



FORT WASHINGTON SECURITIZED TOTAL RETURN — 1Q2025

HIGHLIGHTS

- ▶ The Fort Washington Securitized Total Return strategy focuses on low to moderate risk/return opportunities in securitized products with an emphasis on providing a higher-quality, lower-volatility replacement for Investment Grade Corporate bonds.
- ▶ The Fort Washington Securitized Total Return Composite returned 2.70% (net) in the quarter, compared to 3.06% for the Bloomberg US Mortgage Backed Securities (MBS) Index.
- ▶ 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.
- ▶ Spreads across private-label securitized products widened 15-40 basis points and underperformed Agency MBS. Agency MBS spreads widened 7 basis points, and the Index exhibited modest negative excess returns during the quarter. This led to underperformance for our Composite, which focuses on high-quality private-label (non-index-eligible) securities.
- ▶ Compensation for risk seems fair within securitized sectors and offers balanced upside and downside risk in our view. We believe securitized products continue to offer good relative value as compared to investment-grade corporates.

INVESTMENT PROFESSIONALS

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Managing Director,
Senior Portfolio Manager
33 Years Experience

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Vice President,
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26 Years Experience

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27 Years Experience

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Vice President,
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20 Years Experience

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Portfolio Manager
11 Years Experience

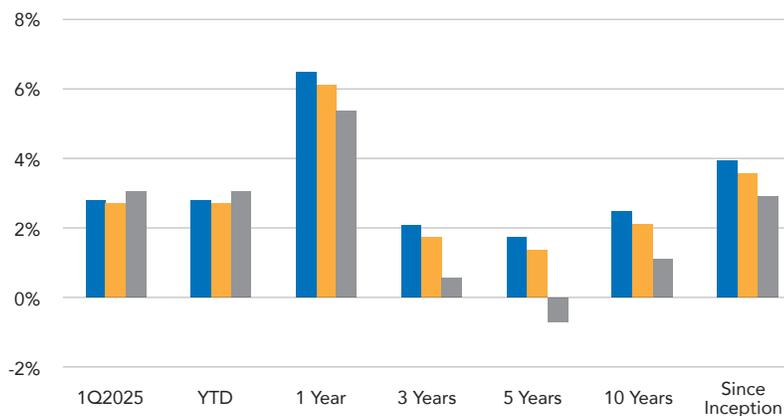
Beth N. Turner, CFA

Senior Fixed Income Analyst
11 Years Experience

Charles D. Buggage

Senior Fixed Income Analyst
8 Years Experience

Trailing Total Returns (as of March 31, 2025)



| | 1Q2025 | YTD | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception |
|--------------------------------------|--------|------|--------|---------|---------|----------|-----------------|
| Securitized Total Return (Gross) (%) | 2.78 | 2.78 | 6.49 | 2.09 | 1.73 | 2.50 | 3.95 |
| Securitized Total Return (Net) (%) | 2.70 | 2.70 | 6.13 | 1.75 | 1.39 | 2.13 | 3.58 |
| Bloomberg US MBS Index (%) | 3.06 | 3.06 | 5.39 | 0.55 | -0.69 | 1.11 | 2.93 |

Inception date: 01/01/2005. Source: Fort Washington. Past performance is not indicative of future results. This supplemental information complements the Securitized Total Return GIPS Report.

Portfolio Characteristics and Sector Allocation

| | MV % | YTW | OAS | OAD | OASD | DTS | Contr. to DTS | Avg. Rating |
|--------------------------|------|-----|-----|------|------|-----|---------------|-------------|
| Securitized Total Return | 100 | 5.4 | 104 | 6.0 | 5.3 | 5.4 | 5.4 | AA |
| ABS | 9 | 5.9 | 183 | 2.8 | 2.8 | 4.6 | 0.4 | BBB |
| CLO | 5 | 6.1 | 151 | 0.1 | 3.8 | 5.8 | 0.3 | AA |
| CMBS | 9 | 7.3 | 309 | 2.0 | 2.3 | 5.8 | 0.5 | AA- |
| RMBS | 71 | 5.1 | 72 | 6.9 | 6.5 | 5.5 | 3.9 | AA+ |
| US Government | 4 | 4.6 | - | 15.3 | - | 7.5 | 0.3 | AA+ |
| IG Credit | 0 | 4.4 | 10 | 9.9 | 9.8 | 2.9 | - | AAA |
| Cash | 1 | 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 Total Return GIPS Report.

MARKET OVERVIEW

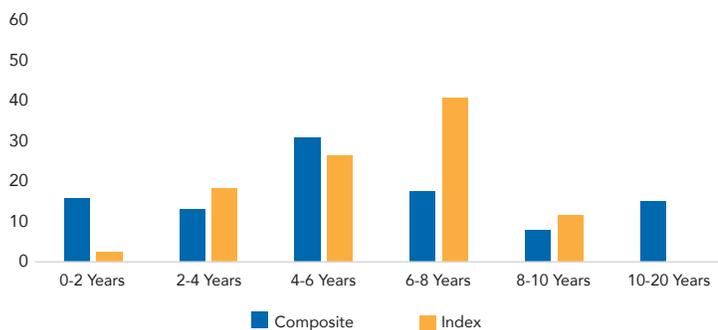
Uncertainty was the dominant theme in markets during the first quarter, driven largely by shifting policies under the new administration. Evolving trade policies and escalating tensions with key trading partners created an added layer of complexity for businesses, impacting corporate planning and investment 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.

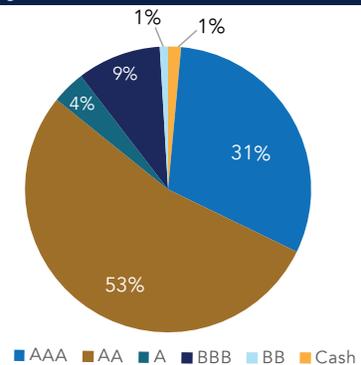
Looking ahead, key factors to watch include potential shifts in fiscal policy, the Fed's response to evolving macroeconomic conditions, and the extent to which business and consumer sentiment translates into actual spending and business activity. If uncertainty persists or tariffs escalate into larger trade wars, it would 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 Total Return GIPS Report.

PERFORMANCE

Against this backdrop, the Fort Washington Securitized Total Return Composite returned 2.78% (gross) and 2.70% (net) in the first quarter, underperforming the Bloomberg US MBS Index, which returned 3.06%. The underperformance was mostly due to a 40% overweight in private-label RMBS and CMBS compared to the Index. RMBS and CMBS spreads were 20-40 basis points wider depending on the sub-sector, while other non-index sectors (namely, ABS and CLOs) showed positive excess returns versus Treasuries. Meanwhile, the Index, which is comprised of Agency MBS, held up well despite rate volatility, underperforming Treasuries by just 4 basis points due to slightly wider spreads. Yield curve exposure had a modest impact on composite returns, detracting 12 basis points this quarter.

PORTFOLIO ACTIVITY

Purchase activity in Q1 was again focused on discount AAA-rated Non-Agency RMBS backed by prime jumbo residential mortgages. Additionally, we lightened up on short AAA CMBS and rebalanced our exposure to CLOs after a security was called. The allocation to Non-Agency RMBS is based on relative value—high-quality RMBS trading at dollar prices in the \$80-\$90 range are among the cheaper asset classes in securitized products with spreads in the 40th-50th percentile historically. Overall sector allocations did not change much, with Non-Agency RMBS up 3% and CMBS and Cash both down 2%.

Portfolio credit quality remained near its highest level in a decade, with an average rating of AA. At the end of the first quarter, the portfolio duration was 6.0 years, in line with the Index.

OUTLOOK

Growth expectations have continued to decline in recent weeks over trade policy developments and softer sentiment. There is a lot of uncertainty among businesses and consumers which could impact hiring and spending. Longer-run inflation impacts are tough to gauge, but weaker growth expectations from an extended period of uncertainty will likely keep a lid on meaningfully higher inflation and ultimately result in lower interest rates and a positively-sloped yield curve.

The strategy's broad sectors (ABS, CMBS, RMBS, and CLOs) have strong fundamentals and the move wider in spreads is consistent with those in other sectors. While lower-income consumers are showing some weakness, overall consumer data is strong, and lenders have managed defaults well. Securitization protections are robust. Housing fundamentals support RMBS, though concerns remain about housing turnover and cash flow projections. CLO default rates have stabilized as borrowers benefit from lower front-end rates. CMBS has improved, with increased lending activity, although some problem assets remain. Spreads have tightened across the asset class.

During Q1, spreads widened from very tight levels. Since quarter end, spreads have widened further, but mainly in a parallel fashion across the capital structure. We expect to remain biased towards higher-quality assets, as tight credit curves are not adequately compensating investors for risk. Among securitized sectors, CMBS is bifurcated with distressed segments like Office trading at wider spreads. We are still finding pockets of value in certain RMBS sub-sectors including seasoned prime jumbo RMBS. We have been reducing exposure to Whole Business and Container ABS sectors which we believe have elevated downside compared to higher-quality sectors.

SECURITIZED TOTAL RETURN COMPOSITE GIPS REPORT

| | 1Q2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Securitized Total Return (Gross) | 2.78% | 3.87% | 5.85% | -9.28% | 0.40% | 4.83% | 6.71% | 2.06% | 3.43% | 3.24% | 3.66% |
| Securitized Total Return (Net) | 2.70% | 3.51% | 5.49% | -9.58% | 0.06% | 4.49% | 6.34% | 1.65% | 3.02% | 2.82% | 3.23% |
| 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 Total Return 3-Year Annual Standard Deviation ¹ | - | 6.68% | 5.97% | 4.81% | 3.10% | 3.28% | 1.94% | 1.83% | 1.54% | 1.90% | 2.15% |
| 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 | - | - | - | - | - | - | - | - | - | - | - |
| Number of Accounts | ≤5 | ≤5 | ≤5 | ≤5 | ≤5 | ≤5 | ≤5 | ≤5 | ≤5 | ≤5 | ≤5 |
| Composite Assets (\$ millions) | \$381.7 | \$371.4 | \$347.7 | \$328.4 | \$380.0 | \$367.9 | \$398.3 | \$234.7 | \$230.0 | \$149.5 | \$105.8 |
| 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 date: 01/01/2005. ¹The 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. ²Dispersion 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 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 Total Return strategy seeks to achieve superior return on mortgage-related investments by investing in both index and non-index securities and employing an active intra-sector relative value framework. Typical securities utilized include agency mortgage-backed securities, private label mortgage-backed securities, asset backed securities, commercial mortgage-backed securities, agency debentures, Treasuries and cash securities. Portfolio duration will target +/- 1 year relative to the duration of the Bloomberg Barclays Mortgage index. Average quality to be investment grade. All fee-paying, fully discretionary, non-restricted portfolios managed in the Securitized Total Return style, with a minimum of \$15 million under our management, are included in this composite. The strategy's fee schedule is 0.30% on the first \$25 million and 0.25% on additional amounts over \$25 million. Portfolios in this composite include agency mortgage-backed securities, private label mortgage-backed securities, commercial mortgage-backed securities, agency debentures, Treasuries and cash securities. 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. 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 - 12/31/23. 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. 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 Total Return 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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