Quarterly Commentary—Q4 2023

Municipal Income Fund

Mutual Fund | Fixed Income

Market Review

The U.S. economy has proved resilient so far to tight monetary policy by the Federal Reserve (Fed), helped by falling inflation boosting real incomes and consumer sentiment, a big expansion in the fiscal deficit over the past year, and a supply-side boost as labor force participation improves. These tailwinds are likely to fade going forward which will pressure growth. Consumer spending also faces headwinds from dwindling excess savings buffers.

The Fed-induced easing of financial conditions, with interest rates falling and stock prices rising, takes pressure off the economy and helps bring down recession risk. While recession risk has come down, it is still materially higher than very optimistic market expectations. The 2024 election could add to volatility and uncertainty this year. We expect Treasury yields to decline more than the market currently anticipates this year, though they are unlikely to return to the lows of the last cycle.

We expect default rates to stay elevated as U.S. companies cope with rising borrowing costs and limited credit availability, but the stress will become increasingly bifurcated between

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Symbols and CUSIP Numbers

	Symbol	CUSIP
Institutional	GIJIX	40168W558
A Class	GIJAX	40168W574
C Class	GIJCX	40168W566
P Class	GIJPX	40169J887

SEC 30-Day Yield[1]

	Subsidized	Unsubsidized
Institutional	3.33%	2.67%
A	2.98%	2.39%
C	2.50%	1.83%
P	3.25%	2.50%

1 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.

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[2]/ Adjusted[3]	Fund Inception Date
Institutional	7.24%	4.29%	4.29%	-2.58%	0.87%	2.59%	2.43%	1.12%/0.69%/0.68%	1.13.2012
A Class (No Load)	7.17%	4.03%	4.03%	-2.82%	0.62%	2.34%	3.19%	1.36%/0.94%/0.93%	4.27.2004
A Class (Load)	2.88%	-0.13%	-0.13%	-4.13%	-0.20%	1.84%	2.94%	1.36%/0.94%/0.93%	4.27.2004
C Class (No Load)	6.98%	3.25%	3.25%	-3.55%	-0.13%	1.58%	1.42%	2.16%/1.70%/1.69%	1.13.2012
C Class (Load)	5.98%	2.25%	2.25%	-3.55%	-0.13%	1.58%	1.42%	2.16%/1.70%/1.69%	1.13.2012
P Class	7.27%	4.13%	4.13%	-2.80%	0.62%	—	1.24%	1.67%/0.94%/0.93%	5.1.2015
Bloomberg Municipal Bond Index	7.89%	6.40%	6.40%	-0.40%	2.25%	3.03%	3.74%[4]	—	—

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 4.00%. Effective 10.1.2015 the A Class maximum front-end sales charge was changed from 4.75% to 4.00%. 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 4.00% 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 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. **3** 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. **4** Inception date of benchmark return is that of the fund's oldest share class.

Market Review (Continued)

large and small companies. We believe high-quality corporate debt and structured credit yields should provide an income cushion that could reduce the impact if spreads should widen from here.

The two-year Treasury yield declined to 4.23 percent from 5.03 percent in the fourth quarter, while the 10-year Treasury yield dropped to 3.88 from 4.59 percent, a 9 basis point flattening in the 2s/10s yield curve.

Performance Review

Guggenheim Municipal Income Fund returned 7.24 percent for Q4, underperforming the benchmark (Bloomberg Municipal Bond Index) return of 7.89 percent.

Carry, or earned income, contributed to performance during the quarter as the fund maintained and added to its yield advantage versus the benchmark. High-quality, long-duration zero-coupon bonds also outperformed as rates rallied. Tax exempt agency CMBS underperformed as liquidity was re-priced.

Among the most-represented states in the portfolio, Texas and California bonds contributed the most from total return, while those from New York detracted from returns for the period.

Municipal Market

Munis struggled for much of 2023, as the Fed tightened its policy rate, which culminated in the 10 year U.S. Treasury peaking in mid-October. But an ongoing Fed pause, softening inflation, and subdued economic growth kicked off a two-month rally not seen in decades. At the end of October, the Index was down about 2 percent, but the November-December surge boosted it by almost 9 percent, leading to the full year return of 6.40.

With strong returns across the curve, munis with longer maturities (longer duration) outperformed for both the 4Q and 2023. BBB bonds outperformed both A and AAA bonds for the quarter; for the year, BBB and A bonds outperformed AAA bonds.[5]

Issuance continued to be subdued for the quarter at $90 billion, or $375 billion for the year. It marked the second straight year with issuance below $400 billion, compared with almost $500 billion in both 2020 and 2021, as issuers were put off by rising rates and market volatility. Three-quarters of the yearly total was new money issuance and the rest refunding deals.

Municipal bond mutual fund and ETF flows were net negative for the second straight year. Total outflows for 2023 were more than $20 billion, compared with about $145 billion for 2022.

Rating agency upgrades continue to exceed downgrades, with S&P's ratio improving from 1.6:1 in October to 3.4:1 in November. Annual defaults were up 29 percent year over year, but totaled only about $2 billion, mostly in nursing homes and hospitals, a drop in the bucket compared with $4 trillion of outstanding muni debt.

Portfolio Positioning

Improving technicals and solid credit fundamentals should continue to support munis in the near term. Despite net outflows for the year, flows to mutual fund were turning positive in the last weeks of December. Tax exempt/treasury yield ratios start 2024 trading at the tight end of their one-year range but a steady new issue supply may be expected to gradually widen the ratios throughout the first half of the year.

Portfolio Positioning continued on page 3

Sector Allocation

(% of Net Assets)

Other	27.2%
Education	19.0%
Healthcare	11.4%
City	7.9%
Utilities	7.8%
Transportation	6.5%
General Purpose	5.5%
Housing	3.5%
State	1.1%
County	0.4%
Sales Tax	0.0%
Net Short-Term Investments	9.7%
Short-Term Investments[1]	9.7%
Leverage/Reverse Repos	0.0%

Top 5 States

CA	14.7%
PA	7.1%
NY	6.5%
OR	5.9%
MI	5.7%

Portfolio Characteristics

Weighted Average Life (WAL) to Worst[2]	9.6
Number of Holdings	85
Effective Duration[3]	6.5
Average Price[4]	$99.5

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** Weighted average effective duration of the securities comprising the fund portfolio or the index. Effective duration takes into account any embedded options (i.e., a put or a call) and reflects the expected change in future cash flows caused by the options in response to changing interest rates. **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.

Portfolio Positioning (Continued)

Credit fundamentals for most states and locals remain solid. Balances in median rainy day funds are expected to remain near a record high in both fiscal 2023 and fiscal 2024. Many municipalities have a high level of reserves and debt service loads are the lowest in decades.

Broadly, we continue to emphasize security selection of high-quality municipal issuers. We believe that an uncertain economic environment should favor the high quality, long duration securities that are overweight in the fund. We remain focused on structural creditworthiness that can endure macroeconomic volatility while generating tax-exempt income that is competitive with high quality taxable bond markets.[1]

1 Income may be subject to the federal Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxed as capital gain. Investors should consult with a tax advisor before making any tax-related investment decisions.

Bloomberg Municipal Bond Index is the flagship measure of the U.S. municipal tax-exempt investment grade bond market.

One **basis point** equals 0.01%. **Carry** is the difference between the cost of financing an asset and the interest received on that asset.

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