February 14, 2023

VIA ELECTRONIC DELIVERY

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

Re: Investment Company Act Release No. 34746 (File No. S7-26-22); Open-End Fund Liquidity Risk Management Programs and Swing Pricing; Form N-PORT Reporting

Dear Ms. Countryman:

The independent trustees of the Guggenheim funds complex (the "Guggenheim Funds") appreciate the opportunity to respond to the request by the U.S. Securities and Exchange Commission (the "Commission") for comments on proposed amendments to its current rules for open-end management investment companies regarding liquidity risk management programs and swing pricing (the "Proposal"). As independent trustees responsible for oversight of a fund complex that is sold primarily through intermediaries and includes bank loan mutual funds and other funds managed by a financial services firm with fixed-income expertise, we believe we are well-positioned to offer a board-level perspective on the Proposal's implications for the Guggenheim Funds shareholders and variable contract owners who invest in the Guggenheim Funds, particularly for those investors using the funds as vehicles for obtaining exposure to the fixed-income asset class and, for certain funds, for exposure to bank loans in particular. For this reason, our comments focus principally on those aspects of the Proposal that we believe would be especially detrimental to those funds.

The Guggenheim Funds complex includes seven registered open-end investment companies, consisting of 150 series, and four registered closed-end investment companies.[1] The Boards of Trustees of the Guggenheim Funds (together, the "Board") include seven trustees, six of whom are not "interested person[s]," as defined by Section 2(a)(19) of the Investment Company Act of 1940 (the "1940 Act") (collectively, the "Independent Trustees"), with Independent Trustees serving in the roles of Board chair and all committee chairs. Many of the Guggenheim Funds are designed to provide investors exposure to a broad array of fixed-income securities using

[1] The investment companies include: (i) Guggenheim Funds Trust; (ii) Guggenheim Variable Funds Trust; (iii) Guggenheim Strategy Funds Trust; (iv) Rydex Dynamic Funds; (v) Rydex Series Funds; (vi) Rydex Variable Trust; (vii) Transparent Value Trust; (viii) Guggenheim Taxable Municipal Bond & Investment Grade Debt Trust; (ix) Guggenheim Strategic Opportunities Fund; (x) Guggenheim Energy & Income Fund; and (xi) Guggenheim Active Allocation Fund.

the fixed-income expertise of Guggenheim Investments;[2] certain of the Guggenheim Funds have investment strategies to invest primarily in various floating rate investments, including floating rate senior secured syndicated bank loans, floating rate revolving credit facilities, floating rate unsecured loans, floating rate asset-backed securities, and other fixed income investments. The loans in which these funds invest, which are often referred to as bank loans, are generally made by banks and other lending institutions and are made to (or issued by) corporations, partnerships and other business entities. Certain other of the Guggenheim Funds, although not invested primarily in bank loans, also invest in bank loans as part of their investment strategy.

In our view, both the Commission's proposed changes to the liquidity risk management framework and mandatory swing pricing are overly prescriptive and, importantly, detrimental to shareholders, without sufficient evidence of the need for the changes nor support for a conclusion that the benefits would outweigh the costs to investors.

Open-end funds that focus on particular asset classes, such as bank loan funds, are subject to the investment, liquidity, pricing and other risks specifically associated with that asset class. We are aware that bank loan funds present various special types of risks, including credit risk, interest rate risk and counterparty risk, among others, that are not typically associated with equity-oriented funds. Nonetheless, we believe strongly that shareholders—fully informed of the foregoing and other risks through effective disclosure—should be able to invest in mutual funds such as bank loan funds that may complement their overall portfolio, provide diversification, and address individual investment needs. We refer to the comment letter submitted by Guggenheim Investments on February 14, 2023 on this Proposal that details how the Commission's proposal would limit investor choice by effectively precluding investment advisers from offering bank loan mutual funds as well as limiting investments in those securities in other funds.

We believe these restrictions would not be beneficial to the Guggenheim Funds shareholders or investors in general. Using the Guggenheim Funds as an example, we first note that most Guggenheim Funds shareholders are either sophisticated investors themselves or have invested through a sophisticated intermediary. Therefore, we believe investors are making informed decisions that the bank loan asset class is both appropriate and desired as a strategy for advancing their overall investment goals. We further note, as detailed in the Guggenheim Investments comment letter, that the Guggenheim Funds, including the bank loan funds, have not experienced any issues in meeting redemption requests, even during the COVID-related market disruptions. The Guggenheim Funds have had in place, even prior to the adoption of the liquidity risk management program requirements imposed by Rule 22e-4 under the 1940 Act (the "Rule"), a robust liquidity risk management process, including regular reporting to and oversight by the Board. Those processes were further formalized and strengthened with the adoption of the Rule, which became effective as to all funds as of June 1, 2019. Given the recent implementation of the Rule, we believe it is premature for the Commission to impose such drastic changes as included in the Proposal, which would preclude the Guggenheim Funds investors from having the opportunity

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

to make their own investment decisions and to benefit from investment managers that offer specific fixed income capabilities, the result of which may be to reduce the investment returns to investors.

Also, we believe the prescriptiveness of the proposed changes, the "one-size-fits-all" model, handcuffs professionals from exercising their judgment, thus displacing the expertise of investment and risk management professionals with regulatory rigidity. For example, several of the proposed changes attempt to define liquidity with a level of precision that fails to reflect the inherent uncertainty of liquidity in the markets. We believe the current approach better recognizes this uncertainty by providing more discretion and flexibility in the relevant definitions. We believe the Guggenheim Funds shareholders have invested in the Guggenheim Funds specifically to benefit from the professional capabilities of Guggenheim Investments' portfolio managers and risk management personnel and that the Proposal would override that choice. As noted in the Guggenheim Investments comment letter, should the Commission conclude that the Rule needs to require enhanced processes, there are other options that could enhance liquidity risk management without eliminating the ability of mutual fund investors to invest in bank loan funds or to significantly participate in that asset class.

In addition to our concerns about the extensive changes proposed to the current liquidity risk management framework and the resulting negative implications, in particular, for investors wishing to invest in bank loan funds, we believe another aspect of the Proposal—that is, the proposed mandatory hard close/swing pricing framework—is deeply flawed and should not be adopted. We do not believe that the Commission has demonstrated that dilution of shareholder interests is sufficiently pervasive and problematic to warrant fundamentally changing the manner in which mutual fund shares are purchased and sold. Perhaps most troubling is that, by the Commission's own admission, it is unable to quantify many of the costs associated with the proposed mandatory swing pricing.

The swing pricing portion of the Proposal would require purchase and redemption orders to be received by a fund or a defined "designated party" no later than the time as of which that day's net asset value is calculated for the fund, which for the Guggenheim Funds generally is 4:00 p.m. Eastern time, in order to be effected at that day's net asset value (which is generally referred to as a "hard close"), and which also would require all mutual funds to implement swing pricing, whereby the day's net asset value would be adjusted by a specified "swing factor" in the event the fund experiences net redemptions in any amount or net subscriptions in excess of two percent of the fund's net assets.

As is the norm within the mutual fund industry, the majority of the Guggenheim Funds shareholders place their purchase and redemption orders through intermediaries that are not considered a designated party under the Proposal. As a result, the Proposal would upend the way investors purchase or redeem their mutual fund holdings, breach long-standing expectations as to the price received, likely create additional costs to investors and likely make mutual funds a less desirable investment vehicle.

In order to meet the hard close deadline, intermediaries would have to impose earlier deadlines for receipt of orders. We understand that intermediaries would have to impose deadlines significantly earlier than 4:00 p.m. Eastern time to facilitate timely transmittal to a designated party, and that these deadlines may vary from intermediary to intermediary. As a result of these

varying intermediary requirements, investors will have disparate investment opportunities. Investors interacting directly with a designated party or with an intermediary that sets a later time deadline will have a greater opportunity to observe and react to news and market events and make an investment decision based on more current information.

The hard close requirement will also create additional costs for the industry that would likely be passed on to investors. Intermediaries would have to transition from a once daily recordkeeping process to a multiple times per day recordkeeping process. In addition, the swing pricing component of the Proposal will deviate from the long-standing expectations of investors to receive the next calculated net asset value per share, creating uncertainty for investors who will not know in advance whether they will bear a transaction cost, and if they are subject to such charge, the amount of the charge. Moreover, if a charge is imposed, under the requirements of the Proposal, the investor may end up bearing a cost that is greater than the actual cost borne by the fund. We believe the unpredictability of transaction costs, along with the added burden and costs of the hard close, are likely to cause many investors to reduce or eliminate mutual funds as an investment option in favor of other investment options such as collective investment trusts or separately managed accounts. These alternative investment vehicles often offer some of the same benefits as mutual funds, such as diversification and professional management, but they do not provide the same protections to investors, as they are not subject to regulation under the 1940 Act, including examinations by the Commission staff, and are not required to be overseen by independent boards.

We again thank the Commission for the opportunity to provide comment on the Proposal. To reiterate, we do not believe the Proposal would be in the best interests of the Guggenheim Funds shareholders or of mutual fund investors in general. We strongly encourage the Commission to re-evaluate the need for such a drastic overhaul of mutual fund industry processes, particularly given the severe harm to investors and the diminishment of investment options.

Very truly yours,

/s/ Ronald E. Toupin, Jr.

Ronald E. Toupin, Jr.
Chair, Guggenheim Funds

On behalf of:
Randall C. Barnes
Angela Brock-Kyle
Thomas F. Lydon, Jr.
Ronald A. Nyberg
Sandra G. Sponem

cc: The Honorable Gary Gensler, Chair, U.S. Securities and Exchange Commission
The Honorable Hester M. Peirce, Commissioner, U.S. Securities and Exchange Commission
The Honorable Caroline A. Crenshaw, Commissioner, U.S. Securities and Exchange Commission
The Honorable Mark T. Uyeda, Commissioner, U.S. Securities and Exchange Commission
The Honorable Jaime Lizárraga, Commissioner, U.S. Securities and Exchange Commission
Mr. William A. Birdthistle, Director, Division of Investment Management, U.S. Securities and Exchange Commission