

BOND MARKET OVERVIEW

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

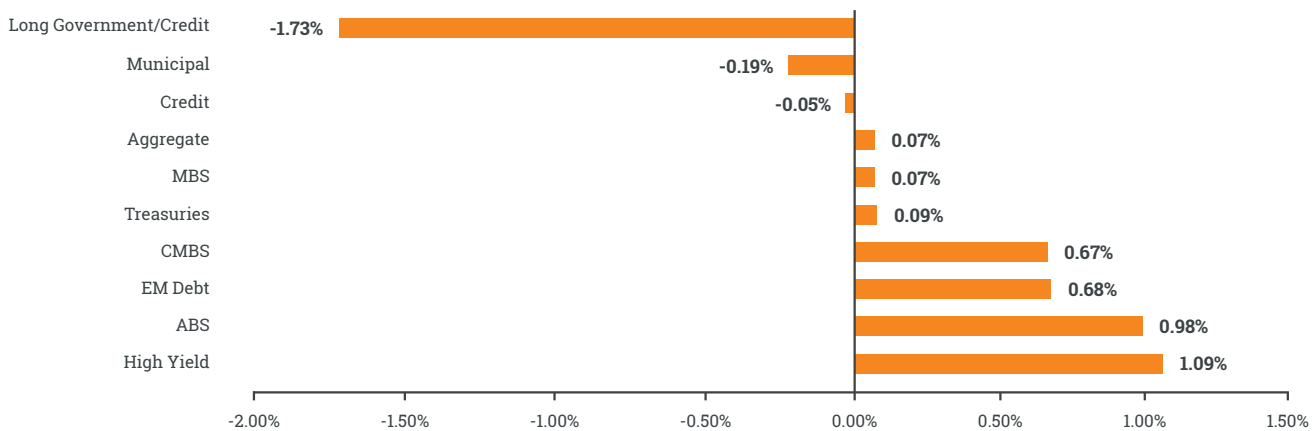
With over \$35 billion in total assets under management,¹ Penn Mutual Asset Management is dedicated to executing on its core asset management competencies, which include total return-based investing, advisory services and expertise in alternative asset investing.

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.

¹As of June 30, 2024

Asset Class Returns¹

Second Quarter



1 YEAR

Long Government/Credit	-1.58%
Municipal	3.81%
Credit	4.42%
Aggregate	2.63%
MBS	2.12%
Treasuries	1.55%
CMBS	5.76%
EM Debt	7.95%
ABS	5.46%
High Yield	10.44%

¹U.S. Bloomberg indices. Data as of June 30, 2024

Second Quarter Headlines

Rapidly changing investor expectations for the path of Federal Reserve (Fed) monetary policy kept interest rate volatility elevated during the second quarter. Treasury yields remain well above levels from the start of the year...

The 10-year Treasury rate peaked at 4.70% in late April and closed June at 4.40%, up 20 basis points (bps) during the quarter. The duration of the Treasury yield curve inversion extended to the longest on record this year but the U.S. economy continues to exhibit resilience, defying the bond market’s historical recession indicator.

Investment-grade (IG) and high-yield corporate credit spreads moved modestly wider but remain near the tightest levels since the Global Financial Crisis....

IG corporate credit spreads widened by four bps during the quarter, underperforming duration-matched Treasuries by four bps while the high-yield market registered a total return of 1.09%.

Gross domestic product (GDP) for the first half of 2024 is projected to grow near 1.5%, a level suggesting the Fed is on track to achieve the historically elusive economic “soft landing”...

Labor market conditions in the United States are showing signs of cooling despite strong payroll growth numbers. The unemployment rate moved above the 4% mark in June for the first time since November 2021.

Outlook

The Fed remains biased toward easier monetary policy this year despite setbacks in its fight to lower inflation. Monetary policymakers are beginning to put more emphasis on the full employment side of the Fed's dual mandate. Supply pressures are likely to keep upward pressure on long-term Treasury yields for the balance of the year.

Index Definitions:

Bloomberg U.S. Aggregate ABS Total Return Index – An index that is the ABS component of the U.S. Aggregate Index and has three subsectors: credit and charge cards, autos and utility. The index includes pass-through, bullet and controlled amortization structures and includes only the senior class of each ABS issue and the ERISA-eligible B and C tranche.

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. CMBS Index – An Index that measures the investment-grade market of U.S. Agency and U.S. Non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300mm that are ERISA eligible.

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

Bloomberg U.S. Credit Index – An index that measures the investment grade, U.S. dollar-denominated, fixed-rate, taxable corporate and government-related bond markets.

Bloomberg Emerging Markets USD Aggregate Index – A flagship hard currency Emerging Markets debt benchmark that includes fixed and floating-rate U.S. dollar-denominated debt issued from sovereign, quasi-sovereign and corporate EM issuers.

Bloomberg U.S. Long Government/Credit Index – An index that is a broad-based flagship benchmark that measures the non-securitized component of the U.S. Aggregate Index with 10 or more years to maturity. The index includes investment grade, U.S. dollar-denominated, fixed-rate treasuries, government-related and corporate securities.

Bloomberg U.S. Mortgage Backed Securities (MBS) Index – An index that tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC).

Bloomberg U.S. Municipal Index – An index that covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligations bonds, revenue bonds, insured bonds and prerefunded bonds.

Bloomberg U.S. Treasury Index – An index that measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

Disclosures:

The views expressed in this material are the views of PMAM through the quarter ending June 30, 2024 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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