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# ESG Integration Statement

## Guggenheim's ESG Philosophy

At Guggenheim Investments, we believe Environmental, Social, and Governance (ESG) factors can meaningfully influence investment outcomes. We view consideration of these factors as both a natural extension and important component of best-in-class investing. As such, we have integrated ESG considerations, when material and relevant, into our investment philosophy and process.[1] Guggenheim's approach to ESG concentrates on the following:

- **Integration into our existing investment process:** Consideration of ESG characteristics throughout our macroeconomic, sector, and issuer research across our core investment asset classes.[2]
- **Clarity and consistency firmwide**: Ensuring our approach to ESG analysis is understood by investment professionals and integrated into their work as appropriate.
- **Meeting client needs**: Working closely with our clients to ensure we understand their risk tolerance levels and the best approach to incorporating ESG criteria into management of their portfolios, where mandated and / or permitted.
- **Transparency**: Being transparent about our approach internally and externally.

We also acknowledge that the ESG landscape is constantly evolving. As such, we are committed to continuously developing and updating our process to best align with our firm's goals and investment strategy, as well as our clients' needs, going forward.

[1] For various reasons, including but not limited to availability and quality of information on an issuer, limited timeframe for an investment decision, or where ESG may not have a material impact on an investment's return or an issuer's financial performance, a review of ESG criteria will not be performed for some investments or issuers and ESG criteria will not be considered for such issuers and investments. Such investments may still be acquired for Guggenheim client accounts.

[2] Core investment asset classes include fixed-income sectors such as Corporate Credit, Structured Credit, Municipals, Agency MBS, Sovereigns, Agency Securities, Infrastructure and Project Finance, and Real Estate Finance. Assets that currently are not in scope for the evaluation of ESG criteria include, but are not limited to: Derivative Instruments, Foreign Exchange, Repurchase / Reverse Repurchase Agreements, Fund-of-funds, and money market and other similar cash management vehicles. The implementation of ESG considerations for equities has not yet been formalized other than with respect to accounts that are managed according to an ESG mandate. Additionally, the consideration of ESG risk criteria generally excludes Guggenheim Investments' strategies that are passively managed or are managed to the beta of an index and excludes assets managed by Guggenheim Funds Distributors, LLC and GS GAMMA Advisors, LLC.

Guggenheim analysts evaluate different ESG-related factors depending on asset class, sector, industry, and specific investment case. Examples include, but are not limited to, the following, which can be viewed in both current and forward-looking contexts:

- **Environmental**: carbon emissions, hazardous waste / chemical controls, raw materials sourcing, recycling, customer environmental incentives.
- **Social**: employee compensation and benefit programs, employee hiring and retention, data privacy and security, workplace safety measures, product safety.
- **Governance**: internal audits/controls, business ethics policies, board diversity, senior management succession plans.

## Implementation of ESG Integration Within Guggenheim's Investment Framework

At Guggenheim, our fixed income investment process for actively managed strategies is disaggregated into four specialized groups: Sector Teams, Macroeconomic Research and Market Strategy, Portfolio Construction, and Portfolio Management. We have integrated ESG analysis into this existing investment evaluation framework, as appropriate, rather than employing a separate team focused on ESG.

From a bottom-up standpoint, Sector teams incorporate evaluation of ESG factors, where material and relevant, into the investment underwriting process. Credit analysts assess ESG risks (and strengths) alongside other investment risks (and strengths) as part of evaluating the investment's risk-adjusted return. Sector team analysts include a one-page ESG assessment in almost all credit memos presented to the Investment Committee or Sector Head. While the presence of an ESG risk is not necessarily a reason to exclude a specific position from our investment universe or to avoid performing due diligence, the evaluation of these factors may lead to actions, including steering capital away from or towards issuers in consideration of their ESG characteristics.

Recognizing that an issuer's risk profile may change over time, our approach seeks to incorporate a forward-looking assessment of ESG criteria. In practice, this means that we may assess an issuer's ESG characteristics more favorably if it is taking concrete steps to improve its risk profile by improving governance, addressing environmental or social issues, or deploying capital towards more sustainable projects with better long-term growth outlooks. The inverse is also true if we believe an issuer's ESG characteristics are likely to deteriorate in the future.

In many cases, we use data and insights from third-party research to provide additional input in the analysis of ESG-related criteria within our portfolio holdings and the broader market. However, we believe our research analysts, who are sector specialists and deeply involved in analyzing investments, are ultimately best positioned to determine the materiality of ESG criteria.

From a top-down standpoint, the Macroeconomic Research and Market Strategy team provides outlooks on the business cycle and markets globally. The Portfolio Construction Group and Portfolio Management teams seek to ensure that any client specific ESG restrictions are met. We may restrict the investible universe for specific portfolios based on ESG restrictions when specifically mandated by our clients or applicable regulations[3]. These restrictions or prohibitions are subject to change over time based on client-directed preferences or applicable regulations.

## Issuer Relationships and Proxy Voting

Our Corporate Credit sector team has launched a formal Engagement program. The Engagement program is aligned with our broader ESG integration process and focuses on material and relevant ESG factors. Analyst industry teams engage issuer firms on ESG-related topics with a focus on improving disclosure to improve our investment process as well as the performance of our investments. Analyst industry teams track engagements across their respective sector(s), including the topics discussed and key takeaways from their conversations.

For our accounts that own equities, Guggenheim has adopted the proxy voting guidelines of an outside proxy voting firm, Institutional Shareholder Services Inc. ("ISS"), as Guggenheim's proxy voting guidelines. As part of the guidelines we adopted, we follow ISS's Global Board-Aligned U.S. voting recommendations for ESG issues such as shareholder rights and defenses, compensation, consumer issues, and climate.

## Principles for Responsible Investment

Guggenheim Partners Investment Management, LLC (GPIM) is a signatory to the United Nations-backed Principles for Responsible Investment (PRI). In becoming a PRI signatory, GPIM committed to adopt and implement the six voluntary and aspirational principles where consistent with our fiduciary responsibilities to our clients. Being a PRI signatory does not require the application of specific ESG criteria or risk factors and neither the principles nor our ESG policies require the exclusion of a particular industry, issuer, or asset type.

## Oversight and External Representation

The Guggenheim Investments ESG Oversight Committee, under the direction of the Sustainable Stewardship Council, meets periodically and has a role in the execution and continued progress of integration of ESG criteria into our investment strategy and into other relevant firm processes and practices. It is a cross-functional team of experienced executives from various departments that periodically reviews this Statement against industry best practices and internal development and integration. On a broader level, the Sustainable Stewardship Council is a cross-functional leadership team comprised of senior executives that assists in oversight of the firm's sustainability strategy and execution.

Additionally, we strive for ongoing dialogue with clients, employees, regulators, business partners, other stakeholders, and third-party experts, to ensure positive outcomes for all related parties. This valued exchange of ideas provides relevant input for our positioning on ESG issues and helps inform our investment decisions. We believe that transparency and stakeholder dialogue are vital to integrating ESG into our investment process. As such, the ESG integration practices of Guggenheim Investments are evolving and will continue to evolve and improve over time, and we will accordingly update this Statement as appropriate.

[3] As a result of such restrictions, clients may be limited as to available investments, which could hinder performance when compared to client mandates with no such restrictions.

## Important Notices and Disclosures

This material is distributed or presented for informational or educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, or as investing advice of any kind. This material is not provided in a fiduciary capacity, may not be relied upon for or in connection with the making of investment decisions, and does not constitute a solicitation of an offer to buy or sell securities. The content contained herein is not intended to be and should not be construed as legal or tax advice and/or a legal opinion. Always consult a financial, tax and/or legal professional regarding your specific situation.

Investing involves risk, including the possible loss of principal. The ability for Guggenheim Investments to identify and evaluate environmental, social, and governance ("ESG") factors and risks is limited to the availability and quality of information on an asset or issuer. The assessments of such ESG factors are qualitative and subjective by nature and subject to change. Guggenheim Investments may change, and has changed, over time and without notice our ESG assessment of an asset or issuer or the type of information that we use. There is no guarantee that the ESG criteria utilized, or judgment exercised, by Guggenheim Investments will reflect the beliefs or values of any one particular investor or other constituent nor will it necessarily result in enhanced performance of any asset or any portfolio. In many cases, we may use data and insights from third-party research to provide additional input in the analysis of ESG-related criteria within our portfolio holdings and the broader market, which information and data may be incomplete, inaccurate or unavailable. As a result, there is a risk that we could incorrectly assess the ESG factors or risks associated with a particular asset or issuer. The application of ESG criteria and risk factors could result in one or more assets or issuers being excluded from a portfolio, which could have an adverse effect on the performance of that portfolio. Additionally, investment strategies with mandates to explicitly restrict investments due to certain ESG criteria may be, and often are, limited as to available investments, which could hinder performance when compared to strategies with no such requirements or restrictions.

Guggenheim Investments represents the following affiliated investment management businesses of Guggenheim Partners, LLC: Guggenheim Partners Investment Management, LLC, Guggenheim Wealth Solutions, LLC, Security Investors, LLC, Guggenheim Funds Investment Advisors, LLC, Guggenheim Corporate Funding, LLC, Guggenheim Funds Distributors, LLC, GS GAMMA Advisors, LLC and Guggenheim Partners Europe Limited.