

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

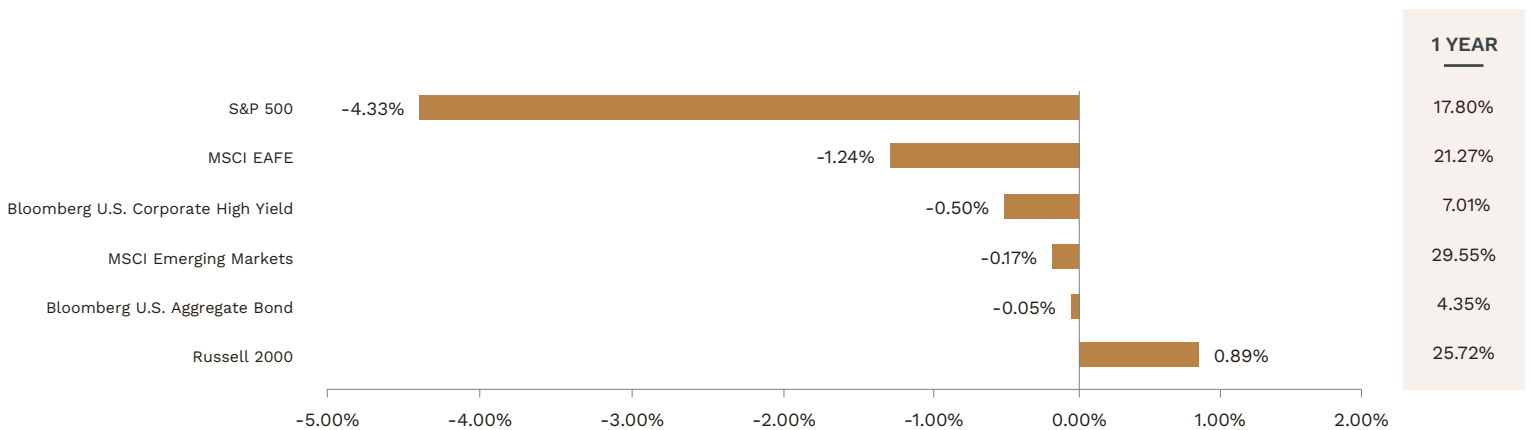
With over \$43 billion in total assets under management,¹ Penn Mutual Asset Management is dedicated to executing on its core asset management competencies.

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

¹As of March 31, 2026

Benchmark Returns¹

First Quarter



¹Bloomberg data as of March 31, 2026

First Quarter Headlines

The first quarter of 2026 marked a meaningful change in market leadership after the strong gains in recent years. Global equity markets moved lower overall, driven less by deteriorating fundamentals and more by a sharp rise in uncertainty—particularly around geopolitics, inflation and energy prices...

Earnings growth entering the quarter was healthy, and economic data pointed to continued expansion rather than recession. Much of the market weakness reflected valuation pressure and a rotation away from areas of the market that had led performance in recent years, particularly mega cap technology and artificial intelligence (AI)-related names.

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.¹ 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.² The 10-year Treasury rose 15 bps to end the quarter at 4.32%.³

Fourth-quarter gross domestic product (GDP) grew at an annualized rate of 0.5%,⁴ 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...⁵

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%.⁶ The solid outlook is underpinned by a resilient consumer, strong corporate earnings and large capital expenditures supporting strong demand from AI. The labor market has been cooling, but orderly. The level of job growth necessary to sustain unemployment rates at approximately 4.3% is significantly reduced compared to previous years, owing to the smaller size of the labor force.

¹⁻⁶Bloomberg 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%.⁷ 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.

⁷Bloomberg data as of March 31, 2026

Baseline Forecasts		Actual 12/31/2025	Actual 3/31/2026	Forecast 12/31/2026	Forecast 12/31/2027
US Economy	GDP	*2.3%	*2.0%	2.5%	2.0%
	Unemployment Rate	4.6%	4.3%	4.2%	4.2%
	CPI	2.7%	3.3%	2.4%	2.2%
Stock Market	S&P 500 Index	6,846	6,529	7,500	8,100
	Russell 2000 Index	2,482	2,496	3,100	3,600
Bond Market	Fed Funds Rate	3.64%	3.64%	3.25%	3.00%
	2-year Treasury Yield	3.48%	3.80%	3.25%	3.25%
	10-year Treasury Yield	4.17%	4.32%	4.00%	4.15%
	30-year Treasury Yield	4.85%	4.91%	4.75%	4.80%
Commodities	WTI Crude Oil	\$57	\$101	\$75 ↑ (from \$65)	\$70 ↑ (from \$60)
	Gold	\$4,319	\$4,668	\$4,600	\$4,750
Currencies	Dollar/Euro	1.17	1.16	1.15	1.20
	Yen	157	159	155	150

*1-year as of 4Q25

Source: Bloomberg

Index Definitions:

S&P 500 Index – An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

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

MSCI Emerging Markets Index – A free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

MSCI EAFE Index – An index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada.

Russell 2000 Index – An index measuring the performance of approximately 2,000 small cap companies in the Russell 3000 Index, which is comprised of 3,000 the largest U.S. stocks.

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.

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