Fort Washington Investment Advisors, Inc.

A member of Western & Southern Financial Group

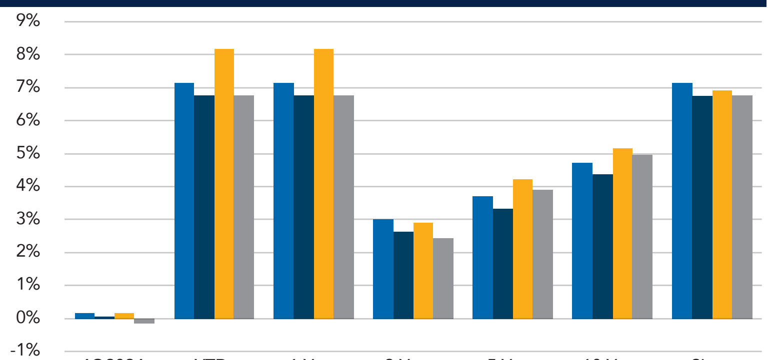
Uncompromised Focus®

FORT WASHINGTON HIGH YIELD FIXED INCOME — 4Q2024

HIGHLIGHTS

- The fourth quarter began with the worst global bond performance since September 2022; stronger-than-expected economic data drove rates higher. Soon thereafter, equity markets reacted positively to November election results. However, the Federal Reserve (Fed) cut the rally short when it lowered rates by 25bps in December, but adopted a hawkish stance by signaling just 50bps of cuts in 2025. By year-end, the 10-year Treasury yield had sold off to 4.57% (+79bps on the quarter). Returns across equities and bonds were mixed: NASDAQ (+6.36%), S&P 500 (+2.41%), and U.S. Aggregate Bond Index (-3.04%).
- Our core strategy returned (+0.15%/+0.06%) on a gross/net basis or (-2bps) gross to the index return. Relative ratings category exposure was a differentiating factor as CCC and below issuers outperformed. Though our up-in-quality philosophy was a headwind, security selection in BB holdings completely offset the detraction from an underweight to CCCs. Overall security selection (slightly positive) and sector allocation (slightly negative) were near neutral. Large positions in high-quality hybrid paper (Stanley Black & Decker, Energy Transfer) were a theme in positive security selection. Notable negative offsets were often unowned low-quality credits (Level 3, iHeartCommunications, New Fortress Energy). The only allocation impact deserving of mention was a Wirelines underweight which hampered performance as the sector continued to outperform, though to a lesser degree than recently.
- The Fed's best-laid plans quickly went awry. Strong economic data, disappointing progress on inflation, and growing concerns over the effects of budget deficits in the G7 on bond supply combined to fuel a government bond market selloff. By year end, 100bps of rate cuts had coincided with a 95bps increase in the 10-year U.S. Treasury yield. Ironically, the 10-year U.S. Treasury yield reached a recent low of 3.62% two days prior to the first rate cut.

Trailing Total Returns (as of December 31, 2024)



	4Q2024	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
High Yield (Gross)	0.15	7.14	7.14	3.00	3.70	4.72	7.15
High Yield (Net)	0.06	6.77	6.77	2.65	3.34	4.38	6.75
Bloomberg US Corporate High Yield	0.17	8.19	8.19	2.92	4.21	5.17	6.93
Bloomberg US HY BA/B 2% Issuer Cap	-0.16	6.77	6.77	2.43	3.90	4.97	6.78

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
Community Health Systems	0.04	-0.54	Level 3 Communications	-0.03	-0.57
Stanley Black & Decker	0.04	0.71	iHeartCommunications	-0.03	-0.16
Energy Transfer	0.03	1.01	New Fortress Energy	-0.03	-0.18
Altice USA	0.03	0.28	MultiPlan	-0.03	-0.09
South Jersey Industries	0.03	0.76	CommScope	-0.03	-0.35

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. Fort Washington considers the presentation of attribution as part of the investment management process and not advertised performance.

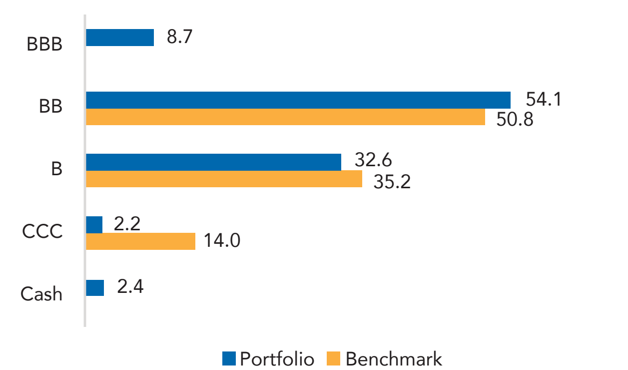
MARKET OVERVIEW

- Though a powerful factor in the quarter, interest rates were not the sole driver of asset returns. U.S. exceptionalism (GDP growth, large cap profitability, and stock returns), forecasted tariff side effects, and a newly hesitant Fed accelerated an ongoing dollar rally through the quarter and into January. As a result, emerging market equities sold off from quarter beginning to end (MSCI EM -8.0%). Other equity markets saw choppy yet positive returns. For example, small caps soared in November on election expectations and results (Russell 2000, +11.0%), then nearly roundtripped in December (-8.3%). Weak U.S. Treasuries weighed on long duration fixed income including U.S. Investment Grade (-3.04%) and Emerging Market sovereigns (-1.47%).
- Superior carry provided just enough support to allow High Yield to eke out a positive quarter (+0.17%). With carry being key, it was no surprise to see CCCs and below lead (+2.31%) while Bs (+0.31%) were just positive, but relatively long-duration BBs (-0.49%) could not overcome the Treasury headwind. Sector-specific themes were not evident. Returns were quite mixed as slightly more sectors produced positive results than negative. Distressed names dominated issuer and sector outliers, but outperformers outweighed the detractors. Examples included Wirelines (+2.63%) led by Lumen Technologies (+15.03%) and Healthcare (-1.33%), which was dragged down by perennially challenged Community Health (-7.30%).
- Issuance cooled going into the election and never rebounded; $45bln priced during the quarter and $291bln (+62% YoY) for the year. Supply in 2024 was driven by refinancing activity (71%). Forecasts for 2025 supply tilt more heavily towards M&A/LBO activity. Combined Default/Liability Management Exercise (LME) activity across bonds and loans surged to a 20-month high in December. However, there is divergence in activity: High Yield bond default rates are now at multi-year lows, while Leveraged Loans reached a 51-month high. Loans appear more susceptible to further defaults due to the combination of a higher proportion of lower-rated issuers and the extended impact of floating rate coupons in a "higher for longer" interest rate environment. A notable trend, highlighted by JP Morgan, is that approximately 35% of this past year's defaults and distressed exchanges involved repeat offenders.

Statistics

	Composite	Benchmark
Quality	BB-	B+
Coupon	5.94	6.40
Price	97.19	96.65
Duration	3.05	3.11
Yield (Current)	6.15	6.72
Yield to Worst	6.85	7.47
OAS	224	285
Number of Issues	286	1,929
Number of Issuers	191	889

Credit Quality
(% of Market Value)



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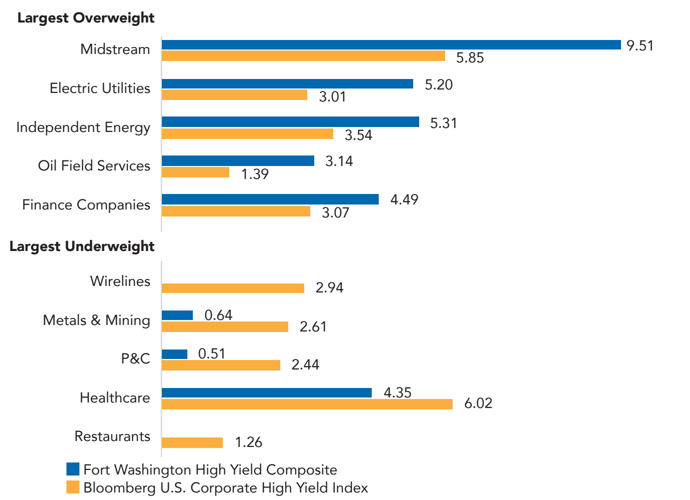
PORTFOLIO ACTIVITY

No doubt the Fed's decision to emphatically launch a rate cutting cycle was the result of extensive debate and analysis. Yet, almost immediately, new economic data, election-driven market movement and a rates selloff gave rise to widespread doubt as to the wisdom of their actions. Just as the Fed is having to embrace change and be flexible, we have adapted our thinking on several challenged portfolio holdings in light of new inputs. Leaked LME details reinforced our decision to maintain exposure to a European wireless provider. The incoming Administration's deregulation pledge and a new FCC Chairman added confidence to holdings in TV broadcasters and linear networks, while multiple fiber network acquisitions provided substantial valuation support to a large position in a cable network operator. Even with these holdings, portfolio quality is quite elevated historically—a stance we intend to maintain. Purchases continued to be balanced between BB and B securities. In an ongoing effort to emphasize carry and maximize income, trading themes included sales of tightly trading names, while several risk reduction sells were also executed.

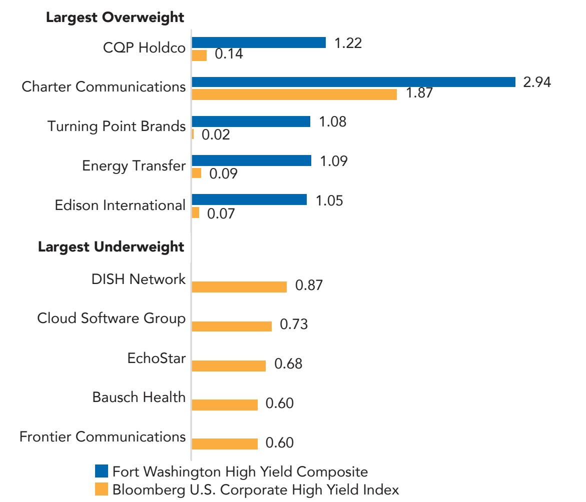
Key points of uncertainty entering 2025 include near term decision-making out of the new U.S. Administration and rising interest rates in the G7. On this latter point, the likely driver appears to be excessive government bond supply as opposed to positive economic growth surprises and inflation. Even German rates are moving higher, in spite of an economy which is barely treading water. Multiple G7 incumbents (U.K., France, U.S., Canada, and Germany) have failed or are failing in the face of the spread of populism. Their successors will be challenged to pacify voters while comforting increasingly reluctant investors.

In light of the significant reversal in interest rates, we have upgraded our opinion on rates to Slightly Positive. Though spreads remain tight, attractive yields, low and declining defaults, and solid economic data compel us to raise our overall outlook to Neutral.

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 3.1% in 3Q24; up slightly from 3.0% growth in 2Q24 and down from 4.4% in the year ago period; expectations for 4Q are for growth of 2.3%. GDP expectations for 2025 are approximately 2%. • Employment has weakened but remains healthy, unemployment (4.2%) has ticked higher yoy, but wage growth remains strong (4%). • Consumer confidence and sentiment are stable on a robust labor market; core inflation is lower yoy and stable; headline remains above target with service components elevated. Business confidence continues to show caution with most ISM numbers around 50.
Financial Conditions	**Neutral** ◀▶	• Financial conditions improved slightly in the quarter with the latest Senior Loan Officer Survey showing 0% tightening (down slightly from 7.9% in 3Q, but down markedly from 51% in July 2023). • After the Fed began its easing cycle in September with a 50bps cut, it continued easing in 4Q with two 25bps cuts in November and December and awaits more data on both inflation and employment. Market expectations are currently for 2 additional cuts of 25bps in 2025. • Credit spreads for BBB Industrials and High Yield were slightly tighter in 4Q; all-in High Yield yield was 50bps wider to 7.49%.
Rates	**Slightly Positive** ▲	• After a material rally in the U.S. 10 year Treasury (UST10) in 3Q (-61bps), yields reversed course in 4Q as the market saw stronger economic data. The Fed continues to see inflation returning to its 2% target but noted at the December meeting 12-month inflation has been moving sideways. They also indicated they will be cautious on further cuts if incoming data on the economy and labor market remain solid. UST10 ended 2024 with a strong sell-off (+79bps) in 4Q to end at 4.57%. • Ten year TIPS breakevens are trading near 2.34%; real yields are +223bps. • 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 in 4Q for High Yield companies was +0.0% qoq and +1.2% yoy; EBITDA was +3.0% qoq and +1.2% yoy. • HY issuer gross leverage was up slightly qoq to 4.05x and interest coverage declined slightly to 4.66x; the 7th quarter in a row of declining interest coverage on higher issuer interest expense. In the Leveraged Loan market, issuers have gross leverage of 4.99x and interest coverage of 2.86x. Bond issuance for the quarter was $45B vs $73.9B in 3Q24 and $41.5B in 4Q23. • Defaults ended November at 3.25%; down from 3.84% one year ago. 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 -8bps and ended the quarter at +287bps (7th percentile). BBs tightened -1bp (6th), Bs tightened -8bps (5th), and CCCs tightened significantly by -84bps (13th). • Aggregate yields at December end were 7.49%; wider +50bps with Treasury yields widening; dollar price was $96.65. • Coupled with additional carry and continued spread tightening, CCC's outperformed (+2.31%) again in 4Q vs. BB/B peers (-0.15%).
Outlook & Positioning	**Neutral** ▲	• We are upgrading our opinion on High Yield to Neutral as we balance tight spreads with attractive yields along with a stable economic outlook and steady issuer fundamentals. • 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 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 US Corporate HY Index statistics for quarter, against Index history.

HIGH YIELD FIXED INCOME COMPOSITE GIPS REPORT

	4Q2024	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
High Yield Fixed Income (Gross)	0.15%	7.14%	13.36%	-10.02%	4.97%	4.55%	15.30%	-1.94%	7.75%	12.84%	-3.82%
High Yield Fixed Income (Net)	0.06%	6.77%	12.97%	-10.33%	4.60%	4.19%	14.93%	-2.24%	7.44%	12.52%	-4.09%
ML-Bloomberg Linked Benchmark[1]	0.17%	8.19%	13.44%	-11.19%	5.28%	7.11%	14.32%	-2.08%	7.50%	17.13%	-4.55%
High Yield Fixed Income 3-Year Annual Standard Deviation[2]	–	8.77%	8.73%	11.24%	8.96%	9.11%	4.02%	4.01%	5.32%	5.82%	5.59%
ML-Bloomberg Linked Benchmark 3-Year Annual Standard Deviation[2]	–	8.36%	8.24%	10.97%	9.00%	9.24%	4.02%	4.62%	5.59%	6.01%	5.27%
Dispersion[3]	0.02%	0.06%	0.12%	0.23%	0.19%	0.62%	0.13%	0.07%	0.24%	0.40%	0.75%
Number of Accounts	8	8	8	9	9	9	10	11	15	18	20
Composite Assets ($ millions)	$1,719.1	$1,719.1	$1,603.6	$1,532.8	$1,746.8	$1,791.3	$1,897.5	$2,085.3	$2,916.2	$3,287.2	$3,474.8
Total Firm Assets ($ 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: 07/01/1994. [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 - 12/31/23. 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 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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