Fund Manager Commentary

As of December 31, 2025

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 were a source of positive returns in the fourth quarter due to a supportive U.S. Federal Reserve (Fed) and macroeconomic environment, coupled with healthy corporate fundamentals. Though labor conditions showed signs of weakness, inflation remained rangebound and growth expectations continued to be positive. The Fed issued two 25 basis point rate cuts, largely due to labor conditions, but conveyed a "wait and see" approach to further easing given a lack of clarity on inflation and the long-term impacts of trade policy. Corporate fundamentals remained healthy as earnings beats outpaced misses, and year-over-year credit metrics were healthy. As a result, default rates concluded the year at 1.88% for high yield bonds and 2.87% for syndicated loans, as issuers were well positioned to service their debt, with Fed policy serving as an additional tailwind on a go forward basis. Credit spreads remained at or near post global financial crisis tights across credit markets, reflective of macro and corporate fundamental conditions. Against this backdrop, high yield bonds (proxy: ICE BofA U.S. High Yield Constrained Index) returned 1.35% while syndicated loans (proxy: S&P UBS Leveraged Loan Index) returned 1.19%. Interest income or "carry" was the driver of total returns as net new supply increased and demand waned due to shifting rate expectations. Reflective of the shift, loan funds experienced a $4.9 billion outflow during the quarter; softer prices in the loan market were a headwind for collateralized loan obligation (CLO) securities, too. Though higher credit quality outperformed in the quarter, momentum shifted toward lower credit quality paper heading into year-end as managers sought to identify pockets of value in the market. While new issue remained driven by refinancing and repricing activity, acquisition related activity picked up as deal making conditions improved.

Portfolio Review

The Touchstone Ares Credit Opportunities Fund (Class A Shares, Load Waived) underperformed its benchmark, the ICE BofA U.S. High Yield Constrained Index, for the quarter ended December 31, 2025.

Relative performance was due to market volatility within the CLO equity allocation as secondary prices came under pressure due to softer loan market prices. Credit specific events within the high yield bond allocation were a headwind to returns, though we have seen a reversal in those trends early in 2026. The Fund's syndicated loan allocation outperformed the broader market and was additive to returns during the period.

The Fund's risk posture remained neutral during the quarter amid tight credit spreads across sub-investment grade credit. Investment activity was largely based on relative value within the respective credit sectors, with an emphasis on preserving yield and getting ahead of potential credit issues within the Fund.

Notably, the Fund's exposure to CCCs was reduced as part of our broader "risk neutral" initiative, though remains modestly overweight. Conversely, the allocation to single Bs was increased as we sought to preserve yield in a defensive manner. The allocation to non-rated securities increased too, a byproduct of adding CLO equity tranches at lower levels.

(continued)

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.***

By industry, allocations to Health Care, Financials and Consumer Discretionary increased while Communication Services, Materials and Energy decreased.

Outlook and Conclusion

Leveraged credit markets have entered 2026 on stable footing. Despite sticky inflation and softening labor conditions, economic growth forecasts remain positive, and recession probabilities are low. Corporate fundamentals and earnings were generally strong throughout 2025. We expect this trend to continue with elevated dispersion due to factors such as AI risk, tariffs, geopolitical volatility, and the pressure on the lower-end consumer. The combination of positive fundamental trends and potential rate cuts are expected to keep defaults manageable and broadly in-line with 2025 levels. Market technicals are expected to remain active in 2026, supported by CLO issuance and investors rebalancing their portfolios based on rate expectations. We expect a pickup in net new supply also as merger and acquisition conditions continue to show signs of improvement, with significant upside if sponsor-to-sponsor activity increases. While there are several positives, valuations remain tight entering the year, and when combined with geopolitical uncertainty, this may create pockets of volatility. Further, sector-specific pressures, some of which are currently more sentiment-driven than fundamental, can also influence valuation and spread movements. Overall, we generally remain risk-neutral given the combination of stable macroeconomic conditions, strong corporate fundamentals and tight spreads, and will seek to take advantage of dislocations as they occur.

We expect dispersion to persist into 2026. We expect a "coupon clip" environment for the Fund given the macro and corporate fundamental backdrop, with off benchmark sectors potentially serving as a source of alpha in the months ahead. In this environment, a skilled bottom-up manager such as Ares, with the ability to overlay macro themes and the conviction to trade actively, should be well-positioned to outperform.

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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	**$912.9 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 "AFFE," 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

	4Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	0.58%	6.79%	6.79%	9.21%	5.38%	5.98%	5.55%
C Shares	0.32%	6.02%	6.02%	8.66%	4.86%	5.46%	5.06%
Y Shares	0.52%	6.90%	6.90%	9.43%	5.58%	6.22%	5.78%
INST Shares	0.65%	7.19%	7.19%	9.54%	5.71%	6.33%	5.89%
R6 Shares	0.55%	6.93%	6.93%	9.26%	5.41%	6.00%	5.56%
Benchmark	1.35%	8.50%	8.50%	10.03%	4.50%	6.44%	5.73%
Including Max Sales Charge							
A Shares	-2.73%	3.37%	3.37%	8.03%	4.69%	5.36%	4.95%
C Shares	-0.66%	5.04%	5.04%	8.66%	4.86%	5.46%	5.06%

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 indexes mentioned are unmanaged statistical composites of stock market or bond market performance. Investing in an index is not possible. Unmanaged index returns do not reflect any fees, expenses or sales charges.

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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 timely payments of interest and 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.

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.

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