Fort Washington Investment Advisors, Inc.

A member of Western & Southern Financial Group

Uncompromised Focus®

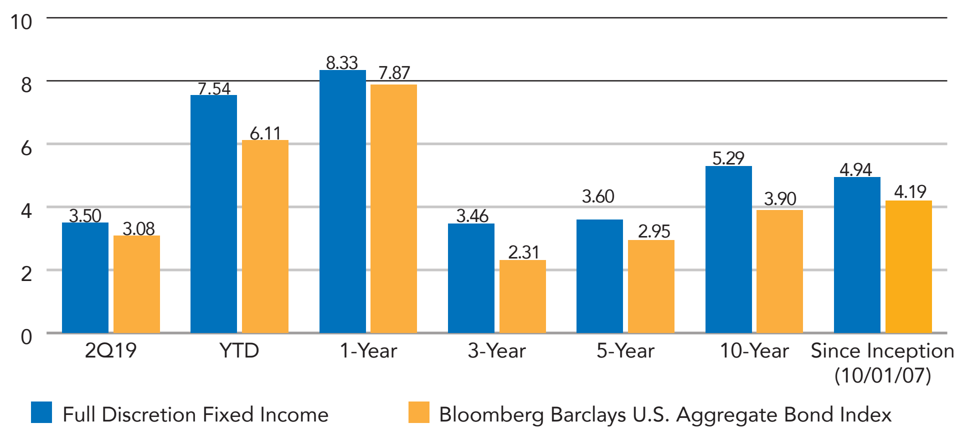
FORT WASHINGTON FULL DISCRETION FIXED INCOME — 2Q19

HIGHLIGHTS

- The Full Discretion Fixed Income strategy returned 3.59% (gross) in the second quarter, outperforming the Bloomberg Barclays U.S. Aggregate Index which returned 3.08%.
- The active management of interest rates contributed to returns, specifically duration positioning and an allocation to TIPS. TIPS performed well on a breakeven rate basis towards the end of the quarter as inflation expectations rose. The strategy was generally positioned neutral duration and curve positioning but made several tactical shifts throughout the quarter. Interest rates fell sharply as broader concerns about a slowdown in global growth caused investors to shift into Treasurys.
- Overweight to IG Credit and Emerging Markets Debt had a positive effect on performance. Coupled with a drop in interest rates, spreads continued to tighten through the second quarter, having a positive impact on the portfolio's overweight to risk to both sectors: 351 to 346 basis points for Emerging Markets credit spreads and 113 to 109 basis points for overall Investment Grade spreads.
- Overweight to risk assets in general had a positive effect on performance due to spread compression, as 10 Year BBB Industrials, tightened from 170 to 156 basis points.
- Security selection within Investment Grade Credit and Securitized Assets was strong. Within IG Credit, higher beta sectors outperformed defensive sectors, while within securitized assets non-agency RMBS and CMBS were top contributors.

Historical Performance

Annualized Net Return as of June 30, 2019



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

INVESTMENT PROFESSIONALS

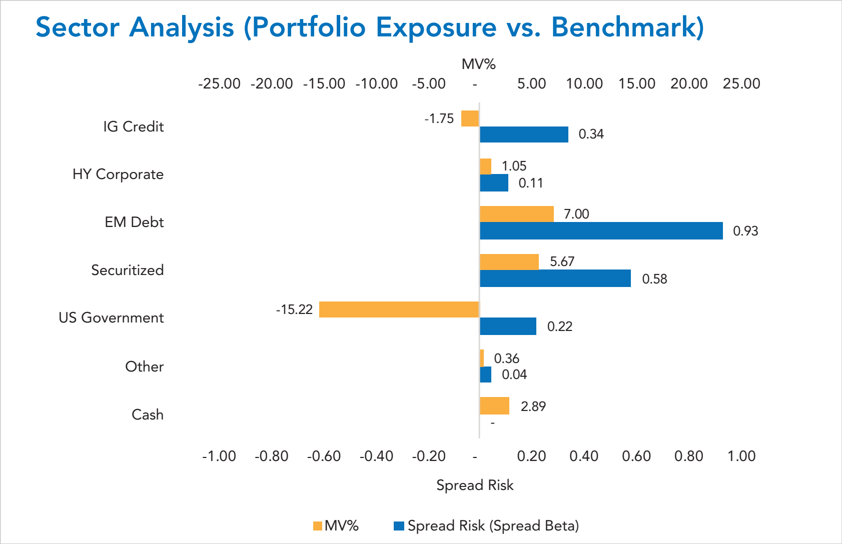
Timothy J. Policinski, CFA
Managing Director
Senior Portfolio Manager
41 Years Experience

Daniel J. Carter, CFA
Vice President
Senior Portfolio Manager
23 Years Experience

Austin R. Kummer, CFA
Assistant Vice President
Portfolio Manager
6 Years Experience

Bradley D. Sikora
Product Specialist – Fixed Income
13 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.



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 Barclays 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 Full Discretion Composite Presentation.

MARKET OVERVIEW

The rally in risk assets in the first quarter continued into the second, but not without volatility and mixed signals coming from equity and bond markets. Downside risks, including the trade war with China, tightening financial conditions, and slowdown in global growth have remained top of mind in the bond market, as investors piled into Treasurys driving interest rates down even further. The yield curve has remained inverted. Yields for 6 month Treasurys posted higher than that of the 10 year Treasury yields, which by the end of the quarter was yielding 2.00%, down from 2.70% at the start of the year. Meanwhile, equity markets seemed much more sanguine to the resolve of these risks and a return to accommodative policy by the Fed, as the S&P 500 approached record highs towards the end of June.

Recognizing a deceleration in growth and less accommodative financial conditions, the Fed continued to cite "patience" when making policy decisions. Meanwhile, markets continued to price in aggressive rate cuts with as many as 4 over the next two years, effectively a reduction of 100 basis points in the Fed Funds Rate. Chairman Powell, in recent testimony to Congress, recognized the validity of the market's call for the Fed to cut rates, citing weak inflation, concerns of stubbornly slow global growth, the possible risks of a spillover into the U.S. economy, and policy uncertainty impacting business confidence and spending. As a result of these remarks, we believe the Fed has committed to a July rate cut of 25 basis points; however, we are uncertain whether the July cut will be "insurance" or the start of a round of easing. We will have to wait for future indicators of whether the economy warrants further actions beyond a preemptive insurance cut.

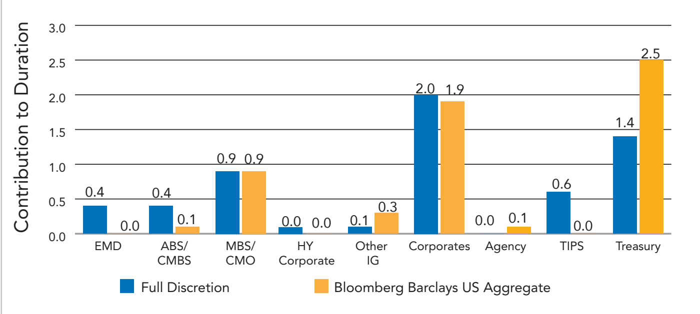
Though growth in the U.S. has shown signs of deceleration, the economy is still growing near trend at 2.0% to 2.5%. This is in contrast to global markets, primarily Europe, where growth is deteriorating at a faster pace than anticipated, becoming a concern for the market. Domestically, with fiscal effects likely to fade over the next several quarters, a strong labor market has become the most important factor for sustaining the current growth rate in the U.S. Wage growth has picked up and it remains solid, yet no concern for corporate margins have emerged through year-over-year readings of Unit Labor Cost. Inflation is well under the Fed's 2.0% target, and we don't expect a material deviation from these levels in the near future. This likely provides further validation for the Fed if the FOMC decides to move forward with a July rate cut.

Valuations continued to rally after posting attractive gains in the first quarter. Equities had a record start to the year and have recently approached record highs again. Investment grade credit has experience historic levels having the best start to a calendar year since 1995, returning 9.4% year-to-date. Credit spreads in general tightened and settled back under historical median levels. Barring a material slowdown in growth, credit spreads should perform well relative to Treasurys from here.

Characteristics

	Full Discretion Composite	Bloomberg Barclays U.S. Aggregate
Effective Duration	5.78 yrs	5.73 yrs
Yield to Worst	3.04%	2.49%
Effective Maturity	9.03 yrs	7.87 yrs
Average Quality	AA3 / A1	AA1 / AA2

Contribution to Duration



PORTFOLIO ACTIVITY

We believe the level of interest rates primarily reflects significant easing, especially in the front end of the curve, and also reflecting the uncertainty surrounding trade policy, global economic outlook, and tighter financial conditions. In the near term, downward pressure on interest rates should continue to persist in a slow global growth and low yield environment, likely with higher volatility. The front end likely to outperform from here given the level of rates amid this backdrop. Over the medium term, the direction of rates should be dictated by inflation and the state of the economy – i.e. insurance cuts versus outright easing. The overarching risks to higher interest rates include higher than expected growth, an acceleration in inflation, or if trade disputes get resolved in a friendly fashion and growth is able to return to trend. In this environment, we are positioning portfolios duration and curve neutral versus the benchmark and view TIPS as somewhat attractive as a long-term risk/reward trade from a breakeven basis.

The strategy continues to have a modest allocation to U.S. dollar denominated Emerging Markets debt as the additional yield the sector offers relative to Investment Grade Credit and High Yield remains attractive.

Certain Securitized sectors offer attractive risk/reward profiles, particularly within the Asset Backed and Non-agency Mortgage Backed Sectors, for higher quality securities. We are also comfortable with the sector given it is closely levered to the health of the consumer, which continues to be strong.

Target Risk Budget ~30%: slightly reduced overall target risk levels. Global growth continues to lose momentum due to increased uncertainties, ultimately impacting domestic business confidence and spending trends as well. However, the U.S. consumer remains healthy which should be supportive of growth. Financial conditions have eased as a result of dovish central banks responding to recent events with the FOMC expected to cut 25bps in July and the market expecting ~100bps of additional cuts over next 2 years. The team will continue to look for opportunities to allocate additional risk if the opportunity presents itself. We remain comfortable with the modest overweight to risk given less-than-modest valuations and our cautiously optimistic view on macro conditions.

OUTLOOK

Factor	Outlook	Comments
Economic Growth	**Neutral**	• 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**	• 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	**IG Credit: Neutral** **HY: Neutral**	• IG spreads: 49%; Improving macro environment, stable fundamentals, and strong technicals are reflected in valuations. • HY spreads: 35%; Low and stable default rates, a dovish Fed and reasonable fundamentals enough to offset concern over headline volatility
	Equities: Slight Positive	• Market is broadly healthy and trading at fair value
	Rates: Neutral	• 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.
Macro Summary	**Position**	
Risk Budget	**30%**	• Current expectations for 2Q growth should result in ~2.3% for first half of 2019. Global growth continues to lose momentum due to increased uncertainties, ultimately impacting domestic business confidence and spending trends as well. However, the US consumer remains healthy which should be supportive of growth. Financial conditions have eased as a result of dovish central banks responding to recent events with the FOMC expected to cut 25bp in July, with market expecting ~100bp cuts over next 2 years. **Recession risk has risen as uncertainty around monetary policy, global growth and trade warrants caution.** Summary: maintain slight overweight to risk assets.

COMPOSITE PERFORMANCE DISCLOSURES

	2Q19	YTD	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Full Discretion Fixed Income (Gross)	3.59%	7.72%	-0.73%	4.51%	6.62%	1.11%	5.26%	-0.93%	6.78%	10.09%	9.54%	15.64%
Full Discretion Fixed Income (Net)	3.50%	7.54%	-1.08%	4.14%	6.20%	0.71%	4.84%	-1.38%	6.30%	9.60%	9.05%	15.11%
Bloomberg Barclays U.S. Aggregate	3.08%	6.11%	0.01%	3.54%	2.65%	0.55%	5.97%	-2.03%	4.22%	7.84%	6.54%	5.93%
Full Discretion Fixed Income 3-Year Annual Standard Deviation[1]	–	–	2.80%	2.76%	3.03%	3.07%	2.99%	3.06%	2.49%	3.00%	–	–
Bloomberg Barclays Aggregate 3-Year Annual Standard Deviation[1]	–	–	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)	$1,227.3	$1,227.3	$1,163.6	$1,101.5	$607.0	$310.4	$308.9	$293.4	$297.5	$276.2	$251.0	$229.0
Composite % of Firm Assets	2.16%	2.16%	2.36%	2.09%	1.33%	0.72%	0.69%	0.67%	0.70%	0.73%	0.69%	0.77%

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 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 Full Discretion 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 Full Discretion 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-Barclays 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 Full Discretion 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 Barclays 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 – 12/31/17. 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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