GUGGENHEIM STRATEGIC OPPORTUNITIES FUND
Form N-CSR
August 08, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21982

Guggenheim Strategic Opportunities Fund
(Exact name of registrant as specified in charter)

2455 Corporate West Drive, Lisle, IL 60532
(Address of principal executive offices) (Zip code)

Kevin M. Robinson
2455 Corporate West Drive, Lisle, IL 60532
(Name and address of agent for service)

Registrant's telephone number, including area code: (630) 505-3700

Date of fiscal year end: May 31

Date of reporting period: June 1, 2011 - May 31, 2012

Item 1. Reports to Stockholders.

The registrant's annual report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940, as amended (the "Investment Company Act"), is as follows:

WWW.GUGGENHEIMFUNDS.COM/GOF

... YOUR WINDOW TO THE LATEST, MOST UP-TO-DATE INFORMATION ABOUT THE GUGGENHEIM STRATEGIC OPPORTUNITIES FUND

The shareholder report you are reading right now is just the beginning of the story. Online at www.guggenheimfunds.com/gof, you will find:

- Daily, weekly and monthly data on share prices, net asset values, distributions and more
- Portfolio overviews and performance analyses
- Announcements, press releases and special notices
- Fund and adviser contact information

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

May 31, 2012

DEAR SHAREHOLDER

We thank you for your investment in the Guggenheim Strategic Opportunities Fund (the "Fund"). This report covers the Fund's performance for the fiscal year ended May 31, 2012.

The Fund's investment objective is to maximize total return through a combination of current income and capital appreciation. The Fund seeks to achieve that objective by combining a credit-managed fixed-income portfolio with access to a diversified pool of alternative investments and equity strategies. The Fund pursues a relative value-based investment philosophy, which utilizes quantitative and qualitative analysis to seek to identify securities or spreads between securities that deviate from their perceived fair value and/or historical norms. There is no guarantee that the perceived fair value will be achieved.

All Fund returns cited, whether based on net asset value ("NAV") or market price, assume the reinvestment of all distributions. For the 12-month period ended May 31, 2012, the Fund returned 4.09% on an NAV basis and 3.81% on a market price basis. The closing price of the Fund's shares as of May 31, 2012, was $21.08, which represented a premium of 10.95% to the NAV of $19.00. The closing price of the Fund's shares as of May 31, 2011, was $22.32, which represented a premium of 10.99% to the NAV of $20.11. The market value of the Fund's shares fluctuates from time to time and it may be higher or lower than the Fund's NAV.

During the 12-month period ended May 31, 2012, the Fund paid monthly dividends of $0.154 per share. The most recent dividend represents an annualized distribution rate of 8.8% based on the Fund's closing market price of $21.08 as of May 31, 2012.

Guggenheim Funds Investment Advisors, LLC (the "Adviser") serves as the investment adviser to the Fund. Guggenheim Partners Investment Management, LLC (formerly, Guggenheim Partners Asset Management, LLC) ("GPIM" or the "Sub-Adviser") serves as the Fund's investment sub-adviser and is responsible for the management of the Fund's portfolio of investments. Each of the Adviser and the Sub-Adviser is an affiliate of Guggenheim Partners, LLC ("Guggenheim"), a global diversified financial services firm with more than $160 billion in assets under management.

We encourage shareholders to consider the opportunity to reinvest their distributions from the Fund through the Dividend Reinvestment Plan ("DRIP"), which is described in detail on page 39 of this report. When shares trade at a discount to NAV, the DRIP takes advantage of the discount by reinvesting the monthly dividend distribution in common shares of the Fund purchased in the market at a price less than NAV. Conversely, when the market price of the Fund's common shares is at a premium above NAV, the DRIP reinvests participants' dividends in newly-issued common shares at NAV, subject to an IRS limitation that the purchase price cannot be more than 5% below the market price per share. The DRIP provides a cost-effective means to accumulate additional shares and enjoy the benefits of compounding returns over time. Since the Fund endeavors to maintain a stable monthly distribution, the DRIP effectively provides an income averaging technique, which causes shareholders to accumulate a larger number of Fund shares when the market price is depressed than when the price is higher.

To learn more about the Fund's performance and investment strategy, we encourage you to read the Questions & Answers section of this report, which begins on page 4. You'll find information on GPIM's investment philosophy, views on the economy and market environment, and detailed information about the factors that impacted the Fund's performance.

We appreciate your investment and look forward to serving your investment needs in the future. For the most up-to-date information on your investment, please visit the Fund's website at www. guggenheimfunds.com/gof.

Sincerely,

Donald C. Cacciapaglia
Chief Executive Officer
Guggenheim Strategic Opportunities Fund

June 30, 2012

QUESTIONS & ANSWERS May 31, 2012

Guggenheim Strategic Opportunities Fund (the "Fund") is managed by a team of seasoned professionals at Guggenheim Partners Investment Management, LLC ("GPIM"). This team includes B. Scott Minerd, Chief Executive Officer and Chief Investment Officer; Anne Bookwalter Walsh, CFA, JD, Senior Managing Director; Michael Curcio, Senior Managing Director; and Kerim Engin, Ph.D., Managing Director & Director of Risk Management. In the following interview, the investment team discusses the market environment and the Fund's performance for the fiscal year ended May 31, 2012.

Please describe the Fund's objective and strategy.

The Guggenheim Strategic Opportunities Fund (the "Fund") seeks to maximize total return through a combination of current income and capital appreciation. The Fund pursues a relative value-based investment philosophy, which utilizes quantitative and qualitative analysis to seek to identify securities or spreads between securities that deviate from their perceived fair value and/or historical norms. GPIM seeks to combine a credit-managed fixed income portfolio with access to a diversified pool of alternative investments and equity strategies. There is no guarantee that the perceived fair value of the Fund's portfolio investments will be achieved.

The Fund seeks to achieve its investment objective by investing in a wide range of fixed income and other debt and senior equity securities ("income securities") selected from a variety of credit qualities and sectors, including, but not limited to, corporate bonds, loans and loan participations, structured finance investments, U.S. government and agency securities, mezzanine and preferred securities and convertible securities, and in common stocks, limited liability company interests, trust certificates and other equity investments ("common equity securities") that GPIM believes offer attractive yield and/or capital appreciation potential, including employing a strategy of writing (selling) covered call and put options on such equities. GPIM believes the volatility of the Fund can be reduced by diversifying across a large number of sectors and securities, many of which historically have not been highly correlated to one another. To achieve the targeted level of diversification, the Fund has primarily invested in exchange traded funds.

Under normal market conditions:

- The Fund may invest up to 60% of its total assets in fixed income securities rated below investment grade (commonly referred to as "junk bonds");

- The Fund may invest up to 20% of its total assets in non-U.S. dollar-denominated fixed income securities of corporate and governmental issuers located outside the U.S., including up to 10% of total assets in fixed income securities of issuers located in emerging markets;

- The Fund may invest up to 50% of its total assets in common equity securities; and

- The Fund may invest up to 30% of its total assets in investment funds that primarily hold (directly or indirectly) investments in which the Fund may invest directly of which amount, up to 20% of the Fund's total assets in investment funds that are registered as investment companies under the Investment Company Act of 1940, as amended (the "1940 Act") to the extent permitted by applicable law and related interpretations of the staff of the U.S. Securities and Exchange Commission.

GPIM's investment process is a collaborative effort between its Portfolio Construction Group, which utilizes tools such as a proprietary risk optimization model to determine allocation of assets among a variety of sectors, and its Sector Specialists, who are responsible for security selection within these sectors and for implementing securities transactions.

The Fund seeks to enhance the level of distributions by utilizing financial leverage through borrowings, reverse repurchase agreements or other forms of debt. As of May 31, 2012, the amount of leverage was approximately 28% of the Fund's total assets.

Although the use of financial leverage by the Fund may create an opportunity for increased return for the common shares, it also results in additional risks and can magnify the effect of any losses. If the income and gains earned on securities purchased with the financial leverage proceeds are greater than the cost of the financial leverage, then the common shares' return will be greater than if financial leverage had not been used. Conversely, if the income and gains from the securities purchased with the financial leverage is less than the cost of the financial leverage then the return on the common shares will be less than if financial leverage had not been used. There can be no assurance that a leveraging strategy will be implemented or that it will be successful during any period during which it is employed.

Please tell us about the market environment over the last year.

The securities markets, both in the U.S. and around the world, were affected by uncertainties on multiple fronts during the Fund's fiscal year ended May 31, 2012. Although the U.S. economy demonstrated considerable momentum in the closing months of 2011 and the first quarter of 2012, market sentiment turned negative as concerns over the health of the euro member nations and slowing growth in China threatened the global recovery.

Recent economic data suggest the U.S. has moved beyond the recovery phase, and is currently in a self-sustaining expansion (albeit slow) in the wake of the worst recession in generations. Low borrowing rates coupled with private sector job growth has lifted incomes, supporting stronger consumption. Household debt service relative to income is approaching the lowest levels since the mid-1980s, freeing up disposable income, which should continue to lift consumption. Further, industrial production has been showing year-to-year gains as corporate profits continue to expand. There have even been some signs of growth in housing starts, providing the first signs of sustained good news in the housing market in several years.

In late May, the U.S. Department of Commerce reported revised real growth in gross domestic product (GDP) at an annual rate of 1.9% for the first quarter of 2012, which followed an even stronger growth rate of 3.0% in the fourth quarter of 2011. The consensus among business economists seems to be that real growth for the full year 2012 will be in the range of 2.5% and 3.0%.

The recovery is less certain for international economies. While the European Central Bank has taken temporary measures to postpone an immediate crisis in Europe, structural issues remain due to unsustainable debt levels throughout the peripheral European countries. Financial weakness in Europe will likely cause the euro to continue to weaken against other developed currencies. A recession in Europe will negatively affect emerging market economies, particularly China, which rely heavily on exports.

Late in the summer of 2011, there was an enormous flight to safety driven by concerns about the banking system in Europe and sovereign debt of several nations. In early August, rating agency Standard & Poor's ("S&P") downgraded United States long-term debt to AA+ from AAA. Despite the downgrade, investors fled to U.S. Treasury securities, affirming the safety of United States debt. Concurrently, investors avoided credit risk as spreads widened materially in many fixed income sectors.

Pronounced weakness during the summer of 2011 was followed by a generally positive period from the fourth quarter of 2011 to the first quarter of 2012 before another drop in May 2012, driven by sluggish U.S. economic growth and headlines surrounding the potential insolvency of the Spanish banking system. For the 12-month period ended May 31, 2012, investors realized the highest returns from the least risky assets such as Treasury/agency debt and agency collateralized mortgage obligations ("CMOs"), while equity markets and credit spread fixed income proved to be volatile. The Standard & Poor's 500 Index (the "S&P 500"), which is generally regarded as an indicator of the broader U.S. stock market, fell 0.41%. Foreign markets were much weaker, reflecting debt issues in Europe and concern about slowing growth in Asian markets, as the Morgan Stanley Capital International (MSCI) Europe-Australasia-Far East (EAFE) Index, which is comprised of approximately 1,100 companies in 20 developed countries in Europe and the Pacific Basin, fell 20.5% and the MSCI Emerging Market Index, which measures market performance in global emerging markets, was down 20.3%, for the year ended May 31, 2012.

In the bond market, the highest quality assets performed best over the 12-month period ended May 31, 2012, as investors sought to avoid risk. The Barclays Capital U.S. Treasury Composite Index, which includes Treasury securities of all maturities, returned 9.05%. The Barclays Capital U.S. Aggregate Bond Index (the "Barclays Aggregate"), which is a proxy for the U.S. investment grade bond market, returned 7.1% for the period, while the Barclays Capital U.S. Corporate High Yield Index (which tracks nearly 2,000 U.S. non-investment grade bonds) returned 4.03%. The Credit Suisse Leveraged Loan Index, which tracks approximately 1,500 syndicated bank loans, returned 2.2% for the period. Reflecting the Federal Reserve's continuing accommodative monetary policy, interest rates on short-term securities remained at their lowest levels in many years; the return of the Barclays Capital 1-3 Month U.S. Treasury Bill Index was 0.04%, for the same period.

How did the Fund perform during this period?

All Fund returns cited, whether based on net asset value ("NAV") or market price, assume the reinvestment of all distributions. For the 12-month period ended May 31, 2012, the Fund returned 4.09% on an NAV basis and 3.81% on a market price basis. The closing price of the Fund's shares as of May 31, 2012, was $21.08, which represented a premium of 10.95% to the NAV of $19.00. The closing price of the Fund's shares as of May 31, 2011, was $22.32, which represented a premium of 10.99% to the NAV of $20.11. The market value of the Fund's shares fluctuates from time to time and it may be higher or lower than the Fund's NAV.

An important goal of the Fund is to provide stable, long-term returns in line with the broad equity markets, but with less volatility. For the period from the Fund's inception date of July 27, 2007, through May 31, 2012, the Fund's NAV return on an annualized basis was 11.33%, compared with the annualized return of -0.34% for the S&P 500. Over this same period, the Fund's annualized volatility has been approximately 12.6%. This compares with annualized volatility of 19.4% for the S&P 500 and 3.6% for the Barclays Aggregate over the same period. Since inception, on an annualized basis, the Fund has outperformed equities (as measured by the S&P 500) by 13.6 percentage points with one-third less volatility than equities. Volatility is measured by calculating the standard deviation of the percentage changes in the Fund's daily NAV and then annualizing these percentage changes. The relatively low historical volatility of the Fund's NAV is attributable to its diversification across many different fixed income asset classes.

During the 12-month period ended May 31, 2012, the Fund paid monthly dividends of $0.154 per share. The most recent dividend represents an annualized distribution rate of 8.8% based on the Fund's closing market price of $21.08 as of May 31, 2012.

How was the Fund's portfolio allocated among asset classes during this period, and how did these decisions affect performance?

This Fund was created to provide investors the potential to realize a level of return similar to that achieved by equities, but with less volatility. GPIM tracks a large number of equity and fixed income asset classes and, in constructing the Fund, seeks to use investments that historically have had low correlations to one another. GPIM has attempted to optimize the Fund's portfolio by analyzing the historical returns generated by sector specialists, the volatility of each sector and the correlations among the sectors. GPIM does this in an effort to reduce the risk of the portfolio while providing the potential for an attractive long-term return to the Fund's investors.

The Fund shifted its asset allocation among various asset classes during the 2012 fiscal year as market conditions and risk premiums varied. During a period of considerable stress in the short-term interbank lending market in the summer of 2011, the Fund increased its allocation to cash by taking gains in certain securities and taking a conservative approach to redeploying investment capital from cash flow. By late summer, GPIM had sold over $20 million of securities, mainly commercial mortgage-backed securities, to realize gains, reduce sector risk and reposition the portfolio into sectors that offered better relative value, such as asset-backed securities ("ABS") and high yield corporate bonds.

In August and September, GPIM took advantage of price weakness in credit risk sectors such as high yield bonds, bank loans, and ABS. Over those two months, the Fund invested approximately $26 million at an expected weighted average yield in excess of 9%. The Fund continued to find value in these sectors throughout the remainder of 2011.

While existing positions in these categories hurt performance during this period of weakness, diversification in investment grade corporate, preferred stock, and fixed rate bonds helped mitigate some unrealized losses. Fixed rate securities tend to benefit from a flight to safety as the spread widening is mitigated by rallies in the Treasury market. During this period, cash flow received from interest and principal payments helped offset unrealized losses, boosting performance and mitigating mark-to-market losses.

At the end of January 2012, the Fund was successful in raising $29.3 million in a public offering of additional common shares. The proceeds of this offering have been fully invested, with approximately one-third allocated to the equity covered call strategy and two-thirds to fixed income investments. These investments have enabled the Fund to maintain its yield level by investing in fixed income assets that pay interest and return principal while also deriving income from the equity covered call program. The Fund focused the majority of fixed income purchases in ABS, mainly through aircraft lease ABS, floating rate collateralized loan obligations ("CLOs"), as well as in high yield corporate bonds.

GPIM believes the Fund is well-positioned to take advantage of current market conditions and opportunities. In early 2012, gains were taken in positions where spreads had tightened significantly or credit outlook had deteriorated in investment grade, high yield corporates and select ABS. Proceeds of sales were used to participate selectively in the new issue market and to purchase assets in the secondary market that offer upside potential with respect to current amortization and spread duration. The Fund also focused on assets that pay a floating rate coupon, which mitigate duration risk in the event interest rates rise in the future.

The Fund maintains significant diversity among asset classes. As of May 31, 2012, ABS were the largest category, representing approximately 39% of total investments. The ABS sector is highly diversified by collateral type, with a focus on hard assets, such as airplanes and transportation equipment. High yield securities and bank loans represent approximately 21% of the Fund. The Fund continues to have a relatively small allocation to residential and commercial mortgage-backed securities.

The fixed income portion of the Fund’s portfolio, exclusive of cash, has a weighted average rating of BBB- with a levered expected yield to maturity of 11.4% and a 6.2 year weighted average life. The current interest yield of approximately 8.3% on the Fund’s fixed income securities provides steady income. Additionally, approximately 53% of the portfolio’s bond investments are floating rate, which helps mitigate duration risk.

How did the Fund’s leverage affect performance during this period?

Since leverage adds to performance when the cost of leverage is less than the total return generated by investments, the use of leverage contributed to the Fund’s total return during this period. The purpose of leverage (borrowing) is to fund the purchase of additional securities that provide increased income and potentially greater appreciation to common shareholders than could be achieved from an unlevered portfolio. Leverage results in greater NAV volatility and entails more downside risk than an unleveraged portfolio. The Fund has successfully lowered the overall borrowing rate to 1.68% at the year ended May 31, 2012 from 1.93% at the year ended May 2011.

As of May 31, 2012, the amount of leverage was approximately 28% of assets, which is approximately equivalent to the leverage at year-end 2011. GPIM employs leverage through two vehicles: reverse repurchase agreements, under which the Fund lends securities and receives cash which

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can be used for additional investments, and a committed financing facility through a leading international bank.

What is the current outlook for the markets and the Fund, and how is the Fund positioned for this outlook?

For some time GPIM has been more optimistic than many investment managers about the U.S. economy, and recent economic growth confirms this view. GPIM believes the United States has entered a period of self-sustaining economic expansion, driven primarily by the aggressive monetary policy of the Fed, which is now being reinforced by the European Central Bank. The United States has become the economic locomotive of the global economy, and the Fed understands that U.S. growth is necessary to reduce domestic unemployment and to provide support to the struggling economies in Europe and Asia. With recession on the horizon in Europe and slowing economic growth in China, investors should expect to see a third round of quantitative easing by the Federal Reserve near the end of 2012.

Given the Fund's mandate and its ability to invest across diverse asset classes, it has been very well-suited to take advantage of the investment opportunities that have prevailed since the summer of 2007 when the Fund was launched. The Fund was designed to invest across a broad array of sectors and securities in order to take advantage of imbalances and dislocations that often exist in the financial markets. GPIM continues to believe that a highly diversified portfolio is of great value to investors in a wide variety of market conditions.

Index Definitions

Indices are unmanaged and reflect no expenses. It is not possible to invest directly in an index. The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Barclays Capital U.S. Aggregate Bond Index represents securities that are U.S. domestic, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

The Barclays Capital U.S. Corporate High Yield Index is an unmanaged index of below investment grade bonds issued by U.S. corporations.

The Barclays Capital 1-3 Month U.S. Treasury Bill Index tracks the performance of U.S. Treasury bills with a remaining maturity of one to three months. U.S. Treasury bills, which are short-term loans to the U.S. government, are full-faith-and-credit obligations of the U.S. Treasury and are generally regarded as being free of any risk of default.

The Credit Suisse Leveraged Loan Index is an Index designed to mirror the investable universe of the $US-denominated leveraged loan market.

The MSCI EAFE Index is a capitalization weighted measure of stock markets in Europe, Australasia and the Far East.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in the global emerging markets.

Risks and Other Considerations

The views expressed in this report reflect those of the portfolio managers only through the report period as stated on the cover. These views are subject to change at any time, based on market and other conditions and should not be construed as a recommendation of any kind. The material may also include forward looking statements that involve risk and uncertainty, and there is no guarantee that any predictions will come to pass. There can be no assurance that the Fund will achieve its investment objectives. The value of the Fund will fluctuate with the value of the underlying securities. Historically, closed-end funds often trade at a discount to their net asset value.

Below Investment-Grade Securities Risk: The Fund may invest in income securities rated below investment grade or, if unrated, determined by the Sub-Adviser to be of comparable credit quality, which are commonly referred to as "high-yield" or "junk" bonds. Investment in securities of below investment-grade quality involves substantial risk of loss. Income securities of below investment-grade quality are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal when due and therefore involve a greater risk of default or decline in market value due to adverse economic and issuer-specific developments.

Senior and Second Lien Secured Loans Risk: The Fund's investments in senior loans and second lien secured floating-rate loans are typically below investment grade and are considered speculative because of the credit risk of their issuers. The risks associated with senior loans of below investment-grade quality are similar to the risks of other lower-grade income securities. Second lien loans are second in right of payment to senior loans and therefore are subject to the additional risk that the cash flow of the borrower and any property securing the loan may be insufficient to meet scheduled payments after giving effect to the senior-secured obligations of the borrower. Second lien loans are expected to have greater price volatility and exposure to losses upon default than senior loans and may be less liquid.

Structured Finance Investments Risk: The Fund's structured finance investments may include residential and commercial mortgage-related and asset-backed securities issued by governmental entities and private issuers, collateralized debt obligations and risk-linked securities. These securities entail considerable risk, including many of the risks described above (e.g., market risk, credit risk, interest rate risk and prepayment risk). The value of collateralized debt obligations also may change because of changes in the market's perception of the underlying collateral of the pool, the creditwor-thiness of the servicing agent for or the originator of the pool, or the financial institution or entity providing credit support for the pool. Returns on risk-linked securities are dependent upon such events as property or casualty damages which may be caused by such catastrophic events as hurricanes or earthquakes or other unpredictable events.

Mezzanine Investments Risk: Mezzanine investments are subject to the same risks associated with investment in senior loans, second lien loans and other lower-grade income securities. Mezzanine investments are expected to have greater price volatility than senior loans and second lien loans and may be less liquid.

Preferred Stock Risk: Preferred stock is inherently more risky than the bonds and other debt instruments of the issuer, but typically less risky than its common stock. Preferred stocks may be significantly less liquid than many other securities, such as U.S. Government securities, corporate debt and common stock.

Convertible Securities Risk: As with all income securities, the market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. Convertible securities also tend to reflect the market price of the underlying stock in varying degrees, depending on the relationship of such market price to the conversion price in the terms of the convertible security.

Equity Risk: Common equity securities' prices fluctuate for a number of reasons, including changes in investors' perceptions of the financial condition of an issuer, the general condition of the relevant stock market, and broader domestic and international political and economic events.

Real Estate Securities Risk: Because of the Fund's ability to invest in securities of companies in the real estate industry and to make indirect investments in real estate, it is subject to risks associated with the direct ownership of real estate, including declines in the value of real estate; general and local economic conditions; increased competition; and changes in interest rates. Because of the Fund's ability to make indirect investments in natural resources and physical commodities, and in real property asset companies, the Fund is subject to risks associated with such real property assets, including supply and demand risk, depletion risk, regulatory risk and commodity pricing risk.

Personal Property Asset Company Risk: The Fund may invest in personal property asset companies such as special situation transportation assets. The risks of special situation transportation assets include cyclicality of supply and demand for transportation assets and risk of decline in the value of transportation assets and rental values.

Private Securities Risk: Private securities have additional risk considerations than investments in comparable public investments.

Inflation/Deflation Risk: There is a risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money.

Dividend Risk: Dividends on common stock and other common equity securities which the Fund may hold are not fixed but are declared at the discretion of an issuer's board of directors. There is no guarantee that the issuers of the common equity securities in which the Fund invests will declare dividends in the future or that, if declared, they will remain at current levels or increase over time.

Portfolio Turnover Risk: The Fund's annual portfolio turnover rate may vary greatly from year to year. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. High portfolio turnover may result in an increased realization of net short-term capital gains by the Fund which,

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when distributed to common shareholders, will be taxable as ordinary income. Additionally, in a declining market, portfolio turnover may create realized capital losses.

Derivatives Risk: The Fund may be exposed to certain additional risks should the Sub-Adviser use derivatives as a means to synthetically implement the Fund's investment strategies. If the Fund enters into a derivative instrument whereby it agrees to receive the return of a security or financial instrument or a basket of securities or financial instruments, it will typically contract to receive such returns for a predetermined period of time. During such period, the Fund may not have the ability to increase or decrease its exposure. In addition, such customized derivative instruments will likely be highly illiquid, and it is possible that the Fund will not be able to terminate such derivative instruments prior to their expiration date or that the penalties associated with such a termination might impact the Fund's performance in a material adverse manner. Furthermore, derivative instruments typically contain provisions giving the counterparty the right to terminate the contract upon the occurrence of certain events. If a termination were to occur, the Fund's return could be adversely affected as it would lose the benefit of the indirect exposure to the reference securities and it may incur significant termination expenses.

Foreign Securities and Emerging Markets Risk: Investing in foreign issuers may involve certain risks not typically associated with investing in securities of U.S. issuers due to increased exposure to foreign economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations, expropriation or nationalization of assets, imposition of withholding taxes on payments and possible difficulty in obtaining and enforcing judgments against foreign entities. Furthermore, issuers of foreign securities and obligations are subject to different, often less comprehensive, accounting, reporting and disclosure requirements than domestic issuers. The securities and obligations of some foreign companies and foreign markets are less liquid and at times more volatile than comparable U.S. securities, obligations and markets. These risks may be more pronounced to the extent that the Fund invests a significant amount of its assets in companies located in one region and to the extent that the Fund invests in securities of issuers in emerging markets. Heightened risks of investing in emerging markets include: smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital.

Financial Leverage Risk: Although the use of Financial Leverage by the Fund may create an opportunity for increased after-tax total return for the Common Shares, it also results in additional risks and can magnify the effect of any losses. If the income and gains earned on securities purchased with Financial Leverage proceeds are greater than the cost of Financial Leverage, the Fund's return will be greater than if Financial Leverage had not been used. Conversely, if the income or gains from the securities purchased with such proceeds does not cover the cost of Financial Leverage, the return to the Fund will be less than if Financial Leverage had not been used. Financial Leverage involves risks and special considerations for shareholders, including the likelihood of greater volatility of net asset value and market price of and dividends on the Common Shares than a comparable portfolio without leverage; the risk that fluctuations in interest rates on borrowings that the Fund must pay will reduce the return to the Common Shareholders; and the effect of Financial Leverage in a declining market, which is likely to cause a greater decline in the net asset value of the Common Shares than if the Fund were not leveraged, which may result in a greater decline in the market price of the Common Shares. There can be no assurance that a leveraging strategy will be implemented or that it will be successful during any period during which it is employed.

In addition to the risks described above, the Fund is also subject to: Income Securities Risk, Foreign Currency Risk, Risks Associated with the Fund's Covered Call Option Strategy, Investment Funds Risk, Private Investment Funds Risk, Affiliated Investment Funds Risk, Synthetic Investments Risk, Risks of Real Property Asset Companies, Inflation/Deflation Risk, Anti-Takeover Provisions, Market Discount Risk, and Current Developments Risks. Please see www.guggenheimfunds.com/gof for a more detailed discussion about Fund risks and considerations.

FUND SUMMARY (Unaudited) May 31, 2012

Fund Statistics		
Share Price	$	21.08
Common Share Net Asset Value	$	19.00
Premium/Discount to NAV		10.95%
Net Assets Applicable to Common Shares ($000)	$	207,346

Total Returns (Inception 7/27/07)	Market	NAV
One Year	3.81%	4.09%
Three Year - average annual1	35.56%	27.87%
Since Inception - average annual1	13.10%	11.33%

Performance data quoted represents past performance, which is no guarantee of future results and current performance may be lower or higher than the figures shown. For the most recent month-end performance figures, please visit www.guggenheimfunds.com/gof. The investment return and principal value of an investment will fluctuate with changes in the market conditions and other factors so that an investor's shares, when sold, may be worth more or less than their original cost.

1Investors should also be aware that these returns were primarily achieved during favorable market conditions and may not be sustainable.

Top Ten Holdings	% of Long-Term Investments
SPDR S&P 500 ETF Trust	7.5%
Airplanes Pass-Through Trust, Series 2001-1A, Class A9	4.0%
SPDR Dow Jones Industrial Average ETF Trust	3.9%
Aerco Ltd., Series 2A, Class A3 (Jersey)	3.3%
Rockwall CDO Ltd., Series 2007-1A, Class A1LA	
(Cayman Islands)	2.6%
Fortress Credit Opportunities I LP, Series 2005-1A, Class A1	2.4%
iShares Russell 2000 Index Fund	2.4%
Lancer Finance Co. SPV Ltd. (British Virgin Islands)	1.4%
Eastland CLO Ltd., Series 2007-1A, Class A2B	1.4%
AWAS Aviation Capital Ltd. (Ireland)	1.3%

PORTFOLIO OF INVESTMENTS May 31, 2012

Principal Amount	Description	Rating *	Coupon	Maturity	Optional Call Provisions**	Value
	Long-Term Investments – 132.5%					
	Corporate Bonds – 43.0%					
	Advertising – 0.3%					
$ 400,000	MDC Partners, Inc. (Canada)(a)	B+	11.00%	11/01/2016	11/01/13 @ 106	$ 432,000
150,000	Sitel, LLC / Sitel Finance Corp.(b)	B	11.00%	08/01/2017	08/01/14 @ 106	145,500
						577,500
	Aerospace & Defense – 0.6%					
395,000	Kratos Defense & Security Solutions, Inc.	B	10.00%	06/01/2017	06/01/14 @ 105	418,700
700,000	Sequa Corp.(b)	CCC	11.75%	12/01/2015	12/01/12 @ 103	742,875
						1,161,575
	Airlines – 8.2%					
875,868	Aircraft Certificate Owner Trust, Series 2003-1A, Class D(b)	BB	6.46%	09/20/2022	N/A	875,868
2,000,000	Aircraft Certificate Owner Trust, Series 2003-1A, Class E(b)	BB	7.00%	09/20/2022	N/A	1,860,000
1,110,423	America West Airlines 2001-1 Pass-Through Trust, Series 011G(a)	BB+	7.10%	04/02/2021	N/A	1,149,288
1,940,956	American Airlines Pass-Through Trust, Series 2011-2, Class A(a)	BBB-	8.63%	10/15/2021	N/A	2,038,004
989,897	Atlas Air 1998-1 Pass-Through Trust, Series 1998-1, Class A	NR	7.38%	01/02/2018	N/A	989,897
323,241	Atlas Air 1999-1 Pass-Through Trust, Series 1999-1, Class A-2	NR	6.88%	04/02/2014	N/A	323,241
754,984	Atlas Air 1999-1 Pass-Through Trust, Series 1999-1, Class A-1	NR	7.20%	01/02/2019	N/A	754,984
465,793	Atlas Air 2000-1 Pass-Through Trust, Series 2000-1, Class A	NR	8.71%	01/02/2019	N/A	465,793
3,573,800	AWAS Aviation Capital Ltd. (Ireland)(a) (b)	BBB-	7.00%	10/17/2016	10/18/13 @ 104	3,689,949
218,113	Continental Airlines 2007-1 Pass-Through Trust, Series 071C, Class C	B	7.34%	04/19/2014	N/A	220,294
750,000	Continental Airlines 2012-1 Pass-Through Trust, Series B, Class B	BBB-	6.25%	04/11/2020	N/A	761,250
1,750,000	Delta Air Lines Pass-Through Trust, Series 2011-1, Class B(b)	BB	7.13%	10/15/2014	N/A	1,778,437
830,000	Global Aviation Holdings, Inc.(a) (c)	D	14.00%	08/15/2013	08/15/12 @ 111	265,600

1,669,771	United Airlines 2009-2A Pass-Through Trust, Series 2009-2(a)	BBB+	9.75%	01/15/2017	N/A	1,911,888
						17,084,493
	Auto Parts & Equipment – 0.1%					
300,000	Stanadyne Corp., Series 1	CCC	10.00%	08/15/2014	08/15/12 @ 100	258,750
	Banks – 4.9%					
1,000,000	Bank of America NA, Series BKNT(a)	A-	5.30%	03/15/2017	N/A	1,018,055
1,200,000	Barclays Bank PLC (United Kingdom)(a) (b) (d) (e)	BBB	6.86%	-	06/15/32 @ 100	1,056,120
350,000	Comerica Bank	A-	7.88%	09/15/2026	N/A	450,106
500,000	Cooperatieve Centrale Raiffeisen-Boerenleenbank BA (Netherlands)(a) (b) (d) (e)	A	11.00%	-	06/30/19 @ 100	623,750
1,000,000	Fifth Third Bancorp(a)	BBB-	8.25%	03/01/2038	N/A	1,412,198
1,000,000	JPMorgan Chase Capital XXV, Series Y	BBB	6.80%	10/01/2037	N/A	1,002,600
1,000,000	KeyCorp Capital III(a)	BBB-	7.75%	07/15/2029	N/A	1,127,056
1,250,000	Northgroup Preferred Capital Corp.(a) (b) (d) (e)	A-	6.38%	-	10/15/17 @ 100	1,227,588
700,000	PNC Preferred Funding Trust III(a) (b) (d) (e)	BBB	8.70%	-	03/15/13 @ 100	715,386
1,400,000	RBS Capital Trust II(d) (e)	C	6.43%	-	01/03/34 @ 100	896,000
650,000	Susquehanna Capital II(a)	BB	11.00%	03/23/2040	03/23/15 @ 100	682,500
						10,211,359
	Building Materials – 0.7%					
1,750,000	Cemex SAB de CV (Mexico)(b)	B-	9.00%	01/11/2018	01/11/15 @ 105	1,452,500
	Coal – 0.2%					
400,000	Penn Virginia Resource Partners, LP / Penn Virginia Resource Finance Corp. II(b)	B	8.38%	06/01/2020	06/01/16 @ 104	400,000

See notes to financial statements.

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Principal Amount	Description	Rating *	Coupon	Maturity	Optional Call Provisions**	Value
	Commercial Services – 0.9%					
$ 1,800,000	DynCorp International, Inc.	B-	10.38%	07/01/2017	07/01/14 @$ 105	1,543,500
250,000	Pharmaceutical Product Development, Inc.(b)	B	9.50%	12/01/2019	12/01/14 @ 107	266,250
						1,809,750
	Computers – 0.5%					
705,000	Compucom Systems, Inc.(b)	B	12.50%	10/01/2015	10/01/12 @ 103	734,962
244,000	Stratus Technologies Bermuda Ltd. / Stratus Technologies, Inc. (Bermuda)(a)	B-	12.00%	03/29/2015	04/15/13 @ 112	214,720
150,000	Stream Global Services, Inc.	B+	11.25%	10/01/2014	10/01/12 @ 106	154,875
						1,104,557
	Distribution & Wholesale – 0.7%					
370,000	Baker & Taylor, Inc.(b)	CCC+	11.50%	07/01/2013	N/A	218,300
1,200,000	INTCOMEX, Inc.(a)	B-	13.25%	12/15/2014	12/15/12 @ 107	1,224,000
						1,442,300
	Diversified Financial Services – 6.0%					
2,000,000	International Lease Finance Corp.(a) (b)	BBB-	7.13%	09/01/2018	N/A	2,200,000
500,000	Jefferies Group, Inc.	BBB	6.88%	04/15/2021	N/A	482,500
3,750,569	Lancer Finance Co. SPV Ltd. (British Virgin Islands)(a) (b)	Baa3	5.85%	12/12/2016	N/A	3,909,217
200,000	LCP Dakota Fund, Series AI	NR	10.75%	01/16/2014	N/A	196,342
100,000	LCP Dakota Fund, Series AI	NR	12.66%	01/16/2014	N/A	99,084
100,000	Nationstar Mortgage, LLC / Nationstar Capital Corp.(b)	B+	9.63%	05/01/2019	05/01/15 @ 107	104,000
199,399	Ohana Military Communities, LLC(b)	AA-	5.88%	10/01/2051	N/A	180,089
150,000	Ohana Military Communities, LLC(b)	AA-	6.15%	10/01/2051	N/A	136,735
2,400,000	QBE Capital Funding III Ltd. (Jersey)(a) (b) (e)	BBB+	7.25%	05/24/2041	05/24/21 @ 100	2,196,000
500,000	Schahin II Finance Co. SPV Ltd. (Cayman Islands)(b)	BBB-	5.88%	09/25/2022	N/A	490,000
500,000	Scottrade Financial Services, Inc.(b)	Baa3	6.13%	07/11/2021	N/A	512,396

2,000,000	Svensk Exportkredit AB (Sweden)(a) (b) (d)	BBB-	6.38%	–	09/27/12 @ 100	1,901,748
						12,408,111
	Electrical Components & Equipment – 0.7%					
1,400,000	Coleman Cable, Inc.	B	9.00%	02/15/2018	02/15/14 @ 105	1,452,500
	Engineering & Construction – 1.0%					
1,377,138	Alion Science and Technology Corp.(f)	B-	12.00%	11/01/2014	04/01/13 @ 105	1,266,967
2,000,000	Alion Science and Technology Corp.	CCC-	10.25%	02/01/2015	02/01/13 @ 100	800,000
						2,066,967
	Entertainment – 2.0%					
701,000	Agua Caliente Band of Cahuilla Indians(b)	BB	6.35%	10/01/2015	N/A	670,570
375,000	Diamond Resorts Corp.	B-	12.00%	08/15/2018	08/15/14 @ 106	404,062
1,955,000	Lions Gate Entertainment, Inc.(a) (b)	B	10.25%	11/01/2016	11/01/13 @ 105	2,128,506
950,000	WMG Acquisition Corp.	B-	11.50%	10/01/2018	10/01/14 @ 109	1,011,750
						4,214,888
	Food – 1.4%					
500,000	BI-LO, LLC / BI-LO Finance Corp.(b)	B-	9.25%	02/15/2019	02/15/15 @ 105	527,500
2,447,000	Bumble Bee Acquisition Corp.(a) (b)	B	9.00%	12/15/2017	12/15/14 @ 105	2,428,647
						2,956,147
	Forest Products & Paper – 0.0%***					
250,000	Verso Paper Holdings, LLC / Verso Paper, Inc.	CCC+	8.75%	02/01/2019	02/01/15 @ 104	88,750

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Principal Amount	Description	Rating *	Coupon	Maturity	Optional Call Provisions**	Value
	Hand & Machine Tools – 0.1%					
$ 150,000	Thermadyne Holdings Corp.(b)	B-	9.00%	12/15/2017	12/15/13 @ 107	$ 153,000
	Health Care Products – 0.1%					
100,000	Physio-Control International, Inc.(b)	B+	9.88%	01/15/2019	01/15/15 @ 107	106,000
	Health Care Services – 1.0%					
1,050,000	Apria Healthcare Group, Inc.(a)	BB	11.25%	11/01/2014	11/01/12 @ 103	1,077,563
500,000	Apria Healthcare Group, Inc.	B	12.38%	11/01/2014	11/01/12 @ 103	478,750
275,000	OnCure Holdings, Inc.	B-	11.75%	05/15/2017	05/15/14 @ 106	202,812
312,333	Symbion, Inc.(g)	CCC+	11.00%	08/23/2015	08/23/12 @ 103	302,963
						2,062,088
	Household Products & Housewares – 0.7%					
1,445,000	American Achievement Corp.(b)	B	10.88%	04/15/2016	10/15/13 @ 105	1,018,725
500,000	Armored Autogroup, Inc.(b)	CCC+	9.25%	11/01/2018	11/01/14 @ 105	426,875
						1,445,600
	Housewares – 0.0%***					
75,000	American Standards Americas(b)	B-	10.75%	01/15/2016	01/15/13 @ 105	58,500
	Insurance – 4.1%					
1,000,000	Allstate Corp.(a) (e)	BBB	6.50%	05/15/2057	05/15/37 @ 100	963,750
1,000,000	American Financial Group, Inc.(a)	BBB+	9.88%	06/15/2019	N/A	1,229,198
1,000,000	AXA SA (France)(a) (b) (d) (e)	BBB	6.38%	–	12/14/36 @ 100	770,000
800,000	Ironshore Holdings US, Inc.(a) (b)	BBB-	8.50%	05/15/2020	N/A	878,768
1,000,000	MetLife Capital Trust IV(a) (b)	BBB	7.88%	12/15/2037	12/15/32 @ 100	1,095,000
700,000	National Life Insurance Co.(a) (b)	BBB+	10.50%	09/15/2039	N/A	941,534

250,000	Nationwide Mutual Insurance Co.(b)	A-	9.38%	08/15/2039	N/A	328,608
800,000	Penn Mutual Life Insurance Co.(a) (b)	A	7.63%	06/15/2040	N/A	1,005,343
1,250,000	Progressive Corp.(a) (e)	A-	6.70%	06/15/2037	06/15/17 @ 100	1,303,125
						8,515,326
	Internet – 1.0%					
600,000	Expedia, Inc.	BBB-	5.95%	08/15/2020	N/A	635,819
1,510,000	GXS Worldwide, Inc.	B	9.75%	06/15/2015	06/15/13 @ 102	1,464,700
						2,100,519
	Iron & Steel – 0.2%					
250,000	APERAM (Luxembourg)(b)	BB	7.75%	04/01/2018	04/01/15 @ 104	226,250
240,000	Standard Steel, LLC / Standard Steel Finance Corp.(b)	B+	12.00%	05/01/2015	05/01/13 @ 106	272,400
						498,650
	Leisure Time – 0.2%					
425,000	Sabre, Inc.(b)	B	8.50%	05/15/2019	05/15/15 @ 106	421,813
	Lodging – 0.3%					
700,000	Caesars Entertainment Operating Co., Inc.(b)	B	8.50%	02/15/2020	02/15/16 @ 104	697,375
	Media – 0.2%					
500,000	DCP, LLC / DCP Corp.(b)	B+	10.75%	08/15/2015	08/15/13 @ 105	442,500
	Mining – 0.8%					
250,000	Kaiser Aluminum Corp.(b)	BB-	8.25%	06/01/2020	06/01/16 @ 104	251,250
1,025,000	Midwest Vanadium Pty Ltd. (Australia)(b)	CCC+	11.50%	02/15/2018	02/15/15 @ 106	635,500
1,125,000	Mirabela Nickel Ltd. (Australia)(b)	CCC+	8.75%	04/15/2018	04/15/15 @ 104	810,000
						1,696,750

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Principal