

July 20, 2020

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: File No. S7-07-20
Good Faith Determinations of Fair Value
Release No. IC-33845

Dear Ms. Countryman:

The independent trustees of the Guggenheim funds complex are pleased to comment on the Securities and Exchange Commission's (the "Commission") proposed Rule 2a-5 (the "Proposed Rule") under the Investment Company Act of 1940 (the "1940 Act") regarding fair valuation of fund investments.¹

The Guggenheim funds complex includes seven registered open-end investment companies, consisting of 150 series, and six registered closed-end investment companies (collectively, the "Guggenheim Funds").² The Guggenheim Funds include a wide array of funds, with a significant emphasis on funds designed to provide investors flexibility to invest across a broad array of fixed-income securities utilizing the fixed-income expertise of Guggenheim Investments.³ The Boards of Trustees of the Guggenheim Funds (together, the "Board") include ten Trustees, nine of whom are not "interested person[s]," as defined by Section 2(a)(19) of the 1940 Act (collectively, the "Independent Trustees"), with Independent Trustees serving in the roles of Board chair and all committee chairs.

In recognition of the critical importance of proper valuation of portfolio securities to the Guggenheim Funds and their shareholders, the Board has established a Valuation Oversight Committee (the "Oversight Committee"), composed solely of Independent Trustees, with the purpose of assisting the Board in overseeing the valuation of the securities and other assets held by each of the Guggenheim Funds. Given the complexity and number of fixed income securities held by the Guggenheim Funds (Guggenheim Investments has advised that typically on a daily basis thousands of the securities held by the Guggenheim Funds are classified as Level 2 or Level 3), the Oversight Committee plays an important role in reviewing

¹ See Good Faith Determinations of Fair Value, Rel. No. IC-33845 (April 21, 2020), 85 Fed. Reg. 28734 (May 13, 2020) ("Release").

² The investment companies include: (i) Guggenheim Funds Trust; (ii) Guggenheim Variable Funds Trust; (iii) Guggenheim Strategy Funds Trust; (iv) Rydex Series Funds; (v) Rydex Dynamic Funds; (vi) Rydex Variable Trust; (vii) Transparent Value Trust; (viii) Fiduciary/Claymore Energy Infrastructure Fund; (ix) Guggenheim Taxable Municipal Managed Duration Trust; (x) Guggenheim Strategic Opportunities Fund; (xi) Guggenheim Enhanced Equity Income Fund; (xii) Guggenheim Credit Allocation Fund; and (xiii) Guggenheim Energy & Income Fund.

³ Guggenheim Investments refers to the investment management business of Guggenheim Partners, LLC, which includes the various investment advisers to the Guggenheim Funds: Guggenheim Partners Investment Management, LLC, Security Investors, LLC and Guggenheim Funds Investment Advisors, LLC.

the Guggenheim Funds' Valuation Procedures and Policies and overseeing the activities of the internal valuation committee established by Guggenheim Investments, which committee has been delegated certain responsibilities for the valuation of portfolio securities and other assets held by each of the Guggenheim Funds. The Oversight Committee engages in a rigorous review of valuation activity during the quarter, including the methodologies used to value the securities as well as the controls over processes. For example, at its quarterly meeting, the Oversight Committee reviews all price overrides that have been authorized during the prior quarter.

We strongly endorse the provision of the Proposed Rule that would specifically permit a fund board to assign its fair valuation responsibilities to the fund's adviser, subject to proper oversight. Our experience with Guggenheim Investments leads us to the conclusion that the firm is well qualified, given its resources and expertise, to perform this function. We also believe that shareholders are better served by this construct as it places the board in the position of providing oversight, which is the role traditionally served by a board and for which such a body is better suited.

We also strongly endorse the view expressed by the independent trustees of the Fidelity Equity and High Income Funds and the Fidelity Fixed Income and Asset Allocation Funds (the "Fidelity Independent Trustees"), in a comment letter on the Proposed Rule dated June 26, 2020, and the view expressed by the Independent Directors Council, in a comment letter on the Proposed Rule dated July 16, 2020, that Rule 2a-5 should be framed as a safe harbor, rather than as the exclusive means of satisfying a "good faith" requirement.

Our Oversight Committee and Board, in consultation with legal counsel, independent public accountants, fund financial officers and Guggenheim Investments valuation staff, have carefully reviewed and approved policies and procedures that we believe best serve the interests of our shareholders and provide the flexibility to be adapted as needed. Our Oversight Committee and Board have acquired considerable practical experience in addressing the types of securities in which the Guggenheim Funds invest and have evolved the policies and procedures over time as needed. We concur with the concern expressed by the Fidelity Independent Trustees that the Proposed Rule may supplant carefully conceived approaches to valuation with a rigid and overly structured approach that inhibits flexibility. We note that a good faith determination of fair value is necessarily subjective and based on the relevant facts and circumstances. We are concerned that the prescriptive requirements of the Proposed Rule, as the exclusive means of determining whether a board has acted appropriately, diminishes the ability of a board to exercise its business judgment.

We also have a concern that the Proposed Rule, with its extensive recordkeeping and prescriptive reporting requirements, may increase operating costs for investment managers without commensurate value to shareholders. With respect to the Guggenheim Funds, we have been advised by Guggenheim Investments that significant additional recordkeeping and compliance personnel would need to be employed to meet the Proposed Rule's requirements, given the number and types of securities held by the Guggenheim Funds. Although these costs would not be borne directly by the shareholders, they could serve as an impediment to the ongoing goal of our Board to seek to reduce fees borne by shareholders.

We again thank the Commission for the opportunity to provide comment on the Proposed Rule. We would be pleased to provide further information or to answer any questions at the convenience of the

Commission's staff. We may be reached through Cathy O'Kelly of Vedder Price P.C., counsel to the Independent Trustees, at 312-609-7657.

Very truly yours,

/s/ Ronald E. Toupin, Jr.

Ronald E. Toupin, Jr.
Chair, Guggenheim Funds

cc: The Honorable Jay Clayton, Chairman
The Honorable Hester M. Peirce, Commissioner
The Honorable Elad L. Roisman, Commissioner
The Honorable Allison Herren Lee, Commissioner
Dalia Blass, Director, Division of Investment Management