



CLAYMORE ETFs

## EXCHANGE-TRADED FUNDS:

# An Overview of Potential Benefits

Exchange-traded funds (ETFs) are one of the fastest growing investment products in today’s global marketplace. Built like mutual funds, ETFs consist of a portfolio of investment vehicles, but they trade like individual stocks on major stock exchanges and can be bought or sold at any time in any amount throughout the trading day.

Constructed to track the holdings and performance of a defined index of securities, net of expenses, ETFs enable investors to purchase a cost-efficient and diversified portfolio in one transaction. Providing other advantages such as tax efficiency, liquidity and transparency, ETFs are an increasingly popular alternative to investments in stocks and mutual funds. The unique attributes and benefits of ETFs appeal to both individual and institutional investors.

This overview provides an introduction to exchange-traded funds. You’ll find information on:

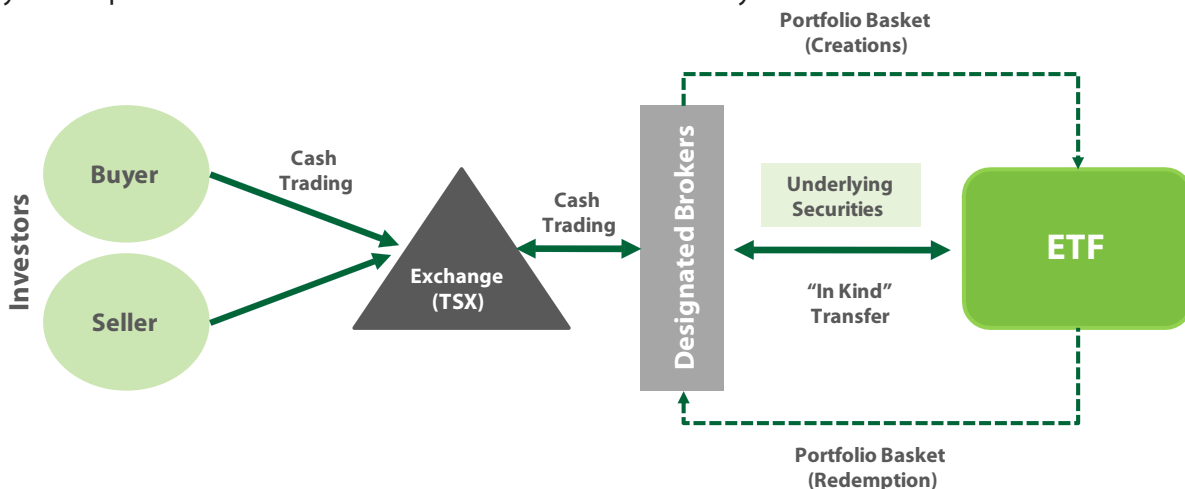
1. The structural safety of ETFs
2. The benefits of ETFs and how they compare to other investment options
3. The advantages of Claymore ETFs

**AN EASY WAY TO ADD INDEX STRATEGIES TO YOUR PORTFOLIO**

Whether you’re a novice investor just starting to build your portfolio, or an experienced one seeking tactical additions to existing holdings, Claymore’s family of exchange-traded funds offers intelligent solutions to your investment goals.

## The Structural Safety of Exchange-Traded Funds

Like mutual funds, exchange-traded funds consist of a portfolio of financial securities. As such, each unit of an ETF represents a legal right of ownership over a portion of the assets of that portfolio. As part of the legal requirements of ETFs, all assets invested in the funds are held by the ETF provider’s custodian. This protects investors from any risk of bankruptcy on the part of that ETF manufacturer. The custodian for Claymore ETFs is RBC Dexia.



## The Benefits of Exchange-Traded Funds

Fully eligible as investments under registered accounts and savings plans, including RRSPs, RRIFs, RESPs, DPSPs and TFSAs, ETFs offer investors numerous benefits:

### Competitive performance

In tracking index strategies, ETFs may minimize costs, improve tax efficiency and reduce portfolio turnover. Index strategies have also proven to outperform actively managed strategies typically associated with mutual funds\*.

#### RISKS ASSOCIATED WITH ETFs

ETF shareholders are subject to risks similar to those of holders of other investment vehicle, such as mutual funds. In addition to these general risks, there are risks specific to each ETF, which are described in the relevant prospectus. Risks may include the following:

- Market Risk
- Liquidity Risk
- Concentration Risk
- Interest Rate Risk
- Foreign Investment Risk

### All day liquidity

Like stocks, ETFs can be bought or sold on major exchanges throughout the trading day. The flexibility of placing stop or limit orders, buying on margin and selling short further enhances their liquidity.

### Low costs

As index-based products with low portfolio turnover, ETFs carry considerably lower management expense ratios and operating costs compared to most actively-managed mutual funds.

### Tax efficiency

ETFs minimize taxable capital gains distributions to investors with low portfolio turnover and in-kind trades of securities with designated brokers at the fund level.

### Diversification

As an investment in a portfolio of securities, ETFs offer a convenient, single-trade approach to achieving diversification.

### Portfolio transparency

ETFs post their holdings daily, letting investors know exactly what they own and enabling them to make sound, informed investment decisions.

\*Source: Standard & Poor's SPIVA Year-End 2009 Report

## How ETFs Compare to Other Investment Options

| FEATURE   | ETFs | STOCKS | MUTUAL FUNDS |
|---|------|--------|--------------|
| Can be bought or sold during regular market hours on the secondary exchange | Yes  | Yes    | No           |
| Can be purchased on margin  | Yes  | Yes    | No           |
| Can be sold short   | Yes  | Yes    | No           |
| Can use stop and limit orders   | Yes  | Yes    | No           |

## Strategies Using ETFs

ETFs can be used in many different ways. Its flexibility as a “multi-purpose tool” that makes them so appealing to different types of investors. Some of the more popular strategies for using ETFs include:

- Core/Satellite
- Fund / Stock Compliment or Replacement
- Tax Loss Harvesting
- Portfolio Transition
- Foreign Diversification
- Strategic and Tactical Asset Allocation

## The Advantages of Claymore ETFs

Focused on performance and risk management, Claymore ETFs utilize, what we believe is, the most appropriate index methodology for each specific asset class. Designed by what Claymore believes to be the best-in-class index providers, Claymore ETFs track indices based on fundamental indexing, multi-factor and equal-weighting models, as well as the traditional market capitalization strategy.

### A Claymore Innovation: Automatic ETF Investment Plans

Claymore's package of automatic investment plans allows shareholders to achieve their financial goals without worrying about mounting trading commissions.

#### Dividend Reinvestment Plan (DRIP)

Shareholders can compound their investments by having all distributions paid on Claymore ETFs automatically reinvested into additional units of the ETFs.

#### Pre-Authorized Cash Contribution Plan (PACC Plan)

Shareholders can cap brokerage fees while gaining the benefits of dollar-cost averaging by investing in Claymore ETFs on a monthly, quarterly or annual basis.

#### Systematic Withdrawal Plan (SWP)

Shareholders can access their money when they need it by selling fixed amounts of their holdings on a monthly, quarterly or annual basis.

### INTELLIGENT INVESTING WITH CLAYMORE ETFs

Taking the benefits of index investing to the next level, the Claymore family of intelligent ETFs cover:

- Canadian, US, and global core equity markets
- Canadian and global sectors
- Dividend and income strategies
- Interest Rate Risk
- Fixed income strategies
- Commodities, and
- Balanced wrap portfolios

## Intelligent Solutions from Claymore ETFs

#### CORE CANADA

- CRQ**  
Claymore Canadian Fundamental Index ETF
- CDZ**  
Claymore S&P/TSX Canadian Dividend ETF

#### CANADIAN SECTORS

- CEW**  
Claymore Equal Weight Banc & Lifeco ETF
- FIE.A**  
Claymore CDN Financial Monthly Income ETF
- CLO**  
Claymore Oil Sands Sector ETF

#### FIXED INCOME

- CMR**  
Claymore Premium Money Market ETF
- CLF**  
Claymore 1-5 Yr Laddered Government Bond ETF
- CAB**  
Claymore Advantaged Canadian Bond ETF
- CHB**  
Claymore Advantaged High Yield Bond ETF
- CBO**  
Claymore 1-5 Yr Laddered Corporate Bond ETF
- CPD**  
Claymore S&P/TSX Canadian Preferred Share ETF

#### CORE U.S.

- CLU**  
Claymore US Fundamental ETF (C\$ Hedged)
- CLU.C**  
Claymore US Fundamental ETF (non-hedged)

#### EMERGING MARKETS

- CWO**  
Claymore Broad Emerging Markets ETF
- CBQ**  
Claymore BRIC ETF

#### INTERNATIONAL/GLOBAL

- CIE**  
Claymore International Fundamental Index ETF
- CYH**  
Claymore Global Monthly Advantaged Dividend ETF
- CJP**  
Claymore Japan Fundamental Index ETF (C\$ Hedged)

#### GLOBAL SECTORS

- CGR**  
Claymore Global Real Estate ETF
- CIF**  
Claymore Global Infrastructure ETF
- CWW**  
Claymore S&P Global Water ETF
- CMW**  
Claymore S&P/TSX Global Mining ETF
- COW**  
Claymore Global Agriculture ETF

#### ETF WRAP PORTFOLIOS

- CBD**  
Claymore Balanced Income CorePortfolio™ ETF
- CBN**  
Claymore Balanced Growth CorePortfolio™ ETF

#### COMMODITY

- GAS**  
Claymore Natural Gas Commodity ETF
- CGL**  
Claymore Gold Bullion ETF
- SVR.UN**  
Claymore Silver Bullion Trust

### For More Information:

PLEASE CONTACT YOUR FINANCIAL ADVISOR OR GO TO [WWW.CLAYMOREINVESTMENTS.CA](http://WWW.CLAYMOREINVESTMENTS.CA)



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