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

FORT WASHINGTON CORE PLUS FIXED INCOME — 2Q2022

MARKET OVERVIEW

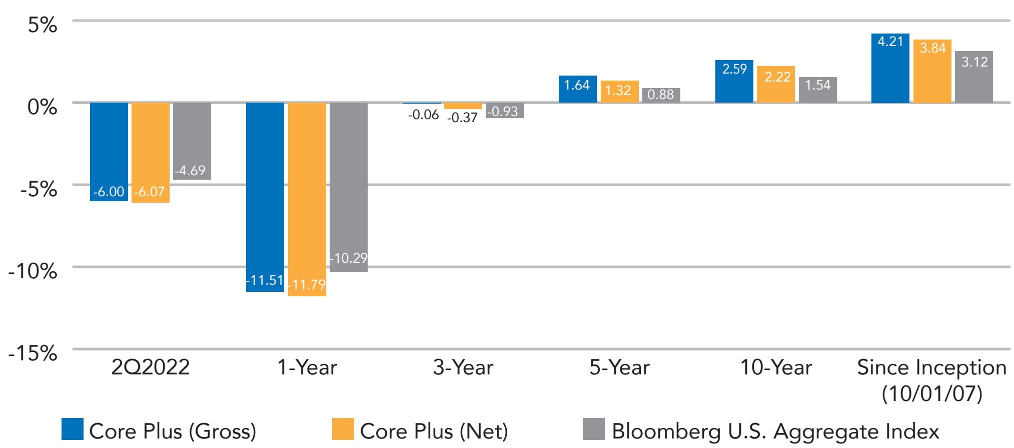
The second quarter of 2022 was characterized by a continuation of several themes from the prior quarter. Bond yields moved higher as inflation remained too high and persistent. This led to the Fed accelerating interest rate increases and drove market expectations for the Fed Funds rate in mid-2023 to 3.50-3.75%. Risk assets underperformed as these expectations fueled concern that the Fed may have to risk causing a recession to control inflation.

U.S. economic growth (GDP) in 1Q was -1.6%, but the details of the data did not indicate broad economic weakness. Inventory and trade were the primary detractors of growth and are unlikely to be repeated in subsequent quarters. Consumer and business demand was solid, indicating a healthy pace of underlying growth. Consumers are in a very good position to weather a drag from Fed tightening, as monthly job gains and incomes remain supportive. Across a broad array of indicators, the labor market is in exceptionally strong condition and consumers are confident in their ability to easily find and/or switch jobs. These robust labor market conditions have led to above average wage growth across the spectrum. This bodes well for consumer income and spending, but the strength has also been a source of unease for policymakers who are focused on the potential impact of inflation. Inflation has dampened the mood of consumers as the prices of many essential items continued to climb in the quarter, leading to concern that spending on discretionary items will suffer as consumers have to spend more of their income on essential items.

Business spending has been a consistently solid contributor to the economy in spite of a number of challenges. Rising costs, delays/availability of input materials, and continued labor shortages have limited growth, but businesses have proven resilient. Moving into the second half of 2022, business spending is subject to downside risks to growth from the ongoing war in Ukraine, China economic slowing, and tighter financial conditions.

Inflation data, and the response from the Fed, remains the primary focus of markets. Inflation reported in 2Q indicated broad-based strength, dampening hopes that inflation would decisively move lower into the second half of the year. This data, along with indications that higher inflation is becoming imbedded in consumer expectations, led the Fed to respond aggressively. A 0.50% increase in May was followed by a 0.75% increase in June. Market expectations are for the Fed to raise interest rates a further 2.00% to nearly 3.50% at year-end. Recent Fed communications have solidified their commitment to reducing inflation closer to the 2% target, even if the ultimate impact induces a recession.

Historical Performance
Annualized Returns as of June 30, 2022



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

As of 12/31/2021, the Fort Washington Full Discretion Fixed Income Composite was renamed Fort Washington Core Plus Fixed Income.

INVESTMENT PROFESSIONALS

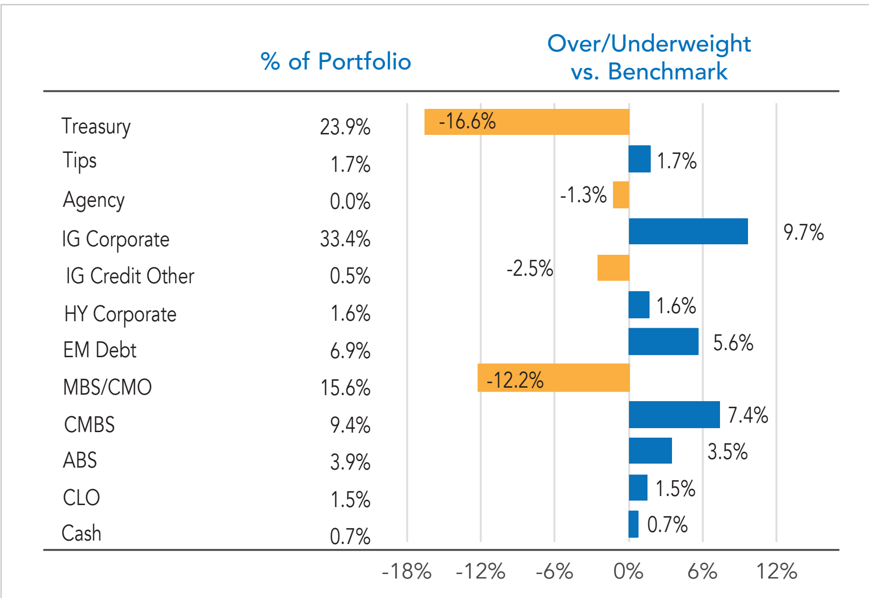
Daniel J. Carter, CFA
Managing Director
Senior Portfolio Manager
26 Years Experience

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

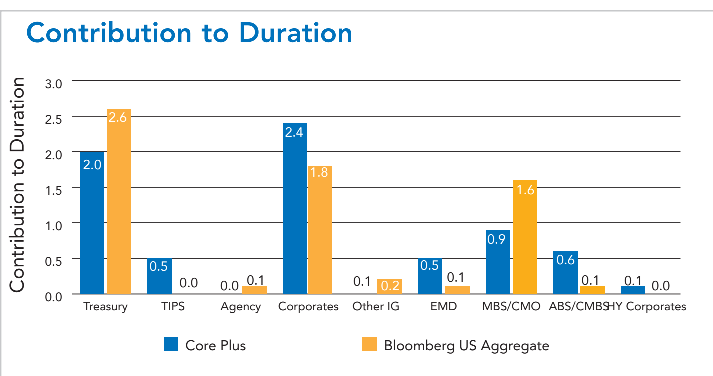
The two lead Portfolio Managers are supported by the dedicated research teams of Global Investment Grade Credit, Securitized Assets, Leveraged Credit, and Emerging Markets, as well as the Chief Investment Officers.

Interest rates increased further in 2Q2022 to reflect persistently higher inflation and more aggressive Fed tightening. The increase was mostly parallel, with both short- and long-term interest rates rising similar amounts. The yield curve remains very flat, with very little difference in the level of yields across the maturity spectrum. Current market expectations are for the Fed to end the tightening cycle in mid-2023 and begin to lower rates later that year. This indicates increasing concern that the sharp rise in the Fed Funds rate will materially restrain economic growth over the next several quarters. Toward the end of 2Q, interest rates declined from the highest levels as economic data softened. If growth continues to moderate and inflation softens over the next several months, interest rates have likely peaked for 2022.

Risk assets underperformed in 2Q2022 amid this increasing concern over Fed tightening and the impact on future growth. Credit spreads across sectors and quality ranges widened, with many sectors ending 2Q at the widest levels of the year. Even with this weakness, however, current spread levels are not indicating significant concern of an imminent recession. The foundation of strong consumers and businesses allow the economy to withstand tighter Fed policy, increasing the chances that a decline in economic activity will be shallow and not result in significant weakness.



Source: Bloomberg PORT. Sector Analysis chart is 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 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
Effective Duration	7.01 yrs	6.44 yrs
Yield to Worst	4.82%	3.72%
Spread	172 bps	55 bps
Average Coupon	3.08%	2.54%
Average Quality	Aa3 / A1	Aa1 / Aa2

PORTFOLIO ACTIVITY

The Fort Washington Core Plus strategy returned -6.07% (net) for the quarter, underperforming the Bloomberg Aggregate Index which returned -4.69%. The largest detractor of returns in the quarter was the strategy's overall risk positioning. Credit spreads widened during the quarter amid concerns over economic growth as the Fed tightened policy. The strategy's overweight to Emerging Markets Debt was the largest negative factor for performance during the quarter. An overweight to Investment Grade Credit was also a negative, as was security selection within that sector.

Interest rate and yield curve positioning was a positive factor for performance. Earlier in the quarter, the strategy was biased to be short duration relative to the benchmark, which was a positive as interest rates rose. Toward the end of 2Q, the strategy was generally biased to be neutral duration relative to the benchmark and benefitted from a number of tactical positions in both duration and yield curve exposures.

There were no material changes to the strategy's sector allocation during the quarter. The percentage allocation to Investment Grade Credit and Securitized increased slightly, adding a modest amount of risk to the strategy as credit spreads widened.

DURATION POSITIONING AND YIELD CURVE EFFECTS

At the end of the second quarter, the strategy was positioned with a longer duration position than the benchmark. This was achieved through a position in 30yr TIPS (real yields). We believed interest rates had fully priced potential moves by the Fed and the level of real yields was attractive from a risk/reward perspective. Throughout the quarter, interest rate positioning was a positive factor for performance. Various tactical positions, both long and short duration relative to the benchmark, benefitted the strategy.

Changes in the yield curve were generally positive for performance during the quarter. The strategy benefitted from positions that gained as the yield curve flattened early in the quarter. Later in the quarter, the strategy was positioned to benefit from a steeper yield curve, which was a positive as the curve steepened as interest rates fell.

OUTLOOK

The strategy is targeting an overweight to spread risk representing 50% of the risk budget. This overweight is supported by 1) our view that the U.S. economy can withstand expected Fed tightening, largely supported by a healthy consumer, with any decline in activity likely to be shallow, and 2) valuations that are generally compelling and above the 60th percentile relative to history.

Risks are squarely focused on the evolution of inflation and the resulting reaction from the Fed. While there are signs that the economy is slowing, inflation data has yet to take a decisive turn lower. The Fed is aggressively raising rates to combat inflation and is unlikely to change posture until they see a string of data that confirms inflation is heading back towards 2%. The effects of tighter monetary policy represent the biggest risk to growth, but we believe the underlying foundation is solid and there is a path to a "soft landing" for growth.

Sector positioning reflects our overall positive outlook on valuations, attractive relative value, and opportunities within each sector. Primary risk exposures and recent changes include:

- During the quarter, the team slightly increased the weighting to Investment Grade Credit as spreads continued to widen amid increasing concerns over Fed tightening and the impact on economic growth. The team has found value in preferred securities and new issues priced with large concessions, and continues to favor positions lower in the capital structure within high quality financials and utilities.
- The strategy's allocation to Securitized Products slightly increased during the quarter via an increase in the RMBS and CMBS sectors. The team views high-quality CMBS as an attractive relative value opportunity to other credit sectors. We continue to favor non-agency exposure within the Securitized sector, and are positioned appropriately with overweight exposure to ABS, CLO, and CMBS.
- The strategy maintains a modest allocation to Emerging Markets Debt. Valuations remain attractive, especially in the High Yield portion of the market. Latin America remains the largest exposure within the sector.
- High Yield widened further during the quarter. The team has not increased the allocation to this sector, but is actively considering it as spreads have widened to reflect potential economic weakness.

We are positioning portfolios with a slight long duration bias. We believe interest rates have fully priced potential moves by the Fed and the level of yields is more attractive from a risk/reward perspective. Economic growth is expected to slow further as the Fed tightens. Provided inflation also moderates, interest rates have likely peaked for 2022.

The strategy is positioned to perform well in a stable/improving environment for risk assets. Currently, we are targeting using 50% of the portfolio risk budget. We believe valuations have adjusted appropriately given the macro environment and potential risks. If conditions improve, the strategy is positioned well to benefit. If volatility continues and economic growth deteriorates further, we will add positions opportunistically if risk assets experience weakness. Additionally, we believe positive security selection can benefit in many different market environments.

MACRO OUTLOOK (AS OF 06/30/2022)

Factor	Outlook	Comments
Economic Growth	Neutral	• US economy is slowing amid tighter financial conditions. • Consumer spending supported by labor market, but high inflation and declining savings add uncertainty • Outlook for business spending somewhat softer in recent data. • Recent Inflation data showed broad price pressures remain broad-based, but inflation has likely peaked. • Recent decline in commodity prices will help to moderate headline inflation in 2H2022 • Fed focused on compelling evidence that inflation is on downward path before changing hawkish stance
Financial Conditions	Neutral	• Financial conditions have tightened amid rising interest rates and weaker risk markets • Volatility in risk assets driven by implications of aggressive Fed tightening. • Treasury yields have risen to reflect new policy path
Valuations	Credit Positive	• Credit valuations are compelling as they have widened to reflect new uncertainties. Resilience of US economy provides support
	Equities: Neutral	• Equities are compelling based on relative valuations and fair on an absolute basis, but risks to earnings downside remain
	Rates: Neutral	• Risk/reward has become more balanced. Risks to lower interest rates from increased concerns over slowing global growth or a slowing in inflation and Fed tightening. Risks to higher interest rates include sustained higher inflation and a further acceleration in Fed policy.

Risk Budget	
50%	**Summary:** We remain comfortable with a modest allocation to risk assets. Growth is slowing as financial conditions tighten. Inflation and tightening monetary policy, as well as risks from a slowdown in Europe and slower China growth represent uncertainties, but the foundation of US economy is solid and can sustain somewhat tighter policy. Valuations have adjusted and to more compelling levels and support current risk levels.

COMPOSITE PERFORMANCE DISCLOSURES

	2Q2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Core Plus Fixed Income (Gross)	-6.00%	-0.76%	10.31%	11.09%	-0.73%	4.51%	6.62%	1.11%	5.26%	-0.93%	6.78%	10.09%
Core Plus Fixed Income (Net)	-6.07%	-1.14%	9.92%	10.71%	-1.08%	4.14%	6.21%	0.71%	4.85%	-1.38%	6.30%	9.60%
Bloomberg U.S. Aggregate	-4.69%	-1.54%	7.51%	8.72%	0.01%	3.54%	2.65%	0.55%	5.97%	-2.03%	4.22%	7.84%
Core Plus Fixed Income 3-Year Annual Standard Deviation[1]	--	4.59%	4.59%	2.76%	2.80%	2.76%	3.03%	3.06%	2.99%	3.06%	2.48%	3.00%
Bloomberg Aggregate 3-Year Annual Standard Deviation[1]	--	3.35%	3.36%	2.87%	2.84%	2.78%	2.98%	2.88%	2.63%	2.71%	2.38%	2.78%
Dispersion[2]	--	--	--	--	–	–	–	–	–	–	–	–
Number of Accounts	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets ($ millions)	$1,616.4	$1,918.5	$1,643.3	$1,335.7	$1,163.6	$1,101.6	$607.0	$310.4	$308.9	$293.4	$297.5	$276.2
Total Firm Assets ($ millions)	$67,112	$73,804	$65,086	$59,174	$49,225	$52,774	$45,656	$42,959	$45,002	$43,671	$42,465	$37,854

Composite inception date: 10/01/07 and Composite creation date: 07/01/15. As of 12/31/2021, the Fort Washington Full Discretion Fixed Income Composite was renamed Fort Washington Core Plus Fixed Income. [1]The 3-Year annualized ex-post standard deviation is calculated using monthly 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 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. Fort Washington has been independently verified for the periods 7/1/94 - 12/31/20. 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.

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