

Fund Manager Commentary

As of 03-31-2026

Fund Highlights

- Employs flexibility by allocating assets among core investments and opportunistic investments as market conditions change
- Identifies companies and securities that are believed to offer attractive relative values when compared to their fundamental credit risk
- Actively hedges portfolio risks, including credit, interest rate and currency, in an effort to preserve capital
- Consists of several broad investment categories, including high yield bonds, bank loans, special situations, structured credit and hedges

Market Recap

Risk assets experienced modest weakness during the first quarter of 2026 as markets digested evolving macroeconomic conditions and shifting rate expectations. While economic growth remained positive and corporate fundamentals generally resilient, volatility increased amid persistent inflation concerns and uncertainty around the Federal Reserve's (Fed) policy path.

High yield bonds (proxy: ICE BofA U.S. High Yield Constrained Index) declined approximately -0.6% during the quarter, while syndicated loans also posted negative returns. Returns were pressured by spread widening and modest price declines, particularly in lower-quality segments of the market.

Despite near-term volatility, the broader backdrop for credit remained constructive. Corporate fundamentals were stable, default rates remained low, and issuers continued to benefit from extended maturity profiles and manageable refinancing needs. However, tight valuations entering the year left markets more susceptible to bouts of volatility.

Portfolio Review

The Touchstone Ares Credit Opportunities Fund (Class A Shares, Load Waived) outperformed its benchmark, the ICE BofA U.S. High Yield Constrained Index, for the quarter ended March 31, 2026. Relative performance was driven by the Fund's high yield bond and stressed/distressed debt allocation. This was partially offset by weakness in the Fund's allocations to syndicated loans and structured credit, particularly collateralized loan obligation (CLO) equity, which experienced price declines amid softer loan market conditions. CLO equity was a notable detractor during the quarter, reflecting mark-to-market volatility rather than fundamental deterioration.

Within the high yield bond allocation, security selection contributed positively. The Fund's high yield holdings

outperformed the benchmark on a relative basis, benefiting from issuer-specific performance and sector positioning.

The Fund maintained a diversified allocation across asset classes, including high yield bonds, syndicated loans, and CLO securities, with high yield bonds remaining the dominant exposure.

The Fund maintained a broadly neutral risk posture during the quarter, reflecting tight credit spreads and an uncertain macroeconomic backdrop. From a credit quality perspective, the Fund remained concentrated in single-B and BB-rated securities, with a modest allocation to CCC-rated credits.

During the quarter, the portfolio saw modest adjustments, including a slight increase in duration driven by market movements and positioning changes. Credit spreads tightened, with option-adjusted spreads declining from 373 basis points (bps) to 345bps in line with broader market trends, while yield characteristics remained stable, with yield-to-worst holding at approximately 7.8%. Sector positioning evolved modestly, with increased exposure to Healthcare and Technology, while exposures to Telecommunications and Financial Services were reduced.

Outlook and Conclusion

We believe leveraged credit markets remain on stable footing despite recent volatility. Economic growth expectations are still positive, and corporate fundamentals remain generally healthy. Default rates are expected to remain contained, supported by issuers' strong balance sheets and extended maturity profiles. Several risks warrant close monitoring, including persistent inflation and uncertainty surrounding the Fed's policy path, geopolitical risks and evolving trade dynamics, and potential pressure on lower-income consumers and more cyclical sectors. Valuations remain relatively tight, which may limit upside and contribute to episodic volatility. However, we believe this environment is also likely to create attractive entry points for active managers.



We expect performance in 2026 to be increasingly driven by security selection and sector allocation, with dispersion across issuers and industries continuing. In this environment, we believe Ares' bottom-up credit expertise, combined with its ability to dynamically allocate across liquid and alternative credit sectors, positions the Fund well to identify relative value opportunities.

Overall, we remain cautiously constructive on credit markets and maintain a neutral risk posture, with a focus on preserving income while opportunistically deploying capital during periods of market dislocation.



Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	08/31/15	TMARX	89155T631	1.10%	1.00%
C Shares	08/31/15	TMACX	89155T623	1.91%	1.72%
Y Shares	08/31/15	TMAYX	89155T615	0.85%	0.77%
INST Shares	08/31/15	TARBX	89155T599	0.81%	0.66%
R6 Shares	05/19/25	TARSX	89155T417	698.97%	0.59%

Total Fund Assets \$902.9 Million

Expense ratio is annualized. Data as of the current prospectus. Touchstone Advisors has contractually agreed to waive a portion of its fees and/or reimburse certain Fund expenses in order to limit certain annual fund operating expenses (excluding Acquired Fund Fees and Expenses and other expenses, if any) to 0.99% for Class A Shares, 1.71% for Class C Shares, 0.76% for Class Y Shares, 0.65% for Class INST Shares, and 0.58% for Class R6 Shares. These expense limitations will remain in effect until at least 01/29/27.

Share class availability differs by firm.

Annualized Total Returns

	1Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	-0.20%	-0.20%	5.93%	8.19%	4.76%	5.67%	5.40%
C Shares	-0.38%	-0.38%	5.22%	7.61%	4.23%	5.02%	4.77%
Y Shares	-0.14%	-0.14%	6.17%	8.38%	4.94%	5.90%	5.63%
INST Shares	-0.22%	-0.22%	6.23%	8.46%	5.05%	6.01%	5.72%
R6 Shares	-0.09%	-0.09%	6.29%	8.48%	5.06%	6.01%	5.73%
Benchmark	-0.55%	-0.55%	6.90%	8.50%	4.19%	6.04%	5.54%
Including Max Sales Charge							
A Shares	-3.44%	-3.44%	2.49%	7.00%	4.07%	5.32%	5.07%
C Shares	-1.36%	-1.36%	4.24%	7.61%	4.23%	5.02%	4.77%

Benchmark - ICE BofA U.S. High Yield Constrained Index

Max 3.25% sales charge for Class A Shares and 1% Contingent Deferred Sales Charge for Class C Shares held less than 1 year.

The ICE BofA U.S. High Yield Constrained Index is a market value weighted index of all domestic and Yankee high yield bonds, including deferred interest bonds and payment-in-kind securities. Issues included in the index have maturities of one year or more and have a credit rating lower than BBB/Baa3 but are not in default. The index limits any individual issuer to a maximum of 2% benchmark exposure.

The benchmark index mentioned is an unmanaged statistical composite of stock or bond market performance. Investing in an index is not possible. Index returns do not reflect any fees, expenses or sales charges.

Performance data quoted represents past performance, which is no guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than performance data given. **For performance information current to the most recent month-end, visit TouchstoneInvestments.com/mutual-funds.** From time to time, the investment advisor may waive some fees and/or reimburse expenses, which if not waived or reimbursed, will lower performance. Performance by share class will differ due to differences in class expenses. Returns assume reinvestment of all distributions. Returns are not annualized for periods less than one year.

The performance presented combines the performance of the oldest share class from the Fund's inception with the performance since the inception date of each share class.

Please consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. The prospectus and the summary prospectus contain this and other information about the Fund. To obtain a prospectus or a summary prospectus, contact your financial professional or download and/or request one at TouchstoneInvestments.com/resources or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

Touchstone Funds are distributed by **Touchstone Securities, LLC**

A registered broker-dealer and member FINRA and SIPC

A member of Western & Southern Financial Group

Not FDIC Insured | No Bank Guarantee | May Lose Value

A Word About Risk

The Fund invests in fixed-income securities 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. When interest rates rise, the price of debt securities generally falls. Longer term securities are generally more volatile. The Fund invests in non-investment grade debt securities, distressed securities and corporate loans which are considered speculative with respect to the issuers' ability to make interest or other payments, the potential principal, may lack liquidity and have more frequent and larger price changes than other debt securities. There is a high risk that the Fund could suffer losses from investments in non-investment grade debt securities caused by the default of an issuer. The Advisor engages a sub-advisor to make investment decisions for the Fund's portfolio; it may be unable to identify and retain a sub-advisor who achieves superior investment returns relative to other similar sub-advisors. The Fund invests in Collateralized Loan Obligations (CLOs) that have risks that largely depend on the type of underlying collateral and risks may include illiquidity, limited active market, the possibility that distributions from collateral securities will be insufficient to make interest or other payments, the potential for a decline in the quality of the collateral, and can bear the risk of default by the loans. The Fund invests in derivatives and securities such as futures contracts, options and swap agreements. Derivatives can be highly volatile, illiquid and difficult to value, subject to counterparty and leverage risks and there is risk that changes in the value of a derivative held by the Fund will not correlate with the Fund's other investments. Gains or losses from speculative positions in a derivative may be much greater than the original cost and potential losses may be substantial. The Fund invests in convertible securities which are subject to the risks of both debt securities and equity securities. Events in the U.S. and global financial markets, including actions taken to stimulate or stabilize economic growth may at times result in unusually high market volatility, which could negatively impact Fund performance and cause it to experience illiquidity, shareholder redemptions, or other potentially adverse effects. Banks and financial services companies could suffer losses if interest rates rise or economic conditions deteriorate. The Fund invests in equities which are subject to market volatility and loss. The Fund invests in preferred stocks which are relegated below bonds for payment should the issuer be liquidated. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing their price to decline. The Fund invests in foreign securities which carry the associated risks of economic and political instability, market liquidity, currency volatility and accounting standards that differ from those of U.S. markets and may offer less protection to investors. The Fund is involved in short selling which may result in additional costs associated with covering short positions and a possibility of unlimited loss. The Fund's service providers are susceptible to cyber security risks that could result in losses to a Fund and its shareholders. Cyber security incidents could affect issuers in which a Fund invests, thereby causing the Fund's investments to lose value. Current and future portfolio holdings are subject to change.



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