Fort Washington
Investment Advisors, Inc.

A member of Western & Southern Financial Group

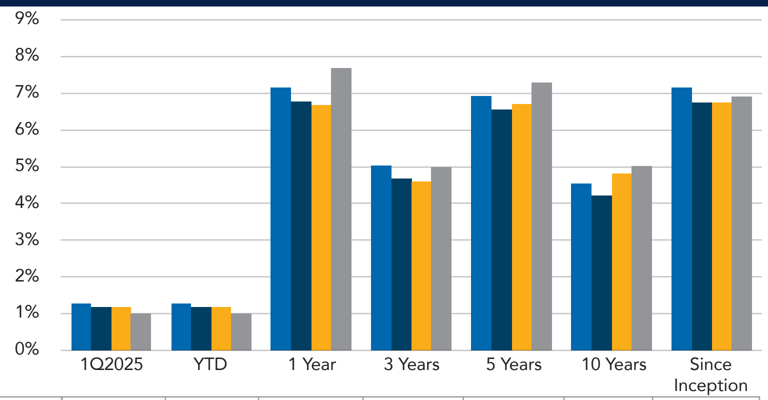
Uncompromised Focus®

FORT WASHINGTON HIGH YIELD FIXED INCOME — 1Q2025

HIGHLIGHTS

- Sentiment shifted sharply in March, from post-election euphoria to increasing concern driven by policy uncertainty and broader global instability. Equities were hit the hardest, wiping out post-election gains and retreating to September 2024 levels, despite healthy payrolls. Notable indicators driving the moves included the Atlanta GDPNow model's drastic decline from +2.32% growth to -2.83% and the CBOE Volatility Index (VIX) increasing by +82.50% intra-quarter. The quarter ended with bonds outperforming equities: US Aggregate Bond Index (+2.78%), S&P 500 (-4.27%), and Nasdaq (-10.26%).
- Our core strategy returned +1.27%/+1.18% on a gross/net basis, or +9bps gross to the index return. Outperformance was balanced between security selection and sector allocation. Security selection was driven by two holdings: a new bond issue from Turning Point Brands (tobacco and related) and H&E Equipment (rental equipment) on news it is to be acquired by Herc Holdings, and the avoidance of holdings in New Fortress Energy, a distressed energy infrastructure company. The generation of positive allocation was nuanced, though to a moderate degree overweights to noncyclicals and underweights to cyclicals tipped the scales. Detractors in allocation were not thematic.
- A growing lack of clarity, combined with rising inflation concerns, created uncertainty around the trajectory of U.S. economic growth, prompting economists to revise their 2025 GDP forecasts lower. While it is worth emphasizing that most evidence of weakness has been reflected in soft data (surveys and sentiment indicators) rather than hard economic metrics like GDP or employment, policy uncertainty and growth fears led to a risk-off tone for financial markets. Treasuries rallied and risk assets underperformed; the S&P 500 briefly entered correction territory and credit spreads widened.

Trailing Total Returns (as of March 31, 2025)



	1Q2025	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
High Yield (Gross)	1.27	1.27	7.15	5.04	6.93	4.54	7.14
High Yield (Net)	1.18	1.18	6.77	4.67	6.55	4.20	6.74
Bloomberg US HY BA/B 2% Issuer Cap	1.18	1.18	6.69	4.58	6.70	4.82	6.76
Bloomberg US Corporate High Yield	1.00	1.00	7.69	4.98	7.29	5.01	6.91

Inception Date: 07/01/1994. Past performance is not indicative of future results. This supplemental information complements the High Yield Fixed Income GIPS Report.

Top Issuer Attribution

	Attr	Rel Wgt
Turning Point Brands	0.05	1.19
H&E Equipment Services	0.05	-0.01
New Fortress Energy	0.05	-0.30
Altice France	0.03	0.53
Textron	0.02	0.77

Bottom Issuer Attribution

	Attr	Rel Wgt
Edison International	-0.06	0.92
Walgreens Boots Alliance	-0.05	-0.37
Cimpress	-0.05	0.66
Michaels	-0.05	0.47
Venture Global	-0.03	-0.16

INVESTMENT PROFESSIONALS

Garrick T. Bauer, CFA
Managing Director, Portfolio Manager, Head of Credit
28 Years Experience

Timothy J. Jossart, CFA
Portfolio Manager
32 Years Experience

Casey A. Basil
Senior Credit Analyst
23 Years Experience

Patrick L. Burleson, CFA
Assistant Portfolio Manager
Senior Credit Analyst
18 Years Experience

Bernard M. Casey, CFA
Portfolio Manager
33 Years Experience

Amy W. Eddy
Senior Credit Analyst
25 Years Experience

Breen T. Murphy, CFA
Portfolio Manager
17 Years Experience

Nicholas G. Trivett, CFA
Senior Credit Analyst
16 Years Experience

Jon P. Westerman, CFA
Portfolio Manager
19 Years Experience

Matthew J. Jackson, CFA
Assistant Portfolio Manager
Senior Leveraged Credit Trader
16 Years Experience

Brooks K. Wilhelm, CFA
Portfolio Manager
Senior Credit Analyst
15 Years Experience

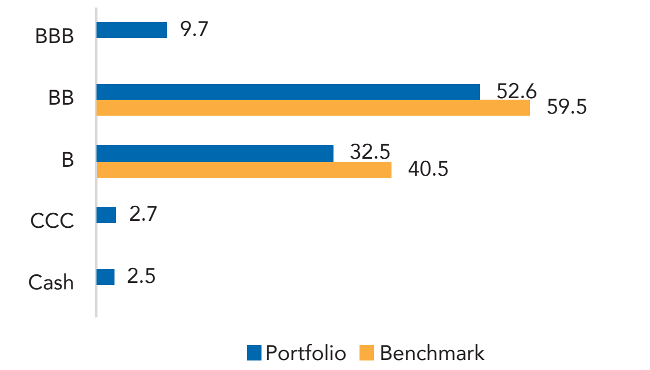
Source: Fort Washington Investment Advisors, an investment advisor registered with the U.S. Securities and Exchange Commission. Past performance is not indicative of future results. Quality and sector distribution as well as portfolio attribution and allocation is subject to change at any time. Fort Washington considers the presentation of attribution as part of the investment management process and not advertised performance.

MARKET OVERVIEW

- Though the new Administration's tariff agenda was well-telegraphed, the initial swings at trading partners were larger (+25%) than expected and directionally surprising, as the hardest punches were delivered unto traditional allies – the European Union, Mexico and Canada. In round one, fees levied on imports from China were lesser (+10%). The consequent ratcheting up of economic uncertainty weighed heavily on the highest risk assets, including CCCs (-0.44%) in High Yield, the Nasdaq (-10.26%) and small caps (Russell 2000, -9.48%). With old trading relationships taking a beating, the U.S. Dollar Index (DXY, -3.9%) sold off, driving unexpected outperformance by emerging market equities (MSCI EM +2.93%).
- A moderate Treasury rally (4.57% down to 4.21%) and late quarter risk-off behavior led to outperformance by BBs (+1.49%) while Bs (+0.74%) and CCCs trailed. The overall result for High Yield was a positive quarter (+1.00%). Contrary to broader market moves, distressed credits drove the performance of leading sectors including Healthcare REITs (+5.53%, Medical Properties Trust), Wireless (4.24%, Altice France) and Pharmaceuticals (+3.36%, Bausch Health). Successful capital structure activity (refinancings and a restructuring) was the key factor. Few sectors provided negative returns; Transportation Services (-3.11%) finished last. Primary detractors here were car rental companies, including Hertz (-16.85%), which may be facing a repeat Chapter 11.
- New issuance underwhelmed as early-year optimism gave way to a wait-and-see approach amid geopolitical and tariff uncertainty. During 1Q25, just $67bln (-22% YoY) priced. Strong refinancing activity (72% of total) helped extend the maturity wall into 2027. Defaults backed off slightly, but remain notably above recent lows. Issuer level bond defaults were 3.53%, but just 2.07% on a par basis. The loan issuer level default rate was a remarkable 7.13% as higher for longer (rates) continues to exact a toll. Looking forward, three of the largest capital structures in leveraged credit (Altice France, Altice USA and Altice International) are controlled by Patrick Drahi, a French-Israeli businessman. Each member of this trio is reported to be at some stage in a debt restructuring process and each is large enough to move the overall default rate. To date, only Altice France has come to terms with lenders. We expect the others to move the default needle later in 2025 or into 2026.

Portfolio Characteristics

	Composite	Benchmark
Quality	BB-	BB-
Coupon	6.16	6.31
Price	97.16	97.45
Duration	3.0	3.12
Yield (Current)	6.39	6.51
Yield to Worst	7.07	6.98
OAS	279	272
Number of Issues	295	1,667
Number of Issuers	200	786



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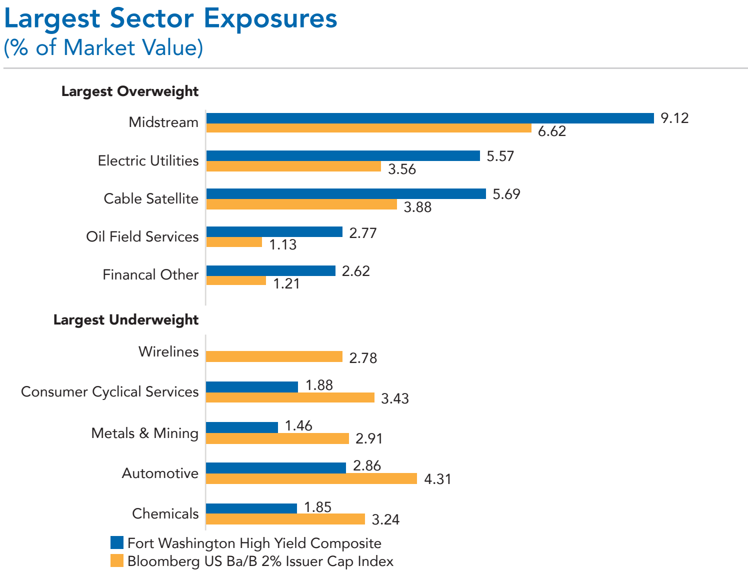
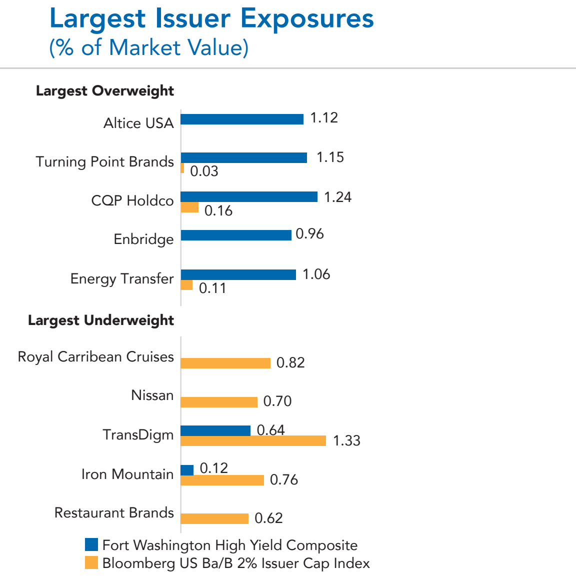
PORTFOLIO ACTIVITY

Politically induced chaos at the start of 2025 bled into risk markets, deflating sentiment and asset prices. For the time being, daily disorder has silenced talk of U.S. exceptionalism, produced a Magnificent 7 bear market and caused unusual weakness in the U.S. dollar. The near-term economic environment has weakened, and the outlook is murky at best. As a result, the upcoming earnings season has the potential to be meaningless, with little to be gained from actual results and companies unable to provide guidance. No surprise that our comfort with the portfolio's historically elevated overall quality has increased. Purchases continued to be balanced between BB and B securities. In part, this positioning has been put in place through the purchase of high-quality, fixed-to-floating rate securities over the past 18 months. In this category, multiple additions to current holdings were executed and several new names added. Energy, at the margin, was trimmed with an emphasis on lower-quality names. Lastly, a handful of credit concerns were pruned from the portfolio.

Relationships with trading partners and between asset classes are damaged, if not broken. On the former, the economic impact of tariffs will not be evidenced by data until May or early June. On the latter, investment models are built on historical asset class correlations. Markets break when correlations are invalidated. Will tariff-induced inflation be one-time or persistent? How damaging will elevated uncertainty be to employment? The Fed could be in quite a pickle. Passing on rate cut opportunities while waiting for clarity could lead Chairman Jerome Powell to be the subject of the next executive order. Like it or not, interesting times.

Treasuries rallied into our Neutral range on Rates, a step back from the previous Slightly Positive opinion. With the economy downshifting, we have lowered our opinion on the economic outlook to Slightly Negative. Overall, this combination was not sufficient to alter the overall outlook, which remains at Neutral.





Source: Fort Washington and PORT. Holding allocations are subject to change. Weights shown are subject to rounding. This supplemental information complements the High Yield Fixed Income GIPS Report. This should not be construed as investment advice or a recommendation of any particular security, strategy, or investment product.

OUTLOOK

Factor	Outlook	Comments
Economy	Slightly Negative ▼	• GDP grew 2.4% in 4Q24, down from 3.1% growth in 3Q24 and down from 3.2% in the year ago period; expectations for 1Q are for growth of 1.1%, revised downward from U.S. tariff impacts. Full year 2025 GDP expectations are now approximately 1.9% but heading lower as economists revise estimates down from reciprocal U.S. tariffs on imports and escalating trade tensions. • Employment has weakened but remains healthy; unemployment (4.1%) has ticked higher yoy, but wage growth remains strong (4%). • Consumer confidence and sentiment declined due to higher inflation expectations from tariff impacts. Core inflation is lower yoy and stable but likely heading higher from tariffs. Business confidence is showing increased caution with most ISM numbers now below 50.
Financial Conditions	Neutral ◀▶	• Financial conditions declined slightly in the quarter with the latest Senior Loan Officer Survey showing 6.2% tightening (up slightly from 0% in 4Q, but down markedly from 51% in July 2023). • After the Federal Reserve (Fed) began its easing cycle in September 2024 with a 50bps cut, it continued easing in 4Q24 with two 25bps cuts in November and December. The Fed held rates steady in 1Q25 and awaits more data on both inflation and employment but cut growth and raised inflation forecasts at their March meeting. Market expectations are currently for four additional cuts of 25bps in 2025. • Credit spreads for BBB Industrials and High Yield were both wider in 1Q; all-in High Yield yield was 24bps wider qoq to 7.73%.
Rates	Neutral ▼	• After a volatile 2H24 in the U.S. 10-year Treasury (UST10) where rates rallied in 3Q24 (-61bps) and then reversed course in 4Q24 (+79bps), yields swung back again and rallied in 1Q25 (-36bps) as the market digested an increasingly uncertain economic outlook on tariff impacts. The Fed continues to see inflation returning to its 2% target and will monitor incoming data on the economy. However, the Fed slashed growth and increased inflation forecasts in the March Summary of Economic Projections. UST10 ended 1Q at 4.21%. • Ten year TIPS breakevens are trading near 2.37%; real yields are +185bps. • U.S. rates remain in line to higher than many other developed market levels, making them attractive in a global context and leading to significant strength in the dollar.
Fundamentals	Neutral ◀▶	• Revenue growth in 4Q for High Yield companies was +1.6% qoq and +2.8% yoy; EBITDA was -0.4% qoq and +6.2% yoy. • HY issuer gross leverage was down slightly qoq to 3.98x and interest coverage increased slightly to 4.74x, ending a streak of 7 quarters in a row with declining interest coverage from higher issuer interest expense. In the Leveraged Loan market, issuers have gross leverage of 4.78x and interest coverage of 3.22x. Bond issuance for the quarter was $67B vs $45B in 4Q24 and $82.6B in 1Q24. • Defaults ended February at 3.53%, down from 3.75% one year ago. Liability management exercises and distressed exchanges continued in 1Q25 but at the lowest rate since 4Q22.
Valuation/ Spreads	Slightly Negative ◀▶	• High Yield spreads widened +60bps and ended the quarter at +347bps (30th percentile). BBs widened +40bp (24th), Bs widened +69bps (24th), and CCCs widened +119bps (37th). • Aggregate yields at December end were 7.73%, wider +24bps with spreads widening more than rates rallying; dollar price was $96.22. • Orderly spread widening in 1Q resulted in BBs outperforming (+1.49%), with CCCs underperforming (-0.17%) and Single-Bs gained (+0.74%).
Outlook & Positioning	Neutral ◀▶	• We are holding our opinion on High Yield to Neutral as we balance tight spreads with attractive yields and steady issuer fundamentals. • Defaults in High Yield have meaningfully come down while defaults for Leveraged Loans are at levels not seen since the Great Financial Crisis. Due to structural changes in credit markets, we anticipate bond defaults to be lower than previous cycles as the quality of High Yield is higher than historic periods; screening well versus Leveraged Loan peers where quality is lower. • Portfolio activity is focused towards maintaining a higher-quality bias while maximizing income as we believe the predominance of return will come through carry. With BB/B spreads within their tightest quartile, we will rely on portfolio construction alongside credit selection to drive outperformance. Purchase activity was balanced between BB and B rated securities during the quarter.

Source: Fort Washington. The above outlook reflects subjective judgments and assumptions; subject to change at any time. Unexpected events may occur and there can be no assurance that developments will transpire as forecast. This is for informational purposes only and should not be construed as investment advice or a recommendation of any particular security, strategy, or investment product. Past performance is not indicative of future results.

HIGH YIELD FIXED INCOME COMPOSITE GIPS REPORT

	1Q2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
High Yield Fixed Income (Gross)	1.27%	7.14%	13.36%	-10.02%	4.97%	4.55%	15.30%	-1.94%	7.75%	12.84%	-3.82%
High Yield Fixed Income (Net)	1.18%	6.77%	12.97%	-10.33%	4.60%	4.19%	14.93%	-2.24%	7.44%	12.52%	-4.09%
Bloomberg US High Yield Ba/B 2% Issuer Capped Index[1]	1.18%	6.77%	12.56%	-10.57%	4.65%	7.67%	15.18%	-1.88%	6.92%	14.09%	-2.72%
High Yield Fixed Income 3-Year Annual Standard Deviation[2]	–	8.77%	8.73%	11.24%	8.96%	9.11%	4.02%	4.01%	5.32%	5.82%	5.59%
Bloomberg US High Yield Ba/B 2% Issuer Capped Index 3-Year Annual Standard Deviation[2]	–	8.30%	8.22%	10.63%	8.47%	8.66%	3.71%	3.87%	4.90%	5.38%	5.06%
Dispersion[3]	0.03%	0.06%	0.12%	0.23%	0.19%	0.62%	0.13%	0.07%	0.24%	0.40%	0.75%
Number of Accounts	7	8	8	9	9	9	10	11	15	18	20
Composite Assets ($ millions)	$1,479.6	$1,719.1	$1,603.6	$1,532.8	$1,746.8	$1,791.3	$1,897.5	$2,085.3	$2,916.2	$3,287.2	$3,474.8
Total Firm Assets ($ 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: 07/01/1994. [1]Effective 04/01/2025, the benchmark was changed retroactively. Prior to 04/01/2025, the benchmark for this composite was the Bloomberg US Corporate High Yield Index. The benchmark change was made to provide a comparison index that is better aligned with the strategy's investment objective. [2]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. [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 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 Bloomberg US High Yield Ba/B 2% Issuer Capped Index. The Bloomberg US High Yield Ba/B 2% Issuer Capped Index measures the performance of the U.S. dollar-denominated, below-investment-grade-corporate debt. It includes Ba/B-rated bonds only, and each issuer is capped at 2% of the total index market value. The index accounts for interest payments by incorporating them into the total return calculation. Fort Washington's High Yield strategy seeks to outperform over a full market cycle (typically 3-5 years) by protecting principal in periods of market decline while providing a stable base of income across all periods. The focus is on the higher-quality credits exhibiting lower default risk and mature sectors that can be expected to weather a full market cycle. All fee-paying fully discretionary portfolios managed in the High Yield Fixed Income style, with a minimum of $20 million under our management, are included in this composite. Effective 01/22/2014, the High Yield Fixed Income fee is 0.50% for the first $100 million and 0.45% on additional amounts over for separate accounts. 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. Prior to 01/01/1997, individual portfolio returns were calculated on a monthly basis using a time-weighted return method. 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 - 12/31/23. 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 High Yield Fixed Income strategy invests in fixed-income securities 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. The High Yield Fixed Income strategy invests in non-investment grade debt securities which are considered speculative with respect to the issuers' ability to make timely payments of interest and principal, may lack liquidity and has had more frequent and larger price changes than other debt securities. The High Yield Fixed Income strategy invests in foreign securities which carry the associated risks of economic and political instability, market liquidity, currency volatility and accounting standards that differ from those of U.S. markets and may offer less protection to investors.

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