



**Fort Washington  
Investment Advisors, Inc.**

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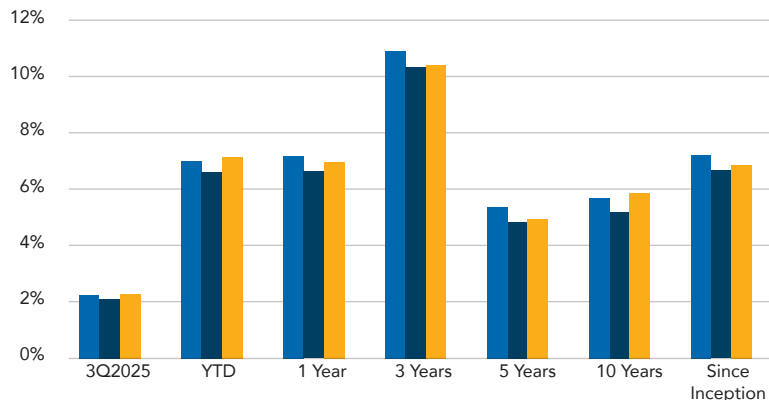
▼ *Uncompromised Focus®*

## FORT WASHINGTON HIGH YIELD FIXED INCOME – 3Q2025

### HIGHLIGHTS

- ▶ Market strength extended into the third quarter, as investors largely looked past ongoing tariff pressures and signs of a weakening labor market. Securities markets exhibited little drama and the quarter ended with robust and broad-based positive performance: Gold (+16.83%), Russell 2000 (+12.39%), S&P 500 (+8.12%), and US Agg (+2.03%).
- ▶ Our core strategy returned +2.24%/+2.12% on a gross/net basis, or (-5bps) gross to the index return. Security selection lagged the benchmark slightly. Unowned, credit-challenged issuers that generated outsized returns were the primary detractors, except for a large Cable Satellite holding currently negotiating a debt restructuring. Positive contributors were dispersed among holdings and unowned index constituents across a broad spectrum of sectors. Sector allocation was neutral. Natural Gas, Chemicals, and Technology were the leading sectors, though narrowly, while an underweight to Airlines led to the only negative allocation of note.
- ▶ All news was deemed to be good news last quarter with risk markets grinding higher with few, minor downdrafts. Tailwinds were numerous including better than expected 2Q25 earnings, a resumption of rate cuts, deregulation expectations, extraordinary spending on artificial intelligence (AI) projects, and deficit spending. Negative outliers were rare but included poor employment data. Recent jobs reports have been weak and revisions to recent and longer-term data were materially worse than initial prints. Though inflation indicators remain elevated and, in some cases, still rising, Federal Reserve (Fed) commentary has become increasingly jobs-focused.

### Trailing Total Returns (as of September 30, 2025)



|                                      |      |      |      |       |      |      |      |
|--------------------------------------|------|------|------|-------|------|------|------|
| ■ High Yield Fixed Income (Gross)    | 2.24 | 7.01 | 7.17 | 10.89 | 5.36 | 5.71 | 7.21 |
| ■ High Yield Fixed Income (Net)      | 2.12 | 6.61 | 6.63 | 10.34 | 4.84 | 5.19 | 6.67 |
| ■ Bloomberg US HY BA/B 2% Issuer Cap | 2.30 | 7.14 | 6.97 | 10.42 | 4.96 | 5.88 | 6.85 |

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

### Bottom Issuer Attribution

|                      | Attr | Rel Wgt |                       | Attr  | Rel Wgt |
|----------------------|------|---------|-----------------------|-------|---------|
| Edison International | 0.06 | 0.89    | Altice USA            | -0.15 | 0.96    |
| Michaels             | 0.05 | 0.28    | Warner Bros Discovery | -0.10 | -0.84   |
| Cimpress             | 0.03 | 0.66    | Cleveland-Cliffs      | -0.03 | -0.51   |
| Saks Global          | 0.02 | -0.02   | Vital Energy          | -0.02 | -0.12   |
| Xerox                | 0.02 | -0.06   | Veritext              | -0.01 | 0.32    |

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.

### INVESTMENT PROFESSIONALS

#### Garrick T. Bauer, CFA

Managing Director, Portfolio Manager, Head of Credit  
28 Years Experience

#### Timothy J. Jossart, CFA

Vice President, Portfolio Manager, Head of Leveraged Credit Research  
32 Years Experience

#### Casey A. Basil

Assistant Vice President  
Senior Credit Analyst  
23 Years Experience

#### Patrick L. Burleson, CFA

Assistant Vice President  
Assistant Portfolio Manager  
Senior Credit Analyst  
18 Years Experience

#### Cameron P. Carlin, CFA

Credit Analyst  
3 Years Experience

#### Amy W. Eddy

Assistant Vice President  
Senior Credit Analyst  
25 Years Experience

#### Breen T. Murphy, CFA

Vice President, Portfolio Manager  
17 Years Experience

#### Nicholas G. Trivett, CFA

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Senior Credit Analyst  
16 Years Experience

#### Jonathan P. Westerman, CFA, CPA

Vice President, Portfolio Manager  
Head of Investment Grade Research  
19 Years Experience

#### Matthew J. Jackson, CFA

Assistant Vice President  
Assistant Portfolio Manager  
Senior Leveraged Credit Trader  
16 Years Experience

#### Brooks K. Wilhelm, CFA

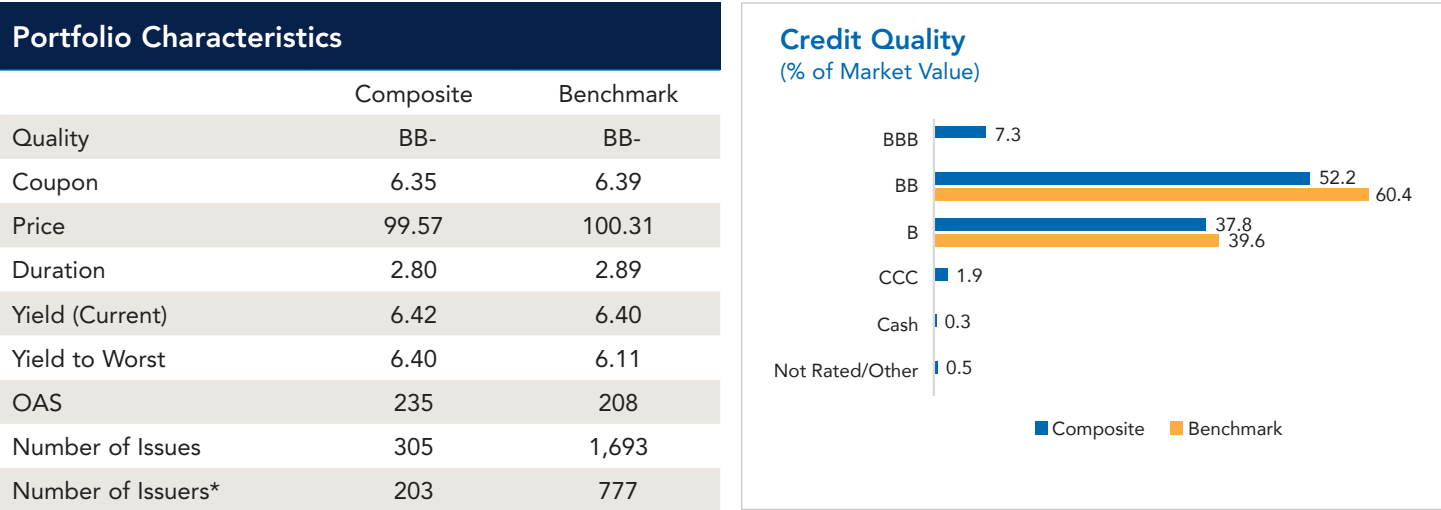
Assistant Vice President  
Portfolio Manager  
Senior Credit Analyst  
15 Years Experience

MARKET OVERVIEW

- ▶ Tariff fireworks are but a distant memory and incremental tariff news was ignored. In fact, all negative news has been brushed aside. In the absence of wildly, outlier news items, rallies continued. Solid support for these moves arrived in the form of material upside to 2Q25 S&P 500 earnings estimates (+700bps to consensus). In addition, consumer spending outside of subprime is healthy. All consumers have benefitted from OPEC’s late 2023 decision to gradually raise oil output. This program, combined with steady non-OPEC supply growth, has driven a stair-step price decline; oil averaged \$80/bbl in 2H23 and \$65/bbl in 3Q25. The Trump Administration has changed the channel to courtroom dramas from economic ones, a shift seen as a non-factor to date.
- ▶ Early on, high-quality High Yield briefly treaded water, but along with similar asset classes soon began to generate positive returns, ultimately ending the quarter +2.30%. In a period with little spread or rate movement, returns across ratings were undifferentiated; BBs returned +2.31% while Bs were +2.28%. Weak payrolls in early August drove a brief, moderate spread widening which completely reversed in two weeks. Spreads finished 7bps tighter at +206bps (1st percentile). Yields saw a bit more movement, tightening by 24bps, ending the quarter at

6.10%. Refining (+6.32%) was the top performing sector as PBF Energy (+8.79%) benefitted from regulatory relief out of the EPA. Media Entertainment (+5.49%) was close behind on surprising news that large constituent Warner Brothers Discovery is an acquisition target. Paper (-0.12%) was the lone negative sector as Mercer International (-7.58%) suffered from weak earnings amid weak pulp demand.

- ▶ For the first time in 2025 and effectively one year from the start of this rate cutting cycle, the Fed reduced its federal funds target rate in September. The 25bps reduction leaves the new target range at 4.00-4.25%. Fed Chair Powell framed the cut as risk management in response to downside risks in the labor market. Attention-getting labor data included a whopping 911,000 negative benchmark payroll revision covering the timeframe from March 2024 through March 2025. The median dot plot points to further cuts ahead, with 50bps of additional cuts projected among participants by year end 2025. The High Yield market priced \$118bln new issue during the quarter with \$58bln in deals coming in September, marking the third busiest primary month in history. CCC issuance remained well below history at 5% of the total. Investor demand was strong; inflows were over \$10bln.



Source: Fort Washington Investment Advisors. \*A High Yield Fixed Income Representative Account is being used to illustrate Number of Issuers. 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. This supplemental information complements the High Yield Fixed Income GIPS Report.

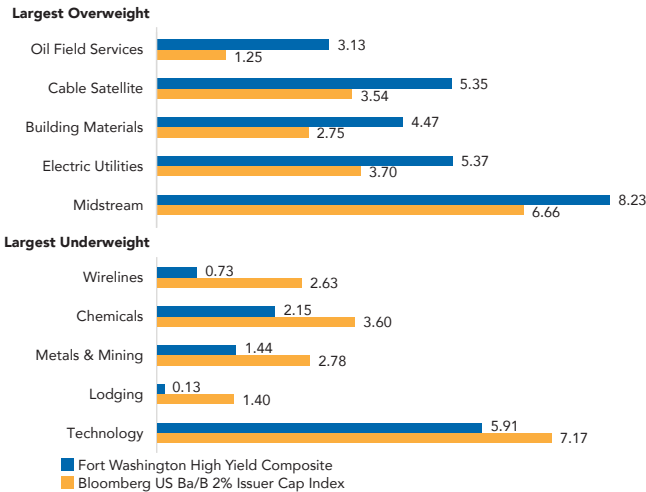
PORTFOLIO ACTIVITY

Market-moving events were lacking in recent months. All news has been incrementally, not materially, positive. In fact, over the last three years, only the brief tariff-driven downturn stands out. One result has been corporate bond and equity valuations reaching historically expensive levels. Into these strong markets, the following stimulus is being added: fiscal (100% capex expensing), monetary (lower rates) and policy (deregulation, open door to M&A). These initiatives could broaden economic growth beyond everything AI. Even so, this is a challenging environment for our up-in-quality philosophy. However, such conditions can persist for extended timeframes; today’s historically tight spread levels were first reached in November 2024. In response, our efforts have focused on prudently maintaining carry. Purchase activity tilted slightly lower in quality but was well-diversified across sectors. The out-of-index Investment Grade weighting was reduced with the sales of several tightly trading BBBs.

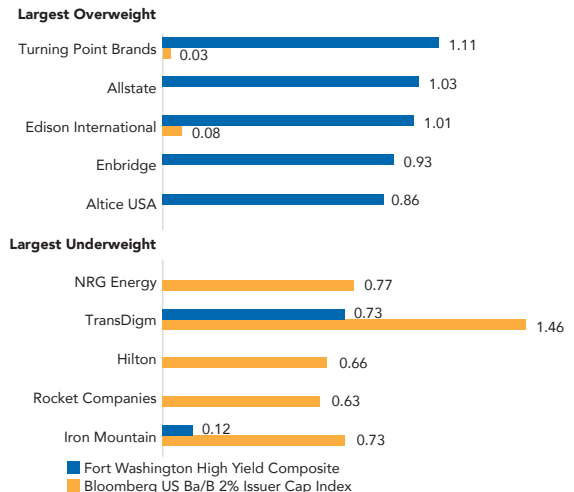
Markets feel frothy, but economic exuberance is highly concentrated in the world of AI. Industries driven by broad economic factors—such as chemicals, housing, and trucking—are bouncing along at low levels. Subprime consumers appear to be struggling as the labor market weakens and inflation is stubbornly high. Regardless, overall spending is solid; the highest 10% of earners drove 49% of spending in a recent quarter. The wealth effect is working.

Trend continuation leaves the factors driving our outlook unchanged, with one exception: Financial Conditions have improved to a level warranting an upgrade to Slightly Positive. This alone is not sufficient to affect our overall outlook which remains Neutral.

## 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 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<br>◀▶ | <ul style="list-style-type: none"> <li>GDP expanded 3.8% in 2Q25, an upside surprise driven by a rebound in consumer spending versus 1Q, and an unusually strong inventory build ahead of potential tariff impacts, compared to a -0.6% contraction in 1Q25 and a 3.6% increase in the year-ago period. Expectations for 3Q25 GDP are 1.7%, implying softer consumer spending, supported by weaker job creation and revised downward payrolls revisions. 2025 GDP expectations are 1.8%, up from 1.4% in April, but still below pre-tariff forecasts of 2% or more.</li> <li>Employment in the U.S. proved weaker than earlier data suggested, as payrolls were revised downward by 911k in early September. Unemployment (4.3%) has ticked slightly higher yoy, but wage growth remains strong (3.7%). Consumer confidence and sentiment remain subdued due to elevated inflation expectations from tariff impacts and a cooling labor market. Core inflation remains stable yoy.</li> <li>Business confidence continues to show caution with most ISM numbers still under 50. CAPEX is robust, but non-AI spend appears mixed.</li> </ul> |
| Financial Conditions  | Slightly Positive<br>▲  | <ul style="list-style-type: none"> <li>Financial conditions expanded slightly with the latest Senior Loan Officer Survey showing 9.5% tightening; down from 18.5% in 2Q.</li> <li>After the Federal Reserve (Fed) held rates steady in 1H25, the Fed cut 25bps at the September meeting. The Summary of Economic Projections indicated a median path of two additional 25bps cuts in 2025 and one in 2026. Chair Powell emphasized a data-dependent, meeting-by-meeting approach. Markets currently expect two more 25bps cuts in 2025 and 2-3 further 25bps cuts in 2026.</li> <li>Credit spreads for BBB Industrials and High Yield were both tighter in 3Q; all-in High Yield yield was 36bps tighter qoq to 6.70%.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                           |
| Rates                 | Neutral<br>◀▶           | <ul style="list-style-type: none"> <li>After several volatile quarters, the U.S. 10-year Treasury fell just -8bps in 3Q25. Similar to 2Q25, intra-quarter saw UST10 yield lows at approximately 4% and highs of 4.5% as the market continues to digest a fluid tariff situation and its impacts on the economy. UST10 ended 3Q at 4.15%.</li> <li>Ten-year TIPS breakevens are trading at 2.38%; real yields are +177bps.</li> <li>U.S. rates remain in line to higher than many other developed market levels; making them attractive in a global context.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Fundamentals          | Neutral<br>◀▶           | <ul style="list-style-type: none"> <li>Revenue rebounded in 2Q for High Yield issuers, up 5.4% qoq and 2.1% yoy; EBITDA bounced back too, up 9.6% qoq and 1.1% yoy.</li> <li>HY issuer gross leverage increased qoq to 4.20x, the fifth increase in six quarters and a two-year high. Interest coverage was 4.71x, holding steady year-to-date after seven straight quarterly declines. In the Leveraged Loan market, issuers have gross leverage of 5.03x and interest coverage of 3.00x. Bond issuance for the quarter hit a four-year high at \$118B vs \$76B in 2Q25 and \$74B in 3Q24.</li> <li>Defaults ended August at 4.18%; up from 2.49% one year ago. Liability management exercises and distressed exchanges continued in 3Q but at much lower rates since the recent peak in 4Q22. High Yield bonds currently trading at distressed levels remain subdued and greater than 50% of the High Yield Index consist of BB-rated bonds; 10% above the long-term average.</li> </ul>                                                                                                                                                  |
| Valuation/Spreads     | Slightly Negative<br>◀▶ | <ul style="list-style-type: none"> <li>High Yield spreads tightened -23bps and ended the quarter at +267bps (4th percentile). BBs tightened -3bps (4th), Bs tightened -18bps (2nd), and CCCs tightened 73bps (18th).</li> <li>Aggregate yields at September end were 6.70%; down -36bps qoq; dollar price was \$99.28.</li> <li>Lower quality credits led spread tightening in 3Q, with CCCs (+4.16%) outperforming Single-Bs (+2.28%) and BBs (+2.31%).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Outlook & Positioning | Neutral<br>◀▶           | <ul style="list-style-type: none"> <li>We are holding our opinion on High Yield to Neutral as we balance tight spreads with attractive yields and steady issuer fundamentals.</li> <li>Defaults in High Yield have stabilized, but 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.</li> <li>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 decile, we will rely on portfolio construction alongside credit selection to drive outperformance. Purchase activity was balanced between BB and Single-B rated bonds during the quarter.</li> </ul>                                                                                                                                               |

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

|                                                                                                | 3Q2025    | 2024      | 2023      | 2022      | 2021      | 2020      | 2019      | 2018      | 2017      | 2016      | 2015      |
|------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| High Yield Fixed Income (Gross)                                                                | 2.24%     | 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)                                                                  | 2.12%     | 6.60%     | 12.80%    | -10.47%   | 4.45%     | 4.03%     | 14.73%    | -2.43%    | 7.21%     | 12.28%    | -4.30%    |
| Bloomberg US High Yield Ba/B 2% Issuer Cap Index <sup>1</sup>                                  | 2.30%     | 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 <sup>2</sup>                          | -         | 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 Cap Index 3-Year Annual Standard Deviation <sup>2</sup> | -         | 8.30%     | 8.22%     | 10.63%    | 8.47%     | 8.66%     | 3.71%     | 3.87%     | 4.90%     | 5.38%     | 5.06%     |
| Dispersion <sup>3</sup>                                                                        | 0.05%     | 0.06%     | 0.12%     | 0.23%     | 0.19%     | 0.62%     | 0.13%     | 0.07%     | 0.24%     | 0.40%     | 0.75%     |
| Number of Accounts                                                                             | 8         | 8         | 8         | 9         | 9         | 9         | 10        | 11        | 15        | 18        | 20        |
| Composite Assets (\$ Millions)                                                                 | \$1,575.5 | \$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)                                                                | \$93,254  | \$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. <sup>1</sup>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. <sup>2</sup>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. <sup>3</sup>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 Cap Index. The Bloomberg US High Yield Ba/B 2% Issuer Cap 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. The strategy's fee schedule is 0.50% on the first \$100 million and 0.45% on additional amounts over \$100 million for separate accounts, and 0.55% for the commingled vehicle. 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 returns reflect the portfolio's gross returns with the deduction of expenses and other costs associated with the management of the investments in the portfolio as well as the deduction of the highest advertised fee rate for the applicable strategy shown. Individual portfolio returns are calculated on a daily valuation basis. Prior to 01/01/1997, individual portfolio returns were calculated monthly 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 07/01/1994–12/31/2024. 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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