Fort Washington
Investment Advisors, Inc.

A member of Western & Southern Financial Group

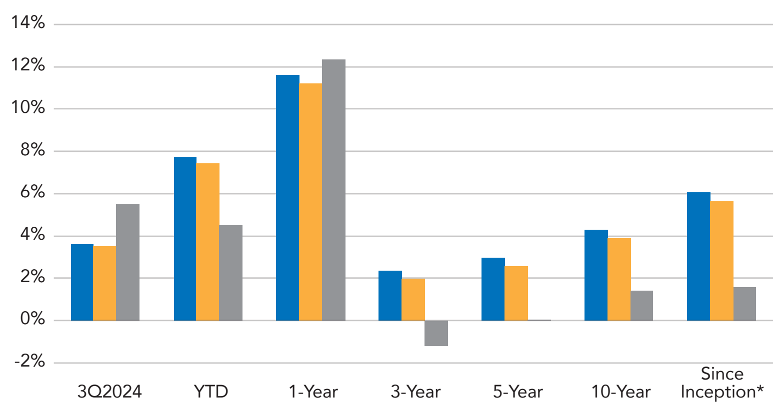
Uncompromised Focus®

FORT WASHINGTON SECURITIZED OPPORTUNITIES — 3Q2024

HIGHLIGHTS

- The Fort Washington Securitized Opportunities strategy focuses on moderate to high risk/return opportunities in securitized products. The Fort Washington Securitized Opportunities Composite returned 3.60% (gross)/3.51% (net) for the quarter.
- The Federal Reserve (Fed) delivered its first rate cut of the cycle in September, lowering the target rate by 50 basis points. Moves in the Treasury yield curve were an abnormally significant driver of performance during Q3, providing a strong tailwind for fixed income performance.
- Economic data overall has remained resilient and supportive of a soft landing, with the unemployment rate at 4.1% for September and Q2 GDP above expectations at 3.0%.
- Valuations remain on the tighter side of fair but generally remain supported by underlying credit fundamentals. With flatter credit curves, up-in-quality positioning is favored.

Annualized Total Returns as of September 30, 2024



	3Q2024	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception*
Securitized Opportunities (Gross) (%)	3.60	7.73	11.63	2.37	2.97	4.31	6.05
Securitized Opportunities (Net) (%)	3.51	7.44	11.21	1.98	2.57	3.90	5.64
Bloomberg US MBS (%)	5.53	4.50	12.32	-1.20	0.04	1.41	1.56

Source: Fort Washington Investment Advisors, an investment advisor registered with the U.S. Securities and Exchange Commission. *Inception date 10/01/2011. Past performance is not indicative of future results. This supplemental information complements the Securitized Opportunities GIPS Report. As of 09/30/2024, the Structured Opportunities Composite was renamed the Fort Washington Securitized Opportunities Composite.

INVESTMENT PROFESSIONALS

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32 Years Experience

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Senior Portfolio Manager
26 Years Experience

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10 Years Experience

Beth N. Turner, CFA
Senior Fixed Income Analyst
10 Years Experience

Charles D. Buggage
Senior Fixed Income Analyst
7 Years Experience

Portfolio Characteristics and Sector Allocation

	MV %	Cpn	YTW	OAS	OAD	OASD	DTS	Contr. to DTS	Avg. Rating
Bloomberg US MBS Index	100	3.3	4.5	42	5.7	5.3	3.1	3.1	AA+
Securitized Opportunities Comp	100	1.8	7.7	346	2.6	3.4	9.8	9.8	A-
ABS	26	4.5	6.7	303	2.9	3.0	7.9	2.1	BBB
CLO	21	7.4	6.9	200	0.2	3.7	7.9	1.7	A+
CMBS	28	1.0	11.0	665	2.1	2.2	14.2	4.1	BBB+
RMBS	21	3.6	5.4	153	5.8	5.9	9.4	1.9	AA-
HY Corp	1	6.6	8.6	380	(0.1)	2.1	7.7	0.1	BB+
Cash	3	-	4.9	-	-	-	-	-	AAA

Source: Fort Washington. Data as of 09/30/2024. Portfolio characteristics are as of the reported date and are subject to change without notice. Past performance is not indicative of future results. This supplemental information complements the Securitized Opportunities GIPS Report.

MARKET COMMENTARY

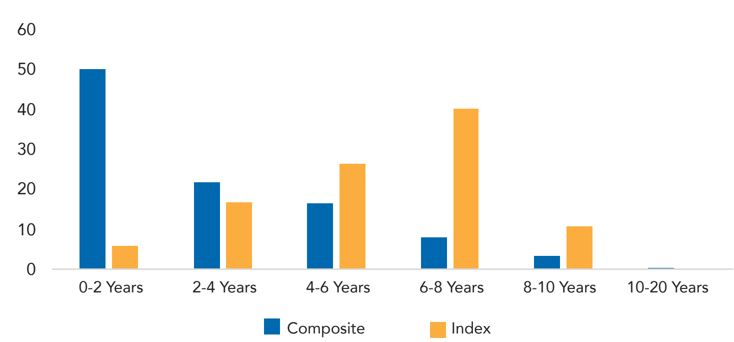
Broad market performance was strong during Q3, with both equities and fixed income generating positive returns despite a more complicated narrative unfolding beneath the surface. At the beginning of the quarter, markets were pricing in 50 basis points of Fed rate cuts by year-end 2024. Economic data had proven resilient (but not too resilient), and the unemployment rate had ticked up to a manageably weaker 4.1% for June. Fed Chairman Jerome Powell's carefully engineered soft landing seemed to be coming into focus.

This trajectory changed course mid-July, however, as a variety of concerns began to escalate. Soft earnings reports called into question the soaring valuations of tech companies, which had largely driven the equity market rally in the first half of the year. Simultaneously, unexpected weakness in CPI and other economic data releases cast doubt on the soft-landing narrative. Treasuries rallied sharply toward the end of July and into early August, as markets recalibrated around a more urgent Fed rate-cutting scenario. This sharp rally in U.S. Treasuries coincided with a Bank of Japan rate hike (and hawkish rhetoric), exposing a broad Yen carry trade in the market, and prompting its unruly unwinding. Meanwhile, the year-to-date rout in Chinese equities continued into Q3, contrasting sharply with global stocks' strong run and heightening concerns about the strength and stability of the world's second-largest economy. On August 2, the Bureau of Labor Statistics released a worse-than-expected unemployment rate of 4.3%, triggering the Sahm Rule, which indicates that a recession may have already begun. In aggregate, these stressors were suddenly too much for markets to sustain in equilibrium, and in the first week of August, the Chicago Board Options Exchange Volatility Index (VIX) spiked to a level not seen since 2020.

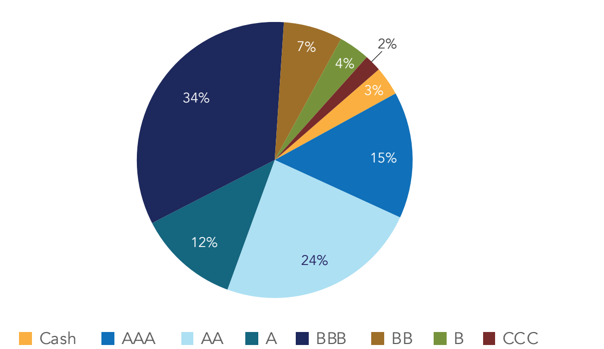
This culmination of negativity in early August marked an inflection point for the quarter. The flow of economic data through the remainder of the quarter was seen as less draconian and more supportive of the soft landing narrative. The unemployment rate for July rose 0.2% to 4.3%, while 2Q GDP exceeded forecasts at 3%. Powell expressly assured markets that the time had come to begin cutting rates, and then delivered the first cut of 50 basis points at the Fed's September 18 meeting. Meanwhile, Japan's newly-appointed Prime Minister, Shigeru Ishiba, responded to the Yen carry trade unwind by assuring markets that Japan does not need further rate hikes—a sentiment that Bank of Japan Governor Kazuo Ueda appeared to support, albeit cautiously. Late in the quarter, China announced an aggressive stimulus package aimed at restoring confidence in the economy, driving a 27% rally in the CSI 300 Index during the second half of September—another stabilizing factor for markets globally.

U.S. Treasury rates ended the quarter considerably lower vs June 30, with the 10 year rallying by 62 basis points, and the 1-2 year part of the curve rallying by more than 100 basis points. The 2s/10s curve reverted to a positive slope during September, after spending more than two years in inverted territory. Over the course of the quarter, markets transitioned from expecting a total of two rate cuts by year-end 2024, to already having two cuts during Q3, and expecting another three by the end of December. Spreads across fixed income were briefly volatile during the July/August selloff but recovered through the remainder of the quarter.

Duration Distribution



Credit Quality



Source: Fort Washington. Characteristics are subject to change without notice. Totals may not equal 100 due to rounding. This supplemental information complements the Securitized Opportunities GIPS Report.

PORTFOLIO REVIEW

The Fort Washington Securitized Opportunities Composite returned 3.60% (gross) and 3.51% (net) during the third quarter, bringing YTD performance to 7.73% (gross) / 7.44% (net). Spread volatility was elevated during the quarter, particularly from late July into early August. However, spread movements generally round-tripped by the end of September, and did not significantly impact overall performance. In contrast, moves in interest rates were an abnormally large driver of Q3 performance; 1-3 year Treasuries rallied by more than 100 basis points, while 5-10 year Treasuries rallied 60-80 basis points. This rate move, combined with carry, was the major driver of performance for the quarter.

RMBS was the strongest performer for the strategy during Q3, generating 5.01% for the quarter, and benefiting from its longer fixed rate positioning at approximately 5.8 years duration. ABS also generated strong returns of 3.96%, ending the quarter with an Option Adjusted Duration (OAD) of 2.9 years and harnessing significant tailwind from the move lower in rates. CMBS returned a very strong 3.18% for Q3, with a mix of fixed rate securities benefitting from the rally in rates, partially offset by floating rate securities facing the headwind of declining yield, as coupons reset into the lower rate environment. CLOs were the weakest-performing sector for the quarter, given their floating rate nature that prevents them from benefiting from the drop in rates. Instead, the yield trended lower as the coupons reset to the lower rate environment. Even so, the CLO return was strong at 1.91% for the strategy in Q3.

PORTFOLIO ACTIVITY

Composite assets increased by $80mm during Q3, and, sector allocation changes were relatively minimal. RMBS and CLO exposure increased 1.7% and 1.6%, respectively, while cash and CMBS increased by 0.9% and 0.5% respectively. ABS exposure and U.S. Treasury exposure each declined by 2.4% quarter over quarter.

Management exited a 20-year Treasury position during September, after capturing a meaningful favorable move in long rates during the quarter. Reinvestment of cash targeted a mix of floating rate paper and longer-duration securities, allowing management to maintain duration largely unchanged at 2.62 years as of September 30.

OUTLOOK

Management believes that the U.S. economy remains on track for a soft landing, although volatility is to be expected around economic data releases and their anticipated impact on the Fed's rate cut timing and magnitude. Labor market deterioration seems to be manageable, while consumer spending continues to be supported by generally healthy balance sheet and jobs/wages. Slowing Personal Consumption Expenditures (PCE) indicates meaningful progress toward the Fed's 2% inflation target, although price increases in shelter and certain other non-discretionary categories remain elevated.

Fundamentals in each of the strategy's broad sectors – ABS, CMBS, RMBS, and CLOs – remain supportive of valuations overall. Consumer fundamentals have exhibited pockets of weakness, particularly in the lower-income cohorts. However, the broad consumer data remains strong, and lenders have responded appropriately where default performance exceeded expectations. Securitization protections are largely well-structured to withstand the degree of weakness being exhibited. Housing fundamentals remain supportive of RMBS subsectors broadly, with the primary concern centered around housing turnover and timing/certainty of cashflow projections. CLO default rates have stabilized at a reasonable level, as leveraged loan borrowers have begun to benefit from lower rates in the front end of the curve as their floating rate debt service obligation declines. CMBS remains the most challenged sector as loan servicers continue to work individually with borrowers to resolve distressed lending arrangements. Even so, pricing in the sector has begun to stabilize in recent months, as refinancings have picked up and CRE funds targeting dislocated assets have begun to deploy capital.

Aside from spread volatility mid-quarter, spread movement across securitized products for Q3 was unremarkable. Management continues to find value in certain RMBS and ABS subsectors and believes the carry trade in floating rate CLOs remains attractive for the time being. CMBS remains a core exposure for the strategy, although management is cautious to increase CRE risk exposure in the near term.

The Securitized Opportunities strategy emphasizes income as the primary source of return, rather than relying on timing rate or price movements. Management believes the strong yield in the portfolio should continue to produce an attractive level of income for investors while providing substantial cushion against adverse rate or spread movements. Management's expectation remains for an economic soft landing, however, given our favorable fundamental view across most subsectors, we would view spread volatility as an opportunity to add risk across most subsectors (with the likely exception of CMBS, where the portfolio already maintains meaningful exposure to securities with significant price recovery upside). While the timing of Fed rate cuts remains uncertain, we generally expect the move lower in rates to support the fundamental recovery in CRE, while providing favorable price upside for other fixed income exposure in the fund. While attractive idiosyncratic opportunistic pockets of value remain available from time to time, the strategy has otherwise generally benefited from a higher-quality bias as securitized spreads have broadly compressed over the past year. Management believes the strategy is well-positioned to generate attractive income going forward, while also appropriately managing downside risk in the event of unexpected volatility in the near term.

COMPOSITE GIPS REPORT

	3Q2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Securitized Opportunities (Gross)	3.60%	6.86%	-6.49%	4.22%	2.51%	6.77%	4.72%	6.10%	5.87%	4.46%	6.43%
Securitized Opportunities (Net)	3.51%	6.45%	-6.85%	3.81%	2.10%	6.35%	4.30%	5.68%	5.44%	4.04%	6.00%
Bloomberg U.S. Mortgage Backed Securities Index	5.53%	5.05%	-11.81%	-1.04%	3.87%	6.35%	0.99%	2.47%	1.67%	1.51%	6.08%
Securitized Opportunities 3-Year Annual Standard Deviation[1]	--	3.18%	6.39%	6.15%	6.10%	1.30%	1.19%	1.03%	0.91%	1.45%	3.09%
Bloomberg U.S. Mortgage Backed Securities Index 3-Year Annual Standard Deviation[2]	--	7.66%	5.62%	1.71%	2.17%	2.15%	2.26%	1.75%	2.11%	2.31%	2.22%
Dispersion[3]	0.24%	1.84%	0.84%	0.56%	--	--	--	--	--	--	--
Number of Accounts	8	8	7	6	≤5	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets ($ millions)	$679.0	$565.9	$530.3	$580.4	$358.2	$341.2	$258.9	$179.9	$92.7	$68.0	$65.1
Total Firm Assets ($ 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: 10/01/2011. [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 quarterly gross-of-fee returns for those portfolios held in the composite during the full measurement period. Composite Gross and Net returns for 2023, 2022, 2021, 2020, and 2019 have been revised due to incorrect values in prior presentations. Past performance is not indicative of future results. The benchmark for this composite is the Bloomberg US Mortgage-Backed Securities Index. The Bloomberg US Mortgage-Backed Securities Index tracks fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon, and vintage. The index accounts for interest payments by incorporating them into the total return calculation. Fort Washington's Securitized Opportunities strategy focuses on non-index, structured securities with higher return potential relative to a blended benchmark. Typical securities utilized include private label mortgage-backed securities, agency mortgage-backed securities, asset backed securities, commercial mortgage-backed securities, agency debentures, Treasuries, and cash securities. The portfolio duration target is between 2 and 8 years and there are no quality constraints. All fee-paying, fully discretionary, non-restricted portfolios managed in the Securitized Opportunities style, with a minimum of $15 million under our management, are included in this composite. Effective 03/22/2022, the Securitized Opportunities Fixed Income fee schedule is 0.40% on the first $75 million and 0.35% on additional amounts over $75 million. Benchmark returns include interest income, but as an unmanaged fixed income index, transaction fees (brokerage commissions) are not included, and no direct comparison is possible. 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 Fort Washington Securitized Opportunities strategy invests primarily in securitized asset instruments, including mortgage-backed securities, asset-backed securities and other securities. The market prices of securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic, political, or regulatory conditions, recessions, inflation, changes in interest or currency rates, lack of liquidity in the bond markets, or adverse investor sentiment. Investments in the strategy are subject to possible loss due to the financial failure of issuers of underlying securities and their inability to meet their debt obligations. When interest rates rise, the prices of fixed-income securities in the strategy will generally fall. Conversely, when interest rates fall, the prices of fixed-income securities in the strategy will generally rise. The value of mortgage-related and asset backed securities will be influenced by factors affecting the real estate market and the assets underlying those securities. These securities are also subject to prepayment and extension risks and risk of default.

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