

January 20, 2026

U.S. Credit Fundamentals Remain Resilient Despite Geopolitical Volatility

This transcript is computer-generated and may contain inaccuracies.

A Danish pension fund just announce that it is selling all its U.S. Treasurys, saying the U.S. government finances are not sustainable. How much of that are you hearing here?

Anne Walsh: Well, Lisa, thanks for, you know, having me here in Davos. It's great to see you again. I'm actually hearing quite a bit of concern from participants here in Davos. A couple of things: One, I tend to disagree with the Danish pension plan. I do actually think the U.S. is a good credit, and in particular I think U.S. credit is a good credit, and I think fundamentals remain strong. Having said that, what we saw at Liberation Day in 2025 was a risk off market reaction that has continued to be part of the backdrop. As we sit here today, geopolitics are writ large. What we are really feeling is more or a sense of risk off. What we saw at Liberation Day was that even quality assets, historically risk averse investors, even those sold off. We're starting to see a little bit of that again, and I think the reason is the sentiment, as expressed by the Danish pension plan, is being felt more broadly. Where do you invest when there's such uncertainty? And so that sentiment is really pervading the markets. It hasn't really settled into the markets because I think there's a really a sense that perhaps this will all settle down and the markets will go back to pricing in market referencing information, interest rates, fundamentals, *earnings, and the geopolitics will sort of fade into the background.*

Is this a new background with what's happening in Japan and other overseas markets? Are you shifting away from sovereign debt more generally?

Anne Walsh: Well, hate to say it, but the word for the day is diversification, and in all truth that's been a theme for us that started in 2025, as we're looking for good places to deploy capital, and that means to be thoughtful with regard to risk management and to be really thoughtful with regard to selection of securities, so this is an active manager's universe, in which active managers, particularly in fixed income, which is our primary space, this is where there's going to be a tremendous differentiation as we start to see more and more, or experience more and more of this kind of uncertainty. So being thoughtful with regard to risk management and being careful with

deployment of capital across any number of different sectors is I think going to be benefiting investors.

Does policy uncertainty in the United States make you look elsewhere?

Anne Walsh: Well, again, I think the credit fundamentals are pretty good in the U.S. Right now, we have the One Big Beautiful Bill, which will be benefiting the economy in the first half of 2026. We have, believe it or not, a Fed that's relatively thoughtful and dare I say more on the easing side relative to history, and we think there's probably a couple more cuts to come in fed funds likely later in the year, but that we're still seeing disinflation, although at a slowing pace. And so as a result I think the fundamentals are, at least for the first half of 2026 in the U.S., still supportive of credit and equities, but not without volatility and noise caused by headlines like what we're living through right now.

At what point do geopolitical concerns and corporate growth come together a little more?

Anne Walsh: Well, when you're late cycle, as we are now, and as a result we've seen several years of outstanding returns in the U.S. equities market, we've seen a rather I'll call it benign fixed-income market with the 10 year trading in a trading range even though we're seeing a little selloff in the 10 year right now, we're still within that trading range, mid threes to mid fours, and so as a result that's not a bad backdrop for corporate America, but when you get late cycle, nervousness starts to prevail, and when you're seeing and hearing more and more geopolitical headlines, that just accelerates that nervousness *and makes investors more wary of what could be and protective of the gains they've already received.*

How much do you see this year being a repeat of last year, or do you think that it's going to be peppered with a bit more caution?

Anne Walsh: So in 2025 it was the first year of the Trump administration and I think the markets and the economy were being impacted by what I would call the Trump administration predominantly domestic policies rollout, tax, the bill, immigration, tariffs, which also touches on international, and deregulation. Here we enter the second year of the Trump administration and I think we're broadening out to include geopolitics as we start to see the Trump administration move their viewpoint more broadly, and that is unsettling for global trading partners and it's also unsettling, creates unsettlement for the global markets. As a result, this realignment, if you will, geopolitically is going to continue in the year, so I think the focus sort of shifts, and so as a result I don't think it's a replay of 2025. But again, starting out, fundamentals look supportive of reasonable market year, although with volatility, which we saw in 2025, I mean Liberation Day came out of the woods for a lot of investors too, and so I continue to see and expect to expect the unexpected.

Gold has gained some 9 percent so far this year just in the first three trading weeks of 2026. It's just been a phenomenal run. Is that the ongoing diversifier of last resort that you can keep on counting on?

Anne Walsh: As we saw sovereign investors move away from U.S. Treasuries they put their money some place else. A lot of that in 2025 was in precious metals, in particular gold. That will continue as again, going back to the Danish pension plan, where investors are looking for alternative place to recycle dollars and they're going to be looking to try to find stability, and gold has been a tremendous performer and should expect to benefit from this level of uncertainty that's in the marketplace.

How much have you increased your allocation to gold?

Anne Walsh: We didn't increase it. We put it on in 2024 and we've kept our position for the holding and we've obviously seen the benefits of that and silver.

What's your biggest contrarian bet heading into the remainder of 2026?

Anne Walsh: Well, that's a good question with regard to contrarian bets. One of challenges I have as an investor is risk mitigation, and so I think what there's a lot that could happen in the back half of 2027, and tail risk is high, so I can't say I have a contrarian positive bet, although we're going to keep our silver trade on, but at the same time I'm just going to protect the portfolios against adversity.

Are you more worried about that adversity coming in the form of economic slowdown or some sort of inflationary surge?

Anne Walsh: So the tail winds we've got right now are so strong for the first half of 2026, there's a risk that those evaporate in the second half. But having said that, this is an election year in the U.S. for midterms, and politicians do happen to like being reelected, so their interest in keeping some sort of stimulus behavior going is going to be strong and pervasive, and so I anticipate that we will probably see an extension of those tail winds going into the second half, but having said that as well, I would be wary, again tail risks. Our expectation is that we don't see a recession. It's not in our outlook, it's not our base case, and a lot would have to happen to see that. But a market sentiment-driven selloff is quite possible, in which case historically since the financial crisis those selloffs don't last long and the reacceleration, or if you will buy the dip mentality, emerges very rapidly.

Important Notices and Disclosures

This podcast 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 is 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. Important notices and disclosures. Investing involves risk, including the possible loss of principal.

SMA Strategies discussed herein are available exclusively through third party financial professionals and are not offered directly to the public through Guggenheim Investments. Forward looking statements, estimates, and certain information contained herein are based upon proprietary and nonproprietary research and other sources. Information contained herein has been obtained from sources believed to be reliable, but are not assured as to accuracy.

No part of this material may be reproduced or referred to in any form without express written permission of Guggenheim Partners, LLC. There is neither representation nor warranty as to the current accuracy of, nor liability for decisions based on such information. All investments have inherent risks. The market value of fixed income securities will change in response to interest rate changes and market conditions, among other things.

In general, bond prices rise when interest rates fall and vice versa. High yield securities present more liquidity and credit risk than investment grade bonds, and may be subject to greater volatility. Structured credit, including asset backed securities, mortgage backed securities and collateralized loan obligations, are complex investments and may not be suitable for all investors. Loans are often below investment rate, may be unrated, and typically offer a fixed or floating interest rate.

Stock markets can be volatile. Small and medium capitalization companies may involve greater risk of loss and more abrupt fluctuations in market price than investments in larger companies. Diversification neither issues a profit nor eliminates the risk of experiencing investment losses. Guggenheim investments represents the investment management businesses of Guggenheim Partners LLC. Securities are distributed by Guggenheim Funds Distributors, LLC. Guggenheim investments represents the investment management businesses of Guggenheim Partners LLC, which includes Guggenheim Wealth Solutions, LLC and Guggenheim Partners Investment management, LLC.

Guggenheim Wealth Solutions, LLC is the primary investment advisor to the Guggenheim Wealth Management, SMAs, and Guggenheim Partners investment management, LLC serves as subadvisor.