Fort Washington Investment Advisors, Inc.

A member of Western & Southern Financial Group

Uncompromised Focus®

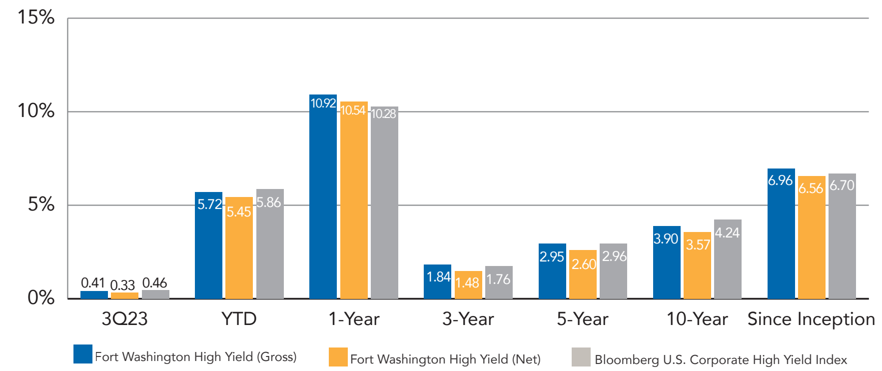
FORT WASHINGTON HIGH YIELD FIXED INCOME — 3Q2023

HIGHLIGHTS

- Initial market optimism displayed in July faded throughout August and September as the impact of positive real rates (+2.24%), higher oil prices, and stretched valuations weighed on sentiment. Quarter performance highlights include commodities (+4.54%), notably oil (+32.23%), outpacing equity markets with the Russell 2000 (-5.13%), Nasdaq (-3.94%), and S&P 500 (-3.27%) revisiting June levels. Exclusive of the last two weeks in September, low volatility reigned. Outliers included oil, boosted by the extension of oil production cuts out of Saudi Arabia and Russia, and the continuation of a U.S. Treasury market selloff, which began in May 2023.
- Our core strategy returned (0.41%/0.33%) on a gross/net basis or (-5bps) gross to the index return. Security selection was a moderate detractor, partially offset by sector allocation. Selection laggards included holdings in Chemicals and Diversified Manufacturing, sectors driven by low-quality constituents. Our up-in quality philosophy severely impacted relative performance as CCC-rated issuers led by a wide margin. Emphasizing this price action is the fact that the portfolio's leading contributor was largely CCC-rated Altice USA, while the most impactful detractors were primarily solid BBs including BB+ rated South Jersey Industries. Allocation was led by multiple sectors including Finance and Independent Energy with no themes evident.
- Low volatility and a lack of market-moving news encouraged risk taking in the prior quarter. Even calmer waters in 3Q23, however, saw risk assets fade under the weight of a determined Federal Reserve, the consequent rise in rates, a material oil price rally and elevated valuations. Remarkably, low-quality credits continued their exceptional performance over BB/B issuers. In fact, CCC and below-rated issues (+12.25% YTD) have nearly kept pace with the S&P 500 (13.07%) on the year. Yet, CCC-rated issuers have been unwilling or, more likely, unable to issue.

Historical Performance

Annualized Return as of September 30, 2023



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

Top Issuer Attribution	Attr	Rel Wgt	Bottom Issuer Attribution	Attr	Rel Wgt
Altice USA	0.06	0.06	South Jersey Industries	-0.06	0.77
Crescent Energy	0.04	0.51	Dish Network	-0.04	-0.34
WEC Energy	0.03	0.37	Sunnova Energy	-0.03	0.62
Cimpress	0.03	0.67	Stagwell	-0.03	0.66
Precision Drilling	0.03	0.60	Lifepoint Health	-0.03	0.00

INVESTMENT PROFESSIONALS

Garrick T. Bauer, CFA
Portfolio Manager
26 Years Experience

Timothy J. Jossart, CFA
Portfolio Manager
30 Years Experience

Casey A. Basil
Senior Credit Analyst
21 Years Experience

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

Bernard M. Casey, CFA
Portfolio Manager
31 Years Experience

Amy W. Eddy
Senior Credit Analyst
23 Years Experience

Breen T. Murphy, CFA
Portfolio Manager
15 Years Experience

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

Jon P. Westerman, CFA
Portfolio Manager
18 Years Experience

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

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

Satya N. Ghanta
Credit Analyst
7 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.

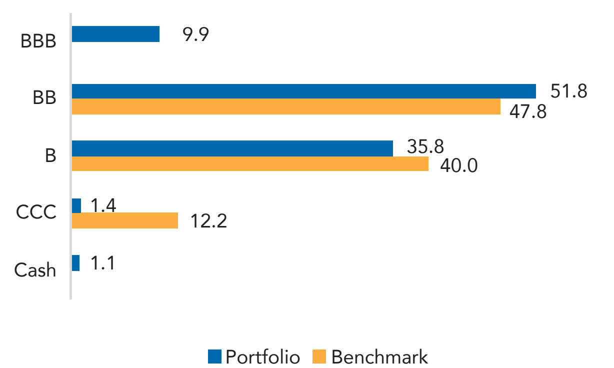
MARKET OVERVIEW

- With few exceptions, markets had the look of exhaustion as the quarter went on, unable to fight the headwinds of higher rates and unappealing levels. Though pausing in September, Chairman Powell and other Federal Reserve members repeatedly emphasized their desire to finish the job as it pertains to inflation. In recognition of this determination, the start of forecasted rate cuts has steadily been pushed out from late 2023 into mid/late 2024. The combination of consistent upside to economic forecasts and higher rates led to outperformance by low-quality credit (U.S. CCC and below and European High Yield, +1.78%) and underperformance by high-quality assets (U.S. Treasuries, -3.06%, and Investment Grade, -3.09%).
- Duration and carry determined High Yield returns by ratings with relatively long duration BBs (-0.39%) succumbing to rate pressure while high-yielding CCCs (+2.56%) were the leading category for the third straight quarter. Bs split the difference (+0.84%). A variety of factors contributed to leading sector returns with robust oil pricing lifting Oil Field Services (+3.39%) and Independent Energy (+2.29%). Banking (+3.16%) continued to rebound from the impact of bank runs in early 2023. A failed merger and weak fundamentals at Office Properties, the lone issuer in Office REITs (-5.32%), pressured returns. Relatively long duration negatively impacted three smaller sectors including Healthcare REITs, Natural Gas and Health Insurance. Concerns over weak lessees at healthcare REIT Medical Properties Trust (-6.12%) also weighed on the sector.
- Earnings blackouts and, perhaps, an early start to the summer vacation season produced an underwhelming new issue market into mid-September as just $7.2bb was issued in July and $10.6bb in August. Activity rebounded to a more normal $23.8bb in September. Even with the slow start, YTD volume of $134bb is 32% ahead of the tally seen by this time last year. For CCC-rated issuers, the song remains the same as it relates to issuance. This ratings category reached a new low, 0.00% of bond issuance last quarter. The inability to refinance challenged credits is expected to leave the combination of defaults and distressed debt exchanges at an elevated level into 2024. In part, proactive debt negotiations led by bondholders have produced an equal number of defaults and exchanges YTD. On the opposite side of quality, BB issuers lack interest in refinancing at market yields and may increasingly choose to address bonds at maturity.

Statistics

	Composite	Benchmark
Quality	BB-	B+
Coupon	5.59	6.07
Price	89.65	89.70
Duration	3.53	3.52
Current Yield	6.12	6.81
Yield to Worst	8.08	8.92
OAS	313	393
Number of Issues	279	1975
Number of Issuers	186	919

Credit Quality
(% of Market Value)



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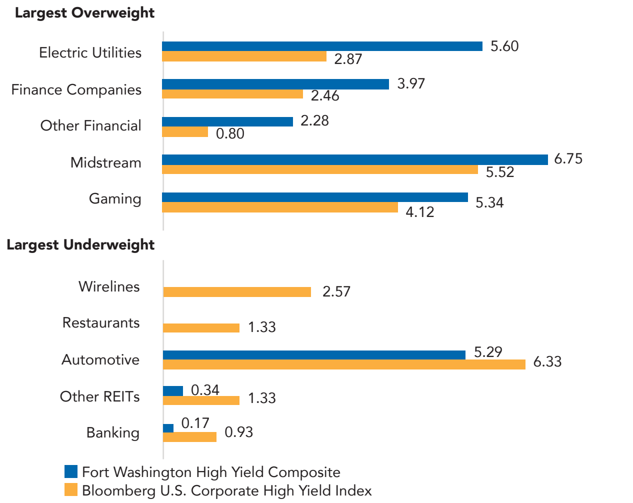
PORTFOLIO ACTIVITY

Market action early in the period echoed the strong finish in the prior quarter. Little in the way of newsworthy or market-moving events occurred throughout which provided for low volatility until September. Economic growth in the U.S. continues to be subdued though solid and ahead of early expectations. Employment remains quite elevated, but has ceased improving. Consumer spending is healthy on strong wage growth and excess savings from COVID stimulus, a figure which is on the decline, though was recently revised higher. Spreads were effectively unchanged (+4bps) and, as a result, yields soared higher as the Treasury market sold off materially. Though always up in quality, the portfolio began the quarter near the lower end of our risk range. Purchases enhanced this posture as they were focused on BBs and BBBs. Relative value trades dominated overall activity.

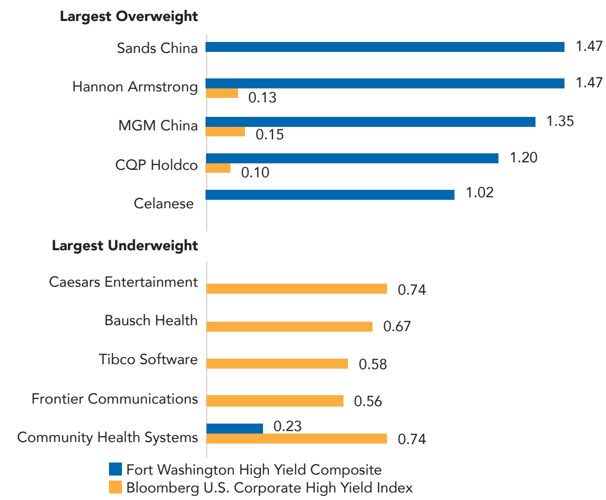
Confidence in a soft landing collided with markets pricing in a "higher for much longer" shape in the yield curve. In response, the majority of risk assets fared poorly into quarter end. Stable spreads left High Yield (8.88%) at a yield rarely reached in the last 20 years. In addition, the asset class has been at or near this level for five consecutive quarters, an experience only matched by the GFC in this timeframe. Ironically, High Yield issuers have been able to delay the cash flow impact of higher rates, but the Federal Government cannot. The combination of higher rates, record deficits and a front-end loaded maturity schedule have driven quarterly Federal Government interest payments higher by 76% since 1Q21. Exacerbating the pressure on Treasuries is the fact that multiple, formerly large buyers (China, Saudi Arabia, Federal Reserve) are backing away from the market.

With the U.S. 10-year Treasury +123bps since early May 2023, we have upgraded our opinion on Rates to Slightly Positive. It is difficult to envision an even higher rate environment being sustainable. In line with the lack of movement in spreads, our valuation opinion is unchanged. Once again, not enough movement to alter our Outlook; it remains steady at Slightly Negative. Under-risked positioning is being maintained and purchase activity will tilt towards noncyclicals.

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 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 2.1% in 2Q23; flat from 2.2% growth in 1Q23 and up meaningfully from negative growth in the year ago period. GDP expectations for 2023 currently stand at 2.1%, up meaningfully on the year, and are expected to decline to under 1% for 2024. • Employment remains healthy with strong payroll numbers, low unemployment (3.8%) and strong wage growth (4-6%). • Consumer confidence and sentiment are stable on labor market strength; Core inflation is cooling but headline is still high with WTI near $90. Business confidence shows further softness with most ISM numbers below 50.
Financial Conditions	**Negative** ◀▶	• Financial conditions have meaningfully contracted with the rise in interest rates and net 51% of lenders tightening conditions; levels not seen since the COVID pandemic and the GFC before that. We expect these levels to remain tight due to recent bank volatility, uncertainty around commercial real estate exposure, and potential loan quality deterioration on balance sheets. • The Fed increased rates by 25bps at its July meeting; hitting 5.5% before holding steady at its September meeting to await more data. Market expectations have shifted and now price in an additional hike in 2023 and no longer expect any rate cuts this year. • Credit spreads for BBB Industrials tightened on the quarter and High Yield remained flat; all-in High Yield yields were 8.88%.
Rates	**Slightly Positive** ▲	• The U.S. 10 year Treasury widened on the quarter on the back of strong labor market conditions, robust consumer spending, and a hawkish tone from the Fed regarding the need for higher rates. UST10 ended at 4.57%; +73bps on the quarter. • Ten year TIPS breakevens are trading near 2.34%; real yields are +223bps. • 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; and beginning to approach its highs of 2022.
Fundamentals	**Slightly Negative** ◀▶	• Declining business sentiment, business spending, tightening financial conditions, and the restart of student loan repayments have led to downward revisions in GDP; these factors are being offset by a resilient consumer, job market, and fiscal spending. • Issuer leverage ticked up again in 2Q23 (5.4x) while interest coverage continued to decline (4.8x); especially with issuers with floating rate leveraged loan exposures due to significant increases in Libor/SOFR. 4Q22 was the peak in issuer fundamentals. • Bond issuance for the quarter was $41.6B in 3Q23 vs $52.2B in 2Q23 and $18.5B in 3Q22. • Defaults ended August at 3.2%; up from 1.5% one year ago. We expect default rates to increase over the next several quarters as financial conditions tighten and the economy slows.
Valuation/ Spreads	**Neutral** ◀▶	• High Yield spreads widened 4bps and ended the quarter at +394bps (43rd percentile). BBs widened 12bps (43rd), Bs 1bp (41st), and CCCs 10bps (56th). • Aggregate yields at September end were 8.88%; up meaningfully on the quarter with the backup in rates. Dollar price was $88.10. • CCCs and below meaningfully outperformed BB/B in the quarter at 2.56% vs 0.16%; outperforming due to extra carry and lower duration.
Outlook & Positioning	**Slightly Negative** ◀▶	• We are holding our opinion on High Yield at Slightly Negative due to the level of economic uncertainty, material tightness of financial conditions, and deteriorating company fundamentals; partially offset by attractive all-in yields and median spreads. • We expect defaults to increase over current levels; however, we also anticipate bond defaults to be lower than previous cycles as the quality of High Yield is higher than historic periods. We expect spreads to widen as the economy weakens and unemployment increases while recognizing that yields at current levels are attractive in a longer term context. • Portfolio activity is being focused towards maintaining a higher quality bias while maximizing income and a preference for less cyclical exposure. We will look to maintain risk near current levels; relying on credit selection in this uncertain risk environment.

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 Barclays U.S. Corporate HY Index statistics for quarter, against Index history.

COMPOSITE PERFORMANCE DISCLOSURES

	3Q2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
High Yield Fixed Income (Gross)	0.41%	-10.02%	4.97%	4.55%	15.30%	-1.94%	7.75%	12.84%	-3.82%	2.50%	6.26%
High Yield Fixed Income (Net)	0.33%	-10.33%	4.60%	4.19%	14.93%	-2.24%	7.44%	12.52%	-4.09%	2.23%	5.93%
ML-Bloomberg Linked Benchmark[1]	0.46%	-11.19%	5.28%	7.11%	14.32%	-2.08%	7.50%	17.13%	-4.55%	2.45%	7.39%
High Yield Fixed Income 3-Year Annual Standard Deviation[2]	--	11.24%	8.96%	9.11%	4.02%	4.01%	5.32%	5.82%	5.59%	4.53%	5.75%
ML-Bloomberg Linked 3-Year Annual Standard Deviation[2]	--	10.97%	9.00%	9.24%	4.02%	4.62%	5.59%	6.01%	5.27%	4.42%	6.33%
Dispersion[3]	0.07%	0.23%	0.19%	0.62%	0.13%	0.07%	0.24%	0.40%	0.75%	0.15%	0.35%
Number of Accounts	8	9	9	9	10	11	15	18	20	21	17
Composite Assets ($ Millions)	$1,505.9	$1,532.8	$1,746.8	$1,791.3	$1,897.5	$2,085.3	$2,916.2	$3,287.2	$3,474.8	$3,868.0	$4,057.0
Total Firm Assets ($ millions)	$68,759	$66,365	$73,804	$65,086	$59,174	$49,225	$52,774	$45,656	$42,959	$45,002	$43,671

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 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.

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 additional amounts over for separate accounts. The benchmark for this composite is the Bloomberg 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. 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. Fort Washington has been independently verified for the periods 7/1/94 - 12/31/21. 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.

RISK DISCLOSURES

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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