

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

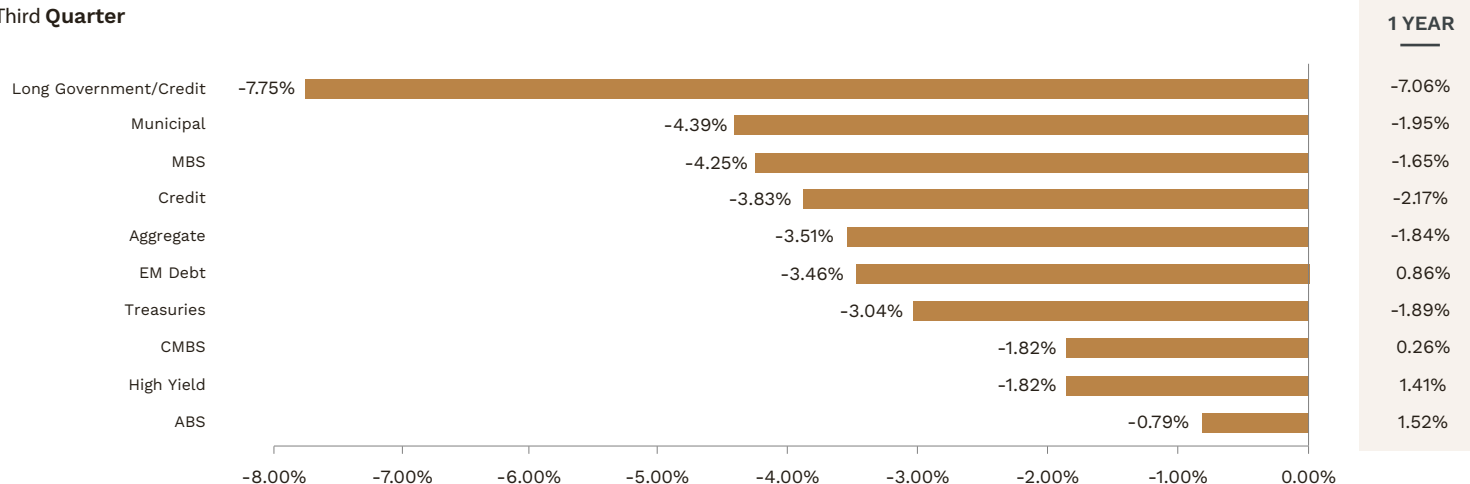
With over \$43 billion in total assets under management,¹ Penn Mutual Asset Management is dedicated to executing on its core asset management competencies.

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 September 30, 2026

Asset Class Returns¹

Third Quarter



¹U.S. Bloomberg indices. Data as of September 30, 2026

Third Quarter Headlines

The Federal Reserve (Fed) raised the target range for the federal funds rate by 25 basis points (bps) to 3.75%-4.00% in September, its first increase since July 2023.¹ The unanimous decision followed a July meeting in which policymakers held rates steady but three members dissented in favor of a hike, as well as Chair Kevin Warsh's Jackson Hole address, where he warned that underlying inflation had not meaningfully improved²...

Policymakers noted that economic activity was expanding at a solid pace and job gains had kept pace with the workforce, but said inflation remained elevated, and updated projections pointed to another increase before year-end. Treasury yields rose sharply during the quarter as markets priced additional tightening. The 2-year Treasury yield increased to approximately 4.89%, while the 10-year Treasury yield rose to approximately 5.29% and the 30-year Treasury yield ended the quarter near 5.63%.³

Credit markets weakened as rising Treasury yields pushed fixed-income returns lower and risk sentiment turned more cautious late in the quarter. Investment-grade (IG) corporate spreads widened modestly during the quarter as heavy issuance,⁴ including large transactions from technology and artificial intelligence (AI)-related issuers, weighed on markets...

High-yield spreads widened by approximately 50 bps in September.⁵ Asset-backed securities (ABS) were among the more resilient fixed-income sectors, declining approximately 0.8% during the quarter, while high-yield bonds fell approximately 1.8% and IG credit fell approximately 3.8%.⁶ Other structured products also posted negative returns, with commercial mortgage-backed securities (CMBS) declining approximately 1.8% and mortgage-backed securities (MBS) declining approximately 4.3%.⁷

Global interest rates moved higher during the third quarter as inflation remained above target and economic activity continued to expand at a solid pace⁸...

The conflict involving Iran and disruptions in the Strait of Hormuz kept energy prices elevated and added to inflation pressures, with West Texas Intermediate crude ending September near \$90 per barrel.⁹ Expectations shifted meaningfully during the quarter toward additional Fed rate hikes. Abroad, the Bank of Japan raised rates to a 31-year high,¹⁰ and Japanese government bond yields reached levels last seen in 1996.¹¹ A record \$40 trillion federal debt load, weak Treasury auctions and stronger economic data also added upward pressure on yields, even as the Treasury expanded buybacks of longer-dated debt.¹²

^{1,2}CNBC – Fed approves interest rate hike, signals one more to come this year; 9/16/26

^{3,7,8}Bloomberg data as of 9/30/26

⁴CNBC – Fed approves interest rate hike, signals one more to come this year; 9/16/26

⁵CNBC – Bank of Japan raises interest rates to 31-year high, flags concerns over inflation; 9/18/26

^{10,12}Washington Trust – Fixed Income & Equities Markets Week in Review; 9/25/26

Outlook

Looking ahead, the outlook for economic growth and corporate profitability remains constructive, supported by generally solid economic fundamentals, ongoing investment in AI and resilient consumer spending. Key risks include geopolitical instability, persistent inflation pressures, a softening labor market, uncertainty about the extent of further Fed tightening, liquidity mismatches in private credit markets and AI-driven disruption across industries. However, the most significant risk to financial assets remains a potential loss of confidence in long-duration government debt, which could trigger a sharp rise in Treasury yields and tighter financial conditions across global markets.

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 September 30, 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.

Past performance is not indicative of future results. The views expressed do not constitute investment advice and should not be construed as a recommendation to purchase or sell securities. All information has been obtained from sources believed to be reliable, but accuracy is not guaranteed. There is no representation or warranty as to the accuracy of the information and PMAM shall have no liability for decisions based upon such information.

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