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

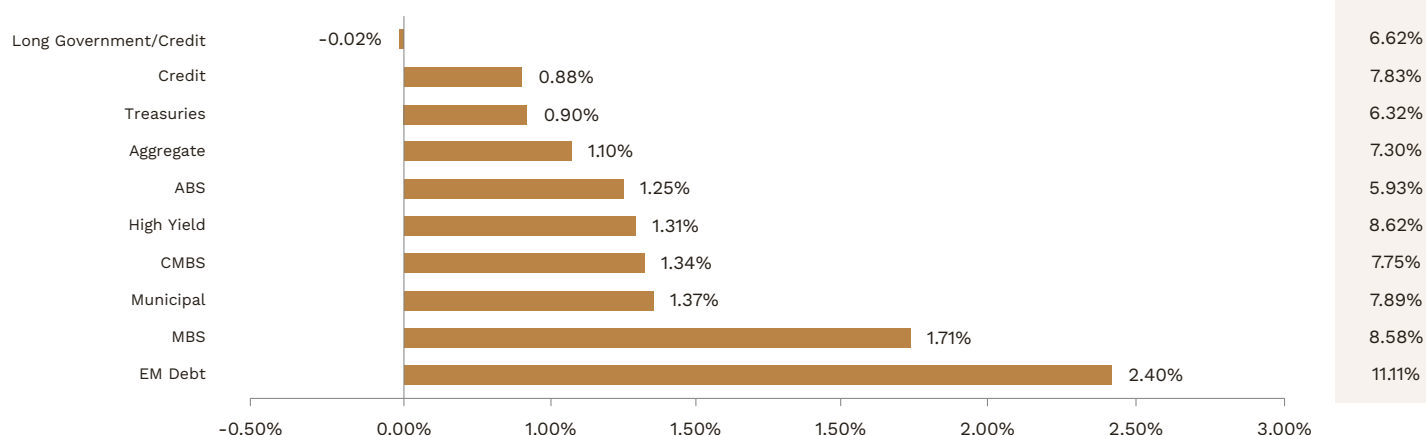• Focus, discipline, teamwork and accountability enable results

With over $42 billion in total assets under management,[1] 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.

[1]As of December 31, 2025

Asset Class Returns[1]
Fourth Quarter

Asset Class	Fourth Quarter	1 YEAR
Long Government/Credit	-0.02%	6.62%
Credit	0.88%	7.83%
Treasuries	0.90%	6.32%
Aggregate	1.10%	7.30%
ABS	1.25%	5.93%
High Yield	1.31%	8.62%
CMBS	1.34%	7.75%
Municipal	1.37%	7.89%
MBS	1.71%	8.58%
EM Debt	2.40%	11.11%

[1]U.S. Bloomberg indices. Data as of December 31, 2025

Fourth Quarter Headlines

The Federal Reserve (Fed) continued monetary easing with two 25-basis-point rate cuts, one in October and another in December, bringing the target range to 3.50%-3.75%...

The Treasury curve continued its path by modestly bull steepening as the market priced in the additional Fed cuts. Short-term rates, as measured by the 2-year Treasury, tightened approximately 13 basis points (bps) to near 3.48%, while the 10-year Treasury rose two bps to end the year at 4.17%.[1] The move higher in the 10-year Treasury in early December was sparked by the selloff in Japanese government bonds following the Bank of Japan signaling the possibility of raising interest rates. Japanese investors who historically have been large buyers of U.S. Treasuries kept more capital at home and therefore reduced demand for U.S. debt. The government shutdown and lack of timely economic data complicated the Fed's decision-making. Fed Chair Powell acknowledged the weakening labor market and the need to balance the Fed's dual mandate. The Fed carefully navigated through the fog but continued to cut rates closer to its neutral level.

Credit markets were predominantly stronger through the fourth quarter despite the government shutdown and softening labor data. Aside from investment-grade (IG) corporate bonds, every major U.S. fixed-income sector generated positive excess returns during the quarter...

IG corporate credit spreads widened by four bps, underperforming duration-matched Treasuries by four bps.[2] Agency mortgage-backed securities were among the quarter's top performing sectors, generating 69 bps of excess returns over duration-matched Treasuries. U.S. corporate high-yield outperformed duration-matched Treasuries by 16 bps, adding 40 bps of excess returns during the December rally.[3]

Third-quarter gross domestic product (GDP) grew at an annualized rate of 4.4%, exceeding expectations once again and marking the strongest pace since the third quarter of 2023.[4] Growth was primarily supported by robust consumer spending, which increased at a 3.5% annualized rate...[5]

However, federal government agencies were shut down or operating at reduced staffing levels from October 1, 2025, through November 12, 2025, which is expected to weigh on fourth-quarter GDP growth.

[1-5]Bloomberg data as of December 31, 2025

Outlook

The economy has been resilient in the face of the uncertainty created by U.S. trade policy. Improved clarity for governements, businesses and consumers should be a tailwind in 2026. Inflation has been trending lower but remains above the Fed's 2% target, keeping both policymakers and markets in a challengeing position as they gauge the timing of future rate cuts. Importantly, inflation volatility has subsided, providing a supportive backdrop for fiscal, monetary and deregulatory stimulus to positively impact the economy in 2026. The recently announced mortgage-backed security (MBS) purchases aimed at lowering mortgage rates, T-bill purchases and adjustments to Treasury issuance along the curve should collectively help cap interest rates. However, the biggest risk to financial assets remains a "crack in the bond market" leading to a surge in long-term bond yields.

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: