GUGGENHEIM

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Guggenheim Investments

ESG Integration Statement

Consideration of ESG Criteria

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

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 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.
- 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.

[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.

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 practice ESG integration means that, where relevant, our investment professionals should seek to include an assessment of ESG-related criteria alongside traditional fundamental factors. In such situations where we believe that ESG criteria may have a material impact on an investment's return or issuer's financial performance, we will seek to weigh 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 investments and sectors. Accordingly, where permissible and/or where mandated, 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.

We recognize that ESG criteria can have both a 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 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.

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 that may have higher levels of ESG event risk and related tail-risk scenarios. While we may become comfortable with certain ESG criteria during our due diligence processes, we will seek to ensure that our clients are being adequately compensated for such risks.
- **Meet our clients' Responsible Investing (RI) objectives**: As our formalized approach to ESG within our investment processes and across our core investment asset classes continues to evolve, it will allow us to tailor solutions that may 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 an appreciation for ESG criteria, corporate and other issuers may be 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. 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 mandates are being met.

The largest portion of the ESG analysis will be undertaken by research analysts within our Sector Teams covering our core investment asset classes. Therefore, we have taken a decentralized approach in which ESG assessments on a company/investment level are handled directly by our Sector Teams. These analysts are the closest to the companies and investments they cover and in the best position to assess the relevance and materiality of ESG issues. Incorporating ESG criteria into their 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. 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 analysts to more comprehensively assess the credit quality of a given investment and weigh this against its return potential.

Recognizing that an issuer's risk profile will 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. Examples of such risks include how an issuer 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

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 has worked to formalize and implement the integration of ESG criteria into our investment process, we have initially focused our efforts into the core investment asset classes covered by the Corporate Credit Sector Team, which covers high yield, investment grade and bank loans investments, and the Infrastructure and Project Finance Sector Team. As our ESG integration expands and continues to evolve, we are focused on advancing incorporating ESG integration across additional core investment asset classes, including: (i) Agency Securities and Agency MBS; (ii) Structured Credit; (iii) Real Estate Finance; (iv) Sovereign Credit; and (v) Municipals.

The firm continues to work on formalizing its 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.

Oversight and External Representation

The Guggenheim Investments ESG Oversight Committee, under the direction of the Sustainable Stewardship Council, has ultimate responsibility for 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 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 Sustainable 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 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 is limited to the availability of information on an asset or issuer. The assessments of such ESG factors is qualitative and subjective by nature and subject to change. There is no guarantee that the criteria utilized, or judgment exercised, by Guggenheim Investments will reflect the beliefs or values of any one particular investor. Investment strategies that restrict investments due to certain ESG criteria may limit available investments, which could hinder performance when compared to strategies with no such requirements.

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 PartnersIndia Management.