



Fort Washington Active Corporate Fixed Income

2Q17

Highlights

- The Fort Washington Active Corporate Fixed Income strategy returned 2.97% (gross) in the second quarter, outperforming the Bloomberg Barclays U.S. Credit Index by 62 basis points.
- Strong security selection and the strategy's overweight to spread risk contributed to performance, as the index tightened 9 basis points over the quarter.
- Sector overweights to Communications and Healthcare/Pharmaceuticals coupled with an underweight to Non-Corporate sectors drove the majority of allocation gains.
- Out-of-index positions in Utilities, Financials, and Midstream Energy were the largest contributors to security selection.

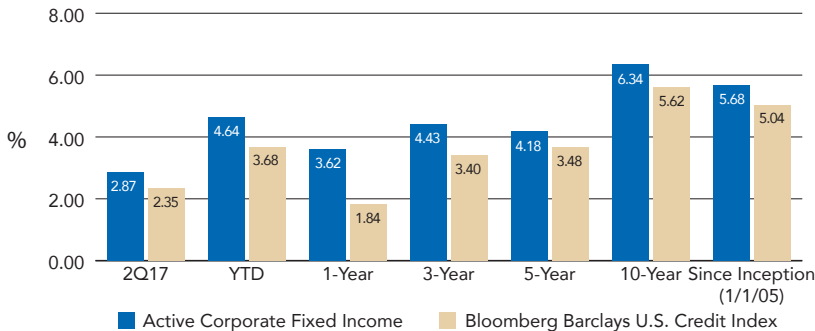
Investment Professionals

Roger M. Lanham, CFA
Co-Chief Investment Officer
Senior Portfolio Manager
37 Years Experience

Paul A. Tomich, CFA
Senior Portfolio Manager
12 Years Experience

Jay M. Devine
Fixed Income Trader
17 Years Experience

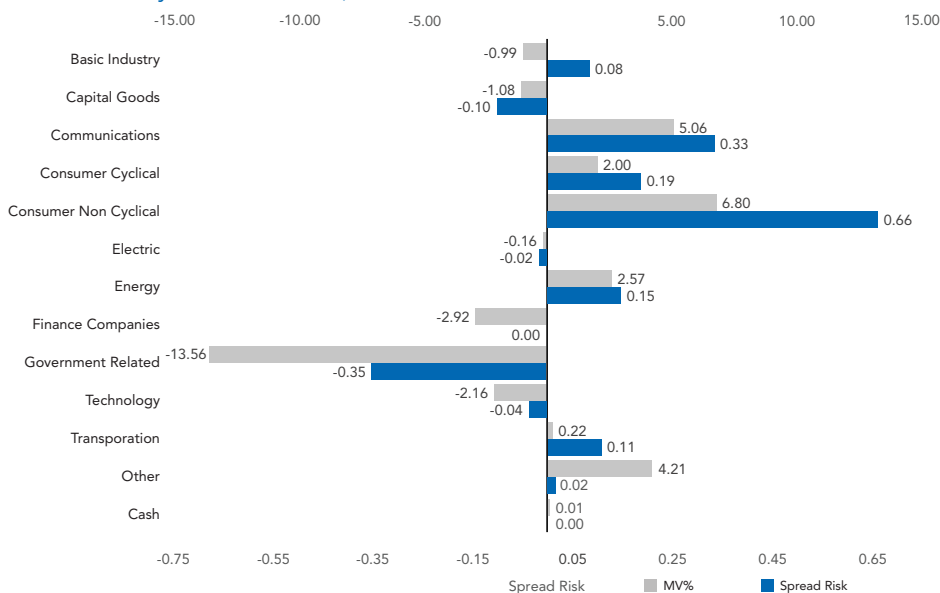
Historical Performance (Annualized Net Return as of June 30, 2017)



The portfolio management team is supported by the dedicated research teams of Global Investment Grade Credit, Securitized Assets, Leveraged Credit, and Emerging Markets, as well as the Chief Economist and Chief Investment Officers.

Source: Fort Washington Investment Advisors. Past Performance is not indicative of future results.

Sector Analysis (Portfolio Exposure vs. Benchmark)



Source: Barclays Point. For illustrative purposes only; this illustrates the portfolio's allocation of dollars (grey) and risk (blue) compared to the benchmark. Information is subject to change at any time without notice. Index is the Bloomberg Barclays U.S. Credit Index. This should not be considered investment advice or a recommendation of any strategy, product, or particular security. See disclosures for important information about derivatives. This supplemental information complements the Active Corporate Composite Presentation.

Current Risk Budget



Market Overview

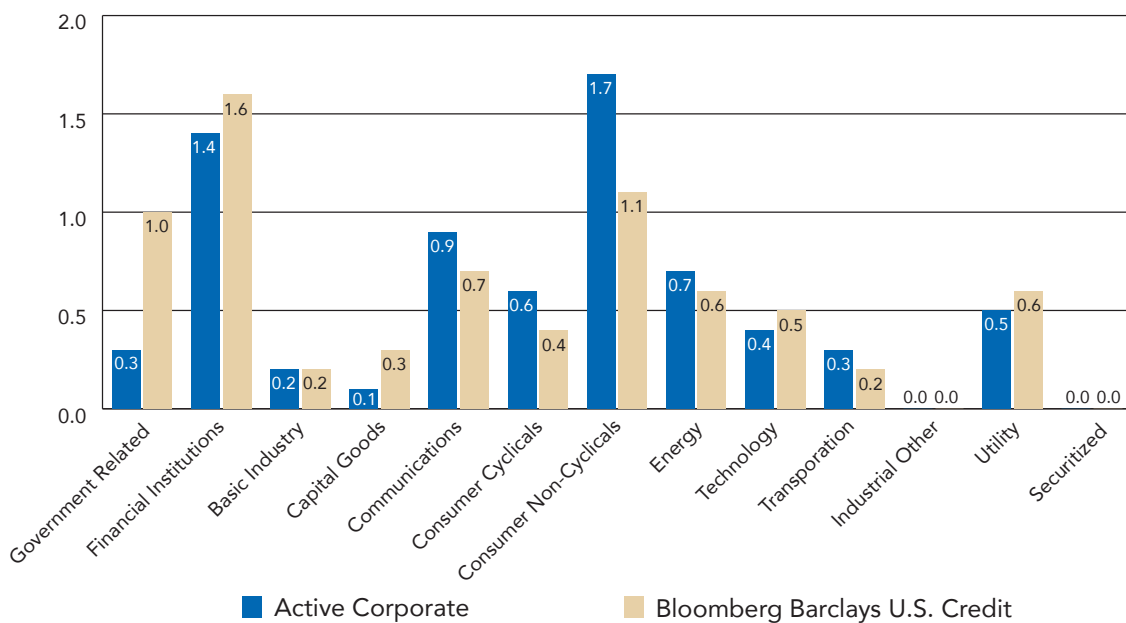
Fundamentals of Corporate Bonds have been stable-to-improving as commodity sectors continue to recover, M&A activity declines, and economic growth remains stable. Spreads are approaching levels last seen in 2014 as market technicals remain strong, due to steady inflows and manageable new issue supply. While upside from further spread tightening appears limited, the risk of sustained wider spreads appears low.

Portfolio Statistics

Characteristics

	Active Corporate Composite	Bloomberg Barclays U.S. Credit
Effective Duration	7.12 yrs	7.22 yrs
Yield to Worst	3.38%	3.11%
Effective Maturity	11.85 yrs	10.57 yrs
Average Quality	BAA1/BAA2	A2/A3

Contribution to Duration



Source: Barclays POINT, Bloomberg. Sector and duration allocation are subject to change at any time. Quality distribution subject to change. Totals may not equal 100 due to rounding. This supplemental information complements the Active Corporate Composite Presentation.

Portfolio Activity

Overall portfolio risk declined slightly in the quarter as higher-risk positions in financials and energy were sold and replaced with purchases in emerging market corporates and higher quality energy. The portfolio is currently at 25-30% of its maximum risk budget with a bias to reduce risk on further spread tightening.

Outlook

Factor	Outlook	Comments
Financial Conditions	Slightly Positive	<ul style="list-style-type: none"> • Credit spreads marginally tighter since last month – remain near post-crisis tights • Global Central Bank policy is generally accommodative but has taken a hawkish turn in some developed economies, including the U.S. • Market expectations of Fed rate hikes remain shallow as U.S. data shows no signs of acceleration – inflation data has been especially weak • Risks: Hawkish Central Banks create risk of tightening conditions too quickly as accommodation is removed
Economic Growth	Slightly Positive	<ul style="list-style-type: none"> • Recent data has indicated no pickup from the post-crisis trend of ~2% growth • Economic survey data has declined, and no meaningful pickup in hard data • Labor market remains solid which should support overall economic growth • Inflation has moderated from prior trend. Uncertainty as to whether the weakness is “transitory”
Valuation	Neutral	<ul style="list-style-type: none"> • At year to date tights – additional tightening opportunity without higher rates is moderate at best • M&A deleveraging on target, overall leverage modestly declining allowing BBB's to tighten further
Market Sentiment	Slightly Positive	<ul style="list-style-type: none"> • Demand remains strong from domestic, foreign, and ETF buyers • Expectations for economic growth continue to provide support

Macro Summary	Position	
Risk Budget	30%	<ul style="list-style-type: none"> • Broad financial conditions remain stable at easy levels – supportive of growth and risk assets. Economic fundamentals are solid yet not consistent with an increase from post-crisis trend. Recession risk is low and the anticipated default rate has been reduced significantly. Valuations have adjusted to a more positive outlook, as spreads have approached levels last seen in 2014. We are still comfortable with a slight overweight to credit risk due to improved growth prospects, strong technical demand from both foreign and domestic investors, and a manageable amount of new issue supply. Actual risk levels will be tied to attractiveness of bottom-up security selection ideas.

Source: Fort Washington. This is for informational purposes only and should not be construed as investment advice. Outlook reflects subjective judgments and assumptions subject to change without notice. Unexpected events may occur, there can be no assurance that developments will transpire as forecast. Past performance is not indicative of future results. The Risk Budget is a tool utilized by the investment team focusing on how much risk to take relative to a benchmark. After evaluating the maximum spread risk we believe to be allocable to a portfolio and current market conditions, we determine how much of that risk to allocate to the portfolio. Risk is defined by the sensitivity of the portfolio to the market.

Active Corporate Fixed Income Composite Performance and Disclosures

	2Q17	YTD	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10	12/31/09	12/31/08	12/31/07
Active Corporate Fixed Income (Gross)	2.97%	4.84%	8.15%	-0.24%	8.44%	-2.69%	9.92%	9.63%	9.85%	20.35%	-2.36%	4.31%
Active Corporate Fixed Income (Net)	2.87%	4.64%	7.71%	-0.63%	8.01%	-3.12%	9.46%	9.14%	9.39%	19.80%	-2.37%	4.27%
Bloomberg Barclays U.S. Credit Index	2.35%	3.68%	5.63%	-0.77%	7.53%	-2.01%	9.39%	8.35%	8.47%	16.04%	-3.08%	5.11%
Active Corporate Fixed Income 3-Year Annual Standard Deviation ¹	—	—	4.46%	4.32%	4.33%	4.60%	3.78%	4.57%	—	—	—	—
Bloomberg Barclays U.S. Credit Index 3-Year Annual Standard Deviation ¹	—	—	4.40%	4.06%	3.94%	4.23%	3.64%	4.66%	—	—	—	—
Dispersion ²	—	—	—	—	—	—	—	—	—	—	—	—
Number of Accounts	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets (\$ millions)	\$132.7	\$132.7	\$126.60	\$80.80	\$81.10	\$78.50	\$54.90	\$66.30	\$60.50	\$77.50	\$63.20	\$44.30
Composite % of Firm Assets	0.28%	0.28%	0.28%	0.19%	0.18%	0.18%	0.13%	0.18%	0.17%	0.26%	0.25%	0.17%

Composite inception and creation date: 01/01/05.

Benchmark returns include interest income, but as an unmanaged fixed income index, it does not include transaction fees (brokerage commissions), and no direct comparison is possible. The index includes domestic, taxable, and dollar-denominated securities and covers the U.S. investment-grade fixed rate corporate bond market. The Barclay's indices were formally known as the Lehman indices prior to 12/31/08.

¹The 3-Year annualized ex-post standard deviation is calculated using monthly 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 quarterly returns for those portfolios held in the composite during the full measurement period.

Past performance is not indicative of future results. Please see performance disclosures on the next slide.

In Fort Washington's Active Corporate strategy, our investment grade credit analysis process is centered on a relative value analysis. This is combined with solid fundamental credit analysis and efficient execution to build long-term value. Sector specialists and credit analysts evaluate the sector to determine the optimal mix of securities within that sector. The process is not ratings driven, but focuses on risk premiums, potential for downgrade, and the most effective combination on the risk free rate and credit risk premium. The portfolio is actively traded with the goal of outperforming a credit index.

All fee-paying, fully discretionary portfolios, managed in the Active Corporate Fixed Income style with a minimum of \$3 million under our management, are included in this composite. Effective 01/22/14, the Active Corporate Fixed Income strategy fee schedule is 0.30% on the first \$25 million and 0.25% on the next \$25 million and over. The benchmark for this strategy is the Bloomberg Barclays U.S. Credit Index.

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 01/01/97, individual portfolio returns were calculated on a monthly basis using a time-weighted return method. 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 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 – 12/31/15. A copy of the verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Policies for valuing portfolios, calculating performance, and preparing compliant presentations 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.



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