

WESTERN ASSET/CLAYMORE INFLATION-LINKED SECURITIES & INCOME FUND
Form DEF 14A
April 05, 2016

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(A) of the Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

<input type="checkbox"/>	Preliminary Proxy Statement of the	<input type="checkbox"/>	Confidential, for Use
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<input type="checkbox"/>	Definitive Additional Materials		by Rule 14a-6(e)(2))
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WESTERN ASSET/CLAYMORE INFLATION-LINKED
SECURITIES & INCOME FUND
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.
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(1) Title of each class of securities to which transaction applies:

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WESTERN ASSET/CLAYMORE INFLATION-LINKED
SECURITIES & INCOME FUND
(NYSE – WIA)

385 East Colorado Boulevard
Pasadena, California 91101

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 5, 2016

To the Shareholders of
WESTERN ASSET/CLAYMORE INFLATION-LINKED
SECURITIES & INCOME FUND

The Annual Meeting of Shareholders of Western Asset/Claymore Inflation-Linked Securities & Income Fund (the “Fund”) will be held at the offices of Guggenheim Partners, LLC, 227 West Monroe Street, Suite 4900, Chicago, Illinois 60606, on Thursday, May 5, 2016 at 10:00 a.m., Central time, for the following purposes:

- (1) Electing one Class I Trustee, to hold office for the term indicated; and
- (2) Transacting such other business as may properly come before the Annual Meeting and any adjournment(s) or postponement(s) thereof.

The Board of Trustees has fixed the close of business on March 23, 2016 as the record date for the determination of shareholders entitled to receive notice of and to vote at the Annual Meeting and any adjournment(s) or postponement(s) thereof. The enclosed proxy is being solicited on behalf of the Board of Trustees of the Fund.

By Order of the Board of Trustees
Mark E. Mathiasen, Secretary

Pasadena, California
April 12, 2016

SHAREHOLDERS WHO DO NOT EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON ARE URGED TO DATE, FILL IN, SIGN AND MAIL THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

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WESTERN ASSET/CLAYMORE INFLATION-LINKED
SECURITIES & INCOME FUND

385 East Colorado Boulevard
Pasadena, California 91101

PROXY STATEMENT

The accompanying proxy is solicited by the Board of Trustees of Western Asset/Claymore Inflation-Linked Securities & Income Fund (the “Fund”) for use at the annual meeting of shareholders of the Fund, to be held on May 5, 2016 at 10:00 a.m., Central time (the “Annual Meeting”), and at any adjournment(s) or postponement(s) thereof. At the Annual Meeting, shareholders will be asked to consider the re-election of Michael Larson to the Board of Trustees of the Fund. This Proxy Statement and the accompanying form of proxy were first mailed to shareholders on or about April 12, 2016.

The Board of Trustees has fixed the close of business on March 23, 2016 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting and any adjournment(s) or postponement(s) thereof. As of the close of business on that date, the Fund had issued and outstanding 29,152,820 common shares of beneficial interest, no par value (the “Shares”). The Shares constitute the only outstanding voting securities of the Fund entitled to be voted at the Annual Meeting.

Shareholders of the Fund as of the close of business on March 23, 2016 will be entitled to one vote for each Share held, and a fractional vote with respect to fractional Shares, with no cumulative voting rights. Thirty percent (30%) of the total Shares of the Fund entitled to vote at the Annual Meeting must be represented in person or by proxy to constitute a quorum for the Annual Meeting. Each shareholder has the right to revoke his or her proxy at any time before it is voted. A proxy, including a proxy given by telephone or via the Internet, may be revoked by filing with the Secretary of the Fund a written revocation or a properly executed proxy bearing a later date (including a proxy given by telephone or via the Internet) or by voting in person at the Annual Meeting. Any shareholder may attend the Annual Meeting, whether or not he or she has previously given a proxy.

The solicitation of proxies for the Annual Meeting will be made primarily by mail. However, if necessary to ensure satisfactory representation at the Annual Meeting, additional solicitation may take place in writing or by telephone or personal interview by officers of the Fund (or their designees), who will not receive compensation from the Fund for such services. The Fund will reimburse brokers and other nominees, in accordance with New York Stock Exchange approved reimbursement rates, for their expenses in forwarding solicitation material to the

beneficial owners of shares of the Fund. All expenses incurred in connection with the solicitation of proxies by the Board of Trustees will be borne by the Fund.

Abstentions and “broker non-votes” (i.e., proxies signed and returned by brokers with respect to shares held by brokers or nominees as to which one or more votes is not indicated because (i) instructions have not been received from the beneficial owners or the persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter) will be counted as shares present for purposes of determining whether a quorum is present, but will not be counted as having been voted on the matter in question. Assuming that a quorum would otherwise be present, abstentions and broker non-votes will accordingly have no effect for the purpose of determining whether a Trustee has been elected.

Jane E. Trust, Mark E. Mathiasen and Amy J. Lee, the persons named as proxies on the proxy card accompanying this Proxy Statement, were selected by the Board of Trustees to serve in such capacity. Ms. Trust is a Trustee of the Fund, Mr. Mathiasen is an officer of the Fund, and Ms. Lee is an officer of Guggenheim Funds Distributors, LLC. Each executed and returned proxy will be voted in accordance with the directions indicated thereon or, if no direction is indicated, such proxy will be voted for the election as a Trustee of the Fund, the nominee listed in this Proxy Statement. Discretionary authority is provided in the proxy as to any matters not specifically referred to therein. The Board of Trustees is not aware of any other matters which are likely to be brought before the Annual Meeting. However, if any such matters properly come before the Annual Meeting, the persons named in the proxy are fully authorized to vote thereon in accordance with their judgment and discretion. Except when a different vote is required by any provision of law or the Fund’s Amended and Restated Agreement and Declaration of Trust (the “Declaration of Trust”) or Bylaws, a plurality of the quorum of Shares necessary for the transaction of business at the Annual Meeting will decide any questions and a plurality of Shares voted shall elect a Trustee.

HOW TO SUBMIT A PROXY

Shareholders of record may submit a proxy in respect of their shares by using any of the following methods:

By Telephone. Submit a proxy by calling the toll-free telephone number printed on the proxy card. The proxy card should be in hand when making the call. Easy-to-follow voice prompts allow the shareholder of record to authenticate his or her identity by entering the validation numbers printed on the enclosed proxy card, provide voting instructions for the shares, and confirm that the instructions have been properly recorded.

Please see the instructions on the enclosed card for telephone touch-tone proxy submission. Shareholders will have an opportunity to review their voting instructions and to make any necessary changes before submitting their voting instructions and terminating their telephone call.

By Internet. Submit a proxy via the Internet by accessing the web address printed on the proxy card. The proxy card should be in hand when accessing the web page. Easy-to-follow on screen instructions allow the shareholder of record to authenticate his or her identity by entering validation numbers printed on the enclosed proxy card, provide voting instructions for the shares, and confirm that the instructions have been properly recorded.

Please see the instructions on the enclosed proxy card for Internet proxy submission. Shareholders will have the opportunity to review their voting instructions and to make any necessary changes before submitting their voting instructions.

By Mail. Shareholders of record may complete, sign, and date the proxy card and return it in the prepaid envelope provided.

PROPOSAL

ELECTION OF ONE CLASS I TRUSTEE

In accordance with the Declaration of Trust, the Trustees were divided into the following three classes (each a “Class”) prior to the initial public offering of the Shares: Class I, whose term will expire at the Fund’s annual meeting of shareholders; Class II, whose term will expire at the Fund’s 2017 annual meeting of shareholders; and Class III, whose term will expire at the 2018 annual meeting of shareholders. At each annual meeting, successors to the Class of Trustees whose term expires at that annual meeting will be elected for a three-year term.

The following table sets forth the nominees who will stand for re-election at the Annual Meeting, the Class of Trustees to which he or she has been designated and the expiration of his or her term if elected.

NOMINEE	CLASS	EXPIRATION OF TERM IF ELECTED*
Michael Larson	Class I	2019 Annual Meeting

* Each Trustee holds office until the annual meeting for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Under the Fund's classified Board structure, ordinarily only the Trustee(s) in a single Class may be replaced in any one year, and it would require a minimum of two years to change a majority of the Board of the Fund under normal circumstances. This structure, which may be regarded as an “anti-takeover” measure, may make it more difficult for the Fund's shareholders to change the majority of Trustees of the Fund and, thus, promotes the continuity of management.

It is the intention of the persons designated as proxies in the proxy card, unless otherwise directed therein, to vote at the Annual Meeting for the re-election of Mr. Larson. The nominee has agreed to continue to serve if elected at the Annual Meeting. If the nominee is unable or unavailable to serve, the persons named in the

proxies will vote the proxies for such other person as the Board of Trustees may recommend.

Information Regarding the Trustees. Information about the Trustees, including their ages as of March 1, 2016, is set forth below. The address of each Trustee is c/o the Fund at its principal business address (385 East Colorado Boulevard, Pasadena, California 91101). Of the individuals listed below, only Mr. Larson is a nominee for election at the Annual Meeting.

Name and Age	Position(s) Held With Fund	Term of Office and Length of Time Served	Principal Occupations During the Past 5 Years	Number of Portfolios In Fund Complex* Overseen by Trustee or Nominee	Other Directorships Held by Trustee or Nominee*	Shares of the Fund Beneficially Owned on March 1, 2016
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Independent Trustees

Michael Larson 56	Nominee, Trustee and Chairperson of the Board of Trustees (1)(2)	Term expires at Annual Meeting; served since May 2004	Chief Investment Officer for William H. Gates III (1994–present). (3)	2	Republic Services, Inc. (2009–present); Autonation, Inc. (2010–present); Fomento Economico Mexicano, SAB (2011–present); EcoLab, Inc. (2012–present). Formerly, Grupo Televisa, S.A.B. (2009–2014).	4,534**
Ronald A. Nyberg 62	Trustee(1)(2)	Term expires in 2017; served since August 2003	Partner, Nyberg & Cassioppi, LLC (2000–present). Formerly, Executive Vice President, General Counsel, and Corporate Secretary of Van Kampen Investments (1982–1999).	107	None	811
Ronald E. Toupin, Jr. 57	Trustee(1)(2)	Term expires in 2018; served since	Portfolio Consultant (2010–present). Formerly, Vice President, Manager and Portfolio Manager of Nuveen Asset	104	Bennett Group of Funds (2011–2013).	1325

August 2003	Management (1998-1999), Vice President and Portfolio Manager of Nuveen Investment Advisory Corporation (1992-1999), Vice President and Manager of Nuveen Unit Investment Trusts (1991-1999), and Assistant Vice President and Portfolio Manager of Nuveen Unit Investment Trusts (1988-1999), each of John Nuveen & Company, Inc. (1982-1999).
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Name and Age	Position(s) Held With Fund	Term of Office and Length of Time Served	Principal Occupations During the Past 5 Years	Number of Portfolios In Fund Complex* Overseen by Trustee or Nominee	Other Directorships Held by Trustee or Nominee*	Shares of the Fund Beneficially Owned on March 1, 2016
Interested Trustee						
Jane E. Trust(4) 53	Trustee	Term expires in 2018; served since April 2015	Managing Director of Legg Mason & Co., LLC (“Legg Mason & Co.”) (2015-present); Officer and/or Trustee/ Director of 161 funds associated with Legg Mason Partners Fund Advisor, LLC (“LMPFA”) or its affiliates (2015-present); President and Chief Executive Officer of LMPFA (2015-present); formerly, Senior Vice President of LMPFA (2015); formerly, Director of ClearBridge, LLC (formerly, Legg Mason Capital Management, LLC) (2007-2014); formerly, Managing Director of Legg Mason Investment Counsel & Trust Co. (2000-2007).	152	None	None

(1) Member of the Audit Committee of the Board of Trustees.

(2) Member of the Governance and Nominating Committee of the Board of Trustees.

(3) Mr. Larson is the chief investment officer for William H. Gates III and in that capacity oversees the investments of Mr. Gates and the investments of the Bill and Melinda Gates Foundation Trust. Since 1997, Western Asset has provided discretionary investment advice with respect to one or more separate investment portfolios for Mr. Gates and the Bill and Melinda Gates Foundation Trust. Since the beginning of the last two completed fiscal years of the Fund, at no time did the value of those investment portfolios exceed 0.5% of Western Asset's total assets under management. No changes to these arrangements are currently contemplated.

(4) Ms. Trust is an "interested trustee" (as defined above) of the Fund because of her position as Managing Director of Legg Mason & Co., LLC and her positions with subsidiaries of, and ownership of shares of common stock of, Legg Mason, Inc., the parent company of the Fund's investment managers, Western Asset Management Company ("Western Asset" or the "Manager"), Western Asset Management Company Pte. Ltd., Western Asset Management Company Limited and Western Asset Management Company Ltd (together, the "Investment Managers").

*Each Trustee also serves as a Trustee of Western Asset/Claymore Inflation-Linked Opportunities & Income Fund, a closed-end investment company. Western Asset serves as investment manager to Western Asset/Claymore Inflation-Linked Opportunities & Income Fund. Messrs. Nyberg and Toupin also serve as Trustees of Fiduciary/Claymore MLP Opportunity Fund, Guggenheim Build America Bonds Managed Duration Trust, Guggenheim Equal Weight Enhanced Equity Income Fund, Guggenheim Enhanced Equity Strategy Fund, Guggenheim Strategic Opportunities Fund, Guggenheim Enhanced Equity Income Fund, Guggenheim Credit Allocation Fund, Guggenheim Energy & Income Fund and Managed Duration Investment Grade Municipal Fund, each of which is a closed-end management investment company serviced by Guggenheim Funds Distributors, LLC ("Guggenheim Distributors") or managed by Guggenheim Funds Investment Advisors, LLC ("Guggenheim Advisors" or the "Investment Adviser"), Claymore Exchange-Traded Fund Trust (consisting of 30 separate portfolios), Claymore Exchange-Traded Fund Trust 2 (consisting of 14 separate portfolios), Guggenheim Funds Trust (consisting of 19

separate portfolios), Guggenheim Strategy Funds Trust (consisting of 4 separate portfolios), Guggenheim Variable Funds Trust (consisting of 16 separate portfolios), and Transparent Value Trust (consisting of 10 separate portfolios), each of which is an open-end management investment company managed by Guggenheim Advisors, Security Investors, LLC or Guggenheim Partners Investment Management, LLC, affiliates of Guggenheim Distributors, the Fund's servicing agent. Additionally, Mr. Nyberg serves as Trustee for Advent Claymore Convertible Securities and Income Fund, Advent/Claymore Enhanced Growth & Income Fund and Advent Claymore Convertible Securities and Income Fund II, each of which is a closed-end investment company managed or serviced by Guggenheim Advisors or its affiliates. Ms. Trust serves as an officer and/or Trustee/Director of 161 open- and closed-end management investment companies associated with Legg Mason & Co. or its affiliates. Each of these Funds is considered part of the same Fund Complex as the Fund.

**As discussed below under "Share Ownership Information", Mr. Larson disclaims beneficial ownership of the shares of the Fund beneficially owned by Cascade Investment, L.L.C. and William H. Gates III.

Additional Information Concerning the Board of Trustees

The Board believes that each Trustee's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that the Board possesses the requisite skills and attributes. The Board believes that the Trustees' ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with the Investment Managers, other service providers, counsel and independent auditors, and to exercise effective business judgment in the performance of their duties, support this conclusion. The Board also has considered the following experience, qualifications, attributes and/or skills, among others, of its members in reaching its conclusion: his or her character and integrity; such person's length of service as a Board member of the Fund; such person's willingness to serve and willingness and ability to commit the time necessary to perform the duties of a Trustee; as to each Trustee other than Ms. Trust, his status as not being an "interested person" (as defined in the 1940 Act) of the Fund; and, as to Ms. Trust, her status as a representative of Legg Mason, Inc., the parent company of Western Asset. In addition, the following specific experience, qualifications, attributes and/or skills apply as to each Trustee:

Mr. Larson: Portfolio management expertise and experience, including his current position as Chief Investment Officer for William H. Gates III, with responsibility for all of Mr. Gates's non-Microsoft investments and all of the investments of the Bill & Melinda Gates Foundation Trust; prior significant experience overseeing fixed income investment strategies and making fixed income investment decisions at various investment management companies, including Harris Investment Management, Putnam Management Company and ARCO Investment Management Company; and experience as a board member of various businesses and other organizations.

Mr. Nyberg: Business and legal expertise and experience, including significant experience with the regulatory requirements and other legal matters applicable to the investment management industry and closed-end funds such as the Fund as General Counsel for Van Kampen Investments; experience as a senior partner of a law firm; and experience serving on the boards of investment companies within the Guggenheim Advisors fund complex.

Mr. Toupin: Portfolio management expertise and experience, including significant experience overseeing fixed income investment strategies and making fixed income investment decisions for investment companies within the Nuveen Investments fund complex, and experience serving on the boards of investment companies within the Guggenheim Advisors fund complex.

Ms. Trust: Investment management and risk oversight experience as an executive and portfolio manager and in leadership roles with Legg Mason and affiliated entities.

References to the qualifications, attributes and skills of Trustees above are pursuant to requirements of the Securities and Exchange Commission, do not constitute holding out of the Board or any Trustee as having any special expertise or experience, and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

The Board has determined that its leadership structure is appropriate given the business and nature of the Fund. In connection with its determination, the Board considered that the Chairperson of the Board is an Independent Trustee. The Chairperson of the Board can play an important role in setting the agenda of the Board and also serves as a key point person for dealings between management and the other Independent Trustees. The Independent Trustees believe that the Chairperson's independence facilitates meaningful dialogue between Fund management and the Independent Trustees. The Board also considered that the chairperson of each Board committee is an Independent Trustee, which yields similar benefits with respect to the functions and activities of the various Board committees (e.g., each committee's chairperson works with the Investment Managers and other service providers to set agendas for the meetings of the applicable Board committees). Through the committees, the Independent Trustees consider and address important matters involving the Fund, including those presenting conflicts or potential conflicts of interest for management. The Independent Trustees also regularly meet outside the presence of management and are advised by independent legal counsel. The Board has determined that its committees help ensure that the Fund has effective and independent governance and oversight. The Board also believes that its leadership structure facilitates the orderly and efficient flow of information to the Independent Trustees from management, including the Investment Managers. The Board also noted that 75% of its members are Independent Trustees. The Board reviews its structure on an annual basis.

As an integral part of its responsibility for oversight of the Fund in the interests of shareholders, the Board oversees risk management of the Fund's investment programs and business affairs. The function of the Board with respect to risk management is one of oversight and not active involvement in, or coordination of, day-to-day risk management activities for the Fund. The Board has emphasized to the Investment Managers the importance of maintaining vigorous risk management. The Board exercises oversight of the risk management process primarily through the Audit Committee and through oversight by the Board itself.

The Fund faces a number of risks, such as investment risk, counterparty risk, valuation risk, reputational risk, risk of operational failure or lack of business continuity, and legal, compliance and regulatory risk. Risk management seeks to identify and address risks, i.e., events or circumstances that could have material adverse effects on the business, operations, shareholder services, investment performance or reputation of the Fund. Under the overall supervision of the Board or the applicable Committee, the Fund, the Investment Managers, the affiliates of the Investment Managers, and other service providers to the Fund employ a variety of processes, procedures and controls to identify various of those possible events or circumstances, to lessen the probability of their occurrence and/or to mitigate the effects of such events or circumstances if they do occur. Different processes, procedures and controls are employed with respect to different types of risks. Various personnel, including the Fund's and Western Asset's chief compliance officer ("CCO") and Western Asset's chief risk officer, as well as various personnel of the Investment Managers and other service providers such as the Fund's independent accountants, report to the Audit Committee and/or to the Board from time to time with respect to various aspects of risk management, as well as events and circumstances that have arisen and responses thereto. These reports and other similar reports received by the Trustees as to risk management matters are typically summaries of the relevant information. The Board recognizes that not all risks that may affect the Fund can be identified, that it may not be practical or cost-effective to eliminate or mitigate certain risks, that it may be necessary to bear certain risks (such as investment-related risks) to achieve the Fund's goals, and that the processes, procedures and controls employed to address certain risks may be limited in their effectiveness.

Audit Committee. The Board of Trustees has established an Audit Committee composed solely of Trustees who are not "interested persons" (as defined in the 1940 Act) of the Fund or the Investment Managers, consisting of Messrs. Larson, Nyberg and Toupin (Chairperson). Each member of the Audit Committee is "independent," as independence for audit committee members is defined in the currently applicable listing standards of the New York Stock Exchange, on which the Shares of the Fund are listed and traded. The Audit Committee provides oversight with respect to the accounting and financial reporting policies and procedures of the Fund and, among other things, considers the selection of the independent registered public accounting firm for the Fund and the scope of the audit and approves services proposed to be performed by the independent registered public accounting firm on behalf of the Fund and, under certain circumstances, the Investment Managers and certain of their affiliates. The Trustees have adopted a written charter for the Audit Committee, a copy of which is attached as Appendix A to this Proxy Statement. The charter is not currently made available on the Fund's website.

The Audit Committee of the Fund has submitted the following report:

The Audit Committee has reviewed and discussed with management of the Fund the audited financial statements for the Fund's last fiscal year. The

Audit Committee has discussed with the Fund's independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 114 ("SAS No. 114," which supersedes SAS No. 61). SAS No. 114 requires the independent registered public accounting firm to communicate to the Audit Committee matters including, if applicable: (1) methods used to account for significant unusual transactions; (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus; (3) the process used by management in formulating particularly sensitive accounting estimates and the basis for the independent registered public accounting firm's conclusions regarding the reasonableness of those estimates; and (4) disagreements with management over the application of accounting principles and certain other matters. The Audit Committee has received the written disclosures and the letter from the Fund's independent registered public accounting firm required by Public Company Accounting Oversight Board Rule 3526 (requiring the independent registered public accounting firm to make written disclosures to and discuss with the Audit Committee various matters relating to the independent registered public accounting firm's independence), and has discussed with such independent registered public accounting firm the independence of such independent registered public accounting firm. Based on the foregoing review and discussions, the Audit Committee recommended to the Trustees the inclusion of the Fund's audited financial statements for the last fiscal year in the Fund's annual report to shareholders.

Governance and Nominating Committee. The Board of Trustees has established a Governance and Nominating Committee composed solely of Trustees who are not "interested persons" (as defined in the 1940 Act) of the Fund or the Investment Managers, consisting of Messrs. Larson, Nyberg (Chairperson) and Toupin. The Governance and Nominating Committee meets to select nominees for election as Trustees of the Fund and consider other matters of Board policy. The Trustees have adopted a written charter for the Governance and Nominating Committee, a copy of which was attached as Appendix A to the Fund's Proxy Statement dated April 3, 2014. The charter is not currently made available on the Fund's website.

The Governance and Nominating Committee requires that Trustee candidates have a college degree or equivalent business experience, but has not otherwise established specific minimum qualifications that must be met by an individual to be considered by the Committee for nomination as a Trustee. The Governance and Nominating Committee may take into account a wide variety of factors in considering Trustee candidates, including, but not limited to: (i) availability and commitment of a candidate to attend meetings and perform his or her responsibilities to the Board of Trustees, (ii) relevant industry and related experience, (iii) educational background, (iv) financial expertise, (v) an assessment

of the candidate's ability, judgment and expertise and (vi) overall diversity of the Board's composition.

Although the Governance and Nominating Committee does not have a formal policy with regard to the consideration of diversity in identifying Trustee nominees, as a matter of practice the Committee typically considers the overall diversity of the Board's composition when identifying nominees. Specifically, the Governance and Nominating Committee considers the diversity of skill sets desired among the Board members in light of the Fund's characteristics and circumstances and how those skill sets might complement each other. The Governance and Nominating Committee also takes into account the personal background of current and prospective Board members in considering the composition of the Board. In addition, as part of its annual self-evaluation, the Trustees have an opportunity to consider the diversity of the Board, both in terms of skill sets and personal background, and any observations made by the Board during the self-evaluation inform the Governance and Nominating Committee in its decision making process.

The Governance and Nominating Committee may consider candidates for Trustee recommended by the Fund's current Trustees, officers, Investment Managers, shareholders or any other source deemed to be appropriate by the Governance and Nominating Committee. Candidates properly submitted by shareholders (as described below) will be considered and evaluated on the same basis as candidates recommended by other sources.

The policy of the Governance and Nominating Committee is to consider nominees recommended by shareholders to serve as Trustee, provided that any such recommendation is submitted in writing to the Fund, to the attention of the Secretary, at the address of the principal executive offices of the Fund, not less than one hundred and twenty calendar days nor more than one hundred and thirty-five calendar days prior to the date of the meeting at which the nominee would be elected and that such shareholder recommendation contains the information about such nominee required by the Fund's procedures for shareholders to submit nominee candidates, which are a part of the Governance and Nominating Committee's Charter. The Governance and Nominating Committee has full discretion to reject nominees recommended by shareholders, and there is no assurance that any such person so recommended and considered by the Governance and Nominating Committee will be nominated for election to the Fund's Board of Trustees.

Meetings. During 2015, the Board of Trustees held four meetings, the Audit Committee held three meetings and the Governance and Nominating Committee held three meetings. Each Trustee attended at least 75% of the aggregate of the total number of meetings of the Board of Trustees and the Committees of the Board of Trustees on which he or she served. Each Trustee attended the Fund's annual shareholder meeting in June 2015.

Shareholder Communications. The Board of Trustees provides a process for shareholders to send communications to the Board of Trustees. Shareholders may mail written communications to the attention of the Board of Trustees, care of the Fund's Secretary, at the Fund's shareholder servicing agent, Guggenheim Funds Distributors, LLC, 227 West Monroe Street, Chicago, Illinois 60606. The written communication must include the shareholder's name, be signed by the shareholder, refer to the Fund, and include the class and number of shares held by the shareholder as of a recent date. The Secretary is responsible for determining, in consultation with other officers of the Fund, counsel, and other advisers as appropriate, which stockholder communications will be relayed to the Board.

Trustee Holdings. The following table states the dollar range of equity securities beneficially owned as of December 31, 2015 by each Trustee in the Fund and, on an aggregate basis, in any registered investment companies overseen or to be overseen by the Trustee or nominee in the same "family of investment companies."

Name of Trustee or Nominee	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in all Funds Overseen or to be Overseen by Trustee or Nominee in Family of Investment Companies
Independent Trustees		
Michael Larson	\$10,001-\$50,000	\$50,001-\$100,000
Ronald A. Nyberg	\$1-\$10,000	Over \$100,000
Ronald E. Toupin, Jr.	\$10,001-\$50,000	Over \$100,000
Interested Trustee		
Jane E. Trust	None	None

Trustee Compensation. Trustees of the Fund who are not Independent Trustees receive no salary or fees from the Fund. Each Independent Trustee of the Fund receives a fee of \$20,000 annually for serving as a Trustee of the Fund, and a fee of \$1,500 and related expenses for each meeting of the Board of Trustees attended. The Chairperson of the Board of Trustees receives an additional \$5,000 per year for serving in that capacity. The Audit Committee Chairperson and the Governance and Nominating Committee Chairperson each receive an additional \$3,000 annually for serving in their respective capacities. Members of the Audit Committee and the Governance and Nominating Committee receive \$500 for each committee meeting attended.

For the fiscal year ended December 31, 2015, the Trustees received the compensation set forth in the following table for serving as Trustees of the Fund and as Trustees of the other funds in the same "Fund Complex."

Name of Trustee or Nominee	Aggregate Compensation from the Fund	Pension or Retirement Benefits Accrued as Part of Fund's Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation from the Fund and its Fund Complex Paid to Trustees(1)
Independent Trustees				
Michael Larson	\$34,500	\$0	\$0	\$69,000
Ronald A. Nyberg	\$32,500	\$0	\$0	\$400,500
Ronald E. Toupin, Jr.	\$32,500	\$0	\$0	\$355,000
Interested Trustee				
Kenneth D. Fuller(2)	\$0	\$0	\$0	\$0
Jane E. Trust(3)	\$0	\$0	\$0	\$0

(1) Represents aggregate compensation paid to each Trustee during the fiscal year ended December 31, 2015 for serving as Trustees to the Fund and other funds in the Fund Complex. Messrs. Larson, Nyberg and Toupin and Ms. Trust serve as Trustees to 2, 107, 104 and 152 funds in the Fund Complex, respectively.

(2) Mr. Fuller resigned as a Trustee effective April 1, 2015.

(3) Ms. Trust was appointed as a Trustee effective April 1, 2015.

During 2015, the Fund paid no remuneration to its officers, all of whom were also officers or employees of the Investment Adviser, an Investment Manager, Guggenheim Distributors or their respective affiliates.

Required Vote. A plurality of the Shares voted at the Annual Meeting with respect to a particular Class of Trustees is required to elect a Trustee nominee as a member of that Class of Trustees. Thus, with respect to Class I, the Trustee nominee who receives the greatest number of votes properly cast will be elected as a Class I Trustee. The Trustees unanimously recommend that shareholders vote to elect Mr. Larson as a Class I Trustee.

INFORMATION CONCERNING THE INVESTMENT MANAGERS AND THE FUND'S OFFICERS

Western Asset is a subsidiary of Legg Mason, Inc., a holding company which, through its subsidiaries, is engaged in providing investment advisory services to individuals and institutions. The following three non-U.S. affiliates of Western Asset serve as investment managers of the Fund: Western Asset Management Company Pte. Ltd. in Singapore, Reg. No. 200007692R, 1 George Street #23-01, Singapore 049145, Western Asset Management Company Limited in London, 10 Exchange Square, Primrose Street, London, England EC2A 2EC and Western Asset Management Company Ltd in Japan, 36F Shin-Marunouchi Building, 5-1 Marunouchi 1-Chome Chiyoda-Ku, Tokyo 100-6536, Japan. The address of Legg Mason, Inc. is 100 International Drive, Baltimore, Maryland 21202. Western Asset's address is 385 East Colorado Boulevard, Pasadena,

California 91101. An affiliate of the Investment Managers, LMPFA, 620 Eighth Avenue, New York, NY 10018, serves as the Fund's administrator.

Information regarding the executive officers of the Fund, including their ages as of March 1, 2016 and their ownership of Shares of the Fund, is set forth below. Unless otherwise noted, the address of each officer is c/o the Fund at the address listed above.

Name and Age	Position(s) Held with Fund	Term of Office and Length of Time Served(1)	Principal Occupation(s) During the Past 5 Years	Shares of the Fund Beneficially Owned on December 31, 2015
Jane E. Trust 53	Trustee and President	Served since April 2015	Managing Director of Legg Mason & Co., LLC ("Legg Mason & Co.") (2015-present); Officer and/or Trustee/Director of 161 funds associated with Legg Mason Partners Fund Advisor, LLC ("LMPFA") or its affiliates (2015-present); President and Chief Executive Officer of LMPFA (2015-present); formerly, Senior Vice President of LMPFA (2015); formerly, Director of ClearBridge, LLC (formerly, Legg Mason Capital Management, LLC) (2007-2014); formerly, Managing Director of Legg Mason Investment Counsel & Trust Co. (2000-2007).	None
Charles A. Ruys de Perez 58	Vice President	Served since May 2007	General Counsel of Western Asset Management Company (2007-present).	None

Formerly: Chief
Compliance Officer,
Putnam Investments
(2004-2007);
Managing
Director and Senior
Counsel of Putnam
Investments (2001-2004).

Name and Age	Position(s) Held with Fund	Term of Office and Length of Time Served(1) Served since	Principal Occupation(s) During the Past 5 Years	Shares of the Fund Beneficially Owned on December 31, 2015
Richard F. Sennett 45 100 International Drive Baltimore, MD 21202	Chief Financial Officer and Treasurer	December 2011	Chief Financial Officer (2011–present) and Treasurer (2013–present) of certain mutual funds associated with Legg Mason & Co. or its affiliates; Managing Director of Legg Mason & Co. and Senior Manager of the Treasury Policy group for Legg Mason & Co.’s Global Fiduciary Platform (2011-present); formerly, Chief Accountant within the SEC’s Division of Investment Management (2007-2011); formerly, Assistant Chief Accountant within the SEC’s Division of Investment Management (2002-2007).	None
Todd F. Kuehl 46 100 International Drive Baltimore, MD 21202	Chief Compliance Officer	Served since February 2007	Managing Director of Legg Mason & Co. (2011-present); Chief Compliance Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (2006-present); formerly, Chief Compliance Officer of Legg Mason Private Portfolio Group	None

(prior to 2010); Branch
Chief, Division of
Investment
Management,
U.S. Securities and
Exchange Commission
(2002-2006).

Mark E.
Mathiasen

Secretary

Served since
November 2010

Managing Director of None
Guggenheim Partners, LLC
(2012-present);
Secretary
of certain other funds in the
Fund complex.

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227 West
Monroe Street
Chicago, IL 60606

(1) Each officer holds office until his or her respective successor is chosen and qualified, or in each case until he or she sooner dies, resigns, is removed with or without cause or becomes disqualified.

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SHAREHOLDER PROPOSALS FOR 2017 ANNUAL MEETING

It is currently anticipated that the Fund's next annual meeting of shareholders will be held within 30 days of the anniversary of the Annual Meeting. Proposals that shareholders wish to present to the 2017 Annual Meeting and to have included in the Fund's proxy materials relating to such meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), must be delivered to the Secretary of the Fund not less than 120 days prior to April 12, 2017 (i.e., on or before December 13, 2016).

Shareholders who wish to propose one or more nominees for election as Trustees, or to make another proposal, at the 2017 annual meeting must provide written notice to the Fund (including all required information) so that such notice is received in good order by the Fund not less than 45 days, nor more than 60 days, prior to April 12, 2017 (i.e., no earlier than February 11, 2017 and no later than February 26, 2017).

The proper submission of a shareholder proposal does not guarantee that it will be included in the Fund's proxy materials or presented at a shareholder meeting. Shareholder proposals are subject to the requirements of applicable law and the Fund's Declaration of Trust and Bylaws.

SHARE OWNERSHIP INFORMATION

As of March 1, 2016, all Trustees, the nominee for Trustee and officers of the Fund as a group beneficially owned less than 1% of the outstanding Shares of the Fund. As of March 23, 2016, Cede & Co., as nominee for participants in The Depository Trust Company, held of record 29,145,974 Shares (representing approximately 99.98% of the outstanding Shares). Cede & Co.'s address is 55 Water Street, 25th Floor, New York, New York 10041-0001. As of March 1, 2016, the persons shown in the table below owned, to the knowledge of the Fund, beneficially more than five percent of the outstanding Shares.

Shareholder Name and Address	Share Holdings	Percentage Owned
Cascade Investment, L.L.C.(1)(2) 2365 Carillon Point Kirkland, WA 98033	6,950,552	23.84%
First Trust Portfolios L.P.(3) First Trust Advisors L.P. The Charger Corporation 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	3,183,870	10.92%
Wells Fargo & Company(4) Wells Capital Management Incorporated 420 Montgomery Street San Francisco, CA 94104	2,091,912	7.18%
1607 Capital Partners, LLC(5) 13 S. 13th Street, Suite 400 Richmond, VA 23219	2,068,240	7.09%

(1)Based on information obtained from a Form 4 filed with the Securities and Exchange Commission on April 8, 2015.

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- (2) Mr. Larson is the Business Manager of Cascade Investment, L.L.C. (“Cascade”), but disclaims any beneficial ownership of the shares beneficially owned by Cascade. All shares beneficially owned by Cascade may be deemed to be beneficially owned by William H. Gates III, as the sole member of Cascade.
- (3) Based on information obtained from a Schedule 13G/A filed with the Securities and Exchange Commission on January 20, 2016.
- (4) Based on information obtained from a Schedule 13G filed with the Securities and Exchange Commission on January 29, 2016.
- (5) Based on information obtained from a Schedule 13G/A filed with the Securities and Exchange Commission on February 16, 2016.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 30(h) of the 1940 Act and Section 16(a) of the Exchange Act require the Fund's officers and Trustees, the Investment Managers, certain affiliates of the Investment Managers, and persons who beneficially own more than ten percent of a registered class of the Fund's equity securities, among others, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (“SEC”) and the New York Stock Exchange. These persons are required by SEC regulation to furnish the Fund with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons, the Fund believes that, during 2015, all such filing requirements were met with respect to the Fund, except as follows: Form 3 filings (relating to an initial statement of beneficial ownership of securities for the Fund) for Peter Nachtwey, Tom Merchant, John Kenney and Jennifer Murphy, each an officer of the Manager.

ANNUAL REPORT TO SHAREHOLDERS

The Fund's Annual Report to Shareholders for the fiscal year ended December 31, 2015 contains financial and other information pertaining to the Fund. The Fund will furnish without charge to each person whose proxy is being sol