Fort Washington Investment Advisors, Inc.

A member of Western & Southern Financial Group

Uncompromised Focus®

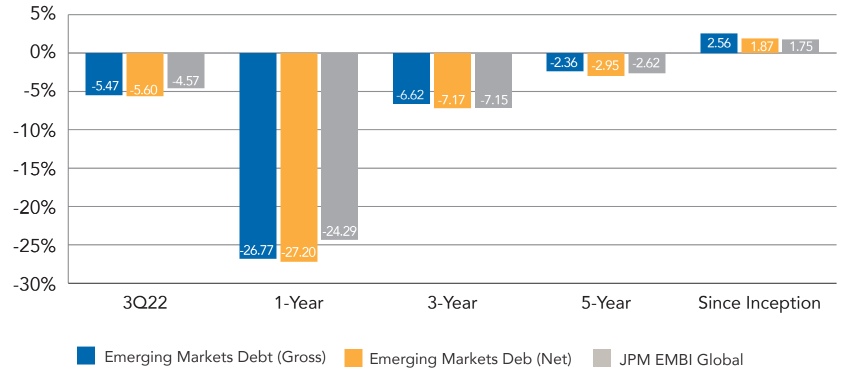
FORT WASHINGTON EMERGING MARKETS DEBT — 3Q2022

HIGHLIGHTS

- The emerging markets debt ("EMD") assets class, as defined by the JP Morgan EMBI Global Diversified ("EMBIGD", or "the benchmark"), posted a negative return of -4.6% during the third quarter as a relief rally fizzled out by late September on hawkish signaling from the Fed for the policy path ahead.
- Macro conditions remain challenging as global growth expectations continue to be revised downward and inflation remains stubbornly high. In addition, political and geopolitical uncertainties, such as the Russian invasion of Ukraine, are clouding the outlook and weighing on investor sentiment.
- There were few hiding places for investors during the quarter as most major global asset classes posted negative returns. Brazil was a standout with the Bovespa Index finishing the quarter comfortably in the positive, while crude oil was one of the worst performers with Brent dropping -23%.
- The Fort Washington EMD strategy returned -5.47%/-5.60% on a gross/net basis during the third quarter resulting in underperformance of -87bps versus the benchmark. Both higher U.S. Treasury yields, as well as wider EMBIGD credit spreads, drove underperformance during the quarter.
- The top detractors to performance for the Fort Washington EMD strategy by country during the quarter were underweights to Turkey and China, as well as an overweight to high-beta Ecuador where rising political risks weighed on the credit. On the contributor side, strong security selection within the Argentine and South African quasi-sovereign space, as well as Indonesian corporates added positively to performance.

Historical Performance

Annualized Returns as of September 30, 2022



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

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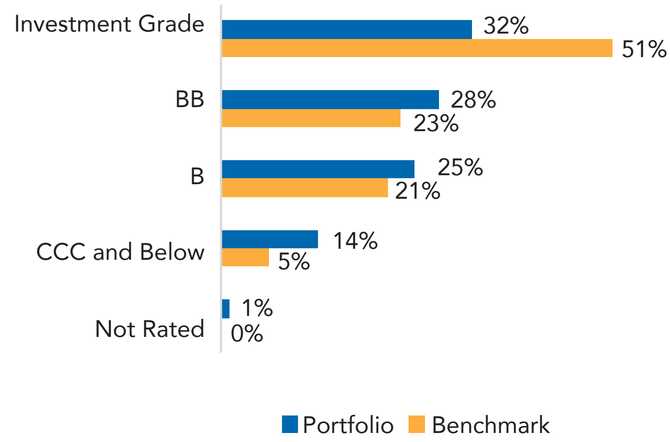
MARKET OVERVIEW

- The global growth outlook into next year remains under pressure as central banks combat elevated inflation levels not seen in over a generation. The Bloomberg contributor median outlook for 2023 world GDP growth dropped by 70bps throughout the quarter from 3.2% to 2.5%, while the IMF lowered it's 2023 forecast to 2.7% in October.
- In the U.S., the Fed appears steadfast in bringing inflation back to 2% target by significantly restricting financial conditions with three consecutive "jumbo" rate hikes from the June to September FOMC meetings, with another 75bps hike priced by the market for the November meeting, and rising odds that the December meeting could bring another 75bps hike. Breaking the wage-price spiral could result in weaker growth and a softer labor market, which has diminished the chances of a "soft landing" scenario and fueled concerns over a "hard landing."
- China is facing its own economic obstacles after long serving as a reliable engine of growth. Officials are navigating a complex set of challenges ranging from a property crisis, a zero-COVID policy, economic confrontation with the U.S., and rising tensions over Taiwan. All of these factors are weighing on growth and offer no simple solutions. Investors will be looking to the Communist Party Congress in mid-October for clues for the path forward.
- Economic prospects for the Eurozone are bleak with a recession widely expected. The economic block is facing an energy crisis as it grapples with double-digit year-over-year headline inflation. There have been some encouraging signs on the energy side with gas and electricity prices having fallen off their recent peaks, and gas storage having climbed above 90%; however, economic indicators such as PMIs and retail sales point towards a contraction in activity ahead. The U.K. government stumbled with the introduction of the mini-budget, which destabilized the financial market and potentially risks spilling over into other countries.
- Global risks have led to continued U.S. dollar appreciation relative to other currencies, and reached a 20-year high, as measured by the U.S. Dollar Index. Dollar strength presents a particular challenge for emerging economies as it typically leads to capital outflows which puts currencies and the balance of payments under pressure, and leads to debt worries in countries with a large reliance of external borrowing. This has resulted in 2022 being one of the worst years in terms of flows on record for hard currency EMD as fund outflows stand at approximately -$27 billion through the end of the third quarter.
- There are stark differences among countries within the emerging markets universe in terms of their resilience to shocks and macro prudential toolkits available to deal with them. South America, for example, has been a relative bright spot this year owing to a mix of prudent policy, high share of commodity exports, and geographic isolation from geopolitical hotspots such as Ukraine. It is no surprise that certain currencies from this region, such as the Uruguayan peso (+7.1%), Dominican Republic peso (+7.1%), Brazilian real (+3.0%), and Mexican peso (+1.9%), have been best performers and appreciated against the U.S. dollar year-to-date.
- On the other hand, risks in the most vulnerable countries are relatively well flagged by the market with credit spreads having adjusted substantially to reflect heightened liquidity and default risks. The most exposed countries are generally frontier economies such as Sri Lanka, Ghana and El Salvador. Certain countries are engaging both private and official creditors in an effort to restructure debts and return to a sustainable footing. While this is a difficult and volatile landscape to navigate, current valuations also present opportunities for investors that are able to identify countries that are able to consolidate their finances and deliver growth.
- EMD valuations remain depressed with the EMBIGD spreading 559bps as of 9/30/22. The investment grade portion of the benchmark has fared better, with spreads closing out the quarter at 196bps, placing them in the 50th percentile since 2007 (meaning spreads have traded tighter 50% of the time during this period). In contrast, spreads of the high yield portion of the benchmark finished at 991bps, or in the 98th percentile since 2007, placing them near levels only seen during periods of severe market stress. EMD high yield screens are somewhat attractive mainly due to: 1) cheap trading levels; 2) the wide difference between high yield and investment grade spreads of 796bps, which have not been seen in 20 years; and 3) bottom-up opportunities in credits, with upside catalysts, as well as availability of credits with resilience to weather a period of restrictive financial conditions.

Top 10 Countries by Market Value

Country	% of Portfolio
Indonesia	7.27%
Mexico	5.61%
Brazil	5.10%
South Africa	4.48%
Egypt	4.05%
Argentina	4.04%
Malaysia	3.87%
Colombia	3.60%
Oman	3.24%
Dominican Republic	3.17%

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 Statistics

	Portfolio	Benchmark
Yield to Maturity	13.93%	9.22%
Average Coupon	5.61%	5.09%
Duration	6.75	6.49
Average Life	12.46	11.57
Total # of countries	59	72
Number of Issuers	106	192
Number of Issues	211	916

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

- Credit risk maintained 60% to70% of the portfolio's maximum spread beta risk budget throughout the quarter, on a more favorable view of EMD high yield versus investment grade. Portfolio duration was adjusted to finish the quarter slightly long at roughly one quarter of a year versus the EMBIGD.
- Trade activity focused on repositioning the portfolio away from credits that are more driven by cyclical factors and into names with strong bottom-up drivers, due to either valuations or idiosyncratic developments. For example, firmer market conditions in August provided an opportune time to trim positions in high-beta countries such as Angola, Gabon and Nigeria. Opportunities to add exposure were identified in areas such as front-end Pakistan and Romania, as well as an Argentine utility and an Indonesian property developer.
- In addition, volatile market conditions presented tactical opportunities to reposition along the curve in certain credits in order to optimize relative value. This was done in areas such as Egypt, Indonesia, the Argentine and Mexican quasi-sovereign space, and the Brazilian corporate sector.

COMPOSITE PERFORMANCE DISCLOSURES

	3Q2022	2021	2020	2019	2018	2017	2016	2015	2014	2013[1]
Emerging Market Debt (Gross)	-5.47%	-0.24%	7.48%	15.33%	-4.18%	11.65%	12.33%	1.55%	8.87%	3.92%
Emerging Market Debt (Net)	-5.60%	-0.83%	6.84%	14.65%	-4.82%	10.83%	11.50%	0.80%	8.07%	3.53%
JPM EMBI Global Diversified	-4.57%	-1.80%	5.26%	15.04%	-4.26%	10.26%	10.15%	1.18%	7.43%	2.73%
Emerging Market Debt 3-Year Annual Standard Deviation[2]	--	13.20%	13.17%	5.05%	5.59%	5.43%	6.32%	–	–	–
JPM EMBI 3-Year Annual Standard Deviation[2]	--	10.67%	10.73%	4.85%	5.46%	5.04%	5.78%	–	–	–
Dispersion[3]	--	--	--	--	–	–	–	–	–	–
Number of Accounts	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets ($ Millions)	$207.0	$280.2	$282.0	$262.8	$227.9	$237.8	$213.0	$110.2	$108.4	$99.6
Total Firm Assets ($ Millions)	$64,027	$73,804	$65,086	$59,174	$49,225	$52,774	$45,656	$42,959	$45,002	$43,671

Composite inception and creation date: 07/01/13. [1]2013 returns are partial-year returns, reflecting the composite inception date of 07/01/13. [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. The benchmark for this composite is the JPM EMBI Global Diversified. You cannot invest directly in an index. Past performance is not indicative of future results.

Fort Washington's Emerging Markets Fixed Income strategy seeks to outperform the JP Morgan Emerging Markets Bond Index Global Diversified (JPM EMBI 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 0.55% for the first $100 million, and 0.50% on additional amounts over $100 million for separate accounts, and 0.60% for the commingled vehicle. The benchmark for this composite is the JP Morgan Emerging Markets Bond Index Global Diversified. 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. Past performance is not indicative of future results. 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. 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 - 12/31/20. 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 DISCLOSURES

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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