Fort Washington Investment Advisors, Inc.

A member of Western & Southern Financial Group

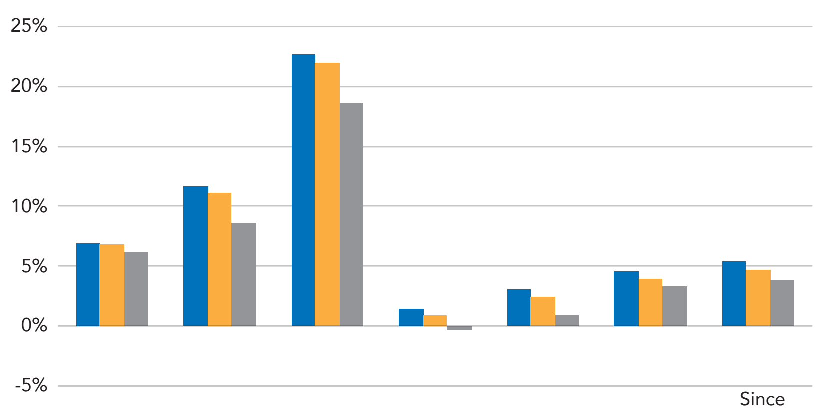
Uncompromised Focus®

FORT WASHINGTON EMERGING MARKETS DEBT — 3Q2024

HIGHLIGHTS

- Our Emerging Markets Debt (EMD) strategy had another strong quarter, posting a 6.94% gross / 6.78% net return, beating the JPM EMBI Global Diversified (EMBIGD) benchmark by 79bps gross / 63bps net. This brings our year-to-date total return to 11.64% gross / 11.14% net or 300bps gross / 250bps net ahead of the benchmark.
- After an initial wobble, global risk assets rallied to finish the quarter strongly and, in some cases, near all-time highs. The FTSE All-World equity index gained 6.9% during the quarter, bringing the year-to-date gain to 19.0%, and the Bloomberg Global Aggregate Bond Index advanced 7.0% to bring the year-to-date total to 3.6%. The 10-year US Treasury yield fell by over 60bps to finish the quarter just below 3.8%.
- The quarter began on soft footing following a weak U.S. jobs report, which raised concerns over the health of the U.S. economy. This was followed by a surprise 15bps hike from the Bank of Japan, which pressured the popular yen carry trade and led to a sudden volatility spike in early August.
- Sentiment quickly recovered from the August lows as Fed Chair Powell signaled the start of a policy adjustment at Jackson Hole, which was followed up with a jumbo 50bps cut at the September FOMC meeting. This shift was supported by benign inflation data and stronger employment numbers. The U.S. Global risk sentiment was further fueled when Chinese policymakers surprised investors with a new round of measures aimed to stimulate the world's second largest economy.
- EM hard currency sovereign debt, as measured by the EMBIGD, posted a strong quarter, returning 6.2% and bringing the year-to-date return to 8.6%. Performance was primarily driven by the fall in rates and the distressed segment of the market, while spreads for the portion of the index rated above CCC remained relatively unchanged. The HY portion of the index returned 6.7% during the quarter versus 5.6% for the IG portion.
- We see several reasons to be positive about EM debt going into the fourth quarter. The start of a Fed cutting cycle, a strong U.S. labor market, and stimulus in China provide a positive backdrop. While EMBIGD spreads are trading tight overall, it is difficult to ignore relatively high all-in yields. In addition, we continue to see opportunities in credit across EM HY as well as in the EM corporate sector. We enter the fourth quarter maintaining a modest risk stance targeting spread risk between 30% to 40% of our maximum budget.

Annualized Total Returns as of September 30, 2024



	3Q2024	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Emerging Markets Debt (Gross)	6.94	11.64	22.71	1.45	3.03	4.61	5.37
Emerging Markets Debt (Net)	6.78	11.14	21.99	0.85	2.42	3.94	4.68
JPM EMBI Global Diversified	6.15	8.64	18.60	-0.40	0.87	3.28	3.86

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

Daniel J. Carter, CFA
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28 Years Experience

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18 Years Experience

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Senior Credit Analyst
24 Years Experience

PEER GROUP PERFORMANCE

	Percentile Rank[1] (Net)
3Q2024	18
1 Year	16
3 Years	33
5 Years	21
10 Years	12
Since Inception	2

Source: Nasdaq 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 OVERVIEW

There are good reasons for rosy market sentiment heading into the final stretch of the year. The start of a Fed cutting cycle coupled with a strong U.S. economy and falling inflation shifted the scale from a “hard landing” scenario towards "no landing." The announcement of stimulus from China is welcome news as policymakers seek to boost soft consumption. While the announced measures are likely to have only a limited impact, it does mark an important shift in policy priorities and investors will be looking for additional follow up. The euro area outlook remains challenging highlighted by weakness in German manufacturing and austerity in France. Subdued growth and progress on inflation should keep the ECB on an easing path.

Generally, one would expect Fed cutting coupled with stimulus in China to support capital flows into EM. However, the U.S. dollar has remained strong given the relative strength of the U.S. economy which has kept capital flows into EM muted. This impact, however, is mostly felt on local currency denominated assets. The backdrop remains supportive for hard currency debt overall, but U.S. dollar strength does damper the performance of the most stressed segments of the EMBIGD.

Key risk events on the horizon are the upcoming U.S. election and the ongoing conflict in the Middle East. History has shown it is best for investors to stay the course through U.S. elections even if it may introduce policy uncertainty. Events in the Middle East are more unpredictable as the scale of the conflict expands into Lebanon, and Israel and Iran directly exchange strikes against each other. Peace talks are initiated from time to time, but no solution appears in sight. The conflict is providing a boost to crude oil, which is supportive for producers not directly impacted by hostilities.

Signs of improving EM fundamentals are becoming evident after weathering the twin shocks of COVID-19 and the inflationary pressure that followed. Most of the recently defaulted countries have reached agreements with creditors to restructure their debts. The most recent example is Sri Lanka which is expected to launch a bond exchange in the coming months. In the performing space, the rating trend has turned positive meaning there are more upgrades, compared to downgrades from the 3 major credit rating agencies. This highlights the positive policy trajectory across a large swath of countries. Two large countries to register upgrades recently include Turkey and Brazil. Also worth mentioning are the countries that received their first IG rating this quarter. They are Paraguay, Azerbaijan, and Oman. In addition, Serbia received its first upgrade to IG in early October.

EMBIGD spreads finished the quarter 30bps tighter at 361bps. Spreads are tight across the performing segments of the index, with the spread of the EMBIGD, excluding CCCs and lower-rated portions, trading at 196bps, which corresponds to the 1st percentile since 2007 (meaning spreads were wider 99% of the time during that period). Despite tight spread levels, we continue to see value in segments of EM debt. More specifically, we see the best opportunities within EM HY in areas such as EM corporates and the distressed segments of the market despite the strong rebound in stressed assets that started in 2023. Lastly, it is difficult to ignore high all-in yields. The yield of the EMBIGD, excluding CCCs and lower, finished the third quarter at 5.90%, which is in the 64th percentile since 2007.

Top 10 Countries by Market Value

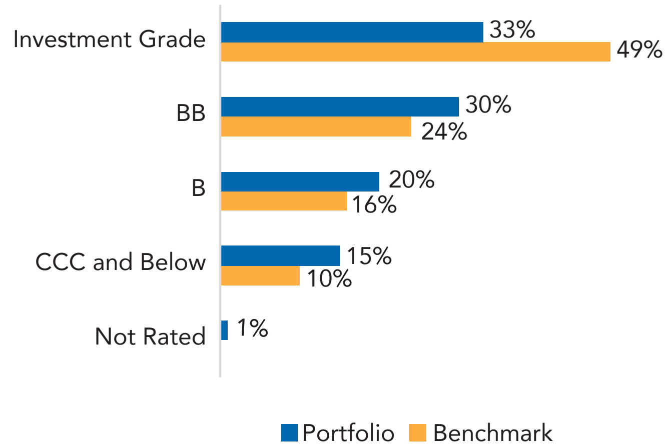
Country	% of Portfolio
Brazil	5.84
Mexico	5.50
Saudi Arabia	4.32
Turkey	3.95
Indonesia	3.88
Romania	3.54
Egypt	3.13
Chile	3.10
Argentina	2.90
Oman	2.87

Portfolio Characteristics

	Emerging Markets Debt	JPM EMBI Global Diversified
Yield to Maturity	8.65%	7.02%
Average Coupon	6.05%	5.40%
Duration	6.70	6.76
Average Life	10.55	11.25
Total # of Countries	65	70
Number of Issuers	119	160
Number of Issues	244	971

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.

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 ACTIVITY

Portfolio spread risk continued to be targeted to within 30% to 40% of our risk budget maximum. An improving fundamental backdrop coupled with the availability of bottom-up opportunities continues to warrant a modest risk allocation even as EMBIGD valuations have tightened. The portfolio duration stance was brought in closer to neutral versus the benchmark from as high as 0.5 years long on the expectations of a more gradual cutting path from the Fed.

Notable trade activity during the quarter included adding exposure to high yielding corporates and quasis with strong relative value prospects in areas such as Brazil, Kuwait, Jamaica, Turkey, and Uzbekistan. Exposure was also added in quasis in Azerbaijan and Morocco which are on the verge of reaching full IG status. Positions were reduced in high beta countries that have performed strongly such as Pakistan, Egypt, and Angola.

COMPOSITE GIPS REPORT

	3Q2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Emerging Market Debt (Gross)	6.94%	14.04%	-17.13%	-0.24%	7.48%	15.33%	-4.18%	11.65%	12.33%	1.55%	8.87%
Emerging Market Debt (Net)	6.78%	13.37%	-17.61%	-0.83%	6.84%	14.65%	-4.82%	10.83%	11.50%	0.80%	8.07%
JPM EMBI Global Diversified	6.15%	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)	$296.0	$264.6	$231.8	$280.2	$282.0	$262.8	$227.9	$237.8	$213.0	$110.2	$108.4
Total Firm Assets ($ Millions)	$81,043	$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: 07/01/2013. [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. Past performance is not indicative of future results. The benchmark for this composite is the JP Morgan Emerging Markets Bond Index Global Diversified (JPM EMBI Global Diversified). You cannot invest directly in an index. The JPM EMBI Global Diversified Index measures the performance of fixed and floating-rate debt instruments issued by emerging market governments and quasi-sovereign entities. The index tracks U.S. dollar-denominated debt instruments that are liquid. The index accounts for interest payments by incorporating them into the total return calculation. Fort Washington's Emerging Markets Fixed Income strategy seeks to outperform the JP Morgan Emerging Markets Bond Index 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, 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. 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. 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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