

PENN MUTUAL AM 1847 INCOME FUND

The Penn Mutual AM 1847 Income Fund celebrated its 2-year anniversary on July 31.

We are grateful to announce this wonderful milestone. The entire PMEFX management and research team has been working diligently to provide a two-year track record that has outpaced the great majority of its Morningstar peers – outperforming its Allocation – 30% to 50% Equity Morningstar category on the upside in 2021 and beating even more of its peers so far in 2022 by declining less.¹

1. As both stocks and bonds have underperformed this year, there are few places to hide in the current market environment. How can the Fund's diversification benefit in this dynamic?

2022 has been one of the most unprecedented years in the history of financial markets. The stock market has been incredibly weak — historically weak, as we know. The bond market typically cushions the blow from stock market losses, acting as a buffer by providing a hedge against the volatile markets. However, this is not the case in 2022. This year, bonds are down nearly as much as stocks, leaving investors with very few ways to avoid losses.

For PMEFX, we see this as an opportunity to display an investment process that seeks to add value in any type of market. An opportunity to provide investors with a combination of sound security selection and astute asset allocation.

While it has been nearly impossible to avoid all losses, it was certainly possible to temper them, and PMEFX has successfully done so. Coming into 2022, the Fund had a sizable cash balance and a significant amount of its assets allocated to short duration corporate bonds. This positioning helped in two key ways. First, it helped the Fund decline less than most funds in its category — shielding it from a portion of the broad stock and bond market's record decline. Second, it allowed for opportunistic investing in the middle of the year as the stock market faltered and credit spreads in the corporate bond market widened. This led to an increase in the overall portfolio yield while experiencing a much more modest price decline; thus, accomplishing the intent of the investment process. Although not as easy as it seems — it takes a lot of patience, discipline, diligence and hard work. However, when the process is executed properly, it can lead to very good relative results.

2. How may the Fund's active approach create value for investors in the current environment?

PMEFX attempts to add value in two key ways — individual security selection and asset allocation. Through individual security selection, we attempt to take into account the potential upside versus the potential downside in every security that is reviewed. We seek real and tangible margins of safety — good, cash-rich balance sheets; companies with strong competitive positions and free cash flow generation; and great management teams with a history of success. A combination of these three factors is ideal.

In this recent environment for example, we primarily focused on companies with net debt-free balance sheets and solid, sustainable free cash flow generation. We sought companies that we define as “self-funding” — or companies that can satisfy its debt obligations with cash on the balance sheet or with cash generated by its business. This focus helps to avoid dire scenarios such as bankruptcy and credit rating downgrades. No matter what may occur in the broad economy, we are confident that our companies will survive. This creates an inherent emphasis on our focus of return of our money, not just a return on our money.

Focus on quality over yield will typically become apparent in markets that are more volatile. The aforementioned company and security types will tend to anchor the Fund just as an anchor steadies a boat in a sea of volatility.

3. Explain how the Fund may benefit in the continued rotation from growth to value stocks and as investors move from risk to quality.

The Fund's focus on quality helps to avoid popular and overvalued investments. Therefore, as the mania in the stock market post-COVID occurred with growth and meme stocks, cryptocurrency and other new “investments” — we simply monitored it and waited. We had a very good understanding that a significant portion of the excess stimulus and liquidity that entered the market found its way into many odd places. While the Federal Reserve (Fed) increased liquidity to support the markets, many market participants took things too far and speculated way more than they invested. It is imperative as long-term investors to be able to identify and avoid these periods of malinvestment.

For PMEFX, we did avoid many of the unsustainable peaks that have since become painful troughs. The Fed's intent to reduce inflation will require a tightening of liquidity, which will be seen directly in valuation compression that should favor value over growth companies. It should favor solid, stable businesses over speculative, whimsical ventures. It will favor reality over fantasy. The reality today is that strong fundamentals should once again lead the way from here. PMEFX's bias toward securities that have limited downside relative to its upside should continue to help build a track record that makes our shareholders proud.

¹Source: Morningstar Direct as of 7/31/2022.

TICKER

PMEFX

FUND INCEPTION DATE

7/31/20

MINIMUM INVESTMENT

\$3,000

TOTAL FUND OPERATING EXPENSE

0.65% NET*
1.32% GROSS

SEASONED PORTFOLIO MANAGEMENT

George J. Cipolloni III, CFA

Scott Ellis, CFA

Greg Zappin, CFA

AVAILABLE PLATFORMS

Schwab
Pershing

**Fee waivers are contractual and in effect until May 31, 2023.*

About PMAM

Penn Mutual Asset Management is an institutional asset management firm with over \$31 billion in assets under management as of July 31, 2022 and is dedicated to creating value through a prudent and rigorous investment process. PMAM is focused on risk-based institutional asset management, advisory and investment operation services. Focus, discipline, teamwork and accountability help to enable results and are at the foundation of PMAM's ability to execute on its core asset management competencies.

For more information on the Fund or to subscribe to our market insights blog, please visit www.pennmutualam.com.

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Fund Performance

(Quarter end as of 6/30/22)

	3 MONTHS	YTD	1 YEAR	ANNUALIZED SINCE INCEPTION 7/31/20
Penn Mutual AM 1847 Income Fund - Gross	-6.52%	-6.58%	-8.71%	5.24%
Penn Mutual AM 1847 Income Fund - Net	-6.67%	-6.88%	-9.30%	4.52%
Morningstar Moderately Conservative Target Risk Total Return USD Index	-9.10%	-13.96%	-12.35%	-0.71%
Bloomberg US Corporate Inv. Grade Index	-7.26%	-14.39%	-14.19%	-7.66%
Bloomberg US HY 2% Issuer Capped Index	-9.84%	-14.19%	-12.82%	-2.07%
Russell 3000 Value Index	-12.41%	-13.15%	-7.46%	14.48%

(Month end as of 7/31/22)

	YEAR-TO-DATE	1 YEAR	ANNUALIZED SINCE INCEPTION 7/31/20
Penn Mutual AM 1847 Income Fund - Gross	-3.03%	-3.90%	6.99%
Penn Mutual AM 1847 Income Fund - Net	-3.40%	-4.52%	6.26%
Morningstar Moderately Conservative Target Risk Total Return USD Index	-10.30%	-9.40%	1.43%
Bloomberg US Corporate Inv. Grade Index	-11.61%	-12.61%	-5.85%
Bloomberg US HY 2% Issuer Capped Index	-9.12%	-8.03%	0.87%
Russell 3000 Value Index	-7.23%	-1.65%	17.64%

Performance data shown represents past performance and is not a guarantee of future results. Investment performance and principal value will fluctuate, so when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end performance, please call 877-PMA-MLLC (877-762-6552).

Risk Statistics*

	1 YEAR	ANNUALIZED SINCE INCEPTION 7/31/20
Alpha	5.50%	5.56%
Beta versus		
Bloomberg U.S. Aggregate Bond Index	0.84	0.71
Bloomberg U.S. Corp High Yield Index	0.70	0.76
S&P 500 Index	0.33	0.32
Information Ratio	1.21	1.04
Sharpe Ratio	-0.59	1.73
Standard Deviation	8.13%	7.73%
Tracking Error	4.54%	5.33%

*Unless otherwise indicated, all data is reported as of July 31, 2022 and is not a representation of current or future data. Holdings and allocations are subject to change.

Risk statistics are shown as supplemental information only.
Risk statistics are derived using gross returns.

Important Information

The information contained herein has been prepared solely for informational purposes. It is subject to change without notice and it is not intended as an offer or solicitation of the Funds nor any other products or services offered by PMAM. Please note this information has been prepared as a general summary without consideration of any specific investors, thus please do not use this material solely to make any investment decisions. All investors should always refer to the prospectus to learn more about the Fund before investing.

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For the full prospectus, which contains this and other information about the Fund, please visit www.pennmutualam.com. Investors should read the prospectus carefully before investing.

The Fund is distributed by SEI Investments Distribution Co. (SIDCO) at 1 Freedom Valley Drive, Oaks, PA 19456, which is not affiliated with Penn Mutual Asset Management.

Investing involves risk, including possible loss of principal. The Fund's other investment risks include, but are not limited to, interest rate, inflation, credit and default risk associated with fixed income securities. In addition, high yield bonds have a higher risk of default or other adverse credit events. Other risks include, but are not limited to, equity risk, preferred stock risk, allocation risk, conflicts of interest risk, counterparty credit risk, foreign investments risk, high portfolio turnover risk, liquidity risk and volatility risk. There is no guarantee the Fund will achieve its stated objective.

Definitions

Alpha – A measure of the performance of an investment against a market index or benchmark which is considered to represent the market’s movement as a whole.

Beta – A measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. A beta of 1 indicates that the security’s price moves with the market. A beta of less than 1 means that the security is theoretically less volatile than the market and a beta greater than 1 indicates that the security’s price is theoretically more volatile than the market.

Credit Spread – A credit spread is the difference in yield between a U.S. Treasury bond and another debt security of the same maturity but different credit quality.

Duration – A measure of the sensitivity of the price – the value of principal – of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

Free Cash Flow – Represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets.

Information Ratio – A risk-adjusted performance measure. The information ratio is a special version of the Sharpe Ratio in that the benchmark doesn't have to be the risk-free rate.

Sharpe Ratio – A measure for calculating risk-adjusted return. The Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk.

Standard Deviation – A measure of the dispersion of a set of data from its mean. If the data points are further from the mean, there is higher deviation within the data set.

Tracking Error – A measure of volatility of excess returns relative to a benchmark.

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

Bloomberg U.S. Corp High Yield – An index measures the USD-denominated, high-yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody’s Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on the indices’ EM country definition, are excluded.

Bloomberg U.S. Corporate Investment Grade Index – An index that measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

Bloomberg U.S. High Yield 2% Issuer Cap Index – An issuer-constrained version of the flagship US Corporate High Yield Index, which measures the USD-denominated, high yield, fixed-rate corporate bond market. The index follows the same rules as the uncapped version, but limits the exposure of each issuer to 2% of the total market value and redistributes any excess market value indexwide on a pro rata basis.

Morningstar Moderately Conservative Target Risk Total Return USD Index – The Morningstar Target Risk Index family is designed to meet the needs of investors who would like to maintain a target level of equity exposure through a portfolio diversified across equities, bonds and inflation-hedged instruments. The Morningstar Moderately Conservative Target Risk Index seeks approximately 40% exposure to global equity markets.

Russell 3000 Value Index – An index that measures the performance of the broad value segment of the US equity value universe. It includes those Russell 3000[®] companies with lower price-to-book ratios and lower forecasted growth values.

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.

Offering a wide range of tailored investment strategies and solutions to help meet the investment goals of our clients, while focusing on our mission to provide exceptional experience and service.