Fort Washington Investment Advisors, Inc.

A member of Western & Southern Financial Group

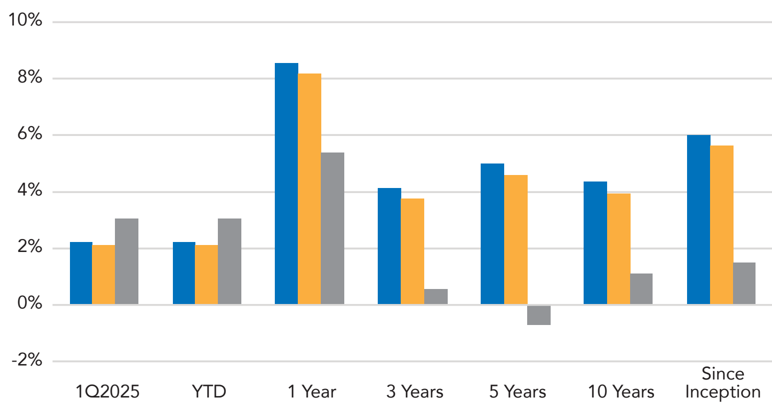
Uncompromised Focus®

FORT WASHINGTON SECURITIZED OPPORTUNITIES — 1Q2025

HIGHLIGHTS

- The Fort Washington Securitized Opportunities strategy focuses on moderate to high risk/return opportunities in securitized products.
- The Fort Washington Securitized Opportunities Composite returned 2.20% (gross) and 2.11% (net) for the quarter, underperforming the Bloomberg US Mortgage Backed Securities Index, which returned 3.06%.
- With the Federal Reserve (Fed) on hold during the first quarter, the weaker growth outlook drove a re-inversion of the Treasury curve, pushing intermediate maturities 30-40 basis points lower while leaving the very front end unchanged.
- Hard economic data (i.e., GDP and employment) have remained firm, but soft data (sentiment and confidence) have weakened due to the uncertainty around trade policy and the impact on growth and inflation.
- Securitized valuations widened towards the end of the quarter, offering compelling relative value to other comparable-duration fixed income asset classes especially in comparison to investment grade and high yield corporates.

Trailing Total Returns (as of March 31, 2025)



	1Q2025	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Securitized Opportunities (Gross) (%)	2.20%	2.20%	8.56%	4.14%	4.99%	4.34%	6.02%
Securitized Opportunities (Net) (%)	2.11%	2.11%	8.17%	3.75%	4.59%	3.94%	5.62%
Bloomberg US MBS (%)	3.06%	3.06%	5.39%	0.55%	-0.69%	1.11%	1.49%

Inception date 10/01/2011. 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. This supplemental information complements the Securitized Opportunities GIPS Report. As of 03/31/2025, the Structured Opportunities Composite was renamed the Fort Washington Securitized Opportunities Composite.

INVESTMENT PROFESSIONALS

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33 Years Experience

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11 Years Experience

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Senior Fixed Income Analyst
11 Years Experience

Charles D. Buggage
Senior Fixed Income Analyst
8 Years Experience

Portfolio Characteristics and Sector Allocation

	MV %	YTW	OAS	OAD	OASD	DTS	Contr. to DTS	Avg. Rating
Securitized Opportunities Comp	100	6.8	253	2.6	3.3	8.1	8.1	A
ABS	26	6.8	277	2.5	2.6	5.9	1.5	BBB
CLO	23	6.6	201	0.2	3.4	7.3	1.7	A+
CMBS	24	8.7	444	2.0	1.9	13.2	3.2	A-
RMBS	22	5.5	122	6.4	6.1	7.8	1.7	AA
HY Corp	1	6.9	246	(0.0)	1.7	3.9	0.0	BB+
Cash	4	4.3	-	-	-	-	-	AAA
Bloomberg US MBS Index	100	4.9	36	5.9	5.6	3.0	3.0	AA+

Source: Fort Washington. Data as of 03/31/2025. Portfolio characteristics are as of the reported date and are subject to change without notice. Past performance is not indicative of future results. This supplemental information complements the Securitized Opportunities GIPS Report.

MARKET COMMENTARY

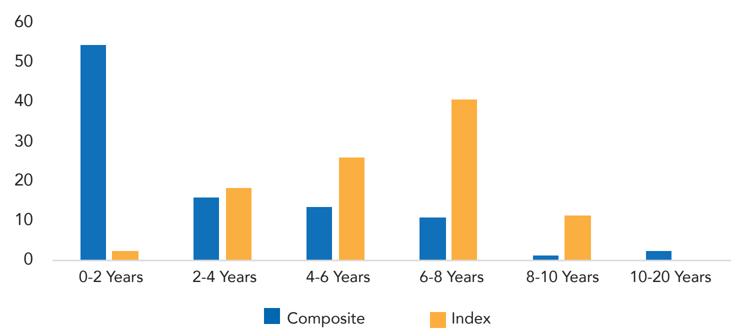
Uncertainty was the dominant theme in markets during the first quarter, driven largely by shifting policies under the new administration. Evolving trade policies and escalating tensions with key trading partners created an added layer of complexity for businesses, impacting corporate planning and investment decisions. At the same time, consumer sentiment showed signs of softening, with investors reassessing the potential impact of new policies on spending behavior.

This growing lack of clarity, combined with rising inflation concerns, has created uncertainty around the trajectory of U.S. economic growth, prompting economists to revise their 2025 GDP forecasts. However, it is worth emphasizing that much of the deterioration so far has been reflected in soft data—surveys, sentiment indicators, and business confidence—rather than in hard economic metrics like GDP or employment.

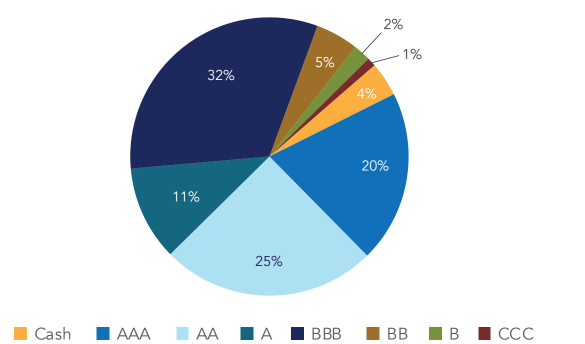
Looking ahead, key factors to watch include potential shifts in fiscal policy, the Fed's response to evolving macroeconomic conditions, and the extent to which business and consumer sentiment translates into actual spending and business activity. If uncertainty persists or tariffs escalate into larger trade wars, it will likely manifest in weaker hard data. That said, a dovish Fed reaction or a pivot on trade policy could help restore some confidence and support domestic growth.

Increased policy uncertainty and renewed growth fears led to a risk-off tone for markets as interest rates declined and risk assets underperformed. Equities were volatile as the S&P 500 briefly entered correction territory from mid-February highs and ended the quarter down -4.3%. Credit spreads also widened but remain tight relative to historical levels. Amid this risk-off tone, Treasury yields moved lower with the 10-year Treasury ending the quarter at 4.21%, compared to 4.57% at the start of the year.

Duration Distribution



Credit Quality



Source: Fort Washington. Characteristics are subject to change without notice. Totals may not equal 100 due to rounding. This supplemental information complements the Securitized Opportunities GIPS Report. Past performance is not indicative of future results.

PORTFOLIO REVIEW

The Fort Washington Securitized Opportunities Composite returned 2.20% (gross) and 2.11% (net) during the first quarter, with one-year performance at 8.56% (gross) and 8.17% (net), compared to the Bloomberg US Mortgage Backed Securities Index, which returned 3.06%. Rates ended the quarter with a strong bull-flattening move materializing across the curve—6-month Treasuries were largely unchanged while the 5-year Treasury note declined -43 basis points. Spreads on high-quality securitized bonds widened 10-20 basis points, while spreads on lower-rated bonds were mixed, ranging from 20-40 bp wider to 100 bp tighter.

The strategy's top performing sectors were Structured Settlement and CMBS Agency Interest-Only securities, which had gross returns of 4.90% and 4.09%, respectively. Both sectors are in the 5-to-7-year duration range and benefitted from the 40+ bp rally in the belly of the curve. The two lowest performing sectors were CLOs and Single Asset Single Borrower (SASB) deals with returns of 1.14% and 0.02%, respectively. Both sectors are floating rate and did not benefit from the lower rate environment. The Whole Business and Prime Jumbo RMBS sectors posted index-like returns at 2.81% and 2.62%, respectively.

PORTFOLIO ACTIVITY

Strategy sector changes were relatively modest with CLO exposure increasing 4% and CMBS increasing 2%. These increases were funded primarily from cash. The front-end of the Treasury curve inverted again in Q1 as the market contemplated the inflationary effects of tariffs and a "higher-for-longer" rate outlook. In this environment, CLOs began to look compelling and there was a plethora of secondary bonds with very short spread durations trading at relatively wide spreads. So, after tactically reducing our exposure to CLOs in late 2024, we increased our CLO exposure from 19% to 23% during the quarter—marginal purchases were 4.8-year spread duration at +185 bps over 3-month SOFR.

CMBS presented some of the most compelling value during the quarter and several opportunistic purchases were made averaging 1.1-year spread duration and +373 bps spread over Treasuries.

OUTLOOK

The economy is in a state of flux driven by highly uncertain fiscal and economic policies. What had been above trend growth and moderating inflation has given way to eroding consumer and business confidence, along with a host of weaker "soft" data statistics. Early signs suggest the consumer is bracing for higher inflation and unemployment—a possible stagflationary environment.

The strategy has had a quality bias (A average rating), given the historically tight spreads in the second half of 2024 and early 2025. However, uncertainty drove spreads wider late in Q1 and early in Q2 and many sectors are now trading closer to historically fair values. The widening has been "orderly" with credit curves indicative of higher volatility and uncertainty, but not recession (the market is not adequately compensating investors to move down in credit). Management believes it is too early to increase risk materially and is inclined to optimize positioning while maintaining a quality bias. High quality non-agency RMBS and CMBS (conduit AAA – AA and select SASB) continue to screen as cheap.

Volatility is likely to remain high, and risk premiums are expected to move higher, until there is more clarity regarding the U.S. economic outlook. Portfolio credit risk will be maintained on the lower end of the spectrum and interest rate risk will remain on the long side of neutral in the 2.6-year range.

The expectation is that businesses and the consumer will pause, leading to an inflation adjustment that markets must digest – a process that could take most of 2025. A recession is possible, but a soft patch is more probable The consumer (except for the lower income cohort) and businesses are on generally sound footing—low to moderate leverage and lower debt service coverage ratios. A confidence-led recession is very possible, but likely to be shallow. The current administration will be sensitive to the legacy of igniting a lasting U.S. and/or global recession.

Regarding rates, the Fed will be reluctant to cut the Fed Funds rate until the inflation picture becomes clearer, but there seems to be an underlying bias toward reducing rates and maintaining a sound job market. Given this backdrop, volatility will likely remain high with a severe downside scenario having low probability. Being opportunistic and marginally adding risk when spreads are on the cheaper end of the valuation spectrum should reward patient investors. A high-quality, high-carry short duration strategy should perform well through the cycle, but there may be a few bumps along the way.

SECURITIZED OPPORTUNITIES COMPOSITE GIPS REPORT

	1Q2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Securitized Opportunities (Gross)	2.20%	8.17%	6.86%	-6.49%	4.22%	2.51%	6.77%	4.72%	6.10%	5.87%	4.46%
Securitized Opportunities (Net)	2.11%	7.78%	6.45%	-6.85%	3.81%	2.10%	6.35%	4.30%	5.68%	5.44%	4.04%
Bloomberg US Mortgage Backed Securities Index	3.06%	1.20%	5.05%	-11.81%	-1.04%	3.87%	6.35%	0.99%	2.47%	1.67%	1.51%
Securitized Opportunities 3-Year Annual Standard Deviation[1]	–	3.36%	3.18%	6.39%	6.15%	6.10%	1.30%	1.19%	1.03%	0.91%	1.45%
Bloomberg US Mortgage Backed Securities Index 3-Year Annual Standard Deviation[1]	–	8.51%	7.66%	5.62%	1.71%	2.17%	2.15%	2.26%	1.75%	2.11%	2.31%
Dispersion[2]	0.13%	0.89%	1.84%	0.84%	0.56%	-	-	-	-	-	-
Number of Accounts	8	8	8	7	6	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets ($ millions)	$695.9	$674.3	$565.9	$530.3	$580.4	$358.2	$341.2	$258.9	$179.9	$92.7	$68.0
Total Firm Assets ($ millions)	$82,871	$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: 10/01/2011. [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 quarterly gross-of-fee returns for those portfolios held in the composite during the full measurement period. Composite Gross and Net returns for 2023, 2022, 2021, 2020, and 2019 have been revised due to incorrect values in prior presentations. Past performance is not indicative of future results. The benchmark for this composite is the Bloomberg US Mortgage Backed Securities Index. The Bloomberg US Mortgage Backed Securities Index tracks fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon, and vintage. The index accounts for interest payments by incorporating them into the total return calculation. Fort Washington's Securitized Opportunities strategy focuses on non-index, structured securities with higher return potential relative to a blended benchmark. Typical securities utilized include private label mortgage-backed securities, agency mortgage-backed securities, asset backed securities, commercial mortgage-backed securities, agency debentures, Treasuries, and cash securities. The portfolio duration target is between 2 and 8 years and there are no quality constraints. All fee-paying, fully discretionary, non-restricted portfolios managed in the Securitized Opportunities style, with a minimum of $25 million under our management, are included in this composite. The strategy's fee schedule is 0.35% for separate accounts. Benchmark returns include interest income, but as an unmanaged fixed income index, transaction fees (brokerage commissions) are not included, and no direct comparison is possible. 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 01/01/1997, individual portfolio returns were calculated on a monthly basis 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 7/1/94 - 12/31/23. 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 Fort Washington Securitized Opportunities strategy invests primarily in securitized asset instruments, including mortgage-backed securities, asset-backed securities and other securities. The market prices of securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic, political, or regulatory conditions, recessions, inflation, changes in interest or currency rates, lack of liquidity in the bond markets, or adverse investor sentiment. Investments in the strategy are subject to possible loss due to the financial failure of issuers of underlying securities and their inability to meet their debt obligations. When interest rates rise, the prices of fixed-income securities in the strategy will generally fall. Conversely, when interest rates fall, the prices of fixed-income securities in the strategy will generally rise. The value of mortgage-related and asset backed securities will be influenced by factors affecting the real estate market and the assets underlying those securities. These securities are also subject to prepayment and extension risks and risk of default.

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