Fund Manager Commentary

As of September 30, 2023

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 positive in the third quarter as investors grappled with the prospect of higher-for-longer interest rates following resilient economic data prints and hawkish U.S. Federal Reserve (Fed) rhetoric. While leading indicators continued to suggest an economic slowdown, continued labor market strength and decelerating inflation trends lead many to push out their recession expectations and many to suggest a "soft landing" engineered by global central banks. Heightened uncertainty led to elevated rate volatility, with the U.S. 10-year Treasury reaching a 16-year high in September. Amid this backdrop high yield bonds generated a modest gain, underperforming syndicated loans in the third quarter of 2023. Several themes unfolded in the sub-investment grade credit sectors during the period; lower credit quality outperformed, default activity remained below historical averages and a robust primary calendar in September. Syndicated loans specifically benefitted from their floating rate coupons amid elevated rate volatility. Both asset classes outperformed traditional fixed income, which was negative in the third quarter.

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 quarter ended September 30, 2023.

The Fund benefitted from off-benchmark allocations to syndicated loans and collateralized loan obligations (CLO) as both sectors were relatively insulated from heightened rate volatility during the period. A testament to our emphasis on bottom-up credit selection, both the high yield bond and syndicated loan allocations outperformed their respective markets. On a single name basis, the portfolio benefitted from price appreciation from bonds rated CCC & below held in the Health Care and Building & Construction industries.

The Fund was overweight risk during the period and actively shifted exposures amid expectations of base rates being at or near their peak for this hiking cycle. As a result, the allocation to syndicated loans decreased, and high yield bond allocation increased during the period. Because of the shift, the Fund's floating rate allocation was biased towards CLOs as of quarter-end, reflective of a broader agenda to mitigate default risk within the Fund. Syndicated loan sales were mostly within the lower-quality single B cohort and focused on names with declining credit metrics. Proceeds were rotated into BB and CCC-rated bonds.

The Fund's duration extended by 0.4 years during the period, concluding at 3.4 years versus 3.5 years for the benchmark. While underweight duration at the portfolio-level, duration within the high yield bond allocation is now 3.9 years. The shift largely occurred in August, and while a headwind to September's performance, we believe it will provide benefits as rates eventually move lower.

Outlook and Conclusion

Following elevated volatility during the second half of September, credit markets have been mixed as resilient economic data and a hawkish hold by the Fed, continue to suggest a prolonged period of high interest rates. Recently, a host of macroeconomic signals has contributed to volatility;

(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.***

consumer confidence has declined, nonfarm payrolls data crushed expectations, wages continue to grow but at a slower pace and inflation indicators have maintained their downward momentum. Considering the mixed economic picture this data presents, a range of economists are forecasting a 60% probability of a recession in the U.S. over the next 12 months. From a fundamental perspective, corporate earnings have generally been better than expected; however, forward guidance remains conservative, and we are increasingly focused on earnings projections given the potential weakness in upcoming quarters. We continue to actively trade our portfolios to get ahead of earnings misses and/or add to discounted names that we believe are undervalued. Meanwhile, the technical environment should remain supportive amid stable demand from global institutional investors and minimal net new issue supply. While the outlook for merger and acquisition related activity has improved, the forward calendar remains at the low end of its historical range, and we expect new issue deal flow to be bifurcated heading into year-end. Looking ahead, we remain focused on security selection (and avoidance) as single-name dispersion is expected to increase in the coming months.

We believe the Fund's flexibility will continue to add value across varied market conditions. Looking ahead, we believe the Fund is well positioned for a period of heightened macro uncertainty and single name credit dispersion, as well as uncertainty regarding the direction of rates.

Fund Facts *(As of 09/30/23)*

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	08/31/15	**TMARX**	89155T631	1.27%	1.08%
C Shares	08/31/15	**TMACX**	89155T623	2.06%	1.48%
Y Shares	08/31/15	**TMAYX**	89155T615	1.03%	0.88%
INST Shares	08/31/15	**TARBX**	89155T599	1.16%	0.78%
Total Fund Assets	**$344.5 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 09/30/23)*

	3Q23	YTD	1 Year	3 Year	5 Year	Inception
Excluding Max Sales Charge						
A Shares	1.51%	6.51%	9.24%	4.45%	3.92%	4.51%
C Shares	1.47%	6.20%	8.91%	3.92%	3.31%	3.89%
Y Shares	1.54%	6.80%	9.55%	4.69%	4.17%	4.76%
INST Shares	1.55%	6.71%	9.59%	4.76%	4.25%	4.85%
Benchmark^	0.54%	5.98%	10.19%	1.82%	2.78%	4.39%
Including Max Sales Charge						
A Shares	-1.84%	3.08%	5.70%	3.30%	2.87%	3.75%
C Shares	0.47%	5.20%	7.91%	3.92%	3.31%	3.89%

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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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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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.

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