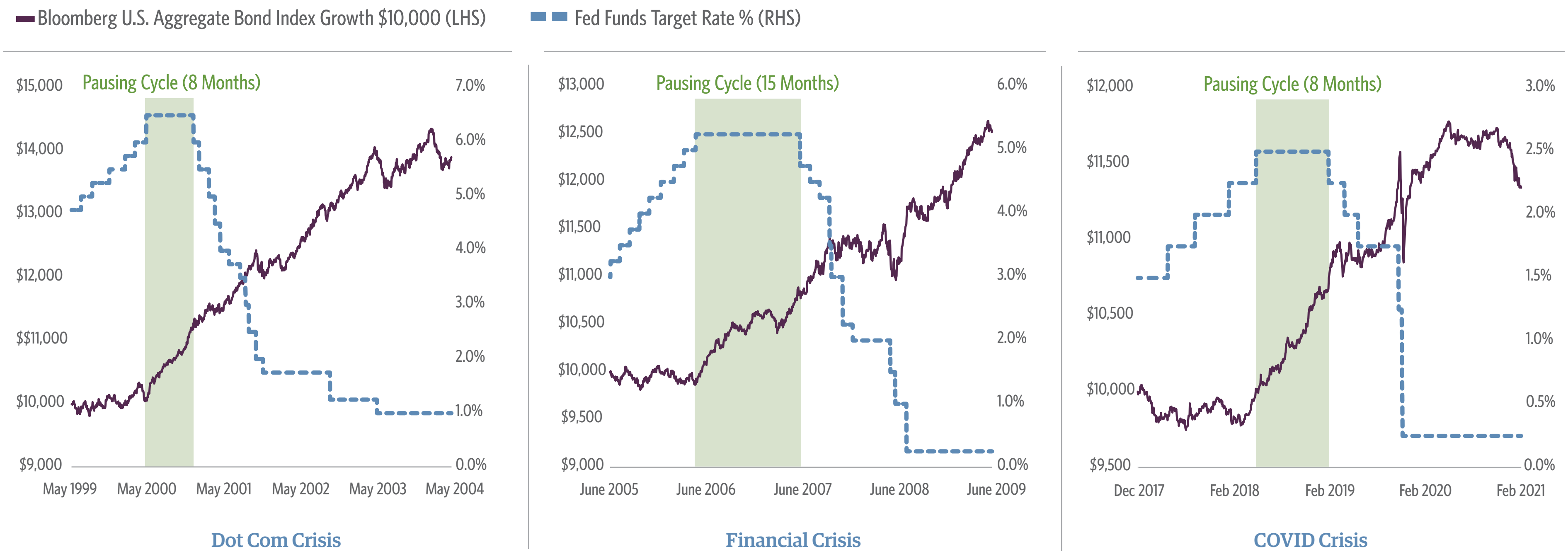
Fixed-Income Opportunity as Fed Pausing Cycle Begins

Fixed-Income Mutual Funds

Analyzing fixed income markets in relation to the last three Fed pausing cycles,[1] 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



Past performance does not guarantee future results. Source: Guggenheim Investments and Factset. 1 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.

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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.

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.

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