the same class in the market and will be credited to the account of the Unitholder through CDS.

See “Distributions Policy – Distribution Reinvestment Plan” below for further details in this regard and for additional information relating to other aspects of the Reinvestment Plan including the pre-authorized cash contribution and systematic withdrawal provisions available to Unitholders.

Termination:

The Claymore ETF does not have a fixed termination date but may be terminated by the Manager on at least 30 and not more than 60 days’ written notice to Unitholders. See “Termination of the Claymore ETF”.

In the event that the Index Provider ceases to calculate the Index or the DEX Licence Agreement is terminated, the Manager may terminate the Claymore ETF on 60 days’ notice, change the investment objective of that Claymore ETF or seek to replicate an alternative index (subject to Unitholder approval if required in accordance with the Declaration of Trust), or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders in the circumstances. See “Investment Objectives – Termination of the Index”.

**Income Tax
Considerations:**

This summary of Canadian tax considerations for the Claymore ETF and for Canadian resident Unitholders is subject in its entirety to the qualifications, limitations and assumptions set out in “Income Tax Considerations”.

A Unitholder who is an individual (other than a trust) resident in Canada and who holds Units as capital property (all within the meaning of the Tax Act) will generally be required to include in the Unitholder’s income for tax purposes for any year the amount of net income and net taxable capital gains of the Claymore ETF paid or payable to the Unitholder in the year and deducted by the Claymore ETF in computing its income. Any non-taxable distributions from the Claymore ETF (other than the non-taxable portion of any net realized capital gains of the Claymore ETF) paid or payable to a Unitholder in a taxation year will reduce the adjusted cost base of the Unitholder’s Units of the Claymore ETF. To the extent that a Unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the adjusted cost base of the Unit to the Unitholder will be increased by the amount of such capital gain. Any loss of the Claymore ETF cannot be allocated to, and cannot be treated as a loss of, the Unitholders of the Claymore ETF. Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceed (or are less than) the aggregate of the adjusted

cost base to the Unitholder of the Unit and any reasonable costs of disposition.

The Declaration of Trust governing the Claymore ETF requires that the Claymore ETF distribute its net income and net realized capital gains, if any, for each taxation year to Unitholders to such an extent that the Claymore ETF will not be liable in any taxation year for ordinary income tax.

In the opinion of counsel, provided that the Claymore ETF qualifies as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the “Tax Act”), or the Units of the Claymore ETF are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), such Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts. Holders of tax-free savings accounts (and pursuant to changes to the Tax Act proposed in the March 22, 2011 Federal Budget, annuitants of registered retirement savings plans and registered retirement income funds) should consult their own tax advisors to ensure Units of the Claymore ETF would not be a “prohibited investment” (for purposes of the Tax Act and such proposed changes) in their particular circumstances. See “Income Tax Considerations – Status of the Claymore ETF”.

Each investor should satisfy himself or herself as to the tax consequences of an investment in Units by obtaining advice from his or her own tax advisor. See “Income Tax Considerations”.

Organization and Management Details of the Claymore ETFs

Manager:

Claymore Investments, Inc., (“Claymore” or the “Manager”), a registered portfolio manager, exempt market dealer and investment fund manager, is the manager and trustee of the Claymore ETF and is responsible for the administration of the Claymore ETF. Claymore, which, as of April 30, 2011 had \$6.4 billion in assets under management, is a wholly-owned subsidiary of Guggenheim Funds Services Group, Inc. (formerly, Claymore Group, Inc.), a financial services and asset management company based in the Chicago, Illinois area and is an indirect subsidiary of Guggenheim Partners, LLC (“Guggenheim”) a global, diversified financial services firm which has in excess of U.S. \$100 billion in assets under supervision. Guggenheim, through its affiliates, provides investment management, investment advisory, insurance, investment banking, and capital market services. Claymore, in addition to acting as Manager for the Claymore ETF, is also the investment advisor to certain other TSX listed exchange-traded investment funds and closed end investment funds. See “Organization and Management Details – Trustee and Manager”.

Trustee:

Claymore acts as the trustee of the Claymore ETF pursuant to the Declaration of Trust applicable to the Claymore ETF. See “Organization and Management Details of the Claymore ETF – Trustee and Manager”.

Custodian:

CIBC Mellon Trust Company is the “Custodian” of the assets of the Claymore ETF. The Custodian is responsible for certain aspects of the day-to-day administration of the Claymore ETF, including calculating NAV, net income and net realized capital gains of the Claymore ETF. The Custodian is entitled to receive fees from the Claymore ETF as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities which are properly incurred by the Custodian in connection with the activities of the Claymore ETF. The address of CIBC Mellon Trust Company is 320 Bay Street, Toronto, Ontario, M5H 4A6. See “Organization and Management Details of the Claymore ETF –

Custodian”.

Auditor: Ernst & Young LLP, at its principal office in Toronto is the auditor of the Claymore ETF. See “Organization and Management Details – Auditor”.

Transfer Agent and Registrar: Equity Financial Trust Company at its offices in Toronto, Ontario, is the registrar and transfer agent for the Units of the Claymore ETF. The register of the Claymore ETF is kept in Toronto. See “Organization and Management Details of the Claymore ETF – Transfer Agent and Registrar”.

Promoter: Claymore has taken the initiative in founding and organizing the Claymore ETF and, accordingly, may be considered to be the promoter within the meaning of securities legislation of certain provinces and territories of Canada. See “Organization and Management Details of the Claymore ETF – Promoter”.

SUMMARY OF FEES AND EXPENSES

The fees and expenses that Unitholders may have to pay in connection with their investment in the Claymore ETF are described below. Unitholders may have to pay some of these fees and expenses directly. The Claymore ETF may have to pay some of these fees and expenses, which will therefore reduce the value of a Unitholder’s investment in a Claymore ETF. For further particulars see “Fees and Expenses”.

Fees and Expenses Payable by the Claymore ETF

Management Fee: The Claymore ETF will pay the Manager an annual management fee equal to 0.45% of the NAV of the Claymore ETF and, in respect of the Advisor Class Units, an additional amount, equal to 0.50% of the NAV of the Advisor Class Units (for a total of 0.95%), based on the daily average NAV of each class, plus any applicable taxes. The annual management fee and the additional amount will be calculated and accrued daily and paid monthly in arrears.

Fees and Expenses Payable by the Manager

Advisor Class Units Service Fee: The Manager will pay to the registered dealers a service fee equal to 0.50% per annum of the NAV per Advisor Class Unit for each Advisor Class Unit held by clients of the registered dealer.

The service fee will be calculated and accrued daily and paid quarterly.

Other Fees and Expenses: The Manager is responsible for all costs and expenses of the Claymore ETF except the management fee, any expenses related to the implementation and on-going operation of an independent review committee under NI 81-107, brokerage expenses and commissions, income taxes, withholding taxes, any applicable goods and services or other sales taxes and transaction costs incurred by the Custodian and extraordinary expenses. The costs and expenses for which the Manager is responsible include the Advisor Class service fee (described above), the fees payable to the Custodian, Registrar and Transfer Agent and Plan Agent and fees payable to other service providers retained by the Manager as described under “Organization and Management Details – Duties and Services to be Provided by the Trustee and Manager”.

The Claymore ETF will pay to the Counterparty an amount under a Forward, calculated

daily and payable quarterly in arrears, of up to 0.45% per annum of the Forward Amount plus an amount in respect of hedging costs in connection with the Canadian Share Portfolio.

The Claymore ETF pays the fees and expenses of its IRC. Expenses of the IRC include premiums for insurance coverage, legal fees, travel expenses and reasonable out-of-pocket expenses. The compensation for the members of the IRC is currently set at a retainer of \$80,000 per annum for each member of the IRC to serve on the IRC of the Claymore ETF and the independent review committee of each other exchange-traded and closed end investment fund managed by Claymore. Compensation paid to the Chairman of the IRC is the same as that paid to the other IRC members. The Claymore ETF does not pay the IRC any meeting fees.

The Claymore ETF will be equitably allocated a *pro-rata* portion of the aggregate amount owed to the IRC based on the value of the average assets under management of the Claymore ETF and each other exchange-traded and closed end investment fund managed by Claymore, calculated on a quarterly basis.

Management Fee Distributions:

The Manager may agree to charge a reduced fee as compared to the fee it would otherwise be entitled to receive from the Claymore ETF with respect to large investments in the Claymore ETF by Unitholders. In such cases, an amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed to the applicable Unitholders as a Management Fee Distribution.

See “Fees and Expenses”.

Fees and Expenses Payable Directly by a Unitholder

Redemption and Exchange Fee:

The Manager may charge to Unitholders, at its discretion, an administrative fee of up to 0.05% of the proceeds from an exchange or redemption of Units to offset certain transaction costs associated with the exchange or redemption of Units of the Claymore ETF.

See “Fees and Expenses”

Harmonized Sales Tax:

Effective July 1, 2010, the Ontario and British Columbia provincial sales taxes were harmonized with the 5% federal goods and services tax (“GST”) to create a federal harmonized sales tax (“HST”) for goods and services. Due to such tax harmonization, the federal government released draft rules for calculating the amount of HST to be paid by investment funds such as the Claymore ETF. Such draft rules would generally require the Claymore ETF to undertake a separate calculation for each class of its Units using a tax rate determined by reference to the relevant rate for each province, and the portion of the value of Units of such class attributable to Unitholders resident in that province. Accordingly, the HST to be paid by the Claymore ETF will be a “blended rate” of the 5% rate applicable to non-harmonized provinces, 12% in British Columbia, 15% in Nova Scotia and 13% in the other harmonized provinces depending on the residency of the unitholders in the classes of Units of the Claymore ETF.

The Claymore ETF has been evaluating and will continue to evaluate alternatives to applying the blended rate to achieve a result that is fair to the Claymore ETF and its Unitholders. At this time, the Claymore ETF believes that the application of the blended rate, consistent with the draft rules released by the federal government, is the only viable method to fairly apply these fees; however, the Claymore ETF reserves the right to switch to a different methodology at any time.

OVERVIEW OF THE LEGAL STRUCTURE OF THE CLAYMORE ETF

The Claymore ETF is an exchange-traded fund established as investment trust under the laws of the Province of Ontario. The Claymore ETF has been established pursuant to a master declaration of trust as amended and restated and as may be further amended and/or restated from time to time.

While the Claymore ETF will be a mutual fund under the securities legislation of certain provinces and territories of Canada, it has been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. See “Exemption and Approvals”.

The principal office of the Claymore ETF and Claymore is located at 200 University Avenue, 13th floor, Toronto, Ontario, M5H 3C6.

INVESTMENT OBJECTIVES

The Claymore ETF has been designed to replicate, to the extent possible, the performance of the DEX Convertible Bond Index (the “**Index**”), net of expenses.

The Index

The Index is an equal weighted index, of which the Constituent Securities are Convertible Bonds of Canadian issuers. Inclusion of a Convertible Bond in the Index is based upon the following criteria (the “Eligibility Criteria”): (i) listed on a Canadian exchange; (ii) issued in Canadian dollars; (iii) not currently in default of payment of either interest or principal; (iv) minimum monthly volume of \$500,000 (the “Liquidity Threshold”); (v) minimum outstanding amount of \$50 million; and (vi) the price of the bond must be greater than 80 percent and less than 120 percent of the principal amount of such bond.

The Index will be rebalanced monthly and will be adjusted to add new issues and issues which meet the Eligibility Criteria at that time. Once included in the Index, a Convertible Bond will be removed from the Index for any of the following reasons: (i) the Convertible Bond has been called within the last 30 days; (ii) the Convertible Bond has matured within the last 30 days; or (iii) the Convertible Bond otherwise no longer meets the other Eligibility Requirements. The Index Provider may increase or decrease the Liquidity Threshold, at its discretion, and correspondingly the levels at which a Convertible Bond will be removed from the Index. Convertible Bonds may also be included in, or excluded from, the Index in the sole discretion of the Index Provider. Accordingly, at any given time, the Index may include Convertible Bonds which would otherwise not meet the Eligibility Criteria, and may likewise exclude Convertible Bonds that on their face appear to meet the Eligibility Criteria.

More information is available on the PC Bond website at www.canadianbondindices.com.

Termination of the Index

The Index Provider calculates, determines and maintains the Index. In the event that the Index Provider ceases to calculate the Index or the DEX Licence Agreement is terminated, the Manager may terminate the Claymore ETF on 60 days’ notice, change the investment objective of the Claymore ETF or seek to replicate an alternative index (subject to Unitholder approval if required in accordance with the Declaration of Trust), or make

such other arrangements as the Manager considers appropriate and in the best interests of Unitholders in the circumstances.

If an alternate index is selected, the investment objective of the Claymore ETF shall be to replicate the performance of such alternate index, net of fees and expenses. Claymore must notify Unitholders, which notice may be by way of press release, at least 30 days prior to the effective date of the selection of an alternate index.

Use of the Index

The Manager and the Claymore ETF are permitted to use the Index pursuant to the DEX Licence Agreement described below under “Material Contracts – DEX Licence Agreement.” The Manager and the Claymore ETF do not accept responsibility for or guarantee the accuracy and/or completeness of the Index or any data included in the Index.

INVESTMENT STRATEGIES

The investment strategy of the Claymore ETF is to obtain economic exposure to the performance of the Index.

Use of Derivative Instruments

The Claymore ETF may invest in or use derivative instruments, provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective and investment strategy of the Claymore ETF.

In order to obtain exposure to the performance of the Index, the Claymore ETF will invest the net proceeds of its continuous offering in a portfolio of common shares of Canadian public companies listed on the TSX that qualify as “Canadian securities” for purpose of the Tax Act (the “Canadian Share Portfolio”). The Claymore ETF will enter into one or more forward purchase and sale agreements (collectively, the “Forward”) with a Canadian chartered bank or an affiliate thereof (the “Counterparty”) pursuant to which the Claymore ETF will agree to sell securities in the Canadian Share Portfolio to the Counterparty from time to time in exchange for a purchase price determined by reference to the Canadian dollar value (the “Forward Amount”) of the performance of the Index or of a fund that invests in or obtains exposure to the Index or the Constituent Securities thereof. However, neither the Claymore ETF nor its Unitholders by virtue of their investment in Units will have any ownership interest in the Index, securities or any other financial instrument, if any, the Counterparty chooses to hedge its exposure under the Forward.

Under the terms of the Forward, the Counterparty and the Claymore ETF will agree that their settlement obligations under the Forward with respect to the Canadian Share Portfolio securities will be discharged by physical delivery of the Canadian Share Portfolio securities by the Claymore ETF to the Counterparty against cash payment or, at the election of the Claymore ETF, by the making of cash payments between the parties. The amount payable by the Counterparty for physical delivery of the Canadian Share Portfolio may be more or less than the original subscription price of the Units of the Claymore ETF. Concurrent with entering into the Forward, the Canadian Share Portfolio securities or other acceptable securities will be pledged to and may be held by the Counterparty as security for the obligations of the Claymore ETF under the Forward.

The Claymore ETF will be entitled to pre-settle the Forward in whole or in part from time to time as needed to fund Unit redemptions, pay expenses and for such other purposes as it may determine by tendering to the Counterparty securities of the Canadian Share Portfolio or, at the election of the Claymore ETF, in cash. The Counterparty will also be entitled to terminate the Forward upon the occurrence of certain specified events of default or termination events.

Securities Lending

The Claymore ETF may, in compliance with NI 81-102, lend securities to securities borrowers acceptable to it pursuant to the terms of a securities lending agreement between the Claymore ETF and any such borrower under which: (i) the borrower will pay to the Claymore ETF a negotiated securities lending fee and will make compensation payments to the Claymore ETF 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 Tax Act; and (iii) the Claymore ETF will receive collateral security. If a securities lending agent is appointed for the Claymore ETF, such agent will be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

INVESTMENT RESTRICTIONS

The Claymore ETF is subject to certain investment restrictions that, among other things, limit the securities that the Claymore ETF may acquire. The investment restrictions may not be changed without the approval of the Unitholders (as defined under “Unitholder Matters – Matters Requiring Unitholders Approval”). The Claymore ETF is restricted to:

- (a) investing in a portfolio of Constituent Securities or in securities, investments, forward contracts or other derivative contracts in accordance with its investment objective and strategies;
- (b) holding cash equivalents, paying expenses and paying amounts payable in connection with distributions to Unitholders and exchanges and redemptions of Units; and
- (c) not making or holding any investment that would result in the Claymore ETF becoming a “SIFT trust” as defined in subsection 122.1(1) of the Tax Act. Among other requirements, a Claymore ETF must not hold:
 - (i) a “security” of a “subject entity” (both as defined in subsection 122.1(1) of the Tax Act) if the total number of such securities held by the Claymore ETF have a total fair market value that is greater than 10% of the fair market value of all of the issued and outstanding shares or interests in such entity; and
 - (ii) a “security” of a “subject entity” (both as defined in subsection 122.1(1) of the Tax Act) if the total number of such securities held by the Claymore ETF, together with all of the securities that the Claymore ETF holds of entities affiliated with the particular subject entity, have a total fair market value that is greater than 50% of the fair market value of all of the issued and outstanding Units of the Claymore ETF.

Notwithstanding the foregoing, Claymore may determine not to take any of the actions described in paragraph (c)(i) above in respect of the Claymore ETF if Claymore determines that the failure to take any such actions would not give rise to any material amounts of income from, including taxable capital gains in respect of the disposition of, “non-portfolio property” as defined in subsection 122.1(1) of the Tax Act.

Exemptions from Securities Legislation

The Claymore ETF has obtained the following exemptive relief from the securities regulatory authorities from certain requirements in Canadian securities legislation, which would otherwise apply to the Claymore ETF:

- (a) a unitholder may acquire more than 20% of the Units of the Claymore ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to Claymore not to vote more than 20% of the Units of the Claymore ETF at any meeting of Unitholders;

- (b) to enable the purchase and sale of Units of the Claymore ETF on the TSX, which precludes the transmission of purchase or redemption orders to the order receipt offices of the Claymore ETF;
- (c) to permit the payment for the issuance of Units of the Claymore ETF partially in cash and partially in securities, provided that the acceptance of securities as payment is made in accordance with Section 9.4(2)(b) of NI 81-102;
- (d) to permit the redemption of less than the Prescribed Number of Units of the Claymore ETF at a price equal to 95% of the closing price of the Units of the Claymore ETF on the TSX; and
- (e) to relieve the Claymore ETF from the requirement relating to the record date for the payment of distributions, provided that the Claymore ETF complies with applicable TSX requirements.

FEES AND EXPENSES

Management Fees

The Claymore ETF will pay the Manager an annual management fee equal to 0.45% of the NAV of the Claymore ETF and, in respect of the Advisor Class Units, an additional amount, equal to 0.50% of the NAV of the Advisor Class Units (for a total of 0.95%), based on the daily average NAV of each class, plus any applicable taxes. The annual management fee and the additional amount will be calculated and accrued daily and paid monthly in arrears.

Advisor Class Units Service Fee

The Manager will pay to the registered dealers a service fee equal to 0.50% per annum of the NAV per Advisor Class Unit for each Advisor Class Unit held by clients of the registered dealer. The service fee will be calculated and accrued daily and paid at the end of each calendar quarter.

Other Fees and Expenses

The Manager is responsible for all costs and expenses of the Claymore ETF except the management fee, any expenses related to the implementation and on-going operation of an independent review committee under NI 81-107, brokerage expenses and commissions, income taxes, withholding taxes, any applicable goods and services or other sales taxes and transaction costs incurred by the Custodian and extraordinary expenses. The costs and expenses for which the Manager is responsible include the Advisor Class service fee (described above), the fees payable to the Custodian, Registrar and Transfer Agent and Plan Agent and fees payable to other service providers retained by the Manager as described under “Organization and Management Details – Duties and Services to be Provided by the Trustee and Manager”.

The Claymore ETF will pay to the Counterparty an amount under a Forward, calculated daily and payable quarterly in arrears, of up to 0.45% per annum of the Forward Amount plus an amount in respect of hedging costs in connection with the Canadian Share Portfolio. See “Investment Strategies – Investments in other Claymore ETFs or other Investment Funds”.

The Claymore ETF pays the fees and expenses of its IRC. Expenses of the IRC include premiums for insurance coverage, legal fees, travel expenses and reasonable out-of-pocket expenses. The compensation for the members of the IRC is currently set at a retainer of \$80,000 per annum for each member of the IRC to serve on the IRC of the Claymore ETF and the independent review committee of each other exchange-traded and closed-end funds managed by Claymore. Compensation paid to the Chairman of the IRC is the same as that paid to the other IRC members. The Claymore ETF does not pay the IRC any meeting fees.

The Claymore ETF will be equitably allocated a *pro-rata* portion of the aggregate amount owed to the IRC based on the value of the average assets under management of the Claymore ETF and each other exchange-traded and closed-end fund managed by Claymore, calculated on a quarterly basis.

Harmonized Sales Tax

Effective July 1, 2010, the Ontario and British Columbia provincial sales taxes were harmonized with the 5% federal goods and services tax (“GST”) to create a federal harmonized sales tax (“HST”) for goods and services. Due to such tax harmonization, the federal government released draft rules for calculating the amount of HST to be paid by investment funds such as the Claymore ETF. Such draft rules would generally require the Claymore ETF to undertake a separate calculation for each class of its Units using a tax rate determined by reference to the relevant rate for each province, and the portion of the value of Units of such class attributable to Unitholders resident in that province. Accordingly, the HST to be paid by the Claymore ETF will be a “blended rate” of the 5% rate applicable to non-harmonized provinces, 12% in British Columbia, 15% in Nova Scotia and 13% in the other harmonized provinces depending on the residency of the Unitholders in the classes of units of the Claymore ETF.

The Claymore ETF has been evaluating and will continue to evaluate alternatives to applying the blended rate to achieve a result that is fair to the Claymore ETF and its Unitholders. At this time, the Claymore ETF believes that the application of the blended rate, consistent with the draft rules released by the federal government, is the only viable method to fairly apply these fees; however, the Claymore ETF reserves the right to switch to a different methodology at any time.

Management Fee Distributions

To encourage very large investments in the Claymore ETF and to achieve effective management fees which are competitive for these investments, the Manager may agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from the Claymore ETF with respect to investments in the Claymore ETF by Unitholders that hold a minimum number of Units, on average during any period specified by the Manager from time to time having a specified aggregate value. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the Claymore ETF will be distributed quarterly in cash by the Claymore ETF to those Unitholders as “Management Fee Distributions”.

The availability and amount of Management Fee Distributions with respect to Units of the Claymore ETF will be determined by the Manager. Management Fee Distributions will generally be calculated and applied based on a Unitholder’s average holdings of Units (excluding Units lent under the terms of securities lending agreements) over each applicable period as specified by the Manager from time to time. Management Fee Distributions will be available only to beneficial owners of Units and not to the holdings of Units by dealers, brokers or other CDS Participants that hold Units on behalf of beneficial owners. Management Fee Distributions will be paid first out of net income of the Claymore ETF then out of capital gains of the Claymore ETF and thereafter out of capital. See “Income Tax Considerations – Taxation of Unitholders” for further details. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units must submit a claim for a Management Fee Distribution that is verified by a CDS Participant on the beneficial owner’s behalf and provide the Manager with such further information as the Manager may require in accordance with the terms and procedures established by the Manager from time to time.

The Manager reserves the right to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by the Claymore ETF generally will be borne by the Unitholders receiving these distributions.

ANNUAL RETURNS AND MANAGEMENT EXPENSE RATIO

As the Claymore ETF does not have audited financial statements as at the date of this document, information related to annual returns and management expense ratios does not yet exist.

RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units which prospective investors should consider before purchasing such Units:

Risk of Error in Replicating the Index

The Claymore ETF will not replicate exactly the performance of the Index because the total return generated by the Units will be reduced by the management fee payable to Claymore and transaction costs and other expenses of the Claymore ETF, whereas such transaction costs and expenses are not included in the calculation of the Index. It is also possible that, for a short period of time, the Claymore ETF may not fully replicate the performance of the Index due to other extraordinary circumstances.

Tracking Error

Deviations in the tracking of the Index by the Claymore ETF could occur for a variety of reasons. For example, to the extent that the Claymore ETF is exposed through the Forward to the performance of a notional reference portfolio of securities that seeks to replicate the performance of the Index, and the performance of such portfolio deviates from the performance of the Index (as a result of, for instance, notional transaction costs associated with portfolio rebalancings and adjustments), the performance of the Claymore ETF may also deviate from the performance of the Index. In addition, where a notional reference portfolio to which the Claymore ETF is exposed uses a “sampling methodology” in selecting investments (i.e., the use of quantitative analysis to select securities to obtain a representative sample of securities that resemble the Index in terms of key risk factors, performance attributes, industry weightings, market capitalization and other appropriate financial characteristics), and the performance of that portfolio deviates from the performance of the Index as a result of such methodology, the performance of the Forward, and therefore the Claymore ETF, may also deviate from the performance of the Index.

Calculation and Termination of the Index

If the computer or other facilities of the Index Provider or the TSX malfunction for any reason, calculation of value of the Index may be delayed and trading in Units may be suspended for a period of time.

In the event that the Index Provider ceases to calculate the Index or the DEX Licence Agreement is terminated, the Manager may terminate the Claymore ETF on 60 days’ notice, change the investment objective of the Claymore ETF or seek to replicate an alternative index (subject to Unitholder approval in accordance with the Declaration of Trust), or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders in the circumstances.

Cease Trading of Constituent Securities

By virtue of the Forward, the Counterparty may, in certain circumstances, suspend payment under the Forward, including, potentially, in the circumstance that Constituent Securities of the Index are cease traded at any time by order of the TSX, a securities regulatory authority or other relevant regulator or stock exchange. Thus, Units bear the risk of cease trading orders against any Constituent Security.

Fluctuations in Net Asset Value

The NAV per Unit will vary according to, among other things, the value of the securities to which the Claymore ETF is exposed. The Manager and the Claymore ETF have no control over the factors that affect the value of the securities to which the Claymore ETF is exposed, including factors that affect the equity markets generally such as general economic and political conditions, fluctuations in interest rates and factors unique to each issuer

included in the Index, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

Use of Derivative Instruments

The Claymore ETF may use derivative instruments from time to time as described under “Investment Strategies – Use of Derivative Instruments”. The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) the Claymore ETF could experience a loss if the Counterparty to the Forward is unable to fulfill its obligations; and (ii) if the Claymore ETF has an open position in a Forward with a Counterparty who goes bankrupt, the Claymore ETF could experience a loss and, for an open Forward, a loss of margin deposits with that Counterparty.

Securities Lending

The Claymore ETF may engage in securities lending in accordance with NI 81-102. Although it will receive collateral for the loans and such collateral will be marked-to-market, the Claymore ETF may be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities.

Trading Price of Units

Units may trade in the market at a premium or discount to the NAV per Unit and there can be no assurance that Units will trade at prices that reflect their net asset value. The trading price of the Units will fluctuate in accordance with changes in the Claymore ETF’s NAV, as well as market supply and demand on the TSX. However, given that generally only Prescribed Numbers of Units are issued to Designated Brokers and Underwriters, and that holders of a Prescribed Number of Units (or an integral multiple thereof) may redeem such Units at their NAV, the Manager believes that large discounts or premiums to the NAV of the Units should not be sustained.

Potential Conflicts of Interest

The Manager and its directors and officers and their respective affiliates and associates may engage in the promotion, management or investment management of other accounts, funds or trusts which invest primarily in the securities held by the Claymore ETF.

Although officers, directors and professional staff of the Manager will devote as much time to the Claymore ETF as is deemed appropriate to perform the Manager’s duties, the staff of the Manager may have conflicts in allocating their time and services among the Claymore ETF and the other funds managed by the Manager.

Changes in Legislation and Administrative Practice

There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects the distributions received by the Claymore ETF or by the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Claymore ETF or the Unitholders.

Effective July 1, 2010, the Ontario and British Columbia provincial sales taxes were harmonized with the 5% federal goods and services tax (“GST”) to create a federal harmonized sales tax (“HST”) for goods and services. Due to such tax harmonization, the federal government released draft rules for calculating the amount of HST to be paid by investment funds such as the Claymore ETF. Such draft rules would generally require the Claymore ETF to undertake a separate calculation for each class of its Units using a tax rate determined by reference to the relevant rate for each province, and the portion of the value of Units of such class attributable to Unitholders resident in that

province. Accordingly, the HST to be paid by the Claymore ETF will be a “blended rate” of the 5% rate applicable to non-harmonized provinces, 12% in British Columbia, 15% in Nova Scotia and 13% in the other harmonized provinces depending on the residency of the Unitholders in the classes of Units of the Claymore ETF.

The Claymore ETF has been evaluating and will continue to evaluate alternatives to applying the blended rate to achieve a result that is fair to the Claymore ETF and its Unitholders. At this time, the Claymore ETF believes that the application of the blended rate, consistent with the draft rules released by the federal government, is the only viable method to fairly apply these fees; however, the Claymore ETF reserves the right to switch to a different methodology at any time.

Taxation of the Claymore ETF

On October 31, 2003 the Department of Finance (Canada) announced a Tax Proposal relating to the deductibility of losses under the Tax Act which is proposed to apply to taxation years beginning after 2004. Under this Tax Proposal, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If such Tax Proposal were to apply to the Claymore ETF, certain losses of the Claymore ETF may be limited with after-tax returns to Unitholders reduced as a result. On February 23, 2005, the Minister of Finance (Canada) announced that an alternative proposal to replace this Tax Proposal would be released. No such alternative proposal has been released as of the date hereof. There can be no assurance that such alternative proposal will not adversely affect the Claymore ETF.

Currently, a trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released a Tax Proposal which proposes that a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships, or any combination thereof, is more than 50% of the aggregate fair market value of all units issued by the trust where, at that time or any previous time, more than 10% (based on fair market value) of the trust’s property is taxable Canadian property or certain other types of property. On December 6, 2004, the Department of Finance (Canada) tabled a Notice of Ways and Means Motion which did not include these proposed changes pending further consultation with interested parties. Bill C-52, which received Royal Assent on June 22, 2007, amended the current provision such that a trust is deemed not to be a mutual fund trust after any time when it can be reasonably considered that the trust was established or maintained primarily for the benefit of non-resident persons, unless at that time all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the September 16, 2004 Tax Proposal. If the Claymore ETF were to cease to qualify as a “mutual fund trust” under the Tax Act, the income tax considerations described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects.

If, contrary to the advice of counsel to the Claymore ETF or as a result of a change of law, upon physical settlement of the Forward the classification of the gain under the Forward is treated other than as a capital gain on the sale of common shares thereunder, after-tax returns to holders of Units of the Claymore ETF could be reduced and the Claymore ETF could be subject to non-refundable income tax from such transactions.

The CRA has recently announced its refusal to rule upon the capital character of gains arising on the settlement of a forward contract in respect of capital property, declining to follow a prior ruling. While this announcement dealt with the use of a forward contract in circumstances different than those of the Claymore ETF, the potential scope of application of the CRA’s recent comments is unclear. No advance income tax ruling has been requested or obtained. If these dispositions or the transactions of a Claymore ETF are reported on capital account but are subsequently determined to be on income account, the net income of the Claymore ETF for tax purposes and the taxable component of distributions to Unitholders could increase.

Absence of an Active Market for the Units and Lack of Operating History

The Claymore ETF is a newly organized investment trust with no previous operating history. Although the Claymore ETF may be listed on the TSX, there can be no assurance that an active public market for the Units will develop or be sustained.

Reliance on the Manager

Unitholders will be dependent on the ability of the Manager to effectively manage the Claymore ETF in a manner consistent with the investment objectives, strategy and restrictions of the Claymore ETF. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the Claymore ETF will continued to be employed by the Manager.

Index Investment Strategy Risk

The Index was not created by the Index Provider for the purpose of the Claymore ETF. The Index Provider has the right to make adjustments or to cease calculating the Index without regard to the particular interests of the Manager, the Claymore ETF or the Unitholders.

Convertible Bonds

The Claymore ETF will obtain economic exposure to Convertible Bonds which involve risks of default on interest and principal and price changes due to, without limitation, such factors as interest rates, general economic conditions and the issuer's creditworthiness. Convertible Bonds may be less liquid than other securities and during periods of thin trading, the spread between bid and ask prices is likely to increase. Convertible Bonds may experience greater price volatility than conventional debt securities, due to, among other things, the volatility of the underlying equity security. There is no guarantee that a Convertible Bond of an issuer will provide a greater rate of return than either the equity or fixed income securities of such issuer, or any positive return at all. Convertible Bonds are often subordinate to conventional debt securities of an issuer, and the analysis of the creditworthiness of Convertible Bonds may be more complex than for rated debt instruments. In addition, Convertible Bonds typically contain provisions which allow the issuer of these securities to call or redeem the securities. In circumstances where an issuer has exercised its call or redemption right such Convertible Bond will no longer be included in the Index.

Concentration Risk

The Constituent Securities to which the Claymore ETF is exposed will be less diversified and may be concentrated or overweight by commodity, industry or geography, and the NAV of the Claymore ETF may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time.

Interest Rate Risk

Investments in the Claymore ETF should be made with an understanding that the Claymore ETF is exposed to fixed-income securities whose value will be affected by changes in the general level of interest rates. Therefore, the NAV of the Claymore ETF will fluctuate with interest rate changes and the corresponding changes in the value of the fixed-income securities to which it is exposed.

Counterparty Credit Risk

In entering into Forwards, the Claymore ETF will be exposed to the credit risk associated with a Counterparty. Depending upon the relative values of the applicable Index and the Canadian Share Portfolio, the Claymore ETF's exposure to the credit risk of the Counterparty may be significant. Unitholders will have no recourse or rights against the assets of the Counterparty in respect of a Forward or arising out of a Forward. The

Units do not represent an interest in, or an obligation of, the Counterparty or any affiliate thereof, or any Constituent Security in the Index.

The Counterparty may choose to enter into transactions in order to hedge its exposure under the terms of the Forward to the economic performance of the Index. There is no assurance that the Counterparty will maintain a hedge or will do so with respect to the full amount or term of the Forward. The Claymore ETF is exposed to the credit risk associated with the Counterparty in respect of the Forward.

Issuer Risk

The value of a security to which the Claymore ETF is exposed may decline for a number of reasons that directly relate to the issuer or an entity providing credit support or liquidity support, such as management performance, financial leverage, and reduced demand for the issuer's goods, services or securities.

Credit Risk

An issuer of debt instruments to which Claymore ETF is exposed may be unable to make interest payments or repay principal. Changes in an issuer's financial strength or in an instrument's credit rating may affect an instrument's value and, thus, impact the performance of the Claymore ETF.

Fixed Income Risk

The value of the securities and/or cash equivalents to which Claymore ETF is exposed will be affected by changes in the general level of interest rates. Generally, fixed income securities will decrease in value when interest rates rise and increase in value when interest rates decline. The value of the fixed income securities will also be affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuers' creditworthiness.

Sensitivity to Interest Rates

The market price of the Units may be affected by the level of interest rates prevailing from time to time. In addition any decrease in the NAV resulting from an increase in interest rates may also negatively affect the market price of the Units. Unitholders will therefore be exposed to the risk that the NAV per Unit or the market price of the Units may be negatively affected by interest rate fluctuations.

High Yield Securities Risk

High yield securities risk is the risk that securities that are rated below investment grade (commonly referred to as "junk bonds," include those bonds rated lower than "BBB-" by Standard & Poor's® Rating Services, a division of The McGraw-Hill Companies, Inc., and Fitch Rating Service Inc. or "Baa3" by Moody's® Investor's Services, Inc.), or are unrated but judged to be of comparable quality may be more volatile than higher-rated securities of similar maturity.

High yield securities to which the Claymore ETF is exposed may also be subject to greater levels of credit or default risk than higher-rated securities. The value of high yield securities can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high yield securities may be less liquid and more difficult to sell at an advantageous time or price or to value than higher-rated securities. In particular, high yield securities are often issued by smaller, less creditworthy companies or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms to make scheduled payments of interest and principal.

Equity Risk

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity risk.

Call Risk

During periods of falling interest rates, an issuer of a callable bond to which the Claymore ETF is exposed may “call” or repay a security before its stated maturity, which may result in the Claymore ETF having economic exposure to Constituent Securities with lower interest rates.

Illiquid Securities Risk

There is no assurance that an adequate market will exist for the securities to which the Claymore ETF is exposed. The value of securities to which the Claymore ETF is exposed may be negatively affected if the market for such securities is illiquid.

Oil and Gas Energy Investments Risk

A portion of the securities to which the Claymore ETF is exposed may be those of issuers in the oil and gas energy sector. Oil and gas prices have fluctuated widely during recent years and are affected by supply and demand, political events, weather and economic conditions, among other things, which can adversely affect the value of oil and gas and energy related investments to which the Claymore ETF is exposed.

Real Estate Investments Risk

The Manager anticipates that a portion of the Constituent Securities to which the Claymore ETF is exposed may be those of issuers that are real estate investment trusts (“REITS”). Investments in REITs are subject to the general risks associated with real property investments. Real property investments are affected by various factors including changes in general economic conditions (such as the availability of long term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of properties to tenants, competition from other available space and various other factors.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. A REIT’s income and funds available for distributions to its securityholders would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the REIT or if the REIT were unable to lease a significant amount of available space in its properties on economically favourable lease terms.

DISTRIBUTION POLICY

Cash distributions on Units of the Claymore ETF are expected to be made at least quarterly and are expected to consist primarily of capital gains and returns of capital less the expenses of the Claymore ETF. As a result of the higher management fees on the Advisor Class Units, any such cash distributions on the Advisor Class Units are expected to be less than the distributions payable on the Common Units.

Year-End Distributions

On an annual basis, the Claymore ETF will ensure that all of its income (including income received from special dividends on securities held by the Claymore ETF) and net realized capital gains have been distributed to Unitholders to such an extent that the Claymore ETF will not be liable for ordinary income tax thereon. To the extent that the Claymore ETF has not distributed the full amount of its net income or capital gains in any year, the difference between such amount and the amount actually distributed by the Claymore ETF will be paid as a “reinvested distribution”. Reinvested distributions on Units of a class, net of any required withholding, will be

reinvested automatically in additional Units of the same class of the Claymore ETF at a price equal to the NAV per Unit of that class of the Claymore ETF and the Units of that class will be immediately consolidated such that the number of outstanding Units following the distribution will equal the number of Units outstanding prior to the distribution. The tax treatment to Unitholders of reinvested distributions is discussed under the heading “Income Tax Considerations”.

Distribution Reinvestment Plan

At any time, a Unitholder may elect to participate in the Claymore ETF’s distribution reinvestment plan (the “Reinvestment Plan”) by contacting the CDS Participant through which the Unitholder holds its Units. Under the Reinvestment Plan, cash distributions will be used to acquire additional Units of the same class (the “Plan Units”) in the market and will be credited to the account of the Unitholder (the “Plan Participant”) through CDS.

At the Manager’s discretion, upon notice by press release to Unitholders, cash distributions may be automatically reinvested in Units of the Claymore ETF pursuant to the Reinvestment Plan. In such circumstance, a Unitholder may elect to receive distributions in cash by notifying CDS via the applicable CDS Participants through which such Unitholder holds its Units of the Unitholder’s intention not to participate in the Reinvestment Plan. The CDS Participant must, on behalf of such Unitholder, provide a notice to CDS that the Unitholder does not wish to participate in the Reinvestment Plan no later than 4:00 p.m. (Toronto time) on the Business Day immediately prior to the applicable Distribution Record Date (which is any date designated by the Manager as a record date for the determination of Unitholders entitled to receive a Distribution) in respect of the next expected Distribution in which the Unitholder does not wish to participate. CDS shall, in turn, notify the Plan Agent no later than 5:00 p.m. (Toronto time) on the applicable Distribution Record Date that such Unitholder does not wish to participate in the Reinvestment Plan.

Pre-Authorized Cash Contribution

Plan Participants may also make pre-authorized cash contributions under the Reinvestment Plan by notifying their CDS Participants sufficiently in advance of the last business day of a month, calendar quarter or calendar year (“Payment Date”) to allow such CDS Participant to notify the Plan Agent by 5:00 p.m. (Toronto time) on the applicable Payment Date. A Plan Participant may invest a minimum of \$50 and a maximum of \$5,000 per pre-authorized cash contribution no more frequently than monthly.

Distributions due to Plan Participants, along with any pre-authorized cash contributions, will be applied, on behalf of Plan Participants, to purchase Plan Units in the market. Plan Units will be allocated pro rata based on the number of Units held by Plan Participants. Plan Units will be credited for the benefit of Plan Participants to the account of the CDS Participant through whom that Plan Participant holds Units.

Systematic Withdrawal Plan

Under the Reinvestment Plan, Unitholders will also be able to elect to systematically withdraw Units by selling a specific dollar amount of Units (in minimum amounts of \$50 and maximum amounts of \$5,000) owned by such Unitholder in respect of each subsequent Payment Date. A Unitholder may elect to sell Units by notifying the Plan Agent via the applicable CDS Participant through which such Unitholder holds its Units of the Unitholder’s intention to so sell Units. In this regard, the CDS Participant must, on behalf of such Unitholder, (i) provide a systematic withdrawal notice directly to the Plan Agent that the Unitholder wishes to sell Units in this manner until the Claymore ETF is otherwise notified no later than 5:00 p.m. (Toronto time) on the applicable Payment Date for which the Unitholder no longer wishes to sell Units or there remain no further Units to be sold on behalf of such Unitholder, whichever comes first and (ii) specify the specified dollar amount of Units to be sold in respect of each subsequent Payment Date.

A Unitholder who makes pre-authorized cash contributions may not deliver a systematic withdrawal notice under the Reinvestment Plan.

Fractional Units

No fractional Plan Units will be issued under the Reinvestment Plan. Payment in cash for any remaining uninvested funds will be made in lieu of fractional Plan Units by the Plan Agent to CDS or CDS Participants, on a monthly or quarterly basis, as the case may be. Where applicable, CDS will, in turn, credit the Plan Participant via the applicable CDS Participant.

Amendments, Suspension or Termination of the Reinvestment Plan

Plan Participants will be able to terminate their participation in the Reinvestment Plan as of a particular distribution record date by notifying their CDS Participant sufficiently in advance of that distribution record date to allow such CDS Participant to notify CDS and for CDS to notify the Plan Agent by 4:00 p.m. (Toronto time) on the business day immediately prior to that distribution record date. Beginning on the first distribution payment date after such notice is delivered, distributions to such Unitholders will be in cash. The form of termination notice will be available from CDS Participants and any expenses associated with the preparation and delivery of such termination notice will be for the account of the Plan Participant exercising its rights to terminate participation in the Reinvestment Plan.

The Manager will be able to terminate the Reinvestment Plan, in its sole discretion, upon not less than 30 days' notice to the Plan Participants and the Plan Agent, subject to any required regulatory approval. The Manager will also be able to amend, modify or suspend the Reinvestment Plan at any time in its sole discretion, provided that it complies with certain requirements, gives notice of that amendment, modification or suspension to the Plan Participants and the Plan Agent, subject to any required regulatory approval, which notice may be given by issuing a press release containing a summary description of the amendment or in any other manner the Manager determines to be appropriate.

The Manager may from time to time adopt rules and regulations to facilitate the administration of the Reinvestment Plan. The Manager reserves the right to regulate and interpret the Reinvestment Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Reinvestment Plan.

Other Provisions

Participation in the Reinvestment Plan is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act. Partnerships (other than "Canadian partnerships" as defined in the Tax Act) are not eligible to participate in the Reinvestment Plan. Upon becoming a non-resident of Canada or a partnership (other than a Canadian partnership), a Plan Participant shall notify its CDS Participant and terminate participation in the Reinvestment Plan immediately.

The automatic reinvestment of the distributions under the Reinvestment Plan will not relieve Plan Participants of any income tax applicable to such distributions. See "Income Tax Considerations".

Each Plan Participant will be mailed annually the information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Claymore ETF to the Unitholder in the preceding taxation year.

PURCHASES OF UNITS

Continuous Distribution

Units of the Claymore ETF are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

Designated Brokers

The Manager, on behalf of the Claymore ETF, has entered into a Designated Broker Agreement with one or more Designated Brokers pursuant to which the Designated Broker agrees to perform certain duties relating to the Claymore ETF including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the TSX's original listing requirements; (ii) to subscribe for Units on an ongoing basis when cash redemptions of Units occur as described under "Redemption and Exchange of Units"; and (iii) to post a liquid two-way market for the trading of Units on the TSX.

The Designated Broker Agreement provides that the Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of the Claymore ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the Claymore ETF. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker, and the Units will be issued, by no later than the third Trading Day after the subscription notice has been delivered.

Issuance of Units

To Designated Brokers and Underwriters

All orders to purchase Units directly from the Claymore ETF must be placed by Designated Brokers or Underwriters. The Claymore ETF reserves the absolute right to reject any subscription order placed by a Designated Broker or Underwriter. No fees will be payable by the Claymore ETF to a Designated Broker or Underwriter in connection with the issuance of Units. On the issuance of Units, the Manager may, at its discretion, charge an administrative fee to a Designated Broker or Underwriter to offset the expenses (including any applicable TSX additional listing fees) incurred in issuing the Units.

On any Trading Day, a Designated Broker or Underwriter may place a subscription order for the Prescribed Number of Units (or an integral multiple thereof) of the Claymore ETF. If a subscription order is received by the Claymore ETF by 4:00 p.m. (Toronto time) on a Trading Day (9:00 a.m. (Toronto time) on any Trading Day that precedes the day on which the Index is to be rebalanced or adjusted), the Claymore ETF will issue to the Designated Broker or Underwriter the Prescribed Number of Units (or an integral multiple thereof) by no later than the third Trading Day after the date on which the subscription order is accepted, provided that payment for such Units has been received.

For each Prescribed Number of Units issued, a Designated Broker or Underwriter must deliver payment consisting of, in the Manager's discretion, (i) one Basket of Securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the NAV of the Units next determined following the receipt of the subscription order; (ii) cash in an amount equal to the NAV of the Units next determined following the receipt of the subscription order; or (iii) a combination of securities and cash, as determined by the Manager, in an amount sufficient so that the value of the securities and cash received is equal to the NAV of the Units next determined following the receipt of the subscription order.

The Manager will publish the Prescribed Number of Units and Basket of Securities for the Claymore ETF following the close of business on each Trading Day on its website, www.claymoreinvestments.ca. The Manager may, at its discretion, increase or decrease the Prescribed Number of Units from time to time.

To Designated Brokers in Special Circumstances

Units may be issued by the Claymore ETF to Designated Brokers when cash redemptions of Units occur as described below under "Redemption and Exchange of Units – Redemption of Units for Cash".

To Unitholders as Reinvested Distributions

Units may be issued by the Claymore ETF to Unitholders of the Claymore ETF on the automatic reinvestment of special dividends and other reinvested distributions. See “Distribution Policy”.

Buying and Selling Units

The TSX has conditionally approved the listing of Units of the Claymore ETF subject to the Claymore ETF fulfilling all of the requirements of the TSX on or before May 24, 2012. Once listed, investors may thereafter trade Units in the same way as other securities traded on the TSX, including by using market orders and limit orders. An investor may buy or sell Units on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors may incur customary brokerage commissions when buying or selling Units.

The Manager expects that the first issuance, listing and trading of Units on the TSX of the Claymore ETF will occur in June 2011.

From time to time as may be agreed by the Claymore ETF and the Designated Brokers and Underwriters, the Designated Brokers and Underwriters may agree to accept certain securities as payment for Units from prospective purchasers.

Investors may also be able to buy and redeem Units directly through brokers and dealers in the province or territory where the investor resides who are members of the investment fund network operated by FundSERV Inc., subject to any required regulatory approval. Units issued and sold through a member of FundSERV Inc. will be priced at the most recently published NAV per Unit of the Claymore ETF.

Special Considerations for Unitholders

The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, the Claymore ETF has obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of any Claymore ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to Claymore not to vote more than 20% of the Units of the Claymore ETF at any meeting of Unitholders.

Under the Universal Market Integrity Rules applicable to trading on the TSX, market participants are generally not permitted to sell securities short unless the price is at or above the last sale price. However, under these rules market participants are permitted to sell Units of the Claymore ETF short and at any price on the TSX without regard to this restriction. The Units of the Claymore ETF are index participation units within the meaning of NI 81-102. Accordingly, mutual funds may purchase Units of the Claymore ETF without regard to the control, concentration or “fund of funds” restrictions of NI-81-102.

The Tax Act contains “mark-to-market” rules applicable to taxpayers that are financial institutions within the meaning of such rules. The “mark-to-market” rules apply to property that falls within the meaning of “tracking property”, as defined. The Units may be considered to be “tracking property” and thus “mark-to-market properties” for purposes of the “mark-to-market” rules in the Tax Act. Financial institutions that are subject to the “mark-to-market” rules should consult their own tax advisors about the consequences of purchasing and holding Units.

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of any class of the Claymore ETF, and the Manager shall inform the Registrar and Transfer Agent of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40%

of the Units of a class of the Claymore ETF then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of such Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the Claymore ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Claymore ETF as a mutual fund trust for purposes of the Tax Act.

Registration and Transfer through CDS

Registration of interests in, and transfers of, the Units will be made only through CDS. Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the Claymore ETF nor the Manager will have any liability for (i) records maintained by CDS relating to the beneficial interests in the Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Claymore ETF has the option to terminate registration of the Units through the book-entry only system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

REDEMPTION AND EXCHANGE OF UNITS

Redemption of Units for Cash

On any Trading Day, Unitholders may redeem Units of the Claymore ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the Claymore ETF at its head office by 9:00 a.m. (Toronto time) on that day. If a cash redemption request is not received by 9:00 a.m. (Toronto time) on a Trading

Day, the cash redemption request will be effective only on the next Trading Day. Payment of the redemption price will be made by no later than the third Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or dealer.

Investors that redeem Units prior to the distribution record date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units, the Claymore ETF will generally dispose of securities or other assets.

Exchange of Units for Baskets of Securities

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) for Baskets of Securities and cash. To effect an exchange of Units, a Unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the Claymore ETF at its head office by 4:00 p.m. (Toronto time) on a Trading Day (9:00 a.m. (Toronto time) on any Trading Day that precedes a day on which the Index is to be rebalanced or adjusted). The exchange price will be equal to the NAV of the Units on the effective day of the exchange request, payable by delivery of Baskets of Securities (constituted as most recently published prior to the receipt of the exchange request) and cash. The Units will be redeemed in the exchange. The Manager will publish the Prescribed Number of Units and Basket of Securities following the close of business on each Trading Day on its website, www.claymoreinvestments.ca.

If an exchange request is not received by 4:00 p.m. (Toronto time) on a Trading Day (9:00 a.m. (Toronto time) on any Trading Day that precedes the day on which the Index is to be rebalanced or adjusted), the exchange order will be effective only on the next Trading Day. Settlement of exchanges for Baskets of Securities and cash will be made by no later than the third Trading Day after the effective day of the exchange request.

Unitholders should be aware that the NAV per Unit will decline on the date of declaration of any distribution payable in cash on Units. A Unitholder that exchanges Units prior to the applicable distribution record date will not be entitled to receive that distribution.

If Constituent Securities are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a Unitholder on an exchange in the Prescribed Number of Units may be postponed until such time as the transfer of the securities is permitted by law.

Conversion of Units

Unitholders may convert Advisor Class Units into Common Units of the Claymore ETF or Common Units into Advisor Class Units of the Claymore ETF, by delivering a notice and surrendering such units by 5:00 p.m. (Toronto time) on any Trading Day and any such Units so surrendered shall be converted on such Trading Day.

For each Common Unit so converted, a holder will receive a number of Advisor Class Units equal to the Net Asset Value per unit of a Common Unit as of the Trading Day divided by the Net Asset Value per Advisor Class Unit as of the Trading Day.

For each Advisor Class Unit so converted, a holder will receive a number of Common Units equal to the Net Asset Value per unit of a Advisor Class Unit as of the Trading Day divided by the Net Asset Value per Common Unit as of the Trading Day.

Unitholders should consult with their own tax advisors about the tax consequences of undertaking a Unit conversion.

Suspension of Exchange and Redemption

The Manager may suspend the redemption of Units or payment of redemption proceeds of the Claymore ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Claymore ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Claymore ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Claymore ETF; or (ii) with the prior permission of the securities regulatory authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Claymore ETF or which impair the ability of the Custodian to determine the value of the assets of the Claymore ETF. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Claymore ETF, any declaration of suspension made by the Manager shall be conclusive.

Costs Associated with Exchange and Redemptions

The Manager may charge to Unitholders, at its discretion, an administrative fee of up to 0.05% of the exchange or redemption proceeds of the Claymore ETF to offset certain transaction costs associated with the exchange or redemption of Units of a Claymore ETF.

Exchange and Redemption of Units through CDS Participants

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold Units sufficiently in advance of the cut-off times described below to allow such CDS Participants to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

Short-Term Trading

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the Claymore ETF at this time as the Claymore ETF is an exchange traded fund that will be primarily traded in the secondary market.

INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the Claymore ETF and for a prospective investor in the Claymore ETF who, for the purpose of the Tax Act, is an individual (other than a trust), is resident in Canada, holds Units of the Claymore ETF, and any securities accepted as payment for Units of the Claymore ETF, as capital property, and is not affiliated and deals at arm's length with the Claymore ETF. This summary is based upon the current provisions of the Tax Act and regulations thereunder, the Tax Proposals and counsel's understanding of the current published administrative policies and assessing practices of the CRA publicly available prior to the date hereof. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisors about their individual circumstances.

This summary is also based on the assumptions that (i) none of the issuers of securities held by the Claymore ETF will be a foreign affiliate of the Claymore ETF or any Unitholder, (ii) none of the securities held by the Claymore ETF will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act, (iii) none of the securities held by the Claymore ETF will be an interest in a non-resident trust other than an “exempt foreign trust” as defined in certain Tax Proposals relating to non-resident trusts, (iv) none of the securities held by the Claymore ETF will be an interest in a non-resident trust that is deemed to be a controlled foreign affiliate of the Claymore ETF for the purposes of the Tax Act, and (v) the Claymore ETF will not enter into any arrangement where the result is a dividend rental arrangement for the purposes of the Tax Act.

Status of the Claymore ETF

This summary is based on the assumption that the Claymore ETF will comply at all material times with the conditions set out in the Tax Act and otherwise so as to qualify as a “mutual fund trust” as defined in the Tax Act. Counsel is advised that the Claymore ETF is anticipated to qualify as a “mutual fund trust” under the Tax Act at all material times. If the Claymore ETF does not qualify as a “mutual fund trust” under the Tax Act, the income tax consequences would differ materially from those described below.

In the opinion of counsel, provided that the Claymore ETF qualifies as a mutual fund trust within the meaning of the Tax Act, or the Units of the Claymore ETF are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), such Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts. Holders of tax-free savings accounts (and, pursuant to changes to the Tax Act proposed in the June 6, 2011 Federal Budget, annuitants of registered retirement savings plans and registered retirement income funds) should consult their own tax advisors to ensure Units of the Claymore ETF would not be a “prohibited investment” (for purposes of the Tax Act and such proposed changes) in their particular circumstances.

In the case of an exchange of Units of the Claymore ETF for a Basket of Securities of the Claymore ETF, the investor will receive securities. The securities received by an investor as a result of an exchange of Units may or may not be qualified investments for Registered Plans. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans.

Taxation of the Claymore ETF

The Claymore ETF will include in computing its income taxable distributions received or deemed to be received on securities held by it, including any special dividends, the taxable portion of capital gains realized by the Claymore ETF on the disposition of securities held by it, and any other income, including income earned by any securities lending activity. The Declaration of Trust governing the Claymore ETF requires that the Claymore ETF distribute its net income and net realized capital gains, if any, for each taxation year of the Claymore ETF to Unitholders to such an extent that the Claymore ETF will not be liable in any taxation year for ordinary income tax (after taking into account any applicable losses of the Claymore ETF and the capital gains refunds to which the Claymore ETF is entitled). If in a taxation year the income for tax purposes of the Claymore ETF exceeds the cash available for distribution by the Claymore ETF, such as in the case of the receipt by the Claymore ETF of special dividends, the Claymore ETF will distribute its income through a payment of reinvested distributions.

The Claymore ETF is subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when the Claymore ETF acquires a property (a “substituted property”) that is the same or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Claymore ETF owns the substituted property 30 days after the original disposition. If a loss is suspended, the Claymore ETF cannot deduct the loss from the Claymore ETF’s capital gains until the substituted property is sold and is not reacquired within 30 days before and after the sale.

On October 31, 2003 the Department of Finance (Canada) announced a Tax Proposal relating to the deductibility of losses under the Tax Act which is supposed to apply for all taxation years beginning after 2004. Under this Tax Proposal, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If such Tax Proposal were to apply to the Claymore ETF, certain losses of the Claymore ETF could be limited. On February 23, 2005 the Minister of Finance (Canada) announced that an alternative proposal to replace such Tax Proposal would be released for comment. No such alternative proposal has been released as of the date hereof. There can be no assurance that such alternative proposal will not adversely affect the Claymore ETF.

The Manager has advised counsel that the Claymore ETF will elect in accordance with the Tax Act to have each of its “Canadian securities” (as defined in the Tax Act) treated as capital property.

The Claymore ETF will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of its Units during the year (“capital gains refund”). The capital gains refund in a particular taxation year may not completely offset the tax liability of the Claymore ETF for such taxation year which may arise upon the sale of its investments in connection with redemptions of Units.

The Claymore ETF will not realize any income, gain or loss as a result of entering into the Forward. Provided that the Canadian Share Portfolio of the Claymore ETF consists of “Canadian securities” within the meaning of the Tax Act and the Claymore ETF elects in accordance with the Tax Act to have each of its Canadian securities treated as capital property, gains or losses realized by the Claymore ETF on the sale of Canadian securities will be taxed as capital gains or capital losses. If the obligations of the Claymore ETF and the Counterparty under the Forward are settled by making cash payments, a payment made or received by the Claymore ETF may be treated as an income outlay or receipt, as applicable. If the Claymore ETF delivers securities in the Canadian Share Portfolio to the Counterparty in satisfaction of its obligations under the Forward and receives a payment from the Counterparty equal to the price stipulated in the Forward, the Claymore ETF will realize capital gains (or capital losses) equal to the amount by which such purchase price (less reasonable costs of disposition) exceeds (or is less than) the aggregate adjusted cost base of such securities.

If, contrary to the advice of counsel to the Claymore ETF or as a result of a change of law, upon physical settlement of a Forward the classification of the gain under the Forward is deemed to be something other than a capital gain on the sale of common shares thereunder, after-tax returns to holders of Units of the Claymore ETF could be reduced and the Claymore ETF could be subject to non-refundable income tax from such transactions.

Taxation of Unitholders

Distributions

A Unitholder will be required to include in the Unitholder’s income for tax purposes for any year the amount of net income and the taxable portion of the net taxable capital gains of the Claymore ETF, if any, paid or payable to the Unitholder in the year and deducted by the Claymore ETF in computing its income, whether or not such amounts are reinvested in additional Units, including in the case of Unitholders who receive Management Fee Distributions to the extent they are paid out of net income and net taxable capital gains of the Claymore ETF.

The non-taxable portion of any net realized capital gains of the Claymore ETF that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year and, provided appropriate designations are made by the Claymore ETF, will not reduce the adjusted cost base of the Unitholder’s Units of the Claymore ETF. Any other non-taxable distribution, such as a return of capital, will reduce the Unitholder’s adjusted cost base. To the extent that a Unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the Unitholder’s adjusted cost base will be nil immediately thereafter.

The Claymore ETF will designate to the extent permitted by the Tax Act the portion of the net income distributed to Unitholders as may reasonably be considered to consist of, respectively, (i) taxable dividends (including eligible dividends) received or considered to be received by the Claymore ETF on shares of taxable Canadian corporations and (ii) net taxable capital gains realized or considered to be realized by the Claymore ETF. Any such designated amount will be deemed for tax purposes to be received or realized by Unitholders in the year as a taxable dividend (including an eligible dividend) and as a taxable capital gain, respectively. The dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible dividends) paid by a taxable Canadian corporation will apply to amounts designated by the Claymore ETF as such taxable dividends. Capital gains so designated will be subject to the general rules relating to the taxation of capital gains described below. Any loss of the Claymore ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Unitholders of such Claymore ETF.

Composition of Distributions

Unitholders will be informed each year of the composition of the amounts distributed to them, including amounts in respect of both cash and reinvested distributions. This information will indicate whether distributions are to be treated as ordinary income, taxable dividends (including eligible dividends), taxable capital gains and non-taxable amounts, as those items are applicable.

Tax Implications of the Claymore ETF's Distribution Policy

When an investor purchases Units, a portion of the price paid may reflect income or capital gains accrued or realized before such person acquired such Units. When these amounts are payable to such Unitholder as distributions, they must be included in the Unitholder's income for tax purposes subject to the provisions of the Tax Act, even though the Claymore ETF earned or accrued these amounts before the Unitholder owned the Units. This may particularly be the case if Units are purchased near year-end before the final year-end distributions have been made or in the year of the Claymore ETF's termination.

Disposition of Units

Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceed (or are less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. In general, the adjusted cost base of all Units of a class of the Claymore ETF held by the Unitholder is the total amount paid for the Units (including brokerage commissions paid and the amount of reinvested distributions), regardless of when the investor bought them, less any non-taxable distributions (other than the non-taxable portion of capital gains) such as a return of capital and less the adjusted cost base of any Units of that class of the Claymore ETF previously disposed of by the Unitholder. For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property immediately before that time.

Where Units of the Claymore ETF are exchanged by the redeeming Unitholder for Baskets of Securities, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the Baskets of Securities so received, plus the amount of any cash received on the exchange, and less any capital gain or income realized by the Claymore ETF as a result of the transfer of those Baskets of Securities which has been designated by the Claymore ETF to the Unitholder. Where income or a capital gain realized by the Claymore ETF as a result of the transfer of Baskets of Securities on the redemption of Units has been designated by the Claymore ETF to a redeeming Unitholder, the Unitholder will be required to include in income the income or taxable portion of the capital gain so designated. The cost for tax purposes of securities acquired by a redeeming Unitholder on the exchange or redemption of Units will generally be the fair market value of such securities at that time.

Where Securities are Accepted as Payment for Units of the Claymore ETF

Where securities are accepted as payment for Units acquired by a Unitholder, such Unitholder will generally realize a capital gain (or capital loss) in the taxation year of the Unitholder in which the disposition of such securities takes place to the extent that the proceeds of disposition for such securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such securities to the Unitholder. For this purpose, the proceeds of disposition to the Unitholder will equal the aggregate of the fair market value of the Units received and the amount of any cash received in lieu of fractional Units. The cost to a Unitholder of Units so acquired will be equal to the fair market value of the securities disposed of in exchange for such Units at the time of disposition less any cash received in lieu of fractional Units, which sum would generally be equal to or would approximate the fair market value of the Units received as consideration for such securities. In computing the adjusted cost base of a Unit so acquired by a Unitholder, the cost of such Unit must be averaged with the adjusted cost base of any other Units then held by that Unitholder as capital property.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain realized by an investor and the amount of any net taxable capital gains realized or considered to be realized by the Claymore ETF and designated by the Claymore ETF in respect of an investor will be included in the investor's income as a taxable capital gain. One-half of a capital loss will be an allowable capital loss realized by an investor that may be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

Taxation of Registered Plans

In general, the amount of a distribution paid or payable to a Registered Plan from the Claymore ETF and gains realized by a Registered Plan on a disposition of a Unit will not be taxable under the Tax Act. As is the case for all investments held in Registered Plans, amounts withdrawn from a Registered Plan (other than from a tax-free savings account or a return of contributions from a registered education savings plan or certain withdrawals from a registered disability savings plan) will generally be subject to tax.

ORGANIZATION AND MANAGEMENT DETAILS

Officers and Directors of the Trustee and Manager

The name and municipality of residence of each of the directors and senior officers of Claymore, the Trustee and Manager of the Claymore ETF, and their principal occupations are as follows:

Name and Municipality of Residence	Position with Manager	Principal Occupation
Som Seif Toronto, Ontario	Chairman, Chief Executive Officer, President and Director	Chairman, Chief Executive Officer, President and Director, Claymore Investments, Inc.
Bruce Albelda Hinsdale, Illinois	Chief Financial Officer and Director	Chief Financial Officer, Director, Guggenheim Funds Services Group, Inc.
Chuck R. Craig Naperville, Illinois	Chief Investment Officer	Managing Director, Guggenheim Funds Services Group, Inc.
Jeffrey D. Logan Barrie, Ontario	Vice President and Director	Vice President, Claymore Investments, Inc.
Kevin M. Robinson Oak Park, Illinois	Secretary	General Counsel and Corporate Secretary, Guggenheim Funds Services Group, Inc.

Name and Municipality of Residence	Position with Manager	Principal Occupation
Mary Joyce Empensando Oakville, Ontario	Vice President and Chief Compliance Officer	Vice President and Chief Compliance Officer, Claymore Investments, Inc.

The directors of Claymore serve until their successors are elected or appointed. The directors of Claymore have served as directors since being first elected as follows: Som Seif was elected on January 4, 2005; Bruce Albelda was elected on January 22, 2007; Jeffrey D. Logan was elected on October 19, 2010.

The following is a brief description of the background of the directors and officers of the Manager:

Som Seif, CFA, Chairman, President, Chief Executive Officer and Director

Som is responsible for running the operations of Claymore and its business development and corporate strategies. Prior to joining Claymore in December 2004, Som was an investment banker with RBC Capital Markets, where he worked since 1999. Som played a key role in developing the structured products group at RBC Capital Markets in both Canada and the U.S., where he structured and raised capital for both Canadian and U.S. asset managers. Som is a Chartered Financial Analyst and has a Bachelor of Applied Science with an emphasis on Industrial and Systems Engineering from the University of Toronto.

Bruce Albelda, Chief Financial Officer and Director

Bruce heads Claymore's corporate finance team. Before joining Claymore, Bruce served as Chief Financial Officer for Cantata Technology, a privately-funded telecommunications company formed through the merger of Excel Switching Corporation and Brooktrout Technology. Additionally, Bruce served as Chief Financial Officer for Airslide Systems, a wireless infrastructure company and began his career in the Boston and Toronto offices of Bain & Company, an international management consulting firm. Bruce graduated cum laude from Williams College with a bachelor's degree in Economics and earned his MBA from the Wharton School at the University of Pennsylvania.

Chuck R. Craig, CFA, Chief Investment Officer

Chuck serves as a portfolio manager and oversees the screening, selection and development of several Claymore ETFs while also providing valuable market insight and analysis to Claymore. Chuck previously served as Assistant Vice President of Equity Strategy Research at First Trust Portfolios. Chuck received an Masters of Science degree in Financial Markets at the Illinois Institute of Technology, a Bachelor of Science in Finance from Northern Illinois University, holds the Chartered Financial Analyst designation and is Series 7, 24, 53, 63 and 65 registered. He served for eight years in the U.S. Air Force, including six years at the White House Communications Agency, where he served three U.S. Presidents.

Jeffrey D. Logan, Vice President and Director

Since joining Claymore in 2005, Jeffrey has played key roles in Claymore's fund administration, operations, and product development. He is now focused on developing and maintaining strategic relationships for the firm. Prior to joining Claymore, Jeffrey spent over seven years at RBC Financial Group where he held several positions focused on investment funds. He started his career in financial services with Scotiabank in 1996. Jeffrey is a graduate of the University of Western Ontario.

Kevin M. Robinson, Secretary

As General Counsel of Guggenheim Funds Services Group, Inc. (formerly Claymore Group Inc.), parent company of Claymore, Kevin oversees the firm's legal, compliance and governance efforts. Kevin was most recently at NYSE Euronext, Inc., where he acted as Associate General Counsel for its Corporate Practice Group. He previously worked at ABN Amro Inc., where he was responsible for corporate and regulatory matters, and he served

as Senior Counsel in the Enforcement Division of the U.S. Securities and Exchange Commission. Kevin earned a JD from the University of Iowa College of Law, and a BA from Coe College. He is a member of the American Bar Association, the American Corporate Counsel Association and the Society of Corporate Secretaries and Governance Professionals.

Mary Joyce Empensando, Vice-President and Chief Compliance Officer

Mary Joyce is Vice President and Chief Compliance Officer of Claymore. She joined Claymore in December, 2010. Prior to that, Ms. Empensando was Vice President, Compliance and Chief Compliance Officer with AIC Limited. Prior to that, she was Director of Compliance with Fidelity Investments Canada Limited. Prior to that she was Vice President Operations & Compliance and Chief Compliance Officer with IA Clarington Investments.

Trustee and Manager

Claymore, a registered portfolio manager, exempt market dealer and investment fund manager, is the trustee and manager of the Claymore ETF and is responsible for the administration of the Claymore ETF.

Currently, Claymore acts as the manager for the following TSX-listed closed end investment funds:

- Claymore Silver Bullion Trust (TSX:SVR.UN); and
- Big Bank Big Oil Split Corp. (TSX: BBO, BBO.PR.A).

In addition, Claymore currently acts as the manager for the following TSX-listed exchange-traded funds:

- Claymore Canadian Fundamental Index ETF (TSX:CRQ)
- Claymore US Fundamental Index ETF (TSX:CLU)
- Claymore International Fundamental Index ETF (TSX:CIE)
- Claymore Japan Fundamental Index ETF C\$ hedged (TSX:CJP)
- Claymore S&P/TSX Canadian Dividend ETF (TSX:CDZ)
- Claymore Global Monthly Advantaged Dividend ETF (TSX:CYH)
- Claymore Canadian Financial Monthly Income ETF (TSX:FIE)
- Claymore BRIC ETF (TSX:CBQ)
- Claymore Oil Sands Sector ETF (TSX:CLO)
- Claymore Global Real Estate ETF (TSX:CGR)
- Claymore Global Infrastructure ETF (TSX:CIF)
- Claymore S&P Global Water ETF (TSX:CWW)
- Claymore S&P/TSX Global Mining ETF (TSX:CMW)
- Claymore Global Agriculture ETF (TSX: COW)
- Claymore Equal Weight Banc & Lifeco ETF (TSX:CEW)
- Claymore S&P/TSX CDN Preferred Share ETF (TSX:CPD)
- Claymore 1-5 Yr Laddered Government Bond ETF (TSX:CLF)
- Claymore 1-5 Yr Laddered Corporate Bond ETF (TSX:CBO)
- Claymore Premium Money Market ETF (TSX:CMR)
- Claymore Balanced Income CorePortfolio™ ETF (TSX:CBD)
- Claymore Balanced Growth CorePortfolio™ ETF (TSX:CBN)
- Claymore Natural Gas Commodity ETF (TSX:GAS)
- Claymore Broad Emerging Markets ETF (TSX: CWO)
- Claymore Advantaged Canadian Bond ETF (TSX: CAB)
- Claymore Advantaged High Yield Bond ETF (TSX: CHB)
- Claymore Gold Bullion ETF (TSX: CGL.C)
- Claymore Inverse 10 Yr Government Bond ETF (TSX: CIB)

- Claymore China ETF (TSX: CHI)
- Claymore Broad Commodity ETF (TSX: CBR)
- Claymore Advantaged Short Duration High Income ETF (TSX: CSD/CSD.U)

Claymore, which as of April 30, 2011 has \$6.4 billion in assets under management, is a wholly-owned subsidiary of Guggenheim Funds Services Group, Inc., (formerly Claymore Group Inc.) a financial services and asset management company based in the Chicago, Illinois area and is an indirect subsidiary of Guggenheim Partners LLC (“Guggenheim”) a global, diversified financial services firm that has in excess of \$100 billion in assets under supervision. Guggenheim, through its affiliates, provides investment advisory, insurance, investment banking and capital market services.

Duties and Services to be Provided by the Trustee and Manager

Pursuant to the Declaration of Trust, Claymore is the manager and trustee of the Claymore ETF and, as such, is responsible for providing managerial, administrative and compliance services to the Claymore ETF including acquiring securities on behalf of the Claymore ETF and for providing or arranging for required administrative services to the Claymore ETF including, without limitation: authorizing the payment of operating expenses incurred on behalf of the Claymore ETF; preparing financial statements and financial and accounting information as required by the Claymore ETF; ensuring that Unitholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that the Claymore ETF complies with regulatory requirements and applicable stock exchange listing requirements; preparing the Claymore ETF’s reports to Unitholders and the securities regulatory authorities; determining the amount of distributions to be made by the Claymore ETF and negotiating contractual agreements with third party providers of services, including Index Providers, Designated Brokers, the Custodian, the Registrar and Transfer Agent, the Plan Agent, auditors and printers.

Claymore is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Unitholders, and in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent trustee and manager would exercise in similar circumstances.

Claymore may resign as trustee and/or manager of the Claymore ETF upon 60 days’ notice to the Unitholders. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Unitholders. If the Manager is in material default of its obligations under the Declaration of Trust and such default has not been cured within 30 days after notice of same has been given to the Manager, the Unitholders may remove the Manager and appoint a successor trustee and/or manager.

Claymore is entitled to fees for its services as Manager under the Declaration of Trust as described under “Fees and Expenses – Management Fee”. In addition, Claymore and each of its directors, officers, employees and agents will be indemnified by the Claymore ETF for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against Claymore or any of its officers, directors, employees or agents in the exercise of its duties thereunder, if they do not result from Claymore’s wilful misconduct, bad faith, negligence or breach of its obligations under the Declaration of Trust.

The management and trustee services of Claymore under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents Claymore from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Claymore ETF) or from engaging in other activities.

Investment Advisor

Claymore is the investment advisor of the Claymore ETF. For further information regarding Claymore see “Organization and Management Details”.

Conflicts of Interest

The directors and officers of Claymore may be directors, officers, shareholders or unitholders of one or more issuers in which the Claymore ETF may acquire securities. Claymore and its affiliates may be managers or portfolio managers of one or more issuers in which the Claymore ETF may acquire securities and may be managers of portfolio managers of funds that invest in the same securities as the Claymore ETF.

Independent Review Committee

The Manager is advised by an advisory board which also constitutes the IRC for the Claymore ETF under NI 81-107. The advisory board consists of three members, each of whom is independent of Claymore and free from any interest and any business or other relationship which could, or could be reasonably perceived to, materially interfere with the exercise of the member's judgment.

However, the advisory board members may be members of the advisory boards or independent review committees of other investment funds managed by Claymore. The advisory board provides independent advice to the Manager to assist it in performing its services under the Declaration of Trust or Trust Agreement. The members of the advisory board are required to act honestly and in good faith in the best interests of the Claymore ETF and the Unitholders, and in connection therewith will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Manager reports to the advisory board on the operation and performance of the Claymore ETF on a quarterly basis, including with respect to compliance with the investment objective and strategy and material contracts as amended from time to time.

Under NI 81-107, the Manager refers all conflict of interest matters to the IRC for review or approval. The Manager has established written policies and procedures for dealing with conflict of interest matters, will maintain records in respect of these matters and will provide assistance to the IRC in carrying out its functions. The IRC is subject to requirements to conduct regular assessments and provide reports to the Claymore ETF and to Unitholders in respect of its functions.

The IRC prepares a report at least annually of its activities for Unitholders which is available through the Manager's website at www.claymoreinvestments.ca, or upon request by a Unitholder at no cost, by contacting the Manager at info@claymoreinvestments.ca.

All fees and expenses of the advisory board incurred in connection with its duties with respect to the Claymore ETF will be paid by the Claymore ETF and the advisory board will have the authority to retain, at the expense of the Claymore ETF, independent counsel or other advisors if the advisory board deems it appropriate to do so.

The members of the advisory board will be indemnified by the Claymore ETF, except in cases of wilful misconduct, bad faith, negligence or breach of their standard of care. The advisory board members are not responsible for the investments made by the Claymore ETF, or for the performance of the Claymore ETF.

The following table sets forth the names of the members of the IRC and advisory board of the Claymore ETF:

Name and Municipality of Residence

RANDALL C. BARNES
Naperville, Illinois

ROMAN FRIEDRICH III

Name and Municipality of Residence

RANDALL C. BARNES
Naperville, Illinois

Vancouver, British Columbia

DOUGLAS G. HALL
Halifax, Nova Scotia

The Claymore ETF pays the fees and expenses of its IRC. Expenses of the IRC include premiums for insurance coverage, legal fees, travel expenses and reasonable out-of-pocket expenses. The compensation for the members of the IRC is currently set at a retainer of \$80,000 per annum for each member of the IRC to serve on the IRC of the Claymore ETF and the independent review committee of each other exchange-traded and closed-end fund managed by Claymore. Compensation paid to the Chairman of the IRC is the same as that paid to the other IRC members. The Claymore ETF does not pay the IRC any meeting fees.

Custodian

CIBC Mellon Trust Company is Custodian of the assets of the Claymore ETF pursuant to a Custodian Agreement and also carries out, on behalf of Claymore, certain aspects of the day to day administration of the Claymore ETF, including calculating NAV, net income and net realized capital gains of the Claymore ETF and maintaining the books and records of the Claymore ETF. The principal office of CIBC Mellon Trust Company is located in Toronto at 320 Bay Street, M5H 4A6.

The Custodian is entitled to receive fees from the Claymore ETF as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities which are properly incurred by them in connection with the activities of the Claymore ETF.

Auditor

The auditor of the Claymore ETF is Ernst & Young LLP, Chartered Accountants, Licensed Public Accountants, at 222 Bay Street, Toronto, Ontario.

Promoter

Claymore has taken the initiative in founding and organizing the Claymore ETF and, accordingly, may be considered to be the promoter within the meaning of securities legislation of certain provinces and territories of Canada. Claymore, in its capacity as Trustee and Manager of the Claymore ETF, receives compensation from the Claymore ETF. See “Fees and Expenses”.

Transfer Agent and Registrar

Equity Financial Trust Company at its offices in Toronto, Ontario, is the registrar and transfer agent for the Units of the Claymore ETF. The register of the Claymore ETF is kept in Toronto.

Accounting and Reporting

The Claymore ETF’s fiscal year is the calendar year or such other fiscal period permitted under the Tax Act as the Claymore ETF elects. The annual financial statements of a Claymore ETF shall be audited by the Claymore ETF’s auditors in accordance with Canadian generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with Canadian generally accepted accounting principles. The Manager will ensure that the Claymore ETF complies with all applicable reporting and administrative requirements.

The Manager will keep adequate books and records reflecting the activities of the Claymore ETF. A Unitholder or his or her duly authorized representative has the right to examine the books and records of the applicable Claymore ETF during normal business hours at the offices of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Claymore ETF.

CALCULATION OF NET ASSET VALUE

The NAV and NAV per Unit for each class of the Claymore ETF will be calculated by the Custodian as of the Valuation Time on each Valuation Date. The NAV of each class of Units of the Claymore ETF on a particular date will be equal to the aggregate value of the assets of the Claymore ETF allocated to the class pro rata less the aggregate value of the liabilities of the Claymore ETF including any income, net realized capital gains or other amounts payable to Unitholders on or before such date allocated to the class pro rata and the value of the liabilities of the Claymore ETF for management fees allocated solely to the class, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV per Unit of a class on any day will be obtained by dividing the NAV of that class on such day by the number of Units of that class then outstanding.

Reporting of Net Asset Values

The Manager will publish the NAV and NAV per Unit of each class for the Claymore ETF following the Valuation Time on the Valuation Date on its website, www.claymoreinvestments.ca.

Valuation Policies and Procedures

In determining the NAV of the Claymore ETF at any time the Valuation Agent will take into account the following:

- (a) the value of any cash on hand or on deposit, prepaid expenses, cash dividends and other distributions declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Custodian determines that any such asset is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Custodian determines to be the fair value thereof;
- (b) bonds, debentures and other debt securities shall be valued by taking the average of the bid and ask prices at the Valuation Time on the Valuation Date;
- (c) any security that is listed or dealt in on a stock exchange shall be valued at the sale price last reported at the Valuation Time on the Valuation Date on the principal stock exchange on which such security is traded, or, if no sale price is available at that time, the last closing price quoted for the security, but if bid and ask quotes are available, at the average of the latest bid and asked price rather than at the last quoted closing price (or such other price or value as Canadian securities legislation or Canadian generally accepted accounting principles shall require);
- (d) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Claymore ETF;
- (e) any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;
- (f) illiquid securities shall be valued at the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Claymore ETF's acquisition cost was of the market value of

such securities at the time of acquisition; provided that a gradual taking into account of the actual value of such securities may be made where the date on which the restriction will be lifted is known;

- (g) the value of any futures contract or forward contract shall be the gain or loss with respect thereto that would be realized if, at the Valuation Time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (h) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Custodian to be inappropriate under the circumstances, then, notwithstanding the foregoing rules, the Custodian shall make such valuation as it considers fair and reasonable;
- (i) the value of all assets of the Claymore ETF quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Claymore ETF in foreign currency and the value of all liabilities and contractual obligations payable by the Claymore ETF in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the applicable date on which NAV is determined; and
- (j) estimated expenses of the Claymore ETF shall be accrued to the date as of which the NAV is being determined.

Each portfolio transaction will be reflected in the calculation of NAV per Unit no later than the calculation of NAV per Unit next made after the date on which the transaction becomes binding. The issue of Units will be reflected in the calculation of NAV per Unit next made after the issue date for such Units, which may be up to three Trading Days after the date that the subscription order for such Units is accepted. The exchange or redemption of Units will be reflected in the calculation of NAV per Unit next made after the exchange request or redemption request is accepted.

Canadian generally accepted accounting principles (“Canadian GAAP”) requires that the fair value of long positions in financial instruments (specifically securities held by the Claymore ETF that are actively traded) be measured based on the bid price for the security instead of the closing price or last sale price of the security for the day. This requirement is reflected in the reported value of the Claymore ETF’s investments in its annual and interim financial statements, as these financial statements are prepared in accordance with Canadian GAAP. However, in accordance with National Instrument 81-106 Investment Fund Continuous Disclosure the fair value of a security used to determine the daily NAV per Unit of the Claymore ETF for subscription orders, exchanges or redemptions is based on the Claymore ETF’s valuation principles, as set out above, which are not the same as the Canadian GAAP requirements.

ATTRIBUTES OF THE UNITS

Description of the Securities Distributed

The Claymore ETF is authorized to issue an unlimited number of redeemable, transferable units designated as Common Units and the Advisor Class Units, each of which represents an equal, undivided interest in the net assets of the Claymore ETF. In addition, the Claymore ETF may create a separate institutional class of units that is intended to be offered directly to investors on a private placement or prospectus exempt basis.

On December 16, 2004, the *Trust Beneficiaries’ Liability*, 2004 (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the Securities Act (Ontario); and (ii) the trust is governed by the laws of Ontario. The Claymore ETF will be a reporting issuer under

the *Securities Act* (Ontario) prior to the initial issuance of Units and each Claymore ETF is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

Certain Provisions of the Units

All Units of each class of the Claymore ETF have equal rights and privileges. Each whole Unit of a class is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the Claymore ETF to Unitholders of that class, other than Management Fee Distributions, including distributions of net income and net realized capital gains and distributions upon the termination of the Claymore ETF. Units are issued only as fully paid and are non-assessable.

Exchange of Units for Baskets of Securities

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) for Baskets of Securities and cash. See “Redemption and Exchange of Units – Exchange of Units for Baskets of Securities”.

Redemption of Units for Cash

On any Trading Day, Unitholders may redeem Units of the Claymore ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption. See “Redemption and Exchange of Units – Redemption of Units for Cash”.

Conversion of Units

Unitholders may convert Advisor Class Units into Common Units of the Claymore ETF or Common Units into Advisor Class Units of the Claymore ETF. See “Redemption and Exchange of Units – Conversion of Units”.

Exercise of Voting Rights over Baskets of Securities

A Unitholder holding a minimum of a Prescribed Number of Units may instruct the Claymore ETF, on 15 Trading Days’ notice, to give the Unitholder a signed proxy with respect to any meeting of holders of securities held by the Claymore ETF. Such proxy will entitle the Unitholder to exercise the applicable voting rights, if any, for the applicable portion of the securities held by the Claymore ETF based on the securities underlying the number of Units held by the Unitholder. Instructions must be given for each meeting of securityholders of an issuer of securities held by the Claymore ETF. Eligible Unitholders must take the initiative to exercise this right as no reminders of this right will be sent to them. Eligible Unitholders will be required to certify to the Claymore ETF either that the Unitholder is the beneficial owner of the Units held in the Unitholder’s name, or that the proxy will be exercised or otherwise dealt with in accordance with the instructions of such beneficial owner.

Unitholders holding less than the Prescribed Number of Units of the Claymore ETF will not have any right to vote securities held by that Claymore ETF.

Modification of Terms

The Manager may amend the Declaration of Trust from time to time to redesignate the name of the Claymore ETF or to create a new class of Units of the Claymore ETF without notice to existing Unitholders of the Claymore ETFs, unless such amendment in some way affects the existing Unitholders’ rights or the value of their investment.

All other rights attached to the Units of the Claymore ETF may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See “Unitholder Matters – Amendments to the Declaration of Trust”.

UNITHOLDER MATTERS

Meeting of Unitholders

Except as otherwise required by law, meetings of Unitholders of the Claymore ETF will be held if called by the Manager upon written notice of not less than 21 days nor more than fifty 50 days before the meeting.

Matters Requiring Unitholders Approval

NI 81-102 requires a meeting of Unitholders of the Claymore ETF to be called to approve certain changes as follows:

- (i) the basis of the calculation of a fee or expense that is charged to the Claymore ETF is changed in a way that could result in an increase in charges to the Claymore ETF, except where:
 - (a) the Claymore ETF is at arm's length with the person or company charging the fee;
 - (b) the Unitholders have received at least 60 days' notice before the effective date of the change; and
 - (c) the right to notice described in (b) is disclosed in the prospectus of the Claymore ETF;
- (ii) the introduction of a fee or expense, to be charged to the Claymore ETF or directly to its Unitholders by the Claymore ETF or the Manager in connection with the holding of Units of the Claymore ETF that could result in an increase in charges to the Claymore ETF or its Unitholders;
- (iii) the Manager is changed, unless the new manager of the Claymore ETF is an affiliate of the Manager;
- (iv) the fundamental investment objective of the Claymore ETF is changed;
- (v) the Claymore ETF decreases the frequency of the calculation of its net asset value per Unit;
- (vi) the Claymore ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the Claymore ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the Claymore ETF becoming securityholders in the other mutual fund, unless:
 - (a) the IRC of the Claymore ETF has approved the change;
 - (b) the Claymore ETF is being reorganized with, or its assets are being transferred to, another mutual fund that is managed by the Manager, or an affiliate of the Manager;
 - (c) the Unitholders have received at least 60 days' notice before the effective date of the change; and
 - (d) the right to notice described in (c) is disclosed in the prospectus of the Claymore ETF; and

- (e) the transaction complies with certain other requirements of applicable securities legislation;
- (vii) the Claymore ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the Claymore ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders of the Claymore ETF, and the transaction would be a material change to the Claymore ETF; or
- (viii) any matter which is required by the constitutive documents of the Claymore ETF or by the laws applicable to the Claymore ETF or by any agreement to be submitted to a vote of the Unitholders of the Claymore ETF.

In addition, the auditors of the Claymore ETF may not be changed unless:

- (i) the IRC of the Claymore ETF has approved the change; and
- (ii) Unitholders have received at least 60 days' notice before the effective date of the change.

Approval of Unitholders of the Claymore ETF will be deemed to have been given if expressed by resolution passed at a meeting of Unitholders of the Claymore ETF duly called and held for the purpose of considering same, by at least a majority of the votes cast.

Amendments to the Declaration of Trust

The Manager may amend the Declaration of Trust of the Claymore ETF from time to time but may not, without the approval of at least a two-thirds majority of the votes of Unitholders of the Claymore ETF voting at a meeting of Unitholders duly called for such purpose:

- (i) change the fundamental investment objective of the Claymore ETF;
- (ii) increase the amount of fees and expenses for which the Claymore ETF will be responsible in any year;
- (iii) change the voting rights of Unitholders; or
- (iv) change the right of Unitholders to exercise voting rights over Baskets of Securities, as described under "Attributes of the Units – Certain Provisions of the Units – Exercise of Voting Rights over Baskets of Securities".

Unitholders are entitled to one vote per whole Unit held on the record date established for voting at any meeting of Unitholders.

Permitted Mergers

The Claymore ETF may, without Unitholders' approval, enter into a merger or other similar transaction which has the effect of combining the funds or their assets (a "Permitted Merger") with any other investment fund or funds that have investment objectives that are similar to the Claymore ETF's Portfolio, subject to:

- (a) approval of the merger by the Claymore ETF's IRC;
- (b) compliance with certain merger pre-approval conditions set out in section 5.6 of NI 81-102; and
- (c) written notice to Unitholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values for the purpose of such transaction.

Reporting to Unitholders

The Manager, on behalf of the Claymore ETF, will furnish to each Unitholder of the Claymore ETF, unaudited semi-annual financial statements for the Claymore ETF within 60 days of the end of each semi-annual period and audited annual financial statements for the Claymore ETF within 90 days of the end of each financial year. Both the semi-annual and the annual financial statements of the Claymore ETF will contain a statement of net assets, a statement of operations, a statement of changes in net assets, a statement of cashflows, if applicable, and a statement of investment portfolio, where applicable. The semi-annual and the annual financial statements of the Claymore ETF will also disclose the minimum and maximum levels of leverage, if any, experienced by that Claymore ETF in the period covered by such statements, together with a brief explanation of how the Claymore ETF uses leverage and the significance of the minimum and maximum levels of leverage to the Claymore ETF.

Each Unitholder will also be mailed annually, by his or her broker, no later than March 31, information required under the Tax Act to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Claymore ETF in respect of the preceding taxation year of the Claymore ETF. The NAV per Unit of the Claymore ETF will be determined by the Manager on each Valuation Date and will usually be published daily in the financial press and at www.claymoreinvestments.ca.

TERMINATION OF THE CLAYMORE ETF

The Claymore ETF may be terminated by the Manager on at least 30 and not more than 60 days' notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The Manager may also terminate the Claymore ETF in the event that the Index Provider ceases to calculate the Index or the DEX Licence Agreement is terminated, as described above under "Investment Objectives – The Index – Termination of the Index". Upon such termination the Constituent Securities, cash and other assets remaining after paying or providing for all liabilities and obligations of the Claymore ETF shall be distributed pro rata among the Unitholders of the Claymore ETF.

The rights of Unitholders to exchange and redeem Units described under "Redemption and Exchange of Units" will cease as and from the date of termination of the Claymore ETF.

RELATIONSHIP BETWEEN THE CLAYMORE ETF AND UNDERWRITERS

The Manager, on behalf of the Claymore ETF, may enter into various Underwriting Agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Underwriters may subscribe for Units of the Claymore ETF as described under "Purchases of Units – Issuance of Units".

PROXY VOTING GUIDELINES

The Manager does not intend to vote proxies in respect of securities held by the Claymore ETF because its investment portfolio consists primarily of debt securities and are not actively managed and are determined based on the composition of the applicable Index.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- (a) the Declaration of Trust;
- (b) the Custodian Agreements; and

(c) the DEX Licence Agreement.

Copies of the agreements referred to above may be inspected during business hours at the principal office of the Manager.

DEX Licence Agreement

Claymore is permitted to use the DEX Convertible Bond Index in connection with the Claymore ETF pursuant to the DEX Licence Agreement.

THE UNITS OF THE CLAYMORE ETF ARE NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY TSX INC. (“PC-BOND”), ITS AFFILIATES (INCLUDING TSX GROUP INC.) OR THIRD PARTY DATA SUPPLIERS (COLLECTIVELY, “PC-BOND GROUP”). THE PC-BOND GROUP MAKES NO REPRESENTATION, CONDITION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THE CLAYMORE ETF OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN SECURITIES GENERALLY OR IN THE UNITS OF THE CLAYMORE ETF PARTICULARLY OR THE ABILITY OF THE DEX CONVERTIBLE BOND INDEX TO TRACK GENERAL BOND MARKET PERFORMANCE OR ANY OTHER ECONOMIC FACTORS.

PC-BOND’S RELATIONSHIP TO CLAYMORE IS THE LICENSING (OR SUBLICENSING) OF CERTAIN TRADEMARKS AND THE LICENSING OF THE DEX CONVERTIBLE BOND INDEX, WHICH IS DETERMINED, COMPOSED AND CALCULATED BY PC-BOND WITHOUT REGARD TO CLAYMORE OR THE CLAYMORE ETF. PC-BOND HAS NO OBLIGATION TO TAKE THE NEEDS OF THE MANAGER OR THE OWNERS OF THE CLAYMORE ETF INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE DEX CONVERTIBLE BOND INDEX. PC-BOND IS NOT RESPONSIBLE FOR AND HAS NOT PARTICIPATED IN THE DETERMINATION OF THE PRICES AND AMOUNT OF THE CLAYMORE ETF OR THE TIMING OF THE ISSUANCE OR SALE OF THE CLAYMORE ETF, OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH THE CLAYMORE ETF UNITS ARE TO BE REDEEMED. PC-BOND HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR TRADING OF THE CLAYMORE ETF.

PC-BOND GROUP DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE DEX CONVERTIBLE BOND INDEX OR ANY DATA INCLUDED THEREIN OR ANY OTHER DATA PROVIDED BY THE PC-BOND GROUP, AND PC-BOND GROUP SHALL HAVE NO LIABILITY FOR ERRORS, OMISSIONS, DELAYS OR INTERRUPTIONS THEREIN. PC-BOND GROUP MAKES NO WARRANTY, CONDITION OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY CLAYMORE, OWNERS OF THE CLAYMORE ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE DEX CONVERTIBLE BOND INDEX OR ANY DATA INCLUDED THEREIN OR ANY OTHER DATA PROVIDED BY THE PC-BOND GROUP. PC-BOND GROUP MAKES NO EXPRESS OR IMPLIED WARRANTIES, REPRESENTATIONS OR CONDITIONS, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OR CONDITIONS OF MERCHANTABILITY, MERCHANTABLE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ANY OTHER EXPRESS OR IMPLIED WARRANTY OR CONDITION WITH RESPECT TO THE DEX CONVERTIBLE BOND INDEX OR ANY DATA INCLUDED THEREIN OR ANY OTHER DATA PROVIDED BY THE PC-BOND GROUP. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL PC-BOND GROUP HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The Claymore ETF is not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving any of the Claymore ETF.

EXPERTS

Osler, Hoskin & Harcourt LLP, legal counsel to the Claymore ETF and the Manager, has provided certain legal opinions on the principal Canadian federal income tax considerations that apply to an investment in the Units by an individual resident in Canada. See “Income Tax Considerations”.

Ernst & Young LLP, the auditors of the Claymore ETF, has consented to the use of its Audit report dated June 7, 2011 for the Claymore ETF.

EXEMPTIONS AND APPROVALS

The Claymore ETF has obtained exemptive relief from the Canadian securities regulatory authorities to permit the following practices:

- (a) the purchase by a Unitholder of the Claymore ETF of more than 20% of the Units of the Claymore ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation;
- (b) the purchase and sale of Units of the Claymore ETF on the TSX, which precludes the transmission of purchase or redemption orders to the order receipt offices of the Claymore ETF;
- (c) the payment for the issuance of Units of the Claymore ETF partially in cash and partially in securities, provided that the acceptance of securities as payment is made in accordance with Section 9.4(2)(b) of NI 81-102;
- (d) the redemption of less than the Prescribed Number of Units of the Claymore ETF at a price equal to 95% of the closing price of the Units of the Claymore ETF on the TSX; and
- (e) to relieve the Claymore ETF from the requirement relating to the record date for the payment of distributions, provided that the Claymore ETF complies with applicable TSX requirements.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities within two business days after receipt of a prospectus and any amendment or within 48 hours after receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contain a misrepresentation or are not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

DOCUMENTS INCORPORATED BY REFERENCE

During the period in which the Claymore ETF is in continuous distribution, additional information will be available in the following documents:

- (a) the most recently filed comparative annual financial statements of the Claymore ETF, together with the accompanying report of the auditor;

- (b) any interim financial statements of the Claymore ETF filed after the most recently filed comparative annual financial statements of the Claymore ETF;
- (c) the most recently filed annual management report of fund performance of the Claymore ETF; and
- (d) any interim management report of fund performance of the Claymore ETF filed after that most recently filed annual management report of fund performance of the Claymore ETF.

The foregoing documents are incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document. Copies of the foregoing documents are publicly available on the Claymore website at www.claymoreinvestments.ca and may be obtained upon request, at no cost, by calling 1-866-417-4640 or by contacting a registered dealer. These documents and other information about the Claymore ETFs are publicly available at www.sedar.com.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is incorporated by reference herein modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or includes any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this prospectus.

AUDITORS' CONSENT

We have read the prospectus of the Claymore Advantaged Convertible Bond ETF dated June 7, 2011 relating to the sale and issuance of Common Units and Advisor Class Units of the Claymore Advantaged Convertible Bond ETF. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the inclusion in the above-mentioned prospectus of our audit report dated June 7, 2011 to the Unitholder of the Claymore Advantaged Convertible Bond ETF on the statement of financial position of the Claymore Advantaged Convertible Bond ETF as at June 7, 2011.

Toronto, Canada

June 7, 2011

"Ernst & Young LLP"

Chartered Accountants

Licensed Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Unitholder of
Claymore Advantaged Convertible Bond ETF

We have audited the accompanying financial statement of the Claymore Advantaged Convertible Bond ETF, which comprises the statement of financial position as at June 7, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Claymore Advantaged Convertible Bond ETF as at June 7, 2011 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
June 7, 2011

"Ernst & Young LLP"
Chartered Accountants
Licensed Public Accountants

**CLAYMORE ADVANTAGED CONVERTIBLE BOND ETF
STATEMENT OF FINANCIAL POSITION**

June 7, 2011

ASSETS

Cash.....	\$20
Total.....	\$20

UNITHOLDER’S EQUITY (Note 1)

Unitholder’s equity (1 Common Unit).....	\$20
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Approved by the Manager:

(Signed) SOM SEIF
Chief Executive Officer and President

(Signed) BRUCE ALBELDA
Chief Financial Officer

1. Units Authorized and Outstanding

Claymore Advantaged Convertible Bond ETF (the “Claymore ETF”) was established under the laws of the Province of Ontario on June 7, 2011 pursuant to an amended and restated master declaration of trust (the “Declaration of Trust”) executed by Claymore Investments, Inc., as trustee and manager (the “Manager”). The Claymore ETF is authorized to issue an unlimited number of Common Units and an unlimited number of Advisor Class Units. On June 7, 2011 the Claymore ETF issued 1 Common Unit for \$20 cash.

2. Commitments

A management fee equal to 0.45% per annum of the Net Asset Value (“NAV”) per Common Unit of the Claymore ETF, plus applicable taxes, will be paid to the Manager once the Claymore ETF has become operational. A management fee equal to 0.50% per annum of the NAV per Advisor Class Unit of the Claymore ETF, plus applicable taxes will be paid to the Manager once the Claymore ETF becomes operational. The management fee will be calculated and accrued daily and paid monthly in arrears.

The Manager will pay to the registered dealers a service fee equal to 0.50% per annum of the NAV per Advisor Class Unit held by clients of the registered dealer. The service fee is calculated and accrued daily and paid quarterly.

**CERTIFICATE OF THE CLAYMORE ADVANTAGED CONVERTIBLE BOND ETF, THE TRUSTEE,
MANAGER AND PROMOTER**

Dated: June 7, 2011

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut.

**CLAYMORE INVESTMENTS, INC.,
as Trustee and Manager of the Claymore Advantaged Convertible Bond ETF**

(Signed) SOM SEIF
Chief Executive Officer and President

(Signed) BRUCE ALBELDA
Chief Financial Officer

On behalf of the Board of Directors of Claymore Investments, Inc.

(Signed) SOM SEIF
Director

(Signed) JEFFREY D. LOGAN
Director

(Signed) BRUCE ALBELDA
Director

**CLAYMORE INVESTMENTS, INC.,
as Promoter of the Claymore Advantaged Convertible Bond ETF**

(Signed) SOM SEIF
Chief Executive Officer and President