

## About Penn Mutual Asset Management, LLC

Penn Mutual Asset Management (PMAM) is focused on risk-based institutional asset management, advisory, and fund operation services. 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:

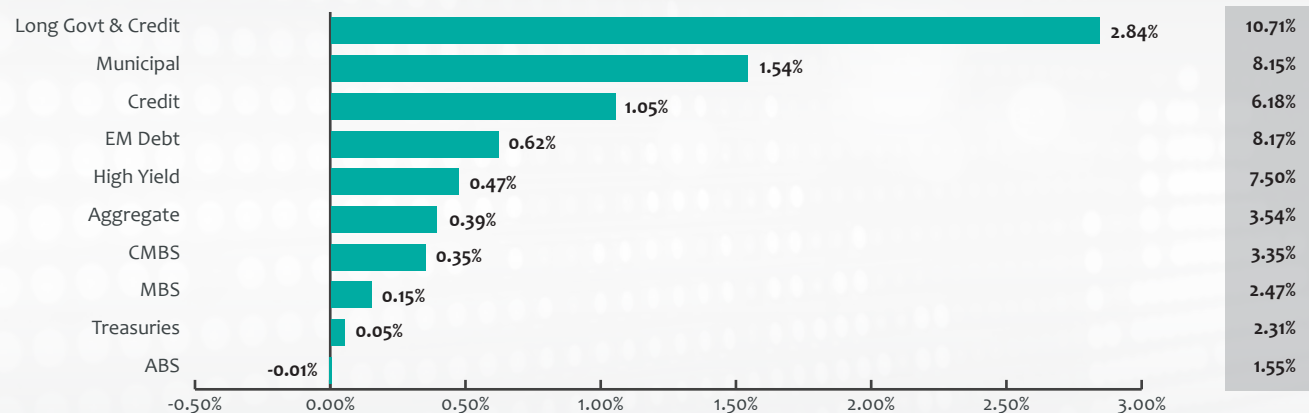
- Valuation drives decisions to help generate strong performance
- Diversification is the best form of risk management
- Doing the right thing is the best way to serve investors
- Focus, discipline, teamwork and accountability enable results

With over \$24 billion in total assets under management, 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.

## Asset Class Returns<sup>1</sup>

### Fourth Quarter



<sup>1</sup>Data from Factset

## Fourth Quarter Headlines

**The Federal Reserve raised rates 25 basis points in December and is maintaining the process to normalize monetary policy...** Newly appointed Federal Reserve Chairman Jerome Powell is expected to follow Janet Yellen's gradual approach to tightening policy.

**Long-term interest rates finished lower again during the fourth quarter despite mounting pressures at the front end of the yield curve...** The yield curve flattened throughout the year and closed 2017 at the narrowest level since the financial crisis.

**Strength across the credit markets continued this quarter with robust demand for yield from both domestic and global investors...** Both investment grade and high yield corporate bonds delivered positive excess returns during 2017.

**Pro-growth economic policies under the Trump administration have yet to translate into higher inflation...** However, inflation pressures are expected to build as the economic expansion extends.

## Outlook

While positive momentum across global equity markets appears nearly unstoppable, we expect pervasive optimism for synchronized global growth and continued low inflation to be challenged this year. Global central banks will face increasing pressure to follow the Federal Reserve and begin the process of removing unprecedented monetary policy accommodation, including negative interest rate policies.

### Index Definitions:

Bloomberg Barclays U.S. Aggregate Bond Index – A market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type.

### Disclosures:

The views expressed in this material are the views of PMAM through the quarter ending December 31, 2017, and are subject to change based on market and other conditions.

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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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