Fort Washington Investment Advisors, Inc.

Emerging Market Debt Quarterly Commentary

Fort Washington Emerging Market Debt

1Q17

Highlights

- The JP Morgan Emerging Market Bond Index Global Diversified ("EMBIG-D") benchmark returned 3.87% in the first quarter. Coming off weakness at the end of 2016 after the U.S. presidential election, spreads tightened 32 bps during Q1 driven by firm commodity prices, a modest lift in global growth and solid inflows.
- Our composite posted a 4.49% total return for the quarter, outperforming the benchmark by 62 bps. Brazil and Argentina were top contributors to performance, where we benefitted from our overweight posture in the quasi-sovereign sectors. Belize, where creditors reached a favorable restructuring agreement, also added to performance due to our small overweight position. Security selection in Hungary and Venezuela as well as our underweight in Lebanon were the top performance detractors in the strategy.
- With expectations surrounding President Trump's policies stabilizing, emerging market debt remains a coveted asset class. This was evidenced by the strongest cumulative YTD fund inflow since 2012 during Q1, in addition to gross sovereign issuance being on pace for another record year. Major risks for EM debt remain largely external - upcoming European elections, U.S. trade and interest rate policy as well as geopolitical risks in Asia.

Investment Professionals

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Senior Portfolio Manager
23 Years Experience

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6 Years Experience
Sovereign

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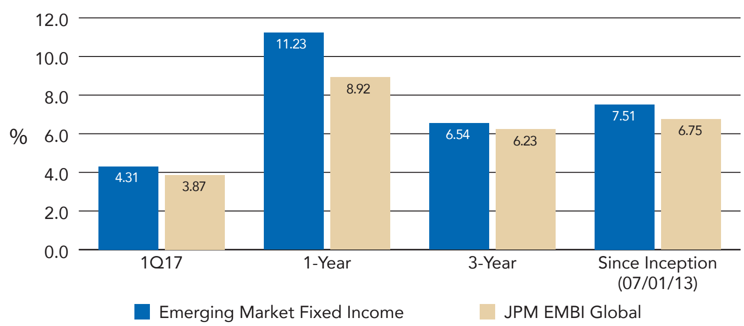
20 Years Experience
Investment Grade Quasi Sovereign

Brian D. Cloutier, CFA
Senior Credit Analyst
11 Years Experience
Quasi Sovereign/Corporate

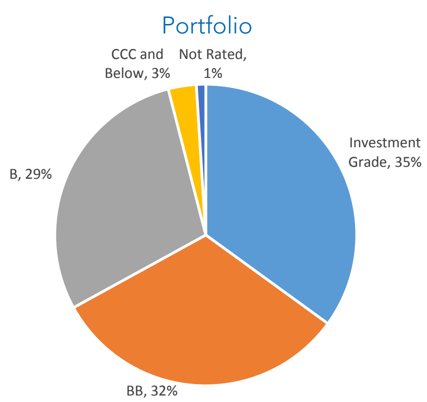
Historical Performance

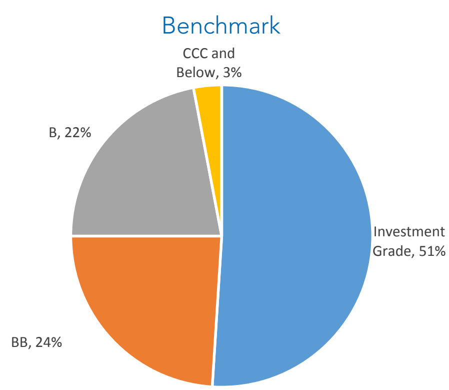
Annualized Net Return as of March 31, 2017



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

Credit Quality





Source: Fort Washington. This supplemental information complements the Emerging Market Debt Composite Presentation as of 03/31/17. 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.

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Market Overview

The EMBIG-D benchmark posted a 3.87% total return for the quarter with spreads compressing 32 bps to finish at 310 bps. After U.S. Treasury rates and spread product sold off following Donald Trump's victory in the November election, the market has since started pricing in less aggressive fiscal and trade policies than the ones touted during his campaign. As a result, Treasury rates ended the quarter roughly flat given more subdued inflation expectations while EM spreads tightened on a lower likelihood of a globally disruptive trade overhaul.

Nowhere in emerging markets was this sentiment more evident than in Mexico, one of the major recipients of President Trump's campaign attention. Mexican sovereign spreads had widened by 70 bps post-election to a wide spread of 340 bps. After ending 2016 at a spread of 296 bps, Mexican spreads continued to tighten all the way down to 255 bps by the end of Q1 2017. Given the tightly interwoven supply chains between the two countries where U.S. imports from the country contain 40% of U.S. value-added content, not to mention the several million U.S. jobs that depend on trade with Mexico, trade action against Mexico was always going to be complicated. We increased our position in Mexico during the quarter and the country was additive to our performance.

On a strategic level, we posit that the underlying fundamentals for emerging market sovereign debt remain favorable due to the following reasons: Generally, EM sovereigns enjoy lower debt burdens and higher growth than their developed market peers, EM sovereign spreads look attractive relative to similarly rated U.S. high yield and investment grade bonds based on various historical ranges, and developed market policy uncertainty makes many EM country policies appear more stable on a relative basis. Global investors continue to invest in hard currency sovereign emerging markets debt, and we expect an overall continuation of this trend. On a tactical level, however, we are a bit more cautious due to the strong performance in our asset class so far and the rising threat of external risks such as geopolitical tensions in the Asian region. We continue to be underweight Asia via the Philippines, Malaysia, and China on the back of these risks coupled with rich valuation.

Portfolio Statistics

	Portfolio	Benchmark
Yield to Maturity	5.70%	5.22%
Average Coupon	5.37%	6.04%
Current Yield	6.00%	5.82%
Average Life	9.52	10.00
Total # of countries	65	65
Number of Issuers	97	174
Number of Issues	179	574

Top 10 Countries by Market Value

Country	% of Portfolio
Argentina	7.98%
Mexico	6.50%
Turkey	4.64%
Indonesia	4.45%
Ukraine	4.15%
Hungary	3.98%
Brazil	3.60%
Colombia	3.34%
South Africa	2.55%
Russia	2.41%

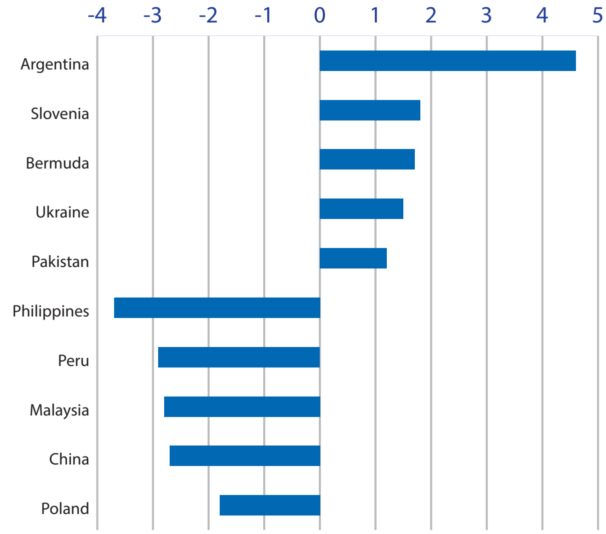
Portfolio Activity

During the quarter we took profits on certain corporate positions which lowered the yield on the strategy and increased liquidity. We kept our half-year short interest rate duration position relative to the benchmark unchanged during the quarter given multiple signals pointing to a healthy U.S. economy. Cash also remained unchanged at 2% of the strategy.

In the Middle East, we reduced our long-dated Qatar exposure in exchange for higher-yielding, long-dated investment grade rated Oman bonds. In Europe, we swapped out of our short-dated Lithuanian position into short-dated Slovenian bonds where we forecast stronger relative performance. In Africa, we cut our quasi-sovereign exposure in South Africa ahead of the dismissal of then Finance Minister Pravin Gordhan. Given the events unfolding at the time, we saw a high likelihood of Mr. Gordhan being fired, and subsequently the country losing its investment grade status on foreign currency debt. In Latin America, we increased exposure in the long end of the Costa Rican quasi-sovereign sector.

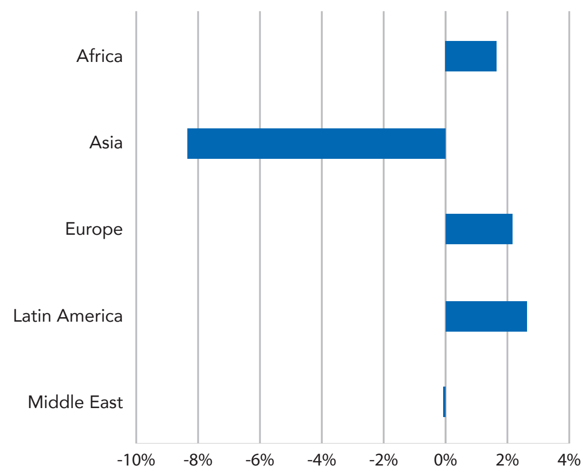
In the new issue market, we participated in the short end of the curve in Egypt where we believe a positive policy shift is underway anchored by the recent IMF program, and in Nigeria we partook in the latest issuance and tap where we saw attractive relative value.

Top 5 Over and Underweights vs. Benchmark



Source: Fort Washington. This supplemental information complements the Emerging Market Debt Composite Presentation as of 03/31/17. Benchmark: J.P. Morgan Emerging Market Bond Index Global Diversified This is not a recommendation with respect to the purchase or sale of any securities. Portfolio characteristics are subject to change at any time without notice. See Emerging Market Composite for complete disclosure. The above data is rounded for informational purposes.

Composite Region Weights vs. Benchmark



Outlook

Factor	Outlook	Comments
Valuations	Neutral	• Current EMBIG-D spread at +310bps • Valuation is at our short-term fair value target • Over 10-year period, EMBIG-D spreads have been wider 59% of the time
Sentiment / Technicals / Breadth	Slightly Positive	• YTD cumulative hard currency fixed income fund inflows of $15.2bn are strongest since 2012 (JP Morgan) • Gross sovereign issuance appears on track for a record year (JP Morgan) • Supply should be easily absorbed by the market as demand for paper from institutional investors remains robust • If U.S. rate backup resumes and the USD strengthens, outflows could become a concern
Outlook & Portfolio Positioning	Neutral	• The composite is currently positioned at slightly lower quality and lower interest rate duration than the benchmark • A lot of risks in our market are external, namely U.S. trade and rate policy, and geopolitical risks

Composite Performance Disclosures

	1Q17	2016	2015	2014	2013
Emerging Market Debt (Gross)	4.50%	12.33%	1.55%	8.87%	3.95%
Emerging Market Debt (Net)	4.31%	11.50%	0.80%	8.07%	3.56%
JPM EMBIG	3.87%	10.15%	1.18%	7.43%	2.73%
Emerging Market 3-Year Annual Standard Deviation[2]	—	6.32%	—	—	—
JPM EMBIG 3-Year Annual Standard Deviation[2]	—	5.78%	—	—	—
Dispersion[3]	—	—	—	—	—
Number of Accounts	≤5	≤5	≤5	≤5	≤5
Composite Assets ($ Millions)	$222.5	$212.9	$110.2	$108.5	$99.6
Composite % of Firm Assets	0.48%	0.47%	0.26%	0.24%	0.23%

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 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 the quarterly returns for those portfolios held in the composite during the full measurement period. The benchmark for this composite is the JP Morgan Emerging Market Bond Index Global Diversified.

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

The Fort Washington Emerging Market Fixed Income strategy seeks to outperform the JP Morgan Emerging Market Bond Index Global Diversified on a total return basis. The strategy recognizes emerging Market 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 Market style are included in this composite. The Emerging Market fee is 0.65% for the first $100 million, and 0.60% on the next $100 million and over for separate accounts, and 0.75% for the commingled vehicle. The benchmark for this composite is the JP Morgan Emerging Market 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.

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FW-1502-EM-1703