



THE VALUE PROPOSITION OF STRUCTURED CREDIT

Attractive Yield Backed by Real Assets and Cash Flows

GUGGENHEIM
INVESTMENTS



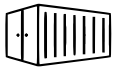
ETFs

Understanding Structured Credit

In our search for compelling risk-adjusted returns, Guggenheim Investments has found that structured credit is a sector in which we consistently find value over time. We believe the sector offers distinct advantages, including broad diversification across ratings, structures, and underlying assets. It has a demonstrated history of credit resilience, and has offered higher yields and spreads relative to comparably rated corporate bonds. As one would expect, there are also risks associated with structured credit that need to be managed.

As it is a common allocation of our total return portfolios, it is important for investors in our strategies to understand the complexities of the sector's structure and potential risks and rewards. Asset-backed finance (ABF), the broadest category definition of structured credit, includes government- and Agency-backed securities, private real estate and other loans, as well as non-governmental tradeable securities that include asset-backed securities (ABS), collateralized loan obligations (CLOs), and residential and commercial mortgage-backed securities. These many variants of ABF generally follow the same process of pooling similar assets, tailoring a financing solution to suit the assets, and then issuing to investors the bonds or loans that fund the assets.

Structured Credit in Everyday Life

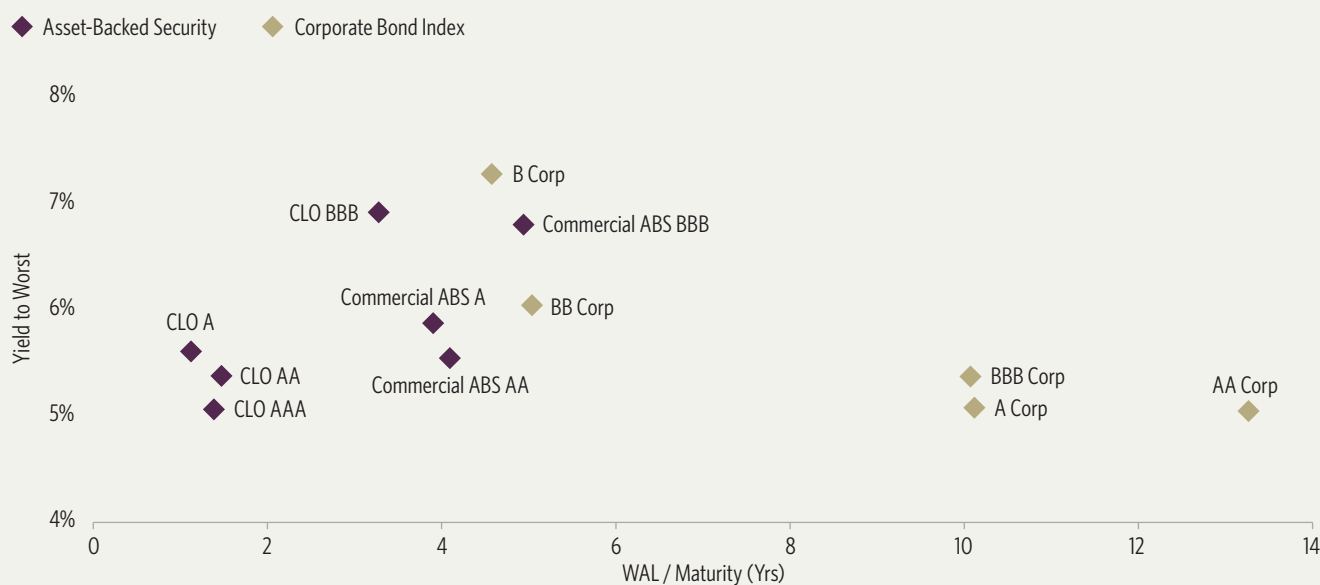
AIRCRAFT LEASES Enabling travel for business and pleasure. 	CELL TOWERS Connecting friends and family. 	COMMERCIAL ENTERPRISE Financing the stores and restaurants you enjoy. 	CONSUMER LOANS Credit cards and auto loans to help manage everyday expenses. 	DIGITAL INFRASTRUCTURE Technology that powers our online world. 
HOME IMPROVEMENT LOANS Financing your next home upgrade. 	INTELLECTUAL PROPERTY TRANSACTIONS Paying for the music and movies you stream. 	RESIDENTIAL AND COMMERCIAL REAL ESTATE Funding home and business mortgages. 	SHIPPING CONTAINERS Fueling the world's supply chains. 	SOLAR POWER Contracts that let you harness the power of the sun. 

Discovering Yield in Structured Credit

While structured credit securities are not an apples-to-apples comparison to other fixed-income investments, we can compare their features as income producers. In such a comparison, investable yields for ABS have been significantly higher than similarly rated investment-grade corporate credit. The excess return is attributed in part to its complexity premium—the higher compensation an investor receives for the specific skills that are required to source, understand, properly analyze, and manage these complicated securities. The underlying premise is straightforward: Greater complexity warrants greater compensation.

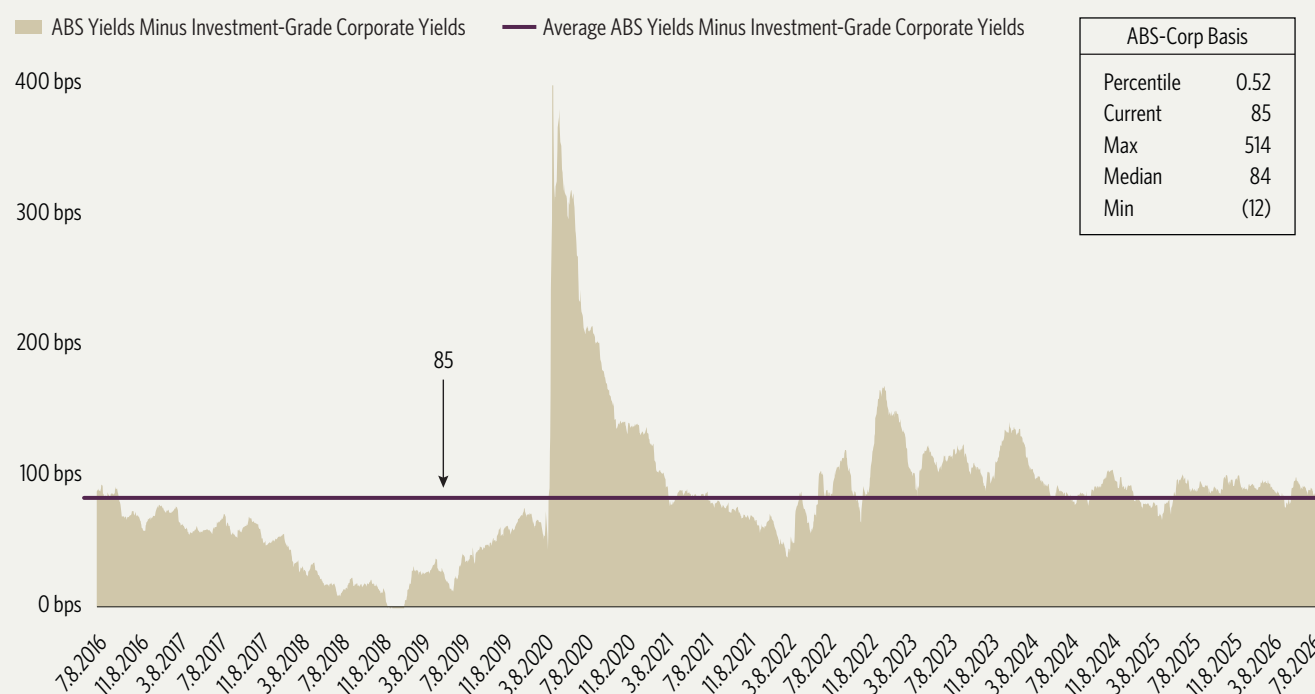
As the chart below shows, A and AA-rated ABS outyield similarly rated corporate bonds, while one would have to go down in credit quality to BB-rated corporate bonds—the highest quality segment of the high yield market—to achieve a yield roughly equivalent to A-rated ABS. In our view, these relationships represent a compelling relative value proposition, even before adjusting for prospective defaults and losses. The shorter average life profile of various ABS subsectors also results in lower mark-to-market volatility for a given level of yield.

Structured Credit Can Offer Lower Volatility and Higher Yields Than Like-Rated Corporate Bonds



Past performance does not guarantee future results. Source: Guggenheim Investments, Bloomberg, ICE BofA Indices. This information is provided for informational purposes only and is intended to reflect the general characteristics of certain fixed income sectors in the recent market environment. The characteristics shown herein do not represent characteristics of any client portfolios and there is no guarantee that assets with similar characteristics will be available in the future. **Corporate bond** index data is based on the yield to worst (YTW) and maturities of the AA-, A-, BBB-, BB-, and B-rated sleeves of the Bloomberg U.S. Corporate Bond Index as of 6.30.2026. **Collateralized loan obligation (CLO)** data is based on the yield to worst (YTW) and weighted average life (WAL) of the Palmer Square CLO Debt Indices (AAA, AA, A, and BBB) as of 6.30.2026. CLO index yields assume that forward benchmark rates are realized. **Commercial ABS** information is derived from the aircraft, equipment, railcars, utility, and franchise subsectors of the ICE BofA AA-BBB U.S. Fixed Rate Asset Backed Index as of 6.30.2026, and does not include auto, consumer, student loans, timeshares, credit cards, or home equity subsectors. Weighting for the selected Commercial ABS universe is based on the current face value in index for the WAL and market value in index for YTW. The subsectors included in Commercial ABS are generally issued less frequently, backed by less familiar assets, and potentially higher yielding than those subsectors that are excluded. Because they are less common, they may be more susceptible to liquidity and valuation risk than other ABS subsectors.

Yields on Investment Grade ABS Are Typically Higher than Investment-Grade Corporates



How a Structured Credit Investment Is Created

In a process called securitization, an asset-backed bond begins with a simple agreement where one party agrees to pay another party. A family buys a home and agrees to make monthly mortgage payments. A manufacturing company borrows money to purchase a smaller competitor and agrees to the terms of a bank loan. A regional airline, looking to add routes, enters a lease agreement on a fleet of Airbus A320s. A franchisee opens a Wendy's fast food restaurant in exchange for paying a percentage of sales to the brand's parent company. Looking beyond the house, the manufacturing company, the airplanes, and the restaurant, these agreements are all contractual obligations to pay that form the basic building blocks of assets backing the securitization.

Securitization begins with the creation of a special purpose vehicle, or SPV. Think of an SPV as a company whose sole purpose is to buy assets with money sourced from debt (and equity) and secured by those assets. The SPV, also called the "issuer," purchases a specific pool of assets and simultaneously issues debt securities—the asset-backed securities—and equity interests to fund the purchase of those assets. The pool of assets is typically of one type (auto loans, aircraft leases, corporate loans, etc.) but often is comprised of diverse and numerous "payers."

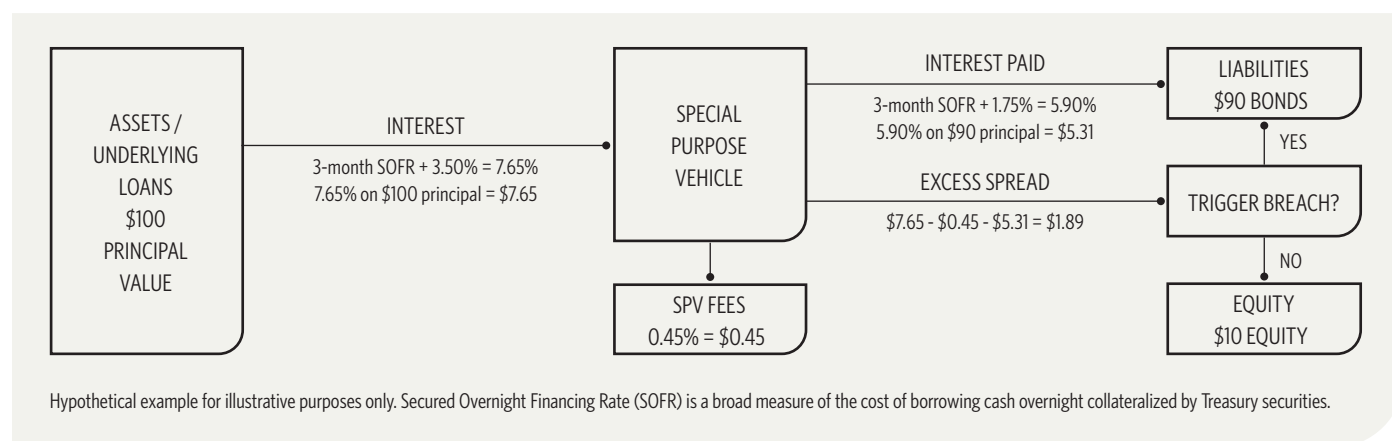
Anatomy of an Asset-Backed Security

ABS may seem complex, but much of that complexity arises from embedded features that may potentially provide resilience. In this example, \$100 of collateral assets produce \$7.65 in interest income that pays \$0.45 in SPV fees and \$5.90 in coupon interest to ABS debt holders. If there is no trigger breach, the remaining \$1.89 of excess spread is paid to the equity holders.

ABF deals carry features intended to help protect against loss and improve liquidity, including bankruptcy remoteness, prioritization of payments,

overcollateralization, excess spread, amortization, professional servicing, and diversity of payers within each underlying pool.

Lenders, lessors, and specialty finance companies commonly turn to the ABF market for funding. Additionally, traditional corporate borrowers that receive payments under contracts may securitize those contracts as an alternative to issuing corporate debt, particularly when the contracts are of higher credit quality.



Choosing Your Risk/Reward Profile

There are four principal avenues for generating return in active management of any fixed-income investment: Duration risk, where investors are compensated for the mark-to-market volatility and reinvestment exposure by going out to longer maturities in an upward-sloping yield curve; credit risk, where investors are compensated for the risk of not receiving principal and interest in a timely manner; convexity or call risk, exemplified by the mortgage borrower's option to refinance when rates decline; and liquidity risk, which warrants a premium given that all portfolios face both external redemption pressures and internal rotation needs across segments of varying tradability.

Structured credit investments seek to customize these risks through layering of repayments, timing of

repayment, and lien seniority on the collateral. This layering, or tranching, is achieved in a securitization through a set of rules defining the priority of payments—commonly referred to as a waterfall—that is the backbone of any securitization's governing document. This tranching allows debt with diverse risk and reward characteristics to be created from a single pool of assets, with each tranche carrying a different credit rating based on the risk involved. The shorter maturity, higher rated tranches offer the lowest yields but carry the lowest risk of loss. The longer dated, more junior tranches have higher yields but carry lower ratings due to the lower cushion against loss. In this way, tranching serves to create debt that will suit different investor preferences.

Managing a Process for Capturing the Complexity Premium

Structured credit tends to reward firms that have built—and sustained—the institutional machinery to underwrite complexity. Robust corporate credit analysis and a mature legal infrastructure are not enhancements to a structured credit platform; they are preconditions for participating in it responsibly. We believe that managers that lack a fully resourced structured credit team, a parallel corporate credit function, dedicated legal counsel, and a disciplined portfolio construction group are structurally disadvantaged when assessing suitability, sizing exposures, and navigating documentation risk. Important factors are not merely overlooked in such settings, they are often invisible.

Our track record in structured credit reflects the depth and integration of our specialist teams across origination, credit, risk, trading, legal, and technology, bound together by a disciplined investment process. Structured credit has been a cornerstone of Guggenheim Investments' fixed-income approach for more than two decades, underpinned by deep structural expertise and rigorous analytical capabilities that reflect a long-standing, firmwide commitment to the asset class. This enduring presence, in our view, materially constrains the ability of opportunistic entrants to generate consistent returns without assuming elevated volatility. We

accordingly expect differentiation among managers to manifest over multi-year horizons rather than month to month — a reality that favors investors aligned with platforms built for the cycle rather than the moment.

The true differentiator, however, is not infrastructure alone but commercial awareness: a working understanding of counterparties, their motivations, and the economic rationale behind each transaction. This is a capability cultivated through decades of market presence and relationship continuity, not one that can be reconstructed from documentation after the fact. Commercial awareness is what enables our teams to identify inter-entity linkages that are not disclosed in offering materials but materially affect risk; assess adverse selection risk by understanding why a particular asset is being offered at a particular time by a particular sponsor; and calibrate pricing for risk with a view informed by both the structural mechanics of the security and the behavioral incentives of the parties involved.

These are the factors that extend beyond pitchbooks and cash flow models. They are, in our view, the factors that ultimately separate durable alpha from episodic outperformance, and justify a disciplined, long-horizon commitment to the asset class.

Important Notices and Disclosures

Investing involves risk, including possible loss of principal. Structured credit securities — including asset-backed securities (ABS), residential and commercial mortgage-backed securities (RMBS/CMBS), and collateralized loan obligations (CLOs) — are complex instruments that may not be appropriate for all investors. Key risks include: (i) interest rate risk — prices generally fall when rates rise; (ii) credit and default risk of the underlying loans or receivables, which may be concentrated by sector, geography, or obligor; (iii) prepayment and extension risk, which can shorten or lengthen expected cash flows and affect yield; (iv) liquidity risk, as secondary markets may be limited and prices volatile, particularly during periods of market stress; (v) structural and subordination risk, as losses are allocated according to the transaction's waterfall and junior tranches bear losses first; and (vi) valuation and complexity risk, including reliance on servicers, models, and third-party ratings that may not accurately reflect performance.

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.

This material contains opinions of the author, but not necessarily those of Guggenheim Partners, LLC, or its subsidiaries. The opinions contained herein are subject to change without notice. Forward looking statements, estimates, and certain information contained herein are based upon proprietary and non-proprietary research and other sources. Information contained herein has been obtained from sources believed to be reliable, but are not assured as to accuracy. Past performance is not indicative of future results. There is neither representation nor warranty as to the current accuracy of, nor liability for, decisions based on such information.

©2026, Guggenheim Partners, LLC. No part of this article may be reproduced in any form, or referred to in any other publication, without express written permission of Guggenheim Partners, LLC.

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](https://www.guggenheiminvestments.com).

ETF shares are bought and sold through an exchange at the then current market price, not net asset value (NAV). Shares may trade at a premium or discount to their NAV when traded on an exchange. Buying and selling shares may result in brokerage commissions which will reduce returns.

Guggenheim Investments represents the investment management businesses of Guggenheim Partners, LLC ("Guggenheim"). **This communication is issued by Guggenheim Funds Distributors, LLC.** Guggenheim Funds Distributors, LLC is affiliated with Guggenheim Partners, LLC. For more information, visit [guggenheiminvestments.com](https://www.guggenheiminvestments.com) or call 800.345.7999.

Not FDIC Insured | Not Bank Guaranteed | May Lose Value

Guggenheim Investments

Guggenheim Investments is a global asset management and investment advisory firm with more than \$367 billion¹ in total assets across fixed income, equity and alternative strategies. We focus on the return and risk needs of insurance companies, corporate and public pension funds, sovereign wealth funds, endowments and foundations, consultants, wealth managers, and high-net-worth investors. Our 230+ investment professionals perform rigorous research to understand market trends and identify undervalued opportunities in areas that are often complex and underfollowed. This approach to investment management has enabled us to deliver innovative strategies providing diversification opportunities and attractive long-term results.

For more information, visit [GuggenheimInvestments.com](https://www.guggenheiminvestments.com).

1. GI Total Assets are as of 6.30.2026 and include \$251.9bn in Assets Under Management (AUM), plus \$115.8 bn Assets Under Supervision (AUS) for a total of more than \$367.7bn. AUM includes leverage of \$14.8bn. AUS includes assets for which GI provides non-advisory services and may include review, analysis, research, reporting, sourcing and evaluation of assets, and business operations consulting. Guggenheim Investments represents the following affiliated investment management businesses of Guggenheim Partners, LLC: Guggenheim Partners Investment Management, LLC, Security Investors, LLC, Guggenheim Funds Distributors, LLC, Guggenheim Funds Investment Advisors, LLC, Guggenheim Corporate Funding, LLC, Guggenheim Wealth Solutions, LLC, Guggenheim Private Investments, LLC, Guggenheim Investments Loan Advisors, LLC, Guggenheim Partners Europe Limited, Guggenheim Partners Japan Limited, and GS GAMMA Advisors, LLC.

ETF-WP-PRIMER-SC 0926 x0927 5971766