Fort Washington Investment Advisors, Inc.
A member of Western & Southern Financial Group

Uncompromised Focus®

FORT WASHINGTON CORE PLUS FIXED INCOME — 1Q2023

MARKET OVERVIEW

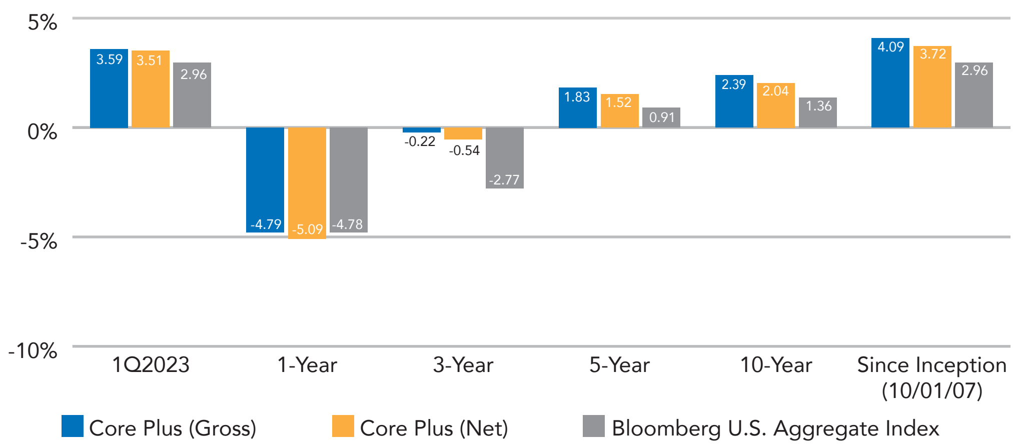
The hallmark of the first quarter was volatility. In January, markets were sanguine about growth, inflation, and future Fed rate hikes. This calm was upended in February by strong economic data, highlighted by a blowout jobs report and firm inflation readings. Interest rates rose sharply and credit spreads widened as markets built in more Fed tightening and increasing concerns over a future recession. In March, the failure of Silicon Valley Bank and Signature Bank, and the forced merger of Credit Suisse and UBS shifted the narrative to strains within the US financial system (especially in regional banks) that could create a negative feedback loop for the broader economy. Interest rates fell sharply and credit spreads widened further as future prospects were reassessed. Policymakers stepped in to limit immediate systemic risk, but the tightening in credit conditions as a result of these events is likely to negatively impact growth over coming quarters. Recession risk is elevated and expectations for the path of the Fed funds rate has fallen sharply to end the quarter.

Amid this volatility and stress in the banking sector, consumer spending thus far has remained resilient. The labor market continued to post healthy job gains and wage growth in the first quarter. Solid consumer income, supplemented by excess savings from pandemic-era programs, supports growth, but there's risk to the downside as the cumulative effect of Fed tightening is felt and banks further constrain credit in the economy.

The outlook for business spending is also challenged. Manufacturing surveys have been consistently weak for the past several months, indicating near-zero growth. The service sector is relatively strong when compared to manufacturing, but overall spending is expected to continue trending lower. Global growth has surprised to the upside, providing somewhat of a positive offset. Europe avoided a recession amid a mild winter and the outlook for China is brighter as they reopen from Covid restrictions. Importantly, inventories are plentiful and supply chains have largely normalized, removing barriers that affected businesses for several quarters. Also, normalizing supply chains result in lower downstream inflation pressures to consumer goods.

In late 2022, inflation readings showed convincing deceleration for both headline and core inflation. Data released in January, combined with revisions to prior data, indicated the deceleration was less impressive than previously thought. Although goods price inflation continued to move lower, sticky components of inflation (including shelter costs) showed little signs of improvement. Also, strength in the labor market heightened concern that inflation that is correlated to wages would remain firm.

Historical Performance
Annualized Returns as of March 31, 2023



Source: Fort Washington Investment Advisors. Past performance is not indicative of future results.

INVESTMENT PROFESSIONALS

Daniel J. Carter, CFA
Managing Director
Senior Portfolio Manager
27 Years Experience

Austin R. Kummer, CFA
Vice President
Senior Portfolio Manager
11 Years Experience

Investment Grade Credit
10 Portfolio Managers & Analysts
Average Industry experience / 2000

Securitized Products
6 Portfolio Managers & Analysts
Average Industry experience / 2002

Emerging Markets
4 Portfolio Managers & Analysts
Average Industry experience / 2003

Leveraged Credit
12 Portfolio Managers & Analysts
Average Industry experience / 2002

After raising rates 25bp at the February FOMC meeting, the Fed also indicated that interest rates may have to rise further than previously thought, prompting Treasury yields to rise sharply.

In March, stress in the banking system caused a reversal of these higher expectations of the Fed funds rate. Ultimately, the path of growth and inflation will drive the Fed. Recession concerns are elevated, and there are encouraging signs that inflation will fall further, supporting a lower path of rates. Goods price inflation is firmly on a downward trajectory. Shelter costs are a key driver of service inflation, and forward-looking data on the rental market indicates a gradual return to pre-Covid trends. As the economy slows further, the cyclical components of inflation will recede. All together, these factors are likely to result in inflation slowing on a trajectory to hit the Fed's target in 2024. In our view, the downside risk of recent events, combined with lower inflation, will continue to put downward pressure on rates in 2023.

Credit spreads across sectors and quality ranges are generally in the 50-60th percentile relative to history after recovering from the peak of banking fears. Credit spreads reflect some uncertainty, but do not indicate significant concern of an imminent or deep recession. If the economy slows more/faster than expected, credit spreads are likely to widen. However, if the downward pressure from credit tightening is less than feared, the current level of spreads is attractive. Weighing these risks, we believe current valuations support a modest overweight to risk in fixed income portfolios.

Sector Analysis (Portfolio Exposure Versus Benchmark)

	Portfolio		Index		Relative	
	MV %	Spread Risk	MV %	Spread Risk	MV %	Spread Risk
US Government	**26.8**	**0.2**	**42.2**	**0.0**	**-15.4**	**+0.2**
TIPS	*2.1*	*0.2*	-	-	*+2.1*	*+0.2*
Investment Grade Credit	**34.8**	**3.1**	**27.1**	**1.7**	**+7.7**	**+1.4**
Basic Industry	*0.9*	*0.1*	*0.6*	*0.0*	*+0.3*	*+0.0*
Capital Goods	*1.8*	*0.1*	*1.3*	*0.1*	*+0.6*	*+0.1*
Communications	*3.0*	*0.3*	*2.0*	*0.2*	*+0.9*	*+0.1*
Consumer Cyclical	*2.1*	*0.2*	*1.6*	*0.1*	*+0.4*	*+0.1*
Consumer Non-Cyclical	*5.4*	*0.4*	*3.7*	*0.2*	*+1.7*	*+0.2*
Energy	*2.2*	*0.2*	*1.7*	*0.1*	*+0.5*	*+0.1*
Financials	*12.2*	*1.0*	*8.1*	*0.5*	*+4.1*	*+0.5*
Other Industrial	-	-	*0.1*	*0.0*	*-0.1*	*-0.0*
Technology	*2.9*	*0.2*	*2.4*	*0.1*	*+0.5*	*+0.0*
Transportation	*0.9*	*0.1*	*0.6*	*0.0*	*+0.3*	*+0.1*
Utility	*3.0*	*0.5*	*2.1*	*0.2*	*+0.9*	*+0.3*
Other	*0.5*	*0.0*	*2.8*	*0.1*	*-2.4*	*-0.0*
Securitized	**30.1**	**1.5**	**29.4**	**0.5**	**+0.7**	**+1.0**
RMBS	*16.8*	*0.7*	*27.2*	*0.4*	*-10.3*	*+0.2*
ABS	*3.8*	*0.2*	*0.4*	*0.0*	*+3.4*	*+0.2*
CLO	*1.1*	*0.1*	-	-	*+1.1*	*+0.1*
CMBS	*8.3*	*0.5*	*1.7*	*0.1*	*+6.5*	*+0.4*
High Yield	**0.7**	**-0.4**	-	-	**+0.7**	**-0.4**
Emerging Markets Debt	**5.9**	**1.2**	**1.4**	**0.1**	**+4.5**	**+1.0**
Preferred Stock	-	-	-	-	-	-
Other	**0.0**	**0.0**	-	-	**+0.0**	**+0.0**
Cash	**1.7**	-	-	-	**+1.7**	-

Source: Bloomberg PORT. Sector Analysis chart is for illustrative purposes only; this illustrates the portfolio's allocation of dollars and risk compared to the benchmark. Information is subject to change at any time without notice. Index is the Bloomberg U.S. Aggregate Bond Index. This should not be considered investment advice or a recommendation of any strategy, product, or particular security. See disclosures for important information about derivatives. This supplemental information complements the Core Plus GIPS Report.

Characteristics

	Core Plus Composite	Bloomberg U.S. Aggregate
Yield to Worst	5.42	4.40
Option Adjusted Spread	142	57
Option Adjusted Duration	6.87	6.33
BBB Equiv Spread Risk	5.64	2.34
Average Quality	Aa3/A1	Aa1/Aa2
Number Issuers	278	1,361

Credit Quality

	Core Plus Composite	Bloomberg U.S. Aggregate
AAA	48%	73%
AA	6%	3%
A	11%	11%
BBB	29%	13%
BB	3%	0%
B	1%	0%
CCC and Below	1%	0%
Not Rated / Other	0%	0%
Cash	2%	0%

PORTFOLIO ACTIVITY

In the quarter, the risk budget target was slightly reduced from 50% to 40%. Changes to portfolios included a small reduction in the allocation to Emerging Markets Debt and Investment Grade corporate bonds, with a corresponding increase in Treasuries. Also, where allowed, the team hedged credit risk by buying protection on index credit derivatives. There was no change to the interest rate positioning of portfolios, which were biased long duration relative to the benchmark in the quarter and generally positioned to benefit from a steeper yield curve.

OUTLOOK

Risk budget: The strategy is targeting a modest overweight to spread risk representing 40% of the risk budget. Although recession risk is elevated, the overweight is supported by credit valuations that are generally fair between the 50-60th percentile relative to history and economic growth that has remained resilient in spite of a number of headwinds.

Looking ahead, risks are focused on the cumulative effects of Fed tightening and recent banking sector stress on growth and inflation. Overall growth has slowed to below-trend pace over recent quarters, but downside risk is elevated as credit availability is tightened. Inflation has declined from the high levels of 2022, but remains well above target. The Fed has aggressively raised rates to combat inflation and continue to indicate restrictive policy until inflation is on a convincing lower trajectory. Credit tightening, slowing growth and tight monetary policy represents the biggest risk to markets. Recession risk has increased, but we still believe a recession will likely be relatively shallow and short-lived. As our view of the economy and monetary policy changes, we will adjust positioning as these risks evolve.

Positioning: Sector positioning reflects our overall positive outlook on valuations, attractive relative value, and opportunities within each sector. Sector allocations were slightly adjusted during the quarter to reflect a lower risk budget target. Primary risk exposures include:

- The strategy remains overweight to Investment Grade Credit (IG), but was reduced slightly during the quarter. Also, within the IG allocation, risk was lowered somewhat early in the quarter as spreads tightened. The team still sees value in non-cyclical sectors such as utilities, healthcare, and food/beverage while selectively adding financials and BBB cyclicals such as technology and paper/packaging.
- Securitized Products remain an overweight exposure relative to the benchmark. High-quality CMBS remains an attractive relative value opportunity to other credit sectors. We continue to favor non-agency exposure and are positioned appropriately with overweight exposure to non-Agency RMBS, ABS, and CMBS.
- The overweight allocation to Emerging Markets Debt (EMD) was reduced slightly during the quarter. Although valuations in the IG portion of the market are relatively expensive, the HY portion of the market offers attractive relative value. EMD HY spreads finished the quarter near the 85th percentile relative to history. Latin America remains the largest regional exposure within the sector.

Rates: We are positioning portfolios with a slight long duration bias through an allocation to long duration TIPS (real yields). We believe that the growth and inflation outlook will continue to bias interest rates lower over the next several months.

MACRO OUTLOOK (AS OF 3/31/2023)

Factor	Outlook	Comments
Economic Growth	Negative	• Recent data indicating at/below trend growth – have not yet seen impact of banking stress • Consumer spending slowest since pandemic but still supported by labor market and excess savings • Business spending subject to further downside risk and housing remains very weak • Recent inflation data showed slight improvement – forward looking indicators remain encouraging • Recession risk is elevated. Soft landing difficult to achieve amid credit tightening and high inflation
Financial Conditions	Negative	• Financial conditions likely to remain tight – bank credit tightening adds downside risk • Volatility in risk assets driven by renewed economic uncertainty and restrictive Fed policy • Lower yields and steeper curves reflect expectations of rate cuts and moderating inflation expectations
Valuations	Credit Neutral	• In our view, credit valuations are fair at current levels. Risks have risen as growth slows and policy path is more uncertain, but resilience of U.S. economy provides support
	Equities: Neutral	• Equities are fair at current levels, but risks to earnings downside remain. 2023 earnings expectations have fallen from +9% to +1%, with risks to further downward revisions
	Rates: Neutral	• Risk/reward has become more balanced, but biased for lower rates. Slowing growth and inflation puts downward pressure on rates. Risks to higher interest rates include sustained higher inflation, modest impact from credit tightening, and a further acceleration in Fed policy.

Risk Budget	
40%	**Summary:** We remain comfortable with a modest allocation to risk assets. The primary risks to markets are the cumulative effects of Fed tightening and recent banking sector stress on growth and inflation. Inflation has declined, but remains well above target. The Fed will continue to indicate tight policy until inflation is on a convincing downward path. Although the U.S. economy has shown resilience, the path to achieving a soft landing is becoming very difficult. In our view, mostly fair valuations support a modest overweight to risk.

COMPOSITE PERFORMANCE DISCLOSURES

	1Q2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Core Plus Fixed Income (Gross)	3.59%	-13.56%	-0.75%	10.31%	11.09%	-0.73%	4.51%	6.62%	1.11%	5.26%	-0.93%
Core Plus Fixed Income (Net)	3.51%	-13.83%	-1.07%	9.97%	10.75%	-1.03%	4.14%	6.21%	0.71%	4.85%	-1.38%
Bloomberg U.S. Aggregate	2.96%	-13.01%	-1.54%	7.51%	8.72%	0.01%	3.54%	2.65%	0.55%	5.97%	-2.03%
Core Plus Fixed Income 3-Year Annual Standard Deviation[1]	--	6.96%	4.59%	4.59%	2.76%	2.80%	2.76%	3.03%	3.06%	2.99%	3.06%
Bloomberg Aggregate 3-Year Annual Standard Deviation[1]	--	5.77%	3.35%	3.36%	2.87%	2.84%	2.78%	2.98%	2.88%	2.63%	2.71%
Dispersion[2]	0.06%	--	--	--	--	--	--	--	--	--	--
Number of Accounts	6	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets ($ millions)	$1,637.7	$1,570.3	$1,918.5	$1,643.3	$1,335.7	$1,163.6	$1,101.6	$607.0	$310.4	$308.9	$293.4
Total Firm Assets ($ millions)	$68,722	$66,365	$73,804	$65,086	$59,174	$49,225	$52,774	$45,656	$42,959	$45,002	$43,671

Composite inception date: 10/01/07 and Composite creation date: 07/01/15. [1]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. [2]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 Core Plus Fixed Income strategy uses explicit measures of value and risk as a guide to investment decisions. Combined with intensive fundamental research, the portfolio management team believes this provides the best opportunity for excess return. The Core Plus Composite includes all fixed income accounts above $50MM with the ability to invest in High Yield (at least 30%) and have the unrestricted ability to invest in Investment Grade Securities across all durations relative to the Bloomberg U.S. Aggregate. Accounts within this composite may also have the ability to hold derivatives. These investments, whether or not traded on an established market, include but are not limited to options, notional principal contracts, futures or forward contracts, VIX futures; and options on futures, forward contracts, or debt obligations. Investments made in derivatives are used in line with the portfolio's risk exposure, allowing for the portfolio to reduce its exposure to an existing position or increase exposure within the portfolio's guidelines. Derivatives involve risks in addition to the risks of underlying securities, including liquidity, interest rate, market, credit, and management. Investing in derivatives could lose more than the amount invested. Effective 10/26/18, the Core Plus Fixed Income fee is 0.35% for the first $50 million, 0.25% on the next $50 million, and 0.20% for amounts in excess of $100 million for separate accounts. The benchmark for this composite is the Bloomberg U.S. Aggregate Bond Index. This benchmark covers the USD-denominated, investment grade, fixed-rate, and taxable areas of the bond market. 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. 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. 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. Fort Washington has been independently verified for the periods 7/1/94 - 12/31/21. 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. 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 Fort Washington Core Plus 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 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 strategy invests in derivatives and securities such as forward foreign currency exchange contracts, futures contracts, options and swap agreements. The strategy invests in derivatives and securities such as forward foreign currency exchange contracts, futures contracts, options and swap agreements. Derivatives can be highly volatile, illiquid and difficult to value, subject to counterparty and leverage risks and there is risk that changes in the value of a derivative held by the strategy will not correlate with the strategy's other investments. The strategy invests in sovereign debt securities which are issued by foreign governments whose respective economies could have an important effect on their ability or willingness to service their debt which could affect the value of the securities.

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