

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:

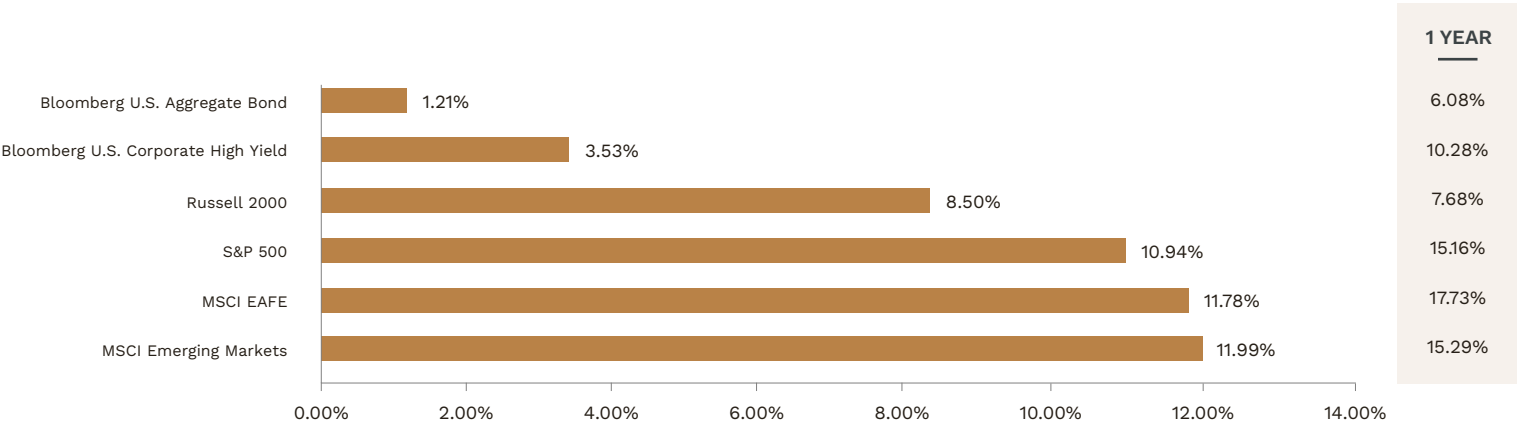
- Valuation drives decisions to help generate strong performance
- Diversification is the best form of risk management
- Being nimble and opportunistic creates value for investors
- Focus, discipline, teamwork and accountability enable results

With over \$41 billion in total assets under management,<sup>1</sup> Penn Mutual Asset Management is dedicated to executing on its core asset management competencies, which include total return-based investing, advisory services and expertise in alternative asset investing.

We tailor our proven approach to generate solid risk-adjusted returns, while balancing the need for capital preservation to achieve each client’s strategy and goals.

<sup>1</sup>As of June 30, 2025

Benchmark Returns<sup>1</sup>  
Second Quarter



<sup>1</sup>Bloomberg data as of June 30, 2025

Second Quarter Headlines

The equity market sold off sharply after President Trump announced highly restrictive trade tariffs on April 2. The S&P 500 Index approached bear market territory by mid-April but rebounded strongly thereafter as President Trump scaled down the most extreme tariff measures... Following years of underperformance relative to U.S. equities, foreign stocks posted strong absolute and relative performance.

The Federal Reserve (Fed) remains patient with additional policy easing, holding interest rates steady during its May and June meetings... The 10-year Treasury closed the second quarter at 4.23%, near the middle of the recent trading range. Investment-grade corporate bonds outperformed duration-matched Treasuries by 104 basis points while the high-yield market posted a total return of 3.5%. Moody’s downgraded the U.S. Government in May from the AAA-rating category in response to persistently high debt and deficits.

First quarter U.S. gross domestic product (GDP) contracted for the first time in three years with weaker consumer spending and trade imbalances driving the decline...

Labor market conditions remain solid, but new job creation is moderating. The unemployment rate continues to hover around 4%, near most estimates of full employment. Inflation continues to decline closer to the Fed’s 2% target; however, Chair Powell is concerned new trade tariffs may temporarily boost inflation.

## Outlook

Despite the uncertainty created by U.S. trade policy, inflation continues to trend lower, which should allow the Fed to resume interest rate cuts during the third quarter. The biggest risk to financial assets is a “crack in the bond market” leading to a surge in long-term bond yields.

| Baseline Forecasts |                        | Actual<br>12/31/2024 | Actual<br>6/30/2025 | Forecast<br>12/31/2025   | Forecast<br>12/31/2026   |
|--------------------|------------------------|----------------------|---------------------|--------------------------|--------------------------|
| US Economy         | GDP                    | 2.7%                 | *2.0%               | 1.5%                     | 2.5%                     |
|                    | Unemployment Rate      | 4.2%                 | 4.2%                | 4.5%                     | 4.0%                     |
|                    | CPI                    | 2.7%                 | 2.4%                | 2.5% ↓ (from 3.0%)       | 2.0% ↓ (from 2.5%)       |
| Stock Market       | S&P 500 Index          | 5,882                | 6,205               | 6,100                    | 6,300                    |
|                    | Russell 2000 Index     | 2,230                | 2,175               | 2,400                    | 2,800                    |
| Bond Market        | Fed Funds Rate         | 4.32%                | 4.31%               | 3.75%                    | 3.50%                    |
|                    | 2-year Treasury Yield  | 4.24%                | 3.72%               | 4.00%                    | 3.75%                    |
|                    | 10-year Treasury Yield | 4.57%                | 4.23%               | 4.50%                    | 4.00%                    |
|                    | 30-year Treasury Yield | 4.78%                | 4.78%               | 4.75%                    | 4.25%                    |
| Commodities        | WTI Crude Oil          | \$72                 | \$65                | \$85                     | \$105                    |
|                    | Gold                   | \$2,625              | \$3,303             | \$3,000 ↑ (from \$2,400) | \$3,200 ↑ (from \$2,200) |
| Currencies         | Dollar/Euro            | 1.04                 | 1.18                | 1.00                     | 1.10                     |
|                    | Yen                    | 157                  | 144                 | 150                      | 130                      |

\*1-year as of 1Q25

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 June 30, 2025 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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