GUGGENHEIM

January 2022

Guggenheim Investments

ESG Integration Statement

Consideration of ESG Criteria

At Guggenheim, we believe that Environmental, Social, Governance (ESG) criteria can meaningfully influence investment outcomes, and that careful analysis of ESG criteria is an important component in evaluating the risks associated with some of our investment strategies, and notably certain of our actively-managed fixed income strategies. For this reason, the consideration of ESG criteria is a relevant component of our investment philosophy and process. Evaluating ESG criteria may lead to actions, including steering capital away from or towards issuers in consideration of their ESG characteristics. Consideration of ESG criteria could also include strategically seeking investment opportunities that generate long-term value for our clients, are sustainable in nature, or advance innovative solutions to achieve positive, scalable change for society and the environment.

However, we also acknowledge that ESG criteria deserve careful ongoing consideration and evaluation, and as such we are committed to the further development of ESG criteria as well as the process and implementation of these criteria. As Guggenheim works to further develop a fulsome sustainability policy including ESG, these elements can be more fully integrated into our investment policies and ultimately select client portfolios.

ESG standards will evolve over time and will require consideration on how best to evaluate the consequences of the capital one deploys to support the implementation of such ESG standards.

We believe that as markets become increasingly aware of ESG criteria and price investments accordingly, establishing a formalized yet flexible approach to considering ESG criteria within our actively managed strategies[1] is prudent. Therefore, our approach to ESG investing will seek to concentrate on the following:

- Formalizing and implementing the consideration of ESG criteria throughout our macroeconomic, sector, and issuer research across our core investment asset classes.[2]
- Providing strong leadership throughout the firm to ensure ESG criteria are understood by investment professionals and integrated into their work as appropriate.

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[1] 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.

[2] Core investment asset classes includes 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.

- 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.
- Being transparent about our approach to and the application of ESG criteria into our investment thesis.

Since investors should consider material information relevant to the investment case in making their decisions, we view integration of ESG criteria as both a natural extension and important component of best-in-class investing. This Statement represents the considerations our investment teams should seek to evaluate in reaching investment decisions that include material ESG criteria and provides insight regarding the criteria assessed and the overall firm approach to ESG.

In situations where we believe that ESG criteria may have a material impact on an investment's return or issuer's financial performance, within certain of our actively-managed fixed income strategies and across certain asset classes that we invest in on behalf of our clients as our ESG criteria develops we will seek to weigh these criteria alongside traditional factors in making investment decisions. ESG risks are treated in our process like other risks (e.g., financial, covenant, interest rate, and liquidity) in that it allows us to more comprehensively assess the credit quality of a given investment and weigh this against its return potential and long-term impact. Where permissible and/or where mandated by a client or a regulatory requirement, we will seek to manage our clients' assets in a way that avoids mechanistic responses to individual ESG criteria in favor of more balanced assessments incorporating the full fundamental picture and relative value considerations including its impact on sustainability and society at large. In some circumstances a client mandate or applicable regulations can cause us to restrict specific investments based on particular ESG criteria. In certain circumstances we may implement restrictions or prohibitions on investments within certain industries for all or a sub-set of all client accounts which could be based on particular ESG criteria or other relevant factors. Those restrictions or prohibitions will be subject to change over time. As a result, clients may be limited as to available investments, which could hinder performance when compared to investments with no such restrictions.

We recognize that ESG criteria, which are subjective and evolving, can have both a near- and long-term impact. ESG challenges may build up over time if a company runs a non-sustainable business model, accruing environmental or social risks that can ultimately affect financial performance or lead to downward pressure on its capital structure. Alternatively, as certain companies improve their ESG criteria such as corporate governance practices, an improvement in operational and financial performance may follow, leading to better equity performance, tighter credit spreads, or improvement of long-term viability. Regardless of the anticipated timeframe for deterioration or improvement, we will seek to evaluate ESG issues when they present themselves as relevant to the investment case.

Due to the diversity of our client base and assets under management, the degree of sensitivity of our individual portfolios to ESG criteria can vary significantly. Clients who direct us to tilt their portfolios away from investments that raise ESG concerns, regardless of relative value, may request we screen out certain industries or avoid purchasing certain investments.

ESG Integration Within Guggenheim's Investment Framework

At Guggenheim, our fixed-income investment process for actively managed strategies is disaggregated into primary and independent functions performed by four specialized groups: The Portfolio Management Team, Portfolio Construction Group, Macroeconomic and Investment Research, and Sector Teams. The design of our investment process and team structure enables us to integrate ESG analysis into the existing investment evaluation framework, as appropriate. The Macroeconomic and Investment Research team provides outlooks on the business cycle and markets globally while also analyzing sovereign credits and has begun incorporating ESG considerations into their credit views. The Portfolio Construction Group and Portfolio Management teams seek to ensure that any client specific ESG restrictions are being met.

Incorporating ESG criteria into Guggenheim's bottom-up, fundamental analyses of investments, can improve the evaluation of risks—such as litigation, regulatory sanctions, or loss of business opportunities associated with a company's ESG practices—and can be factored into relative value views. Industry, sector, and country level dynamics can also be assessed, where relevant, particularly as a means of guidance to identify and appropriately weight ESG criteria. Across geographies and industries some factors will be more relevant than others and thus the focus areas and depth of our assessment vary across investments.

Should a research analyst uncover an ESG risk or practice during the due diligence or monitoring process that they believe could be improved, they will assess the level of materiality and underlying drivers. They will then seek to incorporate this analysis into their determination of the investment's relative value. However, 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.

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 policies, or deploying capital towards projects that are likely to lead to a more sustainable enterprise. 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. Third-party research can be considered as one input within the ESG due diligence process when available. 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.

As the firm continues to expand, develop, and refine the integration of ESG criteria into our investment process, we have initially focused our efforts on the core investment asset classes. We also continue to work on formalizing our process for evaluating ESG criteria within our actively managed equities strategies; the approach shares many of the same qualities with our fixed-income investment process, with additional emphasis on quantitative analysis of ESG criteria in certain strategies.

Issuer Relationships and Proxy Voting

As discussed above, our hope is that as more investors incorporate ESG criteria into their investment decision making process, it will encourage better management practices and more environmentally and socially sustainable outcomes. Beyond these implicit benefits, meetings and discussions with consumers of, and organizations seeking, investment capital also provide opportunities to address these issues more directly. In certain cases, discussions of relevant ESG criteria occur naturally during the due diligence process. There are also scenarios in which such ESG criteria play an outsized role in the fundamental outlook for a business and the corresponding return on our investment. Particularly in the limited situations where we own control investments, our investment professionals may seek to engage, on a case-by-case basis, with a company's board and management to encourage best practices in an effort to improve the relative value of the company.

For our accounts that own equities, we have established a proxy voting policy. These policies and procedures serve as guidelines for proxy voting decisions and detail the process by which such decisions are made, and for accounts that have ESG specific client guidelines, votes related to ESG issues may be tailored.

Principles for Responsible Investment

Guggenheim Partners Investment Management, LLC (GPIM) is a signatory to the United Nations backed Principles for Responsible Investment (PRI). The six principles are a voluntary and aspirational set of principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The PRI were developed by an international group of institutional investors reflecting the increasing relevance of ESG issues to investment practices.

In becoming a PRI signatory, GPIM committed to adopt and implement the six principles, where consistent with our fiduciary responsibilities to our clients. Being a PRI signatory does not however 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. However, the application of the principles or our ESG policies may result in the exclusion of certain industries, issuers or asset types, which could have an adverse effect on performance. At this time not all of our investment strategies and mandates incorporate ESG criteria.

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, which assists in oversight of the firm’s sustainability strategy and execution.

As part of this oversight, 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 internal discussions and 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.

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 is 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 that 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, Security Investors, LLC, Guggenheim Funds Investment Advisors, LLC, Guggenheim Corporate Funding, LLC, Guggenheim Funds Distributors, LLC, GS GAMMA Advisors, LLC, Guggenheim Partners Europe Limited and Guggenheim Partners India Management.

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