Fund Manager Commentary

As of December 31, 2022

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

Global risk assets were positive in the fourth quarter behind better than anticipated corporate earnings and easing inflation concerns, which were partially offset by hawkish actions by the U.S. Federal Reserve Board (Fed) and European Central Bank. Sentiment was volatile throughout the period as economic data prints sparked optimism that global central banks would take a pause from their tightening cycles. Central bankers, however, remained disciplined in their hawkish stance, which periodically weighed on asset prices. Against this backdrop, high yield bonds and syndicated loans generated positive returns. Both asset classes outperformed traditional fixed income, benefiting from a light primary calendar and steady demand from institutional and retail investors seeking to take advantage of attractive carry opportunities in both sub-investment grade asset classes. Dispersion was elevated in both markets during the quarter, with higher credit quality and defensive industries leading the way as investor's balanced attractive yields with a gloomy economic outlook.

Portfolio Review

The Touchstone Ares Credit Opportunities Fund (Class A Shares Load-Waived) outperformed its benchmark, the ICE BofA 3-Month U.S. Treasury Bill Index, for the quarter ended December 31, 2022.

The Fund's portfolio actively rotated exposures throughout the quarter, taking advantage of attractive levels for defensive credits. Notably, allocations to BBB and BB-rated securities were increased as we took advantage of mid-high single digit yields in both cohorts, well above their respective post-Great Financial Crisis medians. Conversely, allocations to riskier rated single B, CCC and below were reduced as a result of our deliberate move into a risk-off posture. By industry, exposure to cyclical sectors such as Software and Pharmaceuticals were reduced as was exposure to highly levered credits ahead of potential earnings missies or ratings downgrades, while the exposure to defensive industries such as Midstream and Business Services was increased. The allocation to bonds was increased during the period because of our move up in credit quality, the market has a BB credit profile versus single B for the loan market coupled with an enhanced opportunity for capital appreciation given a lower dollar price during the period.

Outlook and Conclusion

Looking forward, market participants begin 2023 on a cautiously optimistic note after ending the year weak; however, the threat of a recession and continued macroeconomic uncertainty looms over the leveraged credit markets. Current expectations are for a challenging macro environment this year amid slowing GDP growth, persistent inflation, further ratings decompression and wider credit spreads. U.S. inflation decreased for the second consecutive month in December, driven by cooling inflation in goods and energy prices, signaling a successful 2022 campaign of rate hikes. While inflation continues to decline and expectations have cooled, levels remain elevated relative to the Fed's target with challenges in services inflation. Further, we are cautious that as inflation falls, probabilities of a recession increase. Economists now place a 60% probability of a recession in the next 12 months in the U.S. and 80% in Europe. While labor momentum is cooling and expectations

(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.***

are for unemployment to rise this year, job demand, payroll growth, and wages remain robust, guiding our expectation for the recession to be shallow. From a fundamentals standpoint, issuers have reported better-than-expected third quarter 2022 earnings; however, a greater percentage of companies are reducing guidance. We believe meticulous credit selection will be essential in 2023, as slower earnings growth and higher funding costs could pressure weaker balance sheets, resulting in greater dispersion as lower quality issuers are expected to be impacted disproportionately. As the corporate fundamental backdrop becomes more challenged, the expectation is for default rates to modestly tick higher to ~4-5% in the next 12 months, resulting in tighter valuations. Overall, we expect choppy market conditions to continue and are maintaining a steady focus on the near-term go-forward return opportunity when the road gets bumpy, with yields in the top decile for loans and bonds. We believe the Fund is well positioned to navigate broader macro volatility due to our focus on bottom-up, fundamental credit analysis, downside protection, and the experience and breadth of the Ares platform.

Fund Facts *(As of 12/31/22)*

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	08/31/15	**TMARX**	89155T631	1.33%	1.09%
C Shares	08/31/15	**TMACX**	89155T623	2.18%	1.49%
Y Shares	08/31/15	**TMAYX**	89155T615	1.08%	0.89%
INST Shares	08/31/15	**TARBX**	89155T599	0.98%	0.79%
Total Fund Assets	**$271.1 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 1.03% for Class A Shares, 1.43% for Class C Shares, 0.83% for Class Y Shares and 0.73% for Class INST Shares. These expense limitations will remain in effect until at least 01/29/24.*

Share class availability differs by firm.

Annualized Total Returns *(As of 12/31/22)*

	4Q22	YTD	1 Year	3 Year	5 Year	Inception
Excluding Max Sales Charge						
A Shares	2.56%	-8.66%	-8.66%	1.36%	2.98%	4.09%
C Shares	2.56%	-9.01%	-9.01%	0.79%	2.33%	3.43%
Y Shares	2.58%	-8.55%	-8.55%	1.58%	3.22%	4.32%
INST Shares	2.70%	-8.39%	-8.39%	1.68%	3.31%	4.43%
Benchmark^	0.84%	1.46%	1.46%	0.72%	1.26%	1.03%
Including Max Sales Charge						
A Shares	-0.76%	-11.64%	-11.64%	-0.35%	1.77%	3.25%
C Shares	1.56%	-9.87%	-9.87%	0.79%	2.33%	3.43%

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 3-Month U.S. Treasury Bill Index is an unmanaged index of Treasury securities maturing in 90 days that assumes reinvestment of all income.

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.

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 adviser 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.*

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, Inc.*
*A registered broker-dealer and member FINRA and SIPC

Touchstone is a member of Western and 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 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 Adviser engages a sub-adviser to make investment decisions for the Fund's portfolio; it may be unable to identify and retain a sub-adviser who achieves superior investment returns relative to other similar sub-advisers. 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 non-diversified, which means that it may invest a greater percentage of its assets in the securities of a limited number of issuers and may be subject to greater risks. The Fund is involved in short selling which may result in additional costs associated with covering short positions and a possibility of unlimited loss. Current and future portfolio holdings are subject to change.

Touchstone Investments®
DISTINCTIVELY ACTIVE®

800.638.8194 • TouchstoneInvestments.com