Fund Manager Commentary

As of March 31, 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

Global risk assets were positive in the first quarter despite a mixed backdrop of bank liquidity concerns and economic indicators. Risk assets started 2023 on a positive note amid optimism that central banks would alter their tightening regimes, which offset elevated recession probabilities and strains within the banking sector. While positive, asset prices were volatile in both directions amid heightened uncertainty around the go-forward path of the global economy. Following a risk rally in January, driven by positive macro surprises and better than feared corporate earnings, sentiment was mixed as the U.S. Federal Reserve Board (Fed) raised rates by 25 basis points in both February and March, with Chair Jerome Powell stating inflation, "has a long way to go and is likely to be bumpy". Market volatility peaked in March amid elevated fears of contagion within the banking sector following deposit runs and regional bank failures in the U.S., and UBS Group AG's takeover of Credit Suisse Group AG. Despite a negative weekly return following the takeover of Silicon Valley Bank by U.S. regulators, U.S. equities produced a positive return as contagion fears subsided heading into quarter-end. Within credit, markets were positive as default rates remained below historical averages and key credit metrics continued to exhibit resiliency. Specific to liquid credit, high yield bonds and syndicated loans generated positive returns behind steady demand and stalled primary activity amid bank contagion fears. High yield bonds outperformed traditional fixed income while syndicated loans trailed slightly behind.

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 March 31, 2023.

The Fund's portfolio actively rotated exposures throughout the quarter amid increasingly uncertain market sentiment. The allocation to BB-rated securities was decreased as we realized gains in discounted credits purchased during the fourth quarter of 2022, with proceeds being modestly rotated into single B and CCC-rated securities. Specific to CCCs, new purchases were made utilizing a proprietary analysis by our Quantitative Risk & Research Team, enabling the portfolio managers to identify high quality, performing credits in the otherwise higher risk cohort. From an industry perspective, the Fund remained biased toward defensive industries and maintained underweights toward cyclical areas such as Leisure and sectors in transition, such as Media. Notably, the Fund's portfolio is underweight banking and has limited exposure to the Real Estate sector, primarily through building products, as opposed to commercial real estate.

Outlook and Conclusion

From a macro environment perspective, U.S. GDP growth expanded at an estimated 3.25% rate in the first quarter of 2023; however, trade, employment and business survey releases signaled that an economic downshift is underway. Meanwhile, OPEC announced a surprise production cut; boosting Brent oil prices to a one-month high. While spreads tightened sharply during the final week of March as

(continued)

aggressive action by governments and central banks alleviated fears of broader contagion from the banking turmoil, we continued to have an up-in-quality bias in the Fund. Looking forward, while we anticipate that slower growth and tighter monetary policy will drive increased ratings downgrades (and defaults to a lesser degree) and ultimately heightened volatility and dispersion, we expect solid loan and high yield returns in the next 12 to 18 months given the starting point of spread, yield, and discount. While we have seen a modest increase in high yield bond and loan default rates, we expect them to remain manageable in the 3.5% to 4.5% range for 2023. Further, corporate fundamentals remain decent, albeit declining, and leveraged credit issuers have done a good job pushing out near-term maturities and shoring up liquidity to strengthen balance sheets. As the banking crisis is keeping markets on edge, we are closely monitoring potential downstream effects from recent events including a potential for contraction in financing to the tech ecosystem, negative impacts to small and medium sized businesses who are supported by regional banks, risk to the commercial real estate market as regional banks represent 80% of lending to this sector, and a general contraction in credit availability that further exacerbates the tightening in lending standards. Overall, we expect choppy market conditions to continue and are maintaining a steady focus on the attractive go-forward return opportunity in below investment grade credit. We believe that in the wake of increased dispersion, disciplined and opportunistic credit pickers that take advantage of the volatility will be rewarded. 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.

As of March 31, 2023, Credit Suisse Group AG, Silicon Valley Bank and UBS Group AG each made up 0.00% of the Touchstone Ares Credit Opportunities Fund. Current and future portfolio holdings are subject to change.

Fund Facts *(As of 03/31/23)*

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	**$277.9 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 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 03/31/23)*

	1Q23	YTD	1 Year	3 Year	5 Year	Inception
Excluding Max Sales Charge						
A Shares	2.67%	2.67%	-3.53%	8.47%	3.68%	4.31%
C Shares	2.55%	2.55%	-3.92%	7.84%	3.02%	3.66%
Y Shares	2.79%	2.79%	-3.38%	8.68%	3.92%	4.55%
INST Shares	2.80%	2.80%	-3.15%	8.81%	4.03%	4.66%
Benchmark^	1.07%	1.07%	2.50%	0.89%	1.41%	1.13%
Including Max Sales Charge						
A Shares	-0.64%	-0.64%	-6.69%	6.63%	2.46%	3.50%
C Shares	1.55%	1.55%	-4.82%	7.84%	3.02%	3.66%

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.*

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.

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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