Market Review

Continuing with the trends we saw in the second quarter, the leveraged loan market continued its trend of modest positive returns in the third quarter. Despite a pickup in institutional loan issuance in 3Q, year-to-date issuance remains limited, and robust collateralized loan obligation (CLO) issuance, along with several large repayments, helped to buoy the secondary market despite consistent retail outflows, U.S. Federal Reserve (Fed) rate cuts, escalation of the trade war, an inverted yield curve, and weakening economic data. While the market again turned in a positive return, we saw a bifurcation of higher quality and lower quality credits, as lenders become more critical of riskier businesses, and weaker capital structures and documentation.

Despite a slowdown in CLO issuance from 2Q, which fell to $25bn from $36bn, this issuance still more than offset the outflows from retail funds. CLO issuance on the year now totals $90bn, just 11 percent below 2018’s record pace. Loan issuance however, moved in the opposite direction this quarter, with institutional issuance nearing $92bn, hitting its highest level in five quarters.

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 Ratio</th>
<th>Fund Inception Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional</td>
<td>0.99%</td>
<td>5.49%</td>
<td>2.21%</td>
<td>3.52%</td>
<td>3.57%</td>
<td>4.96%</td>
<td>0.84%/0.79%</td>
<td>11.30.2011</td>
</tr>
<tr>
<td>A Class (No Load)</td>
<td>0.93%</td>
<td>5.31%</td>
<td>2.01%</td>
<td>3.28%</td>
<td>3.33%</td>
<td>4.71%</td>
<td>1.15%/0.10%</td>
<td>11.30.2011</td>
</tr>
<tr>
<td>A Class (Load)</td>
<td>-2.09%</td>
<td>2.14%</td>
<td>-1.04%</td>
<td>2.24%</td>
<td>2.33%</td>
<td>4.06%</td>
<td>1.15%/0.10%</td>
<td>11.30.2011</td>
</tr>
<tr>
<td>C Class (No Load)</td>
<td>0.74%</td>
<td>4.73%</td>
<td>1.26%</td>
<td>2.51%</td>
<td>2.57%</td>
<td>3.93%</td>
<td>1.87%/1.78%</td>
<td>11.30.2011</td>
</tr>
<tr>
<td>C Class (Load)</td>
<td>-0.26%</td>
<td>3.73%</td>
<td>0.28%</td>
<td>2.51%</td>
<td>2.57%</td>
<td>3.93%</td>
<td>1.87%/1.78%</td>
<td>11.30.2011</td>
</tr>
<tr>
<td>P Class</td>
<td>0.93%</td>
<td>5.31%</td>
<td>2.01%</td>
<td>3.28%</td>
<td>—</td>
<td>3.17%</td>
<td>1.15%/0.10%</td>
<td>5.1.2015</td>
</tr>
<tr>
<td>Credit Suisse Leveraged Loan Index</td>
<td>0.92%</td>
<td>6.39%</td>
<td>3.11%</td>
<td>4.68%</td>
<td>4.11%</td>
<td>4.98%</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 shares have a maximum sales charge of 3.00% Effective 10.1.2015 for A Class maximum front-end sales charge was changed from 4.75% to 3.00%. For performance periods that begin prior to 10.1.2015, a 4.75% load was used and for performance periods that begin after 10.1.2015, a 3.00% load was used. CDSC Class shares have a maximum CDSC of 1% for shares redeemed within 12 months of purchase.

Unless otherwise noted, data is as of 9.30.2019. 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 279, 219, and 197 BankLoan 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. 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.

2 SEC 30-day yield is based on net investment income for the 30-day period ended 9.30.2019, is annualized, and is divided by the offering price at month-end. The advisor has contractually agreed to waive fees and expenses through 11.21.2020 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. Since Inception returns are as of the fund’s oldest share class.
Market Review (Continued)

This growth in issuance was due to a pickup in both merger and acquisition (M&A) activity (which saw a 62 percent increase in leveraged buyout loans) and refinancing activity, as higher-quality borrowers looked to take advantage of strong demand for higher-quality paper and favorable trends in new issue pricing for higher-rated names.

However, many lower-rated new issue loans struggled in their syndications due to the risk-off sentiment in the market, as well as CLO buyers limiting the volume of low-rated names they were looking to purchase. In the third quarter, we saw a new issue market which rewarded well-rated credits with spread tightening, while penalizing poor-rated credits with spread widening, lender-friendly flexes, and in some cases pulled deals. In the month of September for example, of the seven new issue loans that were forced to make lender-friendly price concessions, they were all in the single-B rating category. The CLO buyer continues to increase its dominance over the new issue market, growing its share of the primary market to 72 percent, up from 68 percent in 2018 and 64 percent in 2017. This dominance creates difficulties for lower-rated loans, since the largest buyer group has limited capacity to absorb that volume.

The fundamentals of leveraged loan issuers, broadly speaking, remain solid. Issuers continue to report growth, albeit at a slower pace, as the one-time benefits of the Trump administration’s tax breaks and stimulus run off. While leverage has ticked slightly higher, and interest coverage slightly lower over the past quarter, both remain at manageable levels, and continued forecasted rate cuts should help to improve cash flow profiles as interest payments shrink. The trailing 12-month default rate in the S&P/LSTA Index held steady at 1.3 percent, well below the historical average of 2.9 percent, although the distressed ratio (percentage of loans in the S&P/LSTA Leveraged Loan Index trading below 80) did increase to a three-year high of 4.3 percent. While we do not expect the default ratio to increase meaningfully in the near-term, we do believe weaker credits will continue to underperform, as lenders continue to move up in quality at this point in the cycle.

Credit documentation continues to be weak, and sponsors continue to look for ways to preserve their option in a downside situation. Our legal analysts continue to be highly focused on ensuring documentation protects lender interests throughout the life of a loan; tightening incurrence covenants, limiting add-backs, etc.

Performance Review

Guggenheim Floating Rate Strategies Fund Institutional share class returned 0.99 percent net of fees in the third quarter, outperforming the benchmark Credit Suisse Leveraged Loan Index (the Benchmark), which delivered a positive return of 0.92 percent in the third quarter.

The fund’s performance was positively impacted by its credit selection across the majority of sectors, particularly capital goods and consumer non-cyclical, which both were areas in which the fund avoided many credit issues associated with Benchmark constituents. Credit selection within rating buckets was generally positive, with the exception of the CCC-bucket, where downgraded names contribute an outsized portion to relative returns. Broadly speaking, the account was negatively impacted by a small number of idiosyncratic credit issues as well as investments in the energy space, which is under pressure from soft commodity prices. Performance was also negatively impacted by modest cash drag during the quarter.
Strategy

As we move towards 2020, we continue to forecast that a recession may begin as early as the middle of next year. While the Fed is attempting to stave off the next recession using rate cuts, historical evidence shows that their skill in achieving this goal is mixed. Numerous headwinds combined with limited policy space globally mean it is a close call as to whether the Fed has cut rates early enough to help extend the expansion. Given that credit spreads are still relatively tight on a historical basis, we continue to believe it is prudent to remain up in quality as we await better opportunities to deploy capital in riskier credits and sectors in the coming downturn.

Some of the signs pointing to an upcoming recession include weak recent economic data and a yield curve that continues to be inverted. We expect the Trump administration will continue to use easier monetary policy as a green light for more aggressive trade policy, which continues to rattle financial markets. Fed Chair Jerome Powell explicitly cited trade policy as a rationale for cutting rates, which risks the development of a feedback loop between Fed rate cuts and trade war escalation.

This year's past and expected rate cuts continue to reduce the attractiveness of floating rate loans to retail investors who are focused on current income from coupons, which shrink as the Fed cuts interest rates. We would expect this to drive continued, but more modest outflows from loan mutual funds and ETFs until we see a shift in Fed sentiment. That said, we see continued demand from foreign institutional investors and robust CLO issuance which we expect to outpace the retail fund outflows, especially since retail funds now make up only less than 10% of the loan buyer base. We expect 2019 new issue CLO volume may begin to slow in 4Q amid a challenging arbitrage environment, but still should come in just behind 2018's record pace of $130bn, as CLO returns are less impacted by rate cuts since their liability costs shrink as well. We would expect this continued issuance to provide some support for the loan market, particularly for well-rated issuers.

We evaluate each investment from the bottom-up, only lending to companies we feel are best-suited to survive the next recessionary period, which we believe is within the maturities of the investments we make today. We continue to work to move up in credit quality, investing in businesses with attractive free cash flow and liquidity profiles. We seek to avoid heavily-levered industries, highly cyclical names, and companies with large capital expenditure requirements that can restrict cash flow in a downturn. This focus will help us best position the portfolio for the recession we now project in as early as mid-2020.
Risk Considerations This fund may not be suitable for all investors. • Investments in floating rate senior secured syndicated bank loans and other floating rate securities involve special types of risks, including credit risk, interest rate risk, liquidity risk and prepayment risk. •The fund’s market value will change in response to interest rate changes and market conditions among other factors. In general, bond prices rise when interest rates fall and vice versa. • The fund’s exposure to high yield securities may subject the fund to greater 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. Leverage 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 reverse repurchase agreements and synthetic instruments (such as synthetic collateralized debt obligations) expose the fund to many of the same risks as investments in derivatives. • 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 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 structured securities may involve financial and liquidity risk. • 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.

Definitions LIBOR—London Interbank Offered Rate. Basis point—one basis point equals 0.01%. Credit Suisse Leveraged Loan Index which tracks the investable market of the U.S. dollar denominated leveraged loan market. It consists of issues rated “BB” or lower, meaning that the highest rated issues included in this index are Moody’s/S&P ratings of Baa1/BB+ or Ba1/BB+. All loans are funded term loans with a tenor of at least one year and are made by issuers domiciled in developed countries.

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.

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