Fort Washington Investment Advisors, Inc.

A member of Western & Southern Financial Group

Uncompromised Focus®

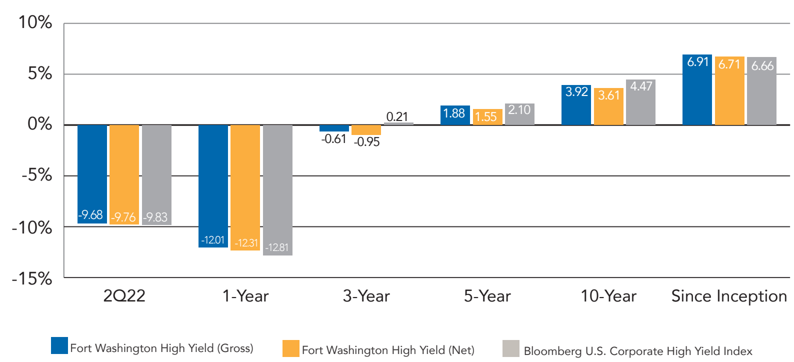
FORT WASHINGTON HIGH YIELD FIXED INCOME — 2Q2022

HIGHLIGHTS

- As challenging as the 1Q22 investment environment felt at the time, 2Q22 was markedly worse. The late March risk asset rally evaporated by early May as economic surprises turned sharply negative and inflation surprised to the upside. This combination led strategists to ponder stagflation probabilities. A mid-quarter risk asset rally was erased in just two weeks as market concerns rapidly shifted from inflation to stagflation to recession. Market action in June was extremely poor with High Yield ending a historically bad quarter down (-9.83%), though ahead of the S&P 500 (-16.10%).
- Our core strategy returned (-9.68%/-9.76%) on a gross/net basis or +15bps gross to the index return. Sector allocation contributed all outperformance. Within allocation, an overweight to the historically defensive Food/Beverage sector was additive, as was an underweight to the hard- hit Pharmaceuticals sector. Security selection detracted from results due in part to a partial retracement of prior outperformance by a restructured Oil Field Services holding. In Electric Utilities, long duration positioning in several holdings hampered performance as did a rebound in the capital structure of an unowned and now bankrupt independent power producer. Solid results from multiple Midstream holdings led to notably positive selection. In addition, a lack of ownership in a distressed Pharmaceutical name, which communicated very poor 2Q22 guidance, provided significantly positive selection.
- From the start of the quarter, relentless selling pressure returned with the only pause being a brief one in mid-May. The investment community increasingly saw the Federal Reserve as being behind the curve; Committee members appeared to agree as the scale of rate hikes moved from 25bps (March) to 50bps (May) to 75bps (June). With the economy beginning to experience the opposite side of the COVID-driven fiscal and monetary stimulus bubble, investors are no longer shrugging off bad news. As a result, multiple High Yield issuers' capital structures plummeted in price and commodities, typical late cycle leaders, also began to sell off.

Historical Performance

Annualized Return as of June 30, 2022



Inception Date: 07/01/1994. Past performance is not indicative of future results.

Top Issuer Attribution	Attr	Rel Wgt	Bottom Issuer Attribution	Attr	Rel Wgt
Endo International	0.09	-0.27	Unit Corp	-0.10	1.17
Community Health Systems	0.07	-0.52	Ford Motor Company	-0.09	-0.27
Genesis Energy LP	0.04	0.67	Davita	-0.06	0.38
Carvana	0.04	-0.27	Altice USA	-0.05	0.44
Bed Bath & Beyond	0.03	-0.05	Sprint	-0.05	-0.62

INVESTMENT PROFESSIONALS

Garrick T. Bauer, CFA
Portfolio Manager
25 Years Experience

Timothy J. Jossart, CFA
Portfolio Manager
29 Years Experience

Casey A. Basil
Senior Credit Analyst
20 Years Experience

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

Bernard M. Casey, CFA
Portfolio Manager
30 Years Experience

Amy W. Eddy
Senior Credit Analyst
22 Years Experience

Breen T. Murphy, CFA
Assistant Portfolio Manager
Senior Credit Analyst
14 Years Experience

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

Jon P. Westerman, CFA
Senior Credit Analyst
17 Years Experience

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

Brooks K. Wilhelm, CFA
Senior Credit Analyst
12 Years Experience

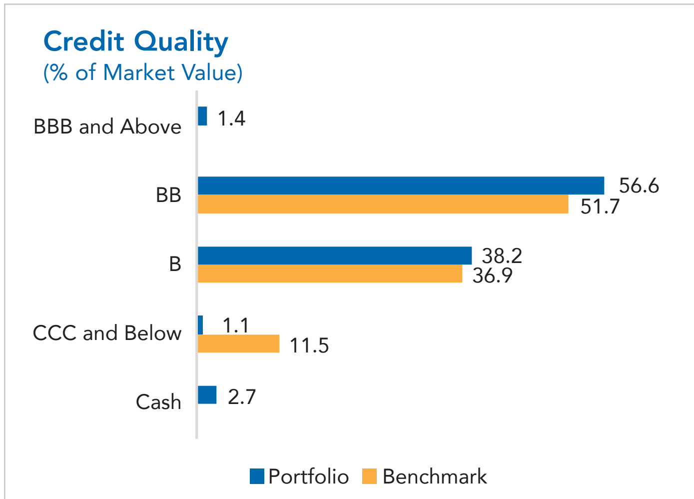
Source: Fort Washington Investment Advisors. Past performance is not indicative of future results. Quality and sector distribution as well as portfolio attribution and allocation is subject to change at any time.

MARKET OVERVIEW

- Attention turned from inflation-driven rates shocks to recession forecasts in 2Q22. Economists and market strategists began to ratchet up recession probabilities. Within risk asset markets, low quality issuers (CCCs) lagged after late April and commodities, which generated robust relative and nominal returns early in the year, fell broadly in spite of a lack of relief from the war in Ukraine. The vast majority of securities markets printed negative returns and the S&P 500 joined its domestic peers in bear market territory; (-24%) at the June low. Though inflation data surprised to the upside and the Federal Reserve was increasingly aggressive in communications and with rate hikes, U.S. Treasuries (-3.78%) were one of the better performers. Interestingly, EM equity (-11.45%) outperformed major U.S. equity markets.
- In a reversal from early 2022 performance, BBs led High Yield (-8.43%). Both Bs (-10.76%) and CCCs (-13.05%) were down double digits. The shift towards higher quality began in late April as talk of recession surfaced; BBs outperformed CCCs by +538bps after April 22nd. In contrast, the YTD period through that date saw BBs trail CCCs by +262bps. Regarding sector performance, it seems appropriate to start with the worst first. Pharmaceuticals (-19.54%) were driven lower by disappointing earnings at the dominant constituent and its management's determination to spin out relatively strong divisions; this combination cratered the company's debt and equity. Retailers (-13.58%) were next to last as ballooning inventory levels and weakening consumer demand hit the sector hard. No sectors generated positive results; Food/Beverage was the best-performing sector of note (-6.51%) as the majority of constituents in this defensive sector outperformed the overall index.
- High Yield flows were mixed, though negative in total; AUM is (-9.6%) YTD. In early May, leveraged loans turned decisively to outflows, but are the only fixed income class with positive flows in 2022. Gross new issuance for High Yield was down dramatically (-82%) year over year and June saw significant concessions required of lower quality issuers. Default and distressed debt exchange activity has been subdued, though combined 1H22 dollar volume was nearly double that seen for all of 2021.A wide range of economic data turned lower last quarter. Though the unemployment rate has stabilized at a low level (3.6%), unemployment claims have consistently edged higher since bottoming at a multi-decade nominal low in March. Multiple measures of business confidence and sentiment are approaching or have reached recessionary levels as has inflation-impacted consumer sentiment regardless of the level of household income. Global PMI is retreating in the face of a global central bank rate hike cycle which was initiated in early 2021. In Germany, ZEW's measure of expectations of economic growth is now on par with the levels reached in 1992, 2008 and 2020. The ECB may have a more challenging path forward than the Federal Reserve.

Statistics

	Composite	Benchmark
Quality	BB-	B+
Coupon	5.12	5.74
Price	83.49	87.32
Duration	4.51	4.27
Yield to Worst	8.01	8.92
OAS	481	553
Number of Issues	327	2099
Number of Issuers	219	947



Source: Fort Washington Investment Advisors. 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.

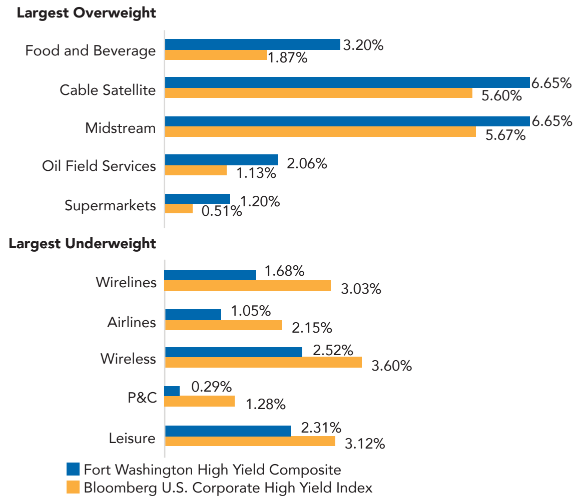
PORTFOLIO ACTIVITY

In rapid fashion, markets have shifted from exuberance and rich valuations at the end of 2021 – through inflation-driven shocks – to behavior indicative of recession concerns. To its credit, the Federal Reserve, which clearly misjudged inflation pressures, has quickly pivoted to an aggressive rate-hiking stance. Combining these factors with the reversal of stimulus globally, ex-China, has led to bear markets around the world and across asset classes. As it relates to High Yield, our asset class began 2022 in the tightest spread decile, but has since sold off to the 70th in just six months. With fundamental headwinds strengthening, we maintained our under-risked positioning. In addition, exposures to cyclical sectors including Airlines, Autos and Energy were reduced. An underweight to Gaming was narrowed through the purchase of a Macau casino operator as progress has been made on regulatory issues and authorities reduced quarantine restrictions. Purchase activity was tilted towards BBs.

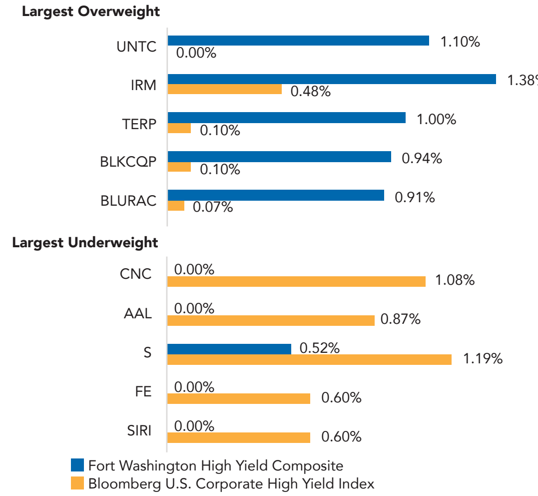
Though valuations have corrected to a great degree, High Yield has at no time yet priced in a recession. In fact, spreads even ex-Energy topped out at wider levels in 2015-2016, a non-recessionary period. Risks which may not have already been discounted include a likely shift downwards in earnings expectations for both 2022 and 2023. In Europe, Germany's primary source of natural gas from Russia, the Nordstream 1 pipeline, is currently fully offline for scheduled maintenance. A full restart in late July is not a certainty. Also, the Eurozone's weakest members, Italy in particular, have seen their government rates widen out notably in relation to German bonds.

As with the Federal Reserve, risk asset markets have moved significantly away from prior levels as slowing economic growth and the consequent pressure on earnings are increasingly anticipated. High Yield spreads have logically moved dramatically wider in this environment. This has led us to raise our opinion on Valuation/Spreads to Slightly Positive. The portfolio is currently under-risked, but in the face of continued weakness we expect to selectively add credit risk at the margin. With valuations having materially corrected, we revert to our historical emphasis on valuation and, as a result, raise our overall opinion on the asset class to Slightly Positive.

Largest Sector Exposures
(% of Market Value)



Largest Issuer Exposures
(% of Market Value)



Source: Fort Washington and PORT. Holding allocations are subject to change. Weights shown are subject to rounding. This supplemental information complements the High Yield Composite Presentation. 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 unexpectedly declined by -1.6% in 1Q22, driven by trade and inventory adjustments. Full year GDP continues to be revised downward with the sharp deceleration in growth and is now forecast to be 2.40% for 2022 (down from 3.9%). • Employment remains strong with strong payroll numbers, low unemployment (3.6%) and strong wage growth (5-6%). • Consumer confidence and sentiment have fallen precipitously on inflation concerns; Business confidence has also declined and the ISM New Orders Index recently fell below 50.
Financial Conditions	Slightly Negative ▼	• Financial conditions have meaningfully contracted with the rise in interest rates and widening of credit spreads. • The Fed increased rates by a surprising 75bps at its June meeting and with recent inflation data, the market is pricing in a 75-100bp increase in July. Expectations are for Fed Funds to end the year at 3.5% before cutting rates by 75bps in 2023. • Credit spreads for BBB Industrials and High Yield widened on the quarter; all-in High Yield yields continue to climb to 8.89%.
Rates	Neutral ◀ ▶	• The U.S. 10 year Treasury moved upward in the quarter to a high of 3.47% before retreating to end the quarter at 3.01%. • Ten year TIPS breakevens are trading near 2.34% (down from 2.83% last quarter) implying that real yields are +113bps. • U.S. rates remain higher than many other developed market levels; making them attractive in a global context and leading to significant strength in the dollar.
Fundamentals	Neutral ▼	• Declining consumer sentiment, business spending, and housing markets have led to material downward revisions in GDP; these factors are being offset by a resilient job market. • Bond issuance for the quarter was muted with $24B in 2Q22 vs $43B in 1Q22 and $136B in 2Q21. New issue pace is running 76% below 2021 levels; however, issuers had previously taken advantage of market rates and liquidity to term out maturities. • Defaults ended June at 1.3%; up from 1.0% in 1Q22. We expect default rates to increase over the next several quarters as financial conditions tighten and the economy slows.
Valuation/ Spreads	Slightly Positive ▲	• High Yield spreads widened +244bps and ended the quarter at +569bps; 70th percentile (up from 19th). BBs widened +172bps, Bs +289bps, and CCCs +418bps. All ratings categories are between their 75th and 80th percentile. • Aggregate yields at June end were 8.89%; up meaningfully from 6.01% at March 31 and 4.21% at 2021 year end. This was due to the increase in Treasury rates as well as the widening in spreads. • Every sector posted negative returns for the quarter; liquid high yield also underperformed in the broad selloff.
Outlook & Positioning	Slightly Positive ▲	• Spread levels for BB/B securities have widened from their tightest quartile to their widest quartile. With spreads at their current levels and an average dollar price of $85-88, we are upgrading our outlook to Slightly Positive. Concerns over the level of tightening expected to calm inflation and a larger global economic slowdown keep us cautious; however we expect this default cycle to be less severe than previous cycles and believe that valuations at current levels are attractive in a longer term context. • Purchase and sale activity is being balanced between BBs and Bs with a preference for less cyclical exposure. We will look to maintain spread risk at current levels but firmly believe that our next move will be to selectively add credit risk to the portfolio on continued weakness.

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. Fort Washington rankings of Bloomberg U.S. Corporate HY Index statistics for quarter, against Index history.

COMPOSITE PERFORMANCE DISCLOSURES

	2Q2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
High Yield Fixed Income (Gross)	-9.68%	4.97%	4.55%	15.30%	-1.94%	7.75%	12.84%	-3.82%	2.50%	6.26%	14.08%	6.63%
High Yield Fixed Income (Net)	-9.76%	4.60%	4.19%	14.93%	-2.24%	7.44%	12.52%	-4.09%	2.23%	6.01%	13.83%	6.38%
ML-Bloomberg Linked Benchmark[1]	-9.83%	5.28%	7.11%	14.32%	-2.08%	7.50%	17.13%	-4.55%	2.45%	7.39%	15.44%	4.51%
High Yield Fixed Income 3-Year Annual Standard Deviation[2]	--	8.96%	9.11%	4.02%	4.01%	5.32%	5.82%	5.59%	4.53%	5.75%	5.89%	9.02%
ML-Bloomberg Linked 3-Year Annual Standard Deviation[2]	--	9.00%	9.24%	4.02%	4.62%	5.59%	6.01%	5.27%	4.42%	6.33%	6.93%	10.77%
Dispersion[3]	0.11%	0.19%	0.62%	0.13%	0.07%	0.24%	0.40%	0.75%	0.15%	0.35%	0.56%	0.36%
Number of Accounts	9	9	9	10	11	15	18	20	21	17	21	19
Composite Assets ($ Millions)	$1,490.9	$1,746.8	$1,791.3	$1,897.5	$2,085.3	$2,916.2	$3,287.2	$3,474.8	$3,868.0	$4,057.0	$4,285.5	$3,063.4
Total Firm Assets ($ millions)	$67,112	$73,804	$65,086	$59,174	$49,225	$52,774	$45,656	$42,959	$45,002	$43,671	$42,465	$37,854

Composite inception and creation date: 07/01/94. [1]Effective 01/01/16, the benchmark for this composite is the Bloomberg U.S. Corporate High Yield Index. Prior to 01/01/16, the benchmark for this composite was the Merrill Lynch U. S. Cash Pay High Yield. Given the strong similarity between the benchmarks, the change was made to enhance portfolio analysis capabilities. [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 returns for those portfolios held in the composite during the entire period. Past performance is not indicative of future results.

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 01/22/14, the High Yield Fixed Income fee is 0.50% for the first $100 million and 0.45% on the balance for separate accounts. The benchmark for this composite is the Bloomberg Barclays U.S. Corporate High Yield Index. 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 01/01/97, individual portfolio returns were calculated on a monthly basis using a time-weighted return method. 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 - 12/31/20. 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.

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