Quarterly Commentary—Q4 2019
Risk Managed Real Estate Fund

Market Review

The fourth quarter was one of renewed optimism as positive trade news, accommodative central bank policy, and positive economic data led to a sharp rally in risk assets. As a result, equity markets experienced strong positive returns during the quarter, with the S&P 500® Index returning +9.07 percent. In 2019, the S&P 500® gained 31.49 percent. Real Estate Investment Trusts underperformed U.S. equities during the quarter with the FTSE NAREIT Equity REITs Index (FNRE Index) returning -0.76 percent. Safe haven assets and defensive equity sectors were the clear laggards in the risk-on environment. Despite the underperformance during the fourth quarter, the FTSE NAREIT Equity REITs Index (“FNRE Index”) still generated strong returns for the year of +26 percent. This strong performance demonstrates how REITs can provide similar returns to equities while providing defensive qualities in times of market stress.

As a result of renewed optimism amongst investors, yields on long-term government bonds rose sharply during the quarter. The yield curve between the 2-Year vs. 10-Year Treasury yield steepened, with the 10-year U.S. Treasury yield rising by 25 basis points (bps). The Moody’s corporate Baa bond yield didn’t see much movement during the quarter.

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. A Class shares with load performance reflects a maximum sales charge of 4.75%. A Class share investors may be eligible for a reduction in sales charges. Under certain circumstances, there may be a 1% CDSC for redemptions within 12 months of purchase. C Class shares with load performance reflects a maximum contingent deferred sales charge (CDSC) of 1% for shares redeemed within 12 months of purchase. For additional information, see the fund’s prospectus.

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.

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 Ratio</th>
<th>Fund Inception Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional</td>
<td>-0.82%</td>
<td>25.50%</td>
<td>25.50%</td>
<td>9.92%</td>
<td>8.62</td>
<td>11.39%</td>
<td>1.61%/1.61%</td>
<td>3.28.2014</td>
</tr>
<tr>
<td>A Class (No Load)</td>
<td>-0.87%</td>
<td>25.17%</td>
<td>25.17%</td>
<td>9.61%</td>
<td>8.31</td>
<td>11.07%</td>
<td>1.89%/1.89%</td>
<td>3.28.2014</td>
</tr>
<tr>
<td>A Class (Load)</td>
<td>-5.58%</td>
<td>19.24%</td>
<td>19.24%</td>
<td>7.85%</td>
<td>7.26</td>
<td>10.14%</td>
<td>1.89%/1.89%</td>
<td>3.28.2014</td>
</tr>
<tr>
<td>C Class (No Load)</td>
<td>-1.07%</td>
<td>24.23%</td>
<td>24.23%</td>
<td>8.80%</td>
<td>7.5</td>
<td>10.23%</td>
<td>2.73%/2.65%</td>
<td>3.28.2014</td>
</tr>
<tr>
<td>C Class (Load)</td>
<td>-2.01%</td>
<td>23.23%</td>
<td>23.23%</td>
<td>8.80%</td>
<td>7.5</td>
<td>10.23%</td>
<td>2.73%/2.65%</td>
<td>3.28.2014</td>
</tr>
<tr>
<td>P Class</td>
<td>-0.91%</td>
<td>25.12%</td>
<td>25.12%</td>
<td>9.59%</td>
<td>—</td>
<td>8.56%</td>
<td>1.59%/1.59%</td>
<td>5.1.2015</td>
</tr>
<tr>
<td>FTSE NAREIT Equity REITs Index</td>
<td>-0.76%</td>
<td>26.00%</td>
<td>26.00%</td>
<td>8.14%</td>
<td>7.21</td>
<td>9.52%</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Overall Morningstar Rating™

Based on risk-adjusted returns out of 221 Real Estate Funds. As of 12.31.2019.

Portfolio Management Team

Thomas Youn, CFA,  
Managing Director and Portfolio Manager

Jayson Flowers,  
Senior Managing Director and Portfolio Manager

Gary McDaniel, CFA,  
Senior Managing Director and Portfolio Manager

Symbols and CUSIP Numbers

<table>
<thead>
<tr>
<th></th>
<th>Symbol</th>
<th>CUSIP</th>
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<tbody>
<tr>
<td>A Class</td>
<td>GURAX</td>
<td>40168W384</td>
</tr>
<tr>
<td>C Class</td>
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<td>Institutional</td>
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<tr>
<td>P Class*</td>
<td>GURPX</td>
<td>40169J838</td>
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</tbody>
</table>

* Inception of Class P is 5.1.2015.

1 Past performance is no guarantee of future results. The Institutional Class was rated, based on its risk-adjusted returns, 5 stars for the Overall, 4 stars for the 3-year, and 5 stars for the 5-year periods among 221, 221 and 197 Real Estate 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 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. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics.

1 Inception of Class P is 5.1.2015.
Performance Review

For the fourth quarter, the fund underperformed the FNRE index by -0.06 percent with a -0.82 percent return compared to a return of -0.76 percent return for the FNRE Index. The underperformance was attributable to the fund’s defensive positioning in general. In addition, certain style factor biases such as an underweight value and an overweight to growth and momentum factors weighed on performance. The value factor outperformed growth during each month in the quarter, while the momentum factor performed poorly in December.

For 2019, the fund returned 25.50 percent, slightly underperforming the FNRE Index. Given the fund’s defensive positioning and the strong return for REITs, this was a strong result. The fund generated significant alpha over the course of the year with both underlying portfolio sleeves contributing a total of 4.40 percent in excess returns. This excess return was offset by the fund’s conservative market exposure, or beta to the REIT index. The Fund had an average beta of 0.79 over the course of 2019. Said differently, the fund nearly kept pace with the benchmark’s +26 percent return, with only 79 percent market exposure on average. Although the fund has underperformed in recent periods, since inception, it has outperformed the FNRE Index by an annualized +1.87 percent, net of fees.

Of the fund’s three potential alpha sources (long-only portfolio, long/short portfolio, risk allocation model), two of the three contributed positively during the quarter. The long-only REIT sleeve outperformed the FNRE Index by 0.15 percent, while the long/short REIT sleeve detracted from performance with a -0.15 percent return. The REIT risk allocation model contributed 0.14 percent to the fund’s return. The fund maintained an average long-only sleeve allocation of 81.0% and a long/short sleeve allocation of 48.4 percent.

Within the long-only sleeve, positive contribution through sector allocation was driven by the sleeve being overweight Industrial and Casino & Gaming REITs, while being underweight Mall REITs. Negative contribution through sector allocation came from the long-only sleeve being underweight Office REITs, as the sector performed well during the quarter. Positive contribution through stock selection across both sleeves was driven by selections in Net Lease, Data Center, and Mortgage REITs, while stock selection in Strip Retail and Healthcare detracted from performance.

Within the long-only sleeve, overweight positions in Safehold, Annaly and Omega Healthcare contributed positively to returns as these REITs returned +32.77 percent, +9.89 percent and +2.89 percent, respectively, while an overweight position in Ventas detracted from returns as the REIT returned -19.85 percent during the quarter. It must be noted that Safehold’s strong performance was due to continued improvement in the company’s fundamentals over the past year, while Annaly’s strong performance came on the backdrop of a steepening yield curve and tighter credit spreads, which have served as tailwinds for their business. The long-only sleeve also benefited from underweight exposures to CyrusOne, Digital Realty and PS Business Parks, as these REITs performed poorly during the quarter. Underweight allocations in Medical Properties Trust, Liberty Property Trust, and Gaming and Leisure Properties collectively contributed negatively to performance, as the three REITs returned +9.28 percent, +17.79 percent and +14.50 percent, respectively.

Performance Review continued on page 3.
Performance Review (Continued)

The long/short sleeve generated a -0.15 percent total return. The sleeve’s long positions in Safehold, Red Rock Resorts and Park Hotels & Resorts were positive contributors with returns of +32.77 percent, +18.45 percent and +5.81 percent, respectively, while a long position in Ventas detracted from returns. The sleeve also benefited from shorts in Digital Realty Trust, Public Storage and PS Business Parks, while short positions in Marriott International, Hyatt Hotels, and Royal Caribbean Cruises contributed negatively since these stocks returned +22.20 percent, +22.06 percent and +24 percent, respectively.

Since the fund’s inception on March 28, 2014, the fund has registered an annualized return of +11.39 percent compared to a total annual return of +9.52 percent and +8.80 percent for the FNRE Index and the Morningstar Real Estate Category Average (“category average”). Moreover, the fund has achieved the excess return with less volatility than its benchmark and category average. Since inception, the fund has realized annualized daily volatility of 12.12 percent while the FNRE index and Morningstar category have registered annualized daily standard deviation of 14.42 percent and 13.23 percent. The fund has also achieved its goal of preserving investor capital during market downturns. There have been four major REIT sell-offs since the fund’s inception: January 2015 – September 2015 (-16.72 percent), August 2016 – November 2016 (-15.19 percent), January – February 2018 (-12.49 percent), and December 2018 (-13.26 percent). Over the same respective periods, the fund reduced drawdowns on average by 28 percent, with declines of only -11.51 percent, -10.01 percent, -8.35 percent, and -11.42 percent. These data points are evidence of how the fund’s unique structure and the team’s active equity REIT management have resulted in enhanced returns with less volatility and drawdown relative to the broader equity REIT market and the fund’s category average.

Strategy

Our macro research team highlights the steady increase in recession risk heading into 2020. Absolute valuation levels remain stretched by historical standards. There also remains considerable macro risk on the horizon whether it be a Fed policy mistake or a negative surprise stemming from the upcoming presidential election.

Against this backdrop, the Fund remains defensively positioned in terms of market exposure. Positioning within the underlying long-only and long/short sleeves remains defensive as well in terms of sector weightings and factor exposures, though the size of various exposure tilts have been reduced.

We believe REITs are particularly well positioned in the current environment of slowing growth, rising recession risk and historically low interest rates. REITs have historically acted as a haven within the broader market during downturns, while offering above average income and inflation protection. Further, our unique risk-managed framework and defensive positioning are in place, should macroeconomic conditions continue to deteriorate over the coming year.
Risk Considerations The fund may not be suitable for all investors. • Investments in securities in general are subject to market risks that may cause their prices to fluctuate over time. • Investing involves risk, including the possible loss of principal. • There is no assurance that any fund will achieve its objective and/or strategy. • 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 use of derivatives such as futures, options and swap agreements may expose the fund to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. • 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 leveraged 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 risk of counterparty default and adverse tax treatment. • Investing in sector funds is more volatile than investing in the country in question (investments in emerging markets securities are generally subject to an even greater level of risks). • The fund may invest in derivative instruments, which may be more volatile and less liquid, increasing risks and expenses affecting the investment vehicle. • The fund’s investments in foreign securities carry additional risks when compared to U.S. securities, due to the impact of diplomatic, political or economic developments in the country in question (investments in emerging markets securities are generally subject to an even greater level of risks). • 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 use of short selling involves increased risk and costs. The fund risks paying more for a security than it receives from its sale. • The fund’s investments in other investment vehicles subject the fund to those risks and expenses affecting the investment vehicle. • The fund’s investments in foreign securities carry additional risks when compared to U.S. securities, due to the impact of diplomatic, political or economic developments in the country in question (investments in emerging markets securities are generally subject to an even greater level of risks). • The fund’s investments in foreign securities carry additional risks when compared to U.S. securities, due to the impact of diplomatic, political or economic developments in the country in question (investments in emerging markets securities are generally subject to an even greater level of risks). • The more the fund invests in leveraged instruments, the more the leverage will magnify any gains or losses on those investments. • This fund is considered non-diversified and can invest a greater portion of its assets in sectors of individual issuers than a diversified fund. As a result, changes in the market value of a single security could cause greater fluctuations in the value of fund shares than would occur in a more diversified fund. • This fund is considered non-diversified and can invest a greater portion of its assets in sectors of individual issuers than a diversified fund. As a result, changes in the market value of a single security could cause greater fluctuations in the value of fund shares than would occur in a more diversified fund. • This strategy may not be suitable for all investors. • The fund is subject to active trading risks that may increase volatility and impact its ability to achieve its investment objective. • 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.

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Index Definitions: The FTSE NAREIT Equity REITs Index is a broad-based unmanaged index consisting of real estate investment trusts (REITs). This excludes any equity REITs that are designated as Timber REITs.

Definitions: Alpha is a measure of the difference between a actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the portfolio has performed better than its beta would predict. In contrast, a negative alpha indicates the portfolio has underperformed, given the expectations established by beta. Beta is a statistical measure of volatility relative to the overall market. A positive beta indicates movement in the same direction as the market, while a negative beta indicates movement inverse to the market. Beta for the market is generally considered to be 1. A beta above 1 and below -1 indicates more volatility than the market. A beta between 1 to -1 indicates less volatility than the market. One basis point equals 0.01%. Standard Deviation is a statistical measure of the historical volatility of an investment, usually computed using the most recent 36-monthly returns and then annualized. More generally, it is a measure of the extent to which numbers are spread around their average. The higher the number, the more volatility is to be expected.

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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.

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