

# Fixed-Income Opportunity as Fed Pausing Cycle Begins

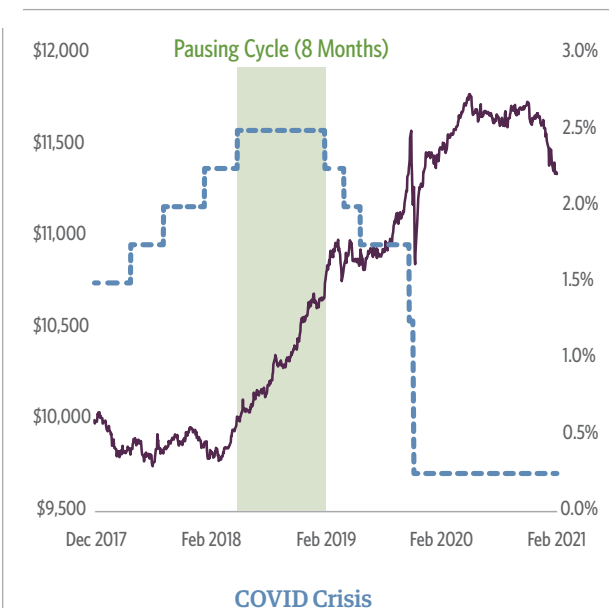
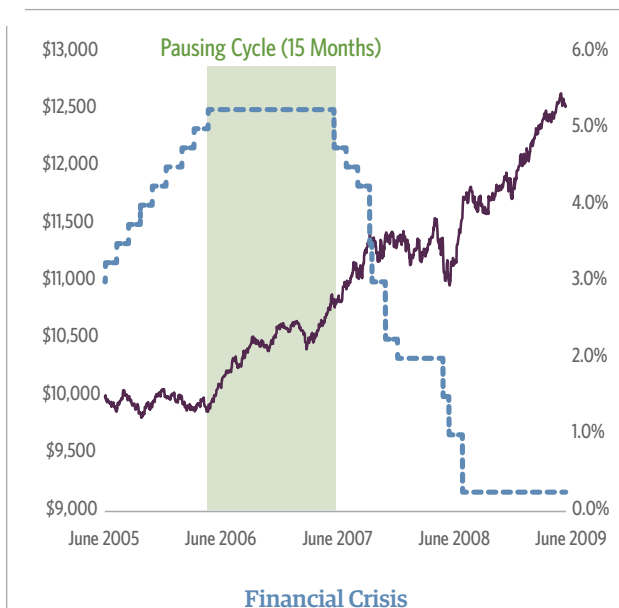
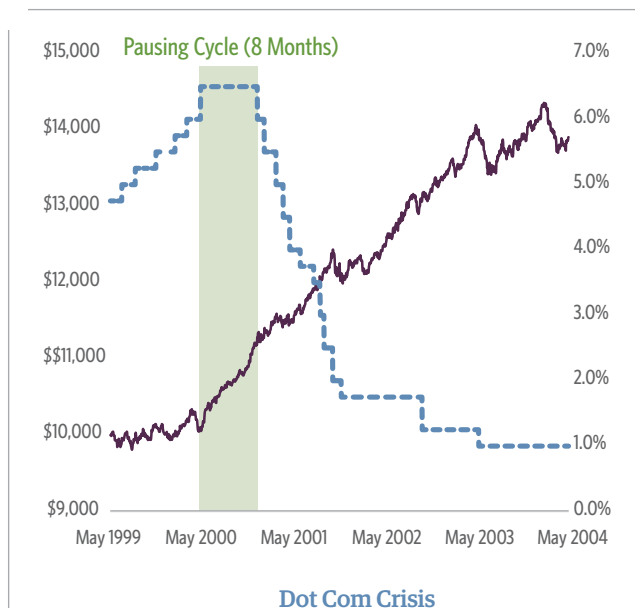
Fixed-Income Mutual Funds

Analyzing fixed income markets in relation to the last three Fed pausing cycles,<sup>1</sup> we looked at the performance of the Bloomberg U.S. Aggregate Bond Index (Agg) from one year before the end of a Fed tightening cycle to one year after the end of loosening. With the end of the current hiking cycle drawing closer, these charts illustrate that, while Agg performance has been muted during the final year of a Fed tightening cycle, the Agg has historically offered investors an attractive entry point from a total return perspective when the Fed finishes tightening and pauses.

## Growth of Agg vs. Fed Fund Target Rates

— Bloomberg U.S. Aggregate Bond Index Growth \$10,000 (LHS)

— Fed Funds Target Rate % (RHS)



Past performance does not guarantee future results. Source: Guggenheim Investments and Factset. <sup>1</sup> Daily observations are utilized. Time periods used for analysis were: Dot Com crisis pause lasted from 5.16.2000 until 1.3.2001 (8 months), Financial Crisis pause lasted from 6.29.2006 to 9.18.2007 (15 months), and COVID crisis pause lasted from 12.20.2018 to 8.1.2019 (8 months). A pause is the period between the last Fed rate hike and the first rate cut.

For more information, visit [GuggenheimInvestments.com](http://GuggenheimInvestments.com) or call the Distribution Support Desk at 800 345 7999.

**Index performance is for illustration purposes only and is not meant to represent any investment product.** Returns do not reflect any management fees, transaction costs or expenses. The indices are unmanaged and not available for direct investment. **Bloomberg U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, U.S. dollar denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. The Bloomberg U.S. Aggregate Bond 1-3 Year Index measures the performance of publicly issued investment grade corporate, U.S. Treasury and government agency securities with remaining maturities of one to three years.

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.

No part of this material may be reproduced or referred to in any form, without express written permission of Guggenheim Partners, LLC.

**Investing involves risk, including the possible loss of principal.** Corporate bonds ("bonds") are subject to the possibility that interest rates could change. Changes in interest rates may adversely affect the value and liquidity of, and income generated by, bonds. Interest rates may change as a result of a variety of factors, and the change may be sudden and significant, with unpredictable impacts on the financial markets. Bonds with longer durations are more sensitive to changes in interest rates and subject to more volatility than those with shorter durations. Generally, when interest rates increase, the values of bonds decline and when interest rates decrease, their values rise.

Guggenheim Investments represents the investment management businesses of Guggenheim Partners, LLC. Securities offered through Guggenheim Funds Distributors, LLC.

FI-SI-FEDPAUSE-0124 x1224 #59867