About Us

Penn Mutual Asset Management (PMAM) is focused on risk-based institutional asset management, advisory and investment 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.
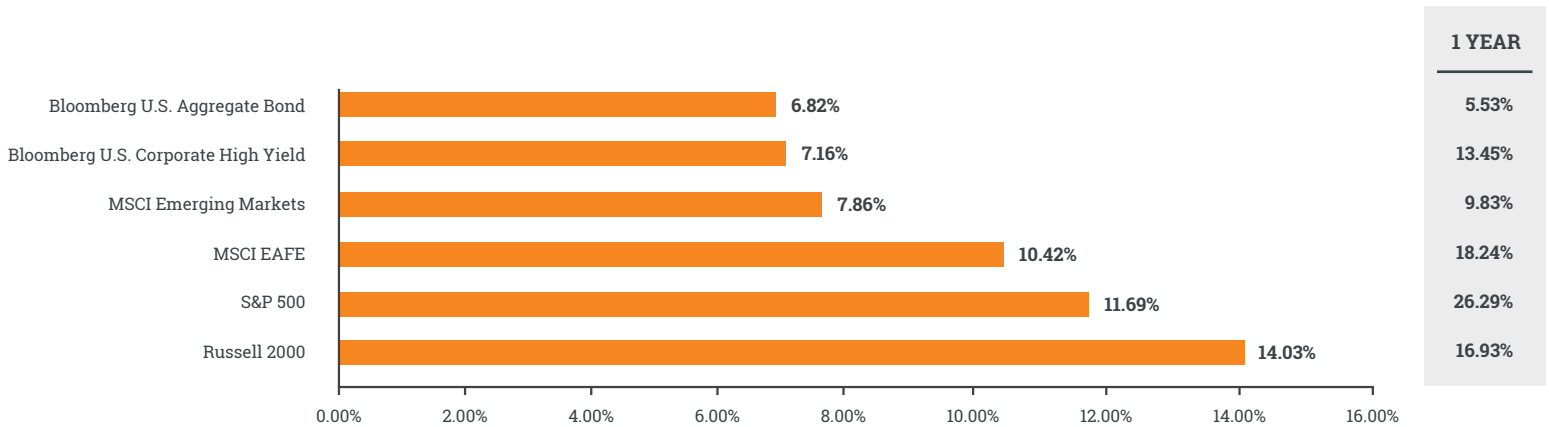
We believe:

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

With over $33 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, 2023

Benchmark Returns[1]
Fourth Quarter

Benchmark	Fourth Quarter	1 YEAR
Bloomberg U.S. Aggregate Bond	6.82%	5.53%
Bloomberg U.S. Corporate High Yield	7.16%	13.45%
MSCI Emerging Markets	7.86%	9.83%
MSCI EAFE	10.42%	18.24%
S&P 500	11.69%	26.29%
Russell 2000	14.03%	16.93%

[1]Bloomberg data as of December 31, 2023

Fourth Quarter Headlines

The Federal Reserve's (Fed) unexpected shift toward accommodative monetary policy fueled a strong recovery in financial markets during the final two months of the year...

The equity market rally broadened out beyond the large-cap technology names. Many of the sectors struggling under the weight of higher interest rates, including banks and real estate investment trusts (REITs), led the fourth quarter rebound.

During its December meeting, the Fed signaled not just the conclusion of its rate-hiking cycle but advanced the timeline for potential interest rate cuts...

Treasury yields across the yield curve fell sharply during the final quarter. Investment-grade corporate credit spreads tightened, with spreads closing near the tightest levels since the Global Financial Crisis. The high-yield market also finished the year strongly, up more than 7% during the fourth quarter.

U.S. economic growth continues to show surprising resilience in light of the sharp rise in interest rates and a prolonged inversion of the yield curve. Third quarter gross domestic product (GDP) came in at 4.9%, the highest level since 2021...

Labor market conditions in the U.S. have also exceeded expectations but pockets of weakness are appearing in certain employment measures including lower labor force participation and a decline in weekly average hours worked.

Outlook

The financial market's euphoria in response to the Fed's U-turn in monetary policy is likely to gradually give way to the reality of "sticky" inflation and rapidly increasing Treasury bond issuance keeping interest rates above current expectations.

Baseline Forecasts		Actual 12/31/2022	Actual 12/31/2023	Forecast 12/31/2024	Forecast 12/31/2025
US Economy	GDP	1.9%	*2.9%	2.5%	2.0%
	Unemployment Rate	3.7%	3.7%	4.0%	4.0%
	CPI	7.1%	3.1%	3.0%	2.5%
Stock Market	S&P 500 Index	3,840	4,770	4,600	5,000
	Russell 2000 Index	1,761	2,027	2,200	2,400
Bond Market	Fed Funds Rate	4.32%	5.31%	4.50%	3.50%
	2-year Treasury Yield	4.43%	4.25%	4.75%	3.75%
	10-year Treasury Yield	3.88%	3.88%	5.00%	4.25%
	30-year Treasury Yield	3.97%	4.03%	5.25%	4.50%
Commodities	WTI Crude Oil	$81	$72	$100	$110
	Gold	$1,824	$2,063	$2,200	$2,000
Currencies	Dollar/Euro	1.07	1.10	1.20	1.10
	Yen	131	141	130	120

*1-year as of 3Q23

Source: Bloomberg

Index Definitions:

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.

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. Corporate High Yield Bond Index – An index that measures the USD-denominated, high yield, fixed-rate corporate bond market.

MSCI Emerging Markets Index – A free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

MSCI EAFE Index – An index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada.

Russell 2000 Index – An index measuring the performance of approximately 2,000 small cap companies in the Russell 3000 Index, which is comprised of 3,000 the largest U.S. stocks.

Disclosures:

The views expressed in this material are the views of PMAM through the quarter ending December 31, 2023 and are subject to change based on market and other conditions.

This material contains certain views that may be deemed forward-looking statements. The inclusion of projections or forecasts should not be regarded as an indication that PMAM considers the forecasts to be reliable predictors of future events. Any forecasts contained in this material are based on various estimates and assumptions, and there can be no assurance that such estimates or assumptions will prove accurate. Actual results may differ significantly.

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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