

# Theme Commentary

## NDR Thematic Opportunities Portfolio, Series 1

August 2017

Unit Investment Trust

Guggenheim has created the NDR Thematic Opportunities Portfolio to provide investors with access to the comprehensive research capabilities of Ned Davis Research. Their proprietary 360<sup>o</sup> research approach combines both fundamental and technical analysis to translate macroeconomic and equity research into investable themes for the trust. With nearly 40 years of global research experience, Guggenheim feels NDR's objective, data-driven process makes them uniquely qualified to identify themes and stocks that have the potential to benefit over the life of the trust. There can be no guarantee that the forward-looking investment themes identified will come to fruition, that any security held by the trust will benefit directly from the current thematic opportunity or that the trust will meet its investment objective.

**Investment Objective:** The NDR Thematic Opportunities Portfolio, Series 1 (Trust) seeks to maximize total return primarily through capital appreciation.

Commentary below is provided from NDR for each of the four investable themes for the Trust.



### "Trump-onomics"

Often-mentioned proposals in federal government policies during the early stages of President Donald Trump's administration include increased spending on infrastructure, such as highways, airports, and energy, as well as national defense.



### Rising Interest Rate Environment

NDR believes that the Fed will continue to raise rates in 2017 in response to higher wages and low unemployment that policymakers equate with increases in future inflation. The financials sector may be a beneficiary.



### Aging of the Millennials

The largest generation ever, millennials (those born between 1982 and 2000), should have a larger impact on the economy compared to older generations. Increased spending due to household formation and potential tax cuts could benefit the consumer discretionary sector.



### Rising Oil Prices

NDR believes demand will be robust in a relatively strong global economy, but that production may struggle to keep up because of cutbacks in oil exploration and production during the most recent oil bear market. The potential for an oil shortage should cause prices to rise until the oil and gas industries can adequately ramp up their production levels.



## Theme #1

# "Trump-onomics"

Federal government policies discussed during the campaign and early stages of President Trump's administration include increased spending on infrastructure, such as highways, airports and energy, as well as national defense. While the details are still unclear at this point, the headline number calls for expenditures of \$1 trillion over 10 years with roughly one half in infrastructure investments and the other half in military spending. In addition, proposals to cut the top corporate marginal tax rate from 35 percent to 15 percent, along with an array of deregulation and tax incentives, are intended to encourage more capital investment, increased productivity, and economic growth. If enacted, NDR believes companies in the industrial sector, such as those in the construction, machinery, and aerospace industries, stand to benefit. NDR believes that the demand for materials, such as construction and steel products, should increase as the industrial sector produces more for infrastructure and defense. The chart below shows the market's enthusiasm for the potential these industries hold as their returns have been strong since the election.

### Industry Returns Since Election Day

■ S&P 500® Aerospace & Defense Industry Index ■ S&P 500® Machinery Industry Index  
 ■ S&P 500® Construction & Engineering Industry Index



Source: S&P Dow Jones Indices as of 8.11.2017. Industry definitions provided on last page. Past performance is no guarantee of future results. The historical performance of the Indexes is shown for illustrative purposes only; it is not meant to forecast, imply or guarantee the future performance of any particular investment or the Trust, which will vary. Securities in which the Trust invests may differ from those in the Indexes. The Trust will not try to replicate the performance of the Indexes and will not necessarily invest any substantial portion of its assets in securities in the Indexes. Indexes are unmanaged and it is not possible to invest directly in the Indexes.

Holdings, breakdown, and weightings are as of 8.22.2017 and subject to change.

#### Industrials - 19.17%

Company	Ticker	Description
Ilex Corp.	IEX	Designs, manufactures, and markets a variety of pump products, dispensing equipment, and other engineered products.
ITT, Inc.	ITT	Manufactures engineered components and customized technology solutions for industrial end-markets.
Lincoln Electric Holdings	LECO	Designs and manufactures welding and cutting products.
Middleby Corp.	MIDD	Designs, manufactures, markets, and services a broad line of equipment for use in cooking and preparing food.
Oshkosh Corp.	OSK	Designs, manufactures, and markets fire and emergency apparatuses, specialty trucks, and military trucks.
Terex Corp.	TEX	Manufactures a broad range of equipment for use in various industries.
Timken Co.	TKR	Manufactures and distributes various ball and roller bearings, power transmission components and assemblies, and helicopter transmissions.
United Rentals, Inc.	URI	An equipment rental company operating a network of locations in North America.

#### Materials - 5.52%

Company	Ticker	Description
Eagle Materials, Inc.	EXP	Manufactures and distributes cement, gypsum wallboard, recycled paperboard, and concrete and aggregates.
Martin Marietta	MLM	Produces aggregates for the construction industry. They also manufactures and markets magnesia-based products.
Nucor Corp.	NUE	Manufactures various steel products.

These securities were selected for inclusion in the Trust as of 8.22.2017. The individual companies mentioned are for informational purposes only and should not be viewed as recommendations. Descriptions have been prepared using sources of information generally believed to be reliable. No representation can be made as to their accuracy.

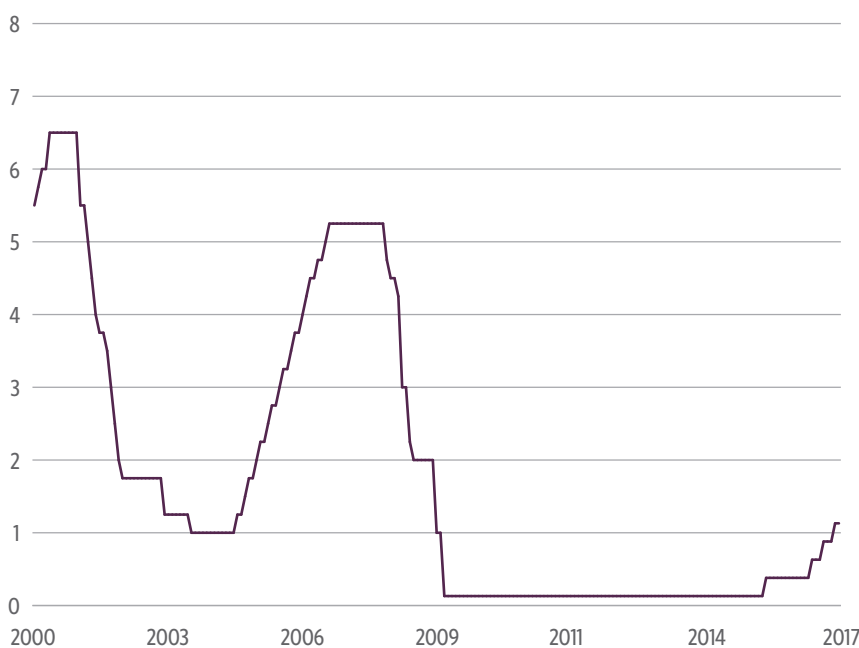


## Theme #2

# Rising Interest Rate Environment

In late 2015, the Federal Reserve Bank (Fed) ended its seven-year, zero percent interest rate policy with rate hikes in December 2015 and December 2016. The Fed has continued to raise rates through 2017. It will likely continue to do so through 2018, in response to higher wages and low unemployment that policymakers equate with increases in future inflation. As seen in the chart below, even with these series of hikes, the Fed Funds rate is still near historic lows. (The Fed Funds rate is the rate of interest banks pay to borrow money overnight from other banks. The Federal Reserve Bank (FRB) manages the target rate. As the FRB raises rates, it becomes more expensive for banks to borrow money from each other and the additional costs are passed on to the banks' customers in the form of higher consumer interest rates.) With a low probability of a recession occurring in the intermediate term, NDR expects demand to remain strong, which should serve to keep rates higher. The financial sector may benefit from rising rates in a healthy economic environment, based on the potential for improved interest margins and expanded demand for loans. The sector had been a multi-year underperformer following the financial crisis. As credit conditions improved and rates rose, financials have outperformed. NDR feels these trends should continue over the next few years.

### Fed Funds Target Rate (%)



Source: Federal Reserve Board, as of 7.31.2017. Past performance is not a guarantee of future results. There is no guarantee that the trends and projections noted above will continue or come to fruition and they are subject to change.

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### Financials - 35.74%

Company	Ticker	Description
Evercore Partners, Inc.	EVR	A global independent investment banking advisory firm.
Hilltop Holdings, Inc.	HTH	A diversified financial holding company.
Iberia Bank Corp.	IBKC	A holding company for IBERIABANK, a commercial bank conducting business from a network of offices located throughout Louisiana.
Lincoln National Corp.	LNC	A holding company which operates multiple insurance and investment management businesses through subsidiary companies.
MetLife Inc	MET	Provides individual insurance, employee benefits, and financial services.
Morgan Stanley	MS	A bank holding company, provides diversified financial services on a worldwide basis.
PacWest Bancorp	PACW	A bank holding company, offering a wide range of commercial banking services through its subsidiaries.
Prudential Financial, Inc.	PRU	Provides financial services throughout the United States and several locations worldwide.
Regions Financial Corp	RF	A regional multi-bank holding company.
SVB Financial Group	SIVB	Is the holding company for Silicon Valley Bank.
United Community Banks-GA	UCBI	Operates as a bank holding company.
Unum Group	UNM	Provides group disability and special risk insurance.
Zions Bancorporation	ZION	A bank holding company that operates full-service banking offices in western United States.

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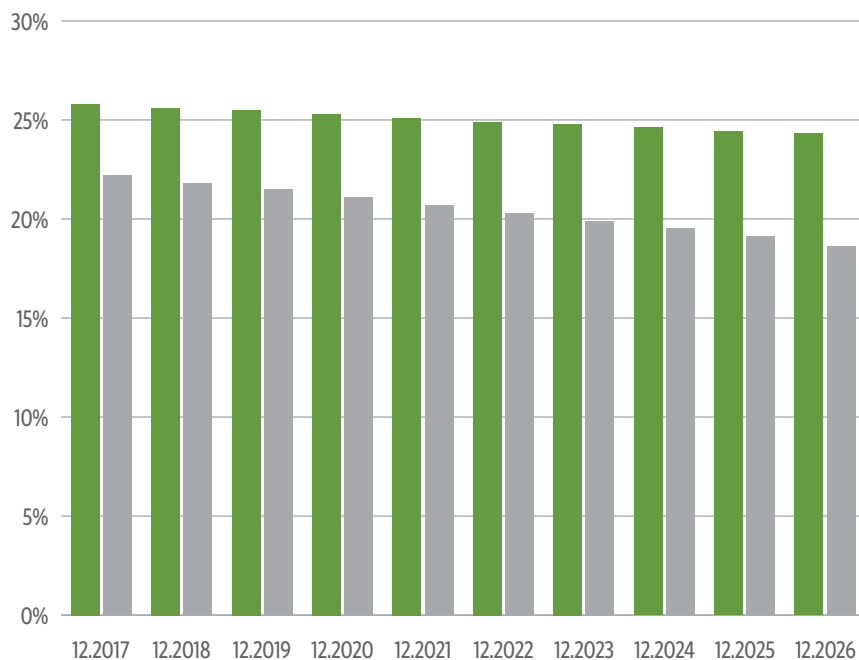
## Theme #3

# Aging of the Millennials

Ages of people in the millennial generation currently span from high school age to the mid-30s, and as the largest generation ever, millennials will have a larger impact on the economy compared to older generations. Note in the accompanying chart that millennials are predicted to make up an increasingly larger share of total population relative to the baby boomer generation. NDR believes the U.S. will continue to see increased household formation from millennials, which translates to spending on houses and household products, cars, and select retailers. Potential tax cuts from the new administration should also lead to increased spending as disposable incomes increase. To participate in this theme, the portfolio is invested in a broad range of stocks in the consumer discretionary sector.

### Projected Percentage of U.S. Population by Generation

■ Millennials (Born 1982-2000) ■ Boomers (Born 1946-1964)



Source: 2014 National Population Projections (U.S. Census Bureau)

Holdings, breakdown, and weightings are as of 8.22.2017 and subject to change.

#### Consumer Discretionary - 28.64%

Company	Ticker	Description
Best Buy Co., Inc.	BBY	Retails consumer electronics, home office products, entertainment software, appliances, and related services through its retail stores and its web site.
Brunswick Corp.	BC	Manufactures consumer products serving the outdoor and indoor active recreation markets.
D R Horton, Inc.	DHI	Constructs and sells single-family homes designed primarily for the entry-level and move-up markets.
Grand Canyon Education, Inc.	LOPE	Provides online post secondary education services.
ILG, Inc.	ILG	Provides professionally delivered vacation services and is a global licensee of luxury hospitality brands.
LCI Industries	LCII	Manufactures recreational vehicles and equipment worldwide.
Lear Corp.	LEA	Manufactures automobile parts.
Marriott Intl., Inc. -CI A	MAR	A worldwide operator and franchisor of hotels.
Mohawk Industries, Inc.	MHK	Designs, manufactures, sources, distributes, and markets flooring for residential and commercial applications.
Starbucks Corp.	SBUX	Retails, roasts, and provides its own brand of specialty coffee worldwide.
Visteon Corp.	VC	Supplies automotive systems, modules, and components to vehicle manufacturers and the aftermarket on a worldwide basis.

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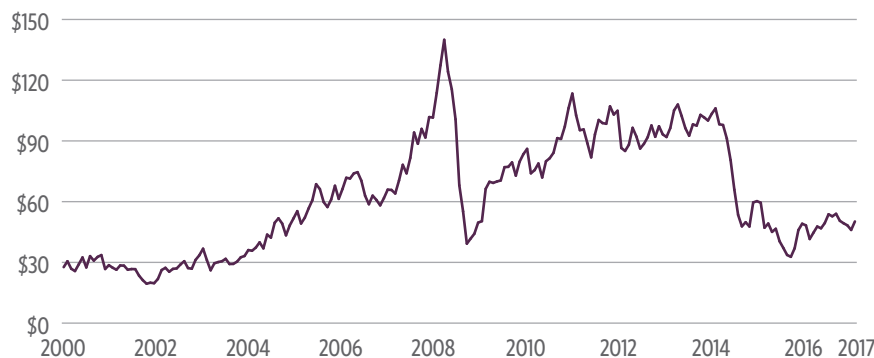


## Theme #4

# Rising Oil Prices

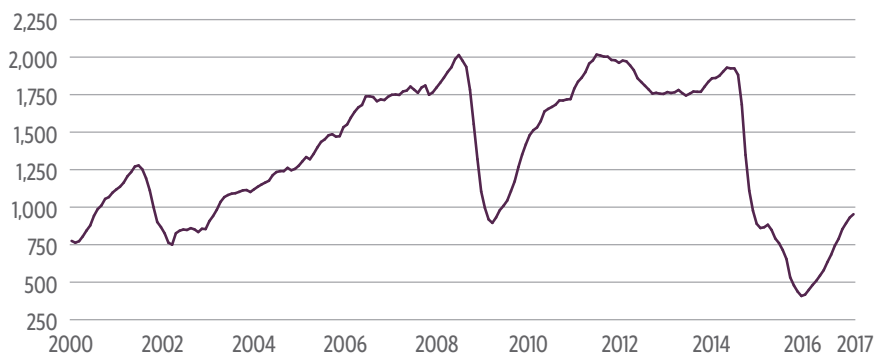
After hovering around \$100/barrel (\$/bbl) from 2011–2014, crude oil prices fell roughly 75 percent through 2015 (see top chart below). Using historical secular movements in oil prices as a guide, we believe the rally in prices that started in 2016 will continue for several years aided by a mismatch in oil consumption with production. NDR believes demand will be robust in a relatively strong global economy, but that production could struggle to keep up because of cutbacks in oil exploration and production (see bottom chart) during the most recent oil bear market. The potential for an oil shortage should cause prices to rise until the oil and gas industries can adequately ramp up their production levels. NDR has selected stocks of companies in the energy sector we believe to be well positioned to benefit from global growth and a bull market in oil.

### West Texas Intermediate Crude Oil (\$/bbl)



Source: U.S. Energy Information Administration as of 8.11.2017. West Texas Intermediate Crude Oil: Crude oil is the world's most actively traded commodity, and the NYMEX Division light, sweet crude oil futures contract is the world's most liquid forum for crude oil trading, as well as the world's largest-volume futures contract trading on a physical commodity.

### U.S. Oil and Natural Gas Rig Counts



Source: Baker Hughes Incorporated, as of 8.11.2017

Holdings, breakdown, and weightings are as of 8.22.2017 and subject to change.

#### Energy Sector - 10.84%

Company	Ticker	Description
Exxon Mobil Corp.	XOM	Operates petroleum and petrochemicals businesses on a worldwide basis.
Halliburton Co.	HAL	Provides energy and engineering and construction services, as well as manufactures products for the energy industry.
Helmerich & Payne	HP	Provides contract drilling of oil and gas wells in the Gulf of Mexico and South America.
Marathon Petroleum Corp.	MPC	Operates as an oil and gas exploration company.
Oasis Petroleum, Inc.	OAS	Operates as an oil and gas exploration company.

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## Portfolio Summary

Inception Date	8.23.2017
Termination Date	11.28.2018
Initial Offer Price	\$10.00
Number of Issues	40
Historical Annual Dividend Distribution <sup>1</sup>	\$0.1304
Distributions	25th day of each month commencing on 9.25.2017, if any

## Ticketing Information

CUSIP (cash payment)	40172X485
CUSIP (reinvestment accounts)	40172X493
CUSIP (fee-cash)	40172X501
CUSIP (fee-reinvest)	40172X519
Ticker	CTOPAX

## Sales Charges

Standard Accounts	Amount Per Unit	Percentage of Public Offering Price
Deferred S/C <sup>2</sup>	\$0.135	1.35%
Creation and Development (C&D) Fee	\$0.050	0.50%
Total S/C	\$0.185	1.85%

Fee/Wrap Accounts <sup>3</sup>	Amount Per Unit	Percentage of Public Offering Price
Creation and Development (C&D) Fee	\$0.050	0.50%
Total S/C	\$0.050	0.50%

<sup>1</sup> The Historical Annual Dividend Distribution is as of 8.22.2017 and subject to change. The amount of distributions paid by the Trust's securities may be lower or greater than the above stated amount due to certain factors that may include, but are not limited to, a change in the dividends paid by issuers, a change in Trust expenses or the sale or maturity of securities in the portfolio. Fees and expenses of the Trust may vary as a result of a variety of factors including the Trust's size, redemption activity, brokerage and other transaction costs and extraordinary expenses. <sup>2</sup> The deferred sales charge (DSC) is a fixed amount and will be deducted in monthly installment on the last business day commencing December 2017 and ending February 2018 or upon early redemption. For unit prices other than \$10, percentages of C&D fees, and DSCs will vary but in no event will the maximum sales charge (S/C) exceed the total S/C. Early redemption of units will still cause payment of the DSC. However, an initial sales charge, which is equal to the difference between the maximum S/C and the sum of any remaining deferred S/C charges and C&D, will be charged if the price paid for units exceeds \$10 per unit. <sup>3</sup> For unit prices other than \$10, percentage of the C&D fee will vary.

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**Industry Index Definitions:** **S&P 500 Aerospace & Defense Index** is a capitalization-weighted index. The index is comprised of manufacturers of civil or military aerospace and defense equipment, parts or products. Includes defense electronics and space equipment. **S&P 500 Machinery Index** is a capitalization-weighted index. The index is comprised of manufacturers of industrial machinery and industrial components. Includes companies that manufacture presses, machine tools, compressors, pollution control equipment, elevators, escalators, insulators, pumps, roller bearings and other metal fabrications. **S&P 500 Construction & Engineering Index** is a capitalization-weighted index. The index is comprised of companies engaged in primarily non-residential construction. Includes civil engineering companies and large-scale contractors. Excludes companies classified in the Homebuilding sub-industry. Indexes are unmanaged and it is not possible to invest directly into an index.

**Risk Considerations:** As with all investments, you may lose some or all of your investment in the Trust. No assurance can be given that the Trust's investment objective will be achieved. The Trust also might not perform as well as you expect. This can happen for reasons such as these: • Securities prices can be volatile. • Securities selected according to this strategy may not perform as intended. The Trust is exposed to additional risk due to its policy of investing in accordance with an investment strategy. Although the Trust's investment strategy is designed to achieve the Trust's investment objective, the strategy may not prove to be successful. The investment decisions may not produce the intended results and there is no guarantee that the investment objective will be achieved. • The Trust is concentrated in the financial sector. The factors that impact the financial sector will likely have a greater effect on this Trust than on a more broadly diversified trust. The profitability of companies in the financial sector is largely dependent upon the availability and cost of capital which may fluctuate significantly in response to changes in interest rates and general economic developments. Financial sector companies are subject to the adverse effects of economic recession, decreases in the availability of capital, volatile interest rates, portfolio concentrations in geographic markets and in commercial and residential real estate loans, and competition from new entrants in their fields of business. • The Trust is concentrated in the consumer discretionary sector. The factors that impact the consumer discretionary sector will likely have a greater effect on this Trust than on a more broadly diversified trust. The success of consumer discretionary companies, which manufacture products and provide discretionary services directly to the consumer, is tied closely to the performance of the overall domestic and international economy, interest rates, competition and consumer confidence, and also depends heavily on disposable household income and consumer spending. Changes in demographics and consumer tastes can also affect the demand for, and success of, consumer discretionary products in the marketplace. • The Trust invests in securities issued by small-capitalization and mid-capitalization companies, which may have limited product lines, markets or financial resources and may be more vulnerable to adverse general market or economic developments. These securities customarily involve more investment risk than securities of large-capitalization companies. • Share prices or dividend rates on the securities in the Trust may decline during the life of the Trust. • Inflation may lead to a decrease in the value of assets or income from investments. Please see the Trust prospectus for more complete risk information.

Unit Investment Trusts are fixed, not actively managed and should be considered as part of a long-term strategy. Investors should consider their ability to invest in successive portfolios, if available, at the applicable sales charge. UITs are subject to annual fund operating expenses in addition to the sales charge. Investors should consult an attorney or tax advisor regarding tax consequences associated with an investment from one series to the next, if available, and with the purchase or sale of units. Guggenheim Funds Distributors, LLC does not offer tax advice.

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