Quarterly Commentary—Q4 2023

Total Return Bond 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 large and small companies. High-quality corporate debt and structured credit yields should provide an income cushion that could reduce the impact if spreads should widen from here.

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	7.04%	7.43%	7.43%	-3.23%	1.80%	3.18%	3.91%	0.71%/0.62%/0.46%	11.30.2011
A Class (No Load)	6.97%	7.13%	7.13%	-3.52%	1.51%	2.85%	3.59%	0.96%/0.91%/0.76%	11.30.2011
A Class (Load)	2.68%	2.83%	2.83%	-4.82%	0.68%	2.36%	3.17%	0.96%/0.91%/0.76%	11.30.2011
C Class (No Load)	6.77%	6.33%	6.33%	-4.24%	0.75%	2.09%	2.82%	1.72%/1.66%/1.51%	11.30.2011
C Class (Load)	5.77%	5.33%	5.33%	-4.24%	0.75%	2.09%	2.82%	1.72%/1.66%/1.51%	11.30.2011
P Class	6.97%	7.13%	7.13%	-3.52%	1.51%	—	2.23%	1.06%/0.91%/0.75%	5.1.2015
R6 Class	7.04%	7.48%	7.48%	-3.23%	1.80%	—	2.11%	0.62%/0.58%/0.42%	10.19.2016
Bloomberg U.S. Aggregate Bond Index	6.82%	5.53%	5.53%	-3.31%	1.10%	1.81%	1.76%[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 4.00%. 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.

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** Since Inception returns are as of the fund's oldest share class.

Overall Morningstar Rating™

★★★★ Institutional

Based on risk-adjusted returns out of 568 Intermediate Core-Plus Bond funds. As of 12.31.2023.[1]

Symbols and CUSIP Numbers

	Symbol	CUSIP
Institutional	GIBIX	40168W525
A Class	GIBAX	40168W541
C Class	GIBCX	40168W533
P Class	GIBLX	40169J879
R6 Class	GIBRX	40169J200

SEC 30-Day Yield[2]

	Subsidized	Unsubsidized
Institutional	4.93%	4.93%
A	4.45%	4.45%
C	3.90%	3.90%
P	4.64%	4.64%
R6	4.97%	4.97%

1 Past performance is no guarantee of future results. The Institutional Class was rated, based on its risk adjusted returns, 4 stars for overall, 3 stars for 3 years, 3 stars for 5 years, and 5 stars for 10 years among 568, 568, 536, and 375 Intermediate Core-Plus Bond funds. 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. **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.

Market Review (Continued)

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. Investment-grade corporate bond issuance has been robust, predominantly split between financials and industrials. Investment-grade spreads, which peaked at 163 basis points (bps) in April, tightened to 103 bps by the end of the year. Meanwhile, high-yield bond credit spreads narrowed to just 363 bps by year-end, the tightest since April 2022, and marking a significant reduction from 491 bps at the beginning of the year. Leveraged loan discount margins tightened from 652 bps to 528 bps, but 44 percent of the loan index is trading at spreads below 400 bps and the median loan ended the year at 464 bps. Structured credit spreads rallied into year-end capping a strong year of outperformance for structured credit. In collateralized loan obligations (CLOs) we continue to expect range bound primary spreads and an increase in refinancings and resets to open the year.

Summary:

- *The U.S. economy has proved resilient so far to tightening monetary policy by the Fed, but current tailwinds are likely to fade going forward which will pressure growth.*
- *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 large and small companies.*
- *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 2024 election could add to volatility and uncertainty this year.*

Performance Review

The fund finished the fourth quarter up +7.04 percent, outperforming its Benchmark, the Bloomberg U.S. Aggregate Index, by +0.22 percent. This brought the fund's year-to-date performance to +7.43 percent, outperforming the Benchmark by +1.90 percent.

Duration positioning contributed +5.25 percent and +0.40 percent to absolute and relative performance, respectively, as the U.S. Treasury curve rallied dramatically with 2-year and 30-year Treasury yields falling by 79 bps and 67 bps, respectively. The fund increased duration positioning into the rate back-up early in the quarter, ultimately benefiting from the rally by the end of the period. Carry, or earned income, remained a consistent source of absolute and relative performance for the fund, adding approximately +1.40 percent and +0.25 percent, respectively. Credit spreads moves contributed +0.60 percent to absolute performance but detracted -0.20 percent to relative performance due a moderate underweight to agency residential mortgage-backed securities (RMBS) and Investment Grade Corporates as the Bloomberg U.S. MBS Index and Bloomberg U.S. Corporate Bond Index, which tightened by 19 bps and 22 bps, respectively.

Strategy and Positioning continued on page 2.

Sector Allocation

(% of Net Assets)

U.S. Treasuries & Agencies	26.0%
Investment Grade Corporate Bonds	20.1%
Asset-Backed Securities	12.2%
Collateralized Loan Obligations	10.7%
Non-Agency Mortgage-Backed Securities	9.2%
Agency Mortgage-Backed Securities	5.9%
High Yield Corporate Bonds	4.7%
Bank Loans	3.7%
Preferred Securities	3.6%
Non-Agency Commercial Mortgage-Backed Securities	1.9%
Municipal Bonds	1.3%
Agency Commercial Mortgage-Backed Securities	1.2%
Military Housing Bonds	1.1%
Private Placements	1.0%
Foreign Government & Agencies	0.5%
Equity	0.2%
Other Fixed Income[1]	0.0%
Derivatives	-0.2%
Net Short Term Investments	-3.2%
Short Term Investments[2]	-3.2%
Leverage/Reverse Repos	0.0%

Portfolio Characteristics

Weighted Average Life (WAL) to Worst[3]	7.8	8.6
Number of Holdings	1,373	13,334
Effective Duration[4]	6.4	6.3
Average Price[5]	$91.6	$91.8

1 Other Fixed Income includes fixed income mutual funds, closed end funds, and other miscellaneous fixed income instruments. **2** Short-Term Investments may include uninvested cash, net unsettled trades, money market funds, commercial paper, repos, and other liquid short duration securities. **3** 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. **4** 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. **5** 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.

Strategy and Positioning

Over the past several quarters the fund has prioritized diversification, quality, and liquidity as recession risks remain elevated. To that end, the fund has steadily rotating positioning up-in-quality and more defensively, uniquely, without having to materially sacrifice yield due to the flatness of the yield curve and relatively limited spread premiums for quality. While spreads for many credit sectors reverted to long term average levels, certain segments remain dislocated and offer attractive relative and absolute value. Structured credit is acutely cheap, particularly when compared to broader fixed income spread sectors. The basis between structured credit spreads and investment grade corporate spreads currently sits wide of the 90th percentile of historically observed data.

Given dramatic intra-quarter shifts in market pricing of the path of monetary policy, we actively adjusted duration positioning, at first taking up duration to the high end of the fund's longer-term positioning, and subsequently reduced the duration overweight later in the quarter as yields ultimately settled back towards the levels where they started the year. The fund held its agency RMBS allocation relatively constant at approximately 14 percent, favoring higher coupon pools that were trading historically wide, primarily for technical reasons. By the end of the quarter, much of the cheapness had dissipated, although the asset class still offers attractive defensive carry at this point.

Structured credit remains the fund's largest allocation, representing roughly 32 percent of holdings. Spreads continued their rebound for the year, but broadly remain wide, both compared to similarly rated investment grade corporate credit and in absolute. Furthermore, the lower dollar prices of these assets following the rise in interest rates sets up the potential for higher total return opportunities than typically exists in the asset class. With much of the sector's active buying base coming from income-focused accounts, structured credit spreads should continue to compress from the resetting higher of yields and the resulting increased interest that comes with it. Within securitized credit, we continue to focus on opportunities senior in the capital structure with sufficient credit enhancement and often unique structural features that limit cash flow variability or extension risks. We believe the focus on superior structures is paramount to mitigate mark-to-market risks that could emerge should volatility rise.

Corporate credit represents roughly 24 percent of the fund's holdings. Investment grade rated credit makes up 18 percent of the allocation while 6 percent is below investment grade rated. While in our view, index-level corporate credit spreads are trading around fair value level, there remain many idiosyncratic opportunities and risks across certain issuers and industries given tighter credit conditions across capital markets this year. We expect increased bifurcation within credit markets in future quarters and have positioned the fund accordingly. Primary market offerings priced at especially attractive levels as investors pulled back from lending activities this year, presenting a unique opportunity for the fund to capture risk premiums.

As we reflect on the past couple years, it is safe to conclude that we have come through a period of unprecedented volatility. Drawdowns for the fixed income asset class over the past couple of years now may prove a very attractive entry point for longer-term investors as the end of the Fed's has signaled a pause in its rate hike campaign. Fixed income generally performs well during pause phases of the monetary policy cycle and potential rate cuts may add further tailwinds for the sector. The heightened probability of a recession over the next 6-12 months as indicated by traditional models continues to support defensive and conservative positioning within the fund, which is prioritizing quality (which takes multiple forms including industry market leaders, more conservatively positioned balance sheets, and stronger creditor protections). Though the recent rally in interest rates and tightening of credit spreads have likely pulled forward some of the future total return potential of parts of fixed income, we still view the go-forward valuation proposition of fixed income as historically attractive at current levels.

Bps—basis points: One basis point is equal to 0.01%. **Carry:** The difference between the cost of financing an asset and the interest received on that asset.

Risk Considerations This fund may not be suitable for all investors. • Investments in fixed-income instruments are subject to the possibility that interest rates could rise, causing the value of the fund's holdings and share price to decline. • Investors in asset-backed securities, including collateralized loan obligations ("CLOs"), generally receive payments that are part interest and part return of principal. These payments may vary based on the rate loans are repaid. Some asset-backed securities may have structures that make their reaction to interest rates and other factors difficult to predict, making their prices volatile and they are subject to liquidity and valuation risk. CLOs bear similar risks to investing in loans directly. • Investments in loans involve special types of risks, including credit, interest rate, counterparty, prepayment, liquidity, and valuation risks. Loans are often below investment grade, may be unrated, and typically offer a fixed or floating interest rate. • High yield and unrated debt securities are at a greater risk of default than investment grade bonds and may be less liquid, which may increase volatility. • The fund's use of leverage, through borrowings or instruments such as derivatives, may cause the fund to be more volatile and riskier than if it had not been leveraged. The more a fund invests in leveraged instruments, the more the leverage will magnify any gains or losses on those investments. • Investments in reverse repurchase agreements expose the fund to many of the same risks as leveraged instruments, such as derivatives. • You may have a gain or loss when you sell your shares. • Please read the prospectus for more detailed information regarding these and other risks.

Index Definition Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S . dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS (agency and non-agency).

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