

# Beyond U.S. exceptionalism

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The case for diversifying globally and across strategies with alternative credit

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Concerns are growing over economic activity, political tension and policy uncertainty in the U.S., creating a challenging investment environment. Headlines throughout 2025 and so far in 2026 underlined this uneasiness; foreign investors were reportedly leaving U.S. markets in droves amid currency volatility and tariff-driven fears, possibly spelling the end of U.S. exceptionalism as we know it. Adding to these doubts is the spectre of an increasingly deglobalized world.

In this climate, separating rhetoric from reality is crucial. The world may be changing, but global private credit — whether corporate or asset-backed — remains an attractive opportunity set for those seeking diversified sources of stable income in an unstable time.

Institutional investors can build resilience with alternative credit by diversifying exposure across a range of asset classes and across the U.S. and Europe.

### U.S. remains a rich source of opportunity despite new risks

Despite prolonged uncertainty throughout the country, the U.S. economy has demonstrated its ability to withstand shocks and beat pessimistic forecasts. Recent recession fears have given way to tangible optimism. U.S. GDP growth for 2026 is projected to outpace its G7 peers, according to the IMF's World Economic Outlook. Corporate earnings remain robust, and default rates for U.S. credit, especially among higher-rated borrowers, remain overwhelmingly stable.<sup>i</sup> Despite the U.S. dollar weakening through 2025 and into 2026, it continues to anchor international portfolios, providing depth and liquidity that few global markets can match.

In this environment, U.S.-based credit continues to play an important source of portfolio diversification. Investors are drawn by its strong fundamentals, attractive risk-adjusted yields and proven resilience.

While issues such as the First Brands' and Tricolor bankruptcies have cast a shadow over private credit, industry experts and allocators stress that these incidents remain isolated, driven by inadequate diligence and lax underwriting, rather than broader economic malaise. Disciplined managers continue to demonstrate the importance of robust due diligence in an environment rich with opportunity but not without risk.

**Figure:** Infrastructure investment sentiment: U.S. still attractive despite perceptions of political uncertainty<sup>ii</sup>



### Europe offers unique risk diversification exposure

While the U.S. remains attractive, the universe for alternative credit is broader than one market. Europe offers pockets of long-term value, especially in non-cyclical sectors and upper middle market lending. The

stronger euro, likely in response to the weaker U.S. dollar, exemplifies the benefits of geographic diversification in times of global uncertainty.

According to a recent survey of asset managers globally, 37% of respondents identified European direct lending as having the most growth potential over the next five years.<sup>iii</sup>

Opportunities in Europe reflect the continent's geopolitics. A continued focus on energy infrastructure for both renewable energy and energy security, for example, demonstrates how structural changes are driving compelling investments. These same factors are acting as catalysts for investment grade private credit, while real estate debt is tapping into the protectionist dynamic.

### Diversify globally, derisk locally

The story of alternative credit is growing fast beyond U.S. exceptionalism. It is about building portfolios that blend U.S. scale and resilience with global diversification, reaching across borders and asset classes to capture income, risk mitigation and long-term value creation.

Nuveen's Alternative credit insights: Diversify globally, derisk locally explores the range of opportunities across credit segments and potential risks. In this article, we focus on energy infrastructure credit and real estate debt.

### Energy infrastructure credit

Infrastructure debt as an asset class continues to present attractive investment opportunities for investors. It is supported by rapid power demand growth from AI datacenters, onshoring of manufacturing and electrification.

In the U.S., private infrastructure debt investments across energy, power and digitalization steadily climbed from approximately \$120 billion in 2021 to nearly \$350 billion in 2025. This is not only expected to increase, but there is over \$600 billion of debt maturing between before the end of 2030.<sup>iv</sup>

Our research explains why we see energy efficiency, community solar, domestic manufacturing and U.S. liquefied natural gas offering attractive risk-adjusted opportunities in this environment. These energy and power investment themes address critical supply-demand imbalances that will likely persist for the next decade and are all supported by government policy.

### Real estate debt

Investors who are wary of the U.S. market may find more market stability in Europe, which offers an important source of portfolio diversification.

Opportunities in real estate remain largely concentrated in the credit space because direct acquisition opportunities remain limited. Credit returns should benefit from values adjusting higher over the cycle. Furthermore, the compression of the maturity wall and the broader distress cycle provide ample room for real estate credit investment.

While consensus forecasts acknowledge the rising risk in the U.S., they expect solid economic growth. Given this backdrop, investment allocations are increasingly focused on hedging and diversifying to provide protection. Investors are shifting toward inflation-hedged sectors, shorter-duration leases and markets with strong fundamentals. Sectors, such as medical offices, multifamily and data centres, that benefit from broad megatrends are also poised to endure through short-term volatility.

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<sup>i</sup>Source: S&P Global "Default, Transition, and Recovery: Regional Divergences Should Keep The Global Default Rate Steady Through September" dated 26 Nov 2025

<sup>ii</sup>Alvarez & Marsal (Q4 2025): Infrastructure Pulse – North America and Europe. Chart based on respondents answering "What is your outlook for the attractiveness of, and opportunities for, your fund(s) infrastructure investment in the following countries in the next quarter? (-5: extremely unfavourable, 0: neutral, 5: extremely favourable)"

<sup>iii</sup>Source: Mercer "Private Markets in Motion: Private debt Taking the pulse of global asset managers" as of July 2025

<sup>iv</sup>Infralagic (Accessed 24 Feb 2026)