

Portfolio Strategy

Understanding Collateralized Loan Obligations

GUGGENHEIM INVESTMENTS

Summary

Collateralized loan obligations (CLOs) are typically a high yielding, scalable, floating-rate investment alternative to corporate bonds with a history of stable credit performance. CLOs represent a $1.2 trillion asset class within the broader $13.8 trillion structured credit fixed-income market—which also includes asset-backed securities (ABS) and mortgage-backed securities (MBS), among other similar securities—and derive principal and interest from an actively managed, diversified pool of non-investment grade, senior-secured corporate loans.

These loans, also known as bank loans or leveraged loans, typically occupy a first-lien position in the company's capital structure. They are secured by the borrower's assets, and rank first in priority of payment ahead of unsecured debt in the event of bankruptcy.

CLOs' combination of diversified, actively managed, senior-secured loan collateral, along with robust securitization structures, has resulted in historically strong ratings performance and low default rates across the credit ratings spectrum, comparing favorably to corporate debt.

Investing in CLOs is not without risk. As with other securities, CLOs are subject to credit, liquidity, and mark-to-market risk. The basic architecture of CLOs requires that investors must understand the order in which the cash flows from the underlying portfolio are distributed to investors, known as waterfall mechanisms, as well as the protections, terms, conditions, and credit profile of the loan collateral.

Still, CLOs have several structural and economic features that make them an integral component of Guggenheim's fixed-income strategies. Structurally, they are secured investments with defined mechanics that govern their investment activity and protect debt holders. Economically, and one of the most important characteristics of CLOs, particularly of late, is their floating-rate coupon, which makes their price less sensitive to changes in interest rates.

Report Highlights

- CLOs represent a high yielding, scalable, floating-rate investment alternative with a history of stable credit performance.
- Solid credit performance through the Global Financial Crisis (GFC) and COVID-19 risk cycles has supported growth in the CLO market, broadened the investor base, and supported secondary market liquidity.
- Guggenheim Investments' long-term experience mobilizing credit research, structural analysis, analytical infrastructure, and legal expertise positions us to potentially capture the attractive relative and fundamental value in CLOs throughout a cycle.

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Overview: What Are CLOs?

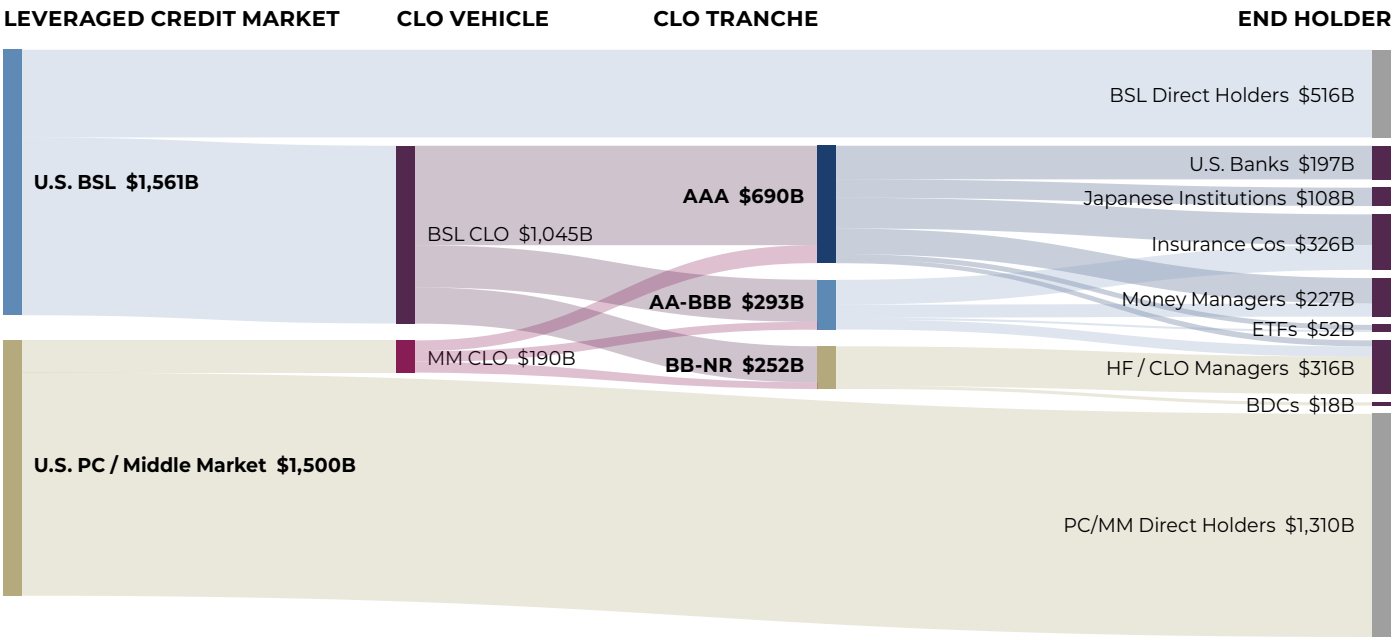
CLOs are a $1.2 trillion asset class within the broader $13.8 trillion structured credit fixed-income market[1], which also includes ABS and MBS. CLOs derive principal and interest from an actively managed, diversified pool of non-investment grade, senior-secured corporate loans.

CLOs issue debt and equity to investors and use the funds to acquire a diverse portfolio typically comprised of more than 200 loans. The debt is divided into tranches with varying risk and return profiles, determined by their seniority and priority in receiving cash flows from the loan pool.

These underlying loans, also known as bank loans or leveraged loans, are rated below investment grade, typically hold a first-lien position in the company's capital structure, are secured by the company's assets, and rank first in priority of payment ahead of unsecured debt in the event of bankruptcy. Economically, CLO equity investors own the loan pool, while the CLO debt investors provide term financing to acquire the pool of loans.

Locating CLOs in the U.S. Leveraged Credit Ecosystem ($B)

CLOs finance $1.2T of the $3.1T U.S. leveraged credit market; AAA tranches account for more than half of CLO debt.



$3,061B	$1,234B	66.9%	55.9%
Total U.S. leveraged credit (BSL + PC / Middle Market)	Total U.S. CLO debt outstanding — 40.3% of the leveraged credit market	Share of U.S. BSL loans financed by BSL CLOs	Share of the CLO debt stack rated AAA

Source: Guggenheim Investments, Federal Reserve, Bank of America. Data as of 9.30.2026. May contain estimates and rounding at the discretion of the authors that are subject to change. BSL = broadly syndicated loans; PC = private credit; MM = middle market.

1. **CLOs are complex investments and not suitable for all investors.** Investors in CLOs generally receive payments that are part interest and part return of principal. These payments may vary based on the rate at which loans are repaid. Some CLOs may have structures that make their reaction to interest rates and other factors difficult to predict, make their prices volatile, and subject them to liquidity and valuation risk. Please see "Important Notes and Disclosures" at the end of this document for additional risk information.

Understanding CLO Collateral: Leveraged Loans

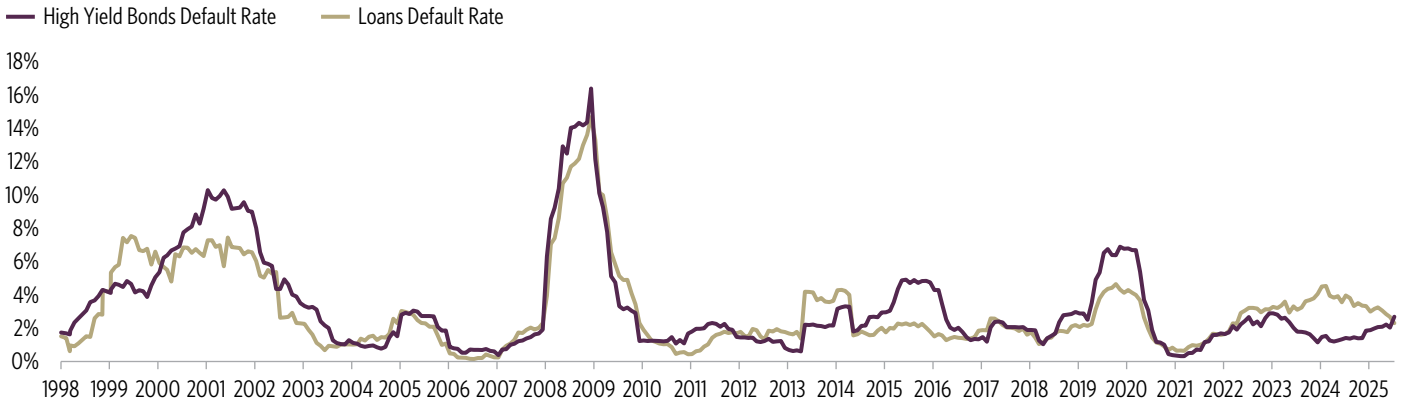
A portfolio of loans serves as the collateral backing a CLO. These loans are typically extended to non-investment grade borrowers to finance a range of activities, including mergers and acquisitions, stock repurchases, dividend payments, leveraged buyouts, or new projects. The loans are arranged by investment banks and provided by a group or "syndicate" of institutional lenders.

Most of the loans in the CLO collateral are senior secured, or first-lien, loans that have priority claims on the borrower's assets in a bankruptcy, making CLOs relatively lower risk investments. These loans carry floating-rate coupons, typically benchmarked to the Secured Overnight Financing Rate (SOFR), and include covenants—such as financial tests and restrictions on borrowers' actions—to protect lenders. The senior secured position of these loans has contributed to higher historical recoveries in default scenarios than those seen in the high yield bond market.

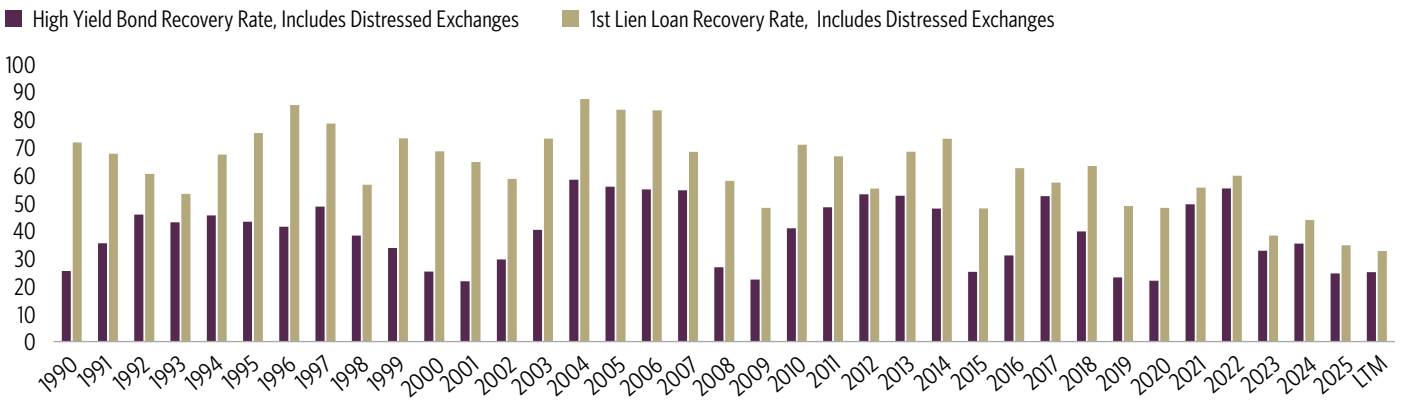
Recovery Rates for Leveraged Loans Are Higher than High Yield Bonds

Leveraged loans' senior secured status has historically led to lower default rates and higher recoveries compared to high yield bonds. Although those advantages have narrowed in recent years, CLOs historically have further mitigated default and recovery risk of individual company credits by holding diverse portfolios of leveraged loans—typically more than 200 borrowers—that are actively managed.

Default Rates: Leveraged Loans vs. High Yield Bonds



Recovery Rates: Leveraged Loans vs. High Yield Bonds



Source: Guggenheim Investments, JP Morgan. Data as of 6.30.2026. Past performance does not guarantee future results.

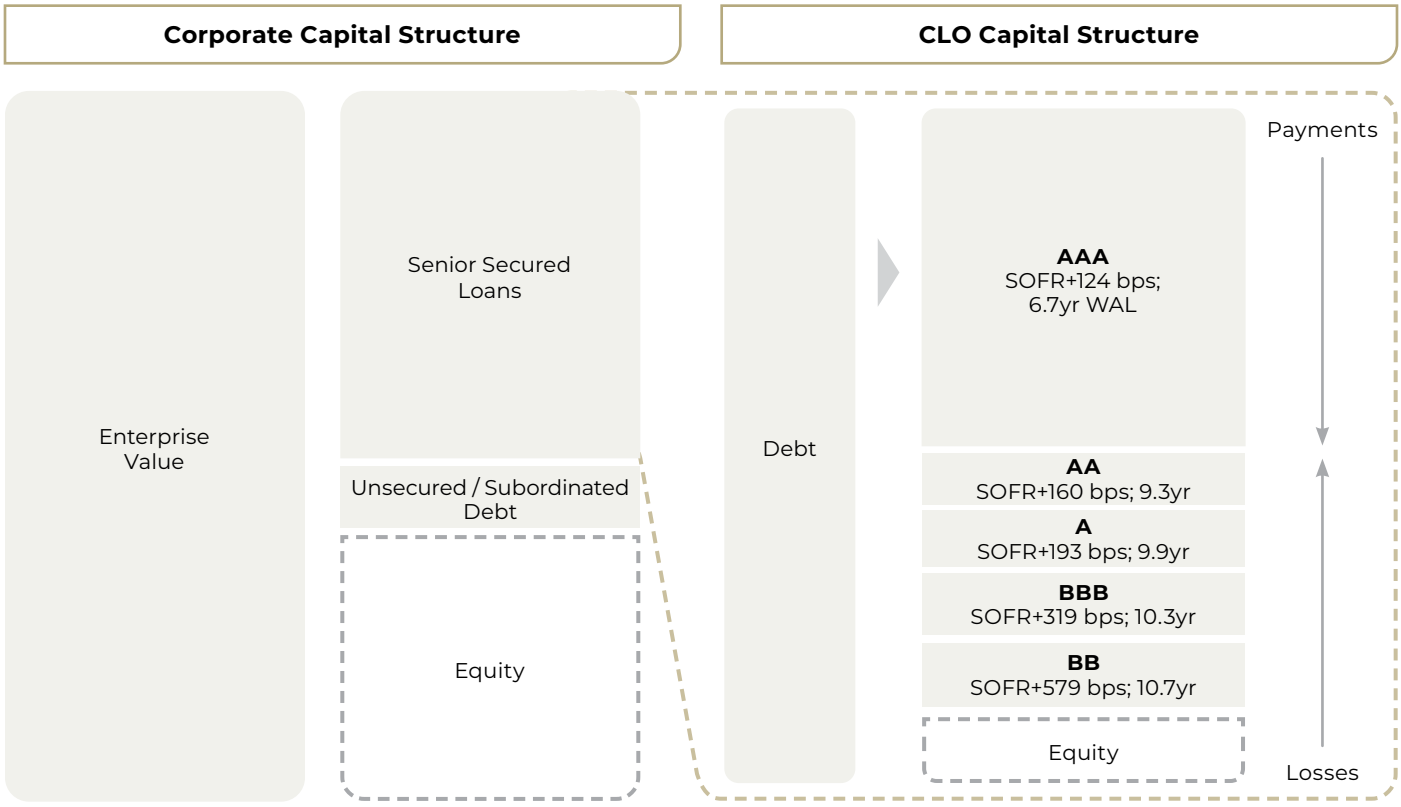
Understanding CLO Structures

At its inception, a CLO raises money to purchase a portfolio of loans by selling various debt and equity tranches to investors. Each tranche has a different claim priority on the cash received from the loan pool and exposure to loss from the underlying collateral pool. Cash flow distributions begin with the senior-most debt tranches of the CLO capital structure and flow down to the junior-most equity tranche—a distribution method referred to as a waterfall. The cash flow waterfall and a suite of performance tests and collateral concentration limits provide varying degrees of protection to the CLOs' debt tranches.

The CLO's most senior and highest-rated AAA tranche carries the lowest coupon but is entitled to the highest claim on the cash flow distributions and is the most loss-remote. Mezzanine tranches pay higher coupons but are more exposed to loss and have lower ratings. The most junior and riskiest part of the CLO capital structure is the equity tranche, which is neither rated nor coupon bearing. Instead, the equity tranche represents a claim on all excess cash flows that remain once the obligations for all debt tranches have been met. In a typical CLO structure, the AAA senior tranches are the largest, usually comprising around 65 percent of the capital structure. Mezzanine tranches, rated AA to BB-rated, are much smaller, usually making up 4–12 percent each. The equity tranche, which absorbs initial credit losses, varies in size but typically accounts for about 8–10 percent of the capital structure.

Understanding the Typical Structure of a CLO

Cash flow distributions begin with the senior-most debt tranches of the CLO capital structure and flow down to the bottom equity tranche, a distribution methodology that is referred to as a waterfall.



Hypothetical illustration showing a generic single-B corporate capital structure and a generic CLO capital structure with typical pricing levels in the current market as of 6.30.2026.

CLOs are governed by a series of coverage tests that measure the adequacy of the collateral balance and the cash flows generated by the underlying bank loans. One such test is an overcollateralization test (OC test), which ensures the principal value of the loan pool exceeds the outstanding principal of the CLO debt tranches. If the collateral's principal value falls below the OC test trigger, cash that would have gone to the equity and junior tranches is instead redirected to pay down senior debt. Another test computes interest coverage (IC test), which ensures sufficient interest income to cover CLO tranche payments. If interest collections decline below the IC test trigger, cash is similarly diverted from equity and junior tranches to senior debt tranche investors.

CLOs are also subject to various collateral concentration limits designed to minimize risk in the bank loan collateral pool and protect CLO investors from loss. These limits include requirements for industry diversification in the loan pool, caps on exposure to non-senior secured loans and single obligors, and limitations on the share of CCC-rated loans, helping contain overall default risk.

Most CLO portfolios are actively managed. Over a defined reinvestment period, the collateral manager seeks to mitigate losses from loan defaults and optimize the bank loan portfolio's value by actively managing the portfolio's holdings. CLOs are not subject to mark-to-market tests on their underlying loan collateral, but instead rely upon receipt of contractual principal and interest from the collateral pool. As a result, CLO managers are not forced sellers during periods of market volatility and can actively trade loans to capture value or minimize losses on deteriorating credits.

Structural Protections of CLOs

Credit Enhancement

Risk-reduction feature that increases the likelihood of repayment relative to the intrinsic risks of the underlying collateral.

◆

Subordination
Deals are structured so that junior tranches absorb losses before senior tranches.

◆

Excess Spread
The average interest collected from the loan collateral is higher than the interest paid to investors to create an additional buffer of cash.

Performance Tests

Redirect cash flows from subordinate tranches to purchase additional collateral loans and repay senior debt if collateral performance deteriorates.

◆

Interest Coverage Test
Interest on Assets / Interest due on related tranche and all tranches senior to it.

◆

Overcollateralization Test
Par amount of assets / Outstanding amount of related tranche and all tranches senior to it.

Source: Guggenheim Investments.

Comparing Middle Market and Broadly Syndicated CLOs

While most CLOs are backed by broadly syndicated loans (BSL), a smaller but growing segment of the market is middle market (MM) CLOs—also referred to as private credit (PC) CLOs. MM CLOs are tied to the expanding private credit markets, where non-bank lenders such as private debt funds, business development companies (BDCs), and insurance companies provide loans directly to companies, bypassing the bank loan syndication process.

BSL CLOs are backed by loans to larger borrowers, typically with earnings before interest, taxes, depreciation, and amortization (EBITDA) between $100–250 million, and held by multiple lenders (i.e. syndicated). In contrast, MM CLOs are backed primarily by private, directly originated loans to small and medium-sized borrowers, typically with EBITDA between $50–$100 million, and often containing tighter documentation. Some MM CLO managers also specialize in loans to larger borrowers, with EBITDA greater than $100 million, blurring the line between middle market and broadly syndicated loans as private credit becomes more accessible to larger companies.

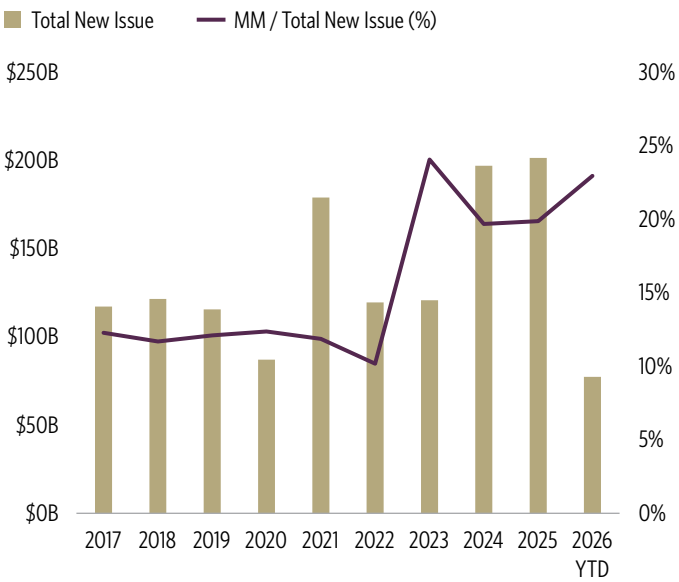
Historically MM CLO issuance accounted for 10–12 percent of overall CLO issuance, but in recent years this figure rose to as high as 24 percent. Currently, MM CLOs represent 13.7 percent of the total CLO amount outstanding, double the percentage from a decade ago.

Collateral quality is a key differentiator between BSL and MM CLOs, as MM CLOs have much greater CCC-rated exposure. Due to the poorer credit quality of the underlying collateral and lower portfolio diversity,

Middle Market CLOs Are a Growing Segment of the Overall Market

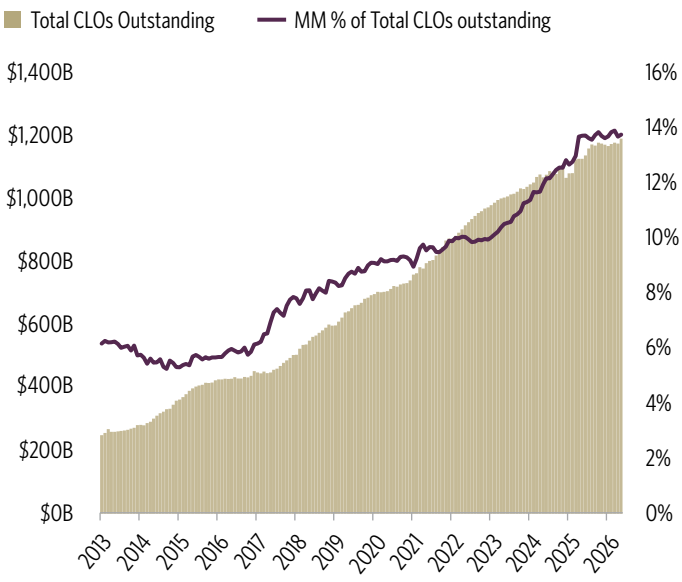
MM CLOs enable non-bank investors, such as private debt funds, BDCs, and insurance companies to provide loans directly to companies.

MM CLO Issuance as a Percentage of Total CLO Issuance



Source: Guggenheim Investments, BofA Factbook US Outstanding by Rating. Data as of 5.31.2026.

MM CLOs as a Percentage of the Overall CLO Market



Source: Guggenheim Investments, BofA Factbook U.S. CLO Issuance ($M). Data as of 5.31.2026.

Comparing Middle Market and Broadly Syndicated Loan CLOs

	Middle Market	Broadly Syndicated Loan
Market Size	◆ Total U.S. MM CLO outstanding is $161B	◆ Total U.S. BSL CLO outstanding is $1.0T
Structural Differences	◆ Higher credit enhancement relative to BSL with similarly rated tranches ◆ Managers are subject to risk retention and typically do not issue below investment-grade tranches	◆ Collateral pools have higher diversity than comparable MM CLO ◆ Managers are not subject to risk retention and issue AAA-BB rated tranches
Loan Attributes	◆ Loans typically benefit from covenants and tighter documents ◆ More exposure to CCC-rated credits ◆ Traditionally finance small and middle-sized companies ◆ Larger companies have recently begun to access the private credit markets ◆ Usually have credit estimates only ◆ Less price transparency/liquidity ◆ Price wider than BSL loans	◆ Loan universe has a lower weighted average rating factor (higher credit rating) than MM ◆ Typically do not contain maintenance covenants (cov-lite) ◆ Finance large borrowers ◆ Typically contain a public rating ◆ Price tighter than MM loans ◆ Greater price transparency/liquidity
Investor Considerations	◆ MM CLO prices at wider discount margin than comparably rated BSL CLO ◆ MM CLOs are less liquid than BSL CLOs	◆ BSL CLOs are more liquid than MM CLOs ◆ Greater number of managers of BSL CLOs

Source: Guggenheim Investments.

MM CLOs offer higher credit enhancement relative to BSL for similarly rated tranches to help offset the risk. Middle market loans also tend to have higher spreads and are usually assigned a private credit estimate rather than a public rating. Liquidity is another major distinction between the two markets, as the underlying collateral of BSL CLOs is much more liquid, with greater pricing transparency than the collateral of MM CLOs.

Manager selection is of paramount importance for MM CLOs with their inherently lower transparency into the underlying loan performance, given the private, directly originated nature of the collateral. A key differentiator in assessing CLO managers is their ability to source and access attractive opportunities, as deal flow tends to be relationship-driven and dependent on direct engagement with private equity sponsors and company management teams. In the event of underperformance or default, limited secondary market liquidity means managers may need to engage directly in restructuring negotiations, recapitalizations, or covenant amendments. As such, a manager's ability to navigate distressed situations, maintain sponsor relationships, and preserve investor value is critical. For investors in MM CLOs, evaluating a manager's origination, underwriting, investment strategy, restructuring capabilities, and track record is essential.

Breaking Down a CLO's Lifecycle

The lifecycle of a CLO typically lasts eight to 10 years, during which time a series of milestones are passed.

Warehouse Period: A warehouse provider finances the CLO manager's acquisition of leveraged loan assets. The warehouse period typically takes three to nine months. The warehouse loan is expected to be paid off with the proceeds from the CLO's issuance.

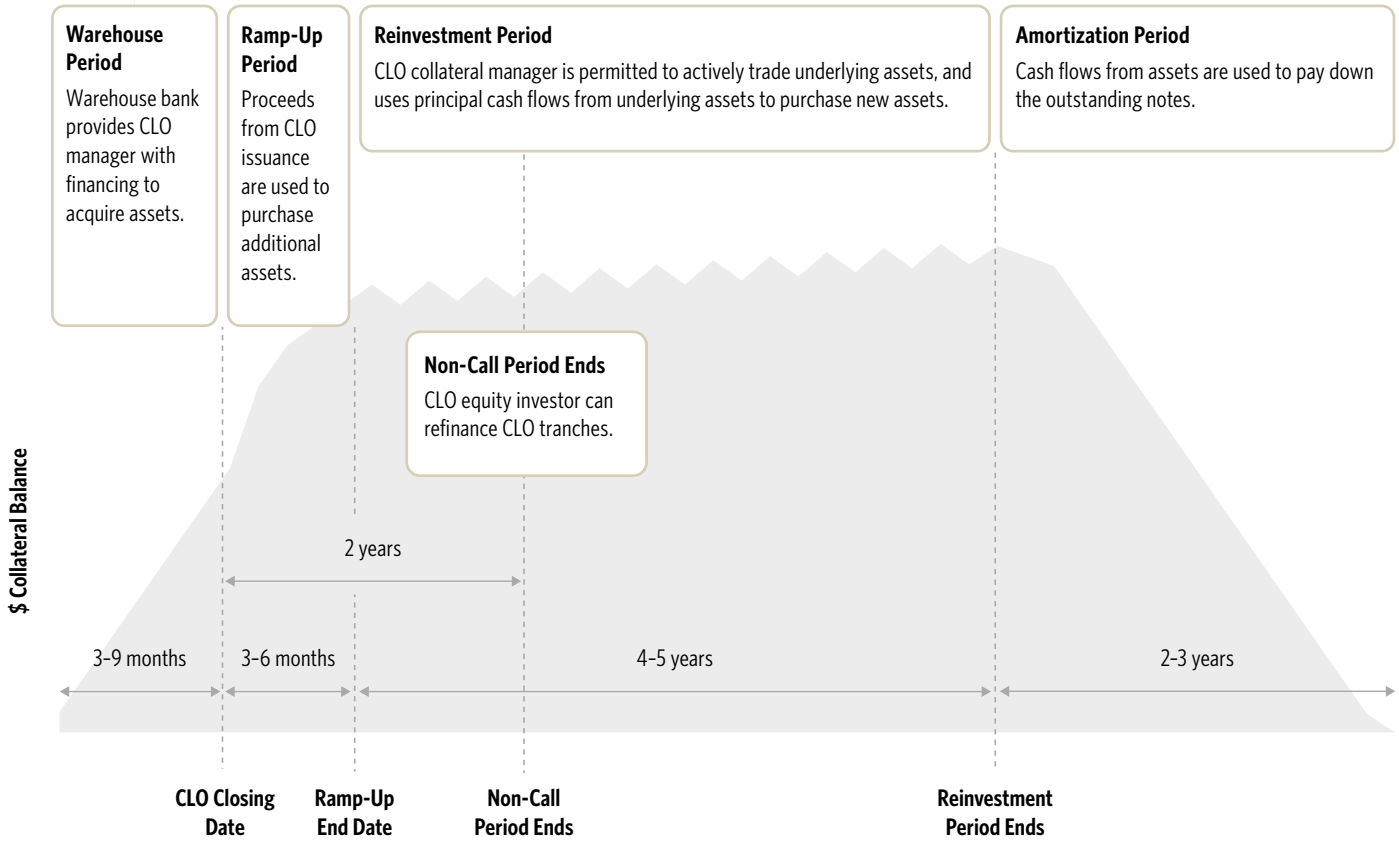
Ramp-Up Period: After closing, the CLO manager uses the proceeds from the CLO issuance to purchase additional assets.
The ramp-up period usually lasts three to six months and concludes at the ramp-up end date.

Reinvestment Period: The collateral manager is permitted to actively trade underlying assets within the CLO and uses principal cash flow from underlying assets to purchase new assets. The reinvestment period may last up to five years.

Non-Call Period: During the non-call period the equity may not call or refinance the CLO debt tranches. Non-call periods may last six months to two years, depending on the length of the reinvestment period. After that point, CLO equity tranche owners have the right, but not the obligation, to refinance the CLO.

Amortization Period: After the reinvestment period ends, the CLO enters its amortization period, during which cash flows from the CLO's underlying assets are used to pay down outstanding CLO debt. The amortization period represents the end of a CLO's lifecycle.

Lifecycle of a CLO



Source: Guggenheim Investments, Wells Fargo.

Historical Performance

The combination of diversified, actively managed, senior-secured loan collateral and robust securitization structures has led to favorable historical ratings performance. According to Standard & Poor's, CLO 1.0s (those issued before the GFC) performed well during the financial crisis, with minimal lifetime defaults. CLO 2.0s (those issued post-GFC) feature numerous additional credit enhancements beyond those in pre-crisis vintages.

Credit Performance of CLOs Issued Before and After the GFC

The combination of diversified, actively managed, senior-secured loan collateral along with sound securitization structures has resulted in favorable historical ratings performance.

	CLO 1.0			CLO 2.0			Defaulted %	
Original Rating Category	Number of Original Ratings	Number of Defaults	Number Currently Rated	Number of Original Ratings	Number of Defaults	Number Currently Rated	CLO 1.0	CLO 2.0
AAA	1,541	0	0	6,146	0	2,356	0%	0.0%
AA	616	1	0	4,570	0	1,585	0%	0.0%
A	790	5	0	3,865	0	1,389	1%	0.0%
BBB	783	9	0	4,065	0	1,855	1%	0.0%
BB	565	22	0	2,822	16	1,087	4%	0.6%
B	28	3	0	507	21	184	11%	4.1%
Total	**4,323**	**40**	**0**	**21,975**	**37**	**8,456**		

Source: Guggenheim Investments, S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro. Data as of 3.31.2026.

First, rating agencies now require substantially more overcollateralization in CLOs than before the GFC. Second, while pre-crisis CLOs often invested meaningfully in subordinated bonds and other structured credit instruments, post-crisis CLOs are almost entirely backed by senior secured bank loans. Third, post-crisis deal documentation is much more investor friendly, for example, by shortening the trading period during in which the manager can actively manage the loan portfolio and limiting extension risk for CLOs. Thanks to these enhancements, CLO 2.0s have out-performed CLO 1.0s. At the same time, CLOs have maintained a historically low default rate across the ratings spectrum comparing favorably to corporate debt.

CLO and Corporate Bond Cumulative Defaults

CLOs' historically low default rate across the ratings spectrum compares favorably to corporate debt.

	CLO 1.0 + 2.0	Corporate	
Original Rating Category		**5 Year**	**10 Year**
AAA	0.00%	0.41%	0.82%
AA	0.02%	0.39%	0.95%
A	0.11%	0.59%	1.53%
BBB	0.19%	1.69%	3.71%
BB	1.12%	6.87%	12.62%
B	4.49%	16.87%	23.90%

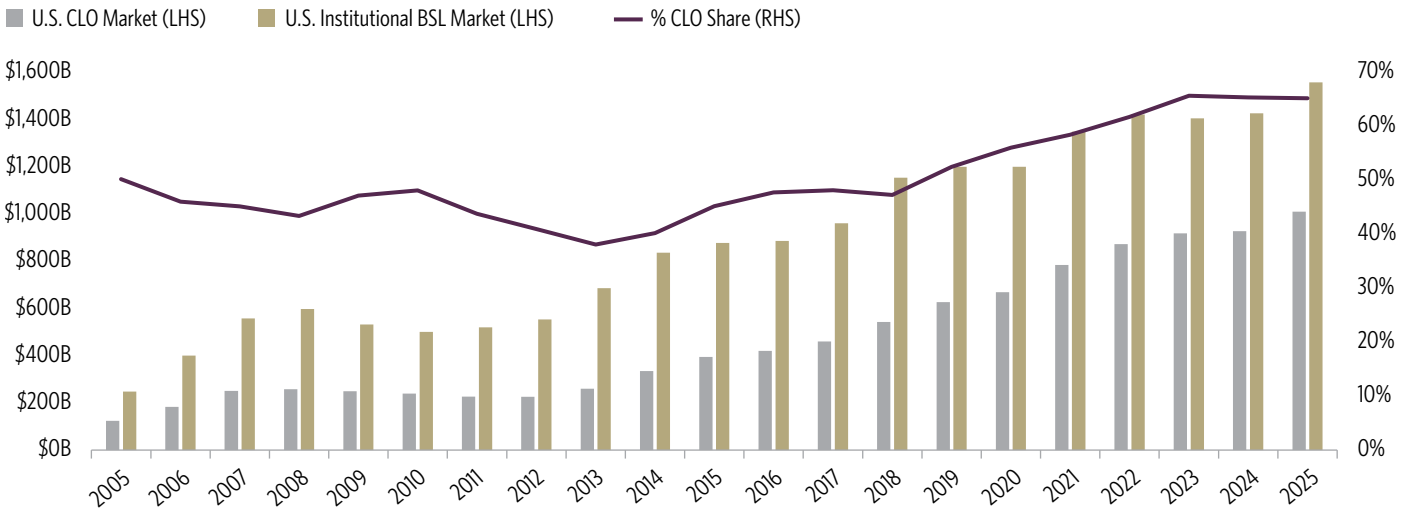
Source: Guggenheim Investments, S&P. Data as of 5.31.2026.

Investor Sponsorship

The CLO marketplace has grown significantly since the GFC, rising from a post-crisis trough of $263 billion to $1.2 trillion as of May 2026, according to Bank of America data. Strong historical credit performance and floating-rate coupons attracted many new investors. The CLO market has grown in step with the bank loan market and outpaced growth in other credit sectors. As of 2025 CLOs own 65 percent of the broadly syndicated leveraged loan market. Prior to the GFC, investor sponsorship was dominated by hedge funds, structured investment vehicles, and Wall Street trading desks—entities that relied heavily on leverage. Post-crisis regulation has all but eliminated these players from the market. Today's CLO investor base is primarily

CLOs Are the Largest BSL Leveraged Loan Investor

As of 2025 CLOs own 65 percent of the BSL leveraged loan market.



Source: Guggenheim Investments, S&P LCD, Bank of America. Data as of 5.31.2026.

composed of large institutional asset managers, banks, and insurance companies, which use far less leverage and are therefore less vulnerable to the forced selling driven by mark-to-market volatility and margin calls. Secondary trading volumes in investment-grade CLO tranches have been fairly stable year over year, reflecting the ability of risk to change hands even in challenging markets. The buy-and-hold oriented sponsorship of investment-grade CLO tranches can be observed in the lower level of turnover. In contrast, trading volumes in non-investment-grade tranches are higher and more variable, reflecting their more opportunistic and risk-tolerant investor base.

Investor Composition of CLOs

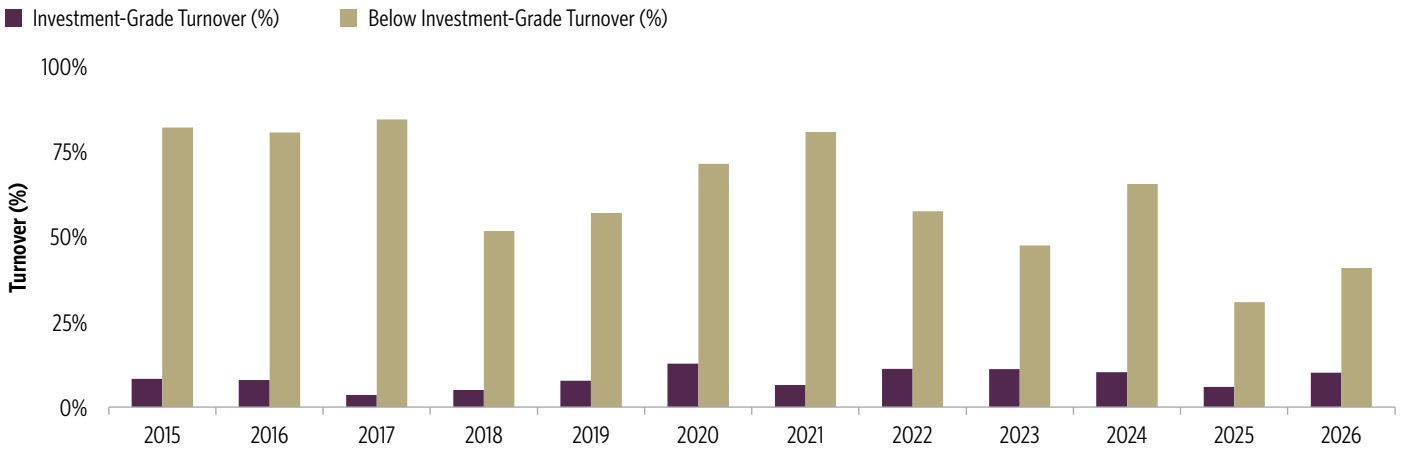
Today's CLO investor base is primarily composed of large institutional asset managers and insurance companies. These investors do not employ the high leverage strategies of the pre-crisis investor base and, as a result, are less prone to the forced selling that arises from mark-to-market volatility and margin call pressures.

Rating	Notional ($B)	U.S. Banks	Japanese Institutions	Insurance	Money Managers	BDCs	SMAs/Hedge Funds/ CLO Managers	ETF
AAA	$690B	33%	18%	18%	21%	0%	4%	6%
AA	$139B			52%	24%	0%	24%	1%
A	$80B			69%	27%	0%	4%	1%
BBB	$74B			61%	28%	0%	8%	3%
BB	$45B			19%	19%	3%	58%	1%
B	$2B			19%	9%	9%	63%	0%
Equity	$120B			10%	10%	12%	68%	1%
Total BSL + MM	**$1,234B**							

Source: Guggenheim Investments, BofA, Bloomberg. Data as of 6.30.2026. SMA = separately managed account. BDC = business development company. ETF = exchange-traded fund.

Trading Volumes of CLOs: Investment Grade and Below Investment Grade Turnover Breakdown

Lower turnover in the investment-grade rated CLO tranches suggests strong support from buy and hold investors, while the turnover levels in the non-investment grade rated tranches suggest a well-functioning market even in challenging periods.



Source: Guggenheim Investments, FINRA. Data as of 6.30.2026.

Something to Watch: CLO ETFs' Place in the Market

The emergence of CLO ETFs marks an evolution in the structured credit landscape. While the current size of the CLO ETF market (approximately $50 billion vs a CLO market of $1.2 trillion) is a modest 3.6 percent, the pace of growth has been significant. ETF flows are 16B year to date, which is 14 percent of the $110B CLO new issue year-to-date volume—a meaningful part of overall CLO activity.

CLO ETFs trade regularly intra-day, while individual CLO tranches trade less frequently. Senior CLO tranches have historically been acquired by buy-and-hold investors who's long holding period produce fewer pricing signals relative to the balance of outstanding positions. Investor flows into CLO ETFs are supported by both the underlying new issue and secondary markets transactions while ETF redemptions must be absorbed solely by the secondary CLO market. This dynamic can be particularly impactful for mezzanine tranches that trade in smaller sizes and with less liquidity. As ETF flows become a meaningful component of overall CLO trading activity, they induce greater price discovery supporting both new issue and secondary market transactions, as well as potentially higher day-to-day volatility as trading volumes increase vs historical norms, and greater market depth. Indeed, we have seen trading volumes on investment grade CLOs double since 2023.

Many CLO ETFs focus on narrow rating categories (e.g., AAA or BB–BBB) in an attempt to provide investors with a defined risk profile. Although ratings-based guidelines are standard practice in fixed-income portfolio management, investors should consider that these restrictions, when applied narrowly, also bound the opportunity set. Fundamental principles of active investment are clear that flexibility and a broader opportunity set should, in theory, achieve better returns for a level of risk, all else constant. Ratings bands may be set once in the life of a ratings-focused fund, but as market norms and rating agency requirements evolve, first principles of payment priority, bondholder protections, collateral composition, and manager quality should maintain prominence in the understanding of risk and value in the CLO market.

Investing in CLOs

CLOs have several features that make them an integral component of Guggenheim Investments' fixed-income strategies. In addition to their investor-friendly structural protections and historical credit performance, one of the most important characteristics of CLOs is their floating-rate coupon, which helps insulate bond prices from volatile interest rates. Fixed-rate securities decline in value as interest rates rise and investors discount the value of the fixed-rate bonds' relatively low coupons. However, the coupons on floating-rate securities such as CLOs adjust based on the current short-term interest-rate environment. As a result, floating-rate securities' prices tend to be more stable in volatile interest-rate environments than those of their fixed-rate counterparts.

Investing in CLOs is not without risk. As with other securities, CLOs are subject to credit, liquidity, and mark-to-market risk, and investors must understand the waterfall mechanisms and protections as well as the terms, conditions, and credit profile of the underlying loan collateral. Thus, the relative value determination for a CLO simultaneously considers potential returns relative to other securitized and corporate fixed-income sectors as well as its pricing relative to other short-duration options.

Capturing opportunities in the CLO market requires the expertise to perform bottom-up research on individual bank loans in the underlying collateral pool. Because CLOs routinely have over 200 issuers in their collateral

pools, investment managers must have significant corporate credit research capabilities to fully evaluate the underlying credit risk in each CLO.

The importance of understanding a CLO's structural characteristics cannot be overstated. Two CLOs with the identical collateral assets may perform differently due to structural differences. The legal documentation that governs a typical CLO can be more than 300 pages, and a high degree of expertise and consistent market presence are required to analyze these documents and discuss key terms with managers looking to access the market. The ability to access the value in CLOs becomes available to investors with the appropriate mix of credit research, structuring experience, technology capabilities, and legal expertise.

The Guggenheim Approach

Guggenheim Investments' approach to investing in CLOs is consistent with our process for all our fixed-income investments. With CLOs, the investment process starts with a bottom-up fundamental approach to CLO structures. Guggenheim brings to bear its extensive research insights across a broad spectrum of the bank loan market and the structuring and legal expertise necessary to understand the nuances of each individual CLO investment opportunity. Collateral, structure, and manager attributes are evaluated, and stress testing and scenario analyses are performed. Research is augmented by our in-house legal team and by the obligor-level credit views of our corporate credit team. Investments are integrated into portfolio strategies by considering relative value, risk, and sector targets, as well as the risk-adjusted return potential evaluated from a long-term holding period point of view.

Important Notices and Disclosures

GLOSSARY OF TERMS

Basis Point: A unit of measure used to describe the percentage changes in the value or rate of an instrument. One basis point is equivalent to 0.01 percent.

First Lien: A security interest in one or more assets that lenders hold in exchange for secured debt financing. The first lien to be recorded is paid first.

Mark-to-Market: A measure of the fair value of an asset or liability, based on current market price.

Mezzanine Financing: A hybrid of debt and equity financing that is typically used in the expansion of existing companies.

Second Lien: Debts that are subordinate to the rights of more senior debts issued against the same collateral or portions of the same collateral.

Secured Overnight Financing Rate (SOFR): A broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

Structured Investment Vehicles: Pools of investment assets that attempt to profit from credit spreads between short-term debt and long-term structured finance products such as asset-backed securities.

Tranche: Related securities that are portions of a deal or structured financing, but have different risks, return potential and/or maturities.

Waterfall: A hierarchy establishing the order in which funds are to be distributed.

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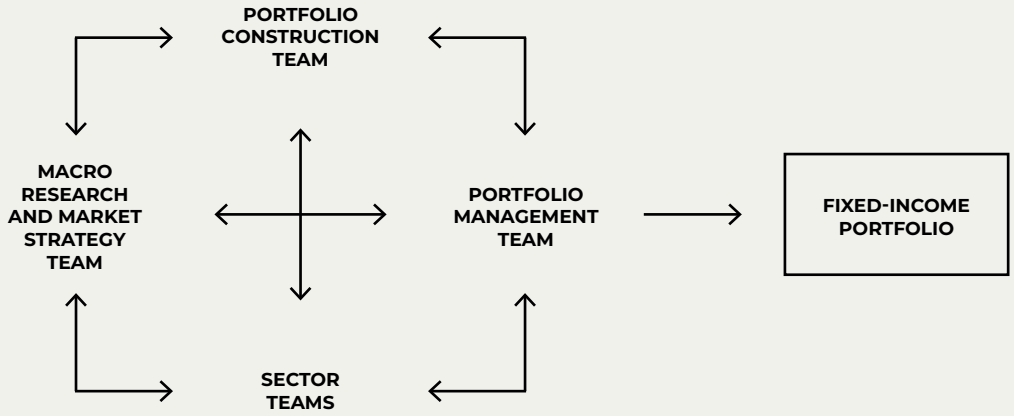
Guggenheim's Investment Process

Guggenheim's fixed-income portfolios are managed by a systematic, disciplined investment process designed to mitigate behavioral biases and lead to better decision-making. Our investment process is structured to allow our best research and ideas across specialized teams to be brought together and expressed in actively managed portfolios. We disaggregated fixed-income investment management into four primary and independent functions—Macroeconomic Research, Sector Teams, Portfolio Construction, and Portfolio Management—that work together to deliver a predictable, scalable, and repeatable process. Our pursuit of compelling risk-adjusted return opportunities typically results in asset allocations that differ significantly from broadly followed benchmarks.



Guggenheim Investments

Guggenheim Investments is a global asset management and investment advisory firm with more than $358 billion[1] 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 240+ 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.

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1. GI Total Assets are as of 9.30.2026 and includes $237.6bn in Assets Under Management (AUM), plus $120.8bn Assets Under Supervision (AUS) for a total of more than $358bn. AUM includes leverage of $16.2bn. 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.

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