Fort Washington Investment Advisors, Inc.

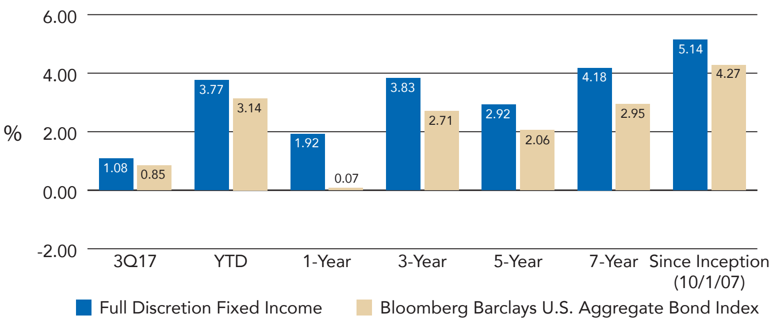
Full Discretion Fixed Income Quarterly Commentary

Fort Washington Full Discretion Fixed Income

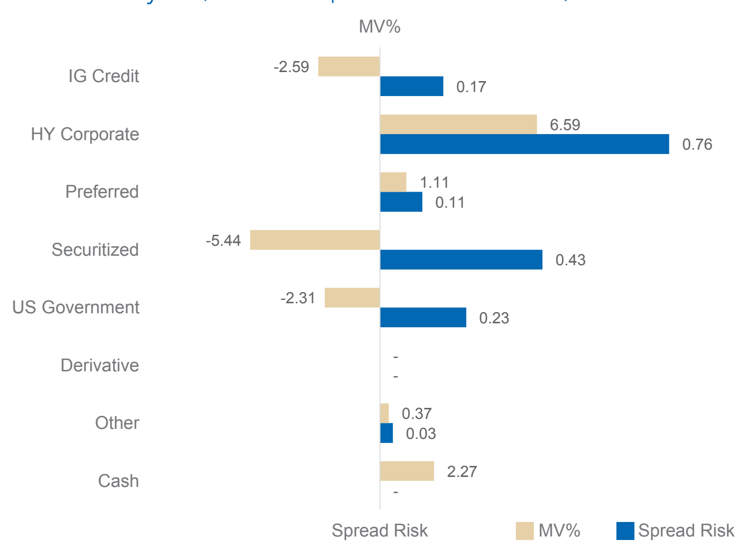
Highlights

- Full Discretion Fixed Income returned 1.17% (gross) in the third quarter, outperforming the Bloomberg Barclays U.S. Aggregate Index by 32 basis points.
- The strategy's allocation to High Yield contributed to performance due to continued spread compression.
- Within Investment Grade Corporates, positive selection effects drove outperformance. A large contribution of outperformance was generated from foreign sovereign and government-related corporate securities.
- Positive security selection within Securitized Assets also contributed to returns, specifically within ABS, CMBS, Agency and Non-Agency RMBS.
- The active management of interest rate positioning contributed to outperformance. While the strategy made several tactical shifts throughout the quarter, it generally maintained a duration-neutral to defensive bias versus the benchmark.
- The strategy held an allocation to TIPS throughout the quarter, which contributed to performance relative to the benchmark as inflation expectations increased on the back of solid economic fundamentals.

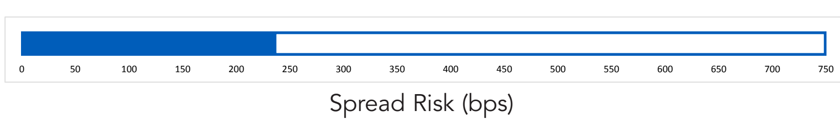
Historical Performance (Annualized Net Return as of September 30, 2017)



Sector Analysis (Portfolio Exposure vs. Benchmark)



Current Risk Budget



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Investment Professionals

Timothy J. Policinski, CFA
Managing Director
Senior Portfolio Manager
39 Years Experience

Daniel J. Carter, CFA
Vice President
Senior Portfolio Manager
21 Years Experience

Bradley D. Sikora
Product Specialist – Fixed Income
6 Years Experience

The two lead Portfolio Managers are 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.

Source: Barclays Point. For illustrative purposes only; this illustrates the portfolio's allocation of dollars (tan) and risk (blue) compared to the benchmark. Information is subject to change at any time without notice. Index is the Bloomberg Barclays U.S. Aggregate Bond 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 Full Discretion Composite Presentation.

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Market Overview

Economic fundamentals remain solid, with recent data indicating a slight acceleration in activity. There were obvious distortions in recent readings due to hurricanes Harvey and Irma, however, reconstruction efforts in areas impacted by the hurricane should act as a tailwind to growth early 2018. Labor markets are consistently adding over 150k jobs per month and remain extremely tight, yet wage growth has been muted. Inflation remains well below the Fed's 2% target, although most recent monthly readings showed inflation had stabilized and signals that prior declines had been somewhat transitory.

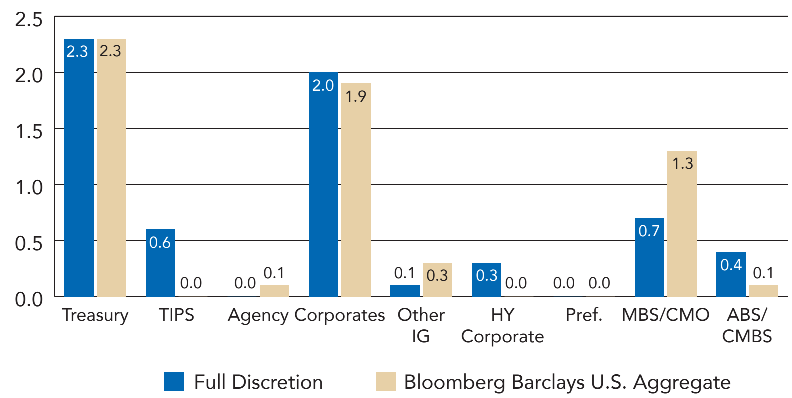
Broad financial conditions remain easy – near their easiest levels year-to-date – and supportive of risk assets and growth. Global central bank policy is generally accommodative, but has taken a recent hawkish turn in some developed economies. Market expectations of Fed rate hikes remain very shallow, however strong underlying fundamentals are likely to support a quicker pace of rate hikes. Who President Trump will nominate as the new Fed chair adds to the uncertainty around pace and timing of the Fed's actions.

Portfolio Statistics

Characteristics

	Full Discretion Composite	Bloomberg Barclays U.S. Aggregate
Effective Duration	6.45	5.97
Yield to Worst	2.71	2.55
Effective Maturity	10.65	8.25
Average Quality	AA3/A1	AA1/AA2

Contribution to Duration



Source: Barclays POINT, Bloomberg. Sector and duration allocation are subject to change at any time. Quality distribution subject to change. See the appendix for important information about derivatives. This supplemental information complements the Full Discretion Fixed Income Composite Presentation.

Portfolio Activity

There were several tactical shifts in positioning related to interest rate and/or yield curve risk during the quarter, yet the team generally maintained a duration-neutral to defensive bias versus the benchmark. Allocation to spread sectors was relatively unchanged throughout the quarter. The strategy maintained an allocation to High Yield, and was overweight risk to Preferreds, IG Credit, and Structured Securities.

The economic outlook points to higher rates, but in our view, progress on tax reform or cuts needs to be made in order to support a broader sell-off in Treasurys. We maintain a neutral near term bias on the direction of nominal rates and will tactically position the strategy for lower and higher rates. We will continue to implement this view through either TIPS or a direct duration position by owning Treasurys.

High Yield spreads have tightened significantly and are currently in the bottom quartile when looking at historic levels. As a result, the team has made the decision to allocate out of High Yield in favor of Securitized Assets. We believe the Securitized space offers an attractive risk/reward profile, particularly within the Asset Backed and Non-Agency Mortgage Backed Sectors. We are also comfortable with the sector given it is closely levered to the health of the consumer, which we believe to be strong.

Going forward, the team has reduced the Risk Budget to 15 – 20% as valuations of High Yield are no longer as attractive given current spread levels. However, we are still comfortable with a modest overweight to risk given our positive economic outlook and lowered anticipation of defaults.

Outlook

Factor	Outlook	Comments
Financial Conditions	Positive	• Broad financial conditions remain stable and near their easiest levels of 2017 • Credit spreads are back to year-to-date tights and are approaching 2014 levels in many asset classes • Global CB policy generally accommodative but will directionally move less so, driven by ECB and FOMC • Market expectations of Fed rate hikes remain very shallow – fundamentals likely support quicker pace of hike
Economic Growth	Positive	• Recent economic data indicates a slight acceleration in activity – hurricane distortions have been as expected • Economic survey data remained elevated; levels with hard data consistent with slightly above-trend growth • Labor market consistently adding jobs >150k/month and remains tight; however, wage growth remains muted • Inflation still slow, although most recent month showed stabilization from earlier weak reading
Valuations	Credit: Neutral	• Spreads back to YTD tights as higher yields have driven demand and supply remains low • Fundamental and technical picture appear unlikely to change in near term absent a geopolitical shock • Risk of sustained wider spreads appears low
	Rates: Neutral	• Valuations more in balance with fundamentals after most recent selloff • Bias is for higher rates over medium term • Tangible progress on tax cut/reform necessary to sustain a broader selloff in Treasuries
Market Sentiment	Negative	• Equity market sentiment is at bullish highs • Conflicting sentiment readings in fixed income markets make it difficult to discern direction

Macro Summary	Position	
Risk Budget	15-20%	• Broad financial conditions ease further to the easiest level of 2017 and are supportive of risk assets and economic growth. Recent economic data indicates a slight acceleration in activity while hurricane distortions have been as expected; tracking 2.0-2.5% for 3Q GDP. **Recession risk is low and anticipated default rate has been reduced significantly.** Summary: Still comfortable with modest overweight to risk assets.

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.

Full Discretion Composite Performance and Disclosures

	3Q17	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[1]
Full Discretion Fixed Income (Gross)	1.17%	4.05%	6.62%	1.11%	5.26%	-0.93%	6.78%	10.09%	9.54%	15.64%	-3.99%	2.43%
Full Discretion Fixed Income (Net)	1.08%	3.77%	6.16%	0.71%	4.84%	-1.38%	6.30%	9.60%	9.05%	15.11%	-3.99%	2.43%
Bloomberg Barclays U.S. Aggregate	0.85%	3.14%	2.65%	0.55%	5.97%	-2.03%	4.22%	7.84%	6.54%	5.93%	5.24%	3.00%
Full Discretion Fixed Income 3-Year Annual Standard Deviation[2]	—	—	3.03%	3.07%	2.99%	3.06%	2.49%	3.00%	—	—	—	—
Bloomberg Barclays Aggregate 3-Year Annual Standard Deviation[2]	—	—	2.98%	2.88%	2.63%	2.71%	2.38%	2.78%	—	—	—	—
Dispersion[3]	—	—	—	—	—	—	—	—	—	—	—	—
Number of Accounts	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5	≤5
Composite Assets ($ millions)	$813.0	$813.0	$606.9	$310.4	$308.9	$293.4	$297.5	$276.2	$251.0	$229.0	$199.5	$207.7
Composite % of Firm Assets	1.70%	1.70%	1.33%	0.72%	0.69%	0.67%	0.70%	0.73%	0.69%	0.77%	0.80%	0.76%

Composite inception date: 10/01/07 and Composite creation date: 07/01/15.

[1]2007 returns are partial-year returns, reflecting the composite inception date of 10/01/07. [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 quarterly returns for those portfolios held in the composite during the full measurement period.

Past performance is not indicative of future results.

Fort Washington's Full Discretion Fixed Income strategy uses explicit measures of value and risk as a guide to investment decisions. Combined with intensive fundamental research, the portfolio management team believes this provides the best opportunity for excess return.

The Full Discretion Composite includes all fixed income accounts above $50MM with the ability to invest in High Yield (at least 30%) and have the unrestricted ability to invest in Investment Grade Securities across all durations relative to the Bloomberg-Barclays U.S. Aggregate. Accounts within this composite may also have the ability to hold derivatives. These investments, whether or not traded on an established market, include but are not limited to options, notional principal contracts, futures or forward contracts, VIX futures; and options on futures, forward contracts, or debt obligations. Investments made in derivatives are used in line with the portfolio's risk exposure, allowing for the portfolio to reduce its exposure to an existing position or increase exposure within the portfolio's guidelines. Derivatives involve risks in addition to the risks of underlying securities, including liquidity, interest rate, market, credit, and management. Investing in derivatives could lose more than the amount invested.

Effective 10/22/15, the Full Discretion Fixed Income fee is 0.40% for the first $100 million and 0.35% for amounts in excess of $100 million for separate accounts, and 0.40% for the commingled vehicle. The benchmark for this composite is the Bloomberg Barclays U.S. Aggregate Bond Index. This benchmark covers the USD-denominated, investment grade, fixed-rate, and taxable areas of the bond market.

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. 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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