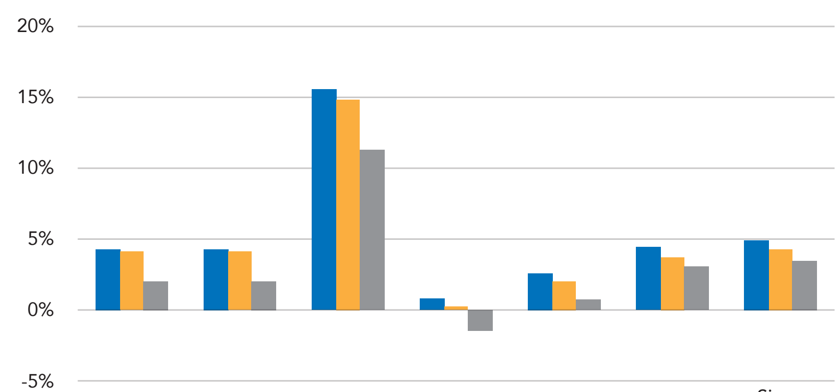
Fort Washington Investment Advisors, Inc.
A member of Western & Southern Financial Group
Uncompromised Focus®

FORT WASHINGTON EMERGING MARKETS DEBT — 1Q2024

HIGHLIGHTS

- The Fort Washington Emerging Markets Debt ("EMD") strategy invests primarily in hard currency sovereigns, with up to 20% EM corporates, with the objective to outperform the JP Morgan EMBI Global Diversified ("EMBIGD") benchmark by 100bps to 150bps gross of fees on an annualized basis over the course of a market cycle.
- During the first quarter the Fort Washington EMD strategy outperformed the EMBIGD by 223bps on a gross basis (208bps net) with a gross return of 4.27% (4.12% net) versus 2.04% for the benchmark. By region the strongest contributors to performance were Latin America followed by Africa and Asia; however, all regions contributed positively.
- The general market tone was firm during the quarter with global equity markets extending the rally that started towards the end of October 2023. A key driver of this has been the continued resilience of the U.S. economy and labor market with investor expectations largely shifting towards a goldilocks scenario of "no landing".
- Rate markets proved more challenging with some elevated inflation prints suggesting that the "last mile" of the fight to bring prices down will prove to be more stubborn. Market expectations of Fed rate cuts shifted from six cuts at the beginning of the quarter to three by the end, while the 10-year U.S. treasury yield rose by over 30bps during this period.
- EMBIGD spreads remained resilient with the index compressing 42bps to finish the quarter at 342bps. Valuations are tight with single-B and higher rated segments of the EMBIGD trading near their tightest levels since 2007.
- While the opportunity set has narrowed, the Fort Washington EMD strategy continues to favor HY ("high yield") over IG ("investment grade") believing opportunities continue to exist in select lower rated countries with improving fundamentals or potential for successful restructuring outcomes, in addition to opportunities in corporates with solid fundamentals that trade wide of their respective sovereigns. The strategy is positioned with a modest spread risk stance, targeting a level between 30% to 40% of budget.

Annualized Total Returns as of March 31, 2024



	1Q2024	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Emerging Markets Debt (Gross)	4.27	4.27	15.54	0.83	2.61	4.43	4.96
Emerging Markets Debt (Net)	4.12	4.12	14.86	0.24	2.01	3.75	4.27
JPM EMBI Global Diversified	2.04	2.04	11.28	-1.40	0.71	3.05	3.44

Source: Fort Washington Investment Advisors. Past performance is not indicative of future results. This supplemental information complements the Emerging Markets Debt GIPS Report. Inception date: 07/01/2013.

INVESTMENT PROFESSIONALS

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Managing Director
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PEER GROUP PERFORMANCE

	Percentile Rank[1] (Net)
1Q2024	12
1 Year	23
3 Years	23
5 Years	23
10 Years	7
Since Inception	2

Source: eVestment
[1]Peer ranks are percentile rankings versus the eVestment Global Emerging Markets Fixed Income - Hard Currency Universe based on net performance relative to peer group. Past performance is not indicative of future results.

MARKET COMMENTARY

- The general market tone was supportive of risk assets with investors starting to price in a "no landing" scenario. The U.S. economy displayed resilience while the eurozone and China started to show signs of having bottomed out. EMBIGD spreads continued to grind tighter during the quarter despite persistent hard currency fund outflows per EPFR, and record year-to-date sovereign supply at over $90bn. Benchmark spreads compressed by 42bps to finish the quarter at 342bps. As of quarter end, all EMBIGD categories rated single-B or higher trade well inside the 10th percentile since 2007 (meaning spreads were wider 90% of the time since then).

- Spread compression was driven by the lowest quality segments of the market. IG and BB rated segments of the index were broadly unchanged in spread given tight starting levels and high issuance that needed to be digested. In contrast, the single-B rated bucket tightened 62bps posting a 4.6% total return, and the CCC & lower rated segment tightened by over 600bps posting a 22.0% total return.

- The outperformance of the most stressed sectors was largely driven by idiosyncratic factors but can be broadly summarized as a combination of improving fundamentals, and progress on restructuring negotiations for some names in default. Improved investor sentiment was evident in the primary market with single-B rated issuers such as Benin and Montenegro successfully issuing their first benchmark-sized USD denominated bonds.

- The market began to recognize some of the steps taken by stressed countries to strengthen fundamentals and increase resilience. For example, Nigeria followed up currency devaluations with a round of jumbo rate hikes that should help restore the normal functioning of the foreign currency market and shore up investor confidence. Egypt secured an augmented IMF deal that is anchored by a massive $35bn real estate development deal from the UAE. This gives Egyptian authorities the necessary firepower to start addressing the economic crisis at hand. After a turbulent election, Pakistan emerged with a coalition government that is positively engaged with the IMF and is likely to keep fiscal consolidation on track. In Argentina, President Milei has defied expectations by maintaining high approval ratings despite ushering in tough reforms which have brought fiscal accounts into surplus and allowed for foreign currency reserves to accumulate.

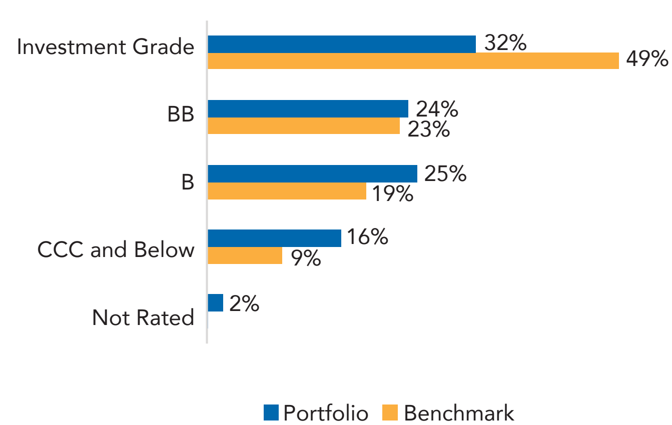
- In the distressed space, the most notable event was the announcement of a restructuring deal between Zambia and bondholders which concludes a process that stretched out for over three years. While the Zambia case highlights the shortcomings of the G7 Common Framework, it does set a precedent for different creditor groups to work together towards a resolution. This is especially important as the role of China as a creditor has grown over the past decade. This experience should help speed up negotiations in countries such as Ghana and Sri Lanka both of which are in talks with bondholders.

- Outside of the sovereign space, corporate bonds in Latin America were a major contributor to the overall strong performance of the region. In Brazil, acceleration of talks between the government and a Middle Eastern sovereign wealth fund regarding investments in both the petrochemical and refining industries drove two different companies in those segments higher. Additionally, the market repriced a sugar ethanol producer substantially higher in recognition of their 2023 operational performance and 2024 expectations. In Mexico, a petrochemical company rebounded on better commodity pricing, stronger statements of support from their parent company, and co-investment in a joint venture by Carlos Slim.

Top 10 Countries by Market Value

Country	% of Portfolio
Mexico	5.75%
Brazil	5.11%
Indonesia	5.09%
Egypt	3.85%
Oman	3.67%
U.A.E.	3.52%
Turkey	3.44%
Romania	3.44%
Saudi Arabi	3.42%
Nigeria	2.93%

Credit Quality



Source: Fort Washington. This supplemental information complements the Emerging Market Debt GIPS Report. Quality distribution is subject to change at any time. The above data is rounded for informational purposes. Benchmark: J.P. Morgan Emerging Market Bond Index Global Diversified. Portfolio characteristics are subject to change at any time.

Portfolio Statistics

	Portfolio	Benchmark
Yield to Maturity	9.26%	8.57%
Average Coupon	5.89%	5.42%
Duration	6.93	6.51
Average Life	11.22	11.16
Total # of countries	63	70
Number of Issuers	111	161
Number of Issues	241	947

Source: Fort Washington and Bloomberg. This supplemental information complements the Emerging Markets Debt GIPS Report. Portfolio characteristics are subject to change at any time. You cannot invest directly in an index. Past performance is not indicative of future results.

PORTFOLIO REVIEW

During the first quarter the Fort Washington EMD strategy outperformed the EMBIGD by 223bps on a gross basis (208bps net) with a gross return of 4.27% (4.12% net) versus 2.04% for the benchmark. Relative outperformance was in large part supported by outperformance of corporates within Brazil and Mexico, allocations to stressed countries such as Egypt, Ukraine, Ghana and Pakistan, as well as underweights to low beta countries such as China and the Philippines. The largest detractors to performance by country were Venezuela which continues to be volatile, and overweights to lower beta Serbia and Oman.

PORTFOLIO ACTIVITY

- The EMD strategy kept portfolio spread risk at a modest level in the 30% to 40% range of the maximum budget. HY continues to be favored over IG even as HY valuations have tightened with the EMD team seeing continued potential for outperformance in distressed names, countries with positive fundamental developments, and corporates with strong fundamentals that have lagged their respective sovereigns. The overweight to HY is paired with CDX protection to manage overall spread risk into an appropriate range balancing tighter valuations with an improved, yet still uncertain, macroeconomic outlook. In addition, the portfolio is positioned long duration as an additional cushion in case of an exogenous shock.
- Portfolio activity during the first quarter was focused on relative value trades across sovereigns, quasis, and corporates, as well as reducing market beta risk in outperformers. Top increases in relative nominal country exposure were in Brazil, India, and Egypt. Top reductions in nominal country exposure were in the UAE, Czechia, and Morocco.

OUTLOOK

- Heading into the second quarter of 2024 a modest overweight to HY continues to be favored. This overweight is increasingly dependent on security selection as the opportunity set has narrowed given recent tightening in the market. Despite the recent outperformance of single-B and CCC & lower rated countries within the EMBIGD, the EMD team believes opportunities continue to exist in select countries with improving fundamentals or potential for successful restructuring outcomes, in addition to opportunities in corporates with solid fundamentals that trade wide of their respective sovereigns.
- Although growth and inflation risks appear to be becoming better balanced the outlook remains uncertain, and the potential for a Fed misstep is not dismissed. Geopolitics present another key risk to the outlook given heightened tensions in areas such as East Asia, and the growing list of hotspots such as Ukraine and the Israel-Hamas war.

COMPOSITE PERFORMANCE DISCLOSURES

	1Q2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Emerging Market Debt (Gross)	4.27%	14.04%	-17.13%	-0.24%	7.48%	15.33%	-4.18%	11.65%	12.33%	1.55%	8.87%
Emerging Market Debt (Net)	4.12%	13.37%	-17.61%	-0.83%	6.84%	14.65%	-4.82%	10.83%	11.50%	0.80%	8.07%
JPM EMBI Global Diversified	2.04%	11.09%	-17.78%	-1.80%	5.26%	15.04%	-4.26%	10.26%	10.15%	1.18%	7.43%
Emerging Market Debt 3-Year Annual Standard Deviation[1]	--	12.74%	16.55%	13.20%	13.17%	5.05%	5.59%	5.43%	6.32%	--	--
JPM EMBI 3-Year Annual Standard Deviation[2]	--	10.70%	13.36%	10.67%	10.73%	4.85%	5.46%	5.04%	5.78%	--	--
Dispersion[2]	--	--	--	--	--	--	--	--	--	--	--
Number of Accounts	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets ($ Millions)	$277.0	$264.6	$231.8	$280.2	$282.0	$262.8	$227.9	$237.8	$213.0	$110.2	$108.4
Total Firm Assets ($ Millions)	$75,762	$74,613	$66,365	$73,804	$65,086	$59,174	$49,225	$52,774	$45,656	$42,959	$45,002

Composite inception and creation date: 07/01/13. [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 gross-of-fee returns for those portfolios held in the composite during the entire period. The benchmark for this composite is the JPM EMBI Global Diversified. You cannot invest directly in an index. Past performance is not indicative of future results.

Fort Washington's Emerging Markets Fixed Income strategy seeks to outperform the JP Morgan Emerging Markets Bond Index Global Diversified (JPM EMBI Global Diversified) on a total return basis. The strategy recognizes emerging markets fixed income as a continually evolving asset class as witnessed by the migration and dispersion of credit quality of the benchmark as well as by consistent addition of countries over the years. Therefore, the strategy first employs a forward looking top-down approach drawing on the four analytical pillars of policy, economics, politics, and markets to identify relative value among a truly global opportunity set. Once these opportunities are identified, the fund employs its bottom-up analytical framework to identify the most appropriate securities. All fee-paying, fully discretionary portfolios with at least $25 million managed in the Emerging Markets style are included in this composite. The fee is 0.45% for the first $50 million, and 0.40% on the next $50 million and 0.35% on additional amounts over $100 million for separate accounts, and 0.50% for the commingled vehicle. The benchmark for this composite is the JP Morgan Emerging Markets Bond Index Global Diversified. Portfolios in this composite include cash, cash equivalents, investment securities, interests 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. 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 under management 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 - 12/31/22. 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 DISCLOSURES

The Fort Washington Emerging Markets Debt strategy invests in fixed-income securities of both domestic and foreign issuers which can experience reduced liquidity during certain market events, lose their value as interest rates rise and are subject to credit risk which is the risk of deterioration in the financial condition of an issuer and/or general economic conditions that can cause the issuer to not make timely payments of principal and interest also causing the securities to decline in value and an investor can lose principal. Investing in foreign denominated and/or domiciled securities may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. Investing in the bond market is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk.

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