

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:

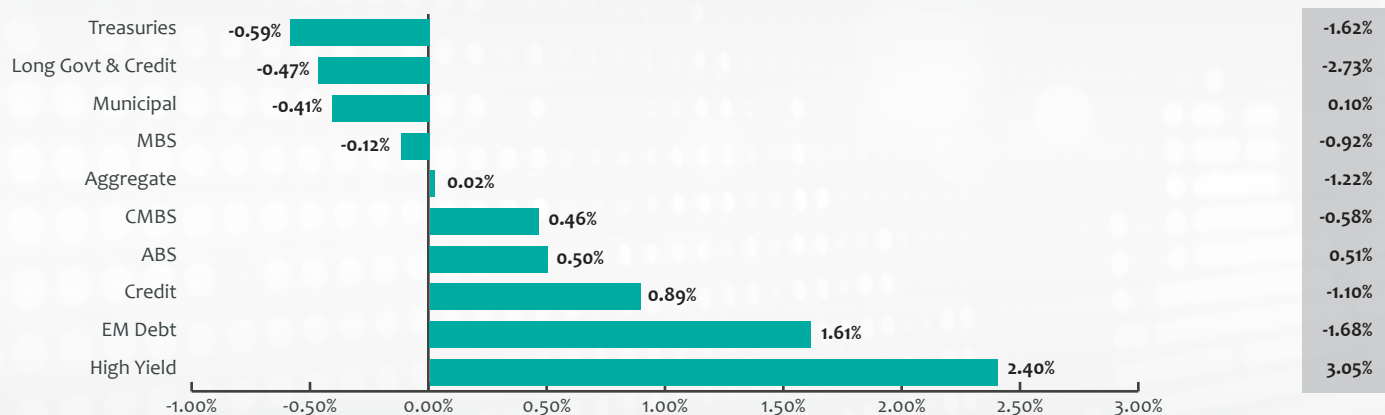
- Valuation drives decisions to help generate strong performance
- Diversification is the best form of risk management
- Remaining nimble and opportunistic creates value for investors
- Focus, discipline, teamwork and accountability enable results

With over \$25 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

Third Quarter



¹Data from Factset

Third Quarter Headlines

Federal Reserve Chairman Jerome Powell is signaling additional rate hikes are likely with U.S. economic growth showing no signs of slowing... Labor market tightness shows no signs of easing with both business and consumer confidence reaching post-crisis highs.

The European Central Bank (ECB) and Bank of Japan (BOJ) are following the Fed's lead to reduce unprecedented levels of monetary accommodation... Italian sovereign bond yields have risen sharply since May's election results and higher projected budget deficits.

Limited new issue supply and strengthening oil prices supported valuations across high yield credit relative to more interest rate sensitive investment-grade fixed income sectors... Floating rate assets remain in high demand with returns supported by a faster pace of Fed hikes this year.

Despite a brief flight-to-quality bid emerging in August, the 10-year Treasury closed September at 3.06%, the highest quarterly close since 2011... Persistent Treasury yield curve flattening since the tightening cycle started in 2015 runs the risk of derailing the extended economic U.S. expansion.

Outlook

We expect 2018 to finish out the year, similar to the way it started, with heightened financial market volatility. As more global central banks join the Federal Reserve to remove unprecedented levels of monetary policy accommodation, swings in asset valuations are likely to be more frequent and extreme.

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 September 30, 2018, 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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