



CLAYMORESM

Fiduciary/Claymore MLP Opportunity Fund Portfolio Manager Commentary

Q2 2009

 CLOSED-END FUNDS

NYSE: FMO

Market Overview

In the preceding 12 months, the U.S. economy witnessed gasoline prices above \$4 per gallon, residential house prices incurring double-digit declines, the seizing of credit and near-collapse of the banking system, rising unemployment rates and a stock market decline of (56.7%) from the October 12, 2007 peak to March 9, 2009 trough. This tsunami of events resulted in the U.S. economy contracting at annual rates of (5.1%), (6.3%) and (5.5%) in third quarter 2008, fourth quarter 2008 and first quarter 2009, respectively. The decline in second quarter 2009 probably moderated to approximately (1.0%).

Where do we go from here? We cannot recall a time when credible arguments were made for such widely divergent views. One view is the monetary stimulus deriving from printed money will translate into accelerating inflation rates. Implicit in this view is a rapidly expanding economy with consumers bidding up the prices for goods and services. Conversely, a prevalent view indicates that U.S. consumers will continue to deleverage and increase their savings rates (to as high as 15% according to one prominent economist). This view implies a deflationary environment with low consumption rates and a slow growth economy.

We continue to believe the economy will have modest growth in the second half of 2009, and inflation will not be a material event. This relatively optimistic view is based in large part on the overwhelming levels of fiscal and monetary stimulus applied in the U.S. and globally. A number of "green shoots" suggest recovery is underway. Short term interest rates are near zero, and corporate bond yields have declined dramatically. Although banks remain reluctant lenders, their balance sheets, along with credit markets generally, have improved significantly. Auto production is scheduled to increase in the third quarter by 15% or more at both Chrysler and Ford. Industrial production has improved in a number of countries, especially in the Far East. In our opinion, these are clear signs of recovery.

Although economic recovery may be at hand, the strength of recovery and sustainable growth may be less than in previous cycles. Although consumers have increased their savings rate, they remain highly leveraged relative to prior cycles. To the extent savings are above levels of the past cycle, spending likely will be less.

From an asset allocation perspective, corporate bonds continue to afford attractive value; but we believe equities afford better long-term value. If our assessment is correct that the economic recovery is near, equities are a high probability to outperform as they have in prior recoveries.

As noted above, the U.S. economy was hit hard in the prior three quarters, and many leading companies' earnings and share prices suffered commensurately. We will continue to look for opportunities in stocks that were hit hard but will be positioned to participate in the improving economy. The companies with strong balance sheets and credit availability should be the best investments in the next cycle.

Master Limited Partnerships ("MLPs") remain an attractive option, in our opinion. The current 9% average distribution yields for MLPs remain well above long-term historical averages. We believe the distributions, combined with modest distribution growth over the next few years, should provide investors with a solid total return potential.



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MLPs

MLPs extended their strong performance during the second quarter. The Alerian MLP Index¹ gained 19.3%, outperforming the S&P 500 Index² return of 15.9%.

MLP fundamentals have benefited this year from an increased commodity price outlook and improving credit markets. The fundamentals for most businesses conducted in the MLPs we own have sustained better than other parts of the economy. This is a reflection of the strategic importance of these businesses, primarily the delivery of commodities used to produce energy for the economy as a whole. The second quarter showed evidence that the domestic economy has begun to bottom. We expect improvement in the economy to continue in the second half of 2009 and with it improved performance in the broader equity and credit markets. We expect an improving economic outlook to be a precedent for continued strengthening of MLP equities.

We continue to view MLPs as attractive investments for long-term investors. Despite the Alerian MLP Index's 32.7% year-to-date return, MLPs continue to look attractive on an absolute and relative basis. MLP yields versus comparable asset classes (yield spreads) such as government bonds, corporate bonds, or REITs, are historically high and, in fact, widened into the end of the quarter. Furthermore, the delivery of energy into the domestic economy is strategically significant and, therefore, so are the assets operated by many MLPs.

The market appears to be undervaluing faster growing (growth) MLPs. We expect that current economic conditions support the existing distribution levels for the majority of MLPs. During the first half of 2009, 40% of MLPs raised distributions, 16% cut or suspended distributions, and the remainder held distributions flat. From this base, we expect improving economic conditions to support growing distributions for many MLPs. However, current valuations are penalizing MLPs that are expected to grow. The higher the growth expectation, the higher the yield (or lower valuation) assigned to that MLP by the market.

MLP growth generally requires capital and this need to raise capital may explain the market's apparent aversion to higher growth MLPs. We are encouraged that MLPs have continued to demonstrate access to the public markets, with 20 MLPs raising a total of \$4.1 billion of debt and \$2.2 billion of equity during the second quarter. This clearly indicates momentum over the first quarter, when 11 issuers raised a total of \$1.1 billion of debt and \$1.9 billion of equity.

This theme is reflected by a preference for general partnerships (GPs) versus limited partnerships (LPs). Several mid and large-sized MLPs offer publicly-traded LP and GP units. Generally, both the LP and the GP have economic interest in the same assets but the GP units should benefit more from any future distribution growth or unit issuance. Many related LP/GP pairs are trading at very similar valuations, implying little distribution growth or unit issuance in the future.

We believe investors should remain focused on high quality MLPs with strong balance sheets. We expect that these MLPs may be buyers of distressed assets, potentially delivering long-term value to unitholders by buying assets at low valuations.

There are risks to MLP performance over the remainder of this year. The risks to solid MLP performance include (in order): a re-tightening of the capital markets, a decline in commodity price levels to new multi-year lows, more distribution cuts than we currently forecast, or legislative reform.



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During the second quarter, all MLP sectors provided positive performance. Upstream E&P MLPs led the way with natural gas pipeline MLPs providing the lowest returns. Smaller capitalization, higher yielding MLPs generally outperformed the larger capitalization and lower yielding MLPs. Performance in 2008 was dominated by MLPs perceived to have the best combination of trading liquidity and income security. In the second quarter, investors found a renewed interest in assuming some risk and many smaller, less liquid, or commodity-focused MLPs benefited.

For illustrative purposes only. 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.

The forecasts and opinions are those of Fiduciary Asset Management LLC as of June 30, 2009 and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of individual holdings or market sectors, but as an illustration of broader themes. Such forward-looking statements are subject to significant business, economic and competitive uncertainties and actual results could be materially different. There are no guarantees associated with any forecast.

There can be no assurance that any closed-end fund will achieve its investment objective(s). The value of any closed-end fund will fluctuate with the value of the underlying securities. Until the original listing of a closed-end fund on an exchange, no closed-end fund's shares will have a history of public trading and, historically closed-end funds often trade at a discount to their net asset value.

¹The Alerian MLP Index is a composite of the 50 most prominent energy master limited partnerships calculated by Standard & Poor's using a float-adjusted market capitalization methodology.

²Standard and 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 index is unmanaged and it is not possible to invest directly in an index.

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