GUGGENHEIM STRATEGIC OPPORTUNITIES FUND
Form N-CSR
August 07, 2015

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)

227 West Monroe Street, Chicago, 60606
(Address of principal executive offices) (Zip code)

Amy J. Lee
227 West Monroe Street, Chicago, 60606
(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 827-0100

Date of fiscal year end: May 31

Date of reporting period: June 1, 2014 - May 31, 2015

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:

GUGGENHEIMINVESTMENTS.COM/GOF

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

The shareholder report you are reading right now is just the beginning of the story.

Online at guggenheiminvestments.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, 2015

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 12-month period ended May 31, 2015.

The Fund’s investment objective is 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. There is no guarantee that the perceived fair value will be achieved. The Fund’s sub-adviser seeks to combine a credit-managed fixed-income portfolio with access to a diversified pool of alternative investments and equity strategies.

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, 2015, the Fund provided a total return based on market price of 8.08% and a total return based on NAV of 6.39%. NAV performance data reflects fees and expenses of the Fund.

As of May 31, 2015, the Fund’s market price of $21.21 represented a premium of 8.16% to its NAV of $19.61. The market value of the Fund’s shares fluctuates from time to time and may be higher or lower than the Fund’s NAV. Past performance is not a guarantee of future results.

From June 2014 through May 2015, the Fund paid a monthly distribution of $0.1821 per share, representing an annualized distribution rate of 10.30% based on the Fund’s closing market price of $21.21 on May 31, 2015. The Fund’s distribution rate is not constant and the amount of distributions, when declared by the Fund’s Board of Trustees, is subject to change based on the performance of the Fund. Please see Note 2(h) on page 45 for more information on distributions for the period.

Guggenheim Funds Investment Advisors, LLC (the “Adviser”) serves as the investment adviser to the Fund. Guggenheim Partners Investment 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.

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 68 of this report. When shares trade at a discount to NAV, the DRIP takes advantage of the discount by reinvesting the monthly 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’ distributions in newly-issued common shares at the greater of NAV per share or 95% of 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.

May 31, 2015

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 5. 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 guggenheiminvestments.com/gof.

Sincerely,

Donald C. Cacciapaglia
President and Chief Executive Officer
Guggenheim Strategic Opportunities Fund
June 30, 2015

QUESTIONS & ANSWERS (Unaudited) May 31, 2015

Guggenheim Strategic Opportunities Fund ("Fund") is managed by a team of seasoned professionals at Guggenheim Partners Investment Management, LLC ("GPIM"). This team includes B. Scott Minerd, Chairman of Investments and Global Chief Investment Officer; Anne B. Walsh, CFA, JD, Senior Managing Director and Assistant Chief Investment Officer; and James W. Michal, Managing Director and Portfolio Manager. In the following interview, the investment team discusses the market environment and the Fund's performance for the 12-month period ended May 31, 2015.

What is the Fund's investment objective and how is it pursued?

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. There is no guarantee that the perceived fair value of the Fund's portfolio investments will be achieved.

The Fund seeks to combine a credit-managed fixed-income portfolio with access to a diversified pool of alternative investments and equity strategies. 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," exposure to which is obtained primarily by investing in exchange-traded funds, or ETFs) 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.

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 in below-investment grade income securities of any rating;
- 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 30% of the Fund's total assets may be invested in investment funds that are registered as investment companies under the Investment Company Act of 1940 (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 uses financial leverage to finance the purchase of additional securities. Although financial leverage may create an opportunity for increased return for shareholders, it also results in additional risks and can magnify the effect of any losses. There is no assurance that the strategy will be successful. If income and gains earned on securities purchased with the financial leverage proceeds are greater than the cost of the financial leverage, common shareholders' return will be greater than if financial leverage had not been used. Conversely, if the income or gains from the securities purchased with the proceeds of financial leverage are less than the cost of the financial leverage, common shareholders' return will be less than if financial leverage had not been used.

What were the significant events affecting the economy and market environment over the past 12 months?

As of May 31, 2015, the U.S. economic expansion is beginning to approach its late stages, but remains strong. Harsh winter weather caused U.S. growth to slow dramatically in the first quarter of 2015. However, the underlying fundamentals of the economy are positive and there is likely to be a bounce-back over the summer, reminiscent of the 2014 experience.

An improving labor market, rising family household formation numbers, and tight housing inventory all point to a rebound in the domestic housing market, which is key to the ongoing recovery. Lower energy prices are acting as a tax cut for the U.S. consumer. Ideally this would free up discretionary spending in other areas, of which we have seen some evidence.

Liquidity from foreign central banks and comparatively attractive U.S. yields are encouraging foreign investors to buy risk assets in the U.S., but the flip side to these global flows is more volatility both in the U.S. and overseas. The U.S. Federal Reserve (Fed) continues to be concerned about creating asset price bubbles, and appears eager to raise rates, although it will likely wait for further signs of a rebound in growth, and rising inflation. The Fed is focused on wage growth, an indicator of inflationary pressure. With recent minimum wage increases and a falling unemployment rate, wages could begin to accelerate this year. The likely timeframe for a rate hike appears to be drawing nearer, perhaps as early as September 2015. However, we expect the Fed to be cautious and to raise rates slowly, with ample time to assess the market reaction.

Oil remains a key factor in the global outlook. Despite the recent rally in prices, U.S. production continues to increase and inventory levels are extremely high. The global market is likely to remain oversupplied through the end of 2015, limiting how far prices can rise.

The economy in Europe has been strengthening on the back of European Central Bank quantitative easing and depreciation of the euro. In Japan, the impact of ongoing monetary accommodation on the economy is more muted, but the "Abenomics" is likely to continue to be supportive of the equities markets. The Chinese economy is slowing down and policymakers appear likely to continue to ease monetary policy and do whatever is necessary to maintain growth at an acceptable level in the near term.

Liquidity coming out of Europe and other parts of the world is maintaining the positive environment for U.S. risk assets. Given the subdued performance in the first quarter due to concerns over strength of the dollar and the impact on earnings, investors may be reconsidering the adage of "selling in May and going away." The period leading up to Fed tightening historically has been good for equities and room still exists for multiples to expand, even though valuations overseas are more attractive than for U.S. stocks. Historically, credit spreads don't widen significantly until defaults rise, and that usually does not take place until one to two years after the Fed begins to tighten monetary policy.

For the 12 months ended May 31, 2015, the Standard & Poor's 500 Index returned 11.81%; the Barclays U.S. Aggregate Bond Index returned 3.03%; and the Barclays 1–3 Month U.S. Treasury Bill Index returned 0.02%. All returns are total return.

How did the Fund perform for the 12 months ended May 31, 2015?

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, 2015, the Fund provided a total return based on market price of 8.08% and a total return based on NAV of 6.39%. NAV performance data reflects fees and expenses of the Fund.

As of May 31, 2015, the Fund's market price of $21.21 represented a premium of 8.16% to its NAV of $19.61. As of May 31, 2014, the Fund's market price of $21.83 represented a premium of 6.18% to its NAV of $20.56. The market value of the Fund's shares fluctuates from time to time and may be higher or lower than the Fund's NAV. Past performance is not a guarantee of future results.

From June 2014 through May 2015, the Fund paid monthly distributions of $0.1821 per share, representing an annualized distribution rate of 10.30% based on the Fund's closing market price of $21.21 on the last trading day in the period ended May 31, 2015. The Fund's distribution rate is not constant and the amount of distributions, when declared by the Fund's Board of Trustees, is subject to change based on the performance of the Fund. Please see Note 2(h) on page 45 for more information on distributions for the 12-month period ended May 31, 2015.

Why did the Fund accrue excise tax during the period?

As a registered investment company, the Fund is subject to a 4% excise tax that is imposed if the Fund does not distribute by the end of any calendar year at least the sum of (i) 98% of its ordinary income (not taking into account any capital gain or loss) for the calendar year and (ii) 98.2% of its capital gain in excess of its capital loss (adjusted for certain ordinary losses) for a one-year period generally ending on October 31 of the calendar year (unless an election is made to use the fund's fiscal year). The Fund generally intends to distribute income and capital gains in the manner necessary to minimize (but not necessarily eliminate) the imposition of such excise tax. While the Fund's income and capital gains can vary significantly from year to year, the Fund seeks to maintain more stable monthly distributions over time. The Fund may retain income or capital gains and pay excise tax when it is determined that doing so is in the best interest of shareholders. Management, in consultation with the Board of Trustees, evaluates the costs of the excise tax relative to the benefits of retaining income and capital gains, including that such undistributed amounts (net of the excise tax paid) remain available for investment by the Fund and are available to supplement future distributions, which may facilitate the payment of

more stable monthly distributions year over year. During the Fund's last fiscal year, the Fund paid excise tax of $197,004 or $0.012 per share.

What influenced performance over the period?

Credit markets have been climbing the proverbial "wall of worry" since mid-2014. After strong U.S. economic growth over the second half of 2014, GDP data in the first quarter of 2015 weakened, which resulted in mixed returns in high-yield corporate bonds, among other sectors, as investors began to question the underlying strength of the U.S. economy. The winter soft patch turned out to be weaker than consensus estimates, but by late spring its impact was subsiding, and a rebound in U.S. growth was giving the Fed room to proceed with raising rates. Overall, U.S. economic fundamentals remain strong, although investors remain apprehensive about how fixed-income markets will react to the Fed lifting rates from historically low levels.

Over the period as a whole, the Fund continued to see further price appreciation attributable to tightening of credit spreads. Positive returns were largely driven by the Fund's investments in asset-backed securities (ABS), as spreads continued to normalize across various subsectors, including collateralized loan obligations (CLOs), commercial real estate collateralized debt obligations (CDOs), and aircraft lease securitizations.

The Fund continues to maintain low interest rate duration, particularly at the front end of the yield curve, and thus has largely avoided losses due to a flattening curve. It also maintains an overweight to floating rate securities. While interest rates are expected to remain low for the foreseeable future, it is important to have protection against the inevitable volatility associated with a near-term change in policy from the Fed.

The Fund continued to find attractive relative value by tactically rotating among sectors, with a focus on securities that are overlooked by the broader market participants. Low long-term rates have been an increasing support to the residential real estate market and homebuilders, for example. The Fund had also reduced energy sector exposure to address the potential for lower energy prices, but valuations at the end of the period were presenting an attractive entry point for select energy credits. High-yield bond and leveraged-loan spreads recovered after turmoil in risk assets midway through the period, and the Fund continues to use periods of weakness to add to attractive assets.

Discuss the sectors in which the Fund is mostly heavily invested—ABS, CLOs, high yield, and equities.

Among its holdings, the Fund remains focused on commercial ABS and CLOs. Credit performance across these sectors remains favorable, given the benign credit conditions and collateral valuations across the U.S. economy. Consumer ABS credit performance is expected to show modest deterioration from strong levels as underwriting standards loosen and subprime originations increase share. Corporate defaults are expected to rise in 2015, driven primarily by the late 2014 fall in oil prices. Overall, U.S. economic performance is expected to be supportive of credit performance.

High-yield and leveraged-loan indexes posted positive returns in the first quarter of 2015, a rebound from two consecutive quarters of negative returns in both sectors. High-yield bond fund flows and new issuance have been holding up in spite of the drop in oil prices. Energy-related borrowers make up 15%

of the corporate high-yield bond market, and the energy component contributed most of the decline in the high-yield market over the last half of 2014. High-yield borrowers continue to opportunistically refinance existing debt, with almost half of the high-yield bond new issue activity categorized as refinancing activity.

Bank-loan retail fund flows were negative for much of the period, but healthy volume of newly formed CLOs continues to support the loan market, with CLO demand representing well over half of primary loan volume. Due to low new-issue volume for loans, CLO spreads with ratings AA through BB are at their tightest post-crisis levels. Light supply against heavy CLO activity has served to mitigate price volatility and explains some of the more stable performance of the loan market, compared with the high-yield market's higher volatility.

The Fed's winding down of its quantitative easing program last fall sparked a sell-off across equity and credit markets, and volatility increased in reaction to the drop in energy prices and a softening global economic outlook. Nonetheless, U.S. equities rose strongly over the period, with many indexes hitting record highs. Liquidity coming out of Europe and Asia continue to maintain the positive environment for U.S. risk assets, and the period leading up to Fed tightening has historically been good for equities.

Discuss the Fund's approach to duration.

Although the Fund has no set policy regarding portfolio duration or maturity, the Fund currently maintains a low-duration target but adds opportunistically to attractive long duration assets when it can take advantage of short-term fluctuations in interest rates.

What is the overall credit quality of the portfolio?

The Fund has the ability to invest up to 60% of its total assets in below-investment grade securities of any rating (including securities rated below "CCC" by Moody's or "Caa2" by S&P or that, at the time of purchase, are in default). As of the Fund's fiscal year end, approximately 55% of the Fund's total investments were invested in below-investment grade securities. The Fund's flexibility to invest in equity securities and income securities across the credit rating spectrum gives the Fund the ability to more effectively pursue its strategy. For a complete breakdown of credit quality, please refer to page 14 of this report.

How is the Fund positioned as of the end of the period?

The Fund remains significantly invested in ABS and bank loans, sectors that benefit from a low duration and may benefit from further spread tightening as the U.S. economy continues to improve. Among its ABS holdings, the Fund remains focused on commercial ABS and CLOs.

The Fund remains overweight in floating rate securities. This is in line with our view that interest rates should continue to remain low but volatile for the foreseeable future, and meets investors' need to protect against the inevitable volatility associated with an eventual change in policy from the Fed. The Fed is not expected to raise rates until the second half of 2015, if not 2016. However, we believe that the market should continue to focus on factors outside of the fundamentals that underscore our positive outlook on credit, and in this environment we believe that floating rate assets should outperform.

What is the Fund's leverage strategy?

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 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.

As of May 31, 2015, the amount of leverage was approximately 32% of total managed assets. The Fund employs leverage through two vehicles: reverse repurchase agreements, under which the Fund temporarily transfers possession of portfolio securities and receives cash which can be used for additional investments, and a committed financing facility through a leading financial institution. There is no guarantee that the Fund's leverage strategy will be successful. The Fund's use of leverage may cause the Fund's NAV and market price of common shares to be more volatile and can magnify the effect of any losses.

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 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 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.

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.

Please see guggenheiminvestments.com/gof for a detailed discussion of the Fund's risks and considerations.

FUND SUMMARY (Unaudited) May 31, 2015

Fund Statistics	
Share Price	$21.21
Net Asset Value	$19.61
Premium to NAV	8.16%
Net Assets ($000)	$342,988

AVERAGE ANNUAL TOTAL RETURNS
FOR THE
PERIOD ENDED MAY 31, 2015

	One Year	Three Year	Five Year	Since Inception (07/26/07)
Guggenheim Strategic Opportunities Fund				
NAV	6.39%	12.13%	13.11%	11.64%
Market	8.08%	10.92%	14.82%	12.26%

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. NAV performance data reflects fees and expenses of the Fund. The deduction of taxes that a shareholder would pay on Fund distributions or the sale of Fund shares is not reflected in the total returns. For the most recent month-end performance figures, please visit guggenheiminvestments.com/gof. The investment return and principal value of an investment will fluctuate with changes in market conditions and other factors so that an investor's shares, when sold, may be worth more or less than their original cost.

Ten Largest Holdings (% of Total Net Assets)	
SPDR S&P 500 ETF Trust	6.5%
iShares Russell 2000 Index ETF	4.7%
SPDR Dow Jones Industrial Average ETF Trust	4.6%
Goldman Sachs Group, Inc., 5.50%	2.0%
Motel 6 Trust 2015-MTL6, 5.28% due 02/05/30	1.8%
Fortress Credit Opportunities-2005-A1, 0.60% due 07/15/19	1.6%
Airplanes Pass Through Trust-2001-1A, 0.73% due 03/15/19	1.5%
Citigroup Mortgage Loan Trust 2006-FX1, 5.78% due 10/25/36	1.3%
Gramercy Real Estate CDO 2007-1 Ltd., 0.55% due 08/15/56	1.2%
Attentus CDO III Ltd. 2007-3A, 0.54% due 10/11/42	1.1%
Top Ten Total	26.3%

"Ten Largest Holdings" exclude any temporary cash or derivative investments.

FUND SUMMARY (Unaudited) continued May 31, 2015

FUND SUMMARY (Unaudited) continued May 31, 2015

Holdings Diversification
(Market Exposure as a % of Net Assets)

Investments:		
Asset Backed Securities	46.1	%
Corporate Bonds	40.2	%
Senior Floating Rate Interests	24.9	%
Exchange Traded Funds	18.5	%
Collateralized Mortgage Obligations	6.2	%
Preferred Stocks	5.9	%
Municipal Bonds	4.0	%
Foreign Government Bonds	1.9	%
Money Market Fund	1.3	%
Common Stocks	0.2	%
Warrants	0.0	%*
Total Investments	149.2	%
Call Options Written	-0.1	%
Other Assets & Liabilities, net	-49.1	%
Net Assets	100.0	%
*Less than 0.1%		

Holdings diversification and holdings are subject to change daily. For more information, please visit guggenheiminvestments.com/gof. The above summaries are provided for informational purposes only and should not be viewed as recommendations. Past performance does not guarantee future results.

FUND SUMMARY (Unaudited) continued May 31, 2015

Portfolio Composition by Quality Rating*

Rating	% of Total Investments	
Fixed Income Instruments		
AAA	1.6	%
AA	4.0	%
A	6.6	%
BBB	19.7	%
BB	13.8	%
B	22.1	%
CCC	10.0	%
CC	0.4	%
C	0.0	%***
D	0.0	%***
NR**	8.4	%
Other Instruments		
Other	12.5	%
Short Term Investments	0.9	%
Total Investments	100.0	%

* Source: BlackRock Solutions. Credit quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). All securities except for those labeled "NR" have been rated by Moody's, Standard & Poor's ("S&P"), or Fitch, which are all a Nationally Recognized Statistical Rating Organization ("NRSRO"). For purposes of this presentation, when ratings are available from more than one agency, the highest rating is used. Guggenheim Investments has converted Moody's and Fitch ratings to the equivalent S&P rating. Security ratings are determined at the time of purchase and may change thereafter.

** NR securities do not necessarily indicate low credit quality.

*** Less than 0.1%.

PORTFOLIO OF INVESTMENTS May 31, 2015

	Shares		Value
COMMON STOCKS† – 0.2%			
Basic Materials – 0.1%			
Mirabela Nickel Ltd.*	5,244,841	$	501,246
Communications – 0.1%			
Cengage Learning Acquisitions, Inc.*,††	11,126		305,965
Consumer, Cyclical – 0.0%**			
Deb Stores Holding LLC*,†††,1	9,389		–
Total Common Stocks			
(Cost $2,144,013)			807,211
PREFERRED STOCKS† – 5.9%			
Financial – 4.8%			
Goldman Sachs Group, Inc., 5.50%2,3	269,144		6,690,919
Aspen Insurance Holdings Ltd., 5.95%2,3	124,000		3,188,040
Morgan Stanley, 6.38%3	60,000		1,566,600
Wells Fargo & Co., 5.85%2,3	60,000		1,551,600
Kemper Corp., 7.38%	49,102		1,300,712
Morgan Stanley, 7.13%3	28,000		791,840
Aegon N.V., 6.38%2	20,000		504,000
AgriBank FCB, 6.88%2,3	4,000		420,250
City National Corp., 6.75%,2,3	12,000		344,160
Total Financial			16,358,121
Industrial – 0.7%			
Seaspan Corp., 6.38%	98,000		2,458,820
Communications – 0.4%			
Centaur Funding Corp., 9.08%,2,5	1,000		1,235,938
Total Preferred Stocks			
(Cost $19,109,782)			20,052,879
WARRANTS††† – 0.0%**			
Alion Science & Technology Corp			
03/15/171,2	1,050		–
Total Warrants			
(Cost $11)			–
EXCHANGE-TRADED FUNDS† – 18.5%			
SPDR S&P 500 ETF Trust2,6	105,200		22,210,876
iShares Russell 2000 Index ETF2,6	128,800		15,960,896
SPDR Dow Jones Industrial Average ETF Trust2,6	87,300		15,723,603
SPDR S&P MidCap 400 ETF Trust2,6	11,400		3,164,640
Consumer Discretionary Select Sector SPDR Fund2,6	20,900		1,594,670
Financial Select Sector SPDR Fund2,6	64,300		1,581,780

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Shares	Value
EXCHANGE-TRADED FUNDS† – 18.5% (continued)		
		$
Industrial Select Sector SPDR Fund2,6	27,900	1,557,099
Energy Select Sector SPDR Fund2,6	19,800	1,551,726
Total Exchange-Traded Funds		
(Cost $61,931,787)		63,345,290
MONEY MARKET FUND† – 1.3%		
Dreyfus Treasury Prime Cash Management Institutional Shares		
(Cost $4,581,116)	4,581,116	4,581,116
	Face Amount~	Value
ASSET BACKED SECURITIES†† – 46.1%		
AASET		
2014-1, 7.38% due 12/15/293	3,871,795	3,871,795
2014-1, 5.13% due 12/15/293	1,935,897	1,937,833
Fortress Credit Opportunities		
2005-1A, 0.61% due 07/15/192,3,5	5,833,629	5,332,522
Airplanes Pass Through Trust		
2001-1A, 0.74% due 03/15/192,3	12,405,307	5,024,149
Castlelake Aircraft Securitization Trust 2014-1		
2014-1, 7.50% due 02/15/29	2,419,495	2,449,497
2014-1, 5.25% due 02/15/29	2,016,059	2,006,987
Churchill Financial Cayman Ltd.		
2007-1A, 2.87% due 07/10/192,3,5	3,500,000	3,427,900
2007-1A, 8.37% due 07/10/192,5	1,000,000	1,006,200
Citigroup Mortgage Loan Trust 2006-FX1		
2006-FX1, 5.78% due 10/25/367	5,044,729	4,388,465
Gramercy Real Estate CDO 2007-1 Ltd.		
2007-1A, 0.55% due 08/15/563,5	4,622,912	4,198,066
Attentus CDO III Ltd.		
2007-3A, 0.54% due 10/11/422,3,5	4,339,535	3,938,128
Cedar Woods CRE CDO Ltd.		
2006-1A, 0.45% due 07/25/51	4,170,003	3,805,961
Anchorage Credit Funding 1 Ltd.		
2015-1A, 6.30% due 07/28/3011	3,000,000	3,027,601
Fortress Credit Funding V, LP		
2015-5A, 5.68% due 08/15/223,5	3,000,000	2,987,100
Newstar Trust		
2012-2A, 6.99% due 01/20/233,5	3,000,000	2,974,500
ACAS CLO 2012-1 Ltd.		
2014-1AR, 4.52% due 09/20/232,3,5	2,750,000	2,750,000
N-Star REL CDO VIII Ltd.		
2006-8A, 0.54% due 02/01/413,5	1,750,000	1,619,275
2006-8A, 0.47% due 02/01/413,5	927,270	904,274

RAIT CRE CDO I Ltd.		
2006-1X, 0.51% due 11/20/46	2,757,872	2,511,319

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
ASSET BACKED SECURITIES†† – 46.1% (continued)		
ARES XXVI CLO Ltd.		
2013-1A due 04/15/255,8	3,700,000	$ 2,376,510
Garrison Funding 2015-1 Ltd.		
2015-1A, 4.53% due 05/25/273,5	2,500,000	2,355,250
Rise Ltd.		
4.75% due 02/12/39	1,843,750	1,862,187
6.50% due 02/12/39	468,750	473,438
321 Henderson Receivables III LLC		
2008-1A, 10.81% due 01/15/505	500,000	793,000
2008-1A, 9.36% due 01/15/485	500,000	739,500
2008-1A, 8.37% due 01/15/462,5	500,000	705,850
Highland Park CDO I Ltd.		
2006-1A, 0.59% due 11/25/513,5	1,312,784	1,252,133
2006-1A, 0.66% due 11/25/512,3,5	1,500,000	957,750
Avery 2013-3X due 01/18/258	2,399,940	2,207,945
Carlyle Global Market Strategies CLO 2012-3 Ltd.		
2012-3A due 10/04/245,8	2,600,000	2,127,060
Babcock & Brown Air Funding I Ltd.		
2007-1A, 0.49% due 11/14/332,3,5	1,367,423	1,162,310
2007-1X, 0.49% due 11/14/33	1,063,551	904,019
Atlas Senior Loan Fund II Ltd.		
2012-2A due 01/30/242,5,8	2,600,000	2,010,580
Dryden Senior Loan Fund		
3.76% due 10/20/20	2,000,000	1,944,600
Fortress Credit Opportunities VI CLO Ltd.		
2015-6A, 5.27% due 03/31/273,5	2,000,000	1,944,400
N-Star Real Estate CDO IX Ltd.		
0.50% due 02/01/41	1,978,176	1,929,512
Golub Capital Partners Clo 24M Ltd.		
2015-24A, 4.52% due 02/05/273,5	2,000,000	1,927,600
Finn Square CLO Ltd.		
2012-1A due 12/24/235,8	2,500,000	1,914,500
Treman Park CLO LLC		
2015-1A due 04/20/275,8	2,000,000	1,896,000
OHA Credit Partners IX Ltd.		
2013-9A due 10/20/255,8	2,000,000	1,854,600
Monroe Capital CLO 2014-1 Ltd.		
2014-1A, 5.01% due 10/22/263,5	1,750,000	1,723,575
Great Lakes CLO 2012-1 Ltd.		
2012-1A due 01/15/232,5,8	2,500,000	1,696,250
TCW Global Project Fund II Ltd.		

2004-1A, 2.23% due 06/24/162,3,5	2,000,000	1,640,000
2004-1A, 1.63% due 06/24/163,5	25,594	25,338
KVK CLO 2013-1 Ltd.		
2013-1A due 04/14/252,5,8	2,300,000	1,661,750

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
ASSET BACKED SECURITIES†† – 46.1% (continued)		
Nationstar HECM Loan Trust 2014-1A		
2014-1A, 4.50% due 11/25/172,5	1,614,837	$ 1,623,395
Neuberger Berman CLO Ltd.		
2012-12A due 07/25/235,8	2,500,000	1,587,000
Mountain Hawk II CLO Ltd.		
2013-2A, 3.43% due 07/22/243,5	1,750,000	1,584,625
Emerald Aviation Finance Ltd.		
2013-1, 6.35% due 10/15/382,5,7	1,531,771	1,564,321
Aircraft Certificate Owner Trust		
2003-1A, 7.00% due 09/20/222,5	1,482,896	1,534,501
NCBJ 2015-1 A		
2015-1A, 5.88% due 07/08/22	1,500,000	1,481,400
GSAA Home Equity Trust 2006-18		
2006-18, 6.00% due 11/25/367	2,235,251	1,479,030
Babson CLO Limited 2012-II		
2012-2A due 05/15/235,8	2,000,000	1,478,200
ALM XIV Ltd.		
2014-14A, 3.73% due 07/28/262,3,5	1,500,000	1,462,350
Fortress Credit Opportunities V CLO Ltd.		
2014-5A, 5.18% due 10/15/262,3,5	1,500,000	1,460,400
GoldenTree Loan Opportunities III Ltd.		
2007-3A, 3.48% due 05/01/222,3,5	1,500,000	1,458,900
Cerberus Onshore II CLO LLC		
2014-1A, 4.28% due 10/15/232,3,5	1,250,000	1,192,375
2014-1A, 3.78% due 10/15/232,3,5	250,000	248,100
Madison Park Funding VIII Ltd.		
2014-8AR, 4.13% due 04/22/222,3,5	1,300,000	1,305,200
TCW Global Project Fund III Ltd.		
2005-1A, 5.79% due 09/01/172,5	1,000,000	980,000
2005-1A, 0.93% due 09/01/173,5	286,731	280,280
NewStar Arlington Senior Loan Program LLC		
2014-1A, 4.53% due 07/25/253,5	750,000	726,000
2014-1A, 5.97% due 07/25/255	500,000	502,200
Glenn Pool Oil & Gas Trust		
6.00% due 08/02/21†††	1,200,945	1,224,123
Rosedale CLO Ltd.		
2006-A, 0.69% due 07/24/212,3,5	1,227,467	1,222,189
Business Loan Express SBA Loan Trust 2006-1		
2006-AA, 0.42% due 10/20/383,5	1,369,364	1,211,823
MCF CLO I LLC		
2013-1A, 6.03% due 04/20/233,5	1,250,000	1,164,500

Keuka Park CLO Limited 2013-1		
2013-1A due 10/21/245,8	1,500,000	1,155,450
Ares XXV CLO Ltd.		
2013-3A due 01/17/245,8	1,750,000	1,123,325

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
ASSET BACKED SECURITIES†† – 46.1% (continued)		
DIVCORE CLO Ltd.		
2013-1A B, 4.09% due 11/15/32[2]	1,000,000	$ 1,004,700
Sound Point CLO I Ltd.		
2012-1A, 4.86% due 10/20/23[2,3,5]	1,000,000	1,003,500
Voya CLO Ltd.		
2015-3AR, 4.21% due 10/15/22[2,3,5]	1,000,000	1,002,700
Cent CLO 16, LP		
2014-16AR, 4.75% due 08/01/24[2,3,5]	1,000,000	1,000,100
KKR Financial CLO Ltd.		
2007-1X, 5.27% due 05/15/21[2]	1,000,000	999,200
Sound Point CLO III Ltd.		
2013-2A, 4.18% due 07/15/25[2,3,5]	1,000,000	994,300
AIM Aviation Finance Ltd.		
2015-1A, 5.07% due 02/15/40[2,5,7]	982,143	991,964
Dryden 37 Senior Loan Fund		
2015-37A due 04/15/27[5,8]	1,050,000	976,395
Fortress Credit Opportunities III CLO, LP		
2014-3A, 3.52% due 04/28/26[2,3,5]	1,000,000	973,400
Kingsland VI Ltd.		
2013-6A, 3.93% due 10/28/24[2,3,5]	1,000,000	968,100
Cerberus Onshore II CLO-2 LLC		
2014-1A, 4.42% due 10/15/23[2,3,5]	1,000,000	962,700
AABS		
4.88% due 01/10/38	939,583	956,026
NewStar Commercial Loan Trust 2007-1		
2007-1A, 1.58% due 09/30/22[2,3,5]	500,000	478,150
2007-1A, 2.58% due 09/30/22[3,5]	500,000	460,650
Global Leveraged Capital Credit Opportunity Fund		
2006-1A, 1.28% due 12/20/18[2,3,5]	900,000	893,520
BBAM Acquisition Finance		
5.38% due 09/17/16	646,900	650,134
6.25% due 09/17/16	250,000	241,250
West CLO 2013-1 Ltd.		
2013-1A due 11/07/25[5,8]	1,350,000	886,005
Aerco Ltd.		
2000-2A, 0.64% due 07/15/25[3]	2,066,319	835,619
Atlas Senior Loan Fund IV Ltd.		
2014-2A, 2.97% due 02/17/26[2,3,5]	850,000	833,000
Turbine Engines Securitization Ltd.		
2013-1A, 6.38% due 12/13/48[5]	790,330	813,171
Katonah IX CLO Ltd.		

2006-9A, 1.00% due 01/25/192,3,5	800,000	782,080
Carlyle Global Market Strategies CLO 2012-2 Ltd.		
2014-2AR, 4.18% due 07/20/232,3,5	750,000	750,000
Northwind Holdings LLC		
2007-1A, 1.04% due 12/01/372,3,5	807,829	735,125

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
ASSET BACKED SECURITIES†† – 46.1% (continued)		
Putnam Structured Product CDO 2002-1 Ltd.		
2002-1A, 0.86% due 01/10/382,3,5	740,086	$ 690,056
CIFC Funding 2012-II Ltd.		
2012-2A, 4.52% due 12/05/243,5	610,000	610,000
GSAA Home Equity Trust 2007-7		
2007-7, 0.45% due 07/25/372,3	629,649	531,789
NXT Capital CLO 2013-1 LLC		
2013-1A, 4.43% due 04/25/242,3,5	500,000	502,050
Credit Card Pass-Through Trust 2012-BIZ		
2012-BIZ, 0.00%†††4,5,8	571,081	501,181
NewStar Commercial Loan Funding 2014-1 LLC		
2014-1A, 5.03% due 04/20/253,5	500,000	499,950
COA Summit CLO Limited 2014-1		
2014-1A, 4.13% due 04/20/232,3,5	500,000	498,800
Liberty CLO Ltd.		
2005-1A, 0.78% due 11/01/172,3,5	500,000	498,450
Diversified Asset Securitization Holdings II, LP		
2000-1A, 0.76% due 09/15/353,5	460,507	453,323
2000-1X, 0.76% due 09/15/353	27,343	26,916
Great Lakes CLO 2014-1 Ltd.		
2014-1A, 4.48% due 04/15/252,3,5	500,000	479,250
MCF CLO IV LLC		
2014-1A, 6.19% due 10/15/253,5	500,000	453,800
Connecticut Valley Structured Credit CDO III Ltd.		
2006-3A, 6.68% due 03/23/232,5	441,767	439,381
New Century Home Equity Loan Trust 2005-1		
2005-1, 0.90% due 03/25/353	468,835	406,327
Gramercy Park CLO Ltd.		
2014-1AR, 4.32% due 07/17/232,3,5	400,000	400,000
Vega Containervessel plc		
2006-1A, 5.56% due 02/10/212,5	402,691	398,623
Salus CLO Ltd.		
2013-1AN, 6.98% due 03/05/212,3,5	400,000	398,360
Airlie CLO		
2006-2A, 1.03% due 12/20/202,3,5	400,000	382,560
Marathon CLO II Ltd.		
2005-2A due 12/20/195,8	3,000,000	352,200
Golub Capital Partners CLO 18 Ltd.		
2014-18A, 4.28% due 04/25/262,3,5	300,000	279,930
NewStar Commercial Loan Funding 2013-1 LLC		
2013-1A, 5.55% due 09/20/232,3,5	250,000	248,825

OFSI Fund Ltd.		
2006-1A, 1.12% due 09/20/192,3,5	250,000	248,500
Gale Force CLO Ltd.		
2007-3A, 0.98% due 04/19/212,3,5	250,000	237,150

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
ASSET BACKED SECURITIES†† – 46.1% (continued)		
Insurance Note Capital VII		
2005-1R1A, 0.48% due 06/09/332,3,5	242,000	$ 227,480
Putnam Structured Product CDO		
2008-1A, 0.64% due 10/15/383,5	228,161	219,741
Business Loan Express Business Loan Trust 2007-A		
2007-AA, 0.58% due 10/20/402,3,5	296,924	216,460
Blade Engine Securitization Ltd.		
2006-1A, 3.19% due 09/15/412,3,5	457,421	183,609
New Century Home Equity Loan Trust		
2004-A, 5.47% due 08/25/343	42,234	42,564
Bush Truck Leasing LLC		
2011-AA, 5.00% due 09/25/182,5	21,607	19,785
Blue Falcon		
A-2, 3.18% due 12/25/162	4,424	4,416
Total Asset Backed Securities		
(Cost $157,493,993)		157,940,181
CORPORATE BONDS†† – 40.2%		
Financial – 21.9%		
Bank of America Corp.		
6.09%2,4,9	1,750,000	1,765,313
5.13%2,4,9	1,350,000	1,329,750
6.50%2,4,9	1,000,000	1,057,500
6.25%2,4,9	900,000	916,875
Citigroup, Inc.		
5.95%2,4,9		