Quarterly Commentary—Q1 2023

Municipal Income Fund

Mutual Fund | Fixed Income

Market Review

Developments in March highlighted the increasingly difficult place in which the Federal Reserve (Fed) and other central banks find themselves as they work toward restoring price stability and maintaining financial stability. The collapse of Silicon Valley Bank and Signature Bank prompted banks to rush for liquidity support from the Fed, totaling $165 billion in the immediate aftermath. Overseas, the Swiss National Bank provided the equivalent of $54 billion in emergency liquidity to Credit Suisse before a deal was struck with rival UBS to buy it for $3.25 billion.

Heightened concerns about further bank stress and central banks' ability to continue aggressively tightening monetary policy weighed heavily on market-implied expectations for the path of policy rates. Nevertheless, in March the Fed raised rates by 25 basis points and the European Central Bank raised rates by 50 basis points. We expect central banks will continue to raise rates over the next few months in their continuing effort to bring inflation to heel, despite the cracks in financial stability that are beginning to show.

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Average Annual Total Returns (As of 3.31.2023)

	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Fund Inception	Gross/Net Expense Ratio[2]	Fund Inception Date
Institutional	2.54%	2.54%	-2.01%	-1.20%	0.97%	1.85%	2.44%	1.17%/0.73%	1.13.2012
A Class (No Load)	2.48%	2.48%	-2.26%	-1.45%	0.71%	1.59%	3.24%	1.37%/0.98%	4.27.2004
A Class (Load)	-1.62%	-1.62%	-6.19%	-2.78%	-0.10%	1.09%	2.97%	1.37%/0.98%	4.27.2004
C Class (No Load)	2.29%	2.29%	-2.99%	-2.19%	-0.04%	0.83%	1.43%	2.16%/1.73%	1.13.2012
C Class (Load)	1.29%	1.29%	-3.93%	-2.19%	-0.04%	0.83%	1.43%	2.16%/1.73%	1.13.2012
P Class	2.48%	2.48%	-2.26%	-1.45%	0.70%	—	1.16%	1.66%/0.98%	5.1.2015
Bloomberg Barclays Municipal Bond Index	2.78%	2.78%	0.26%	0.35%	2.03%	2.38%	3.71%[3]	—	—

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 4.00%. Effective 10.1.2015 the A Class maximum front-end sales charge was changed from 4.75% to 4.00%. 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 4.00% load was used. C Class shares have a maximum CDSC of 1% for shares redeemed within 12 months of purchase.*

Unless otherwise noted, data is as of 3.31.2023. 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.

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2 The advisor has contractually agreed to waive fees and expenses through 2.1.2024 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. **3** Inception date of benchmark return is that of the fund's oldest share class.

Symbols and CUSIP Numbers

	Symbol	CUSIP
Institutional	GIJIX	40168W558
A Class	GIJAX	40168W574
C Class	GIJCX	40168W566
P Class	GIJPX	40169J887

SEC 30-Day Yield[1]

	Subsidized	Unsubsidized
Institutional	3.09%	2.68%
A	2.74%	2.35%
C	2.11%	1.68%
P	2.84%	2.17%

1 As of 3.31.2023. SEC 30-day yield is a standard yield calculation that allows for fairer comparisons of bond funds. It reflects dividends and interest ("income") earned during the most recent 30-day period after the deduction of the fund's expenses and is calculated by dividing the income per share by the maximum offering share price on the last day of the period. Unsubsidized SEC 30-day yield is what the yield would have been had no fee waivers and/or expense reimbursement been in place.

Market Review (Continued)

While markets were volatile, data releases indicated that the U.S. economy is still on a relatively firm footing. March job growth came in at 236,000, well above the level needed to keep the unemployment rate from rising. Housing data has surprised to the upside, likely in response to the recent softening of mortgage rates. Meanwhile, the S&P Global U.S. composite PMI rose to a 10-month high, with strength especially evident in sub-indices for the service sector. More forward looking data looks more concerning, however, with the Leading Economic Index turning down further, initial signs of job loss in the most cyclical and interest rate sensitive sectors, and business surveys souring on the economic outlook and plans for spending and hiring.

The Fed acknowledged in its March Federal Open Market Committee meeting statement that a contraction of credit emanating from volatility in the banking sector was likely to create new headwinds for the economy. In recognition of this new risk, the Fed's updated Summary of Economic Projections showed a small downward revision of real gross domestic product growth this year, from 0.5 percent to 0.4 percent, followed by a larger downward revision for next year, from 1.6 percent to 1.2 percent. We continue to expect a recession to begin midway through the year.

Performance Review

Guggenheim Municipal Income Fund returned 2.54 percent for the first quarter, underperforming the benchmark (Bloomberg Municipal Bond Index) return of 2.78 percent.

Interest rate swaps detracted from performance during the quarter. The fund's interest rate duration is generally in-line with that of the benchmark.

Long-duration assets such as zero-coupon bonds and tax-exempt Agency commercial mortgage-backed securities were the largest contributors to total return during Q1, outperforming the market as rates rallied and municipal bonds bounced back during a period of light supply.

Among the most-represented states in the portfolio, California bonds contributed the most to total return, followed by those from Texas. New York issues as a group detracted return for the period. Together these three states make up about 47 percent of the fund.

Municipal Market

Municipal bonds built on their strong fourth-quarter performance in the first quarter of 2023. January was the quarter's strongest month, as low supply was met with increasing demand, and fund inflows picked up. The sector had a negative return in February on the back of rising yields as macro data showed continuing high inflation. The mood switched in March, as the banking crisis dragged down yields, but spurring a flight to quality that boosted muni bond prices amid lower inflation expectations and a possible end to Fed tightening. For the quarter, municipal bonds with longer maturities outperformed those with shorter maturities amid the broader decline in interest rates, and bonds rated BBB were the best performing. Municipal-to-Treasury ratios are close to historical lows; the 10-year ratio ended the first quarter at 65 percent but valuations were considered rich relative to the long-term average of 85 percent.

A continued weight on the market was lower issuance—25 percent lower than a year-ago. Municipal supply for all of 2022 was $375 billion, the lowest of the last few years. Issuance is likely to stay low due the decline in refunding. Municipalities started the year with plenty of cash due to record tax receipts, and issuers remained cautious amid the volatility in rates.

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Sector Allocation
(% of Net Assets)

Other	27.2%
Education	19.0%
Healthcare	11.4%
City	7.9%
Utilities	7.8%
Transportation	6.5%
General Purpose	5.5%
Housing	3.5%
State	1.1%
County	0.4%
Sales Tax	0.0%
Net Short-Term Investments	9.7%
Short-Term Investments[1]	9.7%
Leverage/Reverse Repos	0.0%

Top 5 States

CA	27.3%
TX	20.3%
NY	10.7%
OH	3.8%
TN	3.7%

Portfolio Characteristics

Weighted Average Life (WAL) to Worst[2]	9.8
Number of Holdings	138
Effective Duration[3]	6.7
Average Price[4]	$93.4

1 Short-Term Investments may include uninvested cash, net unsettled trades, money market funds, commercial paper, repos, and other liquid short duration securities. **2** Weighted average life (WAL) to worst represents the weighted average number of years for which each dollar of unpaid principal on a fixed-income security remains outstanding. This calculation is made by making the worst-case scenario assumptions on the issue, assuming any prepayment, call, or sinking fund options are used by the issuer. **3** Weighted average effective duration of the securities comprising the fund portfolio or the index. Effective duration takes into account any embedded options (i.e., a put or a call) and reflects the expected change in future cash flows caused by the options in response to changing interest rates. **4** Average Price excludes zero coupon, interest only and principal only bonds, preferred securities not priced at 100 par, and other alternative sector buckets when applicable.

Municipal Market

Inflows in tax-exempt mutual funds were positive for the quarter, in contrast to the record level of outflows for all of 2022. Inflows were supported by individual investor purchases searching for yield.

Municipal bond defaults rose slightly to start the year, but are not expected to gain traction amid the strong fiscal position of most states. Despite high rainy day fund balances, states have conservatively budgeted for Fiscal Year 2023, with sales tax and personal income taxes slotted for 2-3 percent increases year-over-year while corporate taxes are expected to decline 6 percent. However, a recession would push most tax receipts into a decline.

Portfolio Positioning

Rate volatility continues to be a major determinant of performance, but there is better visibility on the path of interest rates, which could attract both investors and issuers as the year progresses. Supply growth is projected to be muted and backloaded, with the primary calendar picking up momentum into Q3 and Q4. Multiple rounds of federal stimulus, combined with better-than-expected tax collections, have helped state and local governments weather the budgetary pressures caused by the pandemic.

We continue to emphasize security selection of high-quality municipal issuers in the current environment. While most municipalities are displaying high fund reserves and prudent budget planning, a slowing economic environment should favor the high quality, long duration securities that are overweight in the fund. We remain focused on structural creditworthiness that can endure macroeconomic volatility while generating tax-exempt income that is competitive with high quality taxable bond markets.

Risk Considerations This fund may not be suitable for all investors. • The fund will be significantly affected by events that affect the municipal bond market, which could include unfavorable legislative or political developments and adverse changes in the financial conditions of state and municipal issuers or the federal government in case it provides financial support to the municipality. Income from municipal bonds held by the fund could be declared taxable because of changes in tax laws. The fund may invest in securities that generate taxable income. A portion of the fund's otherwise tax-exempt dividends may be taxable to those shareholders subject to the alternative minimum tax. • Certain sectors of the municipal bond market have special risks that can affect them more significantly than the market as a whole. Because many municipal instruments are issued to finance similar projects, conditions in these industries can significantly affect the fund and the overall municipal market. • Municipalities currently experience budget shortfalls, which could cause them to default on their debt and thus subject the fund to unforeseen losses. • Like other funds that hold bonds and other fixed-income investments, 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. 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 reverse repurchase agreements, unfunded commitments, tender option bonds and borrowings) may expose the fund to many of the same risks as investments in derivatives and may provide leveraged exposure to a particular investment, which will magnify any gains or losses on those investments. • 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). • Investments in syndicated bank loans generally offer a floating interest rate and involve special types of risks. • 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.

Index Definitions Bloomberg Municipal Bond Index is a broad market performance benchmark for the tax-exempt bond market. The bonds included in this index must have a minimum credit rating of at least Baa. The referenced indices are unmanaged and not available for direct investment. Index performance does not reflect transaction costs, fees, or expenses.

One **basis point** equals 0.01%.

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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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