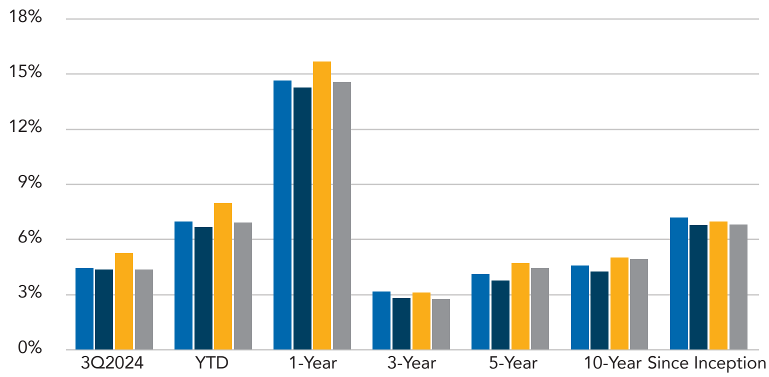
Fort Washington Investment Advisors, Inc.
A member of Western & Southern Financial Group
Uncompromised Focus®

FORT WASHINGTON HIGH YIELD FIXED INCOME — 3Q2024

HIGHLIGHTS

- Following a benign first half, the third quarter witnessed a brief bout of volatility in August as weakening labor markets and soft manufacturing data cast doubt on the Federal Reserve's (Fed) extended rate pause. A surprise rate hike by the Bank of Japan added fuel to the fire. However, the Fed changed course by delivering a 50bp cut in mid-September, noting a fundamentally strong economy and setting expectations for an additional 50bps of cuts by year-end. Risk assets reacted enthusiastically: Russell 2000 (+9.27%), MSCI EM Equity (+8.72%), and U.S. Investment Grade (+5.84%).
- Our core strategy returned (+4.45%/+4.36%) on a gross/net basis, or (-83bps) gross to the index return. Relative ratings category exposure was the primary performance factor, as CCC and below issuers soared. Our up-in-quality philosophy impeded returns, as evidenced within security selection and sector allocation, both of which were negatively impactful. A lack of exposure to distressed Wirelines credits, the leading sector performer, had a materially negative allocation effect. With oil selling off 16% in the quarter, overweights to multiple Energy sectors also detracted. Holdings in formerly out-of-favor issuers, including Altice USA (+26%), EW Scripps (+46%), and Pediatrix Medical Group provided notably positive security selection. Offsets included a lack of exposure to DISH Network, Lumen Technologies/Level 3 and CommScope, all of which are severely fundamentally challenged.
- With the exception of a steady rally in the U.S. 10-year Treasury, markets were choppy. Data that weighed on investors included weak lower income consumer and small business sentiment, a disappointing payroll number, and poor small cap earnings. Solid large cap results were supportive. However, it took comforting inflation data in early September and a confident Chairman Jerome Powell combined with a rate cut at the high end of expectations, to definitively ignite risk assets.

Annualized Total Returns as of September 30, 2024



	3Q2024	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
High Yield (Gross)	4.45	6.98	14.72	3.17	4.13	4.58	7.21
High Yield (Net)	4.36	6.70	14.32	2.81	3.77	4.25	6.81
Bloomberg U.S. Corporate High Yield	5.28	8.00	15.74	3.10	4.72	5.04	6.99
Bloomberg U.S. HY BA/B 2% Issuer Cap	4.36	6.93	14.62	2.74	4.45	4.95	6.84

Inception Date: 07/01/1994. Past performance is not indicative of future results. This supplemental information complements the High Yield GIPS Report.

Top Issuer Attribution	Attr	Rel Wgt	Bottom Issuer Attribution	Attr	Rel Wgt
Altice USA	0.09	0.20	DISH Network	-0.16	-0.80
E.W. Scripps	0.05	0.11	Level 3 Communications	-0.11	-0.52
Pediatrix	0.04	0.64	CommScope	-0.09	-0.31
QVC	0.03	0.26	Lumen Technologies	-0.05	-0.10
New Fortress Energy	0.03	-0.22	Uniti Group	-0.05	-0.38

INVESTMENT PROFESSIONALS

Garrick T. Bauer, CFA
Managing Director, Portfolio Manager, Head of Credit
27 Years Experience

Timothy J. Jossart, CFA
Portfolio Manager
31 Years Experience

Casey A. Basil
Senior Credit Analyst
22 Years Experience

Patrick L. Burleson, CFA
Assistant Portfolio Manager
Senior Credit Analyst
17 Years Experience

Bernard M. Casey, CFA
Portfolio Manager
32 Years Experience

Amy W. Eddy
Senior Credit Analyst
24 Years Experience

Breen T. Murphy, CFA
Portfolio Manager
16 Years Experience

Nicholas G. Trivett, CFA
Senior Credit Analyst
15 Years Experience

Jon P. Westerman, CFA
Portfolio Manager
19 Years Experience

Matthew J. Jackson, CFA
Assistant Portfolio Manager
Senior Leveraged Credit Trader
15 Years Experience

Brooks K. Wilhelm, CFA
Assistant Portfolio Manager
Senior Credit Analyst
14 Years Experience

Source: Fort Washington Investment Advisors, an investment advisor registered with the U.S. Securities and Exchange Commission. Past performance is not indicative of future results. Quality and sector distribution as well as portfolio attribution and allocation is subject to change at any time.

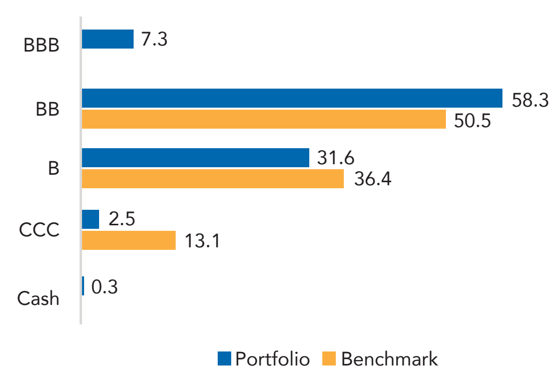
MARKET OVERVIEW

- Performance was notably positive across a wide array of markets. Oil was one of the few significant exceptions. Recent laggards, including distressed debt and small cap equities, provided outsized upside. Economic surprise indices have turned upward. Though small cap fundamentals remain challenged, High Yield issuers are seeing stable results. In this mix of stable to improving company profitability, historically tight spreads, and record equity levels, the Fed and numerous global central banks have embarked on a rate cutting cycle. Estimates for the just-concluded quarter are optimistic. A solid number would mark eight out of the last nine quarters having seen healthy growth.
- The combination of a powerful tailwind from a U.S. Treasury rally and stable spreads led to a well-above-coupon outcome in High Yield (+5.28%). Though higher quality credits tend to shine in such an environment, BBs (+4.25%) and Bs (+4.53%) trailed CCCs and below (+11.57%) by a wide margin. Multiple, fundamentally-challenged credits generated extraordinary performance; 19 issuers produced 20%+ returns. Positive risk sentiment, rumors of creditor discussions and inflections in fundamentals were primary catalysts. All sector returns were positive, with those populated by distressed debt (Wirelines, Cable Satellite, Office REITs) leading the way. Energy was the primary theme in trailing sectors, with all four related sectors in the bottom 10.
- Falling yields, tight spreads, and the Fed's rate-easing campaign allowed issuers to capture favorable funding levels, leading to over $74bln of new issues. Issuance accelerated in September, the busiest supply month in three years. Refinancing activity remains the primary use of proceeds (74%), as prevailing yields are frequently approximating existing coupon rates, allowing issuers to push out maturities without increasing interest expense. TTM default activity in High Yield has rolled over as defaults and distressed exchanges have been rare this year. This is not the case in leveraged loans, where total default experience has been 4x that of the bond universe on a par basis. The pipeline of in-process distressed debt exchanges remains robust, with several of the largest leveraged credit borrowers in the queue.

Statistics

	Composite	Benchmark
Quality	BB-	B+
Coupon	5.96	6.34
Price	98.47	97.95
Duration	2.87	2.93
Yield (Current)	6.10	6.57
Yield to Worst	6.32	6.99
OAS	232	295
Number of Issues	293	1,936
Number of Issuers	195	895

Credit Quality
(% of Market Value)



Source: Fort Washington Investment Advisors. Past performance is not indicative of future results. Quality and sector distribution as well as portfolio attribution and allocation is subject to change at any time. This supplemental information complements the High Yield GIPS Report.

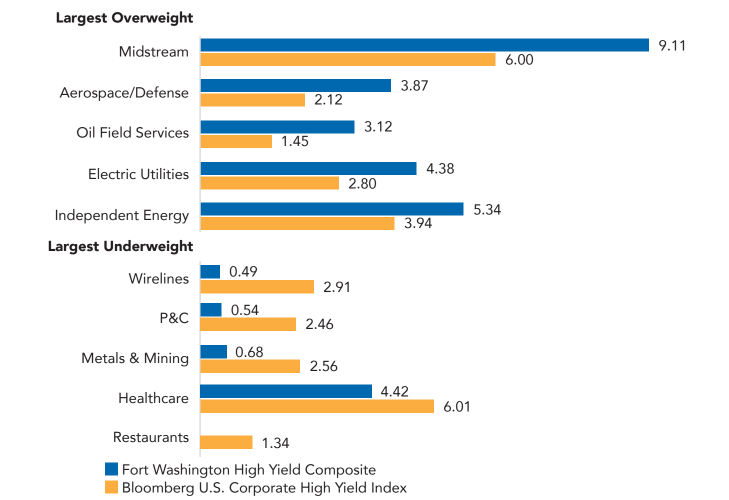
PORTFOLIO ACTIVITY

Investment decisions are always made with incomplete information. But, what is an investor to do when two important pieces of "complete" data are materially revised and in opposite directions? In late August, recent employment numbers were revised lower by a massive 818,000 jobs. One month later, Gross Domestic Income (GDI) for the period 2021-2023 was revised higher by $800bb. The latter revision included a normalization of the savings rate and higher corporate profitability. Should we assume these revisions simply cancel each other out? As always, our view is to rely on the weight of the evidence and adjust as conditions change. Currently, we see that while employment has worsened, it remains robust and may be stabilizing. Consumers and corporations are healthier than previously believed, economic surprises have inflected positively, and the Fed has emphatically begun to cut rates.

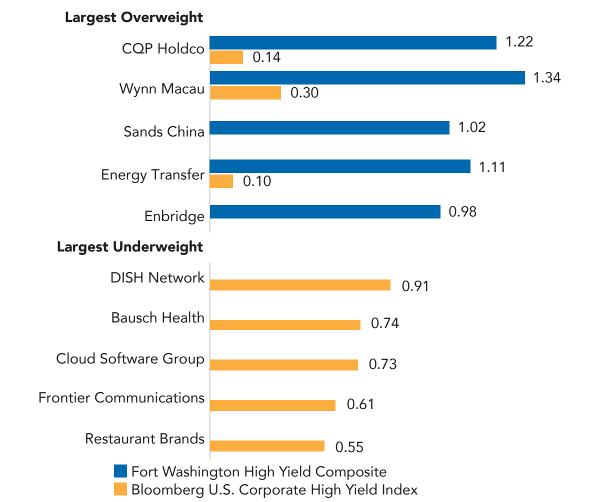
Improving economic conditions have led us to balance portfolio activity between BB and B securities, a more optimistic tilt than in recent quarters. That said, spreads remain historically tight. Therefore, the portfolio's higher quality bias is being maintained while we maximize income. Trading themes included sales of tightly trading higher quality holdings, a limited list of risk reduction trades, and significant participation in new issues.

Previously, we saw an economy in need of a boost. Subsequently, revised Gross Domestic Income (GDI) diminished that need, the weight of economic data turned positive, and the Fed reversed course. It will take time to determine the persistency of this momentum. But, in reaction to changes in conditions, we have altered our opinions on two of our outlook factors. The rally in the U.S. 10year Treasury from 4.99% to a recent low of 3.62% leads us to reduce our opinion on Rates to neutral. Fundamentals are also revised to neutral, but this is an upward move which recognizes stabilizing High Yield issuer results. The overall outlook at Slightly Negative is also stable, as valuations are rich and markets are priced for a perfect landing.

Largest Sector Exposures
(% of Market Value)



Largest Issuer Exposures
(% of Market Value)



Source: Fort Washington and PORT. Holding allocations are subject to change. Weights shown are subject to rounding. This supplemental information complements the High Yield GIPS Report. This should not be construed as investment advice or a recommendation of any particular security, strategy, or investment product.

OUTLOOK

Factor	Outlook	Comments
Economy	**Neutral** ◀▶	• GDP grew 3.0% in 2Q24; up from 1.6% growth in 1Q24 and up from 2.4% in the year ago period; expectations for 3Q are for growth of 3.1%. GDP growth expectations continue to climb higher for 2024, now at 2.6%; up from 1.3% at the start of the year. • Employment has weakened but remains healthy, unemployment (4.2%) has ticked higher, but wage growth remains strong (4%). • Consumer confidence and sentiment are stable on a robust labor market; core inflation is slowly improving; headline remains above target with service components elevated. Business confidence continues to show caution with most ISM numbers around 50. However, the service components of ISM that dipped below 50 in 2Q have now rebounded.
Financial Conditions	**Neutral** ◀▶	• Financial conditions improved slightly in the quarter with the Senior Loan Officer Survey showing 7.9% tightening (down slightly from 15.6% in 2Q, but down markedly from 51% a year ago). • After 14 months on hold, the Fed began easing in September with a 50bps cut and awaits more data on both inflation and employment. Market expectations are currently for 2 additional cuts of 25bps in 2024. • Credit spreads for BBB Industrials and High Yield were slightly tighter in the quarter; all-in High Yield yield was 6.99%.
Rates	**Neutral** ▼	• The U.S. 10 year Treasury tightened materially in 3Q as the Fed began its easing campaign, lowering rates by 50bps. The Fed has signaled greater confidence in inflation returning to its 2% target and has messaged their next policy move will likely be a cut. U.S. 10 Year Treasurys ended a strong rally in 3Q at 3.78%; -61bps in yield on the quarter. • Ten year TIPS breakevens are trading near 2.19%; real yields are +159bps. • U.S. rates remain in line to higher than many other developed market levels; making them attractive in a global context and leading to significant strength in the dollar.
Fundamentals	**Neutral** ▲	• Revenue growth turned positive with top line results showing +5.7% qoq and +2.1% yoy; EBITDA was +15.0% qoq and +1.4% yoy. Notably, EBITDA experienced its second largest quarterly expansion since 3Q20. • HY issuer gross leverage was up slightly qoq to 3.98x and interest coverage declined slightly to 4.98x; the 6th quarter in a row of declining interest coverage. In the Leveraged Loan market, issuers have gross leverage of 5.0x and interest coverage of 2.9x. Bond issuance for the quarter was $73.9B vs $77.6B in 2Q24 and $41.6B in 3Q23. • Defaults ended August at 2.47%; down from 3.84% at December end and 3.23% one year ago. We expect default rates to remain at these levels and believe they have peaked and leveled off at a rate below other cycle peaks. Liability management exercises and distressed exchanges should continue; keeping default rates rangebound in the next several quarters.
Valuation/ Spreads	**Slightly Negative** ◀▶	• High Yield spreads tightened -14bps and ended the quarter at +295bps (10th percentile). BBs widened +3bps (6th), Bs widened +6bps (6th), and CCCs tightened significantly by -166bps (28th). • Aggregate yields at September end were 6.99%; tighter 92bps with Treasury yields rallying; dollar price was $97.95. • Unlike in 2Q where CCCs underperformed, 3Q saw CCC rated bonds outperform BB/B rated peers as spreads tightened in lower quality issuers. Coupled with additional carry, CCCs returned 11.57% in 3Q; more than double its BB/B rated peers (4.37%).
Outlook & Positioning	**Slightly Negative** ◀▶	• We are holding our opinion on High Yield at Slightly Negative due to tight spreads and a modest level of economic uncertainty; partially offset by attractive all-in yields. • Defaults in high yield have stabilized at a slightly elevated level; however, we also anticipate bond defaults to be lower than previous cycles as the quality of High Yield is higher than historic periods. • Portfolio activity is being focused towards maintaining a higher quality bias while maximizing income as we believe that the predominance of return will come through carry. With spreads at their tightest decile, we will rely on credit selection and idiosyncratic risk for outperformance. Purchase activity was balanced between BB and B rated securities which is a slight increase over previous quarters

Source: Fort Washington. The above outlook reflects subjective judgments and assumptions; subject to change at any time. Unexpected events may occur and there can be no assurance that developments will transpire as forecast. This is for informational purposes only and should not be construed as investment advice or a recommendation of any particular security, strategy, or investment product. Past performance is not indicative of future results. Fort Washington rankings of Bloomberg Barclays U.S. Corporate HY Index statistics for quarter, against Index history.

COMPOSITE GIPS REPORT

	3Q2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
High Yield Fixed Income (Gross)	4.45%	13.36%	-10.02%	4.97%	4.55%	15.30%	-1.94%	7.75%	12.84%	-3.82%	2.50%
High Yield Fixed Income (Net)	4.36%	12.97%	-10.33%	4.55%	4.19%	14.93%	-2.24%	7.44%	12.52%	-4.09%	2.23%
ML-Bloomberg Linked Benchmark[1]	5.28%	13.44%	-11.19%	15.30%	7.11%	14.32%	-2.08%	7.50%	17.13%	-4.55%	2.45%
High Yield Fixed Income 3-Year Annual Standard Deviation[2]	--	8.73%	11.24%	-1.94%	9.11%	4.02%	4.01%	5.32%	5.82%	5.59%	4.53%
ML-Bloomberg Linked Benchmark 3-Year Annual Standard Deviation[2]	--	8.24%	10.97%	7.75%	9.24%	4.02%	4.62%	5.59%	6.01%	5.27%	4.42%
Dispersion[3]	0.11%	0.12%	0.23%	12.84%	0.62%	0.13%	0.07%	0.24%	0.40%	0.75%	0.15%
Number of Accounts	8	8	9	-3.82%	9	10	11	15	18	20	21
Composite Assets ($ millions)	$1,640.3	$1,603.6	$1,532.8	2.50%	$1,791.3	$1,897.5	$2,085.3	$2,916.2	$3,287.2	$3,474.8	$3,868.0
Total Firm Assets ($ millions)	$81,043	$74,613	$66,365	4.60%	$65,086	$59,174	$49,225	$52,774	$45,656	$42,959	$45,002

Composite inception and creation date: 07/01/1994. [1]Effective 01/01/2016. Prior to 01/01/2016, the benchmark for this composite was the Merrill Lynch U.S. Cash Pay High Yield. Given the strong similarity between the benchmarks, the change was made to enhance portfolio analysis capabilities. [2]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. [3]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 Bloomberg US Corporate High Yield Index. The Bloomberg US Corporate High Yield Index measures the performance of the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. The index accounts for interest payments by incorporating them into the total return calculation. Fort Washington's High Yield strategy seeks to outperform over a full market cycle (typically 3-5 years) by protecting principal in periods of market decline while providing a stable base of income across all periods. The focus is on the higher-quality credits exhibiting lower default risk and mature sectors that can be expected to weather a full market cycle. All fee-paying fully discretionary portfolios managed in the High Yield Fixed Income style, with a minimum of $20 million under our management, are included in this composite. Effective 01/22/2014, the High Yield Fixed Income fee is 0.50% for the first $100 million and 0.45% on additional amounts over for separate accounts. Portfolios in this composite include cash, cash equivalents, investment securities, interest 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. Prior to 01/01/1997, individual portfolio returns were calculated on a monthly basis using a time-weighted return method. Fort Washington Investment Advisors, Inc. (Fort Washington), a wholly owned subsidiary of The Western and Southern Life Insurance Company, is a registered investment advisor and provides discretionary money management to a broad range of investors, including both institutional and individual investors. Assets under management include all portfolios managed by Fort Washington and exclude assets managed by and marketed as its Private Equity business unit. Fort Washington claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. 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 High Yield Fixed Income strategy invests in fixed-income securities 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. The High Yield Fixed Income strategy invests in non-investment grade debt securities which are considered speculative with respect to the issuers' ability to make timely payments of interest and principal, may lack liquidity and has had more frequent and larger price changes than other debt securities. The High Yield Fixed Income strategy invests in foreign securities which carry the associated risks of economic and political instability, market liquidity, currency volatility and accounting standards that differ from those of U.S. markets and may offer less protection to investors.

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