Market Review

Recent U.S. economic data demonstrate that the expansion is being helped by lower rates. New homes sales have risen at a double-digit year-over-year pace for four consecutive months since August, spurred by lower mortgage rates but also base effects. Manufacturing production rose in both November and December, corroborating the signal seen in improving manufacturing surveys. Nonfarm payroll gains averaged 184,000 in the fourth quarter, above underlying labor force growth. Income gains and a positive wealth effect are also flowing through into retail sales, where “core” sales recovered in December after three months of declines.

The latest evidence suggests that the Federal Reserve’s (Fed’s) easing efforts have given the U.S. economy the extra gas it needed to extend the cycle. Furthermore, the new year kicks off with some clarity on U.S.-China trade policy. The eleventh-hour Phase 1 U.S.-China trade agreement may give U.S. companies some comfort that they can expect tariffs on either side to remain where they are for now. This should help support U.S.

Market Review continued on page 2.

Average Annual Total Returns

<table>
<thead>
<tr>
<th></th>
<th>3-Month</th>
<th>YTD</th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>Since Fund Inception</th>
<th>Gross/Net Expense Ratio¹</th>
<th>Fund Inception Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional</td>
<td>0.18%</td>
<td>2.40%</td>
<td>2.40%</td>
<td>2.42%</td>
<td>2.67%</td>
<td>2.59%</td>
<td>0.55%/0.50%</td>
<td>12.16.2013</td>
</tr>
<tr>
<td>A Class (No Load)</td>
<td>0.08%</td>
<td>2.11%</td>
<td>2.17%</td>
<td>2.41%</td>
<td>2.32%</td>
<td>0.80%/0.75%</td>
<td>12.16.2013</td>
<td></td>
</tr>
<tr>
<td>A Class (Load)</td>
<td>-2.18%</td>
<td>-0.20%</td>
<td>-0.20%</td>
<td>1.39%</td>
<td>1.94%</td>
<td>1.94%</td>
<td>0.80%/0.75%</td>
<td>12.16.2013</td>
</tr>
<tr>
<td>C Class (No Load)</td>
<td>-0.11%</td>
<td>1.35%</td>
<td>1.39%</td>
<td>1.63%</td>
<td>1.56%</td>
<td>1.57%/1.50%</td>
<td>12.16.2013</td>
<td></td>
</tr>
<tr>
<td>C Class (Load)</td>
<td>-1.11%</td>
<td>0.35%</td>
<td>0.35%</td>
<td>1.39%</td>
<td>1.63%</td>
<td>1.56%</td>
<td>1.57%/1.50%</td>
<td>12.16.2013</td>
</tr>
<tr>
<td>P Class</td>
<td>0.08%</td>
<td>2.11%</td>
<td>2.11%</td>
<td>2.16%</td>
<td>2.24%</td>
<td>0.87%/0.75%</td>
<td>5.1.2015</td>
<td></td>
</tr>
<tr>
<td>R6</td>
<td>0.14%</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1.97%</td>
<td>0.51%/0.50%</td>
<td>3.13.2019</td>
<td></td>
</tr>
<tr>
<td>Bloomberg Barclays U.S. Aggregate Bond 1–3 Year Total Return Index</td>
<td>0.58%</td>
<td>4.04%</td>
<td>4.04%</td>
<td>2.16%</td>
<td>1.69%</td>
<td>1.53%¹</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

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 with load performance reflects a maximum sales charge of 2.25%. A Class investors may be eligible for a reduction in sales charges. Under certain circumstances, there may be a CDSC of 1% for redemptions within 12 months of purchase. C Class with load performance reflects a maximum contingent deferred sales charge (CDSC) of 1% for shares redeemed within 12 months of purchase.

Unless otherwise noted, data is as of 12.31.2019. 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.

¹ Past performance is no guarantee of future results. The Institutional Class was rated based on its risk-adjusted returns, 4 stars for the Overall, 3 stars for the 3-year, and 4 stars for the 5-year periods among 488, 488, and 442 Short-Term Bond funds, respectively. 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.

2 SEC 30-day yield is based on net investment income for the 30-day period ended 12.31.2019, is annualized, and is divided by the offering price at month-end. 3 The advisor has contractually agreed to waive fees and expenses through 2/1/2020 to limit the ordinary operating expenses of the fund. The fund may have net expenses greater than the expense cap as a result of any acquired fund fees and expenses or other expenses that are excluded from the calculation. 4 Since Inception returns are as of the fund’s oldest share class.
Market Review (Continued)

manufacturing activity, especially if China steps up purchases of U.S. goods as promised. Over the next several months, we expect the Fed will stay on hold as it watches incoming data to ensure that the current level of fed funds remains appropriate. Monetary policy acts on the economy with a lag, so the effects of the last rate cut in October 2019 might not be apparent until mid-2020. More economic data improvements may come as low rates flow through to consumers and to the credit markets.

Encouraged by positive data, market participants welcomed the new decade with cautious optimism. Credit spreads are near historical tights, but the CCC-BB spread in high-yield corporates and bank loans remains above their five-year averages. 10-year Treasury yields, while off their 2019 lows, have failed several times to rise above 2 percent. This reminds us that while the Fed has successfully pushed off a recession, 2020 arrives with many risks worth watching, including the U.S. presidential election, U.S.-Europe trade negotiations, the potential for a military conflict between the U.S. and Iran, and rising corporate and local government defaults in China.

Much of the global growth in this cycle has been driven by an accumulation of debt, which has a declining marginal return. Without a down cycle to deflate some of the bubble, easy credit availability at this stage keeps the weakest companies on life support as low rates force investors to provide capital to borrowers teetering on the brink of downgrade or default. In this environment, even if the CCC-BB spread compresses back to historical tights, it is not a credit rally we would chase.

Economic data suggest the Fed has successfully pushed off a recession by cutting rates and injecting significant amounts of liquidity. After tightening notably at the end of 2019, we expect credit spreads to move sideways over the next quarter. We remain concerned that credit excesses will balloon as a result of global central bank liquidity that is pushing on a string. Given tight spreads and high prices, it remains prudent to invest where we assess creditworthiness to be solid and where spreads adequately compensate for risk.

Summary:

- Recent U.S. economic data demonstrate that the expansion is being helped by lower rates. New homes sales have risen at a double-digit year-over-year pace for four consecutive months since August, manufacturing production rose in both November and December, and nonfarm payroll gains averaged 184,000 in the fourth quarter. Income gains and a positive wealth effect are also flowing through into retail sales.

- The eleventh-hour Phase 1 U.S.-China trade agreement may give U.S. companies some comfort that they can expect tariffs on either side to remain where they are for now. This should help support U.S. manufacturing activity, especially if China steps up purchases of U.S. goods as promised.

- The Fed’s easing efforts have given the U.S. economy the extra gas it needed to extend the cycle. Over the next several months, we expect the Fed will stay on hold as it watches incoming data to ensure that the current level of fed funds remains appropriate.

- Credit spreads are near historical tights, but the CCC-BB spread in high-yield corporates and bank loans remains above their five-year averages. 10-year Treasury yields, while off their 2019 lows, have failed several times to rise above 2 percent. While the Fed has successfully pushed off a recession, risks remain.

- Much of the global growth in this cycle has been driven by an accumulation of debt. Without

Commentary continued on page 3.
down cycle to deflate some of the bubble, easy credit availability keeps the weakest companies on life support. In this environment, even if the CCC-BB spread compresses back to historical tights, it is not a credit rally we would chase.

Performance Review
The fund finished the fourth quarter up 0.18 percent, while the benchmark (Bloomberg Barclays U.S. Aggregate 1-3 Year Bond Index) returned 0.58 percent. Most asset categories rallied over the quarter as global central bank easing, balance sheet expansion, and a flood of liquidity drove prices higher. The primary driver of relative underperformance was the fund’s underweight to investment grade corporate credit, as spreads tightened over the month and ended near post-crisis tights at year-end. The fund benefitted from excess income versus the benchmark.

Strategy and Positioning
The Federal Reserve's (Fed’s) October interest rate cuts, which pushed down rates at the front-end of the curve, was messaged as an effort to guard against downside risks and came even as unemployment sits at a 50-year low and inflation is moving back toward the Fed’s 2 percent target.

Additionally, the Fed purchased $156 billion of Treasury bills in the secondary market to support reserve management beginning in October. The Fed also increased its cumulative repo lending from $60 billion on 9/25 to $242 billion on 12/31. This contributed to the richening of the front end of the Treasury curve.

Over the quarter all sectors contributed positively to total return with no negative performers. Within our credit exposure we continue to favor structured credit over corporate credit, given generally a compelling spread pickup to similarly rated corporates, while providing defensive positioning through shorter spread duration profiles.

Non-agency residential mortgage-backed securities (RMBS), which constituted 18 percent of the fund at year’s end, also contributed positively as lower rates and improving credit fundamentals drove higher prepayments for discounted dollar price holdings. Limited home inventory and improving labor market conditions should support home prices and mortgage credit performance. Pre-crisis RMBS investment has benefited from a supply shortfall caused by ongoing paydowns and a lack of new issuance.

Collateralized loan obligations (CLOs), which constituted 13% of the fund at year’s end, contributed to performance despite minor spread widening over the year. New issue supply and intermittent weakness in the loan market led the sector to underperform other credit sectors. However, spreads remain considerably wider than many other asset categories, particularly those with a similar credit profile or spread duration. We continue to favor senior CLOs with short spread durations, as they offer a compelling spread pickup to similarly rated corporates.

Asset-backed securities (ABS), which constituted 10 percent of the Fund at year’s end, generated positive total returns as the investor base for structured credit, including aircraft securitization and other commercial ABS, continues to grow. Lease and renewal rates for midlife aircraft (those securitized in aircraft ABS) are expected to be supported by new aircraft supply disruptions and relatively low fuel prices.

Shorter maturity investment grade corporate bonds, which constituted 18 percent of the fund at quarter’s end, added to performance driven predominantly by carry.1

Below investment grade credit exposure remains near lows of the fund since inception. Late-cycle signals suggest that the risk-reward trade-off of owning credit are broadly skewed toward the negative.

---

1 Carry is the difference between the cost of financing an asset and the interest received on that asset.
One basis point is equal to 0.01%.

Risk Considerations
This Guggenheim Limited Duration 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. • High yield unrated debt securities are at a greater risk of default than investment grade bonds and may be less liquid, which may increase volatility. • When market conditions are deemed appropriate, the fund will leverage to the full extent permitted by its investment policies and restrictions and applicable law. Leveraging will exaggerate the effect on net asset value of any increase or decrease in the market value of the fund’s portfolio. • The fund may invest in derivative instruments, which may be more volatile and less liquid, increasing the risk of loss when compared to traditional securities. Certain of the derivative instruments are also subject to the risks of counterparty default and adverse tax treatment. • Instruments and strategies (such as borrowing transactions and reverse repurchase agreements) may provide leveraged exposure to a particular investment, which will magnify any gains or losses on those investments. • Investments in syndicated bank loans generally offer a floating interest rate and involve special types of risks. • The fund’s investments in municipal securities can be affected by events that affect the municipal bond market. • The fund’s investments in real estate securities subject the fund to the same risks as direct investments in real estate, which is particularly sensitive to economic downturns. • The fund’s investments in restricted securities may involve financial and liquidity risk. • You may have a gain or loss when you sell your shares. • It is important to note that the fund is not guaranteed by the U.S. government. • Please read the prospectus for more detailed information regarding these and other risks.

©2020 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Index Definitions
Bloomberg Barclays U.S. Aggregate Bond 1–3 Year Total Return Index measures the performance of publicly issued investment grade corporate, U.S. Treasury and government agency securities with remaining maturities of one to three years.

The referenced fund is offered in multiple share classes. Please read the prospectus for information on fees, expenses and holding periods that may apply to each class.

This material is not intended as a recommendation or as investment advice of any kind, including in connection with rollovers, transfers, and distributions. Such 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. All content has been provided for informational or educational purposes only and 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.

Read the fund’s prospectus and summary prospectus (if available) carefully before investing. It contains the fund’s investment objectives, risks, charges, expenses, and other information, which should be considered carefully before investing. Obtain a prospectus and summary prospectus (if available) at GuggenheimInvestments.com.

The referenced fund is distributed by Guggenheim Funds Distributors, LLC. Guggenheim Investments represents the investment management businesses of Guggenheim Partners, LLC (“Guggenheim”), which includes Guggenheim Partners Investment Management, LLC (GPIM), the investment advisors to the referenced fund. Guggenheim Funds Distributors, LLC, is affiliated with Guggenheim and GPIM.


GIQTR-GILDX-1219 x0320 #41792