Fort Washington
Investment Advisors, Inc.

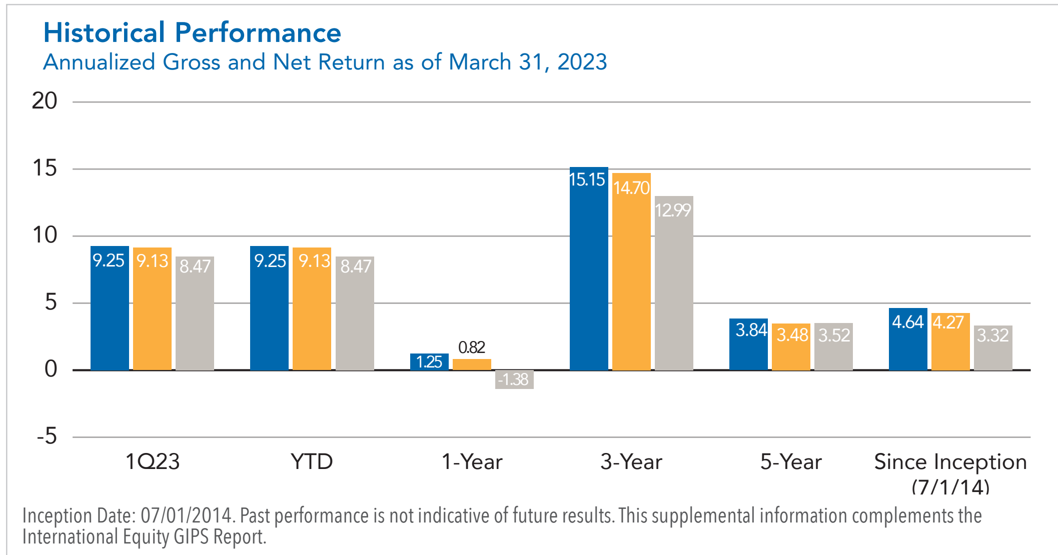
A member of Western & Southern Financial Group

Uncompromised Focus®

FORT WASHINGTON INTERNATIONAL EQUITY — 1Q2023

HIGHLIGHTS

- Global equity markets were propelled in the first quarter, helped by easing inflation indicators and receding recession worries. The MSCI EAFE index registered a positive return of 8.5% for the quarter.
- The sudden defaults of Silicon Valley Bank and Signature Bank of New York sent shockwaves throughout markets, but the market volatility was short-lived, as the Federal Deposit Insurance Corp (FDIC) moved swiftly to shore up confidence in the financial system.
- The International Equity strategy outperformed the MSCI EAFE benchmark during the first quarter of 2023



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MARKET OVERVIEW

Global equities had a positive start to the first quarter of 2023, helped by easing inflation indicators and receding recession worries, further continuing the bounce which began in October. China's earlier than expected pivot away from its longstanding COVID-zero policy also bolstered investor sentiment. In March, however, the sudden defaults of Silicon Valley Bank and Signature Bank of New York sent shockwaves throughout markets. The market correction, concentrated in global financial stocks, was short-lived, however, as the Federal Deposit Insurance Corp (FDIC) moved swiftly to shore up confidence in the financial system, and the Federal Reserve slowed the pace of policy tightening, helping to assuage fears of wider contagion. In sum, after a brief dip in March caused by the mini banking crisis, investors' expectations of an impending end to rate hikes helped to propel global equity markets higher, with the MSCI EAFE Index registering a positive return of 8.5% for the quarter.

For the quarter, developed markets trounced emerging market equity returns, and large capitalization stocks edged out small caps, as increasing concerns about a broader banking crisis weighed on smaller companies, which are more dependent on bank credit. From an investment style standpoint, growth beat value, as long duration assets benefitted from the fall in bond yields during the period, and bank stocks weighed down value indices. Economically

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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. This supplemental information complements the International Equity GIPS Report.

sensitive stocks performed well, amid hopes that central banks might look to cut interest rates in late 2023. Thus, Information Technology and Consumer Discretionary stocks performed particularly well in the quarter while defensive sectors such as Health Care and Utilities lagged.

It is notable that a handful of large cap tech names in the U.S. accounted for virtually all of the S&P's gains in the quarter, following a forgettable 2022. Energy stocks were down, with warmer than expected winter weather in Europe and a normalization of oil and gas supplies following the initial shock from the Ukraine war and resulting sanctions. Commodities in general were weak in the quarter after the policy-induced spike in goods prices the last couple of years. Financial stocks finished the quarter in the black, though they lagged the market, following Silicon Valley Bank's collapse. Gold posted a solid return as investors anticipated future central bank easing in the wake of the weakness in U.S. regional banks, while the dollar and bond yields fell in anticipation of easier monetary policy later in the year.

STRATEGY ACTIVITY

The International Equity strategy outperformed the MSCI EAFE benchmark during the first quarter of 2023. It also outperformed its eVestment peer group as well as the broader MSCI All Country World ex-USA Index during the period. From a sector perspective, the strategy benefited from holdings in Information Technology, Real Estate, and Consumer Staples and being underweight Financials. Holdings in Communication Services and Health Care detracted from relative performance. Broken down by geography, the strategy benefited from holdings in the UK, Norway, France, and Japan and being underweight Australia. Holdings in India, Ireland, and Switzerland detracted from relative performance. The strategy's cash position was also a negative factor in a strong market. As always, given the strategy's concentration and bottom-up approach, it is more meaningful to discuss the drivers of performance attribution by looking at individual holdings.

The main contributors to relative performance were Accor SA (France, Consumer Discretionary), SAP SE (Germany, Information Technology), Kimberly-Clark de Mexico SAB (Mexico, Consumer Staples), Taiwan Semiconductor Manufacturing Company (Taiwan, Information Technology), and Spectris plc (UK, Industrials).

The biggest detractors from relative performance in the quarter were Indus Towers Limited (India, Communication Services), Roche Holding (Switzerland, Health Care) and TotalEnergies SE (France, Energy).

TOP TEN HOLDINGS

Name	Country	% of Portfolio
Barrick Gold Corp.	Canada	3.4%
Total Energies	France	3.3%
Michelin (CGDE)	France	3.1%
ConvaTec Group	United Kingdom	3.1%
Medtronic	Ireland	3.0%
Accor SA	France	3.0%
Kimberly-Clark de Mexico	Mexico	2.9%
Sanofi	France	2.9%
Nestle SA-REG	Switzerland	2.8%
JCDecaux SE	France	2.7%
Total		**30.2%**

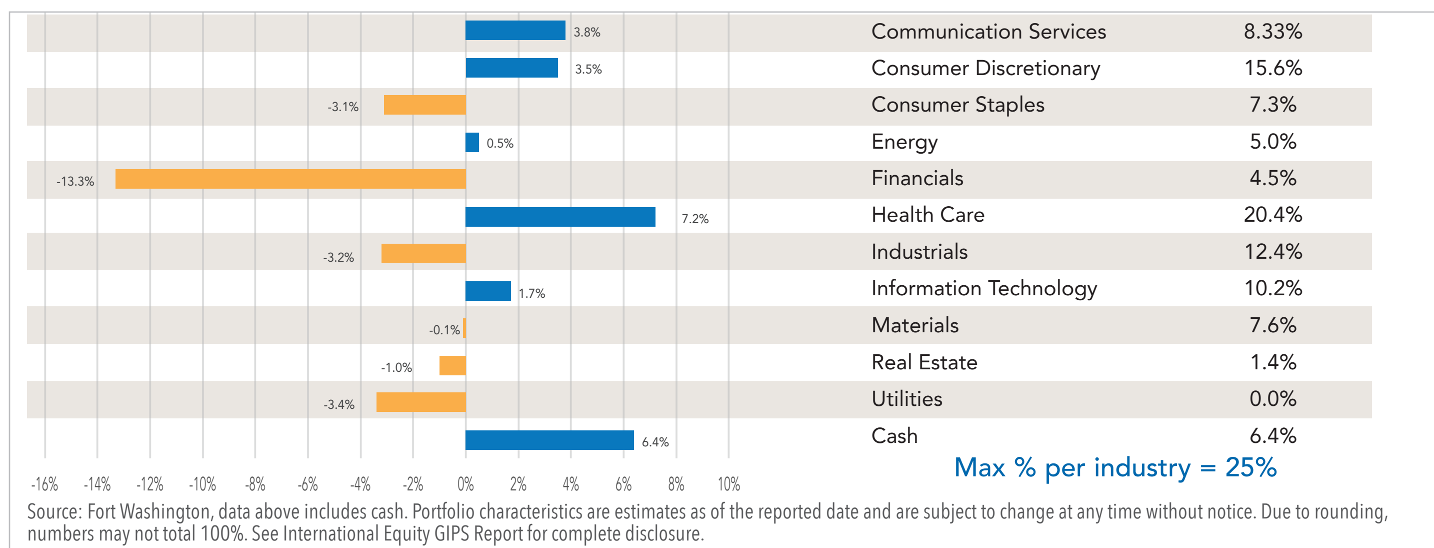
TOP TEN COUNTRIES

Country	% of Portfolio
France	21.2%
United Kingdom	16.1%
Germany	10.6%
Switzerland	9.9%
Canada	5.2%
Mexico	4.6%
Japan	4.6%
Netherlands	3.7%
Hong Kong	2.6%
Greece	2.3%
Total	**80.7%**

Sources: Fort Washington, FactSet. The above data is rounded for informational purposes. Totals reflect actual value and may not match the sum based on rounded values. Holdings subject to change at any time without notice. The securities identified do not represent all of the securities purchased, sold, or recommended. It should not be assumed investments in securities identified were or will be profitable. This is not a recommendation with respect to the purchase or sale of any securities disclosed. This supplemental information complements the International Equity GIPS Report.

Sector Over/Underweight vs. MSCI EAFE Index

As of 3/31/2023



Sector	Portfolio Weight
As of 3/31/2023	
Communication Services	8.33%
Consumer Discretionary	15.6%
Consumer Staples	7.3%
Energy	5.0%
Financials	4.5%
Health Care	20.4%
Industrials	12.4%
Information Technology	10.2%
Materials	7.6%
Real Estate	1.4%
Utilities	0.0%
Cash	6.4%

Max % per industry = 25%

Source: Fort Washington, data above includes cash. Portfolio characteristics are estimates as of the reported date and are subject to change at any time without notice. Due to rounding, numbers may not total 100%. See International Equity GIPS Report for complete disclosure.

Portfolio Characteristics

	Portfolio	MSCI EAFE
ROE	14.5%	12.2%
ROIC	13.9%	10.0%
EV/EBIT NTM	13.6x	23.8x
Capex/Sales	3.9%	3.9%
Net Debt/EBITDA	0.8x	1.4x
Weighted Med Mkt Cap (mill)	$16,124	$47,717
Number of Holdings	45	795

Sources: FactSet, Bloomberg, MSCI. Portfolio characteristics are as of the reported date and are subject to change at any time without notice. See International Equity GIPS Report for complete disclosure.

OUTLOOK

It has been an eventful start to the year in financial markets with signs of significant stress in the banking system driven by the steep rise of central bank administered interest rates across most of the developed world. The rapid collapse of Silicon Valley Bank and forced marriage of Credit Suisse and UBS in March are stark reminders of the tenuous nature of confidence in our modern fractional reserve banking system and a shot across the bow for markets, given that these events occurred even before the emergence of any serious credit quality concerns. As the lagging effects of monetary tightening and the structural changes in commercial real estate markets in the wake of the pandemic begin to be felt in earnest, we expect further stresses to emerge in the financial system.

We continue to believe that inflationary pressures peaked in the U.S. last year, with annualized consumer price inflation running at less than 3% since June of 2022 and broad indices of commodity prices down double digits over the same period. Part of the confusion, in our opinion, is that market participants, led by the financial press and the Federal Reserve, conflate year over year price changes with the current annualized rate of inflation, which is much more relevant. This "base effect illusion" is compounded by the seasonal effect of annual price changes at the start of the calendar year. With banks under strain from falling deposits and credit quality set to deteriorate, we would expect lending growth to slow going forward, accentuating the already negative growth in money supply dating back to last year. As such changes operate with long and variable lags, we remain concerned that central bankers, particularly at the Fed, are making policy utilizing backward looking data and risking a significant deflationary bust, of which Silicon Valley Bank was just a foreshadowing.

Ongoing strength in the labor market, although showing some recent cracks, has been another argument for continuing to raise rates this year. It should be noted, however, that real wages have taken a hit since inflation started to accelerate in 2021, and total labor compensation costs remain subdued as a percentage of corporate revenues relative to history, suggesting that the Fed's concern over low unemployment rates may be exaggerated. Nonetheless, we suspect that accelerating job losses in the coming months are probably already baked in the cake. Combined with the imminent end to drawdowns of COVID era excess savings, consumer spending is likely to weaken as the year progresses.

One could make a case that such softness is already evident in the numbers, with the strength in corporate revenues and earnings mainly reflecting cumulative price increases since 2021. By the fourth quarter of last year, consumer-facing companies across the spectrum were reporting actual decreases in sales volumes. Price increases combined with now falling input costs helped to mask this underlying weakness, though this isn't a sustainable strategy for driving earnings growth. As corporate margins are pressured we anticipate a renewed emphasis on cost cutting, leading to rising unemployment later this year.

Though it hasn't necessarily reached the public consciousness yet, there have been further moves toward the de-dollarization of global trade flows and, consequently, foreign reserves, led by China and Russia mainly, but now also including a substantial portion of the developing world, including oil producers in the Middle East, India, Brazil, South Africa, and others. As America's largest export and the source of its political and financial power around the world, the dollar's value is reliant on continued investor trust to forestall potential pressure on the U.S. balance of payments and fiscal accounts.

It's perhaps no coincidence then that the dollar has resumed its decline following the recent mini banking crisis, in anticipation of an end to the monetary tightening that precipitated it. Strength in gold during the quarter was the other side of this coin, so to speak. We continue to like the diversification that gold offers in this environment and we maintain our exposure via two Canada-based mining companies.

It looks as if the U.S. is leading the world into recession, with PMI's in Europe still mostly in expansionary territory for the time being, led primarily by continued recovery in services. Europe has had the benefit of a relatively warm winter, which helped mitigate the impact of geopolitical events on energy markets. Japan has been slow to tighten monetary policy in line with other developed countries, fearing a resumption of the deflation which it struggled for so long to fight its way out of. China is benefitting from a post-COVID bounce in consumer spending following the authorities' surprise decision to end virtually all pandemic mitigation measures in the country this past December. Nonetheless, we think that China is unlikely to be the powerful engine of growth that it was following the financial crisis fifteen years ago given the amount of debt it has accumulated since then.

In summary, we think that the combined policy errors of the last several years are now on the verge of coming home to roost, leading to slowing demand and output growth, and sooner or later forcing central bankers to relent and pivot policy. Given increasingly strained sovereign balance sheets and continued outsized fiscal deficits, we think that policy makers may be forced to allow higher structural inflation going forward than we grew accustomed to in the years following the global financial crisis. Such an environment should prove fruitful for our strategy of emphasizing quality growth and avoiding businesses with weak balance sheets.

COMPOSITE PERFORMANCE DISCLOSURES

	1Q2023	2022	2021	2020	2019	2018	2017	2016	2015	2014*
International Equity (Gross)	9.25%	-9.35%	4.96%	8.58%	22.50%	-16.26%	30.36%	-0.32%	7.24%	-7.67%
International Equity (Net)	9.13%	-9.74%	4.57%	8.15%	22.07%	-16.56%	29.92%	-0.68%	6.87%	-7.83%
MSCI EAFE Index	8.47%	-14.45%	11.26%	7.82%	22.01%	-13.79%	25.02%	1.01%	-0.82%	-9.23%
International Equity 3-Year Annual Standard Deviation	--	20.22%	18.56%	19.31%	11.68%	12.39%	12.24%	--	--	--
MSCI EAFE Index 3-Year Annual Standard Deviation[1]	--	19.96%	16.92%	17.89%	10.80%	11.24%	11.83%	--	--	--
Dispersion[2]	--	--	--	--	--	--	--	--	--	--
Number of Accounts	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets ($ millions)	$137.2	$126.4	$151.8	$126.9	$149.3	$147.7	$204.3	$170.6	$139.5	$124.4
Total Firm Assets ($ millions)	$68,722	$66,365	$73,804	$65,086	$59,174	$49,225	$52,774	n/a	n/a	n/a

*2014 returns are a partial period from 7/1/2014-12/31/2014. International Equity Composite inception date is 7/1/2014 and the creation date is 1/1/2018. [1]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. [2]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. The benchmark for this composite is the MSCI EAFE Net Index. Past performance is not indicative of future results.

The International Equity Composite seeks long-term capital growth by investing in primarily common stocks of established companies across the capitalization spectrum located in or that conduct their business mainly in one or more foreign countries. Focuses on quality at a reasonable price, beginning with a regular quantitative screening in order to narrow the investable universe. Analyzes companies based on the following five fundamental factors: business, quality, valuation, growth, management and balance sheet strength. Manages risk through portfolio diversification, by individual issuer, sector and country. Index-agnostic portfolio construction approach typically results in a concentrated, high-conviction portfolio. This strategy's minimum account size is $3 million. The International Equity Composite fee schedule is as follows: 0.75% on the first $25 million, 0.70% on the next $25 million, and 0.65% on additional amounts over $50 million. The benchmark for this composite is the MSCI EAFE (Net) Index. The MSCI EAFE (Net) Index serves as a performance benchmark for the major international equity markets which is comprised of the small to large cap stocks in Europe, Australia, Asia and the Middle East. Portfolios in this composite include cash, cash equivalents, investment securities, and dividends. Cash is maintained, within each separately managed account segment, in accordance with our asset allocation ratio. This strategy is primarily denominated in foreign currencies, but performance is stated in US dollars. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Net of fee performance was calculated using the actual management fees charged. Individual portfolio returns are calculated on a daily valuation basis. Past performance is not indicative of future results. Fort Washington Investment Advisors, Inc. (Fort Washington), a wholly owned subsidiary of The Western and Southern Life Insurance Company, is a registered investment advisor and provides discretionary money management to a broad range of investors, including both institutional and individual investors. Assets under management include all portfolios managed by Fort Washington and exclude assets managed by and marketed as its Private Equity business unit. Fort Washington claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. 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

Fort Washington's International Equity strategy invests in foreign and emerging markets securities and depositary receipts, such as American Depositary Receipts, Global Depositary Receipts, and European Depositary Receipts, 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. The risks associated with investing in foreign markets are magnified in emerging markets due to their smaller economies. Actions taken to stimulate or stabilize economic growth may at times result in unusually high market volatility, which could negatively impact strategy performance and cause it to experience illiquidity, shareholder redemptions, or other potentially adverse effects.

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