Fund Manager Commentary

As of March 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 mixed as a combination of tight valuations and rising uncertainty weighed on sentiment and asset prices. Though hard economic data remained firm, soft data started to exude signs of weakness as trade rhetoric stoked fears of elevated inflation and lower growth. Heightened uncertainty contributed to market volatility, with the MOVE Index, an index which tracks volatility in the U.S. Treasury market, reaching a new high in March. Against this backdrop, high yield bonds (proxy: ICE BofA U.S. High Yield Constrained Index) produced a modest positive return while syndicated loans (proxy: S&P UBS Leveraged Loan Index) generated a smaller, yet still positive return. Returns were driven by carry in both markets as spreads moved wider and prices lower, particularly in March. Reflective of the risk off tone, higher credit quality outperformed in both markets, while lower credit quality underperformed. While new-issue markets were active, driven by merger and acquisition related issuance, the appetite for new deals slowed heading into quarter end given the increased uncertainty. Despite the volatility, secondary market spreads in the high yield bond and loan markets capped the quarter inside of their respective post-global financial crisis median.

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 March 31, 2025.

While the Fund underperformed the benchmark, credit selection was positive as the high yield bond allocation outperformed the benchmark. Underperformance was driven by off-benchmark allocations to bank loans, collateralized loan obligations (CLO) equity and post-reorganization equities. However, the off-benchmark allocation to CLO debt securities was additive to returns.

The Fund rotated exposures amid increasingly uncertain conditions and heightened market volatility. From a credit sector perspective, the allocation to high yield bonds increased while the allocation to bank loans decreased. The shift was driven by a desire to take advantage of longer duration bonds that had sold off on rate volatility, as opposed to a deterioration in credit fundamentals. The allocations to CLO securities and special situations were virtually flat during the quarter. Within the CLO market specifically, this was largely due to spreads remaining tight. Cash remained elevated as we looked to use elevated volatility to acquire credits at attractive levels. From an industry perspective, the Fund reduced exposure to global cyclicals and rotated into more defensive industries amid the heightened uncertainty.

The Fund's duration modestly increased from underweight to overweight relative to the benchmark because of trading activity. Fund-level duration increased from 2.98 years to 3.18 years quarter-over-quarter; duration within the bond allocation increased from 3.52 to 3.62 years during this period, too.

The yield curve has contributed to a bias toward syndicated loans for near-dated exposure, and longer duration high yield bonds.

(continued)

Outlook and Conclusion

Market volatility increased significantly following the "Liberation Day" announcement in the U.S. and larger than expected tariffs, which upended economic forecasts and weakened investor sentiment. While credit markets have not been immune to the volatility, they have remained orderly, especially when compared to equities. Spreads in both the high yield bond and loan markets have widened to their post crisis medians, following a prolonged period of tightness. Tariff implementation remains at the forefront and the market is starting to realize that this is not just a negotiation tactic, but a wholesale revision of global trade. While hard economic data remains sound, incoming soft data (e.g., business and consumer surveys) has been notably weak. We continue to see elevated dispersion in terms of credits, ratings, and industries, with global cyclicals not surprisingly bearing the brunt of the price weakness. If there is a silver lining, it is that borrowers entered this year with sound corporate fundamentals. Issuer leverage continued to tick lower, coverage metrics were at comforting levels, and defaults were muted across the loan and high yield bond markets. We began moving into a relatively defensive posture earlier this year due to the increasing number of catalysts for market volatility. We remain vigilant regarding industry positioning and credit selection, especially heading into earnings, in the current environment and are maintaining elevated cash levels in an effort to take advantage of market volatility. Specific to the Fund, we believe the 80% allocation to high yield bonds and duration overweight will prove beneficial in the coming months as rate expectations re-calibrate.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	08/31/15	**TMARX**	89155T631	1.16%	1.01%
C Shares	08/31/15	**TMACX**	89155T623	1.97%	1.73%
Y Shares	08/31/15	**TMAYX**	89155T615	0.89%	0.78%
INST Shares	08/31/15	**TARBX**	89155T599	0.89%	0.67%
Total Fund Assets	**$787.6 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 and 0.65% for Class INST Shares. These expense limitations will remain in effect until at least 01/29/26.

Share class availability differs by firm.

Annualized Total Returns

	1Q25	YTD	1 Year	3 Year	5 Year	Inception
Excluding Max Sales Charge						
A Shares	0.62%	0.62%	6.86%	4.87%	8.81%	5.34%
C Shares	0.38%	0.38%	6.33%	4.40%	8.23%	4.81%
Y Shares	0.55%	0.55%	7.06%	5.03%	9.01%	5.57%
INST Shares	0.68%	0.68%	7.12%	5.17%	9.12%	5.67%
Benchmark	0.94%	0.94%	7.60%	4.84%	7.20%	5.40%
Including Max Sales Charge						
A Shares	-2.61%	-2.61%	3.43%	3.71%	7.70%	4.69%
C Shares	-0.61%	-0.61%	5.34%	4.40%	8.23%	4.81%

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.

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.

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 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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