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Quarterly Commentary—Q4 2023

High Yield Fund

Mutual Fund | Fixed Income

Market Review

High yield continued to generate positive returns for the fifth consecutive quarter in Q4, benefiting from declining rates and tightening credit spreads. The Bloomberg U.S. Corporate High Yield Index (the "Index" or the "benchmark") returned 7.16 percent.

U.S. high yield new issuance volume totaled $41 billion in Q4, nearly triple the prior year. Full-year 2023 issuance totaled $176 billion, up 72 percent compared to the prior year but down materially versus issuance over the last few years. About half of the issuance for the quarter was secured bonds, compared to an average of 28 percent over the last six years. This was due in part to the continuing trend of issuers with loans outstanding refinancing in the bond market as a cheaper alternative. High yield experienced outflows from observable sources in October, followed by strong inflows in November and December,

Market Review continued on page 2.

Average Annual Total Returns As of 12.31.2023

	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Fund Inception	Expense Ratio Gross/Net[3]/ Adjusted[4]	Fund Inception Date
Institutional	6.08%	12.21%	12.21%	2.46%	4.85%	4.35%	6.65%	0.95%/0.69%/0.66%	7.11.2008
A Class (No Load)	5.96%	11.93%	11.93%	2.20%	4.61%	4.09%	5.97%	1.22%/0.94%/0.91%	8.5.1996
A Class (Load)	1.75%	7.44%	7.44%	0.82%	3.76%	3.58%	5.78%	1.22%/0.94%/0.91%	8.5.1996
C Class (No Load)	5.83%	11.15%	11.15%	1.42%	3.80%	3.30%	5.29%	1.97%/1.70%/1.63%	5.1.2000
C Class (Load)	4.83%	10.15%	10.15%	1.42%	3.80%	3.30%	5.29%	1.97%/1.70%/1.63%	5.1.2000
P Class	5.95%	12.04%	12.04%	2.19%	4.57%	—	4.10%	1.22%/0.94%/0.91%	5.1.2015
R6 Class	6.18%	12.45%	12.45%	2.57%	4.97%	—	3.81%	0.84%/0.58%/0.55%	5.15.2017
Bloomberg U.S. Corporate High Yield Index	7.16%	13.45%	13.45%	1.98%	5.37%	4.60%	6.55%[5]	—	—

Performance displayed represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than original cost. Current performance may be lower or higher than the performance data quoted. For up-to-date fund performance, including performance current to the most recent month end, please visit our website at GuggenheimInvestments.com. *Load performance reflects maximum sales charges or contingent deferred sales charges (CDSC) as applicable. A Class shares have a maximum sales charge of 4.0%. Effective 10.1.2015 the A Class maximum front-end sales charge was changed from 4.75% to 4.0%. For performance periods that begin prior to 10.1.2015, a 4.75% load was used and for performance periods that begin after 10.1.2015, a 4.0% load was used. C Class shares have a maximum CDSC of 1% for shares redeemed within 12 months of purchase.*

Unless otherwise noted, data is as of 12.31.2023. Data is subject to change on a daily basis. Partial year returns are cumulative, not annualized. Returns reflect the reinvestment of dividends. The referenced index is unmanaged and not available for direct investment. Index performance does not reflect transaction costs, fees, or expenses. Index data source: FundStation.

2 As of 12.31.2023. SEC 30-day yield is a standard yield calculation that allows for fairer comparisons of bond funds. It reflects dividends and interest ("income") earned during the most recent 30-day period after the deduction of the fund's expenses and is calculated by dividing the income per share by the maximum offering share price on the last day of the period. Unsubsidized SEC 30-day yield is what the yield would have been had no fee waivers and/or expense reimbursement been in place. **3** The Net Expense Ratio reflects a contractual fee waiver by the Adviser through February 1, 2025, to limit the ordinary operating expenses of the fund. **4** The Adjusted Expense Ratio ("Adjusted") is based on the Net Expense Ratio, but excludes certain investment expenses, such as interest expense from borrowings and repurchase agreements and dividend expense from investments on short sales. **5** Inception date of benchmark return is that of the fund's oldest share class.

Overall Morningstar Rating™

★★★★ Institutional

Based on risk-adjusted returns out of 618 High Yield Bond Funds. As of 12.31.2023.[1]

Symbols and CUSIP Numbers

	Symbol	CUSIP
Institutional	SHYIX	40168W665
A	SIHAX	40168W699
C	SIHSX	40168W673
P	SIHPX	40169J507
R6	SHYSX	40168W145

SEC 30-Day Yield[2]

	Subsidized	Unsubsidized
Institutional	7.15%	7.15%
A	6.63%	6.63%
C	6.15%	6.15%
P	6.91%	6.91%
R6	7.32%	7.32%

Redemption Fee

The fund will charge shareholders a 2.0% redemption fee when they redeem shares held for ninety (90) days or less.

1 **Past performance is no guarantee of future results.** The Institutional Class was rated, based on its risk-adjusted returns, 4 stars for overall, 4 stars for 3 years, 3 stars for 5 years, and 4 stars for 10 years among 618, 618, 586, and 432 High Yield funds respectively. The Morningstar Rating for funds, or "star rating", is calculated for managed products with at least a three-year history and does not include the effect of sales charges. Exchange-traded funds and open-end mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics.

Market Review (Continued)

including inflows in the last eight weeks of the year. Overall, fourth quarter inflows totaled $6.5 billion driven entirely by ETFs and offset by outflows from mutual funds.

High yield generated strong returns in the quarter with positive performance across sectors. Brokers and Banking, which are both small portions of the Index, were the top performers, followed by a tight band of sectors including Communications and Consumer Cyclicals. Energy was one of the underperformers amid lower commodity prices. Higher quality outperformed during the quarter even as CCCs[5] outperformed in the first three quarters of the year. BBs supported by their higher duration returned +7.36 percent, followed by Bs at +7.01 percent, and CCCs at +6.92 percent.

High yield fundamentals declined slightly in Q4, but remain solid, with net leverage and interest coverage metrics continuing to be healthier than historical levels. The high yield default rate at 2.4 percent remains below its long-term average of 4 percent. The distress rate ticked lower to 6.3 percent from 6.7 percent in September amid tightening credit spreads.

Performance

Guggenheim High Yield Fund (institutional share class) returned 6.08 percent for Q4, underperforming the Bloomberg U.S. Corporate High Yield Index by 108 basis points.

Performance over the period benefited from credit selection in Communications and Energy. The high yield bond exposure which comprises the majority of the fund performed in line with the benchmark. While outperforming high yield through the first three quarters of 2024, bank loans returned only 2.8 percent in Q4, which meant the fund's allocation to bank loans was the largest drag on performance for the quarter. In addition, the average cash balance of about 2 percent was a detractor given strong market returns.

Strategy

Market conditions improved during the quarter with benign inflation, stable corporate earnings, and hopes for Fed rate cuts in 2024. Notably, the Index delivered negative returns in October before strong performance in November and December. U.S. Treasury yields rose in October before reversing course in November and continued falling into year-end with the 10-year Treasury yield dropping from 4.57 percent to 3.88 percent.

On a fundamental basis, average leverage and coverage levels declined slightly in the quarter but remain ahead of historical averages. Defaults are expected to remain subdued as borrowers have solid balance sheets and a manageable maturity wall. In addition, rating agency actions remain muted with the ratio of downgrades to upgrades ending the quarter at 1.1 to 1.

New issuance volume during the quarter was substantially more active than a year ago. The fund was selective in participating in new issues and continued to uncover opportunities in the secondary market. The fund remains positioned up in quality versus the benchmark, driven by an underweight to CCCs and distressed issuers. Overall, we remain nimble to take advantage of opportunities in the market using our bottom-up approach.

The Index's yield declined during Q4, ending at 7.59 percent, amid minimal tighter credit spreads and lower U.S. Treasury yields. Yields are in the middle of their range over the last 30 years. Even with continued credit risk and possibility of recession, we think current yields offer opportunities to find credits that are trading cheap to their fundamentals and risk of default/loss.

Sector Allocation
(% of Net Assets)

High Yield Corporate Bonds	82.2%
Bank Loans	12.0%
Preferred Securities	1.7%
Investment Grade Corporate Bonds	1.6%
Equity	0.9%
Collateralized Loan Obligations	0.6%
Net Short-Term Investments	1.0%
Short-Term Investments[1]	1.8%
Leverage/Reverse Repos	-0.8%

Portfolio Characteristics

Weighted Average Life (WAL) to Worst[1]	4.6
Modified Duration to Worst[2]	3.2
Number of Holdings	304
Average Price[3]	$92.0

1 Short-Term Investments may include uninvested cash, net unsettled trades, money market funds, commercial paper, repos, and other liquid short duration securities. **2** Weighted average life (WAL) to worst represents the weighted average number of years for which each dollar of unpaid principal on a fixed-income security remains outstanding. This calculation is made by making the worst-case scenario assumptions on the issue, assuming any prepayment, call, or sinking fund options are used by the issuer. **3** Modified Duration to Worst is the approximate percentage change in price for a hundred basis point change in yield assuming that cash flows are fixed as rates change. **4** Average Price excludes zero coupon, interest only and principal only bonds, preferred securities not priced at 100 par, and other alternative sector buckets when applicable. **5** S&P bond ratings are measured on a scale that ranges from AAA (highest) to D (lowest). Bonds rated BBB- and above are considered investment-grade while bonds rated BB+ and below are considered speculative grade.

Risk Considerations This fund may not be suitable for all investors. • The fund's market value will change in response to interest rate changes and market conditions among other factors. In general, bond prices rise when interest rates fall and vice versa. • The fund's exposure to high yield securities may subject the fund to greater volatility. • The fund may invest in derivative instruments, which may be more volatile and less liquid, increasing the risk of loss when compared to traditional securities. Certain of the derivative instruments are also subject to the risks of counterparty default and adverse tax treatment. •The fund's use of leverage, through borrowings or instruments such as derivatives, may cause the fund to be more volatile than if it had not been leveraged. • Instruments and strategies (such as borrowing transactions and reverse repurchase agreements) may provide leveraged exposure to a particular investment, which will magnify any gains or losses on those investments. • The fund may invest in foreign securities which carry additional risks when compared to U.S. securities, due to the impact of diplomatic, political or economic developments in the country in question (investments in emerging markets securities are generally subject to an even greater level of risks). • Investments in syndicated bank loans generally offer a floating interest rate and involve special types of risks. • The fund's investments in other investment vehicles subject the fund to those risks and expenses affecting the investment vehicle. • The fund's investments in restricted securities may involve financial and liquidity risk. • You may have a gain or loss when you sell your shares. • It is important to note that the fund is not guaranteed by the U.S. government. • Please read the prospectus for more detailed information regarding these and other risks.

Index Definition: The **Bloomberg U.S. Corporate High Yield Index** measures the market for USD-denominated non-investment grade, fixed rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/ BB+ or below. The index excludes emerging market debt.

Definitions: One **basis point** equals 0.01%.

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Read the fund's prospectus and summary prospectus (if available) carefully before investing. It contains the fund's investment objectives, risks, charges, expenses, and other information, which should be considered carefully before investing. Obtain a prospectus and summary prospectus (if available) at GuggenheimInvestments.com.

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