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

FORT WASHINGTON FLEXIBLE INCOME – 2Q19

- Flexible investment approach with diversified sources of return
- Premium yield with high quality bias
- High conviction security selection with rigorous bottom-up research
- Established platform overseeing $45+ billion in fixed income assets

QUARTERLY HIGHLIGHTS

- Flexible Income returned 3.02% (gross) in the second quarter, compared to the Bloomberg Barclays U.S. Aggregate Index return of 3.08% and median peer group return of 3.02%.[3]
- Total return since inception is 6.17% (gross), compared to the Bloomberg Barclays U.S. Aggregate Index return of 3.65% and median peer group return of 4.71%.[3]
- Performance for the quarter was largely driven by interest rate exposure and an allocation to Investment Grade Credit.
- Treasuries and risk assets rallied in the second quarter, resulting in positive returns for almost all major asset classes. Concerns around trade and slowing global growth were offset by a dovish Fed and market expectations of interest rate cuts.
- The strategy reduced risk in the second quarter by decreasing High Yield, Emerging Markets Debt and Investment Grade Credit allocations while increasing Securitized and U.S. Government.
- The portfolio's largest sector exposure is Investment Grade Credit (24%) followed by Securitized (21%). Non-investment grade exposure was 39% at the end of the quarter and 17% was invested in U.S. Government securities and cash. The portfolio's yield is 4.7% with an average credit quality of BBB.
- We continue to be constructive on the overall economy and find valuations fair for most asset classes. Risks we are watching include trade, slowing global growth, weak inflation and central bank policy. The portfolio is well positioned for the late stage of the cycle with ample liquidity to take advantage of dislocations in the market should they occur.

FAVORABLE ABSOLUTE AND RISK-ADJUSTED PERFORMANCE[1]

	Annualized Return %	Annualized Volatility %	Sharpe Ratio[2]
Flexible Income	**6.17**	**3.35**	**1.30**
Bloomberg Barclays U.S. Aggregate Index	3.65	3.04	0.61
eVestment US Core Plus Fixed Income Median	4.24	2.83	0.86
eVestment US Multi-Sector Fixed Income Median	4.71	3.03	0.94

Source: eVestment Alliance. [1]Since Inception: 7/1/2017. [2]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. [3]Peer rankings versus the eVestment US Multi-Sector Fixed Income Universe based on gross performance relative to peer group. See page 4 for gross and net performance. Past performance is not indicative of future results. This supplemental information complements the Flexible Income Composite Presentation.

Inception Date: 07/01/2017
Total Strategy Assets: $171 million
Total Fixed Income Assets: $45.7 billion
Style: Multi-Sector Bond, Income

Flexibility
70% Non US Aggregate Securities
Max 50% Non-Investment Grade

Premium Yield
4.7% Yield
BBB Average Credit Quality

Diversified Returns
0.39 Core Fixed Income Correlation
1.3 Sharpe Ratio[1]

High Conviction
117 Portfolio Holdings
High Security Selection Alpha

Experienced Team
Lead PMs Average 25 Years Experience
35+ Investment Professionals
Over $45 Billion Fixed Income Assets

TOTAL RETURN

	Flexible Income	Peer Rank[3]
QTD	3.02	46
YTD	8.80	35
1 Year	9.79	11
Since Inception	6.17	3

PORTFOLIO ACTIVITY

Our neutral view on the economy coupled with fair valuations results in the portfolio having a bias to be overweight risk assets.

We made a modest reduction in allocation to High Yield, Emerging Markets Debt, and Investment Grade Credit, and increased our Securitized and U.S. Government allocations. In our opinion, the strong performance of risk assets in the first quarter coupled with increased market risks in the second quarter justified a slight reduction in risk. Our largest sector exposure is in Investment Grade Credit (24%), where we believe the risk/reward is the most favorable amongst risk assets. Non-investment grade exposure is currently 39%, which is well below the 50% target maximum. The portfolio has ample liquidity to take advantage of market opportunities with 17% invested in U.S. Government securities and cash.

Within investment grade credit, we are overweight the intermediate part of the curve with a preference for BBB's that are priced wide to the market with potential for outperformance from both carry and price appreciation. During the second quarter we made several extension trades as we found value in the long end of the curve following a steepening in the yield and credit curve and underperformance of long bonds.

Our High Yield positioning is weighted towards shorter maturity bonds that have a yield premium to the market and a path to refinance. We will look for opportunities to extend duration in the upcoming months as bonds mature/refinance.

Within Securitized, our largest sector exposure is Whole Business ABS where we believe risk is mispriced in the small and niche market opportunity. We added exposure to high quality CLOs in the second quarter when valuations became attractive following underperformance verse the broader market.

Emerging Market Debt is in U.S. Dollar denominated bonds of corporate and sovereign borrowers with limited short term borrowing needs and improving fundamentals. Valuations have adjusted in recent months to be more aligned with U.S. markets.

We continue to like Business Development Companies which provides exposure to middle market loans with significant yield premiums to public markets.

We believe interest rates are fully valued and currently reflect the changing economic outlook and policy response of the Fed. Our current interest rate positioning is less a prediction on interest rates, but more used as a risk mitigation tool as we look to balance interest rate risk and credit risk. Absent a severe inflationary environment, moderate interest rate exposure provides important downside protection should risks materialize and risk assets underperform. Our allocation to TIPS typically provides a hedge against higher interest rates but also allows for outperformance as we believe inflation expectations are too low at current levels.

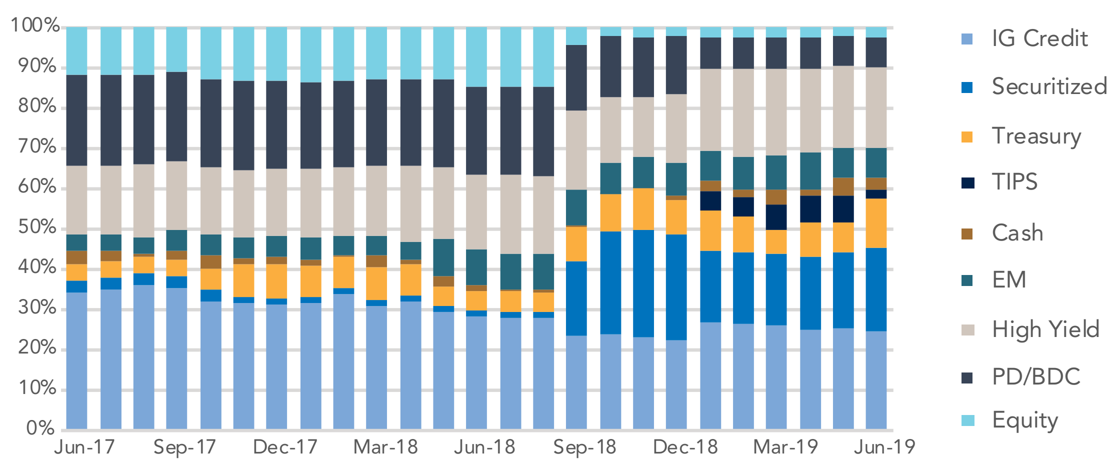
Portfolio Characteristics (As of 6/30/19)	
Weighted Average Yield to Worst	4.7%
Effective Duration (years)	4.4
Weighted Average Maturity (years)	7.3
Number of Securities	117
Average Credit Quality	BBB

Credit Quality (% of Fixed Income)	
AAA	19%
AA	1%
A	6%
BBB	39%
BB	16%
B	17%
CCC and Below	2%
N/A	0%

Sector Allocation	
Investment Grade Corporate	24%
Non-Investment Grade Corporate	20%
U.S. Treasuries	12%
TIPS	2%
Securitized	21%
Preferred Securities	0%
Emerging Markets Debt	8%
Private Debt/BDCs	7%
Public Equity	2%
Cash	3%

Source: Fort Washington and POINT. Past performance is not indicative of future results. Portfolio characteristics subject to change at any time without notice. Supplemental information, see Flexible Income Composite presentation for full performance and disclosures.

FLEXIBLE APPROACH TO SECTOR ALLOCATIONS INCREASES ALPHA AND REDUCES RISK



Source: Fort Washington. Past performance is not indicative of future results. Portfolio characteristics subject to change at any time without notice. Supplemental information, see Flexible Income Composite presentation for full performance and disclosures.

MARKET OVERVIEW

Growth in the U.S. continues to show signs of deceleration, but is still growing near trend at 2.0% to 2.5%. This is in contrast to global markets where growth has deteriorated at a faster pace and has become a significant concern for the market. With fiscal effects fading, a strong labor market has become a key factor for sustaining the current growth rate in the US. Wage growth remains solid but overall labor market is slowly losing momentum. Recent inflation data has disappointed and is at the low end of the recent range of 1.5% to 2.0%, resulting in inflation expectations also being depressed. With slowing global growth and weak inflation data, the market is expecting a policy reaction, and is pricing in roughly 100 basis points of rate cuts over the next two years. Recent commentary from Fed officials has confirmed anticipated policy reaction to these downside risks.

Broad financial conditions tightened significantly in 2018 but have since eased to neutral levels. As the cost of money increases, it poses a serious risk for capital markets; however, at current levels, financial conditions are a neutral factor for growth in 2019 and 2020. The easing in financial conditions is primarily due to lower interest rates, tighter credit spreads and a steady rise in equities over the past 6 months. Global central bank policy has reacted to trade, growth, and inflation concerns and has become more accommodative in recent months, supporting a continued rally in risk assets.

Valuations rebounded during the first 6 months of the year following the sharp sell-off at the end of 2018. Equities had a record start to the year and are approaching record highs seen in 2018. Credit spreads also tightened but are still well wide of cycle tights. Slowing global growth and increased leverage will continue to put pressure on spread assets, making it tough to return to cycle tight levels. Interest rates continue to be volatile and we view interest rates as fair with risks balanced over the near term. As we look forward to the rest of 2019, we find valuations across most sectors fair at current levels.

Uncertainties around global growth, inflation, trade, and global central bank policy are risks that will likely continue to unnerve financial markets and investors during the remainder of 2019. Evolution of data and policy response (monetary and trade) will be key for asset prices going forward. As such, we suggest investors remain cautious, but willing to take risks as opportunities present themselves.

WHAT DIFFERENTIATES FLEXIBLE INCOME?

Premium Yield. Flexible Income has a top quintile yield relative to its peers, and the yield is well above traditional fixed income strategies (typically 2% over the Bloomberg Barclays US Aggregate).[2]

High Conviction Security Selection. Bottom-up security selection in fixed income has proven to be a reliable source of alpha. Flexible Income is a portfolio of 75 – 150 securities, focusing on the best ideas of our investment teams.

Sector Diversification. Non-traditional fixed income strategies often have large concentrations in a single sector, such as high yield or preferred securities. Flexible Income is broadly diversified by sector, resulting in multiple sources of return.

Duration Management. Unconstrained fixed income strategies take large, and sometimes negative, duration positions. Flexible Income uses duration as a risk mitigation tool, and seeks to avoid taking large duration positions due to the difficulty in predicting interest rates.

Quality Bias. Flexible Income has a top quintile yield without taking excessive risks. The average credit quality of the holdings in the strategy is Investment Grade rated, while the average credit quality of most portfolios in the peer group is rated as High Yield.

WHY INVEST IN THE STRATEGY TODAY?

Flexibility. Having the flexibility to react to market dislocations in a timely manner can be a benefit of non-traditional fixed income approaches such as Flexible Income.

Enhanced Return. Multi-Sector bond strategies have outperformed traditional strategies over the past 3, 5, 10, and 15 year periods[2] with only a moderate increase in risk.

Higher Yield. For investors looking for increased yield, Flexible Income, on average, is likely to provide a yield in excess of the Bloomberg Barclays US Aggregate by 2%,[3] higher than most traditional strategies.

Expanded Opportunity Set. Traditional strategies are largely invested in sectors and securities that are represented in common market indices. Flexible Income goes beyond common market indices into areas that may be less trafficked, providing more opportunities for alpha.

Portfolio Diversification. Traditional strategies are often invested in the major index sectors of Investment Grade Corporates, Securitized, and Government Securities. Flexible Income provides dedicated exposure to diversifying fixed income asset classes with low correlation to traditional fixed income strategies.

[2] Source: Morningstar Multisector Bond Universe and Intermediate-Term Bond Universe as of 1/31/2019
[3] Source: Bloomberg, Fort Washington

COMPOSITE PERFORMANCE DISCLOSURES

	2Q19	YTD	2018	2017[1]
Flexible Income (Gross)	3.02%	8.80%	0.49%	3.10%
Flexible Income (Net)	3.01%	8.78%	0.45%	3.08%
Bloomberg Barclays U.S. Aggregate	3.08%	6.11%	0.01%	1.24%
Flexible Income 3-Year Annual Standard Deviation[2]	–	–	–	–
Bloomberg Barclays Aggregate 3-Year Annual Standard Deviation[2]	–	–	–	–
Dispersion[3]	–	–	–	–
Number of Accounts	≤5	≤5	≤5	≤5
Composite Assets ($ millions)	$171.0	$171.0	$57.5	$51.1
Composite % of Firm Assets	0.30%	0.30%	0.12%	0.10%

Composite inception and creation date: 07/01/17. [1]2017 returns are partial-year returns, reflecting the composite inception date of 07/01/17. [2]The 3-Year annualized ex-post standard deviation is calculated using monthly returns to measure the average deviations of returns from its mean. [3]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 quarterly returns for those portfolios held in the composite during the full measurement period. Past performance is not indicative of future results.

The Flexible Income strategy employs a high conviction, yield oriented investment approach coupled with sector diversification and diligent risk management resulting in attractive risk adjusted returns via high levels of income. The primary objective of Flexible Income is to produce a high level of current income with a secondary objective of capital appreciation. The strategy will invest in public fixed income, private fixed income, common stock and derivatives. The strategy will incorporate the best investment ideas available to Fort Washington, exploiting Fort Washington's core competencies of bottom up credit and structure analysis. Risk monitoring, performance measurement, and active management is a key component to achieving attractive risk adjusted returns. All fee-paying, fully discretionary portfolios, managed in the Flexible Income style, with a minimum of $25 million under our management, are included in this composite. Effective 10/26/18, the Flexible Income fee is 0.40% for the first $75 million and 0.35% for amounts in excess of $75 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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