Fort Washington Investment Advisors, Inc.

A member of Western & Southern Financial Group

Uncompromised Focus®

FORT WASHINGTON DIVIDEND EQUITY – 3Q2023

- High level of current income and long-term growth of income
- Approach focused on high quality companies
- Diversification of company, sector, and style

MARKET OVERVIEW

The third quarter of 2023 was another challenging environment for investors as the market began pricing in the effects of rates being higher for longer. While a recession is not off the table, investors are beginning to put more weight behind a soft landing. In addition to higher rates and tight lending standards, there are a few new headwinds for the U.S. economy, such as the resumption of student loan payments, a potential government shutdown, and ongoing geopolitical instability. As a result, we believe risks to the economy remain to the downside, especially relative to consensus market expectations of a soft landing.

The FOMC was unanimous to leave the Fed Funds rate unchanged at the September meeting but left room for an additional hike before the end of the year as they wait for further information on the state of the economy. The U.S. continued to see improvement on inflation as Covid-era fiscal policy and supply chain disruptions from the pandemic wear off. Core goods inflation has stabilized below the 2% target while services has remained elevated. Inflation should continue its larger march downward although it may not be in a straight line as contributors such as gas, airfare, and used cars have the potential to be volatile.

The labor market has been robust during this tightening cycle as the unemployment rate remains near historic lows and jobless claims continue in a low range. While this data shows economic resiliency, it also provides the FOMC a longer leash to keep rates higher for longer. The number of unemployed persons per job openings spiked to about 5 in 2020 but has since decreased to less than 1, indicating a tight labor market. Tighter bank lending continues to weight on consumers and businesses as can be seen in the Senior Loan Officer Opinion Survey approaching levels typically preceding a recession. In conjunction, we have also observed delinquency rates rising on consumer loans.

Policymakers on Capitol Hill narrowly avoided a government shutdown set for October 1. However, the agreement is temporary and it only keeps the government open until November 17th. If it were to occur, a prolonged shutdown may impact the Fed's current stance on another potential hike this year. Estimates are that a shutdown would shave around 10bps of GDP per week. The House also needs to vote on a new Speaker which could add more volatility to this situation.

Most of the larger Covid relief programs (stimulus checks, expanded unemployment benefits, etc.) have already expired, but student loan forgiveness is set to end in October which will affect roughly 28 million borrowers. Economists estimate these loan payments will cost households about $70 billion per year which could detract 0.8% from consumer spending, the largest component of GDP. The current contract dispute between UAW employees and the big 3 automakers also represents a further downside risk to growth, with the ultimate magnitude depending on the length and breadth of the current strike. Inventory levels provide automakers with some relief as output is constrained, but negative effects on growth will increase as strikes continue. These described risks in addition to others, such as geopolitical uncertainties around the globe, pose potential disruptions to the state of the U.S. economy and future inflation.

The equity market generated negative returns during the third quarter with the S&P 500 returning -3.3%. Value and Growth performance was similar during the quarter following the material outperformance of Growth during the first six months of the year. Through the first 3 quarters of the year, the S&P 500 has returned 13.1%, with 7 stocks responsible for 85% of the return. Breadth within the market has deteriorated and is at historically poor levels following the outperformance of a select few names. Dividend stocks have also underperformed as a result of the narrow breadth and growth-oriented style leadership.

Inception Date: 01/01/2016

Total Strategy Assets: $4.0 billion

Total Strategy SRI Assets: $112 million

Total Public Equity Assets: $12.3 billion

Style: Large Cap Equity, Dividend Income

Benchmark: S&P 500

Since Inception Track Record

Top Quartile Performance (Net)
1.3% Outperformance vs Peers (Net)

Risk Profile

Top Quartile Sharpe Ration &
Information Ratio Since Inception

Yield and Growth

3.1% Dividend Yield
11% 3 Year Dividend Growth

Fee Structure

First Quartile Peer Ranking

Experienced Team

Lead PMs Average 24 Years Experience
11 Team Members

PERCENTILE RANKS[2]

	Total Return (Net)	Sharpe Ratio
3Q2023	85	72
1 Year	41	45
3 Years	40	42
5 Years	22	21
Since Inception	21	21

Inception Date: 1/1/2016. Source: Fort Washington and Morningstar. [1]Russell Investment Group is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. [2]Peer ranks are percentile rankings versus the eVestment US Dividend Focus Equity Universe based on Net performance relative to peer group. The Sharpe Ratio is defined as a portfolio's excess return over the risk-free rate (90-day U.S. T-Bill) divided by the portfolio's standard deviation. Sharpe Ratio is calculated using monthly returns. Past performance is not indicative of future results. This supplemental information complements the Dividend Equity GIPS Report.

HISTORICAL PERFORMANCE

Period	Dividend Equity (Gross)	Dividend Equity (Net)	S&P 500	Russell 1000 Value[1]	FTSE High Dividend Yield
3Q2023	-4.48%	-4.56%	-3.27%	-3.16%	-1.91%
1 Year	14.59%	14.25%	21.62%	14.44%	12.48%
3 Years	10.80%	10.42%	10.15%	11.05%	11.91%
5 Years	8.80%	8.37%	9.92%	6.23%	6.89%
Since Inception	10.91%	10.43%	12.08%	8.45%	9.22%

This supplemental information complements the Dividend Equity GIPS Report. Past performance is not indicative of future results.

PERFORMANCE

The Dividend Equity strategy returned -4.56% (net) during the quarter, compared to -3.27% for the S&P 500 and -3.16% for the Russell 1000 Value.

Security selection was the primary driver of relative performance compared to the S&P 500. The dividend orientation of the strategy was only a modest negative factor for the quarter.

Year-to-date, above average dividend paying stocks within the S&P 500 have returned -2.3% compared to 32.0% for below average/ non-dividend paying stocks. This material underperformance of dividend paying stocks has detracted 10.3% from relative performance for the strategy during the year.

Selection within Communication Services, Consumer Staples, and Industrials were the primary drivers of negative security selection during the quarter. Selection within Information Technology and Energy added to performance.

Sector allocation was a neutral factor during the quarter.

The largest individual contributors to relative performance were overweight positions in Phillips 66 (Energy sector), Valero Energy (Energy sector), Comcast (Communication Services sector) and IBM (Information Technology sector). An underweight to Apple (Information Technology sector) also added to relative performance during the quarter.

Phillips 66 and Valero outperformed amid a surge in oil prices, which rose 29% during the quarter, and elevated crack spreads.

Apple lagged the broader market during the period as the company reported in-line results but provided guidance that missed investor expectations. The name continues to be a top performer within the index despite its third quarter underperformance.

The largest detractors from performance were overweight exposures to Dollar General (Consumer Staples sector), RTX Corp (Industrials sector) and Interpublic Groups (Communication Services sector). Underweight exposures to Alphabet (Communication Services sector) and Nvidia (Information Technology sector) were also top detractors for the quarter.

Dollar General was one the largest detractors to relative performance as the stock fell 12% the day after reporting weak second quarter earnings and guidance. The company missed earnings expectations as sales were pressured by a weakening consumer coupled with increasing costs for the discount retailer. Importantly, the company cut its guidance for the second quarter in a row, resulting in a severe re-rating of the stock over the past two quarters.

RTX underperformed in the quarter as it announced a defect in its geared turbofan jet engine that would affect 1,200 engines. This development, though one-time in nature, will be costly for the firm, requiring increased labor and material costs and concessions to airline customers who will be losing access to aircraft for up to eight months. Moreover, the issues with the engine do not build confidence in the relatively new engine program. While the update was disconcerting, the company's other segments performed slightly better than we expected, and the defense segment announced new wins that bolstered the backlog.

Portfolio Characteristics (As of 9/30/2023)

	Portfolio	S&P 500
Dividend Yield	3.1	1.6
Beta	0.9	1.1
EV / EBITDA	10.8	13.5
Weighted Avg. Market Cap	$300B	$631B
Price / Book	2.3	3.4
Price / Earnings	13.6	18.1
5 Year Dividend Growth %	7.7	7.7
ROIC	16	20
% No Moat	6	6
Top 10 % Portfolio	22	
Number of Securities	75	503

Source: Fort Washington. Portfolio characteristics are as of the reported date and are subject to change at any time without notice. Data above includes cash. This supplemental information complements the Dividend Equity GIPS Report.

Sector Allocation

	Portfolio	S&P 500
Communication Services	6.7%	8.9%
Consumer Discretionary	7.2%	10.6%
Consumer Staples	7.8%	6.6%
Energy	6.2%	4.7%
Financials	14.8%	12.8%
Health Care	13.6%	13.4%
Industrials	10.1%	8.3%
Information Technology	22.5%	27.5%
Materials	3.7%	2.5%
Real Estate	2.8%	2.4%
Utilities	3.8%	2.4%
Cash	0.9%	0.0%

Source: Fort Washington. This supplemental information complements the Dividend Equity GIPS Report.

TOP TEN HOLDINGS

Name	% Portfolio	Dividend Yield	5 Year Dividend Growth	Payout Ratio	Moat
Microsoft Corp.	4.40	1.00	10	28	Wide
Apple Inc.	2.20	0.60	7	16	Wide
Stanley Black & Decker Inc.	2.00	3.90	5	55	Narrow
Johnson & Johnson	2.00	3.10	6	56	Wide
Broadcom Inc.	2.00	2.20	21	52	Wide
Cisco Systems Inc.	2.00	2.90	4	48	Wide
Medtronic PLC	2.00	3.50	7	64	Wide
Exxon Mobil	1.90	3.10	3	29	Narrow
Oracle Corp.	1.90	1.50	14	40	Narrow
Comcast Corp.	1.90	2.60	10	32	Wide
Average		2.44	9	42	

Source: Fort Washington, Morningstar, Bloomberg. Portfolio characteristics are as of the reported date and are subject to change at any time without notice. The securities identified do not represent all of the securities purchased, sold, or recommended, and the reader should not assume that investments in securities identified and discussed were or will be profitable. This is not a recommendation with respect to the purchase or sale of any of these securities. This supplemental information complements the Dividend Equity GIPS Report.

PORTFOLIO ACTIVITY

Portfolio activity during the quarter was slightly above average with turnover of 5%. There were three new positions added to the portfolio during the quarter. The Fund initiated positions in Southwest Airlines (Industrials sector), International Flavors & Fragrances (Materials sector), and Charles Schwab (Financials sector).

Southwest Airlines is the largest domestic air carrier in the United States by passengers with over 90% of their routes domestic. The company enjoys a narrow competitive advantage due to its cost advantage stemming from its homogenous fleet and the use of a point-to-point network. Airlines generally earn their cost of capital, but Southwest competitive advantage should allow for excess returns on capital. Importantly, Southwest was trading at replacement value, representing no future growth from current or future investment. Although Southwest had to omit its dividend for several quarters following the global pandemic in 2020, it has since reinstated its dividend with capacity to grow while maintaining a net cash positive balance sheet.

International Flavors & Fragrances is a creator and manufacturer of key ingredients used in food, beverage, scent and healthcare products. The company is the largest specialty ingredients producer globally and arguably has one of the strongest moats within the basic materials sector as the company benefits from supply, demand, and in some cases regulatory barriers. These barriers have enabled the company to generate low double digit returns on capital over time. The opportunity to add the name was the result of several management missteps and macro headwinds that have driven the valuation to compelling levels. The company pays an above average dividend yield and offers meaningful upside at its current price.

Charles Schwab is a savings and loan holding company operating brokerage, wealth management, banking, and asset management businesses. The company has historically generated strong excess returns on capital supported by customer captivity and cost advantages. The company pays an average dividend yield but maintains an industry leading dividend growth rate. The stock became an opportunity for the portfolio following the underperformance of the financials sector as a result of several bank failures during the year.

There were no material sector changes during the quarter beyond modest differences due to market performance. Information Technology remains a slight underweight while Financials and Industrials are the largest overweights.

OUTLOOK

The resilience of the U.S. economy through this unprecedented hiking cycle is surprising to many considering that most economists had been forecasting a recession. The economy has been resilient because the most important part of growth from a GDP perspective is personal consumption, which accounts for about 70% of GDP. Apart from spending that relies on a loan, such as housing or auto purchases, most items people consume are not highly sensitive to interest rates. Rather, overall spending generally depends on personal income that is impacted by the strength of the job market and wages. Due to the extraordinary fiscal measures taken during the pandemic, many Americans also had excess savings in addition to seeing wage growth. However, those savings are being depleted and that is likely to speed up as other pandemic era policies end, such as student debt forgiveness.

We believe the risk of a recession remains elevated, even as recent economic data has been in line with or exceeded expectations. The lagged effects of Fed tightening and more restrictive bank lending standards are important downside risks over the next several months. Despite more restrictive financial conditions and elevated inflation, the resilience of the labor market has supported consumer spending thus far. If continued, an economic downturn is likely to be relatively shallow compared to past recessions. Financial markets have performed well in recent months, resulting in valuations that aren't fully reflecting increased economic risks. In our view the risk to assets is that rates stay above the neutral rate for an extended period which will deteriorate the consumer and businesses that could lead to a deeper recession.

The bottom line is that the U.S. economy has weathered Fed rate hikes much better than expected, but there are two key risks that could cause it to weaken. One is that the cumulative effect of Fed rate hikes could dampen economic activity, particularly in interest rate sensitive sectors. The other is that weakness abroad coupled with renewed dollar strength could hamper U.S. exports. In our view, downside risk to economic growth is more pronounced. Against the backdrop of market expectations are for a soft landing, caution is warranted when constructing portfolios.

We are maintaining a cautious stance but are selectively finding bottom-up opportunities. Valuations have adjusted to more normalized levels and earnings expectations have fallen, but continued slowing in economic growth will weigh on both valuations and earnings. We are prioritizing high barrier to entry companies with high returns on capital and maintaining a defensive posture within portfolios.

Although risks have risen, the long-term economic outlook is still promising. As such, we remain constructive on U.S. equities but acknowledge near-term headwinds exist and valuations have become stretched in certain sectors of the market. As investors seek to avoid the risks of inflation, higher interest rates, and recession, dividend strategies are a compelling option. Dividend strategies have the potential to provide both capital appreciation and a growing stream of income while also providing downside protection through lower volatility during times of distress.

WHAT DIFFERENTIATES ENHANCED DIVIDEND?

Yield and Growth Balance. Dividend Equity balances both yield and growth of income, while most strategies are focused on one or the other, creating inherent biases in the strategy. The portfolio has an above average yield and above average growth of income.

Sector Diversification. Traditional dividend strategies often have large sector biases, such as Utilities, Consumer Staples, Energy, and Financials. Dividend Equity's sector neutrality framework reduces such sector biases.

Style Diversification. Dividend strategies tend to be value oriented. Dividend Equity balances both value and growth, resulting in stable performance in different style driven market environments.

High Quality Bias. The strategy focuses on companies with sustainable competitive advantages that will continue to pay and grow their dividend over time.

Disciplined Approach. Employing a disciplined approach is key to delivering consistent, repeatable results over a full market cycle.

WHY INVEST IN THE STRATEGY TODAY?

Premium Yield. With Treasury yields at all-time lows, investors are in constant search for yield. Dividend Equity strives to provide a yield premium to traditional fixed income and equity markets through a high quality and diversified portfolio.

Growth of Capital and Income. Dividend paying stocks typically provide real (inflation adjusted) growth of capital and income over the long run, compared to limited growth of principal and income in fixed income investments.

Broad Market Exposure. Dividend Equity provides investors with broad equity market exposure through a diversified portfolio by sector, style, and company, reducing risk of material underperformance.

Efficient Risk Profile. Dividend strategies tend to have less risk than the overall market over time, providing investors with a more efficient risk profile.

Favorable Fee Structure. Dividend Equity is focused on net of fees performance and has below average fees compared to peers and other equity strategies.

PORTFOLIO CONSTRUCTION GUIDELINES

Objective	The strategy seeks current income and long-term growth of capital and income by investing in dividend paying, large cap equity securities
Cash	Generally 2% or less
Max Position Size	4% absolute at purchase; 5% absolute at market value; 2% relative at purchase
Sector Weight Limit	Typically +/- 2% of the S&P 500
Holdings	Typically 65 to 90 holdings
Top 10 Holdings (% of portfolio)	Typically 20% to 30% of portfolio
Investments	At least 90% of the portfolio will be invested in S&P 500 securities
Turnover	Typically 10% to 25%
Benchmark	S&P 500 Index

DIVIDEND EQUITY COMPOSITE PERFORMANCE DISCLOSURES

	3Q2023	2022	2021	2020	2019	2018	2017	2016
Dividend Equity (Gross)	-4.48%	-4.90%	26.14%	10.37%	26.53%	-3.22%	19.85%	14.89%
Dividend Equity (Net)	-4.56%	-5.18%	25.64%	9.88%	25.90%	-3.71%	19.26%	14.32%
S&P 500 Index	-3.27%	-18.11%	28.71%	18.40%	31.49%	-4.38%	21.83%	11.96%
Dividend Equity 3-Year Annual Standard Deviation[1]	--	19.61%	16.67%	17.58%	10.98%	10.72%	--	--
SPX Index 3-Year Annual Standard Deviation[1]	--	20.87%	17.17%	18.53%	11.93%	10.80%	--	--
Dispersion[2]	0.16%	0.21%	0.03%	0.41%	--	--	--	--
Number of Accounts	13	10	8	6	≤5	≤5	≤5	≤5
Composite Assets ($ millions)	$3,474.3	$3,915.	$4,822.8	$810.7	$538.6	$322.3	$604.3	$516.3
Total Firm Assets ($ millions	$68,759	$66,365	$73,804	$65,086	$59,174	$49,225	$52,774	$45,656

Composite inception and creation date: 01/01/16. [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. The benchmark for this composite is the Standard & Poor's 500 Index. Past performance is not indicative of future results.

Fort Washington's Dividend Strategy seeks a high level of current income and long-term growth of capital through a diversified portfolio of large cap, dividend paying equity securities. Supported by theory and evidence, the strategy focuses on fourth quintile dividend yielding stocks and employs fundamental input from a deeply experienced equity research team. The result is a portfolio of above-average dividend paying stocks that enjoy competitive advantages and will grow dividends over time, but avoids highest yielding stocks that can lead to unintentional exposures. The portfolio seeks high expected returns from dividend and value premiums through a highly diversified, sector neutrality framework that limits portfolio tracking error versus the broad market. A disciplined and repeatable process allows for a cost efficient portfolio with favorable risk and reward characteristics. All fee-paying, fully discretionary portfolios managed in the Dividend Equity style, with a minimum of $3 million under our management, are included in this composite. Effective 10/26/18, the Dividend Equity fee is 0.50% on the first $25 million, 0.40% on the next $20 million, and 0.20% on additional amounts over $50 million for separate accounts. The benchmark for this composite is the Standard & Poor's 500 Index. The Standard & Poor's 500 Index serves as a performance benchmark for 505 stocks issued by 500 large companies with market capitalizations of at least $6.1 billion. Portfolios in this composite include cash, cash equivalents, investment securities, and dividends. Cash is maintained, within each separately managed account segment, in accordance with our asset allocation ratio. The US dollars 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 under management 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 DISCLOSURE

The Fort Washington Dividend Equity strategy invests in stocks of large-cap companies which may be unable to respond quickly to new competitive challenges. The strategy invests in dividend-paying companies. There is no guarantee that the companies in which the strategy invests will declare dividends in the future or that dividends, if declared, will remain at current levels or increase over time. Securities that pay dividends may be sensitive to changes in interest rates, and as interest rates rise or fall, the prices of such securities may fall. The strategy invests in value stocks which may not appreciate in value as anticipated or may experience a decline in value.

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