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

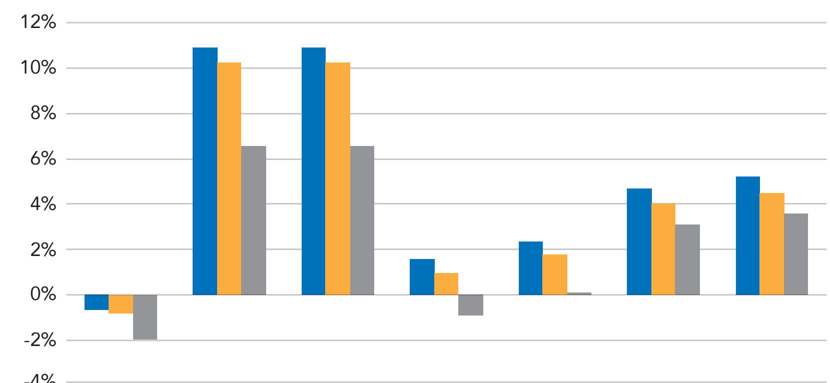
Uncompromised Focus®

FORT WASHINGTON EMERGING MARKETS DEBT — 4Q2024

HIGHLIGHTS

- Our Emerging Markets Debt (EMD) strategy had another strong quarter relative to the benchmark despite negative overall returns, posting a -0.67% gross / -0.82% net return, beating the JPM EMBI Global Diversified (EMBIGD) benchmark by 127bps gross / 112bps net. This brings our year-to-date total return to 10.89% gross / 10.23% net or 435bps gross / 372bps net, ahead of the benchmark. The 5 years ending in 2024 bring our cumulative relative performance to +1,178 bps gross / +851 bps net relative to the benchmark.
- Markets in the 4th quarter were volatile despite ending with moderate returns overall. The FTSE All-World equity index was down 1.42%, while the S&P 500 posted a 2.07% gain. Markets rallied strongly on a clear, undisputed result in the U.S. presidential election. However, U.S. Treasury yields rose sharply into year-end, fearing a more hawkish Federal Reserve (FED), and spooked the markets into giving back most of the gain. The 10-year U.S. treasury yield ended the year at 4.57%, up 79 basis points in the quarter.
- The Fed, which surprised the market by cutting 50 basis points from the target rate in September, cut another 25 basis points in each of the November and December meetings. However, continuing strong growth and labor markets coupled with policy uncertainty from the incoming administration pushed the Committee to take a more hawkish tone in their December comments. As a result, the market moved from expecting three rate cuts in 2025 to one cut, and U.S. Treasury rates rose sharply.
- A perfect storm of strong U.S. macro data, foreign policy uncertainty, and a more hawkish Fed drove the Dollar sharply stronger during the quarter. The U.S. Dollar Index started October at 100.8, the year's low, and ended the quarter at 108.5, the high for the year.
- EM hard currency sovereign debt, as measured by the EMBIGD, was mixed over the quarter, down 1.94%. This was driven mostly by the rise in U.S. rates, with the IG portion of the benchmark falling 4.59% and the high yield portion rising 0.67%. Overall, the full-year 2024 return for the index was 6.54%, +0.32%, and 13.0% from IG and HY portions, respectively.
- Going into 2025, we remain constructive on EM debt, but with some caution. High yield bonds still provide better value than investment grade bonds but with less attractive spreads as a starting point. After the performance of the stressed and distressed credits in our universe in 2024, there are fewer opportunities for credit curve normalization in 2025. However, policy volatility from the incoming U.S. administration and geopolitics will create idiosyncratic opportunities.

Trailing Total Returns (as of December 31, 2024)



	4Q2024	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Emerging Markets Debt (Gross)	-0.67	10.89	10.89	1.58	2.36	4.69	5.19
Emerging Markets Debt (Net)	-0.82	10.23	10.23	0.98	1.76	4.02	4.50
JPM EMBI Global Diversified	-1.94	6.54	6.54	-0.91	0.12	3.13	3.60

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

INVESTMENT PROFESSIONALS

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Managing Director,
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29 Years Experience

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19 Years Experience

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Assistant Vice President,
Senior Credit Analyst
25 Years Experience

PEER GROUP PERFORMANCE

	Percentile Rank[1] (Net)
4Q2024	24
1 Year	13
3 Years	26
5 Years	18
10 Years	14
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

2024 proved to be the year of credit improvement in Emerging Markets. 69% of all ratings actions were upgrades, 90% of ratings actions to BBs. High yield credits outperformed investment grade credits +13% to +0.32%. Even within high yield, the lower down the credit spectrum the higher the return, with C's overall positing a +50.27% return.

There were outsized returns in some of the lowest-rated credits in 2024. Argentina (+103%) and Ecuador (+71%) bounced due to the market pricing in a high likelihood of default to likely remaining performing. Lebanon (+118%) and Ukraine (+63%) jumped on the geopolitical situations changing in ways that the market viewed as credit positive. Pakistan (+42%) agreed to a substantial funding package with the IMF, which paved the way for them to finance upcoming bond maturities.

Both Ghana and Sri Lanka successfully restructured their bonds in the 4th quarter. In October, Ghana achieved over 90% bondholder acceptance to swap their defaulted bonds into five new USD bonds. In December, Sri Lanka achieved a 98% acceptance rate to swap into eight new performing bonds. These two exchanges cured two long-running restructuring efforts, having both initially defaulted in the second half of 2022.

Looking forward, 2025 will likely be a different environment. There is still room for further gains in credits like Argentina and Ecuador, though not as outsized returns as we saw in 2024. The remaining non-performing credits result from geopolitics in Venezuela and Lebanon, not merely a credit negotiation. If open hostilities end in Ukraine, we expect a holistic restructuring effort will commence. On the positive side, barring a substantial change in the funding situation, we do not view any major creditors as being at risk of defaulting.

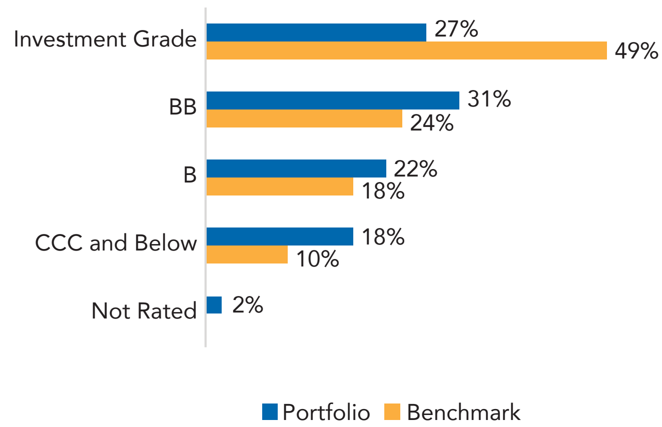
Keys to 2025 will be navigating a volatile global trade situation with the incoming U.S. administration. Headline risk will be high and idiosyncratic situations will arise. In addition, with the Fed turning a bit more hawkish and thus more data-dependent, volatility around economic data releases and Fed decisions will remain. In this environment, solid credit analysis and risk management are key to generating alpha.

EMBIGD spreads finished the quarter 36bps tighter at 325bps. The move was entirely driven by high yield spreads, which tightened 100bps over the quarter, ending at 559bps. The investment grade portion of the benchmark widened 4bps, ending at 122bps. Through the full year, the EMBIGD spread tightened 58 bps. The EMBIGD investment grade spread widened by 3bps and the EMBIGD high yield spread tightened 142bps. Despite the substantial spread move in the year, all in yields appear to have value relative to other fixed income asset classes at 7.89% for the index overall. In particular, the EMBIGD high yield portion at 10.14% yield appears to offer both good carry and return potential within the universe of fixed income.

Top 10 Countries by Market Value

Country	% of Portfolio
Brazil	6.88
Mexico	5.78
Turkey	4.25
Saudi Arabia	4.15
Argentina	3.82
Romania	3.29
Indonesia	3.09
Chile	2.95
Colombia	2.89
Oman	2.85

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 Characteristics

	Emerging Markets Debt	JPM EMBI Global Diversified
Yield to Maturity	8.97%	7.18%
Average Coupon	5.94%	5.40%
Duration	6.68	6.51
Average Life	10.41	11.01
Total # of Countries	64	72
Number of Issuers	115	163
Number of Issues	249	981

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 ACTIVITY

Portfolio spread risk continued to be targeted to within 30% to 40% of our risk budget maximum. A stable 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 has a small, long-duration position via the 10-year part of the curve.

A busy new issue market provided several opportunities during the quarter. Colombia and Nigeria came with high new issue concessions to the existing curve. Corporate issuers in Brazil, Turkey, and Indonesia came to market with enticing yields for the credit risk. In Mexico, we swapped a corporate petrochemical company for a state-owned oil company on the expectation of higher support from the incoming Sheinbaum administration. We executed some relative value swaps between sub-Saharan African countries and another from Asian investment grade to Middle Eastern investment grade. Finally, we reduced exposure to high beta outperformers, Egypt and Bahamas.

EMERGING MARKETS DEBT COMPOSITE GIPS REPORT

	4Q2024	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Emerging Markets Debt (Gross)	-0.67%	10.89%	14.04%	-17.13%	-0.24%	7.48%	15.33%	-4.18%	11.65%	12.33%	1.55%
Emerging Markets Debt (Net)	-0.82%	10.23%	13.37%	-17.61%	-0.83%	6.84%	14.65%	-4.82%	10.83%	11.50%	0.80%
JPM EMBI Global Diversified	-1.94%	6.54%	11.09%	-17.78%	-1.80%	5.26%	15.04%	-4.26%	10.26%	10.15%	1.18%
Emerging Markets Debt 3-Year Annual Standard Deviation[1]	–	12.75%	12.74%	16.55%	13.20%	13.17%	5.05%	5.59%	5.43%	6.32%	--
JPM EMBI 3-Year Annual Standard Deviation[2]	–	10.84%	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)	$293.4	$293.4	$264.6	$231.8	$280.2	$282.0	$262.8	$227.9	$237.8	$213.0	$110.2
Total Firm Assets ($ Millions)	$81,286	$81,286	$74,613	$66,365	$73,804	$65,086	$59,174	$49,225	$52,774	$45,656	$42,959

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 - 12/31/23. 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. 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 DISCLOSURE

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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