Fort Washington Investment Advisors, Inc.

A member of Western & Southern Financial Group

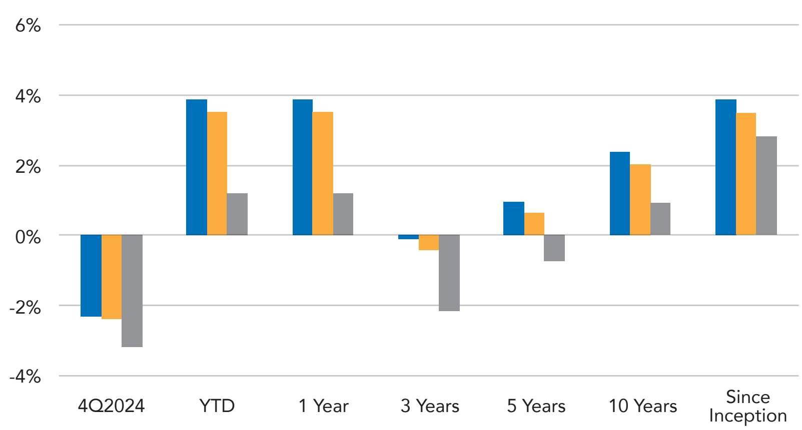
Uncompromised Focus®

FORT WASHINGTON SECURITIZED TOTAL RETURN — 4Q2024

HIGHLIGHTS

- The Fort Washington Securitized Total Return strategy focuses on low to moderate risk/return opportunities in securitized products with an emphasis on providing a higher-quality, lower-volatility replacement for Investment Grade Corporate bonds.
- The Fort Washington Securitized Total Return Composite returned -2.38% (net) in the quarter, compared to -3.16% for the Bloomberg US MBS Index.
- After 100 basis points of Federal Reserve (Fed) rate cuts in 2024, the long end of the yield curve sold off 80 basis points in Q4 and has taken on a more traditional shape. This reshaping of the curve was the primary driver of returns during the quarter.
- Economic data overall has remained strong, and an outlook for growth-friendly policies following the Presidential election in November has driven risk premiums tighter, though trade policy and increased inflation expectations could result in volatility.
- Spreads across private-label securitized products tightened sharply and easily outpaced Agency MBS. Agency MBS spreads widened modestly, and the Index exhibited negative excess returns during the quarter. This led to outperformance for our composite, which focuses on high quality private-label (non-index-eligible) securities.
- Compensation for risk has dwindled for most securitized sectors and offers only limited upside from current levels. However, securitized products continue to offer good relative value as compared to investment-grade corporates.

Trailing Total Returns (as of December 31, 2024)



	4Q2024	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Securitized Total Return (Gross) (%)	-2.29	3.87	3.87	-0.09	0.98	2.38	3.87
Securitized Total Return (Net) (%)	-2.38	3.51	3.51	-0.43	0.64	2.01	3.50
Bloomberg US MBS (%)	-3.16	1.20	1.20	-2.13	-0.74	0.91	2.81

Inception date 01/01/2005. Source: Fort Washington. Past performance is not indicative of future results. This supplemental information complements the Securitized Total Return GIPS Report.

INVESTMENT PROFESSIONALS

Scott D. Weston
Managing Director,
Senior Portfolio Manager
32 Years Experience

Brent A. Miller, CFA
Vice President,
Senior Portfolio Manager
25 Years Experience

Richard V. Schneider
Vice President,
Senior Portfolio Manager
26 Years Experience

Laura L. Mayfield
Assistant Vice President,
Senior Portfolio Manager
19 Years Experience

Dimitar T. Kamacharov, CFA
Assistant Portfolio Manager
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
Securitized Total Return Comp	100	2.8	5.7	105	5.8	5.2	5.4	5.4	AA
ABS	9	3.5	6.2	183	3.0	3.1	5.0	0.5	BBB
CLO	4	6.5	6.1	148	0.1	3.7	5.6	0.2	AA
CMBS	11	1.4	7.8	326	1.9	2.2	4.8	0.5	AA-
RMBS	69	3.3	5.4	69	6.9	6.5	5.6	3.9	AA+
US Government	4	2.6	4.8	-	15.1	-	8.4	0.3	AA+
IG Credit	0	3.5	4.4	-31	10.1	10.0	-	-	AAA
Cash	3	-	4.3	-	-	-	-	-	AAA
Bloomberg US MBS Index	100	3.3	5.3	43	6.2	5.6	3.6	3.6	AA+

Source: Fort Washington. Data as of 12/31/2024. 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 Total Return GIPS Report.

MARKET OVERVIEW

As 2024 ends, the investment landscape is influenced by strong domestic growth, new policy priorities from the newly elected administration, and changing investor sentiment. Economic growth has surpassed expectations, driven by resilient consumers and businesses. However, policy changes in trade and regulation have raised concerns about their impact on the U.S. economy.

Consumer spending has been the main driver of growth, despite a decline in household savings. Higher income earners have boosted the economy through increased investment and rising home prices since the pandemic. Higher wages have also supported the labor market, which remains balanced despite slower job creation.

Inflation remains a key focus for investors due to its implications for Fed policy. Although inflation is on a disinflationary path, recent data has been inconsistent. New tariff proposals from the President have added uncertainty, with the risk of escalating into a trade war with major trading partners like China, Mexico, and Canada. This has led investors to raise their short-term inflation outlook, while long-term expectations remain stable.

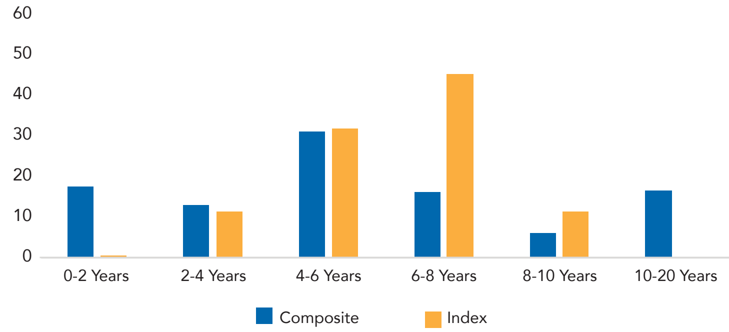
Other policy proposals could boost economic growth in 2025. Deregulation efforts may benefit industries like energy and banking by reducing operational restrictions, improving profitability. Lower regulation could also enhance mergers and acquisitions (M&A) activity, and potential lower corporate tax rates could strengthen small- and medium-sized firms. This positive economic backdrop is supporting risk assets, as seen in tight credit spreads and higher equity prices.

The Fed has cut policy rates due to disinflation and a cooler labor market. Despite a 100 basis point reduction in the Fed Funds rate, long-term yields rose in the fourth quarter as investors anticipate continued economic strength, leading to fewer rate cuts in 2025. This has resulted in a more traditionally shaped yield curve. The increase in longer-term rates was the main driver of fixed income returns in the fourth quarter, with the 10-year Treasury yield rising by about 80 basis points, causing a 3% decline in the Bloomberg US Aggregate Index as credit spreads remained tight.

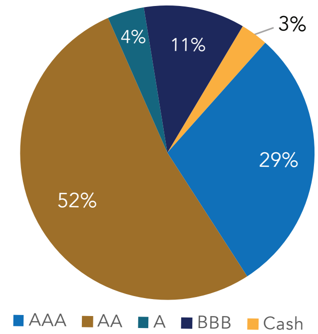
Higher rates could pressure risk assets, but consumer spending and business investment are likely to support current valuations. However, there are downside risks, such as the disparity between lower and higher income households and slow growth in Europe and China. Markets will also watch for potential weaknesses in employment, U.S. fiscal policy developments, and geopolitical conflicts.

U.S. Treasury rates ended the quarter mixed compared to the end of September. The 2-year to 30-year part of the curve increased by 60-80 basis points, while the very short end (less than six months) rallied by about 50 basis points due to the Fed cuts. The 2s/10s curve continued to steepen throughout the quarter, and spreads tightened due to strong demand for spread products with attractive yields.

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 Total Return GIPS Report.

PERFORMANCE

The Fort Washington Securitized Total Return Composite returned -2.29% (gross) and -2.38% (net) in the fourth quarter, outperforming the Bloomberg US MBS Index, which returned -3.16%. This outperformance was primarily due to a 53% overweight in private-label securitized products compared to the Index. These private-label sectors (ABS, CLOs, Non-Agency CMBS, and Non-Agency RMBS) each generated excess returns of over 120 basis points, driven by spread tightening of 25 to 40 basis points and a significant carry advantage. Meanwhile, the Index underperformed Treasuries by 12 basis points due to slightly wider spreads. Yield curve exposure had minimal impact on returns, detracting just 2 basis points this quarter.

PORTFOLIO ACTIVITY

Notable activity during the quarter included purchases of discount AAA-rated Non-Agency RMBS backed by prime jumbo and Non-Qualified mortgages, and an increase in exposure to 5% coupon Agency Pass-Throughs. The allocation to Non-Agency RMBS was based on relative value–high quality RMBS trading at dollar prices in the $85-$95 range are one of the cheaper asset classes in securitized products with spreads in the 40th-50th percentile historically. Overall, sector allocations remained largely unchanged, except for a 2% drop in CMBS due to maturities.

Portfolio credit quality improved to its highest level in a decade, with an average rating of AA. At the end of Q4, the portfolio duration was 5.8 years, 0.3 years shorter than the Index.

OUTLOOK

We believe the U.S. economy remains strong, with the Fed's pivot expected to stabilize the short end of the yield curve. Only a few Fed cuts are anticipated in 2025, maintaining the "higher for longer" interest rate environment. There are several factors driving this view: Inflation may stay in the mid to high 2% range due to persistent shelter inflation, the new administration could introduce some volatility, the job market is healthy, and high-end consumer spending continues to support the economy.

The fundamentals in each of the strategy's broad sectors (ABS, CMBS, RMBS, and CLOs) have strong fundamentals, supporting valuations despite tight spreads. While lower-income consumers show some weakness, overall consumer data is strong, and lenders have managed defaults well. Securitization protections are robust. Housing fundamentals support RMBS, though concerns remain about housing turnover and cash flow projections. CLO default rates have stabilized as borrowers benefit from lower front-end rates. CMBS has improved, with increased lending activity, though some problem assets remain. Spreads have tightened across the asset class.

During Q4, spreads continued to tighten with no sector weaknesses. Securitized spreads started the year in fair-value-to-slightly-cheap territory but are now on the tighter side of fair with most spreads in the 10th to 50th percentile range. CMBS is bifurcated with distressed segments like Offices trading at wider spreads. We are still finding pockets of value in certain RMBS and ABS sub-sectors including seasoned prime jumbo RMBS and tier 2 whole business securitizations. We are also selectively taking advantage of opportunities in the CMBS space.

SECURITIZED TOTAL RETURN COMPOSITE GIPS REPORT

	4Q2024	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Securitized Total Return (Gross)	-2.29%	3.87%	5.85%	-9.28%	0.40%	4.83%	6.71%	2.06%	3.43%	3.24%	3.66%
Securitized Total Return (Net)	-2.38%	3.51%	5.49%	-9.58%	0.06%	4.49%	6.34%	1.65%	3.02%	2.82%	3.23%
Bloomberg US Mortgage Backed Securities Index	-3.16%	1.20%	5.05%	-11.81%	-1.04%	3.87%	6.35%	0.99%	2.47%	1.67%	1.51%
Securitized Total Return 3-Year Annual Standard Deviation[1]	–	6.68%	5.97%	4.81%	3.10%	3.28%	1.94%	1.83%	1.54%	1.90%	2.15%
Bloomberg US Mortgage Backed Securities Index 3-Year Annual Standard Deviation[1]	–	8.51%	7.66%	5.62%	1.71%	2.17%	2.15%	2.26%	1.75%	2.11%	2.31%
Dispersion[2]	–	–	–	–	–	–	–	–	–	–	–
Number of Accounts	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets ($ millions)	$371.4	$371.4	$347.7	$328.4	$380.0	$367.9	$398.3	$234.7	$230.0	$149.5	$105.8
Total Firm Assets ($ 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 date: 01/01/2005. 1The 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. 2Dispersion 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 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 Total Return strategy seeks to achieve superior return on mortgage-related investments by investing in both index and non-index securities and employing an active intra-sector relative value framework. Typical securities utilized include agency mortgage-backed securities, private label mortgage-backed securities, asset backed securities, commercial mortgage-backed securities, agency debentures, Treasuries and cash securities. Portfolio duration will target +/- 1 year relative to the duration of the Bloomberg Barclay's Mortgage index. Average quality to be investment grade. All fee-paying, fully discretionary, non-restricted portfolios managed in the Securitized Total Return style, with a minimum of $10 million under our management, are included in this composite. Effective 01/22/2014, the Securitized Total Return fee is 0.30% on the first $25 million and 0.25% on additional amounts over $25 million. Portfolios in this composite include agency mortgage-backed securities, private label mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities, agency debentures, Treasuries and cash securities. 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 01/01/97, 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. 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. 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. 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 Securitized Total Return 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.

Fort Washington Investment Advisors, Inc.

A member of Western & Southern Financial Group

Uncompromised Focus®