

## About PMAM

Penn Mutual Asset Management (PMAM) is focused on risk-based institutional asset management. We are fixed-income specialists committed to applying our diverse expertise, delivering tailored investment strategies and solutions and balancing our repeatable, value-driven approach with seasoned investment judgment to drive performance and create value.

## We believe:

- Valuation drives decisions to help generate strong performance
- Diversification is the best form of risk management
- Being nimble and opportunistic creates value for investors
- Focus, discipline, teamwork and accountability enable results

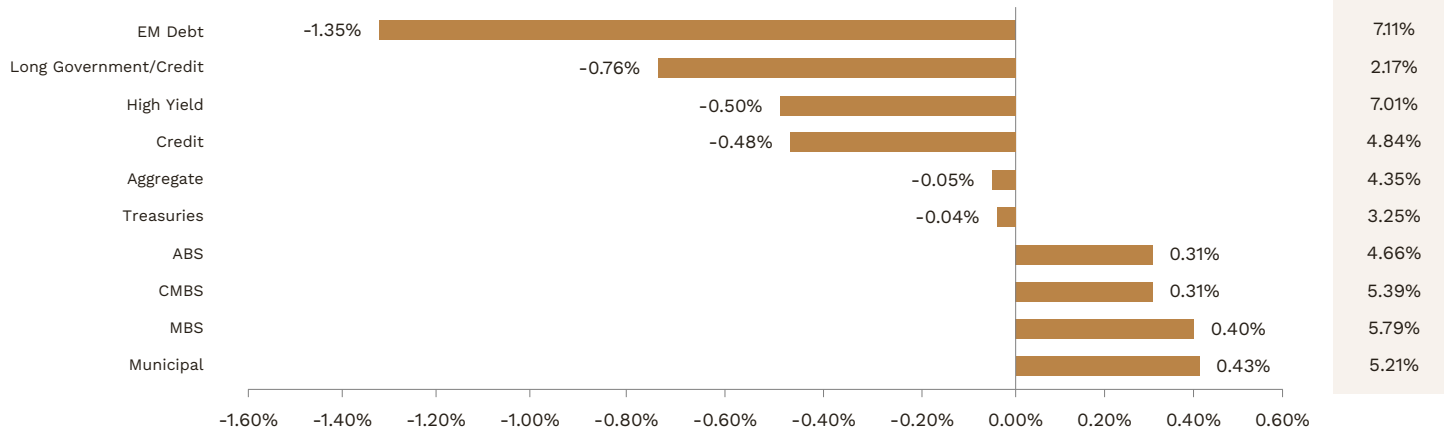
With over \$43 billion in total assets under management,<sup>1</sup> Penn Mutual Asset Management is dedicated to executing on its core asset management competencies.

We tailor our proven approach to generate solid risk-adjusted returns, while balancing the need for capital preservation to achieve each investment objective.

<sup>1</sup>As of March 31, 2026

## Asset Class Returns<sup>1</sup>

First Quarter



<sup>1</sup>U.S. Bloomberg indices. Data as of March 31, 2026

## First Quarter Headlines

**The Federal Reserve (Fed) paused its interest rate-cutting cycle in 2026, holding the target range at 3.50%-3.75%. The Fed remains in a challenging position with inflation still above target, compounded by a temporary energy-driven inflation shock...**

Fed Chair Powell has described policy as near neutral to modestly restrictive, signaling that further easing is possible but not imminent and it will be data dependent. Global interest rates took an abrupt move higher in March following the outbreak of the conflict in Iran and subsequent spike in energy prices. The Treasury curve bear-flattened during the quarter after the 10-year dipped below 4% in late February.<sup>1</sup> Short-term rates, as measured by the 2-year Treasury, increased 32 basis points (bps) to near 3.80% as expectations for additional Fed rate cuts faded.<sup>2</sup> The 10-year Treasury rose 15 bps to end the quarter at 4.32%.<sup>3</sup>

**Credit markets finished the first quarter on a weaker note despite the underlying strong corporate earnings and fundamentals. The structured and municipal sectors were the only major U.S. fixed-income sectors to generate positive excess returns during the quarter...**

Investment-grade (IG) corporate credit spreads widened by 11 bps, underperforming duration-matched Treasuries by 49 bps.<sup>4</sup> Agency commercial mortgage-backed securities were among the quarter's top performing sectors, generating 37 bps of excess returns over duration-matched Treasuries.<sup>5</sup> After a strong January, U.S. corporate high-yield bonds lagged duration-matched Treasuries by 73 basis points for the first quarter.<sup>6</sup>

**Fourth-quarter gross domestic product (GDP) grew at an annualized rate of 0.5%,<sup>7</sup> weighed down by the federal government shutdown during the quarter. Growth was primarily supported by steady consumer spending, which increased at a 1.9% annualized rate...<sup>8</sup>**

First-quarter growth is expected to be negatively impacted by the geopolitical shock from energy prices but is currently at a sequentially improved 2.0%.<sup>9</sup> The solid outlook is underpinned by a resilient consumer, strong corporate earnings and large capital expenditures supporting strong demand from artificial intelligence (AI).

<sup>1-9</sup>Bloomberg data as of March 31, 2026

## Outlook

The economy and capital markets have remained resilient in the face of the geopolitical risks tied to the conflict in Iran. Global interest rates have risen sharply amid a spike in energy prices, with oil up 50% year-to-date. While the duration of this conflict and the lasting effects remain unclear, the impact to inflation should be temporary. The Fed continues to navigate a challenging environment, with the anticipated leadership transition adding further uncertainty. The market has flipped from pricing in cuts in 2025 to zero cuts and potentially a rate hike in 2026. The outlook for corporate earnings and economic growth remains constructive, supported by stable employment and resilient corporate margins. As of April 11, the Dallas Fed Weekly Economic Index (WEI) continues to trend higher and measures GDP at a solid 2.80%.<sup>10</sup> Near-term impacts from higher energy costs may temporarily offset the positive tailwinds from lower tariffs, tax cuts associated with the One Big Beautiful Bill Act and deregulation. Risks include geopolitical tensions, energy supply disruptions, uncertainty relating to the Fed transition, AI-driven disintermediation, liquidity mismatches in private credit markets and the potential for a renewed inflationary cycle. However, the biggest risk to financial assets remains a “crack in the bond market” leading to a surge in long-term bond yields.

<sup>10</sup>Bloomberg data as of March 31, 2026

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## Index Definitions:

**Bloomberg U.S. Aggregate ABS Total Return Index** – An index that is the ABS component of the U.S. Aggregate Index and has three subsectors: credit and charge cards, autos and utility. The index includes pass-through, bullet and controlled amortization structures and includes only the senior class of each ABS issue and the ERISA-eligible B and C tranche.

**Bloomberg U.S. Aggregate Bond Index** – An index that is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

**Bloomberg U.S. CMBS Index** – An Index that measures the investment-grade market of U.S. Agency and U.S. Non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300mm that are ERISA eligible.

**Bloomberg U.S. Corporate High Yield Bond Index** – An index that measures the USD-denominated, high yield, fixed-rate corporate bond market.

**Bloomberg U.S. Credit Index** – An index that measures the investment grade, U.S. dollar-denominated, fixed-rate, taxable corporate and government-related bond markets.

**Bloomberg Emerging Markets USD Aggregate Index** – A flagship hard currency Emerging Markets debt benchmark that includes fixed and floating-rate U.S. dollar-denominated debt issued from sovereign, quasi-sovereign and corporate EM issuers.

**Bloomberg U.S. Long Government/Credit Index** – An index that is a broad-based flagship benchmark that measures the non-securitized component of the U.S. Aggregate Index with 10 or more years to maturity. The index includes investment grade, U.S. dollar-denominated, fixed-rate treasuries, government-related and corporate securities.

**Bloomberg U.S. Mortgage Backed Securities (MBS) Index** – An index that tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC).

**Bloomberg U.S. Municipal Index** – An index that covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligations bonds, revenue bonds, insured bonds and prerefunded bonds.

**Bloomberg U.S. Treasury Index** – An index that measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

## Disclosures:

The views expressed in this material are the views of PMAM through the quarter ending March 31, 2026 and are subject to change based on market and other conditions.

This material contains certain views that may be deemed forward-looking statements. The inclusion of projections or forecasts should not be regarded as an indication that PMAM considers the forecasts to be reliable predictors of future events. Any forecasts contained in this material are based on various estimates and assumptions, and there can be no assurance that such estimates or assumptions will prove accurate. Actual results may differ significantly.

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