Fort Washington Investment Advisors, Inc.

A member of Western & Southern Financial Group

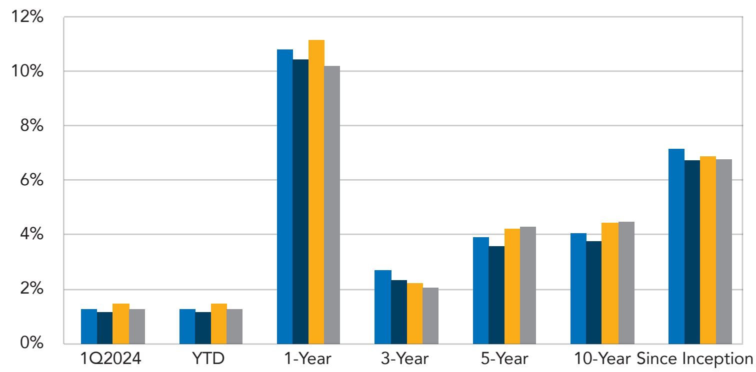
Uncompromised Focus®

FORT WASHINGTON HIGH YIELD FIXED INCOME — 1Q2024

HIGHLIGHTS

- Positive momentum within risk assets during the final months of 2023 followed through into 2024, despite inflation surprising to the upside and anticipated central bank rate cuts being delayed. Risk assets traded sideways early in 2024 then caught a bid and never looked back with the S&P 500 (+10.6%) leading the way, followed by the Nasdaq (+9.3%) and Russell 2000 (+5.2%). Also noteworthy was another strong quarter for risk barometer Bitcoin (+69.7%).
- Our core strategy returned (+1.26%/+1.17%) on a gross/net basis or (-21bps) gross to the index return. Our high-quality philosophy was a strong headwind as our style-driven underweight to CCCs accounted for more than half of underperformance in the quarter. Security selection also detracted. A lack of ownership in Carvana (Ca/CCC- rated) led to negative selection as did exposure to cable system operator Altice USA and Sunnova Energy, a renewable energy provider. Continued fundamental improvement at on-air retailer QVC and an earnings upside surprise at AdaptHealth, a home medical equipment provider, partially offset these negatives. Allocation was slightly positive led by an underweight to Wireless, the worst performing sector in the index. Multiple sectors hampered performance by (-2bps) with no theme present.
- From November 2023 through the majority of 1Q24, Federal Reserve commentary was consistently dovish. The promise of lower rates has combined with a loosening of financial conditions and upside surprises on the economic front. In response, markets appear to be increasingly pricing in a “no landing” scenario for the economy.

Annualized Total Returns as of March 31, 2024



	1Q2024	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
High Yield (Gross)	1.26	1.26	10.82	2.68	3.90	4.06	7.14
High Yield (Net)	1.17	1.17	10.44	2.33	3.55	3.74	6.74
Bloomberg U.S. Corporate High Yield	1.47	1.47	11.15	2.19	4.21	4.44	6.88
Bloomberg U.S. HY BA/B 2% Issuer Cap	1.25	1.25	10.19	2.05	4.29	4.47	6.77

Inception Date: 07/01/1994. Past performance is not indicative of future results. This supplemental information complements the High Yield GIPS Report.

Top Issuer Attribution	Attr	Rel Wgt	Bottom Issuer Attribution	Attr	Rel Wgt
QVC	0.06	0.41	Carvana Co	-0.06	-0.31
AdaptHealth	0.04	0.34	Altice USA	-0.06	0.32
WEC Energy	0.03	0.38	Sunnova Energy	-0.04	0.31
DISH Network	0.03	-0.69	Charter Communications	-0.04	0.45
Turning Point Brands	0.03	0.63	Paramount Global	-0.04	0.35

INVESTMENT PROFESSIONALS

Garrick T. Bauer, CFA
Portfolio Manager
27 Years Experience

Timothy J. Jossart, CFA
Portfolio Manager
31 Years Experience

Casey A. Basil
Senior Credit Analyst
22 Years Experience

Patrick L. Burleson, CFA
Assistant Portfolio Manager
Senior Credit Analyst
17 Years Experience

Bernard M. Casey, CFA
Portfolio Manager
32 Years Experience

Amy W. Eddy
Senior Credit Analyst
24 Years Experience

Breen T. Murphy, CFA
Portfolio Manager
16 Years Experience

Nicholas G. Trivett, CFA
Senior Credit Analyst
15 Years Experience

Jon P. Westerman, CFA
Portfolio Manager
19 Years Experience

Matthew J. Jackson, CFA
Assistant Portfolio Manager
Senior Leveraged Credit Trader
15 Years Experience

Brooks K. Wilhelm, CFA
Assistant Portfolio Manager
Senior Credit Analyst
14 Years Experience

Satya N. Ghanta
Credit Analyst
10 Years Experience

Source: Fort Washington Investment Advisors, an investment advisor registered with the U.S. Securities and Exchange Commission. Past performance is not indicative of future results. Quality and sector distribution as well as portfolio attribution and allocation is subject to change at any time.

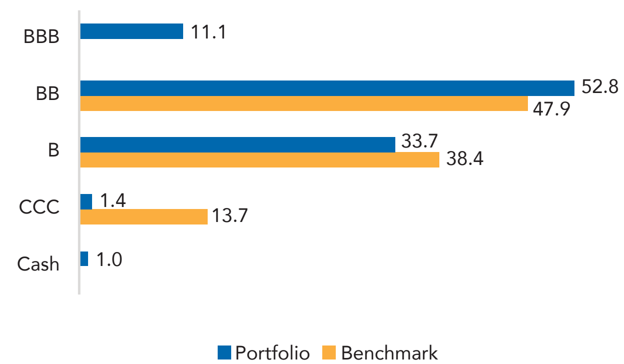
MARKET OVERVIEW

- Risk assets showed remarkable strength considering the historic rally experienced at the end of 2023. The equity market rally broadened and credit markets approached historically tight levels. Easing financial conditions and fiscal stimulus provided a lift to economic activity that continues to surprise to the upside. GDP growth forecasts for 2024 have been revised upward materially since mid-2023. In the background though, inflation has begun to misbehave. Certain flavors of inflation have actually reversed course back to rather robust levels. Consequently, the 10-year U.S. Treasury sold off from the start of the year, driving weaker results out of higher quality credit including in Investment Grade (-0.40%) and in High Yield.
- A weak rates market pressured longer duration (i.e. higher quality) High Yield. As a result, CCCs (+3.07%) led the asset class due to the combined effect of greater carry and shorter duration. Not surprisingly, BBs trailed (+1.13%) while Bs were slightly better at +1.36%. Sector returns were broadly positive with few outliers. Retailers (+4.97%) outperformed as low expectations were not confirmed by fundamentals. Two characteristics dominated the poor performers including secular headwinds (Media Entertainment, Office REITs, Cable Satellite and Wireless, -7.11%) and the high likelihood of distressed debt exchanges within all the aforementioned as well as in Packaging.
- After six consecutive quarters of positive returns, High Yield issuers have leaned into this strength and made substantial progress refinancing upcoming maturities. Debts coming due in 2024-2026 are $329bn or 40% lower than a year ago. The first quarter saw the busiest issuance ($83bn) period since 2021; well ahead of 2022's pace when just $110bn was issued all year. Borrowers who have yet to act are expected to remain vigilant and proactively address near-term maturities which are yet substantial; $180bn, $365bn, and $480bn in 2025, 2026, and 2027 respectively. Default activity has stabilized at an elevated level, but relief is not in sight as distressed debt exchange activity seems to infect new sectors each quarter.

Statistics

	Composite	Benchmark
Quality	BB-	B+
Coupon	5.84	6.28
Price	96.16	94.96
Duration	3.11	3.15
Current Yield	6.03	6.63
Yield to Worst	6.85	7.70
OAS	218	301
Number of Issues	279	1957
Number of Issuers	185	907

Credit Quality
(% of Market Value)



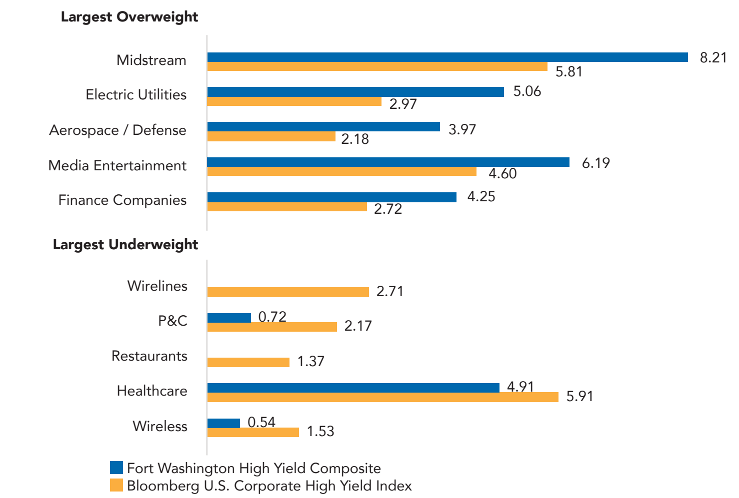
Source: Fort Washington Investment Advisors. Past performance is not indicative of future results. Quality and sector distribution as well as portfolio attribution and allocation is subject to change at any time. This supplemental information complements the High Yield GIPS Report.

PORTFOLIO ACTIVITY

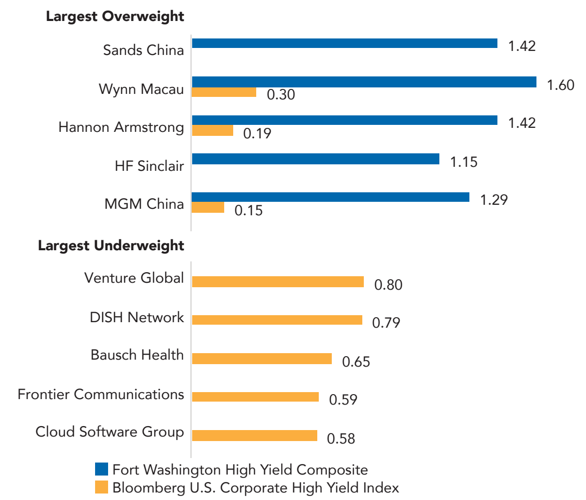
Two years into the most aggressive tightening cycle by the Federal Reserve in 40 years, U.S. GDP growth is solid and, in fact, it accelerated in 2H23. The trend continued unabated this past quarter. Also, global measures of manufacturing PMI inflected upward in late 2023. Financial conditions have eased materially allowing easy access for refinancing to both Investment Grade and High Yield companies. Supporting factors include record high and stable profitability at larger corporations, elevated Federal Government deficit spending, healthy wage growth, near record unemployment, soaring credit card balances, a low consumer savings rate and savings depletion, which is perhaps, an unsustainable mix. Offsetting factors include lower profits at smaller corporations, high and rising auto and credit card loan delinquencies and higher inflation. So far, markets have looked past the negatives. Spreads in the Ba/B universe have rarely been tighter over the past 20 years. We remain cautious. Returns were near coupon-like as higher rates offset spread tightening. Our up in quality style hampered relative results in this environment. Purchase/sale activity was balanced by rating. Investment Grade exposure has been trimmed, but is still historically elevated.

At the beginning of the year, optimism was widespread on expectations for economic growth, stronger earnings, and declining interest rates. Growth has delivered, earnings are not yet known, but pricing around rates has been misguided and markets, which once priced in 150bps of rate cuts in 2024, now are just 50bps. Recognizing further improvement, spreads have rarely been tighter. We again upgrade our Financial Conditions factor, but are maintaining an overall under risked position. Our overall Outlook is unchanged at Slightly Negative.

Largest Sector Exposures
(% of Market Value)



Largest Issuer Exposures
(% of Market Value)



Source: Fort Washington and PORT. Holding allocations are subject to change. Weights shown are subject to rounding. This supplemental information complements the High Yield GIPS Report. This should not be construed as investment advice or a recommendation of any particular security, strategy, or investment product.

OUTLOOK

Factor	Outlook	Comments
Economy	Neutral ◀ ▶	• GDP grew 3.4% in 4Q23; down from 4.9% growth in 3Q23 and up from 2.6% in the year ago period; expectations for 1Q are for growth of 2.0%. GDP expectations for 2024 are for growth of approximately 1.50%. • Employment remains healthy with solid payroll numbers, low unemployment (3.8%) and strong wage growth (4-6%). • Consumer confidence and sentiment are stable on labor market strength; core inflation is slowly improving; headline remains above target with service components elevated. Business confidence shows caution with most ISM numbers around 50; service components just above 50.
Financial Conditions	Neutral ▲	• Financial conditions eased in the quarter with the Senior Loan Officer Survey showing 14.5% tightening (down from 51% and then 34%) and IG and HY spreads meaningfully falling. Aggregate conditions remain restrictive; however, conditions have materially improved over the last several quarters. • The Fed has held rates steady since last summer and awaits more data on inflation before making any moves. Market expectations have shifted from pricing in 5-6 cuts in 2024 to now only pricing 2-3 cuts. • Credit spreads for BBB Industrials and High Yield tightened on the quarter; all-in High Yield yield was 7.66%.
Rates	Slightly Positive ◀ ▶	• The U.S. 10 year Treasury gradually faded throughout the quarter on the back of the Fed pushing back on market expectations of rate cuts. UST10 ended at 4.20%; +32bps on the quarter. • Ten year TIPS breakevens are trading near 2.32%; real yields are +187bps. • U.S. rates remain in line to higher than many other developed market levels; making them attractive in a global context and leading to significant strength in the dollar.
Fundamentals	Slightly Negative ◀ ▶	• Revenue growth has stalled with top line results showing -0.5% qoq and only +0.6% yoy; EBITDA was -4.6% qoq and +4.6% yoy. • Issuer leverage ticked slightly higher (5.4x) while interest coverage declined slightly to 4.5x; the fourth quarter in a row of declining interest coverage. Loan only capital structures have interest coverage of 2.77x and fixed charge coverage of 2.12x. • Bond issuance for the quarter was \$82.6B in 1Q24 vs \$41.5B in 4Q23 and \$39.1B in 1Q23. • Defaults ended February at 3.75%; flat from 3.84% at December end and up meaningfully from 2.29% one year ago. We expect default rates to modestly increase over the next several quarters as higher rates and lower growth become meaningful headwinds to leveraged balance sheets.
Valuation/ Spreads	Slightly Negative ◀ ▶	• High Yield spreads tightened -24bps and ended the quarter at +299bps (10th percentile). BBs tightened -17bps (7th), Bs -44bps (2nd), and CCCs -59bps (42nd). • Aggregate yields at March end were 7.66%; roughly flat in the quarter as the decline in spreads was offset by the movement in Treasuries. Dollar price was \$94.96. • CCC rated bonds outperformed BB/B rated peers on spread tightening, additional carry, and lower duration.
Outlook & Positioning	Slightly Negative ◀ ▶	• We are holding our opinion on High Yield at Slightly Negative due to financial conditions, declining company fundamentals, and tight spreads; partially offset by a resilient economy and attractive all-in yields. • We expect defaults to modestly increase over current levels; however, we also anticipate bond defaults to be lower than previous cycles as the quality of High Yield is higher than historic periods. We expect spreads to widen as the economy slows and unemployment increases while recognizing that overall yields at current levels are attractive in a longer-term context. • Portfolio activity is being focused towards maintaining a higher quality bias while maximizing income and a preference for less cyclical exposure. We will look to maintain risk near current levels; relying on credit selection in this uncertain risk environment.

Source: Fort Washington. The above outlook reflects subjective judgments and assumptions; subject to change at any time. Unexpected events may occur and there can be no assurance that developments will transpire as forecast. This is for informational purposes only and should not be construed as investment advice or a recommendation of any particular security, strategy, or investment product. Past performance is not indicative of future results. Fort Washington rankings of Bloomberg Barclays U.S. Corporate HY Index statistics for quarter, against Index history.

COMPOSITE PERFORMANCE DISCLOSURES

	1Q2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
High Yield Fixed Income (Gross)	1.26%	13.36%	-10.02%	4.97%	4.55%	15.30%	-1.94%	7.75%	12.84%	-3.82%	2.50%
High Yield Fixed Income (Net)	1.17%	12.97%	-10.33%	4.60%	4.19%	14.93%	-2.24%	7.44%	12.52%	-4.09%	2.23%
ML-Bloomberg Linked Benchmark[1]	1.47%	13.44%	-11.19%	5.28%	7.11%	14.32%	-2.08%	7.50%	17.13%	-4.55%	2.45%
High Yield Fixed Income 3-Year Annual Standard Deviation[2]	--	8.73%	11.24%	8.96%	9.11%	4.02%	4.01%	5.32%	5.82%	5.59%	4.53%
ML-Bloomberg Linked 3-Year Annual Standard Deviation[2]	--	8.24%	10.97%	9.00%	9.24%	4.02%	4.62%	5.59%	6.01%	5.27%	4.42%
Dispersion[3]	0.04%	0.12%	0.23%	0.19%	0.62%	0.13%	0.07%	0.24%	0.40%	0.75%	0.15%
Number of Accounts	8	8	9	9	9	10	11	15	18	20	21
Composite Assets ($ Millions)	$1,617.8	$1,603.6	$1,532.8	$1,746.8	$1,791.3	$1,897.5	$2,085.3	$2,916.2	$3,287.2	$3,474.8	$3,868.0
Total Firm Assets ($ millions)	$75,762	$74,613	$66,365	$73,804	$65,086	$59,174	$49,225	$52,774	$45,656	$42,959	$45,002

Composite inception and creation date: 07/01/94. [1]Effective 01/01/16, the benchmark for this composite is the Bloomberg U.S. Corporate High Yield Index. Prior to 01/01/16, the benchmark for this composite was the Merrill Lynch U. S. Cash Pay High Yield. Given the strong similarity between the benchmarks, the change was made to enhance portfolio analysis capabilities. [2]The 3-Year annualized ex-post standard deviation is calculated using monthly gross-of-fee returns to measure the average deviations of returns from its mean. [3]Dispersion is not calculated for years in which the composite contains five portfolios or less. Dispersion is calculated as the equal weighted standard deviation of gross-of-fee returns for those portfolios held in the composite during the entire period. Past performance is not indicative of future results.

Fort Washington's High Yield strategy seeks to outperform over a full market cycle (typically 3-5 years) by protecting principal in periods of market decline while providing a stable base of income across all periods. The focus is on the higher-quality credits exhibiting lower default risk and mature sectors that can be expected to weather a full market cycle. All fee-paying fully discretionary portfolios managed in the High Yield Fixed Income style, with a minimum of $20 million under our management, are included in this composite. Effective 01/22/14, the High Yield Fixed Income fee is 0.50% for the first $100 million and 0.45% on additional amounts over for separate accounts. The benchmark for this composite is the Bloomberg U.S. Corporate High Yield Index. Portfolios in this composite include cash, cash equivalents, investment securities, interest and dividends. Cash is maintained, within each separately managed account segment, in accordance with our asset allocation ratio. The U.S. dollar is the base currency. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Net of fee performance was calculated using the actual management fees charged. Individual portfolio returns are calculated on a daily valuation basis. Prior to 01/01/97, individual portfolio returns were calculated on a monthly basis using a time-weighted return method. Past performance is not indicative of future results. Fort Washington Investment Advisors, Inc. (Fort Washington), a wholly owned subsidiary of The Western and Southern Life Insurance Company, is a registered investment advisor and provides discretionary money management to a broad range of investors, including both institutional and individual investors. Assets under management include all portfolios managed by Fort Washington and exclude assets managed by and marketed as its Private Equity business unit. Fort Washington claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Fort Washington has been independently verified for the periods 7/1/94 - 12/31/22. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. To receive a complete list and description of composites, contact Fort Washington by phone at 888.244.8167, in writing at 303 Broadway, Suite 1200, Cincinnati, Ohio 45202, or online at fortwashington.com.

RISK DISCLOSURES

The High Yield Fixed Income strategy invests in fixed-income securities which can experience reduced liquidity during certain market events, lose their value as interest rates rise and are subject to credit risk which is the risk of deterioration in the financial condition of an issuer and/or general economic conditions that can cause the issuer to not make timely payments of principal and interest also causing the securities to decline in value and an investor can lose principal. The High Yield Fixed Income strategy invests in non-investment grade debt securities which are considered speculative with respect to the issuers' ability to make timely payments of interest and principal, may lack liquidity and has had more frequent and larger price changes than other debt securities. The High Yield Fixed Income strategy invests in foreign securities which carry the associated risks of economic and political instability, market liquidity, currency volatility and accounting standards that differ from those of U.S. markets and may offer less protection to investors.

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