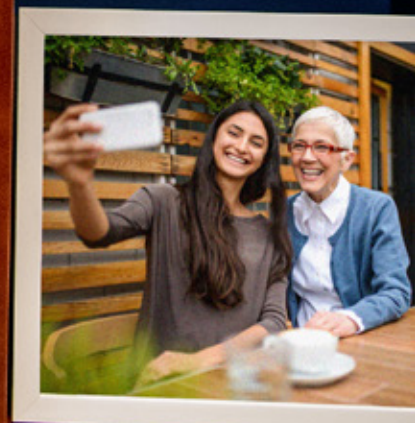
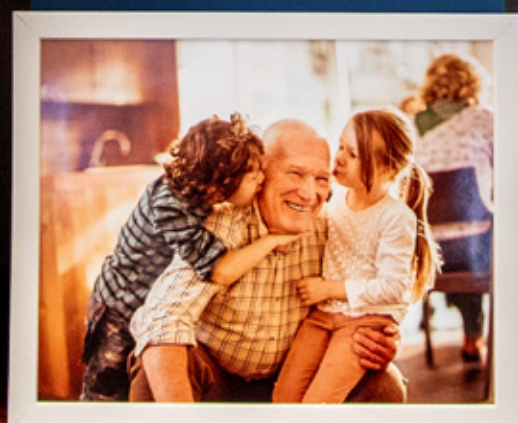




Western & Southern Financial Group
2018 Annual Report



A human institution
serving human needs.

WESTERN & SOUTHERN FINANCIAL GROUP

Born as a modest, door-to-door business during America's industrial age — and built to last forever — Western & Southern is today among the strongest life insurance groups in the world.

We continue to endure and thrive because we have never lost sight of our purpose — to provide financial strength and security to those we serve. We earn your trust by operating with integrity, making sensible decisions, and faithfully honoring our promises today, tomorrow and always.

Our family of companies continues to grow and diversify, fortifying our financial foundation and embracing new opportunities to meet your needs through superior service and an ever-expanding range of insurance, investment and retirement solutions.

We have always been **a human institution serving human needs**, committed to helping you live the life you want to live. This organizing principle united our founders and remains our mission today.

Our History

William John Williams and 12 like-minded Cincinnati businessmen united with a vision to offer affordable life insurance to industrial workers and the underserved. Founded as The Western and Southern Life Insurance Company on Feb. 23, 1888, Western & Southern Financial Group has grown into a diversified

1888-1929

- **1888** The Western and Southern Life Insurance Company was founded in Cincinnati to provide weekly premium life insurance that industrial workers could afford. Dr. Frank Caldwell was named president.



Ohio History Connection (AL03918)

- **1910** Company co-founder William John Williams became president.



Assets: \$6 million

- **1913** Company made its first acquisition of a life insurance company.
- **1916** New home office was dedicated in downtown Cincinnati at Fourth and Broadway streets.



- **1922** Company introduced associate recognition program for long and loyal service.

1930-1939

- **1930** During the Great Depression, more Americans looked to Western & Southern for its financial strength and history of honoring its promises.



Ohio History Connection (AL07270)

- **1931** Company announced salary increases, tuition aid and more liberal vacation policies for associates.
- **1939** First Crib of the Nativity holiday display was erected as company's annual gift to the people of Greater Cincinnati. It continues today.



Assets: \$180 million

Insurance in force: \$940 million

1940-1959

- **1942** Company supplemented military pay for associates serving in the armed forces.



- **1948** Western & Southern became mutual company owned by its policyholders.



- **1953-1959** Company acquired six life insurance companies.
- **1957** First mainframe computer installed, expanding career opportunities.



1960-1979

- **1960** Company's insurance in force grew to \$4.9 billion as members of the Greatest Generation relied on Western & Southern's strength to help protect their futures.



Assets: \$1 billion

- **1963** "75 Years of Growth."



- **1966-1970** Company acquired a bank, a savings association and three life insurance companies.
- **1973** Dr. Charles M. Barrett became president and chief executive officer. He was named chairman in 1984.



Company reach grew to 42 states and the District of Columbia.

family of financial services companies. We are proud of our heritage of protecting generations of families, and we remain committed to delivering superior service and outstanding financial strength to honor the promises we make.

1980-1989

- **1980** Western-Southern Life Assurance Company incorporated to offer interest-sensitive life insurance and annuities.
- **1982** Columbus Mutual Life Insurance Company joined Western & Southern to serve independent agents.
- **1984** William Joseph Williams became president and chief operating officer.



- **1988** Company marked 100 years and established charitable foundation to support community nonprofits.



Eagle Realty Group formed to offer real estate investment and property management services.

- **1989** John F. Barrett, who joined the company in 1987 as chief financial officer, was named president.

1990-1999

- **1990** Fort Washington Investment Advisors formed to offer investment management and to grow through future acquisitions.
- **1993-1994** Touchstone Advisors and Touchstone Securities (Touchstone Investments) formed to offer mutual funds and to grow through future acquisitions.
- **1994** John F. Barrett became chief executive officer. Chairman was added to his title in 2002.



- **1996** Company opened Guilford Institute as learning and fitness center for associates.



- **1999** Company acquired Integrity Life Insurance Company and National Integrity Life Insurance Company to expand product reach and serve New York state.

2000-2011

- **2002** Company became title sponsor of Cincinnati's international tennis tournament, later renamed Western & Southern Open.
- **2003** W&S Financial Group Distributors formed to market annuities and life insurance from Western & Southern member companies.



W&S Brokerage Services formed to support Western & Southern Life field agents licensed to sell securities.

- **2004** Company made first appearance on *Fortune* 500 list.

Assets owned and managed: \$34 billion

- **2005** The Lafayette Life Insurance Company joined Western & Southern.
- **2009** Company launched 11 new Touchstone mutual funds during Great Recession.

- **2011** Company redefined Cincinnati's skyline by constructing city's tallest building, Great American Tower.



2012-2018

- **2014** Company introduced fixed indexed annuity featuring a proprietary index.
- **2015** Company leveraged annual fundraiser, Ride Cincinnati, in fight against cancer and launched \$100 million capital campaign to pursue National Cancer Institute designation for Cincinnati.



Company became title sponsor of annual fireworks display on Cincinnati riverfront.



- **2017** Institutional Markets formed to deliver products and services to employers and institutional clients.
- **2018** Company marked 130th year and Gerber Life Insurance Company joined Western & Southern.



- **2018 Assets owned and managed: \$75 billion**
- **Insurance in force:*** \$132.7 billion

*Includes Gerber Life Insurance Company.

Message from Our Chairman

To Our Clients, Business Partners, Colleagues and Friends,

We are pleased to report that the 130th anniversary year of our company's founding was our best yet. Among our many successes, Western & Southern Financial Group completed the largest acquisition in its history. On Dec. 31, Gerber Life Insurance Company joined our family of companies, adding a leading direct-to-consumer life insurer and an iconic brand to further diversify our array of financial services businesses.

As a human institution serving human needs, we are committed to delivering top-notch financial solutions to help our policyholders and clients achieve a lifetime of financial security. Gerber Life's heritage of protecting generations of families, solid financial performance, scalable distribution and cross-selling potential make it an excellent fit for our organization.

We finished 2018 with record results in total revenue, life and health premiums, annuity sales, and net income. With the addition of Gerber Life, our life insurance business and policyholder base grew, driving total assets owned to nearly \$52 billion, a record, while assets owned and managed grew to an all-time high of \$75.1 billion. It also increased the affiliated and independent agents licensed to sell and service our products to 97,000.

While market action adversely affected our net worth in the fourth quarter, our capital-to-asset ratio finished the year incredibly strong at 17 percent, more than double the average capital-to-asset ratio of the 15 largest publicly traded life insurers doing business in the U.S. This is an important indicator of our financial strength and ability to fulfill our promises.

The life insurance businesses finished the year on solid footing with a seventh consecutive year of life and health premiums in excess of \$1 billion.

The investment and retirement businesses had a terrific year. They returned impressive results driven by robust investment performance, solid client and advisor relationships, new products and strategies, and solutions for employers.

The secret behind our success is our vastly improved corporate culture. During our first 100 years, we were a home-service organization, and our culture reflected that. Over the last 30 years, our business model changed dramatically, and we have worked hard to continuously improve our culture so that it is now a crucial strategic weapon.

In order to attract the right people, the right culture must be coupled with a great capital position. As of March 31, 2019, our capital position was almost \$10 billion with a robust 18+ percent capital-to-asset ratio.

We are grateful for our rich heritage, tremendous financial strength, superior service and ever-growing family of policyholders and clients who rely on us to protect and grow their assets, help them manage risk, and secure their financial futures.

We enjoy a truly special environment that is enabling our talented associates to grow, prosper and enjoy meaningful careers as they serve the financial needs of our 4.3 million clients.

We value your continued confidence and look forward to serving you and generations to come for another 130 years.

Sincerely,



John F. Barrett
Chairman, President and
Chief Executive Officer

Generally Accepted Accounting Principles (GAAP) as of Dec. 31, 2018, are used throughout this report unless noted.



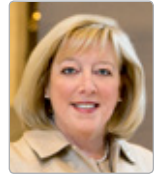
"Our unbeatable corporate culture puts customers first through every decision and every action every day. This is the solid foundation for confidence and trust in our family of companies."



Jonathan D. Niemeyer

Chief Administrative Officer and General Counsel

"No matter where you are on life's journey, our insurance, investment and retirement solutions help put you on the right path for securing your financial future."



Jill T. McGruder

Enterprise Chief Marketing Officer

2018 Highlights

Columbus Life Insurance Company

Expansion of distribution support drove growth in appointed producers and a more than 14 percent increase in life insurance policies placed.

Eagle Realty Group, LLC

Increase in mortgage loan activity grew the debt portfolio by 24 percent over 2017 to \$2.95 billion.

Fort Washington Investment Advisors, Inc.

Associate-friendly culture received "Best Place to Work in Money Management" recognition from *Pensions & Investments* for the fifth time.†

Gerber Life Insurance Company

Demand for direct-to-consumer life insurance, which is 59 percent of Gerber Life's new business, drove the addition of the company to the Western & Southern family of companies.

Institutional Markets

Growing need among employers to transfer pension risk drove sales up nearly 31 percent to a record \$439 million.

The Lafayette Life Insurance Company

Greater opportunities to serve military families drove introduction of exclusive military whole life product.

Touchstone Investments®

Demand for differentiated investment options led to introduction of two new mutual funds that leverage innovation in investing methodology while enhancing fund lineup.

W&S Financial Group Distributors, Inc.

Expanded product offerings and distribution relationships drove 53 percent growth in 2018 annuity sales.

Western & Southern Life

Responsive customer service earned a top five customer call center ranking from DALBAR for the fourth consecutive year.

Our Financials

Western & Southern produced outstanding financial results in 2018.

We completed the \$1.55 billion purchase of Gerber Life Insurance Company by taking full advantage of our solid financial position.

We are well positioned to honor our promises to you for generations to come.

We achieved several financial milestones and continued to enjoy strong ratings from independent rating agencies as well as one of the industry's highest capital-to-asset ratios — a testament to the enduring financial strength we have built for more than 130 years.

Solid investment performance and the ability of our asset management businesses to capitalize on past acquisitions led to our second-best year for GAAP operating income, a key measure for managing our business and evaluating results.

We continued to expand distribution relationships throughout the year and became a growing presence in the pension risk transfer business, relieving employers of the financial risk associated with maintaining a pension plan. As a result, we experienced a 40 percent year-over-year increase in our annuity sales.

Through continued diversification of our business offerings, expanded distribution, and new products and capabilities, Western & Southern is well positioned to honor our promises to you — our policyholders, customers and clients — for generations to come.



Bradley J. Hunkler
Chief Financial Officer



**RECORD
RESULTS**

\$4.7B

Total Revenue

\$4.3B

Life and Health
Premiums and
Annuity Sales

\$721.2M

Net Income

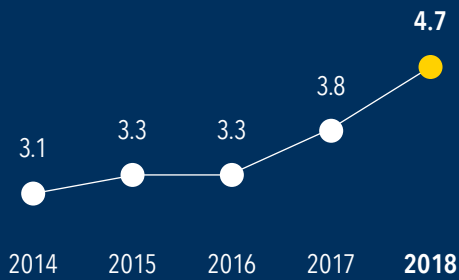
\$51.8B

Assets Owned

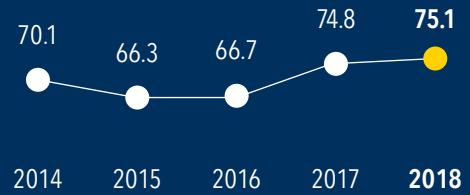
\$75.1B

Assets Owned
and Managed

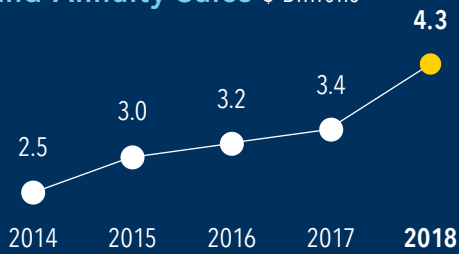
Total Revenue \$ Billions



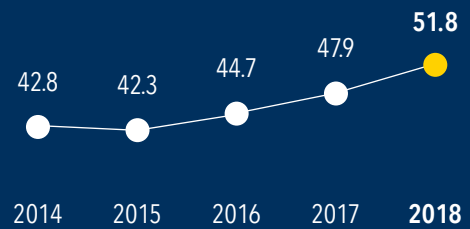
Total Assets Owned and Managed \$ Billions



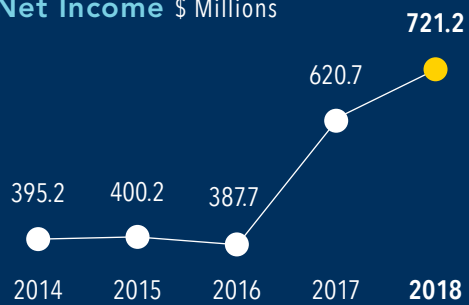
Life and Health Premiums and Annuity Sales \$ Billions



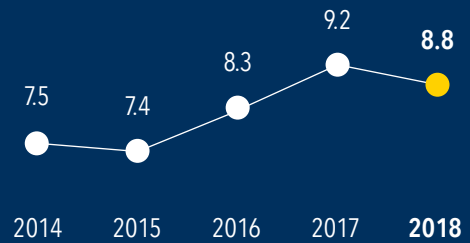
Assets Owned \$ Billions



Net Income \$ Millions



Total Equity \$ Billions



Consolidated and Condensed GAAP Income Statement

Amounts in thousands	Year Ended December 31, 2018	Year Ended December 31, 2017
Revenue		
Insurance premiums and product charges	\$2,668,402	\$1,893,554
Net investment income	1,729,069	1,695,071
Commissions, fees and other income	295,563	250,363
Total revenue	<u>\$4,693,034</u>	<u>\$3,838,988</u>
Benefits and expenses		
Policyholder benefits	\$2,716,417	\$1,846,967
Interest credited to policyholder account balances	641,557	689,508
Other operating expenses	919,953	899,443
Total benefits and expenses	<u>\$4,277,927</u>	<u>\$3,435,918</u>
Operating income*	415,107	403,070
Investment gains and nonoperating charges	461,852	95,814
Income tax expense (benefit)	155,712	(121,849)
Net income	<u>\$ 721,247</u>	<u>\$ 620,733</u>

Consolidated and Condensed GAAP Balance Sheet

Amounts in thousands	December 31, 2018	December 31, 2017
Assets		
Debt securities	\$34,639,040	\$32,234,345
Equity securities	1,467,086	2,436,285
Other invested assets	9,206,434	8,709,467
Other general account assets	4,354,537	2,129,833
Assets held in separate accounts	2,166,102	2,363,476
Total assets	<u>\$51,833,199</u>	<u>\$47,873,406</u>
Liabilities and equity		
Future policy benefits and claims	\$37,829,769	\$32,885,774
Long-term debt	493,146	496,954
Other general account liabilities	2,509,636	2,941,674
Liabilities related to separate accounts	2,166,102	2,363,476
Total liabilities	<u>42,998,653</u>	<u>38,687,878</u>
Total equity	<u>8,834,546</u>	<u>9,185,528</u>
Total liabilities and equity	<u>\$51,833,199</u>	<u>\$47,873,406</u>

* Operating income is defined as net income excluding income tax, net realized investment gains or losses, noncontrolling interest related to capital gains, one-time restructuring charges and discontinued operations.

Our Solutions

Financial solutions that help grow and secure financial futures.



Insurance

- Whole Life
- Universal Life
- Term Life
- Guaranteed Life
- Endowment Life
- Accident and Critical Illness
- Wealth Transfer
- Institutional Solutions

\$14.4B

Life and Health Reserves*



Investments

- Mutual Funds
- Fixed Income
- Public Equity
- Private Equity
- Real Estate
- Asset Allocation

\$23.3B

Third-Party Assets Managed



Retirement

- Fixed Annuities
- Indexed Annuities
- Variable Annuities
- Income Annuities
- Pension Products and Services
- Wealth Planning

\$25.4B

Annuity Reserves



17% Capital-to-Asset Ratio

With more than twice the average capital-to-asset ratio of the 15 largest publicly traded life insurers doing business in the U.S., Western & Southern has the financial strength to keep the promises we make.

6.9%



\$4.3B

Total Claims and Benefits Paid*

* Includes Gerber Life Insurance Company.

Securing Financial Futures

Western & Southern has a 130-year heritage of meeting the financial security needs of American consumers — individuals, families, businesses, foundations and nonprofits — with a wide range of insurance, investment and retirement solutions through an ever-growing distribution system.

Our primary life insurance companies — Western & Southern Life,¹ Columbus Life Insurance Company and The Lafayette Life Insurance Company — deliver a broad range of financial solutions. From short-term options like term life to permanent solutions like whole and universal life, our suite of life insurance products and services is versatile enough to cover you through every stage of your life.

Our investment businesses — Fort Washington Investment Advisors, Touchstone Investments and Eagle Realty Group — provide you the investment resources, solutions and capital necessary to build, strengthen and protect your wealth.

Seasoned investment managers use focused, results-driven investment strategies to meet your evolving financial needs and investment goals. Our mutual funds give you access to top-quality investment expertise to help you reach your long-term financial goals. Our extensive real estate development, management, ownership and lending experience provides real estate investors creative capital solutions to fuel their businesses.

W&S Financial Group Distributors and our Institutional Markets team answer your retirement needs with a growing array of guaranteed solutions, including annuities, life insurance and pension products, to help individuals, employers and business partners secure and grow their retirements and legacies.

No matter which of our member companies serves your needs, we are committed to helping you protect what matters for a secure financial future.

Welcome to Our Newest Arrival



**Gerber Life
Insurance**

Western & Southern welcomes Gerber Life Insurance Company and its associates in Fremont, Michigan, and White Plains, New York, to our family of companies.

Founded in 1967 as an affiliate of the Gerber Products Company, "the baby food people," Gerber Life provides affordable life and health insurance, including medical stop-loss insurance, to individuals, families and businesses, helping them achieve greater financial security. Gerber Life's insurance products serve people of all ages, from newborns and their parents and grandparents to retirees.



Keith M. O'Reilly

President and Chief Executive Officer
Gerber Life Insurance Company

On Dec. 31, 2018, we completed our purchase of Gerber Life from Nestlé S.A., the largest food and beverage company in the world, which had acquired Gerber Products and Gerber Life in 2007.

¹ Western & Southern Life is the marketing name for The Western and Southern Life Insurance Company and Western-Southern Life Assurance Company.



4M

Individuals
and Families
Protected*

\$132.7B

Insurance
In Force*

\$1.5B

Policyholder
Claims Paid*



11

Investment Strategies
With 10+Year
Track Record³

Fort Washington

\$3.8B

Real Estate
Assets Managed⁴

Eagle Realty Group

14

Mutual Funds
4- or 5-Star
Morningstar Rating⁵

Touchstone Investments



315K

Annuity
Clients Served

\$2.8B

Annuity
Benefits Paid

\$3.1B

Annuity
Sales

* Includes Gerber Life Insurance Company.

³ For the year ended Dec. 31, 2018.

⁴ As of Dec. 31, 2018. Includes regulatory assets of \$1.02 million managed by Eagle Realty Capital Partners, LLC, which provides Eagle's third-party investment services.

⁵ Overall rating as of Dec. 31, 2018.

Enterprise at a Glance

Company/Business Unit

Products and Services

Western & Southern Life¹

wslife.com | 800-936-1212

Term, universal and whole life, critical illness insurance, accident insurance, retirement strategies, annuities, mutual funds

Columbus Life Insurance Company

columbuslife.com | 800-677-9696

Universal and term life, annuities, retirement/business planning

Eagle Realty Group, LLC

eaglerealtygroup.com | 800-361-7040

Debt and equity capital for investment real estate, property management services

Fort Washington Investment Advisors, Inc.²

fortwashington.com | 888-244-8167

Investment management, wealth planning, investment advisory services

Gerber Life Insurance Company

gerberlife.com | 800-704-2180

Term, whole, guaranteed and endowment life, individual and group accident insurance, health insurance

Institutional Markets

iprofillment.com | 866-590-0161

Life insurance, annuities

Integrity Life Insurance Company

wsfinancialpartners.com | 800-325-8583

Annuities

National Integrity Life Insurance Company

wsfinancialpartners.com | 800-433-1778

Annuities, single premium universal life, critical illness insurance

The Lafayette Life Insurance Company

lafayettelife.com | 800-243-6631

Whole and term life, annuities, pension products and services

Touchstone Investments³

touchstoneinvestments.com | 800-638-8194

Mutual funds

W&S Financial Group Distributors, Inc.

wsfinancialpartners.com | 800-926-1702

Annuity, critical illness insurance and life insurance distribution

¹ Securities offered through W&S Brokerage Services, Inc. Member FINRA/SIPC.

² SEC Registered Investment Advisor.

³ Securities offered through Touchstone Securities, Inc. Member FINRA/SIPC.

Clients

Channels

Middle-income individuals and families

123 field offices, home office sales and service teams

Upper middle-income/affluent individuals and families, small/mid-size businesses

Independent agents, independent marketing organizations

Real estate developers, commercial real estate investors, property owners

Investment and commercial bankers, mortgage bankers and brokers

Corporate and public pension funds, endowments, foundations, high net worth individuals and their businesses, insurance companies, mutual funds, religious organizations, universities

Investment professionals, individuals, institutions

Individuals, families, businesses, associations

Direct to consumer, independent agents, independent marketing organizations

Individuals, families, businesses

Banks, wealth management firms, finance companies, consultants

Individuals, small businesses

Banks, broker-dealers, independent marketing organizations, independent agents, registered investment advisors

Individuals, small businesses

Banks, broker-dealers, independent marketing organizations, independent agents, registered investment advisors

Upper middle-income/affluent individuals and families, small/mid-size businesses

Independent agents, independent marketing organizations

Individuals, families, businesses, retirement plans

Financial advisors, consultants, private banks and bank trusts, registered investment advisors

Individuals, small businesses

Banks, broker-dealers, independent marketing organizations, independent agents, registered investment advisors

Western & Southern Life

The Western and Southern Life Insurance Company is Western & Southern's original company, founded in Cincinnati in 1888. Since then, Western & Southern Life has been committed to providing a superior customer experience and making complex financial solutions easier to understand.

Its dedicated financial representatives and support teams, as well as an award-winning call center, continue to meet the growing need among middle-income Americans for high-quality life, annuity and investment products and solutions.¹

In 2018, Western & Southern Life's GAAP operating income was \$54.6 million. With a refresh of its term life product to include higher issue ages and expanded and improved disability and convertibility options, the company experienced a 27 percent

increase over 2017 in the average face amount of term life insurance purchased by clients.

The company's customer call center ranked among the top five by DALBAR, a leading financial services market research firm. Western & Southern Life's commitment to meaningful post-military careers was again recognized. It was designated a Top Military Friendly® Employer for the seventh consecutive year and a Military Friendly® Spouse Employer for the fifth straight year by Victory Media, publisher of *GI Jobs* and *Military Spouse*.



Troy D. Brodie
President and Chief Marketing Officer
W&S Agency Group

Columbus Life Insurance Company

For more than 110 years, Columbus Life Insurance Company has been committed to offering its life insurance and annuities through independent producers and firms. Established in 1906 in Columbus, Ohio, as The Columbus Mutual Life Insurance Company, Columbus Life joined Western & Southern's family of companies in 1982.

Columbus Life has a long tradition of providing life insurance and annuity products through a nationwide network of nearly 5,000 independent producers. A legacy of strength and stability and high-touch relationships with producers are the hallmarks of its business.

Continued investments in sales technologies for independent producers, such as mobile apps,

digital policy delivery, and accelerated underwriting, made doing business with Columbus Life even faster and more efficient in 2018.

Columbus Life's 2018 life premium increased by more than 26 percent over the prior year, and policy volume increased more than 14 percent, demonstrating the attractiveness of its product offerings. This caps a now six-year run of more than 22 percent life premium growth per year.



J.J. Miller
President and Chief Executive Officer
Columbus Life Insurance Company

¹ Securities offered through W&S Brokerage Services, Inc., member FINRA/SIPC and part of Western & Southern Financial Group.

Eagle Realty Group, LLC

The professionals at Eagle Realty Group, LLC, Western & Southern's real estate subsidiary, are focused on building long-term relationships with borrowers and investment partners nationwide and providing capital to help them meet or exceed their investment goals.

Since 1988, Eagle has bolstered Western & Southern's financial strength with skilled growth and management of the company's diverse real estate debt and equity portfolios. It provides debt and equity capital to institutional, corporate and private real estate investors, offering competitive terms for construction and permanent financing of many types of commercial properties as well as equity for acquisition, new development and renovation/rehabilitation projects.

In 2018, Eagle's operating income grew to \$14 million. Including capital gains, pretax income reached \$18.6 million. With \$3.8 billion in assets under management,² its equity investment program continued to leverage a multifamily build-and-sell strategy and investment diversification in senior housing, active adult housing and industrial properties.

Eagle's mortgage loan portfolio increased 24 percent over 2017 to \$2.95 billion. The portfolio yielded 4.87 percent, an excellent risk-adjusted return for 2018.



Thomas M. Stapleton

President
Eagle Realty Group, LLC

Fort Washington Investment Advisors, Inc.

Founded in 1990 as Western & Southern's primary investment arm, Fort Washington Investment Advisors, Inc. manages capital across an array of asset classes and provides comprehensive wealth management to individuals, family offices, endowments and businesses. Its assets under management totaled \$52.9 billion³ in 2018, including unaffiliated assets of \$15.9 billion.

Named a "Best Place to Work in Money Management" by *Pensions & Investments* for the fifth time,[†] Fort Washington's team seeks to enrich clients with proactive, strategic financial advice, decisive action and a commitment to excellence.

Fort Washington expanded its lineup of investment strategies in 2018 with three new offerings.

Eleven of the firm's investment strategies now have track records of 10 years or longer,⁴ and its investment professionals average more than 20 years of experience. The firm's Emerging Markets

Debt, Focused Equity, Flexible Income, and Ultra Short Duration strategies have been top-quartile performers^{††} among their respective peer groups since each strategy's inception.



Maribeth S. Rahe

President and Chief Executive Officer
Fort Washington Investment Advisors, Inc.



Roger M. Lanham

Co-Chief Investment Officer
Fort Washington Investment Advisors, Inc.



Brendan M. White

Co-Chief Investment Officer
Fort Washington Investment Advisors, Inc.

² As of Dec. 31, 2018. Includes regulatory assets of \$1.02 million managed by Eagle Realty Capital Partners, LLC, which provides Eagle's third-party investment services.

³ As of Dec. 31, 2018. Includes assets under management by Fort Washington of \$49.2 billion and \$3.7 billion in commitments managed by Fort Washington

Capital Partners Group, a division.

⁴ For the year ended Dec. 31, 2018.

Institutional Markets

Institutional Markets, established in 2017, continues to expand Western & Southern's capabilities in serving corporate and business clients. The team, which includes Insurance Profillment Solutions (IPS), is building solution suites that deliver group retirement and personal protection products.

Exceptional financial strength and a collaborative approach to working with industry partners represent a potent combination. Institutional Markets is developing a reputation among the consultant community for superior customer value and an excellent onboarding experience for pension plan sponsors. Its primary pension risk transfer product produced over \$439 million in sales in 2018, a nearly 31 percent increase from 2017.

IPS provides a cobranded, multi-carrier "life insurance superstore" for direct-to-consumer, advisor-assisted, and call center life insurance sales via smart phones, tablets and personal computers. Clients include banks and credit unions, independent financial advisors, affinity groups, and digital mortgage originators and brokers.

Key 2018 accomplishments for IPS included the selection of its digital insurance platforms by the nation's largest independent broker-dealer and the digital launch of a proprietary wealth transfer product with a national online brokerage.



John H. Bultema III
Senior Vice President
Institutional Markets

The Lafayette Life Insurance Company

Since its founding in 1905, The Lafayette Life Insurance Company has provided life insurance, annuity, retirement, and business-planning solutions to individuals and businesses.

Lafayette Life's mission is to be a financially sound, quality-driven, growth-oriented company dedicated to meeting its customers' needs for a variety of solutions and services. Its whole life products, indexed annuities and retirement services are offered to emerging affluent and affluent Americans through 5,000 independent producers and independent marketing organizations. It prides itself on a highly personalized experience with client access to its team members whenever needed.

In 2018, Lafayette Life had another record-breaking year with GAAP operating income of \$49.9 million.

Its Retirement Services team continued to increase sales to Asian Americans, expanding this market's share of total plans sold in 2018 to 15 percent. Total annuity sales increased by 13 percent.

The company introduced several new solutions in 2018: whole life products to help further secure a family's financial future and to serve the military market, and a 412(e)(3) annuity endorsement to help businesses better fund retirement benefits.



Bryan C. Dunn
President and Chief Executive Officer
The Lafayette Life Insurance Company

Touchstone Investments

Established in 1993, Touchstone Investments delivers Western & Southern's mutual fund offerings across a range of investment styles and asset classes. The firm uses a proprietary process to select and monitor leading independent institutional asset managers who serve as subadvisors to its funds. This gives investors diverse yet focused, actively managed mutual funds to help achieve their long-term investment goals.

In 2018, Touchstone engaged in several strategic opportunities with the needs of shareholders, financial advisors and investment professionals front of mind. It launched two new mutual funds to leverage recent innovations in investing methodology.

It also consolidated and/or renamed several mutual funds to align with investors' evolving interests and to better reflect advances in investment strategy.

The Touchstone Global Growth Fund was renamed the Touchstone International Growth Opportunities Fund. The new name reflects a change from a global strategy, which included both U.S. and foreign equities, to an international strategy that primarily invests in foreign equities. The Touchstone Total Return Bond Fund is now the Touchstone Impact Bond Fund to better reflect the ESG (environmental, social and governance) principles of the fund's investment style.

As of Dec. 31, 2018, Touchstone's Distinctively Active® mutual fund lineup includes 38 mutual funds with assets under management totaling \$15.8 billion.



Steven M. Graziano
President
Touchstone Investments

W&S Financial Group Distributors, Inc.

W&S Financial Group Distributors, Inc., founded in 2003, is the wholesale distributor of annuities, life insurance and critical illness insurance from Western & Southern member companies, including Western & Southern Life, Integrity Life Insurance Company and, in New York, National Integrity Life Insurance Company. It supports financial professionals in helping Americans invest, protect and manage risk for their retirement and legacy.

Serving the emerging and mass affluent markets, its products and services are offered through banks, broker-dealers, registered investment advisors, independent marketing organizations and third-party marketers.

In 2018, W&S Financial Group Distributors saw a greater demand for its annuities as sales grew 53 percent over the previous year to nearly

\$2.4 billion. Its life insurance products sold through banks attained a new high, totaling almost \$108 million in sales for the year.

A distribution relationship established with Fidelity Investments in 2017 greatly expanded the availability of annuity products from Western & Southern member companies. Single premium immediate annuity sales in 2018 surpassed \$1 billion while sales of a new deferred fixed annuity introduced to the Fidelity platform produced more than \$335 million in sales in just three months.



Mark E. Caner
President
W&S Financial Group Distributors, Inc.

Our Careers

Western & Southern, a *Fortune* 500 company, offers dynamic career opportunities in many fields, ranging from information technology, finance and accounting to business development, investment management, insurance and annuity operations, and marketing.

Among the things that make us an employer of choice is our incredible culture. We strive to create value through everything we do for our clients and each other.

In 2018, more than half of our positions were filled from within, and the average tenure companywide was 10 years. We know our associates — 3,900 strong — are vital to our success, so we invest in their long-term well-being. We provide competitive health and wellness benefits, a fully funded defined benefit pension plan, and a 401(k) plan with company match, helping to ensure a secure financial future for our associates and their families.

We also invest in our associates' professional development. In-person and online developmental courses provide the resources needed to deepen their financial, product and professional knowledge.

The health of our community is also close at heart. We encourage our associates to become engaged in their local communities by sharing their time, talent and treasure.



55%

of open home office
positions are filled
by internal associates



Katie Bezold

Vice President
W&S Financial Group Distributors, Inc.
Associate since 1988

"Our leaders are committed to recognizing and celebrating successes, as well as ensuring everyone knows they are part of the team making it happen."



Bob Turner

Assistant Vice President
Information Technology
Associate since 1986

"Western & Southern has been a great place to grow and learn. I couldn't have enjoyed my work more any place else."



Laura Mayfield

Portfolio Manager
Fort Washington Investment Advisors, Inc.
Associate since 2005

"I took advantage of the tuition reimbursement program, and my degree helped transition me into a new opportunity."



Robert Palmer

Assistant Manager, CRC Service
Western & Southern Life
Associate since 2017

"The investment you put into Western & Southern is equal to the investment that they'll put back into you. I haven't felt that at any other company."



401(k)
Match and
Pension Plan



Maternity/
Parental Leave



Talent
Development



Health
Services



Subsidized
Parking



Fitness
Center



Tuition
Reimbursement



On-Site
Dining

Giving Back

Western & Southern’s deep roots reflect an unwavering commitment to making Cincinnati the best place to live, work and enjoy life. That means fulfilling the needs of our community not only with our financial resources but also the time and talent of our associates.

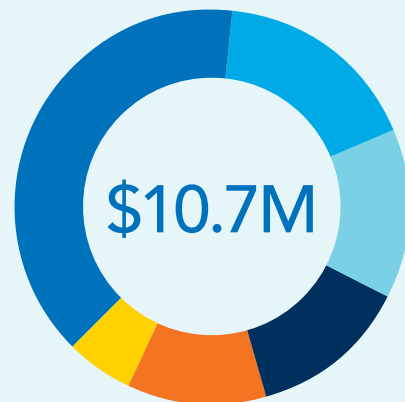
We give the way we do business — by taking a long-term outlook, making sensible decisions, and executing with a spirit of collaboration and teamwork.

We walk. We ride. We hammer and nail. We teach. We mentor. We lead. We serve. All of our efforts focus on causes that improve and advance our community, economic development, human services, health care, education and the arts.

It’s all part of being true to the vision of our founders 130 years ago — we are *a human institution serving human needs*.

Our Support¹

<ul style="list-style-type: none"> Economic Development \$4,200,000 	<ul style="list-style-type: none"> The Arts \$1,419,612
<ul style="list-style-type: none"> Human Services \$1,813,949 	<ul style="list-style-type: none"> Health Care \$1,217,297
<ul style="list-style-type: none"> Education \$1,485,855 	<ul style="list-style-type: none"> Our Community \$568,459



¹ Categories of causes and needs supported in 2018 by Western & Southern’s corporate foundation, associates, charitable fundraising campaigns, and community sponsorships.



300+
Charities
Supported



\$1.32M
4th Largest City-Wide
United Way Campaign



\$68M
to Local Economy



\$180K
Associate Contributions
to the Arts



\$515K
to Fight Cancer



\$40K
for The
Salvation Army



\$1M+
for Freestore
Foodbank



\$120K
for 10 Local
Charities

Our Leaders



FRONT CENTER

John F. Barrett

Chairman, President and Chief Executive Officer,
Western & Southern Financial Group

SECOND ROW LEFT TO RIGHT

D. Todd Henderson

Senior Vice President and Chief Risk Officer

Jill T. McGruder

Senior Vice President and
Enterprise Chief Marketing Officer

Jonathan D. Niemeyer

Senior Vice President, Chief Administrative Officer
and General Counsel

James J. Vance

Senior Vice President and Treasurer

Kim R. Chiodi

Senior Vice President, Public Relations

THIRD ROW LEFT TO RIGHT

Linda M. Lake

Senior Vice President, Human Resources

Mark E. Caner

President, W&S Financial Group Distributors, Inc.

Thomas M. Stapleton

President, Eagle Realty Group, LLC

Maribeth S. Rahe

President and Chief Executive Officer,
Fort Washington Investment Advisors, Inc.

Stephen G. Hussey, Jr.

Senior Vice President, Compensation and Benefits

Karen A. Chamberlain

Senior Vice President and Chief Information Officer

Lisa B. Fangman

Senior Vice President, Insurance Operations

J.J. Miller

President and Chief Executive Officer,
Columbus Life Insurance Company

Roger M. Lanham

Senior Vice President and
Co-Chief Investment Officer

FOURTH ROW LEFT TO RIGHT

Phillip E. King

Senior Vice President and Auditor

Troy D. Brodie

President and Chief Marketing Officer,
W&S Agency Group

Daniel W. Harris

Senior Vice President and Chief Actuary

Bryan C. Dunn

President and Chief Executive Officer,
The Lafayette Life Insurance Company

John H. Bultema III

Senior Vice President, Institutional Markets

Bradley J. Hunkler

Senior Vice President and Chief Financial Officer

Brendan M. White

Senior Vice President and
Co-Chief Investment Officer

Steven M. Graziano

President, Touchstone Investments

NOT PICTURED

Keith M. O'Reilly

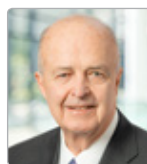
President and Chief Executive Officer,
Gerber Life Insurance Company

Our Directors



John F. Barrett

Chairman of the Board, President and Chief Executive Officer, Western & Southern Financial Group (Cincinnati)



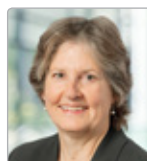
James K. Risk III

Chairman and Chief Executive Officer, Kirby Risk Corporation (Lafayette, Indiana)



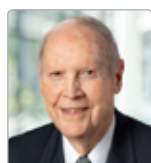
Herbert R. Brown

Former Senior Vice President, Western & Southern Financial Group (Cincinnati)



Elizabeth A. Smith, Esq.

Executive Director, Indianapolis Motor Speedway Foundation, Inc.; Former Partner, Ice Miller LLP (Indianapolis)



James N. Clark

Former Executive Vice President, Chief Financial Officer and Secretary, Western & Southern Financial Group (Cincinnati)



Robert B. Truitt

President and Chief Executive Officer, Ash Access Technology, Inc. (Lafayette, Indiana)



The Honorable Jo Ann Davidson

Former Speaker, Ohio House of Representatives (Columbus, Ohio)



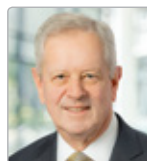
Thomas L. Williams, Esq.

President, North American Properties, Inc. (Cincinnati)



Robert L. Lawrence

Former Chief Executive Officer, Local TV LLC (Cincinnati)



John P. Zanotti, Esq.

Chairman, Integrated Media Technologies, Inc. (Los Angeles)

Donald J. Wuebbeling serves as Secretary and Counsel. All board members serve on one or more of the boards of Western & Southern Mutual Holding Company, Western & Southern Financial Group, Inc., and The Western and Southern Life Insurance Company.

The Honorable George H. Walker III retired from the Western & Southern board on Jan. 1, 2019. The retired chairman, president and chief executive officer of Stifel Nicolaus and Co., Inc., joined our board in 1998. He left in 2003 to serve as U.S. Ambassador to Hungary. Ambassador Walker returned in 2006 and has been serving with sincere dedication to our business ever since.

A graduate of Yale University and Harvard Law School, Ambassador Walker is the recipient of honorary degrees from Webster University, Harris-Stowe State University, and two universities in Hungary – the University of Pecs and St. István University.

The George Herbert Walker School of Business and Technology at Webster University was named in recognition of his long service, financial support, and commitment to future generations.

Ambassador Walker's retirement from our board is the culmination of well over 50 years of service to the financial services and investments industries, many universities, and countless St. Louis businesses and charitable organizations.

We greatly appreciate his many years of service and wish him good health and happiness in the years ahead.



The Honorable George H. Walker III

Former U.S. Ambassador to Hungary; Former Chairman, President and Chief Executive Officer, Stifel Financial Corp. and Stifel Nicolaus and Co., Inc. (St. Louis)

Our Ratings

Financial ratings from the major rating agencies — A.M. Best, Standard & Poor's, Fitch and Moody's — are solid indicators of our financial strength and stability.



A+
SUPERIOR
A.M. Best



AA-
VERY STRONG
Standard & Poor's



AA
VERY STRONG
Fitch



Aa3
EXCELLENT
Moody's



95
OUT OF 100
Comdex Ranking

Ratings are for Western & Southern's life insurance member companies as of Dec. 31, 2018. See the end of this report for additional details. The rating agencies listed above are independent of each other and use proprietary evaluation criteria and rating scales.

Western & Southern is the marketing name for Western & Southern Financial Group, Inc.

Western & Southern dates back to the founding of The Western and Southern Life Insurance Company in 1888.

Gerber Life Insurance Company is a registered trademark used under license from Société des Produits Nestlé S.A. and Gerber Products Company.

† *Pensions & Investments* Best Places to Work rankings are determined in conjunction with third-party surveys of employers and employees.

†† Source: Fort Washington. Peer group data is based on relative performance results for each strategy within their respective categories as defined by eVestment Alliance, LLC. Peer group data as of Dec. 31, 2018, and may be subject to change. Specific performance data and disclosures for the composites of each strategy listed are available upon request. Past performance is not indicative of future results.

DALBAR, Inc., Service Quality Measurement Program, Insurance Service Evaluation 2018 (Dalbar.com).

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Past performance is not indicative of future results.

Touchstone Funds are distributed through Touchstone Securities, Inc. Member FINRA/SIPC.

An investor should consider the investment objectives, risks, charges and expenses of a fund carefully before investing. The prospectus and the summary prospectus contain this and other information about the fund. To obtain a prospectus or a summary prospectus, contact your financial advisor or download and/or request one at TouchstoneInvestments.com/literature-center or call Touchstone at 800-638-8194. Please read the prospectus and/or summary prospectus carefully before investing.

Investment return and principal value of an investment in a fund will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost.

The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds and separate accounts) with at least a 3-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars, and the bottom 10% receive one star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods.

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Ratings refer to the claims-paying ability of the insurance company and do not reflect the performance or safety of any investment product. Ratings are for the following Western & Southern Financial Group member companies as of Dec. 31, 2018, and subject to change: The Western and Southern Life Insurance Company, Western-Southern Life Assurance Company, Columbus Life Insurance Company, Integrity Life Insurance Company, The Lafayette Life Insurance Company and National Integrity Life Insurance Company. A.M. Best Company rating, superior ability to meet ongoing insurance obligations (second highest of 16 ratings, held since June 2009); Standard & Poor's rating, very strong financial security characteristics (fourth highest of 21 ratings, held since August 2018); Fitch rating, very strong capacity to meet policyholder and contract obligations on a timely basis (third highest of 21 ratings, held since June 2009); and Moody's rating, excellent financial security (fourth highest of 21 ratings, held since February 2009). Lafayette Life is not rated by Moody's. The Comdex Ranking is a composite of all the ratings a company has received from the major rating agencies. It rates insurers on a scale of 1 (lowest) to 100 in an effort to reduce confusion over ratings because each rating agency uses a different scale. A.M. Best is reviewing the ratings of Gerber Life Insurance Company following completion of Western & Southern's purchase of the company on Dec. 31, 2018. The other rating agencies do not rate Gerber Life. For current ratings, visit westernsouthern.com/about/financial-information/financial-ratings.

Check out [westernsouthern.com](https://www.westernsouthern.com) to see how we can help you secure your financial future.



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