

GUGGENHEIM ENHANCED EQUITY STRATEGY FUND  
Form N-CSR  
January 08, 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 811-21455

Guggenheim Enhanced Equity Strategy Fund  
(Exact name of registrant as specified in charter)

227 West Monroe Street  
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Amy J. Lee  
227 West Monroe Street  
Chicago, IL 60606

(Name and address of agent for service)

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

Date of fiscal year end: October 31

Date of reporting period: October 31, 2014

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:

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[GUGGENHEIMINVESTMENTS.COM/GGE](http://GUGGENHEIMINVESTMENTS.COM/GGE)

... YOUR PATH TO THE LATEST, MOST UP-TO-DATE INFORMATION ABOUT THE GUGGENHEIM ENHANCED EQUITY STRATEGY FUND

The shareholder report you are reading right now is just the beginning of the story. Online at [guggenheiminvestments.com/gge](http://guggenheiminvestments.com/gge), you will find:

- Daily, weekly and monthly data on share prices, net asset values, distributions and more
  - Monthly portfolio overviews and performance analyses
  - Announcements, press releases and special notices
  - Fund and adviser contact information

We are constantly 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.

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October 31, 2014

DEAR SHAREHOLDER

We thank you for your investment in the Guggenheim Enhanced Equity Strategy Fund (the “Fund”). This report covers the Fund’s performance for the 12 months ended October 31, 2014.

The Fund’s primary investment objective is to provide a high level of current income, with a secondary objective of capital appreciation.

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 October 31, 2014, the Fund generated a total return of 8.17% based on market price and a return of 10.10% based on NAV. As of October 31, 2014, the Fund’s market price of \$18.70 represented a discount of 4.49% to NAV of \$19.58.

Past performance is not a guarantee of future results. The Fund’s NAV performance data reflects fees and expenses of the Fund. The market price of the Fund’s shares fluctuates from time to time, and it may be higher or lower than the Fund’s NAV.

The Fund paid a quarterly distribution of \$0.485 in November 2013 and in February, May and August of 2014. The most recent distribution represents an annualized distribution rate of 10.37% based on the Fund’s closing market price of \$18.70 as of October 31, 2014.

Guggenheim Funds Investment Advisors, LLC (“GFIA” or 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.

GPIM seeks to achieve the Fund’s investment objectives by obtaining broadly diversified exposure to the equity markets utilizing an enhanced equity option strategy developed by GPIM. In connection with the implementation of GPIM’s strategy, the Fund utilizes financial leverage. The goal of the use of financial leverage is to enhance shareholder value, consistent with the Fund’s investment objective. The Fund’s use of financial leverage is intended to be flexible in nature and is monitored and adjusted, as appropriate, on an ongoing basis by the Adviser and GPIM. Leverage is generally maintained between 20% and 30% of the Fund’s total assets. The Fund currently employs financial leverage through the use of a bank line of credit.

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 23 of this report. When shares trade at a discount to NAV, the DRIP takes advantage of the discount by reinvesting the quarterly dividend 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’ dividends 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 potential benefits of compounding returns over time.

To learn more about the Fund’s performance and investment strategy for the 12 months ended October 31, 2014, we encourage you to read the Questions & Answers section of this report, which begins on page 4.

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/gge](http://guggenheiminvestments.com/gge).

Sincerely,

Donald C. Cacciapaglia  
President & Chief Executive Officer  
Guggenheim Enhanced Equity Strategy Fund

November 30, 2014

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QUESTIONS & ANSWERS

October 31, 2014

The Guggenheim Enhanced Equity Strategy Fund (the “Fund”) is managed by a team of seasoned professionals at Guggenheim Partners Investment Management, LLC (“GPIM” or the “Sub-Adviser”). This team includes B. Scott Miner, Chairman of Investments and Global Chief Investment Officer; Anne Bookwalter Walsh, CFA, JD, Assistant Chief Investment Officer; Farhan Sharaff, Assistant Chief Investment Officer, Equities; Jayson Flowers, Senior Managing Director and Head of Equity and Derivative Strategies; Daniel Cheeseman, Portfolio Manager; and Perry Hollowell, Portfolio Manager. Jamal Pesaran, Portfolio Manager, resigned from the firm effective before the period ended. In the following paragraphs, the investment team discusses positioning of the Fund and performance for the one-year period ended October 31, 2014.

Please describe the Fund’s objective and management strategies.

The Fund’s primary investment objective is to provide a high level of current income, with a secondary objective of capital appreciation. The Fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities. GPIM seeks to achieve the Fund’s investment objectives by obtaining broadly diversified exposure to the equity markets and utilizing a covered call strategy developed by GPIM. The Fund may seek to obtain exposure to equity markets through investments in exchange-traded funds or other investment funds that track equity market indices, through investments in individual equity securities and/or through derivative instruments that replicate the economic characteristics of exposure to equity securities or markets.

The Fund utilizes leverage to seek to deliver a portfolio targeting similar risk exposure as the Standard & Poor’s 500® Index (the “S&P 500”) while presenting the potential benefit of greater income and a focus on capital appreciation.

Currently GPIM seeks to obtain exposure to equity markets by investing primarily in exchange-traded funds (“ETFs”). ETFs are selected for broadly based market exposure and broad sector exposures. Only highly liquid securities are held, since liquidity is essential for a strategy that seeks to benefit from market volatility.

The Fund has the ability to write call options on the ETFs or on indices that the ETFs may track, which will typically be at- or out-of-the money. GPIM’s strategy typically targets one-month options, although options of any strike price or maturity may be used. The Fund may, but does not have to, cover 100% of the equity holdings in the portfolio. The hedge ratio may be adjusted depending on the investment team’s view of the market.

GPIM may engage in selling call options on indices, which could include securities that are not specifically held by the Fund. In connection with the Fund’s ability to write call options, the Fund earmarks or segregates cash or liquid securities or otherwise covers such transactions.

An option on an index is considered covered if the Fund also holds shares of a passively managed ETF that fully replicates the respective index and has a value at least equal to the notional value of the option written.

The Fund seeks to achieve its primary investment objective of seeking a high level of current income through premiums received from selling options and dividends paid on securities owned by the Fund. Although the Fund will receive premiums from the options written, by writing a covered call option, the Fund forgoes any potential increase in value of the underlying securities above the strike price specified in an option contract through the expiration date of the option.

To the extent GPIM's strategy seeks to achieve broad equity exposure through a portfolio of common stocks, the Fund would expect to hold a diversified portfolio of stocks. To the extent GPIM's equity exposure strategy is implemented through investment in broad-based equity ETFs or other investment funds or derivative instruments that replicate the economic characteristics of exposure to equity securities markets, the Fund's portfolio is expected to comprise fewer holdings.

The Fund ordinarily focuses its investments on securities of U.S. issuers, but may invest up to 15% of its total assets in U.S. dollar-denominated securities of foreign issuers. The Fund may invest in or seek exposure to equity securities of issuers of any market capitalization.

What was the economic and market environment over the last 12 months?

The U.S. economy continued to grow throughout the 12 months ended October 31, 2014, despite some seasonal volatility in September and October that caused spreads in leveraged credit to widen and upward momentum in U.S. stocks to deteriorate. By the end of October, the spread widening had reversed and equities regained their footing, with some key indices shooting to new highs. Markets similarly overcame a weather-related winter soft patch in the first quarter of 2014.

U.S. economic data remain strong, with the third quarter's 3.5% GDP growth signaling that the economy was doing well across the spectrum. Among the highlights: strong net exports, unemployment that had fallen faster than expected and consumer confidence that was at seven year highs. The fact that government at the state and local level was contributing to GDP growth suggested that a major headwind for the economy—

October 31, 2014

contracting government spending—has gone away. Lower energy prices are also likely to help boost consumption in the near term.

The U.S. is adding close to 230,000 jobs per month on average in 2014, considerably more than 2013's monthly average of 194,000. Employment levels are transitioning from the recovery phase to the expansion phase, which typically coincides with accelerating economic activity. The downward trend in labor force participation has begun to flatten and, as a result, the rapid decline in the nation's unemployment rate should begin to slow. Until unemployment falls below 5.5 percent, it's unlikely that the U.S. economy will experience the kind of meaningful wage pressure that would spur action by the U.S. Federal Reserve (the "Fed"). An improving labor market, subdued mortgage rates, and tight housing inventory all point to a rebound in the housing market.

Growth in Japan and Europe continued to stagnate. The slowdown in the euro zone is concentrated at the core rather than the periphery. To combat disinflation and muted credit growth, the European Central Bank ("ECB") enacted further monetary easing and instigated its own unique brand of quantitative easing. Japan's major increase in monetary accommodation in late October surprised markets, but could not forestall the Japanese economy tipping into recession after the period ended. The latest Japanese accommodation came just days after the Fed ended its own quantitative easing program.

Overseas geopolitical concerns and comparatively attractive yields have pushed global investors to U.S. Treasuries. Such "beggar thy neighbor" policies from Europe and Asia were the main driving force behind the most recent rally in U.S. fixed income, and indicate that U.S. long-term rates should continue to be well supported.

Consensus among investors was that the Fed would begin to hike in the second half of 2015. However, the precipitous decline in energy and commodity prices, the strengthening of U.S. dollar and competitive pressures on prices for traded goods will probably push inflation, as measured by the Fed's favored personal consumption expenditures deflator, down toward 1 percent, raising the likelihood that any increase in the policy rate may be pushed into 2016.

The CBOE S&P 500 BuyWrite Index ("BXM"), the covered call benchmark used by the Fund for decomposing performance, returned 8.27% for the 12-month period ended October 31, 2014. The Fund's benchmark, the S&P 500, returned 17.27% for the period.

How did the Fund perform in this environment?

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 October 31, 2014, the Fund generated a total return of 8.17% based on market price and a return of 10.10% based on NAV. As of October 31, 2014, the Fund's market price of \$18.70 represented a discount of 4.49% to NAV of \$19.58. As of October 31, 2013, the Fund's market price of \$19.13 represented a discount of 2.30% to NAV of \$19.58.

Past performance is not a guarantee of future results. The Fund's NAV performance data reflects fees and expenses of the Fund. The market price of the Fund's shares fluctuates from time to time, and it may be higher or lower than the Fund's NAV.



The Fund's market price performance reflects an increase in its discount to NAV, widening from -2.30% 12 months ago to -4.49% as of October 31, 2014. It trailed the S&P 500, which reached an all-time high late in the period. The Fund aims to have volatility similar to the S&P 500 Index. Over the period, the Fund's standard deviation was 12.24%, compared with 11.02% for the S&P 500 Index. The Fund's distribution rate, 10.37%, based on the Fund's most recent distribution annualized and the closing market price on October 31, 2014, compared favorably with the approximately 2% yield of the S&P 500.

Equity market volatility as measured by the Chicago Board Options Exchange Volatility Index ("VIX"), a proxy for implied volatility, was mostly in the low teens for the period before rising to 26 in October amid worries about global growth. The low implied volatility for most of the period reduced the options premiums the Fund gained through the sale of call options, limiting a source of potential alpha for the Fund.

What were the Fund's distributions?

The Fund paid a quarterly distribution of \$0.485 in November 2013 and in February, May and August of 2014. The most recent distribution represents an annualized distribution rate of 10.37% based on the Fund's closing market price of \$18.70 as of October 31, 2014.

What drove the Fund's performance?

Equity prices continued to climb through the period, with major indices hitting record highs in October. Even though the Fed ended its quantitative easing program in October, more liquidity came into U.S. equity markets from Europe and Asia, helping maintain the positive environment for risk assets.

QUESTIONS & ANSWERS continued

October 31, 2014

Among the factors influencing Fund performance, returns on underlying portfolio holdings was a major contributor. The S&P 500 was again a top performer for the period, with a return of 17.3%. The broad tech measure (NASDAQ 100) was the major outperformer against the S&P 500, returning 24.7%. The Dow Jones Industrial Average returned 14.5%. The Fund tends to be composed of a wide set of equity index exposures, so the performance is a weighted average blend of underlying holdings and the options sold against them.

With the low implied volatility that prevailed for much of the period and sluggish realized moves, the premium extracted from selling call options was minimal and did not fully offset the capital appreciation loss from selling those call options.

The use of leverage positively contributed to Fund performance, which is typically the case when the market moves higher over a specific period. The use of leverage within the strategy is part of the rule set, with the amount of leverage employed changing in accordance with variability in economic conditions. Leverage is generally maintained between 20% and 30% of the Fund's total assets through the use of a bank line of credit. Leverage at the end of the period was 30%. There is no guarantee that the Fund's leverage strategy will be successful, and the Fund's use of leverage may cause the Fund's NAV and market price of common shares to be more volatile than if no leverage was employed by the Fund.

Do you have any other comments about the Fund?

The Fund's NAV return and market return lagged the broad market. The 12-month period ended October 31, 2014, was characterized by above-average equity returns coupled with excessively low levels of implied volatility. In such an atypical environment, the Fund may underperform; however, over time, the Fund seeks to outperform its benchmark with similar risk and greater income.

Index Definitions:

Indices are unmanaged and it is not possible to invest directly in an index.

The Chicago Board Options Exchange Volatility Index, often referred to as the VIX (its ticker symbol), the fear index or the fear gauge, is a measure of the implied volatility of S&P 500 options. It represents a measure of the market's expectation of stock market volatility over the next 30 day period. Quoted in percentage points, the VIX represents the expected daily movement in the S&P 500 over the next 30-day period, which is then annualized.

The CBOE S&P 500 BuyWrite Index (BXM) is a benchmark index designed to show the hypothetical performance of a portfolio that purchases all the constituents of the S&P 500 Index and then sells at-the-money (meaning same as purchase price) calls of one-month duration against those positions.

The S&P 500 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 NASDAQ-100 Index includes 100 of the largest domestic and international non-financial securities listed on The NASDAQ Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not

contain securities of financial companies including investment companies.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

#### GGE 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 contain forward-looking statements that involve risk and uncertainty, and there is no guarantee they 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. Past performance does not guarantee future results.

Please see [guggenheiminvestments.com/gge](http://guggenheiminvestments.com/gge) for a detailed discussion of the Fund's risks and other considerations.

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## FUND SUMMARY (Unaudited)

October 31, 2014

## Fund Statistics

Share Price	\$18.70
Net Asset Value	\$19.58
Discount to NAV	-4.49%
Net Assets (\$000)	\$97,783

## AVERAGE ANNUAL TOTAL RETURNS FOR THE PERIOD ENDED OCTOBER 31, 2014

	One Year	Three Year	Five Year	10 Year	Since Inception (1/27/04)
Guggenheim Enhanced Equity Strategy Fund					
NAV	10.10%	11.77%	12.90%	-8.86%	-8.06%
Market	8.17%	16.73%	13.42%	-8.04%	-8.14%

Portfolio Breakdown	% of Net Assets
Exchange-Traded Funds	147.9%
Short Term Investments	3.5%
Options Written	-6.7%
Total Investments	144.7%
Other Assets & Liabilities, net	-44.7%
Net Assets	100.0%

Past performance does not guarantee future results and does not reflect the deduction of taxes that a shareholder would pay on fund distributions. NAV performance data reflects fees and expenses of the fund. All portfolio data is subject to change daily. For more current information, please visit [guggenheiminvestments.com/gge](http://guggenheiminvestments.com/gge). The above summaries are provided for information purposes only and should not be viewed as recommendations.

## PORTFOLIO OF INVESTMENTS

October 31, 2014

	Shares	Value
<b>EXCHANGE-TRADED FUNDS† — 147.9%</b>		
SPDR S&P 500 ETF Trust1	358,000	\$ 72,194,280
Powershares QQQ Trust Series 11	289,500	29,355,300
SPDR Dow Jones Industrial Average ETF Trust1	145,000	25,150,250
SPDR S&P MidCap 400 ETF Trust1	28,000	7,227,360
Financial Select Sector SPDR Fund1	151,500	3,611,760
Consumer Discretionary Select Sector SPDR Fund1	52,600	3,582,060
Energy Select Sector SPDR Fund1	40,400	3,531,768
Total Exchange-Traded Funds		
(Cost \$141,538,771)		144,652,778
<b>SHORT TERM INVESTMENTS† - 3.5%</b>		
Dreyfus Treasury Prime Cash Management Institutional Shares	3,376,907	3,376,907
Total Short Term Investments		
(Cost \$3,376,907)		3,376,907
Total Investments — 151.4%		
		\$
(Cost \$144,915,678)		148,029,685
	Contracts (100 shares per contract)	Value
<b>OPTIONS WRITTEN† — (6.7)%</b>		
Call options on:		
Energy Select Sector SPDR Fund Expiring November 2014 with strike price of \$86.00*	404	\$ (109,282)
Consumer Discretionary Select Sector SPDR Expiring November 2014 with strike price of \$66.00*	526	(126,766)
Financial Select Sector SPDR Fund Expiring November 2014 with strike price of \$23.00*	1,515	(141,653)
SPDR S&P MidCap 400 ETF Trust Expiring November 2014 with strike price of \$245.00*	280	(371,000)
SPDR Dow Jones Industrial Average ETF Trust Expiring November 2014 with strike price of \$167.00*	1,450	(975,125)
Powershares QQQ Trust Series 1 Expiring November 2014 with strike price of \$96.00*	2,895	(1,598,040)
SPDR S&P 500 ETF Trust Expiring November 2014 with strike price of \$193.00*	3,580	(3,261,380)
Total Call Options		(6,583,246)
Total Options Written		
(Premiums received \$1,374,033)		(6,583,246)
Other Assets & Liabilities, net — (44.7)%		(43,663,463)
Total Net Assets — 100.0%		\$ 97,782,976

\* Non-income producing security.

Value determined based on Level 1 inputs — See Note

† 4.

Security is segregated as collateral for open written option contracts and  
1 borrowings outstanding.

S&P Standard & Poor's.

See notes to financial statements.

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## STATEMENT OF ASSETS AND LIABILITIES

October 31, 2014

## ASSETS:

Investments, at value (Cost \$144,915,678)	\$148,029,685
Cash	7,165
Receivables:	
Dividends	22,151
Other Assets	14,950
Total assets	148,073,951

## LIABILITIES:

Borrowings	43,500,000
Options written, at value (premiums received of \$1,374,033)	6,583,246
Interest due on borrowings	13,477
Payable for:	
Investment advisory fees	89,940
Fund accounting fees	4,785
Administration fees	2,593
Total Other Fees	96,934
Total liabilities	50,290,975
NET ASSETS	\$97,782,976

## NET ASSETS CONSIST OF:

Common shares, \$0.01 par value per share; unlimited number of shares authorized, 4,993,991 shares issued and outstanding	\$49,940
Additional paid-in capital	743,998,226
Accumulated net investment loss	(1,149,516 )
Accumulated net realized loss on investments and options	(643,020,468)
Net unrealized depreciation on investments and options	(2,095,206 )
NET ASSETS	\$97,782,976
Shares outstanding (\$0.01 par value with unlimited amount authorized)	4,993,991
Net asset value, per share	\$19.58

See notes to financial statements.

STATEMENT OF OPERATIONS For the year ended October 31, 2014

October 31, 2014

## INVESTMENT INCOME:

Dividends	\$ 510,232
Interest	243
Total investment income	510,475

## EXPENSES:

Investment advisory fees	1,136,938
Interest expense	319,184
Professional fees	99,492
Trustee fees	89,238
Fund Accounting fees	50,091
Administration fees	36,783
Printing fees	52,454
Registration fees	23,750
Transfer agent fees	20,304
Insurance	19,604
Custodian fees	10,043
Other fees	1,659
Total expenses	1,859,540

## Less:

Expenses waived by advisor	(66,879 )
Net expenses	1,792,661
Net investment loss	(1,282,186 )

## NET REALIZED AND UNREALIZED GAIN (LOSS):

## Net realized gain on:

Investments	10,689,165
Options written	3,484,148
Net realized gain	14,173,313

## Net change in unrealized appreciation (depreciation) on:

Investments	1,771,193
Options written	(4,963,192 )
Net change in unrealized appreciation (depreciation)	(3,191,999 )

Net realized and unrealized gain	10,981,314
Net increase in net assets resulting from operations	\$9,699,128

See notes to financial statements.



STATEMENT OF CHANGES IN NET  
ASSETS

October 31, 2014

	Year Ended October 31, 2014	Year Ended October 31, 2013
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:</b>		
Net investment loss	\$ (1,282,186 )	\$ (750,686 )
Net realized gain on investments and options	14,173,313	3,246,099
Net change in unrealized appreciation (depreciation) on investments and options	(3,191,999 )	7,649,941
Net increase in net assets resulting from operations	9,699,128	10,145,354
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM:</b>		
Net investment income	(9,688,344 )	(4,345,053 )
Return of capital	-	(4,481,826 )
Total distributions	(9,688,344 )	(8,826,879 )
Net increase in net assets	10,784	1,318,475
<b>NET ASSETS:</b>		
Beginning of year	97,772,192	96,453,717
End of year	\$ 97,782,976	\$ 97,772,192
Accumulated net investment loss at end of year	\$ (1,149,516 )	\$ (589,108 )

See notes to financial statements.

STATEMENT OF CASH FLOWS For the year ended October 31, 2014

October 31, 2014

Cash Flows from Operating Activities:	
Net increase in net assets resulting from operations	\$9,699,128
Adjustments to Reconcile Net Increase in Net Assets Resulting from Operations to	
Net Cash Used in Operating and Investing Activities:	
Net change in unrealized appreciation on investments	(1,771,193 )
Net change in unrealized depreciation on options	4,963,192
Net realized gain on investments	(10,689,165 )
Net realized gain on options	(3,484,148 )
Purchase of long-term investments	(769,860,961)
Proceeds from sale of long-term investments	763,960,980
Premiums received on call options written	18,166,765
Cost of written options closed	(10,835,541 )
Corporate actions and other payments	323,159
Net purchases of short-term investments	(2,210,218 )
Decrease in dividends receivable	10,203
Decrease in other assets	12,115
Increase in interest payable on borrowings	1,877
Decrease in investment advisory fee payable	(3,240 )
Increase in fund accounting fee payable	4,785
Decrease in administrative fee payable	(111 )
Decrease in total other fees	(92,118 )
Net Cash Used in Operating and Investing Activities	(1,804,491 )
Cash Flows From Financing Activities:	
Distributions paid	(9,688,344 )
Proceeds from borrowings	65,000,000
Payments made on borrowings	(53,500,000 )
Net Cash Provided by Financing Activities	1,811,656
Net increase in cash	7,165
Cash at Beginning of Period	—
Cash at End of Period	\$7,165
Supplemental Disclosure of Cash Flow Information: Cash paid during the period for interest	\$317,307

See notes to financial statements.

## FINANCIAL HIGHLIGHTS

October 31, 2014

This table is presented to show selected data for a share outstanding throughout each period and to assist shareholders in evaluating a Fund's performance for the periods presented.

	Year Ended October 31, 2014	Year Ended October 31, 2013	Year Ended October 31, 2012	Year Ended October 31, 2011	Year Ended October 31, 2010
<b>Per Share Data:</b>					
Net asset value, beginning of period	\$19.58	\$19.31	\$18.09	\$16.92	\$14.86
<b>Income from investment operations:</b>					
Net investment (loss) income(a)	(0.26 )	(0.15 )	(0.15 )	0.23	0.49
Net gain on investments (realized and unrealized)	2.20	2.19	2.62	1.65	2.15
<b>Less distributions to preferred shareholders from:</b>					
Net investment income and return of capital	—	—	—	—	(0.02 )
Total from investment operations	1.94	2.04	2.47	1.88	2.62
<b>Less distributions to common shareholders from:</b>					
Net investment income	(1.94 )	(0.87 )	(1.25 )	(0.27 )	(0.56 )
Return of capital	—	(0.90 )	—	(0.44 )	—
Total distributions to shareholders	(1.94 )	(1.77 )	(1.25 )	(0.71 )	(0.56 )
Net asset value, end of period	\$19.58	\$19.58	\$19.31	\$18.09	\$16.92
Market Value, end of period	\$18.70	\$19.13	\$17.96	\$15.45	\$14.86
<b>Total Return(b)</b>					
Net asset value	10.10 %	11.26 %	13.99 %	11.34 %	18.01 %
Market value	8.17 %	17.47 %	25.22 %	8.79 %	8.45 %
<b>Ratios/Supplemental Data:</b>					
Net assets, end of period (in thousands)	\$97,783	\$97,772	\$96,454	\$90,330	\$84,493
<b>Ratio to average net assets of:</b>					
Net investment income	(1.29 )%	(0.79 )%	(0.77 )%	1.30 %	3.04 %
Total expenses(c)	1.88 %	1.85 %	1.96 %	2.32 %	2.79 %
Net expenses(c)(d)(e)	1.81 %	1.78 %	1.89 %	2.23 %	2.68 %
Portfolio turnover rate	566 %	651 %	645 %	267 %	26 %
<b>Senior Indebtedness</b>					
Total Borrowings outstanding (in thousands)	\$43,500	\$32,000	\$40,000	\$26,000	\$33,000
Asset Coverage per \$1,000 of indebtedness(f)	\$3,248	\$4,055	\$3,411	\$4,474	\$3,560

(a) Based on average shares outstanding

- (b) Total investment 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 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 investment return does not reflect brokerage commissions.
- (c) Expense ratio does not reflect fees and expenses incurred indirectly by the Fund as a result of its investments in shares of other investment companies. If these fees were included in the expense ratio, the increase to the expense ratio would be approximately 0.21% for the year ended October 31, 2014, 0.21% for the year ended October 31, 2013, 0.26% for the year ended October 31, 2012, 0.14% for the year ended October 31, 2011 and 0.00% for the year ended October 31, 2010.
- (d) Net expense information reflects the expense ratios after expense waivers.
- (e) Excluding interest expense, the annualized net operating expense ratios for the year ended October 31, 2014, 2013, 2012, 2011 and 2010 would be 1.49%, 1.46%, 1.55%, 1.90% and 2.18%.
- (f) Calculated by subtracting the Fund's total liabilities (not including borrowings) from the Fund's total assets and dividing by the total borrowings.
- (g) The increase in portfolio turnover compared to the prior years is the result of the change in the Fund's Sub-Adviser and the resulting reallocation of the portfolio holdings.

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

October 31, 2014

Note 1 – Organization:

Guggenheim Enhanced Equity Strategy Fund (the “Fund”) was organized as a Delaware statutory trust on October 20, 2003. The Fund is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund’s primary investment objective is to provide a high level of current income, with a secondary objective of capital appreciation. Effective May 16, 2011, the Fund seeks to achieve its investment objectives by obtaining broadly diversified exposure to the equity markets and utilizing a covered call option strategy which follows a proprietary dynamic rules-based methodology developed by Guggenheim Partners Investment Management, LLC (“GPIM” or the “Sub-Adviser”), an indirect subsidiary of Guggenheim Partners, LLC, a global diversified financial services firm (“Guggenheim”). Prior to May 16, 2011, the Fund pursued its investment objectives by investing its assets primarily in dividend-paying common and preferred stocks. There can be no assurance that the Fund will achieve its investment objectives. The Fund’s investment objectives are considered fundamental and may not be changed without shareholder approval.

Note 2 – Accounting Policies:

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 the significant accounting policies followed by the Funds.

(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.

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. 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 mean of the most recent bid and ask prices 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.

Exchange-traded options are valued at the mean between the bid and ask prices on the principal exchange on which they are traded.

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 fair value.

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 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 by the Valuation Committee, pursuant to methods established or ratified by the Board. Valuations in accordance with these methods are intended to

NOTES TO FINANCIAL STATEMENTS continued

October 31, 2014

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. Dividend income is recorded net of applicable withholding taxes on the ex-dividend date. Interest income, including the amortization of premiums and accretion of discount is accrued daily.

#### (c) Options

The Fund may purchase or sell (write) options on securities and securities indices which are listed on a national securities exchange or in the OTC market as a means of achieving additional return or of hedging the value of the Fund's portfolio. 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 an 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). 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 in 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 a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss.

#### (d) Distributions

The Fund declares and pays quarterly distributions to common shareholders. Any net realized long-term gains are distributed annually. 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.

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

Pursuant to an Investment Advisory Agreement (the "Agreement") between the Fund and the Adviser, GFIA acts as the investment adviser for and supervises the investment and reinvestment of the Fund's assets, supervises the investment program of the Fund, furnishes offices, necessary facilities and equipment, oversees the activities of the Sub-Adviser, provides personnel including certain officers required for the Fund's administrative management and compensates the

officers and trustees, if any, of the Fund who are its affiliates.

Pursuant to a Sub-Advisory Agreement (the “Sub-Advisory Agreement”) among the Fund, the Adviser and the Sub-Adviser, GPIM 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.

Under the Advisory Agreement, GFIA is entitled to receive an investment advisory fee at an annual rate equal to 0.85% of the average daily value of the Fund’s total managed assets. Under the terms of a fee waiver agreement, and for so long as the investment sub-adviser of the Fund is an affiliate of GFIA, GFIA has agreed to waive 0.05% of its advisory fee such that the Fund pays to GFIA an investment advisory fee at an annual rate equal to 0.80% of the average daily value of the Fund’s total managed assets. Pursuant to the Sub-Advisory Agreement, the Adviser pays to GPIM a sub-advisory fee equal to 0.40% of the average daily value of the Fund’s total managed assets.

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%

For the year ended October 31, 2014, the Fund recognized expenses of approximately \$36,783 for these services.



NOTES TO FINANCIAL STATEMENTS continued

October 31, 2014

RFS serves as the accounting agent of 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 the year ended October 31, 2014, the Fund recognized expenses of approximately \$50,091 for these services.

For the 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.

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

#### Note 4 – Fair Value Measurement:

In accordance with U.S. 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. U.S 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.

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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 October 31, 2014:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Exchange Traded				
Funds	\$ 144,652,778	\$-	\$-	\$ 144,652,778
Short Term				
Investments	3,376,907	\$-	\$-	3,376,907
<b>Total Assets</b>	<b>\$ 148,029,685</b>	<b>\$-</b>	<b>\$-</b>	<b>\$ 148,029,685</b>
<b>Liabilities</b>				
Options written	\$6,583,246	\$-	\$-	\$6,583,246
<b>Total Liabilities</b>	<b>\$6,583,246</b>	<b>\$-</b>	<b>\$-</b>	<b>\$6,583,246</b>

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 of Trustees. 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.

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.

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 beginning of the current fiscal period.

There were no transfers between levels during the year ended October 31, 2014.

Note 5 – Federal Income Taxes:

The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. In addition, by distributing substantially all of its ordinary income and long-term capital gains, if any, during each calendar year, the Fund intends not to be subject to U.S. federal excise tax.

At October 31, 2014, the cost of securities for Federal income tax purposes, the aggregate gross unrealized gain for all securities for which there was an excess at value over tax cost was as follows:

Cost of Investments for Tax Purposes	Gross Tax Unrealized Appreciation	Gross Tax Unrealized Depreciation	Net Tax Unrealized Appreciation on Investments
\$145,257,154	\$3,022,618	\$(250,087)	\$2,772,531



NOTES TO FINANCIAL STATEMENTS continued

October 31, 2014

The tax character of distributable earnings/(accumulated losses) at October 31, 2014 was as follows:

	Net Unrealized Appreciation/ Depreciation	Accumulated Capital and Other Losses
	\$(2,436,682)	\$(643,828,508)

The differences between book and tax basis unrealized appreciation (depreciation) is attributable to the tax deferral of losses on wash sales.

For the years ended October 31, 2014 and 2013, the tax character of distributions paid to shareholders as reflected in the Statement of Changes in Net Assets was as follows:

Distributions paid from:	2014	2013
Ordinary income*	\$9,688,344	\$4,345,053
Return of capital	—	4,481,826
	\$9,688,344	\$8,826,879

\* Ordinary income distributions for federal income tax purposes includes distributions from realized gains.

As of October 31, 2014, the following reclassifications was made to the capital accounts of the Fund to reflect permanent book/tax differences, which are primarily due to the differences between book and tax treatment of distributions to shareholders. Net assets were not affected by these changes.

Additional Paid-in Capital	Accumulated Net Investment Loss	Accumulated Net Realized Loss
\$(10,388,226)	\$10,410,122	\$(21,896)

As of October 31, 2014, for federal income tax purposes, the Fund had a capital loss carryforward ("CLCF") of \$642,678,992 available to offset possible future capital gains.

As of October 31, 2014, for federal income tax purposes, the Fund anticipates utilizing \$14,291,683 of CLCF. Of the CLCF, \$193,836,542 is set to expire on October 31, 2016, \$443,299,661 is set to expire on October 31, 2017, and \$5,542,789 is set to expire on October 31, 2019. In order for the Fund's CLCF to be beneficially utilized in a given tax year, the Fund's net investment income plus net realized capital gains must exceed the total Fund distributions for that year. Given the current size of the Fund, it is highly unlikely that the Fund will be able to fully utilize the CLCF prior to its expiration. Such CLCF cannot be utilized prior to the utilization of new capital loss carryovers, if any, created after December 31, 2010. When the Fund utilizes CLCFs to offset its realized gains, distributions to shareholders derived from those realized gains are treated as ordinary income for tax purposes under the Internal Revenue Code and are shown as such on IRS Form 1099 DIV.

Pursuant to Federal income tax regulations applicable to investment companies, the Funds have elected to treat certain ordinary losses realized between January 1 and October 31 of each year as occurring on the first day of the following tax year. For the year ended October 31, 2014, the following losses reflected in the accompanying financial statements were deferred for Federal income tax purposes until November 1, 2014:

## Ordinary

\$(1,149,516)

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 – Investments in Securities:

For the year ended October 31, 2014, the cost of purchases and proceeds from sales of investments, excluding written options and short-term securities, were \$769,860,961 and \$763,960,980, respectively.

## Note 7 – Derivatives:

## (a) Options Written

The Fund employs an options strategy in an attempt to generate income and gains from option premiums received from selling options. The Fund's options strategy follows a proprietary dynamic rules-based methodology.

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 fair value of the underlying securities 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 fill 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.

Transactions in written option contracts for the year ended October 31, 2014, were as follows:

	Number of Contracts	Premiums Received
Options outstanding, beginning of period	11,814	\$ 1,448,431
Options written during the period	143,443	18,166,765
Options expired during the period	(11,733)	(2,249,928)
Options closed during the period	(116,079)	(14,319,691)
Options assigned during the period	(16,795)	(1,671,544)
Options outstanding, end of period	10,650	\$ 1,374,033

NOTES TO FINANCIAL STATEMENTS continued

October 31, 2014

## (b) Summary of Derivatives Information

The following table presents the types of derivatives in the Fund by location as presented on the Statement of Assets and Liabilities as of October 31, 2014.

## Statement of Assets &amp; Liabilities Presentation of Fair Values of Derivatives (\$000s):

Primary Risk Exposure	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Equity risk			Options written,	
	N/A	\$-	at value	\$6,583,246
Total		\$-		\$6,583,246

The following table presents the effect of derivatives instruments on the Statement of Operations for the year ended October 31, 2014.

Primary Risk Exposure	Effect of Derivative Instruments on the Statement of Operations:			Total
	Amount of Net Realized Gain on Derivatives	Net Change in Unrealized Appreciation (Depreciation) on Derivatives		
	Options written	Options written		
Equity risk	\$3,484,148	\$(4,963,192)		\$(1,479,044)
Total	\$3,484,148	\$(4,963,192)		\$(1,479,044)

## Note 8 – Capital:

## Common Shares

The Fund has an unlimited amount of common shares, \$0.01 par value, authorized and 4,993,991 (reflecting the 1 for 5 reverse stock split that occurred prior to the opening of trading on the NYSE on June 5, 2009) issued and outstanding. In connection with the Fund's dividend reinvestment plan, the Fund did not issue any shares during the years ended October 31, 2014 and 2013.

## Note 9 – Borrowings:

The Fund entered into a \$50,000,000 committed credit facility agreement whereby the counterparty has agreed to provide secured financing to the Fund and the Fund will provide pledged collateral to the counterparty. The interest on the amount borrowed is based on the 1-month LIBOR plus 0.75%. As of October 31, 2014, there was \$43,500,000 outstanding in connection with the Fund's credit facility.

The average daily amount of the borrowings on the credit facility during the year ended October 31, 2014 was \$34,757,534 with a related average interest rate of 0.91%. The maximum amount outstanding during the period was

\$44,500,000. As of October 31, 2014, the total value of securities segregated and pledged as collateral in connection with written options contracts and borrowings was \$144,652,778.

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.

Note 10 – Indemnifications:

In the normal course of business, the Fund enters into contracts that contain a variety of representations, which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would require future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of loss to be remote.

Note 11 – Subsequent Event:

The Fund evaluated subsequent events through the date the financial statements were available for issue and determined there were no additional material events that would require disclosure in the Fund's financial statements, except as noted below.

On November 3, 2014, the Board of Trustees declared a quarterly distribution of \$0.4850 per common share. The distribution was payable on November 28, 2014, to shareholders of record on November 14, 2014.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

October 31, 2014

The Board of Trustees and Shareholders of  
Guggenheim Enhanced Equity Strategy Fund

We have audited the accompanying statement of assets and liabilities of the Guggenheim Enhanced Equity Strategy Fund (the Fund), including the portfolio of investments, as of October 31, 2014, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2014, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Guggenheim Enhanced Equity Strategy Fund at October 31, 2014, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

McLean, Virginia  
December 19, 2014

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SUPPLEMENTAL INFORMATION (Unaudited)

October 31, 2014

## Federal Income Tax Information

This information is being provided as required by the Internal Revenue Code. Amounts shown may differ from those elsewhere in the report because of differences in tax and financial reporting practice.

The Fund recognized qualified dividend income of \$458,157 during the fiscal year ended October 31, 2014. The Fund intends to designate the maximum amount of dividends that qualify for the reduced tax rate pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003.

For corporate shareholders, \$442,098 of the investment income qualifies for the dividends-received deduction.

In January 2015, you will be advised on IRS Form 1099 DIV or substitute 1099 DIV as to the federal tax status of the distributions received by you in the calendar year 2014.

## Result of Shareholder Votes

The Special Meeting of Shareholders of the Fund was held on April 3, 2014. Shareholders voted on the election of Trustees and the approval of the amendment to the Fund's Agreement and Declaration of Trust.

With regards to the approval of the amendment to the Fund's Agreement and Declaration of Trust by shareholders of the Fund:

	# of Shares in Favor	# of Shares Against	# of Shares Abstain
	3,981,414	118,787	92,150

With regards to the election of the following Trustees by shareholders of the Fund:

	# of Shares in Favor	# of Shares Against	# of Shares Abstain
Randall C. Barnes	3,997,999	105,817	88,535
Donald C. Cacciapaglia	3,978,628	127,136	86,587
Donald A. Chubb	3,978,292	108,774	105,286
Jerry B. Farley	3,985,104	116,624	90,624
Maynard F. Oliverius	3,972,412	134,381	85,559

The other Trustees of the Fund not up for election in 2014 were Roman Friedrich III, Robert B. Karn III, Ronald A. Nyberg and Ronald E. Toupin, Jr.

## Trustees(a)

The Trustees of the Guggenheim Enhanced Equity Strategy Fund and their principal business occupations during the past five years:

Position(s)	Term of Office	Number of Portfolios in
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Name, Address* and Year of Birth	Held with Trust	and Length of Time Served**	Principal Occupation(s) During Past Five Years	Fund Complex Overseen	Other Directorships Held by Trustees
Trustees: Randall C. Barnes (1951)	Trustee	Since 2010	Current: Private Investor (2001-present).  Former: Senior Vice President and Treasurer, PepsiCo, Inc. (1993-1997); President, Pizza Hut International (1991-1993); Senior Vice President, Strategic Planning and New Business Development, PepsiCo, Inc. (1987-1990).	92	Current: Trustee, Purpose, Inc. (2014-present).
Donald A. Chubb, Jr. (1946)	Trustee and Vice Chairman of the Board	Since 2014	Current: Business broker and manager of commercial real estate, Griffith & Blair, Inc. (1997-present)	88	None.
Jerry B. Farley (1946)	Trustee and Vice Chairman of the Audit Committee	Since 2014	Current: President, Washburn University (1997-present).	88	Current: Westar Energy, Inc. (2004-present); CoreFirst Bank & Trust (2000-present)
Roman Friedrich III (1946)	Trustee and Chairman of the Contractss Review Committee	Since 2004	Current: Founder and President, Roman Friedrich & Company (1998-present).  Former: Senior Managing Director, MLV & Co. LLC (2010-2011).	88	Current: Zincore Metals, Inc. (2009-present).  Former: Mercator Minerals Ltd. (2013-2014); First Americas Gold Corp. (2012-2014); Blue Sky Uranium Corp. (2011-2012); Axiom Gold and Silver Corp. (2011-2012); Stratagold Corp. (2003-2009); GFM Resources Ltd. (2005-2010).

SUPPLEMENTAL INFORMATION (Unaudited) continued

October 31, 2014

Name, Address* and Year of Birth	Position(s) Held with Trust	Term of Office and Length of Time Served**	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen	Other Directorships Held by Trustees
Independent Trustees continued:					
Robert B. Karn III (1942)	Trustee and Chairman of the Audit Committee	Since 2010	Current: Consultant (1998-present).  Former: Arthur Andersen (1965-1997) and Managing Partner, Financial and Economic Consulting, St. Louis office (1987-1997).	88	Current: Peabody Energy Company (2003-present); GP Natural Resource Partners, LLC (2002- present).
Ronald A. Nyberg (1953)	Trustee and Chairman of the Nominating and Governance Committee	Since 2004	Current: Partner, Nyberg & Cassioppi, LLC (2000-present).  Former: Executive Vice President, General Counsel, and Corporate Secretary, Van Kampen Investments (1982-1999).	94	Current: Edward-Elmhurst Healthcare System (2012-present).
Maynard F. Oliverius (1943)	Trustee and Vice Chairman of the Contracts Review Committee	Since 2014	Current: Retired.  Former: President and CEO, Stormont-Vail HealthCare (1996-2012).	88	None
Ronald E. Toupin, Jr. (1958)	Trustee and Chairman of the Board	Since 2004	Current: Portfolio Consultant (2010-present).	91	Former: Bennett Group of Funds (2011-2013).

Former: Vice President, Manager and Portfolio Manager, Nuveen Asset Management (1998-1999); Vice President, Nuveen Investment Advisory Corp. (1992-1999); Vice President and Manager, Nuveen Unit Investment Trusts (1991-1999); and Assistant Vice President and Portfolio Manager, Nuveen Unit Investment Trusts (1988-1999), each of John Nuveen & Co., Inc. (1982-1999).

Interested

Trustee:

Donald C. Cacciapaglia*** (1951)	President, Chief Executive Officer and Trustee	Since 2012	Current: President and CEO, certain other funds in the Fund Complex (2012-present); Vice Chairman, Guggenheim Investments (2010-present).  Former: Chairman and CEO, Channel Capital Group, Inc. (2002-2010).	220	Current: Guggenheim Partners Japan, Ltd. (2014-present) Delaware Life (2013-present); Guggenheim Life and Annuity Company (2011-present); Paragon Life Insurance Company of Indiana (2011-present).
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\* The business address of each Trustee is c/o Guggenheim Investments, 227 West Monroe Street, Chicago, IL 60606.

\*\* Each Trustee serves an indefinite term, until his successor is elected and qualified. Time served includes time served in the respective position for the Predecessor Corporation.

\*\*\* This Trustee is deemed to be an "interested person" of the Funds under the 1940 Act by reason of his position with the Funds' Investment Manager and/or the parent of the Investment Manager.

(a) As of April 3, 2014. At a special meeting of the shareholders held in April 2014, shareholders of the Trust elected the following individuals to serve as Trustees: Donald A. Chubb, Jerry B. Farley and Maynard F. Oliverius.

Officers

The Officers of the Guggenheim Enhanced Equity Strategy Fund, who are not Trustees, and their principal occupations during the past five years:

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Name, Address* and Year of Birth	Position(s) held with the Trust	Term of Office and Length of Time Served**	Principal Occupations During Past Five Years
Officers:			
Joseph M. Arruda (1966)	Assistant Treasurer	Since 2014	<p>Current: Assistant Treasurer, certain other funds in the Fund Complex (2006-present); Vice President, Security Investors, LLC (2010-present); CFO and Manager, Guggenheim Specialized Products, LLC (2009-present).</p>
William H. Belden, III (1965)	Vice President	Since 2014	<p>Former: Vice President, Security Global Investors, LLC (2010-2011); Vice President, Rydex Advisors, LLC (2010); Vice President, Rydex Advisors II, LLC (2010).</p> <p>Current: Vice President, certain other funds in the Fund Complex (2006-present); Managing Director, Guggenheim Funds Investment Advisors, LLC (2005-present).</p> <p>Former: Vice President of Management, Northern Trust Global Investments (1999-2005).</p>

SUPPLEMENTAL INFORMATION (Unaudited) continued

October 31, 2014

Name, Address* and Year of Birth	Position(s) held with the Trust	Term of Office and Length of Time Served**	Principal Occupations During Past Five Years
Officers continued:			
Joanna M. Catalucci (1966)	Chief Compliance Officer	Since 2012	<p>Current: Chief Compliance Officer, certain funds in the Fund Complex (2012-present); Managing Director, Guggenheim Investments (2012-present).</p> <p>Former: Chief Compliance Officer and Secretary, certain other funds in the Fund Complex (2008-2012); Senior Vice President &amp; Chief Compliance Officer, Security Investors, LLC and certain affiliates (2010-2012); Chief Compliance Officer and Senior Vice President, Rydex Advisors, LLC and certain affiliates (2010-2011). Current: Vice President, Guggenheim Investments (2005-present); Assistant Treasurer, certain other funds in the Fund Complex (2008-present).</p>
Mark J. Furjanic (1959)	Assistant Treasurer	Since 2008	<p>Former: Senior Manager, Ernst &amp; Young LLP (1999-2005). Current: Director, Guggenheim Investments (2004-present); Assistant Treasurer, certain other funds in the Fund Complex (2006-present).</p>
James M. Howley (1972)	Assistant Treasurer	Since 2007	<p>Former: Manager, Mutual Fund Administration of Van Kampen Investments, Inc. (1996-2004). Current: Chief Legal Officer, certain other funds in the Fund Complex (2012-present); Senior Managing Director, Guggenheim Investments (2012-present).</p>
Amy J. Lee (1961)	Chief Legal Officer	Since 2013	<p>Former: Vice President, Associate General Counsel and Assistant Secretary, Security Benefit</p>

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Mark E. Mathiasen (1978)	Secretary	Since 2008	<p>Life Insurance Company and Security Benefit Corporation (2004-2012).                  Current: Secretary, certain other funds in the Fund Complex (2007-present); Managing Director, Guggenheim Investments (2007-present).                  Current: Assistant Secretary, certain other funds in the Fund Complex (April 2014-present); Associate, Guggenheim Investments (2012-present).</p>
Michael P. Megaris (1984)	Assistant Secretary	Since 2014	<p>Former: J.D., University of Kansas School of Law (2009-2012).                  Current: Vice President, Guggenheim Investments (2012-present); Assistant Treasurer, certain other funds in the Fund Complex (2012-present).</p>
Kimberly J. Scott (1974)	Assistant Treasurer	Since 2012	<p>Former: Financial Reporting Manager, Invesco, Ltd. (2010-2011); Vice President/Assistant Treasurer, Mutual Fund Administration for Van Kampen Investments, Inc./Morgan Stanley Investment Management (2009-2010); Manager of Mutual Fund Administration, Van Kampen Investments, Inc./Morgan Stanley Investment Management (2005-2009).                  Current: Vice President, certain other funds in the Fund Complex (April 2014-present); Director, Guggenheim Investments (2013-present).</p>
Bryan Stone (1979)	Vice President	Since 2014	<p>Former: Senior Vice President, Neuberger Berman Group LLC (2009-2013); Vice President, Morgan Stanley (2002-2009).                  Current: CFO, Chief Accounting Officer and Treasurer, certain other funds in the Fund Complex (2010-present); Senior Managing Director, Guggenheim Investments (2010-present).</p>
John L. Sullivan (1955)	Chief Financial Officer, Chief Accounting Officer  and Treasurer	Since 2010	<p>Former: Managing Director and CCO, each of the funds in the Van Kampen Investments fund complex (2004-2010); Managing Director and Head of Fund Accounting and Administration, Morgan Stanley Investment</p>

Management (2002-2004); CFO and Treasurer,  
Van Kampen Funds (1996-2004).

The business address of each officer is *c/o* Guggenheim Investments, 227 West Monroe Street, Chicago, IL  
\* 60606.

Each officer serves an indefinite term, until his or her successor is duly elected and qualified. The date reflects the  
\*\* commencement date upon which the officer held any officer position with  
the Trust.

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DIVIDEND REINVESTMENT PLAN (Unaudited)

October 31, 2014

Unless the registered owner of common shares elects to receive cash by contacting Computershare Shareowner Services LLC (the "Plan Administrator"), all dividends declared on common shares of the Fund will be automatically reinvested by the Plan Administrator, Administrator for shareholders in the Fund's Dividend Reinvestment Plan (the "Plan"), in additional common shares of the Fund. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Administrator prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution. Some brokers may automatically elect to receive cash on your behalf and may re-invest that cash in additional common shares of the Fund for you. If you wish for all dividends declared on your common shares of the Fund to be automatically reinvested pursuant to the Plan, please contact your broker.

The Plan Administrator will open an account for each common shareholder under the Plan in the same name in which such common shareholder's common shares are registered. Whenever the Fund declares a dividend or other distribution (together, a "Dividend") payable in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the equivalent in common shares. The common shares will be acquired by the Plan Administrator for the participants' accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized common shares from the Fund ("Newly Issued Common Shares") or (ii) by purchase of outstanding common shares on the open market ("Open-Market Purchases") on the New York Stock Exchange or elsewhere. If, on the payment date for any Dividend, the closing market price plus estimated brokerage commission per common share is equal to or greater than the net asset value per common share, the Plan Administrator will invest the Dividend amount in Newly Issued Common Shares on behalf of the participants. The number of Newly Issued Common Shares to be credited to each participant's account will be determined by dividing the dollar amount of the Dividend by the net asset value per common share on the payment date; provided that, if the net asset value is less than or equal to 95% of the closing market value on the payment date, the dollar amount of the Dividend will be divided by 95% of the closing market price per common share on the payment date. If, on the payment date for any Dividend, the net asset value per common share is greater than the closing market value plus estimated brokerage commission, the Plan Administrator will invest the Dividend amount in common shares acquired on behalf of the participants in Open-Market Purchases.

If, before the Plan Administrator has completed its Open-Market Purchases, the market price per common share exceeds the net asset value per common share, the average per common share purchase price paid by the Plan Administrator may exceed the net asset value of the common shares, resulting in the acquisition of fewer common shares than if the Dividend had been paid in Newly Issued Common Shares on the Dividend payment date. Because of the foregoing difficulty with respect to Open-Market Purchases, the Plan provides that if the Plan Administrator is unable to invest the full Dividend amount in Open-Market Purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Administrator may cease making Open-Market Purchases and may invest the uninvested portion of the Dividend amount in Newly Issued Common Shares at net asset value per common share at the close of business on the Last Purchase Date provided that, if the net asset value is less than or equal to 95% of the then current market price per common share; the dollar amount of the Dividend will be divided by 95% of the market price on the payment date.

The Plan Administrator maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Common shares in the account of each Plan participant will be held by the Plan Administrator on behalf of the Plan participant, and each

shareholder proxy will include those shares purchased or received pursuant to the Plan. The Plan Administrator will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instruction of the participants.

There will be no brokerage charges with respect to common shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commission incurred in connection with Open-Market Purchases. The automatic reinvestment of Dividends will not relieve participants of any Federal, state or local income tax that may be payable (or required to be withheld) on such Dividends.

The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants with regard to purchases in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All correspondence or questions concerning the Plan should be directed to the Plan Administrator, Computershare Shareowner Services LLC, P.O. Box 30170 College Station, TX 77842-3170; Attention: Shareholder Services Department, Phone Number: (866) 488-3559.

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REPORT OF THE GUGGENHEIM ENHANCED EQUITY STRATEGY FUND (GGE)  
CONTRACTS REVIEW COMMITTEE (Unaudited)

October 31, 2014

Guggenheim Enhanced Equity Strategy Fund (the “Fund”) was organized as a Delaware statutory trust on October 20, 2003, and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”). Guggenheim Funds Investment Advisors, LLC (“GFIA” or the “Adviser”), a subsidiary of Guggenheim Funds Services, LLC (“GFS”), an indirect subsidiary of Guggenheim Partners, LLC, a global diversified financial services firm (“Guggenheim Partners”), serves as the Fund’s investment adviser and provides certain administrative and other services pursuant to an investment advisory agreement between the Fund and GFIA (the “Investment Advisory Agreement”). (Guggenheim Partners, GFIA, GFS, Guggenheim Partners Investment Management, LLC (“GPIM” or the “Sub-Adviser”) and their affiliates may be referred to herein collectively as “Guggenheim.”) Under the terms of the Investment Advisory Agreement, GFIA also is responsible for overseeing the activities of GPIM, an indirect subsidiary of Guggenheim Partners, which performs portfolio management and related services for the Fund pursuant to an investment sub-advisory agreement by and among the Fund, the Adviser and GPIM (the “Sub-Advisory Agreement” and together with the Investment Advisory Agreement, the “Advisory Agreements”). Under the supervision and oversight of GFIA and the Fund’s Board of Trustees (the “Board” and the members of the Board individually, the “Trustees”), GPIM 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 for the Fund.

At meetings held in person on April 17, 2014 (the “April Meeting”) and on May 12, 2014 (the “May Meeting”), the Contracts Review Committee of the Board (the “Committee”), consisting solely of those Trustees who are not “interested persons,” as defined by the 1940 Act, of the Fund (the “Independent Trustees”), met separately from Guggenheim to consider the renewal of the Advisory Agreements. As part of its review process, the Committee was represented by independent legal counsel to the Independent Trustees (“Independent Legal Counsel”). Independent Legal Counsel reviewed and discussed with the Committee various key aspects of the Trustees’ legal responsibilities relating to the proposed renewal of the Advisory Agreements and other principal contracts. In this connection, Independent Legal Counsel advised the Committee of: (i) the responsibilities of board members under applicable law; (ii) the standards for determining what constitutes an excessive fee as delineated by the courts and the factors the Trustees should consider in determining whether to approve the fee arrangements; and (iii) the disclosure requirements pertaining to these approvals, as required by the Securities and Exchange Commission. The Committee took into account various materials received from Guggenheim and Independent Legal Counsel. Recognizing that the evaluation process with respect to the services provided by each of GFIA and GPIM is an ongoing one, the Committee also considered the variety of written materials, reports and oral presentations it received (and received by the full Board) throughout the year regarding performance and operating results of the Fund.

In connection with the contract review process, FUSE Research Network LLC (“FUSE”), an independent, third-party research provider, was engaged to prepare advisory contract renewal reports designed specifically to help boards of directors/trustees fulfill their advisory contract renewal responsibilities. The objective of the reports is to present the subject funds’ relative position regarding fees, expenses and total return performance, with comparisons to a peer group of funds identified by Guggenheim. Guggenheim prepared a comprehensive presentation in response to a formal request for information sent by Independent Legal Counsel on behalf of the Committee. In addition, Guggenheim made a detailed presentation at the April Meeting, which addressed areas identified for discussion by the Committee Chair and Vice Chair and Independent Legal Counsel. Throughout the process, the Committee asked questions of management and requested certain additional information which Guggenheim provided following the April Meeting (collectively with the foregoing reports and materials, the “Contract Materials”).

Among other things, Guggenheim provided: (i) organizational charts and presentations, staffing reports and biographies of those key personnel of GFIA and GPIM providing services to the Fund; (ii) descriptions of various functions performed by Guggenheim for the Fund, such as portfolio trading practices, brokerage matters, trade allocation and best execution; (iii) information regarding each firm's compliance and regulatory history, including its Form ADV; and (iv) information concerning the parent company and overall Guggenheim organization and strategic plans and goals, all to assist the Committee in assessing the nature, extent and quality of services provided by each of GFIA and GPIM, respectively. In addition, Guggenheim's response included information comparing the investment performance, advisory fees and total expenses of the Fund to other funds (including such information presented in the FUSE reports as well as supplemental information prepared by Guggenheim), charts showing revenues for Guggenheim by product line and with respect to the Fund, including a break-out of various expenses, a description of the expense allocation methodology and information about the profitability of the Fund to Guggenheim Investments (the investment management business of Guggenheim Partners), financial information for Guggenheim Investments (unaudited), audited financial statements of GFIA, and information about Guggenheim's compliance and risk management programs.

Following an analysis and discussion of the factors identified below and in the exercise of its business judgment, the Committee concluded that it was in the best interests of the Fund to recommend that the Board approve the renewal of both of the Advisory Agreements for an additional 12-month term.

#### Investment Advisory Agreement

##### Nature, Extent and Quality of Services Provided by the Adviser:

With respect to the nature, extent and quality of services currently provided by the Adviser, the Committee noted that the Adviser delegated responsibility for the investment and reinvestment of the Fund's assets to the Sub-Adviser. The Committee considered the Adviser's responsibility to oversee the Sub-Adviser and that the Adviser has similar oversight responsibilities for other registered investment companies for which GFIA

REPORT OF THE GUGGENHEIM ENHANCED EQUITY STRATEGY FUND (GGE)  
CONTRACTS REVIEW COMMITTEE (Unaudited) (continued)

October 31, 2014

serves as investment adviser. The Committee took into account information provided by Guggenheim describing and illustrating the Adviser's processes and activities for providing oversight of the Sub-Adviser's investment strategies and compliance with investment restrictions, including analyses and monitoring of returns versus peer funds and relevant indices on both a market price and net asset value ("NAV") basis, volatility, dividend yield, premium/discount and use of derivatives, as well as information regarding the Adviser's Sub-Advisory Oversight Committee. The Committee also considered the secondary market support services provided by Guggenheim to the Fund and, in this regard, noted the materials describing the activities of Guggenheim's dedicated Closed-End Fund Team, including with respect to communication with financial advisers, data dissemination and relationship management. In addition, the Committee considered the information provided by Guggenheim concerning the education, experience, professional affiliations, area of responsibility and duties of all key personnel performing services for the Fund, including those personnel providing compliance oversight. In this connection, the Committee considered Guggenheim's resources and related efforts to retain, attract and motivate capable personnel to serve the Fund and noted Guggenheim's report on recent additions and departures in personnel who work on matters relating to the Fund or are significant to the operations of the Adviser.

The Committee noted that on a regular basis the Board receives and reviews information from the Fund's Chief Compliance Officer regarding compliance policies and procedures established pursuant to Rule 38a-1 under the 1940 Act. The Independent Trustees also took into account the various compliance and risk management initiatives undertaken by Guggenheim, including, among other things, the hiring of a new Chief Risk Officer, Portfolio Management, responsible for implementing various initiatives related to the risks associated with the investment process, the organization's risk management infrastructure and critical activities. The Committee also considered Guggenheim's other initiatives intended to achieve greater enhancements and efficiencies in Guggenheim's ability to provide services to the Guggenheim Funds (including the Fund), such as efforts to streamline and simplify the organizational structure of Guggenheim's advisory business, as reflected by the internal restructuring that consolidated the investment advisers, broker/dealers and other entities that comprise "Guggenheim Investments" under a new, single holding company, Guggenheim Partners Investment Management Holdings, LLC ("GPIMH"). In this regard, the Committee considered that although the restructuring neither impacted the services rendered on a day-to-day basis to the Fund nor changed the ultimate ownership of the various Guggenheim entities involved, which, through GPIMH, continue to be indirect subsidiaries of Guggenheim Capital, LLC, Guggenheim stated that the restructuring will allow the financial statements of the various entities to be consolidated and audited, thus providing a clearer view of Guggenheim Investments' business within the broader Guggenheim organization. In connection with the Committee's evaluation of the overall package of services provided by the Adviser, the Committee considered the Adviser's role in monitoring and coordinating compliance responsibilities with the administrator, custodian and other service providers to the Fund.

With respect to Guggenheim's resources and the Adviser's ability to carry out its responsibilities under the Investment Advisory Agreement, the Chief Financial Officer of Guggenheim Investments reviewed with the Committee certain unaudited financial information concerning GPIMH and the audited financial statements of GFIA. (The Committee received the audited financial statements of GPIMH once available following the May Meeting.)

The Committee also considered the acceptability of the terms of the Investment Advisory Agreement (including the scope of services required to be performed by GFIA). Based on the foregoing, and based on other information received (both oral and written) at the April Meeting and at the May Meeting, as well as other considerations, including the Committee's knowledge of the Adviser's quality of performance of its duties through Board meetings,

discussions and reports throughout the year, the Committee concluded that the Adviser and its personnel were qualified to serve the Fund in such capacity and may reasonably be expected to continue to provide a high quality of services under the Investment Advisory Agreement with respect to the Fund.

**Investment Performance:** The Committee considered the Fund's investment performance by reviewing the Fund's total return on a NAV and market price basis for the five-year, three-year and one-year periods ended December 31, 2013. The Committee compared the Fund's performance to the performance of the Fund's benchmark and to a peer group of closed-end funds determined by the Adviser (the "peer group of funds") for the same time periods. The Committee noted that the Adviser's peer group selection methodology for the Fund starts with the entire U.S.-listed taxable closed-end fund universe, and excludes funds that, among other things, under normal market conditions, are less than 80% covered with options, are less than 80% domestic, primarily write options on individual equities or are sector-oriented. Consequently, the peer group of funds included other closed-end funds that generally invest a majority of their assets in equity securities with a similar covered call strategy. In assessing the peer group constituents and both the comparative performance and fee data presented (including in the FUSE reports), the Committee considered management's discussion of the challenges of developing relevant peer groups for the Fund, Guggenheim Enhanced Equity Income Fund ("GPM") and Guggenheim Equal Weight Enhanced Equity Income Fund ("GEQ"), in that the enhanced equity strategies implemented by Guggenheim for the Fund, GPM and GEQ are not similarly replicated by any other closed-end fund.

The Committee noted that the Fund's investment results were consistent with the Fund's investment objective of seeking to provide a high level of current income, with a secondary objective of long-term capital appreciation. The Committee also considered that the Adviser does not directly manage the investment portfolio but delegated such duties to the

REPORT OF THE GUGGENHEIM ENHANCED EQUITY STRATEGY FUND (GGE)  
CONTRACTS REVIEW COMMITTEE (Unaudited) (continued)

October 31, 2014

Sub-Adviser. The Committee also considered the Fund's structure and form of leverage, cost of the leverage and the aggregate leverage outstanding as of December 31, 2013, information concerning the common assets, leverage, managed assets and leverage rate as of December 31, 2012 and as of December 31, 2013, and the net yield on leverage assets and net impact on common assets due to leverage for the one-year period ended December 31, 2013. Based on the information provided, the Committee concluded that the Adviser had appropriately reviewed and monitored the Sub-Adviser's investment performance.

Comparative Fees, Costs of Services Provided and the Profits Realized by the Adviser from its Relationship with the Fund: The Committee compared the Fund's advisory fee (which includes the sub-advisory fee paid to the Sub-Adviser) and total net expense ratio to the peer group of funds and noted the Fund's percentile rankings in this regard. The Committee also reviewed the average and median advisory fees and expense ratios, including expense ratio components (e.g., transfer agency fees, administration fees, other operating expenses and fee waivers/reimbursements) of the peer group of funds. The Committee noted that although the Fund's total net expense ratio was above the median expense ratio of its peer group, none of the other unaffiliated funds within the peer group of funds employ leverage, and the Fund's net expense ratio excluding interest expenses was less than the peer group average net expense ratio. In addition, the Committee noted the Fund's relatively small size as compared to the peer group of funds and the impact of the size differential on the expense ratio related to fixed expenses. Finally, the Committee observed that the Fund's net advisory fee (applicable to managed assets) was below the median advisory fee of the peer group of funds and reflected the Adviser's agreement to waive five basis points of its advisory fee for so long as an affiliate of the Adviser serves as sub-adviser to the Fund.

With respect to the costs of services provided and profits realized by Guggenheim from its relationship with the Fund, the Committee reviewed a profit and loss statement for Guggenheim Investments setting forth the revenues (gross advisory fees) received under the Investment Advisory Agreement, as well as the expenses incurred in providing services to the Fund, the pre-tax operating margin and profitability rate, the Fund's average assets for the twelve months ended, and the ending assets under management as of, December 31, 2012 and December 31, 2013, respectively, and information with respect to Guggenheim's allocation methodologies used in preparing the profitability data.

The Committee considered other benefits available to the Adviser because of its relationship with the Fund and noted that the Adviser may be deemed to benefit from arrangements whereby an affiliate, Rydex Fund Services, LLC, receives fees from the Fund for: (i) providing certain administrative services pursuant to an administration agreement; and (ii) maintaining the books and records of the Fund's securities and cash pursuant to a fund accounting agreement; and that another affiliate, GPIM, receives sub-advisory fees for managing the investment portfolio. The Committee also noted the Adviser's statement that it may benefit from marketing synergies arising from offering a broad spectrum of products, including the Fund. Based on all of the information provided and its review, the Committee determined that Guggenheim Investments' profitability from its relationship with the Fund was not unreasonable.

Economies of Scale to be Realized: The Committee received and considered information regarding whether there have been economies of scale with respect to the management of the Fund as the Fund's assets grow (primarily through the appreciation of the Fund's investment portfolio), whether the Fund has appropriately benefited from any economies of scale, and whether there is potential for realization of any further economies of scale. The Committee considered whether economies of scale in the provision of services to the Fund were being passed along to the shareholders. In this respect, the Committee considered the Adviser's view that advisory fee breakpoints generally are not relevant

given the structural nature of closed-end funds, which do not continuously offer new shares. The Committee also took into account the competitiveness of the Fund's advisory fee when compared to the peer group on a total managed assets basis and noted that to the extent the Fund's assets increase over time, the Fund and its shareholders should realize economies of scale as certain expenses, such as fixed fund fees, become a smaller percentage of overall assets. In addition, the Committee considered the Adviser's view that Guggenheim continues to add system resources as required to develop its infrastructure in response to the growth in the firm's assets and there is an opportunity to optimize economies of scale across the firm's array of products and product lines. Therefore, although Guggenheim may be realizing economies of scale and efficiencies due to its growth, it is concurrently realizing new costs and expenses associated with investment in its infrastructure.

#### Sub-Advisory Agreement

**Nature, Extent and Quality of Services Provided by the Sub-Adviser:** With respect to the nature, extent and quality of services provided by the Sub-Adviser, the Committee considered the qualifications, experience and skills of the Sub-Adviser's portfolio management and other key personnel and information from the Sub-Adviser describing the scope of its services to the Fund. With respect to Guggenheim's resources and the Sub-Adviser's ability to carry out its responsibilities under the Sub-Advisory Agreement, the Committee recalled the review of certain unaudited financial information concerning GPIMH by the Chief Financial Officer of Guggenheim Investments.

The Committee also considered the acceptability of the terms of the Sub-Advisory Agreement. In addition, the Committee considered the Sub-Adviser's efforts in pursuing the Fund's investment objective of seeking to provide a high level of current income and the Fund's secondary



REPORT OF THE GUGGENHEIM ENHANCED EQUITY STRATEGY FUND (GGE)  
CONTRACTS REVIEW COMMITTEE (Unaudited) (continued)

October 31, 2014

objective of long-term capital appreciation. Based on the foregoing, and based on other information received (both oral and written) at the April Meeting and at the May Meeting, as well as other considerations, including the Committee's knowledge of the Sub-Adviser's quality of performance of its duties through Board meetings, discussions and reports throughout the year, the Committee concluded that the Sub-Adviser and its personnel were qualified to serve the Fund in such capacity and may reasonably be expected to continue to provide a high quality of services under the Sub-Advisory Agreement.

**Investment Performance:** The Committee reviewed the performance of the Fund and the peer group of funds over various periods of time. The Committee noted that the Fund's return on a NAV and market price basis outperformed the average return of the peer group of funds for the five-year, three-year and one-year periods ended December 31, 2013. In addition, the Committee observed that the Fund's performance on a NAV basis exceeded the return of the CBOE BuyWrite Index for the five-year, three-year and one-year periods ended December 31, 2013, while lagging the return of the S&P 500 over the same periods. The Committee also considered Guggenheim's statement that, as experienced during the relevant period, strong upward movements in the broad market with low levels of implied volatility in the options market are challenging for enhanced equity strategies to keep pace with equity benchmarks.

The Committee also took into account Guggenheim's belief that there is no single optimal performance metric, nor is there a single optimal time period over which to evaluate performance and that a thorough understanding of performance comes from analyzing measures of returns, risk and risk-adjusted returns, as well as evaluating strategies both relative to their market benchmarks as well as relative to peer groups of competitor strategies. Thus, the Committee also reviewed and considered the additional performance and risk metrics provided by Guggenheim, including the Fund's standard deviation, tracking error, beta, Sharpe ratio, information ratio and alpha versus the Fund's peers.

After reviewing the foregoing and related factors, the Committee concluded, within the context of its overall conclusions regarding the Advisory Agreements, that the Fund's performance was acceptable.

**Comparative Fees, Costs of Services Provided and the Profits Realized by the Sub-Adviser from its Relationship with the Fund:** The Committee reviewed the level of sub-advisory fees payable to GPIM, noting that the fees would be paid by GFIA and do not impact the fees paid by the Fund. The Committee also reviewed the dollar amount of sub-advisory fees paid to GPIM for the twelve months ended December 31, 2013. In addition, the Committee compared the sub-advisory fee paid by the Adviser to the Sub-Adviser to the fees charged by the Sub-Adviser to other clients including other registered investment companies.

**Economies of Scale to be Realized:** The Committee recognized that, because the Sub-Adviser's fees would be paid by the Adviser and not the Fund, the analysis of economies of scale was more appropriate in the context of the Committee's consideration of the Investment Advisory Agreement, which was separately considered. (See "Investment Advisory Agreement – Economies of Scale to be Realized" above.)

#### Overall Conclusions

Based on the foregoing, the Committee determined that the investment advisory fees are fair and reasonable in light of the extent and quality of the services provided and other benefits received and that the continuation of each Advisory Agreement is in the best interests of the Fund. In reaching this conclusion, no single factor was determinative and each Committee member, in the exercise of his business judgment, may attribute different weights to different factors. At

the May Meeting, the Committee, constituting all of the Independent Trustees, recommended the renewal of each Advisory Agreement for an additional 12-month term.

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## FUND INFORMATION

October 31, 2014

Board of Trustees	Principal Executive Officers	Investment Adviser	Legal Counsel
Randall C. Barnes	Donald C. Cacciapaglia Chief Executive Officer	Guggenheim Funds Investment Advisors, LLC Chicago, IL	Skadden, Arps, Slate, Meagher & Flom LLP New York, NY
Donald C. Cacciapaglia*	Joanna M. Catalucci Chief Compliance Officer	Investment Sub-Adviser Guggenheim Partners Investment Management, LLC Santa Monica, CA	Independent Registered Public Accounting Firm Ernst & Young LLP McLean, VA
Donald A. Chubb	Amy J. Lee Chief Legal Officer		
Jerry B. Farley	Mark M. Mathiasen Secretary	Accounting Agent and Administrator Rydex Fund Services, LLC Rockville, MD	
Roman Friedrich III	John L. Sullivan Chief Financial Officer, Chief Accounting Officer and Treasurer	Custodian The Bank of New York Mellon Corp. New York, NY	
Robert B. Karn III			
Ronald A. Nyberg			
Maynard F. Oliverius			
Ronald E. Toupin, Jr., Chairman			

\* Trustee is an “interested person” (as defined in section 2(a)(19) of the 1940 Act) (“Interested Trustee”) of the Trust because of his position as the President and CEO of the Investment Adviser and the Distributor.

## Privacy Principles of Guggenheim Enhanced Equity Strategy Fund for Shareholders

The Fund is committed to maintaining the privacy of its shareholders and to safeguarding its non-public personal information. The following information is provided to help you understand what personal information the Fund collects, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, the Fund does not receive any non-public personal information relating to its shareholders, although certain non-public personal information of its shareholders may become available to the Fund. The Fund does not disclose any non-public personal information about its shareholders or former shareholders to anyone except as permitted by law or as is necessary in order to service shareholder accounts (for example, to a transfer agent or third party administrator).

The Fund restricts access to non-public personal information about the shareholders to Guggenheim Funds Investment Advisors, LLC employees with a legitimate business need for the information. The Fund maintains physical, electronic and procedural safeguards designed to protect the non-public personal information of its shareholders.

Questions concerning your shares of Guggenheim Enhanced Equity Strategy Fund?

- If your shares are held in a Brokerage Account, contact your Broker.
- If you have physical possession of your shares in certificate form, contact the Fund's Transfer Agent: Computershare Shareowner Services LLC, P.O. Box 30170 College Station, TX 77842-3170; (866) 488-3559

This report is sent to shareholders of Guggenheim Enhanced Equity Strategy Fund for their information. It is not a Prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.

A description of the Fund's proxy voting policies and procedures related to portfolio securities is available without charge, upon request, by calling the Fund at (866) 392-3004.

Information regarding how the Fund voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended June 30, is also available, without charge and upon request by calling (866) 392-3004, by visiting the Fund's website at [guggenheiminvestments.com/gge](http://guggenheiminvestments.com/gge) or by accessing the Fund's Form N-PX on the U.S. Securities and Exchange Commission's (SEC) website at [www.sec.gov](http://www.sec.gov).

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available on the SEC website at [www.sec.gov](http://www.sec.gov) or at [guggenheiminvestments.com/gge](http://guggenheiminvestments.com/gge). The Fund's Form N-Q may also be viewed and copied at the SEC's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

Notice to Shareholders

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund from time to time may purchase shares of its common stock in the open market or in private transactions.

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## ABOUT THE FUND MANAGERS

### Guggenheim Partners Investment Management, LLC

Guggenheim Partners Investment Management, LLC (“GPIM”) is an indirect subsidiary of Guggenheim Partners, LLC, a diversified financial services firm. The firm provides capital markets services, portfolio and risk management expertise, wealth management, and investment advisory services. Clients of Guggenheim Partners, LLC subsidiaries are an elite mix of individuals, family offices, endowments, foundations, insurance companies and other institutions.

### Investment Philosophy

GPIM’s investment philosophy is predicated upon the belief that thorough research and independent thought are rewarded with performance that has the potential to outperform benchmark indexes with both lower volatility and lower correlation of returns over time as compared to such benchmark indexes.

### Investment Process

GPIM’s investment process is a collaborative effort between various groups including the Portfolio Construction Group, which utilize proprietary portfolio construction and risk modeling tools 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, including the structuring of certain securities directly with the issuers or with investment banks and dealers involved in the origination of such securities.

### Guggenheim Funds Distributors, LLC.

227 West Monroe Street

Chicago, IL 60606

Member FINRA/SIPC

(12/14)

NOT FDIC-INSURED | NOT BANK-GUARANTEED | MAY LOSE VALUE

CEF-GGE-AR-1014

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Item 2. Code of Ethics.

(a) The registrant has adopted a code of ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions (the "Code of Ethics").

(b) No information need be disclosed pursuant to this paragraph.

(c) The registrant has not amended its Code of Ethics during the period covered by the report presented in Item 1 hereto.

(d) The registrant has not granted a waiver or an implicit waiver to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions from a provision of its Code of Ethics during the period covered by this report.

(e) Not applicable.

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(f) (1) The registrant's Code of Ethics is attached hereto as Exhibit (a)(1).

(2) Not applicable.

(3) Not applicable.

### Item 3. Audit Committee Financial Expert.

The registrant's Board of Trustees has determined that it has at least one audit committee financial expert serving on its audit committee (the "Audit Committee"), Robert B. Karn III. Mr. Karn qualifies as an audit committee financial expert by virtue of his experience obtained as a managing partner in a public accounting firm, which included an understanding of generally accepted accounting principles ("GAAP") in connection with the accounting for estimates, accruals and reserves and also the review, audit and evaluation of financial statements using GAAP.

(Under applicable securities laws, a person who is determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for purposes of Section 11 of the Securities Act of 1933, as amended, as a result of being designated or identified as an audit committee financial expert. The designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liabilities imposed on such person as a member of the Audit Committee and Board of Trustees in the absence of such designation or identification. The designation or identification of a person as an audit committee financial expert pursuant to this Item does not affect the duties, obligations or liability of any other member of the Audit Committee or Board of Trustees.)

### Item 4. Principal Accountant Fees and Services.

(a) Audit Fees: the aggregate fees billed for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements were \$24,517 and \$22,350 for the fiscal years ended October 31, 2014, and October 31, 2013, respectively.

(b) Audit-Related Fees: the aggregate fees billed for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph 4(a) of this Item, were \$0 and \$0 for the fiscal years ended October 31, 2014, and October 31, 2013, respectively.

The registrant's principal accountant did not bill fees for non-audit services that required approval by the Audit Committee pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during the registrant's last two fiscal years.

(c) Tax Fees: the aggregate fees billed for professional services rendered by the principal accountant for tax compliance, tax advice and tax planning, including federal, state and local income tax return preparation and related advice and determination of taxable income and miscellaneous tax advice were \$7,725 and \$7,500 for the fiscal years ended October 31, 2014, and October 31, 2013, respectively.

The registrant's principal accountant did not bill fees for non-audit services that required approval by the Audit Committee pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during the registrant's last two fiscal years.

(d) All Other Fees: the aggregate fees billed for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item were \$0 and \$0 for the fiscal years ended October 31, 2014, and October 31, 2013, respectively.

The registrant's principal accountant did not bill fees for services not included in Items 4(a), (b) or (c) above that required approval by the Audit Committee pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during the registrant's last two fiscal years.

(e) (1) The Audit Committee reviews, and in its sole discretion, pre-approves, pursuant to written pre-approval procedures (A) all engagements for audit and non-audit services to be provided by the principal accountant to the registrant and (B) all engagements for non-audit services to be provided by the principal accountant (1) to the registrant's investment adviser (not including a sub-adviser whose role is primarily portfolio management and is sub-contracted or overseen by another investment adviser) and (2) to any entity controlling, controlled by or under common control with the registrant's investment adviser that provides ongoing services to the registrant; but in the case of the services described in subsection (B)(1) or (2), only if the engagement relates directly to the operations and financial reporting of the registrant; provided that such pre-approval need not be obtained in circumstances in which the pre-approval requirement is waived under rules promulgated by the Securities and Exchange Commission or New York Stock Exchange listing standards. Sections V.B.2 and V.B.3 of the Audit Committee's revised Audit Committee Charter contain the Audit Committee's Pre-Approval Policies and Procedures and such sections are included below.

V.B.2. Pre-approve any engagement of the independent auditors to provide any non-prohibited services, other than "prohibited non-audit services," to the Trust, including the fees and other compensation to be paid to the independent auditors (unless an exception is available under Rule 2-01 of Regulation S-X).

(a) The categories of services to be reviewed and considered for pre-approval include the following:

#### Audit Services

- Annual financial statement audits
- Seed audits (related to new product filings, as required)
  - SEC and regulatory filings and consents

#### Audit-Related Services

- Accounting consultations
- Fund merger/reorganization support services
  - Other accounting related matters
  - Agreed upon procedures reports
    - Attestation reports

- Other internal control reports

#### Tax Services

- Tax compliance services related to the filing of amendments:
  - o Federal, state and local income tax compliance
    - o Sales and use tax compliance
      - Timely RIC qualification reviews
  - Tax distribution analysis and planning
  - Tax authority examination services
    - Tax appeals support services
    - Accounting methods studies
    - Fund merger support services
- Tax compliance, planning and advice services and related projects

(b) The Committee has pre-approved those services, which fall into one of the categories of services listed under 2(a) above and for which the estimated fees are less than \$25,000.

(c) For services with estimated fees of \$25,000 or more, but less than \$50,000, the Chair is hereby authorized to pre-approve such services on behalf of the Committee.

(d) For services with estimated fees of \$50,000 or more, such services require pre-approval by the Committee.

(e) The independent auditors or the Chief Accounting Officer of the Trust (or an officer of the Trust who reports to the Chief Accounting Officer) shall report to the Committee at each of its regular quarterly meetings all audit, audit-related and permissible non-audit services initiated since the last such report (unless the services were contained in the initial audit plan, as previously presented to, and approved by, the Committee). The report shall include a general description of the services and projected fees, and the means by which such services were approved by the Committee (including the particular category listed above under which pre-approval was obtained).

V.B.3. Pre-approve any engagement of the independent auditors, including the fees and other compensation to be paid to the independent auditors, to provide any non-audit services to the Adviser (or any “control affiliate” of the Adviser providing ongoing services to the Trust), if the engagement relates directly to the operations and financial reporting of the Trust (unless an exception is available under Rule 2-01 of Regulation S-X).

(a) The Chair or any member of the Committee may grant the pre-approval for non-audit services to the Adviser (or any “control affiliate” of the Adviser providing ongoing services to the Trust) relating directly to the operations and financial reporting of the Trust for which the estimated fees are less than \$25,000. All such delegated pre-approvals shall be presented to the Committee no later than the next Committee meeting.

(b) For non-audit services to the Adviser (or any “control affiliate” of the Adviser providing ongoing services to the Trust) relating directly to the operations and financial reporting of the Trust for which the estimated fees are \$25,000 or more, such services require pre-approval by the Committee.

(2) None of the services described in each of Items 4(b) through (d) were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not applicable.

(g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, the registrant's investment adviser (not including a sub-adviser whose role is primarily portfolio management and is sub-contracted with or overseen by another investment adviser) and/or any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant were \$44,475 and \$7,500 for the fiscal years ended October 31, 2014, and October 31, 2013, respectively.

(h) Not applicable.

#### Item 5. Audit Committee of Listed Registrants.

(a) The Audit Committee was established as a separately designated standing audit committee in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The Audit Committee of the registrant is composed of: Randall C. Barnes, Roman Friedrich III, Robert B. Karn III, Ronald A. Nyberg, Donald A. Chubb, Jerry B. Farley, Maynard F. Oliverius, and Ronald E. Toupin, Jr.

(b) Not Applicable.

#### Item 6. Schedule of Investments.

The Schedule of Investments is included as part of Item 1.

#### Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

The registrant has delegated the voting of proxies relating to its voting securities to its investment sub-adviser, Guggenheim Partners Investment Management, LLC (“GPIM”). GPIM's Proxy Voting Policies and Procedures are included as Exhibit (c) hereto.

#### Item 8. Portfolio Managers of Closed-End Management Investment Companies.

(a)(1) As investment sub-adviser for the registrant, GPIM is responsible for the day-to-day management of the registrant's portfolio. GPIM uses a team approach to manage client portfolios. Day to day management of a client portfolio is conducted under the auspices of GPIM's Portfolio Management teams. The team members include the Chief Investment Officer (“CIO”) and other key investment personnel. The Portfolio Managers, in consultation with the CIO, provide direction for overall investment strategy. They perform several duties as it relates to client portfolios including: determining both tactical and strategic asset allocations;

monitoring portfolio adherence to asset allocation targets; providing sector specialists with direction for overall investment strategy, which may include portfolio design and the rebalancing of portfolios; security selection; performing risk management oversight; assisting sector managers and research staff in determining the relative valuation of market sectors; and providing a forum for the regular discussion of the economy and the financial markets to enhance the robustness of GPIM's strategic and tactical policy directives.

The following individuals at GPIM share primary responsibility for the management of the registrant's portfolio and is provided as of October 31, 2014:

Name	Since	Professional Experience During the Last Five Years
Scott Miner	2011	Guggenheim Partners Investment Management, LLC: Chief Investment Officer – 06/06–Present; Guggenheim Partners, LLC: Managing Partner – Insurance Advisory – 5/98–Present.
Anne Walsh, CFA, FLMI	2011	Guggenheim Partners Investment Management, LLC: Senior Managing Director – 4/07–Present.
Farhan Sharaff	2011	Guggenheim Partners Investment Management, LLC: Senior Managing Director – 7/10–Present.
Daniel Cheeseman	2014	Guggenheim Partners Investment Management, LLC: Director, Portfolio Manager – 09/14–Present; Guggenheim Partners Investment Management, LLC: Director, Senior Research Analyst – 11/11–09/14; Morgan Stanley: Vice President – 03/10–11/11; Merrill Lynch: Vice President – 01/07–03/10.
Jayson Flowers	2011	Guggenheim Partners Investment Management, LLC: Senior Managing Director, 12/05 – Present.
Perry Hollowell	2014	Guggenheim Partners Investment Management, LLC: Vice President – 12/13–Present; Goldman Sachs: Vice President – 06/05–01/11; 8/11 to 6/13 attended University of Chicago, Booth School of Business.

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## (a)(2)(i-iii) Other Accounts Managed by the Portfolio Managers

The following tables summarize information regarding each of the other accounts managed by the GPIM portfolio managers as of October 31, 2014:

## Scott Miner:

Type of Account	Number of Accounts	Total Assets in the Accounts	Number of Accounts In Which the Advisory Fee is Based on Performance	Total Assets in the Accounts In Which the Advisory Fee is Based on Performance
Registered investment companies	32	\$7,569,591,392	0	\$0
Other pooled investment vehicles	75	\$18,386,206,927	28	\$10,905,533,085
Other accounts	140	\$114,629,447,641	12	\$1,037,040,456

## Anne Walsh:

Type of Account	Number of Accounts	Total Assets in the Accounts	Number of Accounts In Which the Advisory Fee is Based on Performance	Total Assets in the Accounts In Which the Advisory Fee is Based on Performance
Registered investment companies	24	\$8,047,275,215	0	\$0
Other pooled investment vehicles	2	\$3,742,561,875	2	\$3,742,561,875
Other accounts	28	\$87,043,673,274	1	\$359,509,841

## Farhan Sharaff:

Type of Account	Number of Accounts	Total Assets in the Accounts	Number of Accounts In Which the Advisory Fee is Based on Performance	Total Assets in the Accounts In Which the Advisory Fee is Based on Performance
Registered investment companies	19	\$2,169,600,412	0	\$0
Other pooled investment vehicles	5	\$127,513,098	1	\$12,636,008
Other accounts	3	\$406,672,747	0	\$0

## Jayson Flowers:

Type of Account	Number of Accounts	Total Assets in the Accounts	Number of Accounts In Which the Advisory Fee is Based on Performance	Total Assets in the Accounts In Which the Advisory Fee is Based on Performance
Registered investment companies	23	\$1,604,260,977	0	\$0
Other pooled investment vehicles	5	\$61,706,845	1	\$11,728,189
Other accounts	1	\$3,295,981	0	\$0

## Daniel Cheeseman:

Type of Account	Number of Accounts	Total Assets in the Accounts	Number of Accounts In Which the Advisory Fee is Based on Performance	Total Assets in the Accounts In Which the Advisory Fee is Based on Performance
Registered investment companies	8	\$1,309,987,550	0	\$0



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Other pooled investment vehicles	1	\$49,834,280	0	\$0
Other accounts	1	\$3,295,981	0	\$0

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Perry Hollowell:

Type of Account	Number of Accounts	Total Assets in the Accounts	Number of Accounts In Which the Advisory Fee is Based on Performance	Total Assets in the Accounts In Which the Advisory Fee is Based on Performance
Registered investment companies	0	\$0	0	\$0
Other pooled investment vehicles	0	\$0	0	\$0
Other accounts	0	\$0	0	\$0

(a)(2)(iv) Potential Conflicts of Interest

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one fund or other account. More specifically, portfolio managers who manage multiple funds and/or other accounts may be presented with one or more of the following potential conflicts.

The management of multiple funds and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each fund and/or other account. GPIM seeks to manage such competing interests for the time and attention of a portfolio manager by having the portfolio manager focus on a particular investment discipline. Specifically, the ultimate decision maker for security selection for each client portfolio is the Sector Specialist Portfolio Manager. They are responsible for analyzing and selecting specific securities that they believe best reflect the risk and return level as provided in each client's investment guidelines.

GPIM may have clients with similar investment strategies. As a result, if an investment opportunity would be appropriate for more than one client, GPIM may be required to choose among those clients in allocating such opportunity, or to allocate less of such opportunity to a client than it would ideally allocate if it did not have to allocate to multiple clients. In addition, GPIM may determine that an investment opportunity is appropriate for a particular account, but not for another.

Allocation decisions are made in accordance with the investment objectives, guidelines, and restrictions governing the respective clients and in a manner that will not unfairly favor one client over another. GPIM's allocation policy provides that investment decisions must never be based upon account performance or fee structure. Accordingly, GPIM's allocation procedures

are designed to ensure that investment opportunities are allocated equitably among different client accounts over time. The procedures also seek to ensure reasonable efficiency in client transactions and to provide portfolio managers with flexibility to use allocation methodologies appropriate to GPIM's investment disciplines and the specific goals and objectives of each client account.

In order to minimize execution costs and obtain best execution for clients, trades in the same security transacted on behalf of more than one client may be aggregated. In the event trades are aggregated, GPIM's policy and procedures provide as follows: (i) treat all participating client accounts fairly; (ii) continue to seek best execution; (iii) ensure that clients who participate in an aggregated order will participate at the average share price with all transaction costs shared on a pro-rata basis based on each client's participation in the transaction; (iv) disclose its aggregation policy to clients.

GPIM, as a fiduciary to its clients, considers numerous factors in arranging for the purchase and sale of clients' portfolio securities in order to achieve best execution for its clients. When selecting a broker, individuals making trades on behalf of GPIM clients consider the full range and quality of a broker's services, including execution capability, commission rate, price, financial stability and reliability. GPIM is not obliged to merely get the lowest price or commission but also must determine whether the transaction represents the best qualitative execution for the account.

In the event that multiple broker/dealers make a market in a particular security, GPIM's Portfolio Managers are responsible for selecting the broker-dealer to use with respect to executing the transaction. The broker-dealer will be selected on the basis of how the transaction can be executed to achieve the most favorable execution for the client under the circumstances. In many instances, there may only be one counter-party active in a particular security at a given time. In such situations the Employee executing the trade will use his/her best effort to obtain the best execution from the counter-party.

GPIM and the registrant have adopted certain compliance procedures which are designed to address these types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

#### (a)(3) Portfolio Manager Compensation

GPIM compensates portfolio management staff for their management of the registrant's portfolio. Compensation is evaluated based on their contribution to investment performance relative to pertinent benchmarks and qualitatively based on factors such as teamwork and client service efforts. GPIM's staff incentives may include: a competitive base salary, bonus determined by individual and firm wide performance, equity participation, and participation opportunities in various GPIM investments. All GPIM employees are also eligible to participate in a 401(k) plan to which GPIM may make a discretionary match after the completion of each plan year.

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(a)(4) Portfolio Securities Ownership

Name of Portfolio Manager	Dollar Amount of Equity Securities in Fund
Scott Minerd	\$100,001 - \$500,000
Anne Walsh	\$100,001 - \$500,000
Farhan Sharaff	None
Jayson Flowers	None
Daniel Cheeseman	None
Perry Hollowell	None

(b) Not applicable.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

None.

Item 10. Submission of Matters to a Vote of Security Holders.

The registrant has not made any material changes to the procedures by which shareholders may recommend nominees to the registrant's Board of Trustees.

Item 11. Controls and Procedures.

(a) The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act) as of a date within 90 days of this filing and have concluded based on such evaluation, as required by Rule 30a-3(b) under the Investment Company Act, that the registrant's disclosure controls and procedures were effective as of that date in ensuring that information required to be disclosed by the registrant in this Form N-CSR was recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act) that occurred during the registrant's second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits.

(a)(1) Code of Ethics for Chief Executive and Senior Financial Officers.

(a)(2) Certifications of principal executive officer and principal financial officer pursuant to Rule 30a-2(a) under the Investment Company Act.

(a)(3) Not applicable.

(b) Certification of principal executive officer and principal financial officer pursuant to Rule 30a-2(b) under the Investment Company Act and Section 906 of the Sarbanes-Oxley Act of 2002.

(c) Guggenheim Partners Investment Management, LLC Proxy Voting Policies and Procedures.



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Guggenheim Enhanced Equity Strategy  
Fund

By: /s/ Donald C. Cacciapaglia

Name: Donald C. Cacciapaglia

Title: Chief Executive Officer

Date: January 8, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Donald C. Cacciapaglia

Name: Donald C. Cacciapaglia

Title: Chief Executive Officer

Date: January 8, 2015

By: /s/ John L. Sullivan

Name: John L. Sullivan

Title: Chief Financial Officer, Chief Accounting Officer and Treasurer

Date: January 8, 2015