



FORT WASHINGTON ACTIVE CORPORATE FIXED INCOME — 2Q19

HIGHLIGHTS

- ▶ The Investment Grade Credit market, as represented by the Bloomberg Barclays U.S. Credit Index, returned 4.27% in the second quarter as a 4 basis points move tighter in credit spreads and a significant rally in Treasuries contributed to a first-half return of 9.35%.
- ▶ The quarter saw spreads move slightly tighter in April, followed by a sharp move wider in May, then a reversal in June as equity markets recovered, expectations grew for monetary easing by the Federal Reserve, and bonds funds saw continued heavy inflows. The market was further supported by expectations for decreased new issue supply as several pending M&A related deals tapped the market, and new M&A activity remained muted.
- ▶ The Fort Washington Active Corporate Fixed Income strategy returned 4.44% (gross) in the second quarter, outperforming the Bloomberg Barclays U.S. Credit Index by 17 basis points, as both allocation and security selection effects were positive.
- ▶ Underweights to defensive, non-corporate sectors such as supranationals and government-guaranteed drove the majority of allocation gains. No other sectors contributed a material amount of performance.
- ▶ Security selection gains were broad based, with longer duration BBB's leading the way. The strategy had one significant detractor, Buckeye Partners, which declined after a LBO of the company led to a negative ratings outlook. (See chart below for list of top issuer attribution and bottom issuer attribution.)

INVESTMENT PROFESSIONALS

Paul A. Tomich, CFA
Senior Portfolio Manager
14 Years Experience

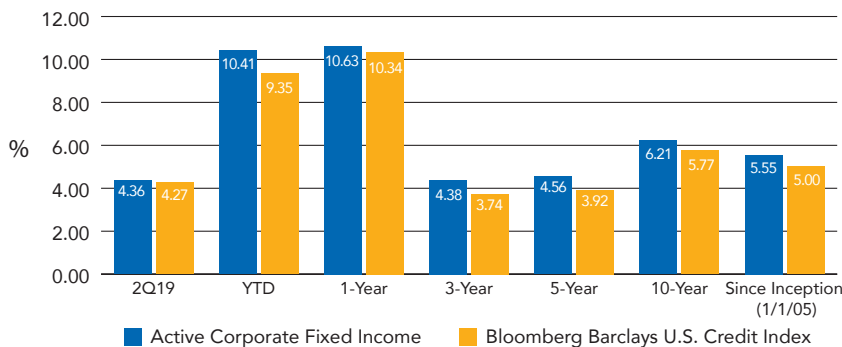
John J. Goetz, CFA
Senior Portfolio Manager
38 Years Experience

Jay M. Devine
Fixed Income Trader
21 Years Experience

The portfolio management team is supported by the dedicated research teams of Global Investment Grade Credit, Securitized Assets, Leveraged Credit, and Emerging Markets, as well as the Chief Economist and Chief Investment Officers.

Historical Performance

Annualized Net Return as of June 30, 2019



Source: Fort Washington Investment Advisors. Past Performance is not indicative of future results. This supplemental information complements the Active Corporate Presentation.

Top Issuer Attribution

Bottom Issuer Attribution

	Rel Wgt	Attr		Rel Wgt	Attr
Activision Blizzard	0.9%	0.04	Buckeye Partners	0.8%	-0.08
Parker Hannifin	0.2%	0.04	Wisconsin Energy	0.6%	-0.04
Celgene	0.5%	0.04	U.S. Treasury	1.6%	-0.03

Source: Eagle PACE. Past performance is not indicative of future results. The securities identified do not represent all of the securities purchased, sold, or recommended. This is not a recommendation with respect to the purchase or sale of any of these securities. For a complete list of all securities purchased or sold during the previous year, please contact Fort Washington.

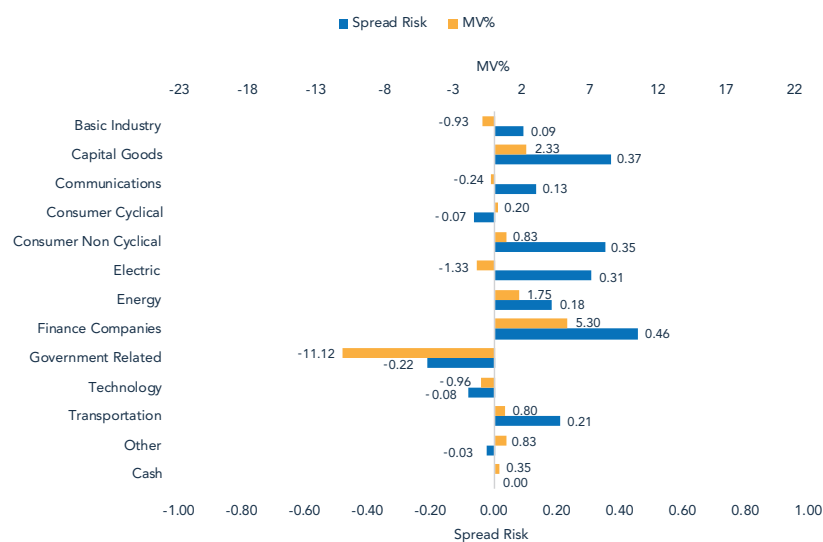
MARKET OVERVIEW

Corporate fundamentals were generally positive as companies took advantage of lower yields to term out debt and reduce interest expense. Earnings were broadly strong with cautious, albeit stable outlooks. Spreads have returned to levels last seen in late Q3 2018 but are still significantly wider than the tights of Q1 2018. While some of this move wider is fundamentally warranted due to the increasing weight of BBB's to the overall market and a steepening of credit curves, we believe current valuations still offer value in the form of additional yield and potential for bottom up driven selection gains.

The strength of credit spreads in the face of declining treasury yields has surprised most market participants. If treasury yields were to reverse and start increasing, credit spreads could come under pressure as bond funds would likely see outflows. We would expect that any spread widening to be modest as investors, such as pensions and insurance companies, would have increased demand for corporate bonds at higher all in yields.

While potential for bouts of volatility linked to a further increase in trade tensions and political uncertainty in the U.S., Europe, and emerging market countries remain, we view upside relative to downside as favorable. Near-term performance will be tied to equity market and interest rate volatility, but we believe valuations are attractive for long-term investors. We expect spreads to tighten modestly throughout the remainder of the year as BBB rated bonds compress relative to A-AAA rated bonds and credit spread curves flatten.

Sector Analysis (Portfolio Exposure vs. Benchmark)



Source: Bloomberg PORT, Capital IQ, FWIA Proprietary Analytics. For illustrative purposes only; this illustrates the portfolio's allocation of dollars (gold) and risk (blue) compared to the benchmark. Information is subject to change at any time without notice. Index is the Bloomberg Barclays U.S. Credit Index. This should not be considered investment advice or a recommendation of any strategy, product, or particular security. This supplemental information complements the Active Corporate Composite Presentation.

Portfolio Statistics

Characteristics

	Active Corporate Composite	Bloomberg Barclays U.S. Credit
Effective Duration	7.34 yrs	7.39 yrs
Yield to Worst	3.55%	3.09%
Effective Maturity	12.51	10.90
Average Quality	A3/BAA1	A2/A3

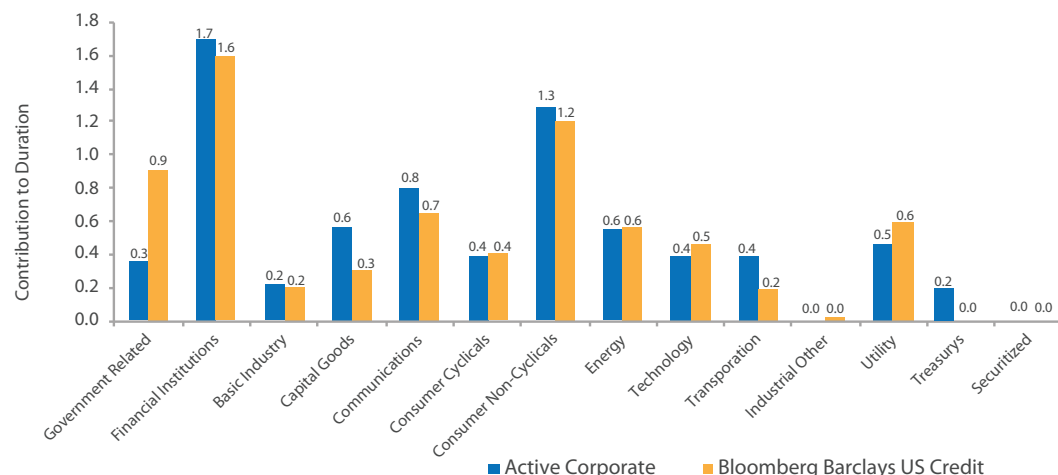
Source: Bloomberg PORT. Sector and duration allocation are subject to change at any time. Quality distribution subject to change. Totals may not equal 100 due to rounding. This supplemental information complements the Active Corporate Fixed Income Composite Presentation.

Current Risk Budget



Source: Fort Washington. This is for informational purposes only and should not be construed as investment advice. Risk budget and positioning is subject to change at any time without notice. Past performance is not indicative of future results. The Risk Budget is a tool utilized by the investment team focusing on how much risk to take relative to a benchmark. After evaluating the maximum spread risk we believe to be allocable to a portfolio and current market conditions, we determine how much of that risk to allocate to the portfolio. Risk is defined by the sensitivity of the portfolio to the market. Benchmark: Bloomberg Barclays US Credit Index.

Contribution to Duration



Source: Bloomberg PORT. Sector and duration allocation are subject to change at any time. Quality distribution subject to change. This supplemental information complements the Active Corporate Composite Presentation.

STRATEGY ACTIVITY

Risk levels were held between +1.5 to 1.8 spread beta for most of the quarter. BBB credits that had outperformed were swapped into new issues, laggards, and AAA CLO's. Overall, the portfolio shifted modestly out of cyclicals in favor of going down in credit in non-cyclicals or positioning for front-end carry in AAA CLO's. Portfolio risk remains bottom-up driven to sectors and credits that should perform well in a broad market rally with reasonable downside protection such as Food/Beverage, Communications, Midstream Energy, and Materials. Positioning in commodity sectors, Technology, and Autos remains more cautious.

OUTLOOK

Factor	Outlook	Comments
Economic Growth	Neutral	<ul style="list-style-type: none"> Recent data indicates broad loss of momentum with current expectations for 2Q growth resulting in ~2.3% for first half 2019 Consumer fundamentals appear healthy; business spending trends losing momentum with confidence waning due to events We believe the downside risks to US fundamentals are real (trade/tariffs, global slowdown) Spillover from trade uncertainty a significant factor in weakness; ongoing concerns likely to keep Global PMIs low
Financial Conditions	Neutral	<ul style="list-style-type: none"> Financial conditions have eased primarily due to dovish Central Banks FOMC is likely to cut by 25bps in July, in response to uncertainties, slowdown in global growth, weak inflation Other CBs have delayed normalization (ECB) as growth risks are realized Ultimate path of FOMC cuts, easing or insurance, will depend on evolution of data going forward
Valuations	Neutral	<ul style="list-style-type: none"> IG spreads: 49%; Improving macro environment, stable fundamentals, and strong technicals are reflected in valuations
Interest Rates	Neutral	<ul style="list-style-type: none"> Valuations are currently fair and reflect significant easing of policy; over the medium term, direction should be dictated by inflation and state of the economy – i.e. insurance cuts versus outright easing; curve is likely to steepen further from here

Source: Fort Washington and Bloomberg. This is for informational purposes only and should not be construed as investment advice. Outlook reflects subjective judgments and assumptions subject to change without notice. Unexpected events may occur, there can be no assurance that developments will transpire as forecast. Past performance is not indicative of future results.

COMPOSITE PERFORMANCE DISCLOSURES

	2Q19	YTD	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Active Corporate Fixed Income (Gross)	4.47%	10.63%	-2.36%	7.38%	8.15%	-0.24%	8.44%	-2.69%	9.92%	9.63%	9.85%	20.35%
Active Corporate Fixed Income (Net)	4.36%	10.41%	-2.74%	6.95%	7.71%	-0.63%	8.01%	-3.12%	9.46%	9.14%	9.39%	19.80%
Bloomberg Barclays US Credit Index	4.27%	9.35%	-2.11%	6.18%	5.63%	-0.77%	7.53%	-2.01%	9.39%	8.35%	8.47%	16.04%
Active Corporate Fixed Income 3-Year Annual Standard Deviation ¹	--	--	4.01%	4.13%	4.46%	4.32%	4.33%	4.60%	3.78%	4.57%	--	--
Barclays US Credit Index 3-Year Annual Standard Deviation ¹	--	--	3.52%	3.72%	4.40%	4.06%	3.94%	4.23%	3.64%	4.66%	--	--
Dispersion ²	--	--	--	--	--	--	--	--	--	--	--	--
Number of Accounts	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets (\$ millions)	\$208.1	\$208.1	\$188.1	\$192.0	\$126.6	\$80.8	\$81.1	\$78.5	\$54.9	\$66.3	\$60.5	\$77.5
Composite % of Firm Assets	0.37%	0.37%	0.38%	0.36%	0.28%	0.19%	0.18%	0.18%	0.13%	0.18%	0.17%	0.26%

Composite inception and creation date: 01/01/05. Benchmark returns include interest income, but as an unmanaged fixed income index, it does not include transaction fees (brokerage commissions), and no direct comparison is possible. The index includes domestic, taxable, and dollar-denominated securities and covers the U.S. investment-grade fixed rate corporate bond market. The Barclay's indices were formally known as the Lehman indices prior to 12/31/08. ¹The 3-Year annualized ex-post standard deviation is calculated using monthly returns to measure the average deviations of returns from its mean. ²Dispersion is not calculated for years in which the composite contains five portfolios or less. Dispersion is calculated as the equal weighted standard deviation of quarterly returns for those portfolios held in the composite during the full measurement period. Past performance is not indicative of future results. Please see performance disclosures on the next slide.

In Fort Washington's Active Corporate strategy, our investment grade credit analysis process is centered on a relative value analysis. This is combined with solid fundamental credit analysis and efficient execution to build long-term value. Sector specialists and credit analysts evaluate the sector to determine the optimal mix of securities within that sector. The process is not ratings driven, but focuses on risk premiums, potential for downgrade, and the most effective combination on the risk free rate and credit risk premium. The portfolio is actively traded with the goal of outperforming a credit index. All fee-paying, fully discretionary portfolios, managed in the Active Corporate Fixed Income style with a minimum of \$3 million under our management, are included in this composite. Effective 01/22/14, the Active Corporate Fixed Income strategy fee schedule is 0.30% on the first \$25 million and 0.25% on the next \$25 million and over. The benchmark for this strategy is the Bloomberg Barclays US Credit 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 - 12/31/17. A copy of the verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Policies for valuing portfolios, calculating performance, and preparing compliant presentations 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.

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