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

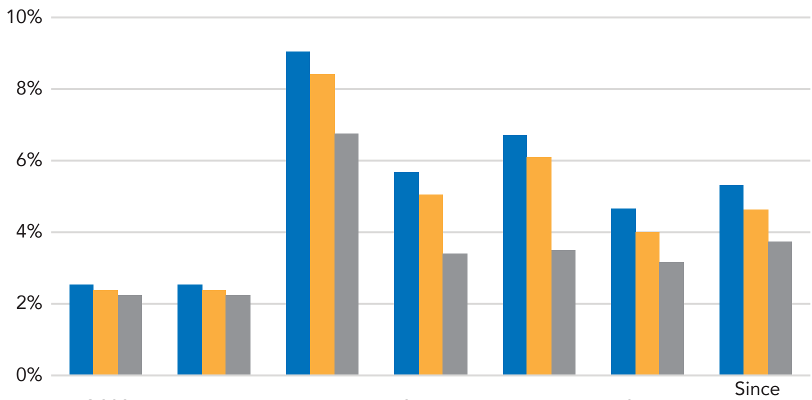
Uncompromised Focus®

FORT WASHINGTON EMERGING MARKETS DEBT — 1Q2025

HIGHLIGHTS

- Our Emerging Markets Debt (EMD) strategy finished the first quarter 30bps ahead of its benchmark on a gross basis (16bps net), returning 2.55% gross (2.40% net) versus 2.24% for the JPM EMBI Global Diversified Index (EMBIGD). This builds on a strong track record with trailing 5-year annualized outperformance, standing at 322bps gross (259bps net) and trailing 10-year outperformance at 151bps gross (84bps net).
- EMBIGD spreads widened by 24bps during the quarter; however, within our EMD strategy, all regions contributed positively to performance except for Latin America, which detracted slightly. By country, the top contributors were our allocation to Belarus and security selection within India and Ghana. The top detractors were our allocation to Ecuador, security selection within Ukraine, and our underweight to China.
- The quarter began with some positive economic data out of the U.S. Initial optimism then began to turn more negative on concerns over technology valuations, followed by the Trump administration raising tariffs on Canada, Mexico, and China, as well as steel and aluminum. One bright spot was Europe, where investors welcomed the prospect of a sizeable fiscal impulse. Following the German election, the incoming coalition sought to remove the debt brake and boost defense and infrastructure spending. This coincided with the EU proposing to alter deficit rules, allowing for more defense spending.
- The reciprocal tariff announcement, or "Liberation Day," shocked global markets on April 2. We are cautious on the path ahead, given policy uncertainty and the negative impact from higher tariffs. We continue to favor a modest allocation to spread risk within our portfolio; however, as the most severe tariff policies could be walked back, we expect some relative winners to emerge from the reshuffling of the global order. The yield on the EMBIGD continues to be attractive by historic standards, finishing March at 7.8%.

Trailing Total Returns (as of March 31, 2025)



	1Q2025	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Emerging Markets Debt (Gross)	2.55	2.55	9.06	5.66	6.71	4.67	5.30
Emerging Markets Debt (Net)	2.40	2.40	8.41	5.04	6.08	4.00	4.61
JPM EMBI Global Diversified	2.24	2.24	6.75	3.41	3.49	3.16	3.72

Inception date: 07/01/2013. Source: Fort Washington Investment Advisors. Past performance is not indicative of future results. This supplemental information complements the Emerging Markets Debt Fixed Income GIPS Report.

INVESTMENT PROFESSIONALS

Daniel J. Carter, CFA
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Senior Credit Analyst
25 Years Experience

PEER GROUP PERFORMANCE

	Percentile Rank[1] (Net)
1Q2025	34
1 Year	19
3 Years	18
5 Years	16
10 Years	13
Since Inception	2

Source: Nasdaq eVestment
[1]Peer ranks are percentile rankings versus the eVestment Global Emerging Markets Fixed Income - Hard Currency Universe based on net performance relative to peer group. Past performance is not indicative of future results.

MARKET OVERVIEW

Global risk sentiment started on firm footing but began to deteriorate throughout the quarter. Two key contributors to growing market pessimism were rising skepticism around AI valuations, which sent technology stocks lower, and the first round of tariffs from the Trump administration, which reignited inflation concerns and dampened growth outlooks. Markets ended the quarter anxiously awaiting the reciprocal tariff announcement, or Liberation Day, scheduled for April 2.

Germany proved a bright spot for markets following the February federal election. The outcome puts the two largest traditional parties in a coalition, with Friedrich Merz slated to become the next chancellor. Investors cheered the prospect of the constitutional debt brake coming off, which would significantly boost defense and infrastructure spending in the EU's largest economy. Additionally, at the EU level, leaders seek to increase defense spending by exempting it from budget constraints. This comes in light of the U.S. shifting its military focus towards Asia. The economic boost from European rearmament was welcomed by investors.

Monetary policy diverged across the major central banks during the quarter. In the U.S., the Federal Reserve (Fed) kept rates unchanged while the European Central Bank continued to cut, and the Bank of Japan hiked its rate.

EMBIGD spreads widened by 24bps during the quarter to finish at 349bps. Most of the move happened in March as uncertainty around tariffs rose. As expected, the High Yield portion of the index underperformed, widening by 38bps, while the Investment Grade portion only widened by 15bps. Index total return remained positive, however, with the 10-year U.S. Treasury yield falling 36bps during the quarter.

Tariffs are the main source of uncertainty heading into the second quarter. At the time of writing, Liberation Day has passed and far exceeded most analyst predictions in terms of scope and severity, targeting both allies and adversaries. In the following days, on-again, and off-again announcements left market participants unsure of what lay ahead. Currently, the intention appears to be to target China with steep tariffs, while establishing a baseline level for most other countries, with separate carveouts for certain goods. The Trump administration has signaled it is willing to negotiate tariffs on a unilateral basis, likely seeking to increase U.S. energy exports and higher burden sharing on defense. Global equity markets initially sold off after Liberation Day but subsequently partially recovered and stabilized after all countries except China were given a 10% tariff for 90 days. U.S. Treasury yields initially rallied on the risk-off move but then moved higher as erratic tariff announcements eroded credibility.

Predicting the tariff path ahead is a futile endeavor in our view. What we can analyze and rely on is a sharp shift in the U.S. towards unorthodox economic policy and a move away from multilateralism. As EM investors, we have seen different versions of this playbook before. Based on actions so far, it is safe to assume that some baseline level of tariffs will prevail on most goods. This should suppress growth and raise the price level in the U.S. The extent of the impact is difficult to ascertain at this time, but it does make us more cautious in our approach ahead.

The Trump administration appears focused on the trade deficit and seems to believe that bringing back manufacturing will unleash an economic boom. This is hardly a novel idea, and many countries that tried import substitution in the 20th century failed for numerous reasons, such as lack of scale, higher costs, and rent-seeking. Given an uncertain economic and policy outlook, coupled with multi-year lead times to design and construct facilities in the U.S., it is also reasonable to expect businesses to take a wait-and-see approach before they commit large sums of capital. This line of thinking also ignores one of the greatest strengths of the U.S. – its capital markets and reserve currency status. To highlight this, according to the Fed, in 2022, foreigners purchased nearly $670 billion of U.S. securities. Mercurial economic policy and an adversarial approach towards allies risks undermining the safe haven status of the U.S. It also complicates the Fed's ability to act promptly.

The Trump administration has made comments that tariffs will inflict more pain on China than the U.S. This is a dangerous outcome for markets if the two sides cannot find common ground. In our view, China has the capacity to endure a protracted trade war with the U.S. Politically, the tariffs are seen as a hostile action and should enhance support for the Chinese Communist Party. Growth in the rest of the world will be hurt as a consequence of the decoupling between the world's two largest economies.

There are numerous implications for emerging economies from tariffs. Global trade is almost surely set to shrink, which will negatively impact growth and investment. Manufacturing countries, as well as commodity exporters, will be impacted. We expect most emerging currencies to depreciate, while some major currencies, such as the Euro, could appreciate relative to the USD.

We also see opportunities as the global order reshuffles. There will be some likely winners, such as Brazil, which could sell more agricultural goods to China. We look for sovereign and corporate credits that could be relatively better positioned to withstand tariffs and a potential growth shock. At this time, we continue to favor a modest overweight to spread risk.

Geopolitics remain another key risk for markets. The fighting in Ukraine has intensified with Russia appearing intent to press ahead to maintain the initiative. In Gaza, the ceasefire between Israel and Hamas broke and combat has resumed in full force. Tensions are rising in Taiwan given tense China-U.S. relations, and with Iran over its nuclear program.

Top 10 Countries by Market Value

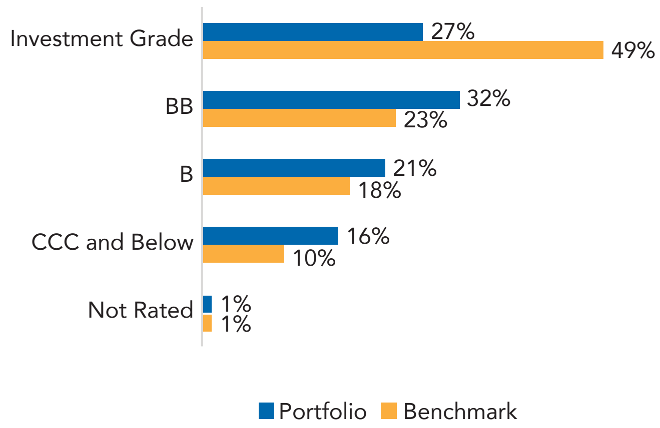
Country	% of Portfolio
Mexico	6.55
Brazil	5.22
Turkey	4.15
Saudi Arabia	4.06
Cash	3.99
Argentina	3.65
India	3.47
Romania	3.22
Paraguay	3.17
Chile	2.93

Portfolio Characteristics

	Emerging Markets Debt	JPM EMBI Global Diversified
Yield to Maturity	8.87%	7.08%
Average Coupon	5.60%	5.40%
Duration	6.74	6.51
Average Life	10.66	10.84
Total # of Countries	63	73
Number of Issuers	110	161
Number of Issues	239	997

Source: Fort Washington and Bloomberg. This supplemental information complements the Emerging Markets Debt Fixed Income GIPS Report. Portfolio characteristics are subject to change at any time. You cannot invest directly in an index. Past performance is not indicative of future results.

Credit Quality



Source: Fort Washington. This supplemental information complements the Emerging Market Debt GIPS Fixed Income Report. Quality distribution is subject to change at any time. The above data is rounded for informational purposes. Benchmark: J.P. Morgan Emerging Market Bond Index Global Diversified. Portfolio characteristics are subject to change at any time.

PORTFOLIO ACTIVITY

Portfolio spread risk remained within our target range from 30% to 40% of maximum budget. While we are cautious on the global growth outlook, we believe a modest risk allocation continues to be warranted given the availability of bottom-up credit opportunities. We raised our cash position to roughly 4.5% by the end of the quarter giving us optionality in volatile markets. Duration positioning finished the quarter slightly overweight relative to the EMBIGD at roughly one quarter of a year. Our preference is to maintain a relatively tight duration stance relative to the benchmark given the uncertainty in growth and inflation outlooks from fluid tariff policy. We brought exposure to the Euro up to roughly 3% of the portfolio during the quarter. This was done via switches from USD to EUR curves in several credits. Our stance is that the EUR stands to strengthen relative to the USD if erratic policy continues to undermine the safe haven status of the U.S.

Trade activity during the quarter was focused on relative value opportunities, new issues, and risk reduction in names with full valuations. Primary market activity was mostly concentrated in corporate credits in countries such as Angola, Kazakhstan, Mexico, Poland, Trinidad, and Tobago. Areas where we added exposure in the secondary market include Ecuador and Sri Lanka. Risk was reduced in areas such as Bahrain, Ethiopia, Kenya, Mozambique, Ukraine, and Asian corporates in countries such as Indonesia and Malaysia.

EMERGING MARKETS DEBT FIXED INCOME COMPOSITE GIPS REPORT

	1Q2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Emerging Markets Debt (Gross)	2.55%	10.89%	14.04%	-17.13%	-0.24%	7.48%	15.33%	-4.18%	11.65%	12.33%	1.55%
Emerging Markets Debt (Net)	2.40%	10.23%	13.37%	-17.61%	-0.83%	6.84%	14.65%	-4.82%	10.83%	11.50%	0.80%
JPM EMBI Global Diversified	2.24%	6.54%	11.09%	-17.78%	-1.80%	5.26%	15.04%	-4.26%	10.26%	10.15%	1.18%
Emerging Markets Debt 3-Year Annual Standard Deviation[1]	–	12.75%	12.74%	16.55%	13.20%	13.17%	5.05%	5.59%	5.43%	6.32%	–
JPM EMBI 3-Year Annual Standard Deviation[2]	–	10.84%	10.70%	13.36%	10.67%	10.73%	4.85%	5.46%	5.04%	5.78%	–
Dispersion[2]	–	–	–	–	–	–	–	–	–	–	–
Number of Accounts	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets ($ Millions)	$300.9	$293.4	$264.6	$231.8	$280.2	$282.0	$262.8	$227.9	$237.8	$213.0	$110.2
Total Firm Assets ($ Millions)	$82,871	$81,286	$74,613	$66,365	$73,804	$65,086	$59,174	$49,225	$52,774	$45,656	$42,959

Composite inception and creation date: 07/01/2013. [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. The benchmark for this composite is the JP Morgan Emerging Markets Bond Index Global Diversified (JPM EMBI Global Diversified). You cannot invest directly in an index. The JPM EMBI Global Diversified Index measures the performance of fixed and floating-rate debt instruments issued by emerging market governments and quasi-sovereign entities. The index tracks U.S. dollar-denominated debt instruments that are liquid. The index accounts for interest payments by incorporating them into the total return calculation. Fort Washington's Emerging Markets Fixed Income strategy seeks to outperform the JP Morgan Emerging Markets Bond Index Global Diversified on a total return basis. The strategy recognizes emerging markets fixed income as a continually evolving asset class as witnessed by the migration and dispersion of credit quality of the benchmark as well as by consistent addition of countries over the years. Therefore, the strategy first employs a forward looking top-down approach drawing on the four analytical pillars of policy, economics, politics, and markets to identify relative value among a truly global opportunity set. Once these opportunities are identified, the fund employs its bottom-up analytical framework to identify the most appropriate securities. All fee-paying, fully discretionary portfolios managed in the Emerging Markets style, with a minimum of $25 million under our management, are included in this composite. The strategy's fee schedule is 0.35% on the first $100 million and 0.30% on additional amounts over $100 million for separate accounts, and 0.40% for the commingled vehicle. Portfolios in this composite include cash, cash equivalents, investment securities, interests 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. 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. Fort Washington has been independently verified for the periods 7/1/94 - 12/31/23. 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 DISCLOSURE

The Fort Washington Emerging Markets Debt strategy invests in fixed-income securities of both domestic and foreign issuers 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. Investing in foreign denominated and/or domiciled securities may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. Investing in the bond market is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk.

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