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 11/15/322	1,000,000	$ 1,004,700
Sound Point CLO I Ltd.		
2012-1A, 4.86% due 10/20/232,3,5	1,000,000	1,003,500
Voya CLO Ltd.		
2015-3AR, 4.21% due 10/15/222,3,5	1,000,000	1,002,700
Cent CLO 16, LP		
2014-16AR, 4.75% due 08/01/242,3,5	1,000,000	1,000,100
KKR Financial CLO Ltd.		
2007-1X, 5.27% due 05/15/212	1,000,000	999,200
Sound Point CLO III Ltd.		
2013-2A, 4.18% due 07/15/252,3,5	1,000,000	994,300
AIM Aviation Finance Ltd.		
2015-1A, 5.07% due 02/15/402,5,7	982,143	991,964
Dryden 37 Senior Loan Fund		
2015-37A due 04/15/275,8	1,050,000	976,395
Fortress Credit Opportunities III CLO, LP		
2014-3A, 3.52% due 04/28/262,3,5	1,000,000	973,400
Kingsland VI Ltd.		
2013-6A, 3.93% due 10/28/242,3,5	1,000,000	968,100
Cerberus Onshore II CLO-2 LLC		
2014-1A, 4.42% due 10/15/232,3,5	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 09/30/222,3,5	500,000	478,150
2007-1A, 2.58% due 09/30/223,5	500,000	460,650
Global Leveraged Capital Credit Opportunity Fund		
2006-1A, 1.28% due 12/20/182,3,5	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 11/07/255,8	1,350,000	886,005
Aerco Ltd.		
2000-2A, 0.64% due 07/15/253	2,066,319	835,619
Atlas Senior Loan Fund IV Ltd.		
2014-2A, 2.97% due 02/17/262,3,5	850,000	833,000
Turbine Engines Securitization Ltd.		
2013-1A, 6.38% due 12/13/485	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	3,000,000	2,958,750
5.88%2,4,9	2,075,000	2,103,531
JPMorgan Chase & Co.		
5.00%2,4,9	3,100,000	3,057,374
6.09%2,4,9	1,000,000	1,026,250
Fifth Third Bancorp		
4.89%2,4,9	3,000,000	2,876,250
5.10%2,4,9	1,000,000	945,000
Prudential Financial, Inc.		
5.63% due 06/15/432,9	3,500,000	3,714,374
Jefferies Finance LLC / JFIN Company-Issuer Corp.		
7.50% due 04/15/212,5	2,150,000	2,144,625
7.38% due 04/01/202,5	950,000	952,375
HSBC Holdings plc		
6.38%2,4,9	3,000,000	3,081,750
QBE Capital Funding III Ltd.		
7.25% due 05/24/412,5,9	2,650,000	2,977,938

Wilton Re Finance LLC		
5.88% due 03/30/332,5,9	2,750,000	2,951,548
GMH Military Housing-Navy Northeast LLC		
6.30% due 10/15/49	2,910,000	2,861,985

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
CORPORATE BONDS†† – 40.2% (continued)		
Financial – 21.9% (continued)		
Customers Bank		
6.13% due 06/26/292,5,9	2,500,000	$ 2,568,750
Barclays plc		
6.63%2,4,9	1,362,000	1,350,931
8.25%2,4,9	950,000	1,015,617
Icahn Enterprises Limited Partnership / Icahn Enterprises Finance Corp.		
6.00% due 08/01/202	2,000,000	2,150,000
AmTrust Financial Services, Inc.		
6.13% due 08/15/232	2,000,000	2,110,400
Nordea Bank AB		
6.13%2,4,5,9	2,000,000	2,048,760
Cadence Bank North America		
6.24% due 06/28/299,11	1,600,000	1,636,000
RBS Capital Trust II		
6.43%2,4,9	1,400,000	1,592,500
Pacific Premier Bancorp, Inc.		
5.75% due 09/03/242,11	1,500,000	1,552,500
Credit Suisse Group AG		
6.24%2,4,5,9	1,550,000	1,520,938
National Financial Partners Corp.		
9.00% due 07/15/212,5	1,500,000	1,516,875
Fidelity & Guaranty Life Holdings, Inc.		
6.38% due 04/01/212,5	1,450,000	1,511,625
Lock AS		
7.00% due 08/15/21	1,200,000 EUR	1,420,177
Cadence Financial Corp.		
4.88% due 06/28/192,11	1,350,000	1,360,125
Credit Acceptance Corp.		
6.13% due 02/15/212	1,320,000	1,336,500
MetLife Capital Trust IV		
7.88% due 12/15/372,5	1,000,000	1,297,500
NewStar Financial, Inc.		
7.25% due 05/01/202,5	1,250,000	1,278,125
KeyCorp Capital III		
7.75% due 07/15/292	1,000,000	1,257,183
Greystar Real Estate Partners LLC		
8.25% due 12/01/222,5	1,100,000	1,166,000
AXA S.A.		
6.38%2,4,5,9	1,000,000	1,111,880

Voya Financial, Inc.		
5.65% due 05/15/532,9	1,000,000	1,037,500
Corporation Financiera de Desarrollo S.A.		
5.24% due 07/15/292,5,9	1,000,000	1,036,000

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
CORPORATE BONDS†† – 40.2% (continued)		
Financial – 21.9% (continued)		
Wells Fargo & Co.		
5.90%2,4,9	1,000,000	$ 1,030,000
Pacific Beacon LLC		
5.63% due 07/15/515	727,255	658,398
Scottrade Financial Services, Inc.		
6.13% due 07/11/212,5	500,000	545,598
Tri-Command Military Housing LLC		
5.38% due 02/15/485	562,305	518,001
Cabot Financial Luxembourg S.A.		
6.50% due 04/01/215	350,000 GBP	513,604
Morgan Stanley		
5.55%2,4,9	500,000	501,875
Ironshore Holdings US, Inc.		
8.50% due 05/15/202,5	400,000	478,723
Jefferies LoanCore LLC / JLC Finance Corp.		
6.88% due 06/01/202,5	400,000	389,000
Nationwide Mutual Insurance Co.		
9.38% due 08/15/392,5	250,000	386,153
Prosight Global Inc.		
7.50% due 11/26/20†††	250,000	258,375
LCP Dakota Fund		
10.00% due 08/17/15	46,200	46,200
12.50% due 08/17/15	33,000	33,000
Total Financial		74,956,001
Energy – 4.0%		
ContourGlobal Power Holdings S.A.		
7.13% due 06/01/192,5	2,200,000	2,293,500
Penn Virginia Resource Partners Limited Partnership / Penn Virginia Resource Finance Corp.		
8.38% due 06/01/202	1,849,000	2,029,647
Keane Group Holdings LLC		
8.50% due 08/08/19†††,1	1,975,000	1,886,125
FTS International, Inc.		
7.81% due 06/15/203,5	1,375,000	1,374,401
Gibson Energy, Inc.		
6.75% due 07/15/212,5	1,275,000	1,326,000
Odebrecht Offshore Drilling Finance Ltd.		
6.63% due 10/01/222,5	1,376,050	1,228,813
Atlas Energy Holdings Operating Company LLC / Atlas Resource Finance Corp.		

7.75% due 01/15/212	1,425,000	1,068,750
SandRidge Energy, Inc.		
8.75% due 06/01/205	900,000	892,688
Schahin II Finance Company SPV Ltd.		
5.88% due 09/25/222,5	1,216,133	580,704

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PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
CORPORATE BONDS†† – 40.2% (continued)		
Energy – 4.0% (continued)		
IronGate Energy Services LLC		
11.00% due 07/01/182,11	600,000	$ 469,500
Ultra Resources, Inc.		
4.51% due 10/12/20†††	500,000	435,600
Total Energy		13,585,728
Consumer, Non-cyclical – 3.4%		
Vector Group Ltd.		
7.75% due 02/15/212	2,190,000	2,354,249
Bumble Bee Holdings, Inc.		
9.00% due 12/15/172,5	2,082,000	2,186,100
American Seafoods Group LLC / American Seafoods Finance, Inc.		
10.75% due 05/15/162,11	2,026,000	2,000,675
Valeant Pharmaceuticals International, Inc.		
6.75% due 08/15/182,5	1,500,000	1,585,313
Central Garden & Pet Co.		
8.25% due 03/01/182	1,538,000	1,575,681
Midas Intermediate Holdco II LLC / Midas Intermediate Holdco II Finance, Inc.		
7.88% due 10/01/222,5	1,300,000	1,306,500
Physio-Control International, Inc.		
9.88% due 01/15/192,5	457,000	491,321
KeHE Distributors LLC / KeHE Finance Corp.		
7.63% due 08/15/212,5	250,000	266,875
Total Consumer, Non-cyclical		11,766,714
Industrial – 3.3%		
Princess Juliana International Airport Operating Company N.V.		
5.50% due 12/20/272,5	2,018,139	2,048,411
Dynagas LNG Partners Limited Partnership / Dynagas Finance, Inc.		
6.25% due 10/30/192	1,800,000	1,620,000
Quality Distribution LLC / QD Capital Corp.		
9.88% due 11/01/182	1,376,000	1,448,240
BMBG Bond Finance SCA		
5.01% due 10/15/203,5	1,200,000 EUR	1,327,915
Reliance Intermediate Holdings, LP		
6.50% due 04/01/232,5	1,000,000	1,040,000
America West Airlines 2001-1 Pass Through Trust		
7.10% due 04/02/212	865,615	956,505
LMI Aerospace, Inc.		
7.38% due 07/15/192,5	600,000	597,000
NPC International Incorporated / NPC Operating Company A Inc /		

NPC Operating Co B Inc		
10.50% due 01/15/20	505,000	532,775
Unifrax I LLC / Unifrax Holding Co.		
7.50% due 02/15/192,5	500,000	508,460

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
CORPORATE BONDS†† – 40.2% (continued)		
Industrial – 3.3% (continued)		
CEVA Group plc		
7.00% due 03/01/212,5	500,000	$ 495,000
Epicor Software		
9.25% due 05/21/23	500,000	485,000
Agua Caliente Band of Cahuilla Indians		
6.35% due 10/01/1511	184,000	185,474
Atlas Air 2000-1 Class A Pass Through Trust		
8.71% due 01/02/192	153,831	157,292
Atlas Air 1998-1 Class A Pass Through Trust		
7.38% due 01/02/182	65,830	65,830
Total Industrial		11,467,902
Consumer, Cyclical – 2.5%		
GRD Holdings III Corp.		
10.75% due 06/01/192,5	2,445,000	2,645,000
Nathan’s Famous, Inc.		
10.00% due 03/15/202,11	1,350,000	1,456,312
PF Chang’s China Bistro, Inc.		
10.25% due 06/30/202,5	1,255,000	1,292,650
HP Communities LLC		
6.82% due 09/15/532,5	989,130	1,033,058
Checkers Drive-In Restaurants, Inc.		
11.00% due 12/01/172,5	600,000	650,250
Argos Merger Sub, Inc.		
7.13% due 03/15/232,5	500,000	530,000
WMG Acquisition Corp.		
6.75% due 04/15/222,5	330,000	320,513
Atlas Air 1999-1 Class A-1 Pass Through Trust		
7.20% due 01/02/192	302,402	308,450
Seminole Hard Rock Entertainment Incorporated / Seminole Hard Rock International LLC		
5.88% due 05/15/212,5	150,000	151,500
Total Consumer, Cyclical		8,387,733
Communications – 2.3%		
SITEL LLC / Sitel Finance Corp.		
11.00% due 08/01/172,5	2,575,000	2,652,250
MDC Partners, Inc.		
6.75% due 04/01/202,5	2,350,000	2,332,375
Time Warner Cable, Inc.		
4.50% due 09/15/422	2,000,000	1,735,084

McGraw-Hill Global Education Holdings LLC / McGraw-Hill Global Education Finance		
9.75% due 04/01/212	725,000	802,938
Avaya, Inc.		
7.00% due 04/01/192,5	530,000	530,000
Total Communications		8,052,647

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
CORPORATE BONDS†† – 40.2% (continued)		
Basic Materials – 1.1%		
TPC Group, Inc.		
8.75% due 12/15/202,5	1,830,000	$ 1,770,525
Mirabela Nickel Ltd.		
9.50% due 06/24/19†††,1	1,207,767	1,207,767
1.00% due 07/31/44†††,1	27,468	–
Eldorado Gold Corp.		
6.13% due 12/15/202,5	500,000	492,500
KGHM International Ltd.		
7.75% due 06/15/192,5	300,000	312,300
Total Basic Materials		3,783,092
Diversified – 0.8%		
Opal Acquisition, Inc.		
8.88% due 12/15/212,5	2,205,000	2,171,925
HRG Group, Inc.		
7.88% due 07/15/192	300,000	317,700
7.75% due 01/15/22	200,000	195,000
Total Diversified		2,684,625
Technology – 0.6%		
Aspect Software, Inc.		
10.63% due 05/15/172	1,190,000	1,071,000
Eagle Midco, Inc.		
9.00% due 06/15/182,5	950,000	969,000
Total Technology		2,040,000
Utilities – 0.3%		
LBC Tank Terminals Holding Netherlands BV		
6.88% due 05/15/232,5	1,150,000	1,190,250
Total Corporate Bonds		
(Cost $134,225,338)		137,914,692
SENIOR FLOATING RATE INTERESTS3,†† – 24.9%		
Industrial – 5.5%		
CareCore National LLC		
5.50% due 03/05/21	2,877,965	2,892,354
Fortescue Metals Group Ltd.		
3.75% due 06/30/19	2,842,532	2,572,776
SIRVA Worldwide, Inc.		
7.50% due 03/27/19	1,764,000	1,772,820
Knowledge Learning Corp.		
5.25% due 03/18/21	1,485,000	1,491,192

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
SENIOR FLOATING RATE INTERESTS3,†† – 24.9% (continued)		
Industrial – 5.5% (continued)		
HBC Hardware Holdings		
6.75% due 03/30/20	1,492,500	$ 1,453,397
CPM Holdings		
6.00% due 04/11/22	1,000,000	999,380
American Tire Distributors, Inc.		
5.25% due 09/01/21	942,946	951,593
Mast Global		
8.75% due 09/12/19†††,1	846,302	840,185
Hunter Defense Technologies		
6.50% due 08/05/19	780,000	780,000
AlliedBarton Security Services LLC		
8.00% due 08/13/21	726,027	728,445
Flakt Woods		
4.75% due 03/20/17†††,1	653,616 EUR	704,623
Ranpak		
8.25% due 10/03/22	700,000	699,419
Mitchell International, Inc.		
8.50% due 10/11/21	700,000	698,691
VAT Holding AG		
4.75% due 02/11/21	659,167	658,066
NaNa Development Corp.		
8.00% due 03/15/18	672,353	655,544
Bioplan / Arcade		
5.75% due 09/23/21	400,000	354,000
SI Organization		
5.75% due 11/23/19	322,204	323,654
Doncasters Group Ltd.		
9.50% due 10/09/20	165,517	165,103
Carey International, Inc.		
9.00% due 07/31/15†††,1	40,943	16,377
Total Industrial		18,757,619
Consumer, Cyclical – 4.3%		
Sears Holdings Corp.		
5.50% due 06/30/18	1,994,055	1,975,988
ABRA Auto Body		
4.75% due 09/17/21	1,466,000	1,470,882
8.25% due 09/19/22	500,000	502,500
STG-Fairway Acquisitions, Inc.		
6.25% due 02/28/19	1,274,013	1,266,853

10.50% due 08/28/19†††,1	450,000	447,030
Fitness International LLC		
5.50% due 07/01/20	1,315,063	1,285,474
National Vision, Inc.		
6.75% due 03/11/22	1,200,000	1,167,000

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
SENIOR FLOATING RATE INTERESTS3,†† – 24.9% (continued)		
Consumer, Cyclical – 4.3% (continued)		
Jacobs Entertainment, Inc.		
5.25% due 10/29/18	1,108,415	$ 1,102,873
Eyemart Express		
5.00% due 12/18/21	997,500	1,003,734
Sky Bet Cyan Blue HoldCo		
6.50% due 02/25/22	650,000 GBP	998,081
Implus		
7.00% due 04/30/21	1,000,000	985,200
Ollies Bargain Outlet		
4.75% due 09/28/19	721,762	718,153
Talbots, Inc.		
5.50% due 03/19/20	521,053	511,283
Navistar, Inc.		
5.75% due 08/17/17	361,111	362,014
Alexander Mann Solutions Ltd.		
5.75% due 12/20/19	363,073	359,442
GCA Services Group, Inc.		
9.25% due 11/01/20	320,000	321,600
Capital Automotive LP		
6.00% due 04/30/20	210,000	213,324
Deb Stores Holding LLC		
1.50% due 10/11/16†††,1,12	676,598	60,894
CKX Entertainment, Inc.		
9.00% due 06/21/17	96,850	33,898
Total Consumer, Cyclical		14,786,223
Consumer, Non-cyclical – 3.8%		
AT Home Holding III		
5.00% due 05/19/22	2,000,000	1,990,001
Performance Food Group		
6.25% due 11/14/19	1,876,687	1,883,724
Harvard Drug		
5.00% due 08/16/20	1,529,630	1,531,542
Albertson’s (Safeway) Holdings LLC		
5.50% due 08/25/21	1,150,000	1,156,567
AdvancePierre Foods, Inc.		
9.50% due 10/10/17	1,131,000	1,140,896
Taxware Holdings		
7.50% due 04/01/22†††,1	1,000,000	990,176
Arctic Glacier Holdings, Inc.		

6.00% due 05/10/19	993,739	990,012
Foundation Building Materials		
12.00% due 04/30/19†††	1,000,000	990,000

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
SENIOR FLOATING RATE INTERESTS3,†† – 24.9% (continued)		
Consumer, Non-cyclical – 3.8% (continued)		
ABG Intermediate Holdings 2 LLC		
5.50% due 05/27/21	495,000	$ 495,827
CTI Foods Holding Co. LLC		
8.25% due 06/28/21	450,000	436,500
Pelican Products, Inc.		
5.25% due 04/10/20	396,000	394,269
NES Global Talent		
6.50% due 10/03/19	345,385	328,116
Hostess Brands		
6.75% due 04/09/20	297,000	300,713
Targus Group International, Inc.		
14.75% due 05/24/16	227,790	185,649
Rite Aid Corp.		
5.75% due 08/21/20	100,000	101,000
Total Consumer, Non-cyclical		12,914,992
Technology – 3.5%		
TIBCO Software, Inc.		
6.50% due 12/04/20	1,945,125	1,944,640
Deltek, Inc.		
4.50% due 10/10/18	1,392,294	1,397,083
Greenway Medical Technologies		
6.00% due 11/04/20	1,086,250	1,086,250
Epicor Software		
4.75% due 05/12/22	1,000,000	1,000,940
Sparta Holding Corp.		
6.83% due 07/28/20†††,1	995,000	986,443
MRI Software LLC		
5.25% due 02/04/21	940,500	936,973
EIG Investors Corp.		
5.00% due 11/09/19	929,223	926,129
Touchtunes Interactive		
5.75% due 05/28/21	900,000	900,000
Data Device Corp.		
5.75% due 07/15/20	883,125	878,709
Active Network, Inc.		
5.50% due 11/13/20	593,987	591,510
Advanced Computer Software		
10.50% due 01/31/23	500,000	485,000
Aspect Software, Inc.		
7.25% due 05/07/16	469,891	466,367

GlobalLogic Holdings, Inc.		
6.25% due 05/31/19	345,625	345,625
Total Technology		11,945,669

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
SENIOR FLOATING RATE INTERESTS3,†† – 24.9% (continued)		
Communications – 2.4%		
Avaya, Inc.		
6.50% due 03/31/18	1,763,185	$ 1,761,581
6.25% due 04/30/20	1,400,589	1,394,636
Anaren, Inc.		
9.25% due 08/18/21	1,000,000	1,000,000
5.50% due 02/18/21	987,500	985,031
Cengage Learning Acquisitions, Inc.		
7.62% due 03/31/20	1,688,851	1,692,770
Asurion Corp.		
5.00% due 05/24/19	783,903	786,451
GOGO LLC		
11.25% due 03/21/18	620,616	636,131
7.50% due 03/21/18	80,515	78,905
Total Communications		8,335,505
Financial – 2.4%		
Acrisure		
5.25% due 05/19/22	1,621,978	1,616,918
Trademonster		
7.25% due 08/29/19†††,1	1,492,500	1,486,082
Safe-Guard		
6.25% due 08/19/21	1,339,667	1,341,341
DTZ US Borrower LLC		
5.50% due 11/04/21	997,500	1,001,241
Expert Global Solutions		
8.50% due 04/03/18	852,000	852,000
Magic Newco, LLC		
12.00% due 06/12/19	750,000	816,563
American Stock Transfer & Trust		
5.75% due 06/26/20	480,761	477,756
AmWINS Group, LLC		
5.25% due 09/06/19	347,339	349,836
HDV Holdings		
5.75% due 09/17/20	180,000	178,272
Cunningham Lindsey U.S., Inc.		
9.25% due 06/10/20	116,932	113,424
Total Financial		8,233,433
Energy – 1.2%		
PSS Companies		
5.50% due 01/28/20	1,886,980	1,434,105

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
SENIOR FLOATING RATE INTERESTS3,†† – 24.9% (continued)		
Energy – 1.2% (continued)		
FTS International, Inc.		
5.75% due 04/16/21	1,362,727	$ 1,136,596
Cactus Wellhead		
7.00% due 07/31/20	995,000	825,850
Floatel International Ltd.		
6.00% due 06/27/20	738,769	591,200
Total Energy		3,987,751
Basic Materials – 0.9%		
Noranda Aluminum Acquisition Corp.		
5.75% due 02/28/19	2,376,841	2,170,365
Hoffmaster Group, Inc.		
5.25% due 05/09/20	744,375	748,097
Ennis Flint Road Infrastructure		
7.75% due 09/30/21	140,000	131,600
Total Basic Materials		3,050,062
Utilities – 0.5%		
Panda Stonewall		
6.50% due 11/13/21	1,200,000	1,212,504
ExGen Renewables I LLC		
5.25% due 02/06/21	669,344	678,547
Total Utilities		1,891,051
Transportation – 0.4%		
Ceva Group Plc (United Kingdom)		
6.50% due 03/19/21	589,655	560,172
OneSky		
15.00% due 06/03/19†††	503,708	518,820
Ceva Logistics US Holdings		
6.50% due 03/19/21	273,103	259,448
Ceva Logistics Holdings BV (Dutch)		
6.50% due 03/19/21	198,000	188,100
Ceva Logistics Canada, ULC		
6.50% due 03/19/21	34,138	32,431
Total Transportation		1,558,971
Total Senior Floating Rate Interests		
(Cost $86,855,071)		85,461,276
COLLATERALIZED MORTGAGE OBLIGATIONS†† – 6.2%		
Motel 6 Trust 2015-MTL6		
2015-MTL6, 5.28% due 02/05/305	6,000,000	6,008,184
Nomura Resecuritization Trust 2012-1R		
2012-1R, 0.62% due 08/27/473,5	3,531,936	3,267,040

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
COLLATERALIZED MORTGAGE OBLIGATIONS†† – 6.2% (continued)		
GMAC Commercial Mortgage Asset Corp.		
		$
2003-PRES, 6.24% due 10/10/41†††,2,5	1,437,261	1,567,621
2003-STEW, 6.40% due 11/10/43†††,2,5	1,000,000	974,200
Capmark Military Housing Trust		
2007-AETC, 5.75% due 02/10/52†††,2,5	1,944,187	1,850,866
2007-AET2, 6.06% due 10/10/525	492,118	481,222
Structured Asset Securities Corporation Mortgage Loan Trust 2006-BC6		
2006-BC6, 0.35% due 01/25/372,3	2,500,000	2,089,137
SRERS-2011 Funding Ltd.		
2011-RS, 0.43% due 05/09/463,5	2,085,747	1,999,397
GreenPoint Mortgage Funding Trust 2006-AR1		
2006-AR1, 0.47% due 02/25/363	1,626,461	1,365,917
TBW Mortgage Backed Pass-Through Certificates		
2006-6, 6.04% due 01/25/372,7	1,668,601	895,204
2006-6, 5.75% due 01/25/372,7	706,550	423,365
BAMLL-DB Trust		
2012-OSI, 6.79% due 04/13/292,5	400,000	420,645
Total Collateralized Mortgage Obligations		
(Cost $20,585,821)		21,342,798
MUNICIPAL BONDS†† – 4.0%		
Illinois – 2.8%		
City of Chicago Illinois General Obligation Unlimited		
5.43% due 01/01/422	2,800,000	2,359,392
6.26% due 01/01/40	2,350,000	2,102,897
6.05% due 01/01/292	1,500,000	1,439,655
State of Illinois General Obligation Unlimited		
5.65% due 12/01/382	1,250,000	1,219,263
6.90% due 03/01/352	1,000,000	1,043,740
Chicago Board of Education General Obligation Unlimited		
0.00% due 12/01/2410	2,320,000	1,469,906
Total Illinois		9,634,853
Puerto Rico – 1.2%		
Puerto Rico Highways & Transportation Authority Revenue Bonds		
5.25% due 07/01/352	1,000,000	1,007,010
5.50% due 07/01/28	750,000	778,283
4.95% due 07/01/262	380,000	383,025
Commonwealth of Puerto Rico General Obligation Unlimited		
5.00% due 07/01/352	1,600,000	1,589,903
Puerto Rico Municipal Finance Agency General Obligation Unlimited		
5.00% due 08/01/27	500,000	493,245
Total Puerto Rico		4,251,466

Total Municipal Bonds	
(Cost $13,867,733)	13,886,319

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

	Face Amount~	Value
FOREIGN GOVERNMENT BONDS†† – 1.9%		
Dominican Republic International Bond		
6.85% due 01/27/452,5	3,150,000	$ 3,260,250
Kenya Government International Bond		
6.88% due 06/24/242,5	3,100,000	3,244,925
Total Foreign Government Bonds		
(Cost $6,490,547)		6,505,175
Total Investments – 149.2%		
(Cost $507,285,212)		$ 511,836,937
	Contracts	Value
CALL OPTIONS WRITTEN† – (0.1)%		
Call options on:		
Industrial Select Sector SPDR Fund Expiring June 2015 with strike price of $57.00	279	$ (5,859)
Financial Select Sector SPDR Fund Expiring June 2015 with strike price of $25.00	643	(7,073)
SPDR Dow Jones Industrial Average ETF Trust Expiring June 2015 with		
strike price of $186.00	873	(10,040)
Energy Select Sector SPDR Fund Expiring June 2015 with strike price of $80.00	198	(11,781)
SPDR S&P 500 ETF Trust Expiring June 2015 with strike price of $217.00	1,052	(22,092)
SPDR S&P MidCap 400 ETF Trust Expiring June 2015 with strike price of $280.00	114	(22,800)
Consumer Discretionary Select Sector SPDR Fund Expiring June 2015 with		
strike price of $76.00	209	(23,826)
iShares Russell 2000 Index ETF Expiring June 2015 with strike price of $124.00	1,288	(226,044)
Total Call Options Written		
(Premiums received $497,512)		(329,515)
Other Assets & Liabilities, net – (49.1)%		(168,519,879)
Total Net Assets – 100.0%		$ 342,987,543

~ The face amount is denominated in U.S. Dollars, unless otherwise indicated.

* Non-income producing security.

** Less than 0.1%.

† Value determined based on Level 1 inputs, unless otherwise noted —See Note 4.

†† Value determined based on Level 2 inputs, unless otherwise noted —See Note 4.

††† Value determined based on Level 3 inputs —See Note 4.

1 Security was fair valued by the Valuation Committee at May 31, 2015. The total market value of fair valued securities amounts to $8,625,703 (cost $9,503,395) or 2.5% of total net assets.

2

All or a portion of these securities have been physically segregated in connection with borrowings, unfunded commitments and reverse repurchase agreements. As of May 31, 2015, the total market value of the segregated securities was $308,583,317.

3 Variable rate security. Rate indicated is rate effective at May 31, 2015.

4 Perpetual maturity.

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

5 Security is a 144A or Section 4(a)(2) security. The total market value of 144A or Section 4(a)(2) securities is $200,285,930 (cost $198,958,742), or 58.4% of total net assets. These securities have been determined to be liquid under guidelines established by the Board of Trustees.

6 Security represents cover for outstanding written options.

7 Security is a step up/step down bond. The coupon increases or decreases at regular intervals until the bond reaches full maturity.

8 Security has no stated coupon. However, it is expected to receive residual cash flow payments on defined deal dates.

9 Security has a fixed rate coupon which will convert to a floating or variable rate coupon on a future date.

10 Zero coupon rate security.

11 Security is a 144A or section 4(a)(2) security. These securities are illiquid and restricted under guidelines established by the Board of Trustees. The total market value of 144A or section 4(a)(2) securities is $11,688,187 (cost $11,575,943), or 3.4%, of total net assets — see Note 12.

12 Security is in default.

AB	Stock Company
AG	Stock Corporation
BV	Limited Liability Company
CDO	Collateralized Debt Obligation
CLO	Collateralized Loan Obligation
EUR	Euro
FCB	Farmers Credit Bureau
GBP	Great Britain Pound
LLC	Limited Liability Company
LP	Limited Partnership
NV	Publicly Traded Company
plc	Public Limited Company
SA	Corporation
SCA	Limited Partnership
ULC	Unlimited Liability Corporation

See notes to financial statements.

PORTFOLIO OF INVESTMENTS continued May 31, 2015

Country Diversification

Country	% of Long-Term Investments
United States	90.5%
United Kingdom	1.4%
Canada	1.1%
Luxembourg	0.8%
Marshall Islands	0.8%
Dominican Republic	0.6%
Kenya	0.6%
Bermuda	0.6%
Cayman Islands	0.6%
Jersey	0.6%
Sweden	0.4%
Saint Maarten	0.4%
France	0.4%
Netherlands	0.3%
Switzerland	0.3%
Ireland	0.3%
Peru	0.2%
Australia	0.1%
Total Long-Term Investments	100.0%

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES May 31, 2015

ASSETS:	
Investments, at value (cost $507,285,212)	$511,836,937
Foreign currency, at value (cost $1,560)	1,560
Cash	2,361,969
Restricted cash	688,000
Unrealized appreciation on forward foreign currency exchange contracts	138,666
Receivables:	
Interest	4,277,622
Investments sold	2,798,786
Fund shares sold through at-the-market offering	262,025
Dividends	36,782
Tax reclaims	7,845
Other assets	1,395
Total assets	522,411,587
LIABILITIES:	
Reverse repurchase agreements	114,758,163
Borrowings	45,488,955
Options written, at value (premiums received $497,512)	329,515
Interest payable on borrowings	103,316
Unrealized depreciation on forward foreign currency exchange contracts	3,857
Unfunded loan commitments, at value (Note 10) (Commitment fees received $68,750)	60,934
Payable for:	
Investments purchased	17,789,409
Investment advisory fees	422,743
Offering costs	240,250
Trustee’s fees and expenses*	22,062
Administration fees	9,476
Fund accounting fees	12,911
Accrued expenses and other liabilities	182,453
Total liabilities	179,424,044
NET ASSETS	$342,987,543
NET ASSETS CONSIST OF:	
Common Stock, $0.01 par value per share, unlimited number of shares authorized, 17,493,253 shares issued and outstanding	$174,933
Additional paid-in capital	339,756,637
Distributions in excess of net investment income	(1,338,644)
Accumulated net realized loss on investments	(468,973)
Net unrealized appreciation on investments	4,863,590
NET ASSETS	$342,987,543
Net asset value	$19.61

* Relates to Trustees not deemed “interested persons” within the meaning of Section 2(a)(19) of the 1940 Act.

See notes to financial statements.

STATEMENT OF OPERATIONS May 31, 2015

For the Year Ended May 31, 2015

INVESTMENT INCOME:	
Interest	$26,209,234
Dividends	1,928,794
Total investment income	28,138,028
EXPENSES:	
Investment advisory fees	4,719,834
Interest expense	1,426,360
Excise tax expense	197,004
Professional fees	171,709
Trustee's fees and expenses*	120,589
Fund accounting fees	111,424
Administration fees	109,389
Printing fees	83,482
Custodian fees	52,619
Registration and filings	31,474
Transfer agent fees	20,858
Insurance	15,706
Miscellaneous	2,463
Total expenses	7,062,911
Net investment income	21,075,117
NET REALIZED AND UNREALIZED GAIN (LOSS):	
Net realized gain (loss) on:	
Investments	5,400,790
Foreign currency transactions	930,154
Written options	(2,189,725)
Swap agreements	(138,847)
Net realized gain	4,002,372
Net change in unrealized appreciation (depreciation) on:	
Investments	(8,140,173)
Swap agreements	101,796
Foreign currency translations	107,012
Written options	994,545
Net change in unrealized appreciation (depreciation)	(6,936,820)
Net realized and unrealized loss	(2,934,448)
Net increase in net assets resulting from operations	$18,140,669

* Relates to Trustees not deemed "interested persons" within the meaning of Section 2(a)(19) of the 1940 Act.

See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS May 31, 2015

	Year Ended May 31, 2015	Year Ended May 31, 2014
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:		
Net investment income	$21,075,117	$20,932,468
Net realized gain on investments	4,002,372	9,582,722
Net change in unrealized appreciation (depreciation) on investments	(6,936,820)	(5,129,886)
Net increase in net assets resulting from operations	18,140,669	25,385,304
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(23,319,305)	(26,520,608)
Capital gains	(12,572,692)	(5,245,435)
Total distributions to shareholders	(35,891,997)	(31,766,043)
SHAREHOLDER TRANSACTIONS:		
Net proceeds from shares issued through at-the-market offering	40,902,208	36,604,049
Reinvestments	2,084,665	1,529,910
Common share offering costs charged to paid-in capital	(248,803)	(223,160)
Net increase in net assets resulting from shareholder transactions	42,738,070	37,910,799
Net increase in net assets	24,986,742	31,530,060
NET ASSETS:		
Beginning of period	318,000,801	286,470,741
End of period	$342,987,543	$318,000,801
Undistributed (distribution in excess of) net investment income at end of year	$(1,338,644)	$4,972,530

See notes to financial statements.

STATEMENT OF CASH FLOWS May 31, 2015
For the Year Ended May 31, 2015

Cash Flows from Operating Activities:	
Net Increase in Net Assets Resulting from Operations	$18,140,669
Adjustments to Reconcile Net Increase in Net Assets Resulting from Operations to	
Net Cash Used in Operating and Investing Activities:	
Net change in unrealized depreciation on investments	8,140,173
Net change in unrealized appreciation on written options	(994,545)
Net change in unrealized appreciation on swaps	(101,796)
Net change in unrealized appreciation on foreign currency translations	(107,012)
Net realized gain on investments	(5,400,790)
Net realized loss on written options	2,189,725
Net accretion of bond discount and amortization of bond premium	(5,008,867)
Net gains on paydowns received	(241,215)
Purchase of long-term investments	(525,450,541)
Paydowns received on mortgage and asset backed securities	53,065,338
Proceeds from written options	7,098,629
Cost of closing written options	(9,042,158)
Proceeds from sales of long-term investments	401,863,586
Other payments	245,033
Net sales of short-term investments	11,769,931
Decrease in dividends receivable	31,722
Increase in interest receivable	(717,248)
Increase in investments sold receivable	(154,488)
Increase in tax reclaims receivable	(7,845)
Decrease in other assets	7,089
Increase in investments purchased payable	11,002,959
Decrease in interest payable on borrowings	(5,507)
Increase in fair value of unfunded loans	53,234
Increase in advisory fees payable	39,413
Increase in administration fees payable	781
Increase in trustee's fees and expenses payable	1,897
Decrease in fund accounting fees payable	(4,917)
Increase in accrued expenses and other liabilities	14,833
Net Cash Used in Operating and Investing Activities	(33,571,917)
Cash Flows From Financing Activities:	
Net proceeds from the issuance of common shares	40,902,208
Decrease in receivable for fund shares sold through at-the-market offering	274,925
Distributions to common shareholders	(33,807,332)
Increase in reverse repurchase agreements	39,117,139
Proceeds from borrowings	17,650,000
Payments made on borrowings	(32,950,000)
Offering costs in connection with the issuance of common shares	(123,395)
Net Cash Provided by Financing Activities	31,063,545
Net decrease in cash	(2,508,372)
Cash at Beginning of Period (including foreign currency and restricted cash)	5,559,901
Cash at End of Period (including foreign currency and restricted cash)	$3,051,529

Supplemental Disclosure of Cash Flow Information: Cash paid during the period for interest	$1,431,867
Supplemental Disclosure of Non Cash Financing Activity: Dividend reinvestment	$2,084,665
Supplemental Disclosure of Non Cash Operating Activity: Additional principal received on payment-in-kind bonds	$134,710

See notes to financial statements.

FINANCIAL HIGHLIGHTS May 31, 2015

	Year Ended May 31, 2015	Year Ended May 31, 2014	Year Ended May 31, 2013	Year Ended May 31, 2012	Year Ended May 31, 2011
Per Share Data:					
Net asset value, beginning of period	$20.56	$20.95	$19.00	$20.11	$17.56
Income from investment operations:					
Net investment income(a)	1.28	1.44	1.68	1.80	1.94
Net gain (loss) on investments (realized and unrealized)	(0.05)	0.35	2.22	(1.06)	2.49
Total from investment operations	1.23	1.79	3.90	0.74	4.43
Less distributions:					
From and in excess of net investment income	(1.42)	(1.82)	(1.78)	(1.85)	(1.88)
Capital gains	(0.76)	(0.36)	(0.17)	—	—
Total distributions to shareholders	(2.18)	(2.18)	(1.95)	(1.85)	(1.88)
Net asset value, end of period	$19.61	$20.56	$20.95	$19.00	$20.11
Market value, end of period	$21.21	$21.83	$21.91	$21.08	$22.32
Total Return(b)					
Net asset value	6.39%	9.20%	21.37%	4.09%	26.14%
Market value	8.08%	10.71%	14.10%	3.81%	40.85%
Ratios/Supplemental Data:					
Net assets, end of period (in thousands)	$342,988	$318,001	$286,471	$207,346	$187,333
Ratio to average net assets applicable to Common Shares:					
Net investment income, including interest expense	6.44%	7.07%	8.30%	9.45%	10.20%
Total expenses, including interest expense(c)(d)	2.16%	2.28%	2.47%	2.55%	2.69%
Portfolio turnover rate(e)	86%	95%	165%	112%	64%

See notes to financial statements.

FINANCIAL HIGHLIGHTS continued May 31, 2015

	Year Ended May 31, 2015	Year Ended May 31, 2014	Year Ended May 31, 2013	Year Ended May 31, 2012	Year Ended May 31, 2011
Senior Indebtedness					
Total Borrowings outstanding (in thousands)	$160,247	$136,430	$115,573	$83,842	$80,670
Asset Coverage per $1,000 of indebtedness(f)	$3,140	$3,331	$3,479	$3,473	$3,322

(a) Based on average shares outstanding.

(b) Total return is calculated assuming a purchase of a common share at the beginning of the period and a sale on the last day of the period reported either at net asset value (“NAV”) or market price per share. Dividends and distributions are assumed to be reinvested at NAV for NAV returns or the prices obtained under the Fund’s Dividend Reinvestment Plan for market value returns. Total return does not reflect brokerage commissions. A return calculated for a period of less than one year is not annualized.

(c) The ratios of total expenses to average net assets applicable to common shares do not reflect fees and expenses incurred indirectly by the Fund as a result of its investment in shares of other investment companies. If these fees were included in the expense ratios, the expense ratios would increase by 0.03%, 0.03%, 0.05%, 0.04% and 0.03% for the years ended May 31, 2015, 2014, 2013, 2012 and 2011, respectively.

(d) Excluding interest expense, the operating expense ratios for the years ended May 31 would be:

2015	2014	2013	2012	2011
1.72%	1.78%	1.81%	1.78%	1.85%

(e) Portfolio turnover is not annualized for periods of less than one year.

(f) Calculated by subtracting the Fund’s total liabilities (not including the borrowings) from the Fund’s total assets and dividing by the total borrowings.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS May 31, 2015

Note 1 – Organization:

Guggenheim Strategic Opportunities Fund (the "Fund") was organized as a Delaware statutory trust on November 13, 2006. The Fund is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended ("1940 Act").

The Fund's investment objective is to maximize total return through a combination of current income and capital appreciation.

Note 2 – Accounting Policies:

The Fund operates as an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946 Financial Services – Investment Companies.

The preparation of the financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

The following is a summary of significant accounting policies consistently followed by the Fund.

(a) Valuation of Investments

The Board of Trustees of the Fund (the "Board") has adopted policies and procedures for the valuation of the Fund's investments (the "Valuation Procedures"). Pursuant to the Valuation Procedures, the Board has delegated to a valuation committee, consisting of representatives from Guggenheim's investment management, fund administration, legal and compliance departments (the "Valuation Committee"), the day-to-day responsibility for implementing the Valuation Procedures, including, under most circumstances, the responsibility for determining the fair value of the Fund's securities or other assets.

Valuations of the Fund's securities are supplied primarily by pricing services appointed pursuant to the processes set forth in the Valuation Procedures. The Valuation Committee convenes monthly, or more frequently as needed and will review the valuation of all assets which have been fair valued for reasonableness. The Fund's officers, through the Valuation Committee and consistent with the monitoring and review responsibilities set forth in the Valuation Procedures, regularly review procedures used by, and valuations provided by, the pricing services.

If the pricing service cannot or does not provide a valuation for a particular investment or such valuation is deemed unreliable, such investment is fair valued by the Valuation Committee.

Equity securities listed on an exchange (New York Stock Exchange ("NYSE") or American Stock Exchange) are valued at the last quoted sales price as of the close of business on the NYSE, usually 4:00 p.m. Eastern time on the valuation date. Equity securities listed on the NASDAQ market system are valued at the NASDAQ Official Closing Price on the valuation date, which may not necessarily represent the last sale price. If there has been no sale on such exchange or NASDAQ on such day, the security is valued at the closing bid price on such day.

Open-end investment companies ("Mutual Funds") are valued at their NAV as of the close of business on the valuation date. Exchange Traded Funds ("ETFs") and closed-end investment companies are valued at the last quoted sales price.

Debt securities with a maturity of greater than 60 days at acquisition are valued at prices that reflect broker/dealer supplied valuations or are obtained from independent pricing services, which may consider the trade activity, treasury spreads, yields or price of bonds of comparable quality, coupon, maturity, and type, as well as prices quoted by dealers who make markets in such securities. Short-term debt securities with a maturity of 60 days or less at acquisition and repurchase agreements are valued at amortized cost, provided such amount approximates market value.

Typically loans are valued using information provided by an independent third party pricing service which uses broker quotes in a non-active market.

Listed options are valued at the Official Settlement Price listed by the exchange, usually as of 4:00 p.m. Eastern time. Long options are valued using the bid price and short options are valued using the ask price. In the event that a settlement price is not available, fair valuation is enacted. Over-the-counter options are valued using the average bid price (for long options), or average ask price (for short options) obtained from one or more security dealers.

Generally, trading in foreign securities markets is substantially completed each day at various times prior to the close of the NYSE. The values of foreign securities are determined as of the close of such foreign markets or the close of the NYSE, if earlier. All investments quoted in foreign currency are valued in U.S. dollars on the basis of the foreign currency exchange rates prevailing at the close of U.S. business at 4:00 p.m. Investments in foreign securities may involve risks not present in domestic investments. The Valuation Committee will determine the current value of such foreign securities by taking into consideration certain factors which may include those discussed above, as well as the following factors, among others: the value of the securities traded on other foreign markets, ADR trading, closed-end fund trading, foreign currency exchange activity, and the trading prices of financial products that are tied to foreign securities such as World Equity Benchmark Securities. In addition, under the Valuation Procedures, the Valuation Committee and Guggenheim Funds Investment Advisors, LLC ("GFIA" or the "Adviser") are authorized to use to use prices and other information supplied by a third party pricing vendor in valuing foreign securities.

Investments for which market quotations are not readily available are fair valued as determined in good faith by the Adviser, subject to review and approval by the Valuation Committee, pursuant to methods established or ratified by the Board. Valuations in accordance with these methods are intended to reflect each security's (or asset's) "fair value". Each such determination is based on a consideration of all relevant factors, which are likely to vary from one pricing context to another. Examples of such factors may include, but are not limited to: (i) the type of security, (ii) the initial cost of the security, (iii) the existence of any contractual restrictions on the security's disposition, (iv) the price and extent of public trading in similar securities of the issuer or of comparable companies, (v) quotations or evaluated prices from broker-dealers and/or pricing services, (vi) information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange traded securities), (vii) an analysis of the company's financial statements, and (viii) an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold

(e.g. the existence of pending merger activity, public offerings or tender offers that might affect the value of the security).

(b) Investment Transactions and Investment Income

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Paydown gains and losses on mortgage and asset-backed securities are treated as an adjustment to interest income. Dividend income is recorded net of applicable withholding taxes on the ex-dividend date and interest income is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized to interest income over the lives of the respective securities using the effective interest method.

(c) Restricted Cash

A portion of cash on hand is pledged with a broker for current or potential holdings, which includes options, swaps and securities purchased on a when issued or delayed delivery basis.

(d) Swaps

A swap is an agreement to exchange the return generated by one instrument for the return generated by another instrument. The Fund enters into swap agreements to manage its exposure to interest rates and/or credit risk or to generate income. Swaps are valued daily at current market value and any unrealized gain or loss is included in the Statement of Assets and Liabilities. Gain or loss is realized on the termination date of the swap and is equal to the difference between the Fund's basis in the swap and the proceeds of the closing transaction, including any fees. Upon termination of a swap agreement, a payable to or receivable from a swap counterparty is established on the Statement of Assets and Liabilities to reflect the net gain/loss, including interest income/expense, on terminated swap positions. The line item is removed upon settlement according to the terms of the swap agreement.

Realized gain (loss) upon termination of swap contracts is recorded on the Statement of Operations. Fluctuations in the value of swap contracts are recorded as a component of net change in unrealized appreciation (depreciation) of swap contracts. Net periodic payments received by the Fund are included as part of realized gain (loss) and, in the case of accruals for periodic payments, are included as part of unrealized appreciation (depreciation) on the Statement of Operations.

As of May 31, 2015, the Fund had no swap contracts outstanding.

(e) Covered Call Options and Put Options

When an option is written, the premium received is recorded as an asset with an equal liability and is subsequently marked to market to reflect the current market value of the option written. These liabilities are reflected as options written on the Statement of Assets and Liabilities. Premiums received from writing options which expire unexercised are recorded on the expiration date as a realized gain. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transactions, as a realized loss. If an option is exercised, the premium is added to the cost of the underlying security purchase or proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss.

When a call option is purchased, the Fund obtains the right (but not the obligation) to buy the underlying instrument at the strike price at anytime during the option period. When a put option is purchased, the Fund obtains the right (but not the obligation) to sell the option's underlying instrument at the strike price at anytime during the option period. When the Fund purchases an option, an amount equal to the premium paid by the Fund is reflected as an asset and subsequently marked-to-market to reflect the current market value of the option purchased. Purchased options are included with Investments on the Statement of Assets and Liabilities. Realized and unrealized gains and losses on purchased options are included with Investments on the Statement of Operations.

(f) Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the mean of the bid and ask price of respective exchange rates on the last day of the period. Purchases and sales of investments denominated in foreign currencies are translated at the exchange rate on the bid and ask price of respective exchange rates on the date of the transaction.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Foreign exchange realized gain or loss resulting from holding of a foreign currency, expiration of a currency exchange contract, difference in exchange rates between the trade date and settlement date of an investment purchased or sold, and the difference between dividends or interest actually received compared to the amount shown in the Fund's accounting records on the date of receipt is shown as net realized gains or losses on foreign currency transactions on the Fund's Statement of Operations.

Foreign exchange unrealized gain or loss on assets and liabilities, other than investments, is shown as unrealized appreciation (depreciation) on foreign currency translation on the Fund's Statement of Operations.

(g) Forward Foreign Currency Exchange Contracts

Forward foreign currency exchange contracts are agreements between two parties to buy and sell currencies at a set price on a future date. Fluctuations in the value of open forward foreign currency exchange contracts are recorded for financial reporting purposes as unrealized appreciation and depreciation by the Fund until the contracts are closed. When the contracts are closed, realized gains and losses are recorded, and included on the Statement of Operations in foreign currency transactions.

(h) Distributions to Shareholders

The Fund declares and pays monthly distributions to common shareholders. These distributions consist of investment company taxable income, which generally includes qualified dividend income, ordinary income and short-term capital gains. Any net realized long-term capital gains are distributed annually to common shareholders. To the extent distributions exceed taxable income, the excess will be deemed a return of capital.

Distributions to shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from GAAP.

(i) New Accounting Pronouncement

In June 2014, the FASB issued an Accounting Standards Update ("ASU") that expands secured borrowing accounting for certain repurchase agreements. The ASU also sets forth additional disclosure requirements for certain transactions accounted for as sales, in order to provide financial statement users with information to compare to similar transactions accounted for as secured borrowings. The ASU is effective prospectively during interim or annual periods beginning after December 15, 2014. At this time, management is evaluating the implications of these changes on the financial statements.

Note 3 – Investment Advisory Agreement, Sub-Advisory Agreement and Other Agreements:

Pursuant to an Investment Advisory Agreement between the Fund and the Adviser, the Adviser furnishes offices, necessary facilities and equipment, provides administrative services, oversees the activities of Guggenheim Partners Investment Management, LLC ("GPIM" or "Sub-Adviser"), provides personnel including certain officers required for the Fund's administrative management and compensates the officers and trustees of the Fund who are affiliates of the Adviser. As compensation for these services, the Fund pays the Adviser a fee, payable monthly, in an amount equal to 1.00% of the Fund's average daily managed assets (net assets applicable to common shareholders plus any assets attributable to financial leverage).

Pursuant to a Sub-Advisory Agreement among the Fund, the Adviser and GPIM, GPIM, under the supervision of the Fund's Board of Trustees and the Adviser, provides a continuous investment program for the Fund's portfolio; provides investment research; makes and executes recommendations for the purchase and sale of securities; and provides certain facilities and personnel, including certain officers required for its administrative management and pays the compensation of all officers and trustees of the Fund who are GPIM's affiliates. As compensation for its services, the Adviser pays GPIM a fee, payable monthly, in an annual amount equal to 0.50% of the Fund's average daily managed assets.

Certain officers and trustees of the Fund may also be officers, directors and/or employees of the Adviser or GPIM. The Fund does not compensate its officers or trustees who are officers, directors and/or employees of the aforementioned firms.

Rydex Fund Services, LLC ("RFS"), an affiliate of the Adviser and the Sub-Adviser, provides fund administration services to the Fund. As compensation for these services, RFS receives a fund administration fee payable monthly at the annual rate set forth below as a percentage of the average daily managed assets of the Fund:

Managed Assets	Rate	
First $200,000,000	0.0275	%
Next $300,000,000	0.0200	%
Next $500,000,000	0.0150	%
Over $1,000,000,000	0.0100	%

RFS serves as the accounting agent for the Fund. As accounting agent, RFS is responsible for maintaining the books and records of the Fund's securities and cash. RFS receives an accounting fee payable monthly at the annual rate set forth below as a percentage of the average daily managed assets of the Fund.

Managed Assets	Rate	
First $200,000,000	0.0300	%
Next $300,000,000	0.0150	%
Next $500,000,000	0.0100	%
Over $1,000,000,000	0.0075	%
Minimum annual charge	$50,000	
Certain out-of-pocket charges	Varies	

For purposes of calculating the fees payable under the foregoing agreements, average daily managed assets means the average daily value of the Fund's total assets minus the sum of its accrued liabilities. Total assets means all of the Fund's assets and is not limited to its investment securities. Accrued liabilities means all of the Fund's liabilities other than borrowings for investment purposes.

The Bank of New York Mellon ("BNY") acts as the Fund's custodian. As custodian, BNY is responsible for the custody of the Fund's assets.

Note 4 – Fair Value Measurement:

In accordance with GAAP, fair value is defined as the price that the Fund would receive to sell an investment or pay to transfer a liability in an orderly transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. GAAP establishes a three-tier fair value hierarchy based on the types of inputs used to value assets and liabilities and requires corresponding disclosure. The hierarchy and the corresponding inputs are summarized below:

Level 1 — quoted prices in active markets for identical assets or liabilities.

Level 2 — significant other observable inputs (for example quoted prices for securities that are similar based on characteristics such as interest rates, prepayment speeds, credit risk, etc.).

Level 3 — significant unobservable inputs based on the best information available under the circumstances, to the extent observable inputs are not available, which may include assumptions.

The types of inputs available depend on a variety of factors, such as the type of security and the characteristics of the markets in which it trades, if any. Fair valuation determinations that rely on fewer or no observable inputs require greater judgment. Accordingly, fair value determinations for Level 3 securities require the greatest amount of judgment.

NOTES TO FINANCIAL STATEMENTS continued May 31, 2015

The following table represents the Fund’s investments carried on the Statement of Assets and Liabilities by caption and by level within the fair value hierarchy as of May 31, 2015.

	Level 1	Level 2	Level 3	Total
Assets				
Corporate Bonds	$–	$134,126,825	$3,787,867	$137,914,692
Asset Backed Securities	–	156,214,877	1,725,304	157,940,181
Collateralized Mortgage Obligations	–	16,950,111	4,392,687	21,342,798
Senior Floating Rate Interests	–	78,420,646	7,040,630	85,461,276
Municipal Bonds	–	13,886,319	–	13,886,319
Foreign Government Bonds	–	6,505,175	–	6,505,175
Common Stocks	501,246	305,965	–*	807,211
Preferred Stocks	20,052,879	–	–	20,052,879
Exchange-Traded Funds	63,345,290	–	–	63,345,290
Warrants	–	–	–*	–*
Money Market Fund	4,581,116	–	–	4,581,116
Forward Foreign Currency Exchange Contracts	–	138,666	–	138,666
Total Assets	$88,480,531	$406,548,584	$16,946,488	$511,975,603
Liabilities				
Options written	329,515	–	–	329,515
Forward Foreign Currency Exchange Contracts	–	3,857	–	3,857
Unfunded Commitments	–	60,934	–	60,934
Total Liabilities	$329,515	$64,791	$–	$394,306

* Market value is less than minimum amount disclosed.

Independent pricing services are used to value a majority of the Fund’s investments. When values are not available from a pricing service, they will be determined under the valuation policies that have been reviewed and approved by the Board. In any event, values are determined using a variety of sources and techniques, including: market prices; broker quotes; and models which derive prices based on inputs such as prices of securities with comparable maturities and characteristics or based on inputs such as anticipated cash flows or collateral, spread over Treasuries, and other information and analysis. A significant portion of the Funds’ assets and liabilities are categorized as Level 2 or Level 3, as indicated in this report.

Indicative quotes from broker-dealers, adjusted for fluctuations in criteria such as credit spreads and interest rates, may also be used to value the Fund’s assets and liabilities, i.e. prices provided by a broker-dealer or other market participant who has not committed to trade at that price. Although indicative quotes are typically received from established market participants, the Fund may not have the transparency to view the underlying inputs which support the market quotations.

Certain fixed income securities are valued by obtaining a monthly indicative quote from a broker-dealer, adjusted for fluctuations in criteria such as credit spreads and interest rates.

NOTES TO FINANCIAL STATEMENTS continued May 31, 2015

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The suitability of the techniques and sources employed to determine fair valuation are regularly monitored and subject to change.

The following is a summary of significant unobservable inputs used in the fair valuation of assets and liabilities categorized within Level 3 of the fair value hierarchy:

Category	Ending Balance at 5/31/15	Valuation Technique	Unobservable Inputs
Corporate Bond	$ 693,975	Option adjusted spread off the month end broker quote over the 3 month LIBOR	Indicative Quote
Corporate Bond	$3,093,892	Enterprise Value	Valuation Multiple*
Asset Backed Securities	$1,725,304	Option adjusted spread off the month end broker quote over the 3 month LIBOR	Indicative Quote
Collateralized Mortgage Obligations	$4,392,687	Option adjusted spread off the month end broker quote over the 3 month LIBOR	Indicative Quote
Senior Floating Rate Interests	$7,040,630	Enterprise Value	Valuation Multiple*

* Valuation multiples utilized ranged from 3 to 15.

Significant changes in an indicative quote or valuation multiple would generally result in significant changes in the fair value of the security.

Any remaining Level 3 securities held by the Fund and excluded from the tables above, were not considered material to the Fund.

Transfers between investment levels may occur as the markets fluctuate and/or the availability of data used in an investment's valuation changes. Transfers between valuation levels, if any, are in comparison to the valuation levels at the end of the previous fiscal year, and are effective using the fair value as of the end of the current fiscal period.

As of May 31, 2015, the Fund had securities with a total value of $3,246,444 transferred from Level 2 to Level 3 due to lack of multiple vendor prices. The Fund had securities with a total value of $22,179,221 transferred from Level 3 to Level 2 due to availability of market price information at the period end. The Fund had securities with a value of $305,965 transferred from Level 1 to Level 2 due to lack of an active market.

NOTES TO FINANCIAL STATEMENTS continued May 31, 2015

Summary of Fair Value of Level 3 Activity

Following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value for the year ended May 31, 2015:

Level 3 – Fair value measurements using significant unobservable inputs

	Asset Backed Securities	Senior Floating Rate Interests	Corporate Bonds	Collateralized Mortgage Obligations	Common Stocks	Total
Assets:						
Beginning Balance	$27,617,599	$5,765,717	$737,150	$ –	$3	$34,120,469
Paydowns Received	(4,978,773)	(4,635,233)	(25,000)	(9,705)	–	(9,648,711)
Payment-in-kind Distributions Received	–	79,942	–	–	–	79,942
Realized Gain/Loss	38,859	76,698	171	–	–	115,728
Change in Unrealized Gain/Loss	(86,800)	(308,532)	16,826	(73,196)	–	(451,702)
Purchases	1,313,640	5,357,415	3,058,720	1,933,767	–	11,663,542
Sales	–	–	–	–	(3)	(3)
Transfers into Level 3	–	704,623	–	2,541,821	–	3,246,444
Transfers out of Level 3	(22,179,221)	–	–	–	–	(22,179,221)
Ending Balance	$1,725,304	$7,040,630	$3,787,867	$ 4,392,687	$–	$16,946,488

Note 5 – Federal Income Taxes:

The Fund intends to continue to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended, (the “Internal Revenue Code”), applicable to regulated investment companies.

The Fund may be subject to an excise tax of 4% of the amount by which 98% of the Fund’s annual taxable income and 98.2% of net realized gains exceed the distributions from such taxable income and realized gains for the calendar year. The Fund paid $197,004 or $0.012 per share of federal excise tax attributable to calendar year 2014.

For Federal income tax purposes, capital loss carryforwards represent realized losses of the Fund that may be carried forward and applied against future capital gains. Under the RIC Modernization Act of 2010, the Fund is permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period and such capital loss carryforwards will retain their character as either short-term or long-term capital losses. As of May 31, 2015, the Fund had no capital loss carryforwards.

Due to inherent differences in the recognition of income, expenses and realized gains/losses under GAAP and federal income tax purposes, permanent differences between book and tax basis reporting have been identified and appropriately reclassified on the Statement of Assets and Liabilities. As of

May 31, 2015, the following reclassification was made to the capital accounts of the Fund to reflect permanent book and tax differences relating to the tax deferral of losses on wash sales, the marking to market of PFICs and forward foreign currency contracts, equity to debt income accruals and cost basis adjustments on qualifying electing funds. Net investment income, net realized gains and net assets were not affected by the changes.

Undistributed (distributions in excess of) Net Investment Income	Accumulated Net Realized Gain/(Loss)	Additional Paid in Capital
$(4,066,986)	$4,263,990	$(197,004)

As of May 31, 2015, the cost of investments and accumulated unrealized appreciation/(depreciation) of investments for federal income tax purposes, were as follows:

Cost of Investments for Tax Purposes	Gross Tax Unrealized Appreciation	Gross Tax Unrealized Depreciation	Net Tax Unrealized Depreciation on Investments
$511,861,123	$16,096,564	$(16,120,750)	$(24,186)

The differences between book basis and tax basis unrealized appreciation (depreciation) is primarily attributable to the tax deferral of losses on wash sales, Passive Foreign Investment Companies (PFICs) and non-real estate investment trust return of capital and collateralized loan obligations.

As of May 31, 2015, the tax components of accumulated earnings/losses (excluding paid-in capital) on a tax basis were as follows:

Undistributed Ordinary Income	Undistributed Long-Term Capital Gains/(Accumulated Capital and Other Losses)	Net Unrealized Depreciation
$3,348,594	$(445,492)	$(152,871)

For the years ended May 31, 2015 and 2014, the tax character of distributions paid to shareholders as reflected in the Statements of Changes in Net Assets was as follows:

Distributions paid from:	2015	2014
Ordinary income	$35,891,997	$26,520,608
Long-term capital gain	–	5,245,435
	$35,891,997	$31,766,043

For all open tax years and all major jurisdictions, management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Uncertain tax positions are tax positions taken or expected to be taken in the course of preparing the Fund’s tax returns that would not meet a more-likely-than not threshold of being sustained by the applicable tax authority and would be recorded as a tax expense in the current year. Open tax years are those that are open for examination by taxing authorities (i.e. generally the last four tax year ends and the interim tax period since then).

Note 6 – Investment in Securities:

During the year ended May 31, 2015, the cost of purchases and proceeds from sales of investments, excluding written options and short-term investments, were $525,450,541 and $401,863,586, respectively.

Note 7 – Derivatives:

The Fund is required by GAAP to disclose: a) how and why a fund uses derivative instruments, b) how derivative instruments and related hedge fund items are accounted for, and c) how derivative instruments and related hedge items affect a fund's financial position, results of operations and cash flows.

As part of its investment strategy, the Fund utilizes a variety of derivative instruments including options, forwards and swap agreements. These investments involve, to varying degrees, elements of market risk and risks in excess of the amounts recognized in the Statement of Assets and Liabilities.

(a) Covered Call Options and Put Options

The Fund pursues its investment objective by employing an option strategy of writing (selling) covered call options and, from time to time, buys or sells put options on equity securities and indices. The Fund seeks to generate current gains from option premiums as a means to enhance distributions payable to the Fund's common shareholders.

An option on a security is a contract that gives the holder of the option, in return for a premium, the right to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the security underlying the option at a specified exercise or "strike" price. The writer of an option on a security has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price (in the case of a call) or to pay the exercise price upon delivery of the underlying security (in the case of a put).

There are several risks associated with transactions in options on securities. As the writer of a covered call option, the Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline. A writer of a put option is exposed to the risk of loss if the fair value of the underlying security declines, but profits only to the extent of the premium received if the underlying security increases in value. The writer of an option has no control over the time when it may be required to fulfill its obligation as writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price.

To the extent that the Fund purchases options, the Fund will be subject to the following additional risks. If a put or call option purchased by the Fund is not sold when it has remaining value, and if the market price of the underlying security remains equal to or greater than the exercise price (in the case of a put), or remains less than or equal to the exercise price (in the case of a call), the Fund will lose its entire investment in the option. Also, where a put or call option on a particular security is purchased to hedge against price movements in a related security, the price of the put or call option may move more or less than the price of the related security. If restrictions on exercise were imposed, the Fund might be unable to exercise an option it had purchased. If the Fund were unable

to close out an option that it had purchased on a security, it would have to exercise the option in order to realize any profit or the option may expire worthless. The maximum exposure the Fund has at risk when purchasing an option is the premium paid.

The Fund entered into written option contracts during the year ended May 31, 2015.

Details of the transactions were as follows:

	Number of Contracts	Premiums Received
Options outstanding, beginning of period	3,631	$756,021
Options written during the period	53,324	