



## FORT WASHINGTON STRATEGIC INCOME – 1Q2026

- ▶ Flexible investment approach with diversified sources of return
- ▶ Premium yield with a high-quality bias
- ▶ High-conviction security selection supported by rigorous bottom-up research
- ▶ Lead portfolio managers in place since inception

### PORTFOLIO COMMENTARY

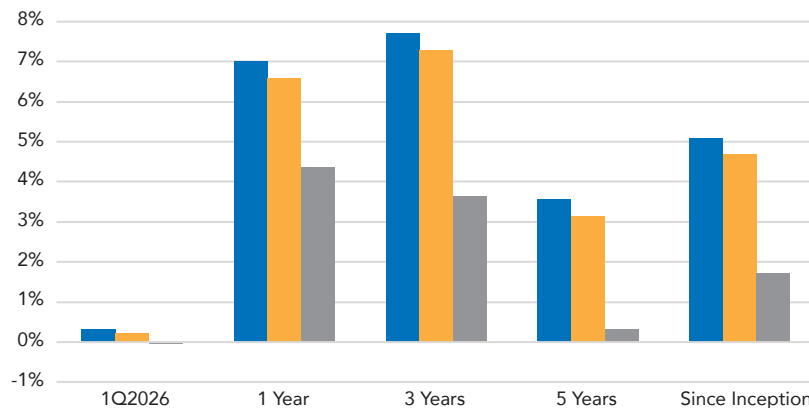
The Strategic Income strategy returned 0.30% gross and 0.20% net for the quarter, compared to the Bloomberg US Aggregate Bond Index, which returned -0.05%.

Security selection was a significant contributor to outperformance within Investment Grade Corporates, High Yield Corporates, Securitized, and Emerging Markets. Within corporates, the primary driver was an overweight to Energy, specifically Midstream, which outperformed over the quarter. Within Securitized, an overweight to non-agency sectors, including ABS, CMBS, and RMBS, was the primary contributor to outperformance. Within Emerging Markets, the primary contributor to outperformance was an overweight to Latin American corporates, which outperformed over the quarter.

Sector allocation detracted from relative performance due primarily to an overweight allocation to High Yield Corporates as spreads widened over the quarter.

Interest rate positioning detracted from relative performance during the quarter. The strategy was managed shorter than the benchmark, but tactically adjusted duration over the period. As interest rates exhibited volatility over the quarter, interest rate management detracted from relative performance as shorter rates rose more than longer rates. Tactical curve positioning was a modest contributor to relative performance, partially offsetting the detraction from duration positioning.

### Trailing Total Returns (as of March 31, 2026)



|                          | 1Q2026 | 1 Year | 3 Years | 5 Years | Since Inception |
|--------------------------|--------|--------|---------|---------|-----------------|
| Strategic Income (Gross) | 0.30   | 7.01   | 7.71    | 3.55    | 5.10            |
| Strategic Income (Net)   | 0.20   | 6.58   | 7.28    | 3.13    | 4.68            |
| Bloomberg US Aggregate   | -0.05  | 4.35   | 3.63    | 0.31    | 1.73            |

Inception date: 07/01/2017. Source: Fort Washington. Past performance is not indicative of future results. This supplemental information complements the Strategic Income GIPS Report.

Inception Date: 07/01/2017

Total Strategy Assets: \$1.6 billion

Total Fixed Income Assets: \$67.5 billion

Style: Multi-Sector Bond, Opportunistic Fixed Income

### Flexibility

Max 50% Non-Investment Grade

### Premium Yield

5.97% Yield

A3/Baa1 Average Credit Quality

### Diversified Returns

0.74 correlation to the Bloomberg US Aggregate Bond Index since inception\*

### High Conviction

125–175 Issuers

### Experienced Team

34 Investment Professionals

Lead Portfolio Managers Average:

Average Industry Experience / 28 Years

Average Firm Experience / 22 Years

\*Source: Fort Washington and Nasdaq eVestment. Strategy Inception date is 07/01/2017.

### PEER GROUP PERFORMANCE

|                 | Percentile Rank <sup>1</sup> |
|-----------------|------------------------------|
| 1Q2026          | 22                           |
| 1 Year          | 19                           |
| 3 Years         | 29                           |
| 5 Years         | 23                           |
| Since Inception | 15                           |

Source: Nasdaq eVestment

<sup>1</sup>Peer ranks are percentile rankings relative to the eVestment US Multi-Sector Fixed Income Universe based on net returns. Past performance is not indicative of future results.

## POSITIONING

**Risk budget:** The strategy is targeting a modest overweight to risk, representing 30% of the risk budget.

Current valuations remain expensive relative to history. Incorporating our macroeconomic outlook, and elevated uncertainty, portfolios are positioned with a modest overweight to risk and maintain the flexibility to add risk as opportunities arise.

**Sectors:** Sector positioning reflects current valuations, relative value, and opportunities within each sector. Allocations were mostly unchanged during the quarter, and primary risk exposures include:

- ▶ Exposure to Investment Grade Credit was maintained over the quarter. The sector continues to favor positions lower in the capital structure within high-quality Financials and Utilities while selectively adding to bottom-up opportunities on attractive relative value, including targeting investments at the front and intermediate parts of the curve.
- ▶ The allocation to Securitized Products was largely unchanged over the quarter. The team continues to favor non-agency exposure and is overweight to ABS, RMBS, and CMBS. The strategy continues to opportunistically reduce CLO exposure due to relative value considerations. In addition, we are finding select opportunities within ABS, primarily whole-business securitizations.
- ▶ The strategy maintained its exposure to Emerging Market Debt which is toward the lower end of the portfolio's historical range. The sector is primarily invested in attractive bottom-up narratives within the below-investment grade segment. Latin America is the largest exposure within the sector.
- ▶ High Yield exposure was modestly reduced over the quarter as the strategy continues to opportunistically trim the allocation. Despite a modest widening in March, spreads remain expensive relative to history. The High Yield allocation is broadly diversified by sector, favoring quality, and is positioned for an opportunity to add more risk at more attractive spreads.

**Rates:** Duration was tactically adjusted during the quarter. The strategy began the quarter with a duration around 5.0-years but ended at 5.8 years, averaging 5.1 years for the period. Portfolios are currently positioned within a range of 5.50 to 5.75 years but with a bias toward longer-term real yields. The yield curve flattened over the quarter and the strategy is targeting a largely neutral curve positioning. While rate volatility had subsided over the past year, it increased in March amid geopolitical conflict. We anticipate that the timing of future rate cuts will continue shifting with new economic data and developments around the current conflict in the Middle East, presenting opportunities for tactical adjustments.

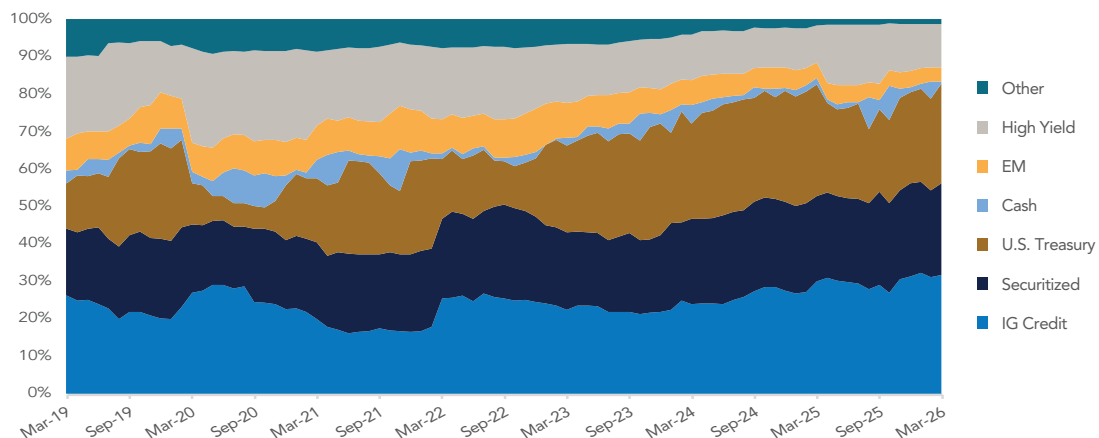
| Portfolio Characteristics       |         |
|---------------------------------|---------|
| Weighted Average Yield to Worst | 5.97%   |
| Effective Duration (Years)      | 5.68    |
| Average Credit Quality          | A3/Baa1 |

| Credit Quality (% of Fixed Income) | Strategic Income | Bloomberg US Aggregate Bond Index |
|------------------------------------|------------------|-----------------------------------|
| AAA                                | 5%               | 3%                                |
| AA                                 | 31%              | 74%                               |
| A                                  | 7%               | 11%                               |
| BBB                                | 36%              | 12%                               |
| BB                                 | 10%              | 0%                                |
| B                                  | 7%               | 0%                                |
| CCC and Below                      | 1%               | 0%                                |
| Not Rated/Other                    | 2%               | 0%                                |
| Cash                               | 1%               | 0%                                |

| Sector Allocation       | Current | 5-Year High | 5-Year Low |
|-------------------------|---------|-------------|------------|
| Investment Grade Credit | 32%     | 32%         | 16%        |
| High Yield Corporate    | 11%     | 20%         | 10%        |
| U.S. Treasuries         | 27%     | 30%         | 11%        |
| Securitized             | 24%     | 25%         | 19%        |
| ABS                     | 8%      | 9%          | 3%         |
| CLO                     | 2%      | 8%          | 2%         |
| CMBS                    | 8%      | 8%          | 4%         |
| RMBS                    | 7%      | 7%          | 0%         |
| Emerging Markets Debt   | 4%      | 12%         | 4%         |
| Other                   | 2%      | 8%          | 1%         |
| Cash                    | 1%      | 11%         | 0%         |

Source: Fort Washington and Bloomberg PORT. Past performance is not indicative of future results. Portfolio characteristics subject to change at any time without notice. This supplemental information complements the Strategic Income GIPS Report.

## FLEXIBLE APPROACH TO SECTOR ALLOCATIONS INCREASES ALPHA AND REDUCES RISK



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## MARKET OVERVIEW

The United States entered the year on relatively strong economic footing. Inflation had been trending lower toward the Federal Reserve's 2% target, while consumer spending remained solid. Fiscal dynamics were also supportive, with higher tax refunds expected to improve household cash flows and depreciation incentives providing a modest tailwind for corporate capital expenditures. However, these constructive themes were quickly overshadowed by geopolitical developments as the U.S. and Israel entered into a conflict with Iran.

The most immediate impact of the conflict was seen in energy markets. Disruptions to shipping through the Strait of Hormuz—through which roughly 20% of global oil supply transits—drove a sharp increase in crude prices. For U.S. consumers, this translated into a rapid rise in gasoline prices, which increased by more than \$1 nationally. Beyond the direct effects, concerns about second-order inflationary pressures began to emerge. Higher energy costs feed into airfare, freight, and food prices, with the latter reflecting both transportation and fertilizer inputs. More broadly, risks to global supply chains resurfaced, with potential spillovers into various sectors. While market participants largely assume the conflict will be relatively short-lived, disruptions to certain supply chains are likely to persist for months, and in some cases longer.

This backdrop complicates the Federal Reserve's job. Renewed inflation pressures from higher energy prices have led markets to scale back expectations for rate cuts in 2026, even as labor market data sends mixed signals. While jobless claims and the unemployment rate have remained relatively stable, hiring has been weaker. As a result, the Fed appears firmly in a "wait-and-see" mode, balancing the risk of persistent inflation against signs of a gradually cooling labor market.

Despite these headwinds, financial markets have shown resilience. For much of March, equities remained relatively stable given the magnitude of the geopolitical shock and associated volatility in both energy prices and interest rates. A late rally into quarter-end helped limit losses, with the S&P 500 declining 5% in March and finishing the quarter down 4.6%. Credit markets also experienced some repricing, with spreads widening modestly year-to-date, though they remain tight relative to historical averages. In rates, expectations for fewer policy cuts pushed yields higher across the curve: the 2-year Treasury yield rose by more than 30 basis points, while the 10-year yield ended the quarter near 4.3%.

## WHAT DIFFERENTIATES STRATEGIC INCOME?

**Premium Yield.** Strategic Income has a yield well above the Bloomberg US Aggregate Bond Index, as well as traditional fixed income strategies.<sup>2</sup>

**High Conviction Security Selection.** Bottom-up security selection in fixed income has proven to be a reliable source of alpha. Strategic Income is a portfolio of 125–175 issuers, focusing on the best ideas of our investment teams.

**Sector Diversification.** Non-traditional fixed income strategies often have large concentrations in a single sector, such as High Yield or preferred securities. Strategic Income is broadly diversified by sector, resulting in multiple sources of return potential.

**Duration Management.** Unconstrained fixed income strategies can take large—and sometimes negative—duration positions. Strategic Income uses duration as a risk-mitigation tool, and seeks to avoid large duration exposures given the difficulty of predicting interest rates.

**Quality Bias.** Strategic Income has maintained a top-quintile yield without taking excessive risk. The average credit quality of current holdings is Investment Grade, while the average credit quality of most peer portfolios is High Yield.

## WHY INVEST IN THE STRATEGY?

**Flexibility.** Having the flexibility to react to market dislocations in a timely manner can be a benefit of non-traditional fixed income approaches such as Strategic Income.

**Enhanced Return.** Multi-Sector bond strategies have outperformed traditional strategies over the past 1-, 3-, 5-, and 10-year periods<sup>2</sup> with only a moderate increase in risk.

**Higher Yield.** For investors seeking increased yield, Strategic Income has historically provided a yield in excess of the Bloomberg US Aggregate Bond Index by 2%,<sup>3</sup> higher than most traditional strategies.

**Expanded Opportunity Set.** Traditional strategies are largely invested in sectors and securities represented in common market indices. Strategic Income extends beyond common market indices into less trafficked areas, providing more opportunities for alpha.

**Portfolio Diversification.** Traditional strategies are often invested in the major index sectors of Investment Grade Corporates, Securitized, and Government Securities. Strategic Income provides dedicated exposure to diversifying fixed income asset classes with low correlation to traditional fixed income strategies.

<sup>2</sup> Source: eVestment US Multi-Sector Fixed Income Universe and eVestment US Core Plus Fixed Income Universe as of 03/31/2026.

<sup>3</sup> Source: Bloomberg and Fort Washington.

## STRATEGIC INCOME COMPOSITE GIPS REPORT

|   | 1Q2026   | 2025     | 2024     | 2023     | 2022     | 2021     | 2020     | 2019     | 2018     | 2017 <sup>1</sup> |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------------------|
| Strategic Income (Gross)  | 0.30%    | 9.75%    | 7.28%    | 8.64%    | -9.86%   | 3.24%    | 10.72%   | 12.84%   | 0.49%    | 3.10%             |
| Strategic Income (Net)  | 0.20%    | 9.31%    | 6.85%    | 8.21%    | -10.22%  | 2.83%    | 10.28%   | 12.39%   | 0.09%    | 2.90%             |
| Bloomberg US Aggregate Bond Index   | -0.05%   | 7.30%    | 1.25%    | 5.53%    | -13.01%  | -1.54%   | 7.51%    | 8.72%    | 0.01%    | 1.24%             |
| Strategic Income 3-Year Annual Standard Deviation <sup>2</sup>                  | -        | 5.30%    | 7.48%    | 6.96%    | 8.41%    | 6.68%    | 6.87%    | -        | -        | -                 |
| Bloomberg US Aggregate Bond Index 3-Year Annual Standard Deviation <sup>2</sup> | -        | 5.98%    | 7.72%    | 7.14%    | 5.77%    | 3.35%    | 3.36%    | -        | -        | -                 |
| Dispersion <sup>3</sup>   | 0.06%    | 0.35%    | 1.05%    | -        | -        | -        | -        | -        | -        | -                 |
| Number of Accounts  | 6        | 6        | 6        | ≤5       | ≤5       | ≤5       | ≤5       | ≤5       | ≤5       | ≤5                |
| Composite Assets (\$ Millions) <sup>4</sup>                                     | \$1,600  | \$1,572  | \$1,212  | \$880    | \$605    | \$1,060  | \$386    | \$286    | \$58     | \$51              |
| Total Firm Assets (\$ Millions)   | \$89,918 | \$89,448 | \$81,286 | \$74,613 | \$66,365 | \$73,804 | \$65,086 | \$59,174 | \$49,225 | \$52,774          |

Composite inception and creation date: 07/01/2017. <sup>1</sup>2017 returns are partial-year returns, reflecting the composite inception date of 07/01/2017. <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 quarterly gross-of-fee returns for those portfolios held in the composite during the full measurement period. Past performance is not indicative of future results. <sup>4</sup>The change in composite assets from 2021 to 2022 was the result of two accounts dropping below the \$100 million strategy minimum. The accounts continued to be managed in the style of the Strategic Income strategy and were returned to the composite in 2023 when their asset values once again exceeded the minimum threshold. The benchmark for this composite is the Bloomberg US Aggregate Bond Index. The Bloomberg US Aggregate Bond Index is a market capitalization-weighted index that measures the performance of the U.S. dollar-denominated, fixed-rate, taxable bond market. The index includes investment grade securities such as U.S. Treasuries, government-related and corporate bonds, mortgage-backed securities, asset-backed securities, and commercial mortgage-backed securities. The index accounts for interest payments by incorporating them into the total return calculation. The Strategic Income strategy employs a high conviction, yield oriented investment approach coupled with sector diversification and diligent risk management resulting in attractive risk adjusted returns via high levels of income. The primary objective of Strategic Income is to produce a high level of current income with a secondary objective of capital appreciation. The strategy will invest in public fixed income, private fixed income, common stock and derivatives. The strategy will incorporate the best investment ideas available to Fort Washington, exploiting Fort Washington's core competencies of bottom-up credit and structure analysis. Risk monitoring, performance measurement, and active management is a key component to achieving attractive risk adjusted returns. All fee-paying, fully discretionary portfolios managed in the Strategic Income style, with a minimum of \$100 million under our management, are included in this composite. The strategy's fee schedule is 0.40% 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 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. Fort Washington Investment Advisors, Inc. 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## RISK DISCLOSURE

The Fort Washington Strategic 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 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 strategy invests in mortgage-backed securities and asset-backed securities which are subject to the risks of prepayment, defaults, changing interest rates and at times, the financial condition of the issuer. The strategy invests in equities which are subject to market volatility and loss. The strategy invests in preferred stocks which are relegated below bonds for payment should the issuer be liquidated. The 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. The strategy invests in derivatives such as futures contracts. Derivatives can be highly volatile, illiquid and difficult to value, subject to counterparty and leverage risks and there is risk that changes in the value of a derivative held by the strategy will not correlate with the strategy's other investments. The strategy invests in mortgage dollar rolls which involve increased risk and volatility, as the securities the strategy is required to repurchase may be worth less than the securities that the strategy originally held.

## CONTACT

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