Fort Washington Investment Advisors, Inc.

A member of Western & Southern Financial Group

Uncompromised Focus®

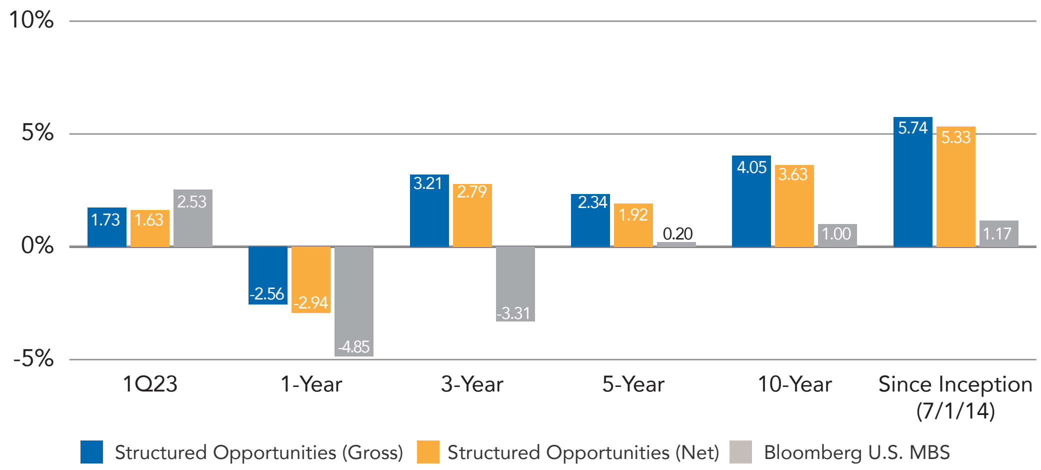
FORT WASHINGTON STRUCTURED OPPORTUNITIES — 1Q2023

HIGHLIGHTS

- The Fort Washington Structured Opportunities Composite finished the quarter at 1.63% (net) underperforming the Bloomberg U.S. MBS Index by 90 basis points. For the trailing 12 months the Composite returned -2.94% (net) versus the index return of -4.85%.
- Inflation decreased during the quarter due to the effects of Fed tightening. The CPI Index dropped to 5.0% year over year for March compared to 6.5% at the end of December.
- Markets still believe that the Fed's tightening efforts will drive the U.S. economy into a recession sometime within the next year or so, but how severe it will be remains unknown.
- The story of the first quarter was the implosion of Silicon Valley Bank (SVB) and Signature Bank. Investors feared that these one off situations would lead to contagion among regional banks.
- Spreads started tightening in the first half of the quarter before we started to see some stress down the capital stack in early March. Following the bank failures, we saw spreads widen out significantly across all structured subsectors and the entire capital stack.
- There were significant moves in spreads throughout the quarter with tightening to start the calendar year and then gapping wider due to risk to banks and especially exposures to Commercial Real Estate (CRE) loans.

Historical Performance

Annualized Returns as of March 31, 2023



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 Structured Opportunities GIPS Report.

INVESTMENT PROFESSIONALS

Scott D. Weston
Managing Director
Senior Portfolio Manager
31 Years Experience

Richard V. Schneider
Vice President
Senior Portfolio Manager
25 Years Experience

Brent A. Miller, CFA
Vice President
Senior Portfolio Manager
24 Years Experience

Laura L. Mayfield
Senior Portfolio Manager
18 Years Experience

Timothy R. Manchak, CFA
Portfolio Manager
19 Years Experience

Dimitar T. Kamacharov, CFA
Assistant Portfolio Manager
7 Years Experience

Portfolio Characteristics and Sector Allocation (as of 3/31/2023)

	MV %	Cpn	YTW	OAS	OAD	OASD	DTS	Contr. to DTS	Avg. Rating
Bloomberg US MBS Index Statistics Index	100	2.9	4.5	63	5.9	5.6	3.7	3.7	Aaa
Structured Opportunities Comp	100	4.7	9.1	485	2.4	3.4	14.7	14.7	Baa1/Baa2
ABS	28	4.5	7.6	366	3.2	3.3	12.5	3.5	Baa2/Baa3
CLO	19	7.4	9.2	398	0.2	4.8	19.9	3.6	A3/Baa1
CMBS	35	3.8	12.2	788	1.8	2.4	16.0	5.6	Baa3/Ba1
RMBS	12	5.2	6.7	258	4.3	6.2	14.9	1.7	A3/Baa1
Agency RMBS	1	2.8	3.1	(41)	4.5	3.0	0.0	-	Aaa
Non-Agency RMBS	11	5.3	6.7	258	14.0	6.4	15.9	1.7	Baa1/Baa2
US Government	2	3.9	3.8	-	-	-	5.0	0.1	AAA
IG Credit	-	-	-	-	-	-	-	-	-
HY Corp	1	5.8	8.8	361	(0.2)	3.3	11.6	0.2	Ba1
Emerging Market Debt	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Cash	3	-	4.8	-	-	-	-	-	Aaa

Source: Fort Washington. 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 Structured Opportunities GIPS Report.

MARKET OVERVIEW

The hallmark of the first quarter was volatility. In January, markets were sanguine about growth, inflation, and future Fed rate hikes. This calm was upended in February by strong economic data, highlighted by a strong jobs report and firm inflation readings. Interest rates rose sharply and credit spreads widened as markets priced in more Fed tightening and increasing concerns over a future recession. In March, the failure of SVB and Signature Bank, and the forced merger of Credit Suisse and UBS, shifted the narrative to strains within the U.S. financial system (especially in regional banks) potentially creating a negative feedback loop for the broader economy. Interest rates fell sharply and credit spreads widened further as uncertainty and volatility spiked. While the Treasury, Fed and FDIC issued a joint statement and announced policies to limit immediate systemic risk, the tightening in credit conditions as a result of these events is likely to negatively impact growth over coming quarters. Recession risk is elevated and expectations for the path of the fed funds rate has fallen sharply to end the quarter.

Amid the volatility and stress in the banking sector, consumer spending thus far has remained resilient. The labor market continued to post healthy job gains and wage growth in the first quarter. Solid consumer income, buoyed by historically low unemployment and excess savings from pandemic-era programs, continues to support growth. However, risk to the downside will increase as the cumulative effect of Fed tightening is felt and banks further constrain credit in the economy.

Global growth has surprised to the upside - Europe avoided a recession amid a mild winter and the outlook for China is brighter as it reopens from COVID restrictions. Importantly, inventories are plentiful and supply chains have largely normalized, resulting in lower downstream inflation pressures to consumer goods.

In late 2022, data for both headline and core inflation showed signs of meaningful deceleration. However, January data indicated the deceleration was less impressive than previously thought. While goods price inflation continued to move lower, sticky components of services-related inflation (including shelter costs), showed little sign of improvement. This, combined with unrelenting strength in the labor market, caused the Fed to raise rates 25 bps in February and pledge “ongoing increases.” Treasury yields rose sharply (2yr Tsy +97bp) through the rest of the month.

In early March, stress in the banking system caused a reversal of the February rate move and reduced expectations for a higher terminal fed funds rate. Even so, the Fed was undeterred and raised rates another 25 bps suggesting, “Some additional policy firming may be appropriate.” Tighter financial conditions resulting from banks’ reduction of credit availability should produce an effect similar to additional rate hikes, effectively elevating recession concerns. Countering this, the consumer is on historically sound footing and there are encouraging signs that inflation will fall further. In our view, the downside risk of recent events, combined with lower inflation and a healthy consumer, will continue to put manageable downward pressure on rates in 2023.

Duration Distribution

	Portfolio	Index
0 – 2 Years	52%	1%
2 – 4 Years	28%	9%
4 – 6 Years	11%	37%
6 – 8 Years	5%	52%
8 – 10 Years	1%	2%
10 – 20 Years	2%	0%
20+ Years	0%	0%
N/A – Other	0%	0%

Credit Quality

	Portfolio	Index
AAA	6%	100%
AA	2%	0%
A	20%	0%
BBB	38%	0%
BB	14%	0%
B	7%	0%
CCC and Below	2%	0%
Cash	3%	0%
Not Rated/Other	8%	0%

Source: Fort Washington. Characteristics are subject to change without notice. This supplemental information complements the Structured Opportunities GIPS Report.

PERFORMANCE

The Fort Washington Structured Opportunities Composite returned 1.73% (gross) and -1.63% (net) during the first quarter, compared to 2.53% for the Bloomberg US MBS Index. For the one year, the Composite returned –2.94% (net) versus -4.85% for the index. The strategy underperformed due to its overweight in mezzanine-structured products, which continue to see stress on spreads and prices. Securities at the top of the capital stack across the structured spectrum reversed course in the second half of the quarter to finish wider quarter over quarter. Securities rated below AAA saw significant widening throughout the quarter on concerns of contagion from the bank failures.

The strategy's gross yield held steady at 9.14% for the first quarter of 2023. A decrease in Treasury yields on the 2-year and longer part of the curve was offset by spread widening.

The strongest nominal subsector returns within the strategy for Q1 came from ABS, +3.40%, on spread tightening and duration. The CLO sector returned 2.77% and RMBS returned 2.04%. CMBS was the laggard with negative return of -0.41% for the quarter on significant spread widening especially down in credit.

PORTFOLIO ACTIVITY

There was a move to lengthen duration in the portfolio with adding spread product. Duration moved to 0.3 years by adding a position in 20-year Treasuries. A reduction in RMBS IO towards the end of the quarter was also implemented as the sector has shown strong performance in the rising rate environment. We also added to our CLO exposure during the quarter.

Risk positioning extended slightly in the first quarter with spread duration at 3.78 years, and duration positioning longer at 2.39 years. Credit quality declined slightly to a BBB average.

OUTLOOK

We expect to see continued volatility in fixed income markets starting with rates and continuing with spreads especially in the structured space. More pronounced tiering among sectors and credit curves is expected. The team is actively monitoring exposures in all sectors, especially commercial real estate. There is also a preference for bonds higher up the capital stack, given some of the uncertainty in the markets today.

With the Fed path slightly more uncertain, and a potential economic strain that could present itself over the next 6-9 months, we are taking a more cautious tone to risk. We are looking to build up cash as the portfolio yield is over 9% and shorter duration still looks very attractive. We will still continue to look at individual credit opportunities as they arise.

COMPOSITE PERFORMANCE DISCLOSURES

	1Q2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Structured Opportunities (Gross)	1.73%	-6.28%	4.47%	2.19%	6.83%	4.72%	6.10%	5.87%	4.46%	6.43%	9.07%
Structured Opportunities (Net)	1.63%	-6.65%	4.05%	1.78%	6.36%	4.30%	5.68%	5.44%	4.04%	6.00%	8.62%
Bloomberg U.S. Mortgage Backed Securities Index	2.53%	-11.81%	-1.04%	3.87%	6.35%	0.99%	2.47%	1.67%	1.51%	6.08%	-1.41%
Structured Opportunities 3-Year Annual Standard Deviation[1]	--	6.27%	6.07%	6.01%	1.31%	1.19%	1.03%	0.91%	1.45%	3.09%	--
Bloomberg U.S. Mortgage Backed Securities Index 3-Year Annual Standard Deviation[2]	--	5.62%	1.71%	2.17%	2.15%	2.26%	1.75%	2.11%	2.31%	2.22%	--
Dispersion[3]	--	--	--	--	--	--	--	--	--	--	--
Number of Accounts	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets ($ millions)	$341.7	$336.4	$358.9	$287.2	$280.9	$258.9	$179.9	$92.7	$68.0	$65.1	$61.2
Total Firm Assets ($ millions)	$68,722	$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: 10/01/11. [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]The 3-Year annualized ex-post standard deviation is calculated using monthly 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 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.

Fort Washington's Structured 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 Structured Opportunities style, with a minimum of $25 million under our management, are included in this composite. Effective 03/22/22, the Structured Opportunities Fixed Income fee schedule is 0.40% on the first $75 million and 0.35% on additional amounts over $75 million. The benchmark for this composite a blend consisting of 50% HY Ba/B and 50% U.S. Securitized. Previously the benchmark was the Bloomberg Mortgage Index. 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 01/01/97, 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 Fort Washington Structured 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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303 Broadway, Suite 1200 / Cincinnati, OH 45202 / 513.361.7600 / 888.244.8167 / fortwashington.com