GUGGENHEIM

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Guggenheim Investments

ESG Integration Statement

Consideration of ESG Criteria

At Guggenheim, we view Environmental, Social, Governance (ESG) investing as an important component of our investment philosophy and process. We believe that ESG factors can meaningfully influence investment outcomes, and that careful analysis of these criteria are a factor in evaluating the risks associated with different investments. Evaluating these factors may lead to actions, including steering capital away from or towards companies in consideration of their ESG characteristics. It 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.

While we have considered ESG criteria in certain areas of our investment processes for some time, we believe that as markets become increasingly aware of these factors and price investments accordingly, it is incumbent on us to take a formalized approach to addressing them across our alpha seeking strategies. Therefore, our approach to ESG investing concentrates on the following considerations:

- Considering ESG factors in our macroeconomic research, sector research, issuer research and portfolio management.
- Providing strong leadership throughout the firm to ensure ESG factors are understood by all investment professionals and integrated into their work.
- Working closely with our clients to ensure we understand their risk tolerance levels and the best approach to incorporating ESG criteria.
- Being transparent about our approach to responsible investing and the application of ESG considerations into our investment thesis.
- Collaborating with global organizations and thought leaders to promote sustained social and economic development, while safeguarding the environment for future generations.

In practice this means that, where relevant, our investment professionals include an assessment of ESG-related criteria alongside traditional fundamental factors. In such situations where we believe that ESG criteria will have a material impact on an investment's return or issuer's financial performance, we weight these criteria alongside traditional factors in making investment decisions. The concept of materiality is meaningful given the diverse nature of

ESG concerns and their variable importance across issuers and sectors. Accordingly, we manage our clients' assets in a way that avoids mechanistic responses to individual ESG factors in favor of more balanced assessments incorporating the full fundamental picture and relative value considerations. In many cases, this Statement represents the formal documentation of processes historically used by our investment teams in reaching investment decisions that include material ESG items. In addition, this Statement provides additional clarity regarding the criteria assessed and the overall firm approach to ESG. Since it is logical that investors should consider all information relevant to the investment case in making their decisions, we view ESG integration as both a natural extension and essential component of best-in-class investing.

We recognize that ESG factors can have both near- and long-term impact. ESG challenges may build up over time as 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 ESG factors 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 evaluate ESG issues when they present themselves as relevant to the investment case.

The driving influences supporting our inclusion of ESG criteria are summarized below:

- **Pursue superior risk-adjusted returns:** ESG integration is a component of risk management, helping us evaluate investments with companies that may have higher levels of ESG event risk and related tail-risk scenarios. While we may become comfortable with certain ESG factors during our due diligence processes, we seek to ensure that our clients are being adequately compensated for such risks.
- **Meet our clients' Responsible Investing (RI) objectives:** With a formalized approach to ESG within our investment process, we are able to tailor solutions that better enable our clients to realize their specific RI values and goals.
- **Drive sustainability and positive societal outcomes:** As we and an increasing number of market participants commit capital with appreciation for ESG criteria, corporate and other issuers are encouraged to run sustainable operations.

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. Values-focused clients who wish to tilt their portfolios away from ESG concerns regardless of relative value may request we screen out certain industries or avoid purchasing positions with poor ESG scores. Other investors who view ESG criteria as less critical in the context of their overall objectives may ask that we adjust our portfolio management of their mandates accordingly.

ESG Integration Within Guggenheim's Investment Framework

At Guggenheim, we disaggregated our fixed-income investment process into primary and independent functions performed by four specialized groups: The Portfolio Management Team, Portfolio Construction Group, Macroeconomic Research, and Sector Teams work together to create optimally structured investment portfolios, and all consider ESG criteria within their processes.

The largest portion of the ESG analysis is managed by the research analysts within our Sector Teams, and we, therefore, have taken a decentralized approach in which ESG assessments on a company/issuer level are handled directly by our Sector Teams. These analysts are the closest to the companies and issuers they cover and in the best position to assess the relevance and materiality of ESG issues. They incorporate ESG criteria into their bottom-up, fundamental analyses of issuers, evaluate risks, such as litigation, regulatory sanctions or loss of business opportunities associated with a company's ESG practices, and combine them with relative value views. Industry, sector, and country level dynamics are also assessed, particularly as a means of guidance to identify and appropriately weight ESG factors. Across geographies and industries some factors will be more relevant than others and thus the focus areas and depth of our assessment vary across issuers.

The design of our investment process and team structure enables us to integrate ESG analysis into the existing investment evaluation framework. The Macroeconomic Research team, in addition to providing the outlook on the U.S. and global business cycle and market forecasts, also analyzes sovereign credits, and factors in elements of ESG, particularly governance, into their views. The Portfolio Construction Group, by using inputs from the Sector teams and the Macroeconomic Research team, incorporates in turn those ESG factors into portfolio design. The Portfolio Management team is an internal consumer of the aforementioned ESG analyses and assesses these and other factors alongside each other at the aggregate portfolio level, while also ensuring that any ESG-specific client guidelines are being met.

Should the investment team uncover an ESG risk or certain practices during the due diligence or monitoring process, that they believe can be better managed by the issuing company to mitigate its overall risk, they will assess the level of materiality and underlying factor driving the specific issue/industry and then incorporate that in their determination of the investment's relative value. The presence of an ESG risk is not necessarily a reason to exclude a specific position from our investment universe or not to perform due diligence on it. In this regard, ESG risk is treated in our process like other risks (e.g., financial, covenant, interest rate, and liquidity) in that it allows the analysts to more comprehensively assess the credit quality of a given investment versus its return potential, and to subsequently make an informed decision.

Recognizing that an issuer's risk profile will change over time, our approach incorporates a forward-looking assessment of ESG criteria. In practice, this means that we may rate 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. Examples of such risks include how a company approaches and manages issues in the following areas:

- pollution and climate change
- human capital management
- track record on human rights
- corporate reputational risk
- natural resource use and scarcity
- board composition
- governance controls
- product safety
- labor/management relations
- employee health and safety practices

The evaluation of ESG criteria within our actively managed equities business shares many of the same qualities with fixed income, with additional emphasis on quantitative analysis of ESG criteria in certain strategies.

In many cases, we use data and insights from leading third-party research to provide scale in the analysis of ESG-related criteria within our portfolio holdings and the broader market. Third-party research is considered as one input within the ESG due diligence process; we believe our investment teams, who are sector specialists and deeply involved in analyzing issuers, are ultimately best positioned to determine the materiality of ESG criteria.

Issuer Relationships and Proxy Voting

As discussed above, our hope is that the incorporation of ESG criteria will lead to better management practices and more sustainable companies. 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 factors 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 engage on a case-by-case basis to encourage best practices and work with the Company's board and management to implement appropriate changes in business practices to meet our targeted standards.

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, including votes related to ESG issues.

Oversight and External Representation

The Guggenheim Investments ESG Oversight Team, under the direction of the Sustainability Stewardship Council, has ultimate responsibility for the execution and integration of this Statement into our investment strategy and into other relevant firm processes and practices. It is a cross-functional team of experienced executives from various departments ranging from Compliance and Strategy to Risk Management and Investments that regularly reviews this Statement against industry best practices and internal development and integration. On a broader level, the Sustainability Stewardship Council, a cross-functional leadership team comprised of senior executives, oversees the firm's overarching 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 RI 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 will evolve and improve over time.

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. Sustainability requirements, including environmental, social, and governance (ESG) obligations may limit available investments, which could hinder performance when compared to strategies with no such requirements.

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