

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:

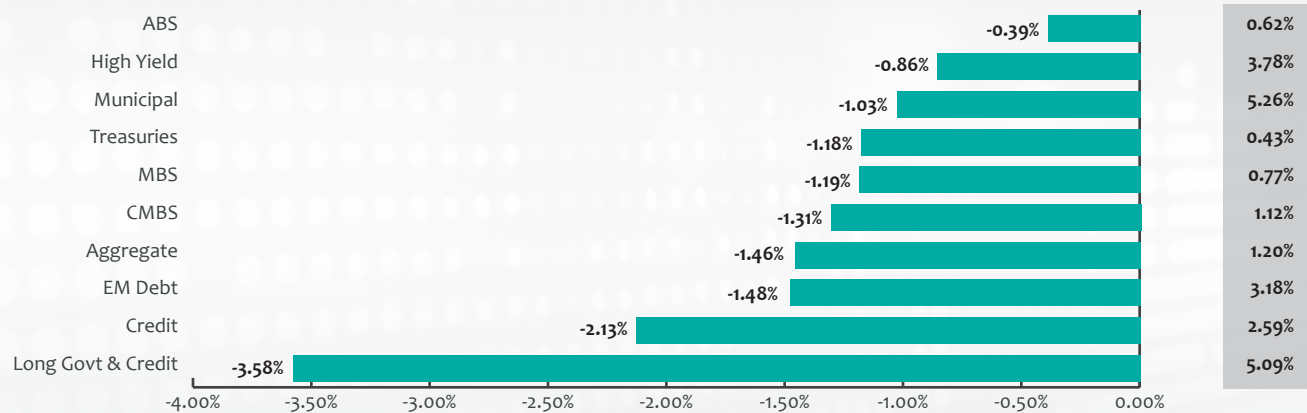
- Valuation drives decisions to help generate strong performance
- Diversification is the best form of risk management
- Remaining nimble and opportunistic creates value for investors
- Focus, discipline, teamwork and accountability enable results

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 Returns¹

First Quarter



¹Data from Factset

First Quarter Headlines

The Federal Reserve (Fed) raised interest rates 25 basis points for the sixth time in the current tightening cycle at the March Federal Open Market Committee (FOMC) Meeting... Fixed income investors are pricing in an additional two to three rate hikes for the remainder of 2018.

Treasury yields moved higher across the curve during the first quarter and the yield curve maintained its flattening trend... The 2-year Treasury note closed the quarter at 2.27%, the highest yield in nearly a decade.

Credit spreads moved wider in February and March after reaching post-crisis tight levels in January... The return of equity market volatility early February spilled over into the credit market performance. Investment grade corporate debt underperformed duration matched Treasuries by 66 basis points, the worst quarter in over two years.

Bond yields in Europe and Japan continue to be suppressed by central bank negative interest rate policies and quantitative easing... 10-Year German Government bond yields are trading nearly 225 basis points below 10-year U.S. Treasuries, the widest gap in more than 25 years.

Outlook

We expect financial market volatility to remain elevated this year as investors balance the benefits of positive economic and earnings momentum with additional monetary policy tightening. The Federal Reserve will continue to pursue its gradual approach to normalize interest rates but increasing protectionism in the United States and abroad threatens to spark inflation pressures and challenge the Fed's patience.

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 March 31, 2018, and are subject to change based on market and other conditions.

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