Touchstone Core Municipal Bond Fund

Sub-Advised by: Sage Advisory Services Ltd Co

Income - Municipal Bond 2Q/2026

Fund Manager Commentary

As of 06-30-2026

Fund Highlights

- Seeks to exploit market inefficiencies using a proprietary income, price and volatility framework
- Construct portfolios that generate consistent tax-free income by capturing diversified sources of credit, liquidity and term premiums
- Control price sensitivity at the portfolio level by managing duration and yield curve positioning
- Identify and purchase bonds that the Sub-Advisor believes are attractively priced relative to historical averages and adds positions in a risk-controlled manner
- Municipal issues are analyzed through a proprietary approach for various environmental, social and governance (ESG) criteria

Market Recap

The municipal bond market rebounded during the second quarter of 2026 as elevated yields, supportive technical conditions, and resilient investor demand offset concerns surrounding record issuance, geopolitical uncertainty, and moderating economic growth. Following the significant repricing experienced during the first quarter, higher starting yields created one of the most attractive entry points in several years. As interest rates stabilized and reinvestment demand accelerated, municipal bonds recovered much of their earlier weakness and generated favorable risk-adjusted returns.

The market demonstrated a notable ability to absorb record issuance throughout the quarter, culminating in a record June issuance calendar. Despite supply remaining well above historical averages, strong demand from mutual funds, exchange-traded funds, separately managed accounts, and seasonal reinvestment cash flows supported market performance. Municipal yields declined across the curve, with the largest yield declines occurring in longer maturities, while continued investor demand for lower-rated municipal credits supported credit performance. The Bloomberg Municipal Bond Index returned 2.50% for the quarter, led by longer-duration bonds and BBB-rated credits. Municipal credit fundamentals remained healthy as state and local governments generally maintained strong reserve balances, stable revenue collections, and disciplined fiscal management. As broad market spreads tightened, investors increasingly focused on issuer-specific credit fundamentals rather than sector-wide trends. Healthcare remained one of the market's most closely monitored sectors as investors evaluated reimbursement risk, Medicaid exposure, labor costs, and issuer-specific operating performance, while the prepaid gas sector continued to present attractive relative-value opportunities due to growing issuance, structural complexity, and expanding participation by non-traditional counterparties.

Portfolio Review

The Touchstone Core Municipal Bond Fund (Class A Shares, Load Waived) underperformed its benchmark, the Bloomberg Municipal Bond Index, for the quarter ended June 30, 2026. Relative performance was influenced primarily by yield curve positioning and security selection. The Fund's barbell yield curve positioning contributed positively as the municipal yield curve experienced significant flattening between 10- and 30-year maturities during the quarter. Effective duration remained generally neutral relative to the benchmark and did not materially contribute to performance.

Among the top contributors to relative performance were Eagle River Colorado Water & Sanitation District, Will County, Illinois, and Upland Indiana Economic Development Revenue bonds. These lower-coupon holdings outperformed as demand strengthened for longer-duration municipal securities during the quarter, benefiting from favorable yield curve dynamics and improving investor sentiment.

Among the top detractors from relative performance were Black Belt Energy Gas District, Alabama, Westmoreland County, Pennsylvania Municipal Authority, and Energy Southeast Alabama Cooperative District bonds. The Black Belt Energy Gas District and Energy Southeast Alabama Cooperative District holdings reflected relative weakness among higher-coupon prepaid gas bonds, while the Westmoreland County Municipal Authority position detracted as hospital-sector credit spreads widened during the quarter.

During the quarter, the Fund initiated a position in Kentucky State Housing Corporation bonds backed by single-family agency mortgages. The bonds offered attractive relative value within the housing sector, supported by favorable structural characteristics and pricing relative to comparable housing securities. The purchase was funded through the sale of Bell County, Texas

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bonds, allowing the Fund to increase portfolio income while maintaining comparable credit quality.

Outlook and Conclusion

We continue to maintain a modestly long-duration posture while emphasizing income generation, carry, and active security selection. Elevated yields, favorable seasonal demand, and a relatively steep municipal yield curve continue to support a barbell-oriented portfolio structure that emphasizes both liquidity and income opportunities.

The Fund maintains a structural overweight to select single-A rated credits, where relative value remains attractive and issuer fundamentals generally remain strong. As credit spreads have tightened across much of the market, security selection has increasingly become the primary source of excess return. Preferred areas of investment include select healthcare systems, prepaid gas transactions, essential-service revenue bonds, local general obligation credits, and issuers positioned to benefit from long-term infrastructure investment trends. The investment team also expects elevated issuance to continue through the second half of the year and will remain attentive to attractive new-issue concessions and issuer-specific relative-value opportunities.

We believe the outlook for the remainder of 2026 remains constructive. Municipal fundamentals remain strong, seasonal reinvestment demand is expected to remain supportive through much of the summer, and continued fund inflows should provide meaningful technical support. While municipal valuations are considerably richer following the second-quarter rally, attractive tax-exempt income, healthy credit conditions, and favorable technical factors continue to support the asset class. We believe future returns are likely to depend increasingly on coupon income, yield curve positioning, and active management as the municipal market becomes more differentiated and issuer-specific opportunities emerge.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	04/01/85	**TOHAX**	89154V603	1.14%	0.80%
C Shares	11/01/93	**TOHCX**	89154V702	3.33%	1.49%
Y Shares	08/30/16	**TOHYX**	89154V843	1.35%	0.55%
INST Shares	08/30/16	**TOHIX**	89154V835	0.79%	0.48%

Total Fund Assets $42.4 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 and other expenses, if any) to 0.80% for Class A Shares, 1.49% for Class C Shares, 0.55% for Class Y Shares, and 0.48% for Class INST Shares. These expense limitations will remain in effect until at least 10/29/26.

Share class availability differs by firm.

Annualized Total Returns

	2Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	2.37%	1.91%	5.63%	3.33%	0.66%	1.60%	4.83%
C Shares	2.20%	1.56%	4.91%	2.53%	-0.14%	0.81%	4.07%
Y Shares	2.34%	1.94%	5.79%	3.65%	0.97%	1.88%	4.91%
INST Shares	2.45%	2.07%	5.97%	3.63%	0.99%	1.91%	4.91%
Benchmark	2.50%	2.32%	7.03%	3.76%	1.05%	2.15%	5.73%
Including Max Sales Charge							
A Shares	-0.95%	-1.41%	2.20%	2.20%	0.00%	1.26%	4.75%
C Shares	1.20%	0.56%	3.91%	2.53%	-0.14%	0.81%	2.86%

Benchmark - Bloomberg Municipal Bond Index
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 Bloomberg Municipal Bond Index is a widely recognized unmanaged index of municipal bonds with maturities of at least one year.
The benchmark index mentioned is an unmanaged statistical composite of stock or bond market performance. Investing in an index is not possible. 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 advisor 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.*

The performance presented combines the performance of the oldest share class from the Fund's inception with the performance since the inception date of each share class.

Top 10 Holdings

		(% of Portfolio)
1	BNY Dreyfus Govt Cash Mgmt Instl	1.5
2	HARRIS CNTY TEX WTR CTL & IMPT DIST NO 159 4%	1.4
3	SMITH CNTY TEX 5%	1.4
4	SOUTH WASHINGTON CNTY INDPT SCH DIST NO 833 MINN 5%	1.3
5	WESTERN MARICOPA ED CTR DIST NO 402 MARICOPA CNTY ARIZ 5%	1.3
6	BEE CAVE TEX 5%	1.3
7	DULUTH MINN ECONOMIC DEV AUTH HEALTH CARE FACS REV 5%	1.3
8	MASSACHUSETTS ST DEV FIN AGY REV 5%	1.3
9	FINNEY CNTY KANS 5.25%	1.3
10	CLARK-PLEASANT IND CMNTY SCH BLDG CORP 5%	1.3

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 investment grade debt securities which may be downgraded by an NRSRO to below investment grade status. The Fund invests in U.S. government agency securities which are neither issued nor guaranteed by the U.S. Treasury and are not guaranteed against price movements due to changing interest rates. The Fund is subject to prepayment risk which is when a debt security may be paid off and proceeds invested earlier than anticipated. The Fund invests in municipal securities which may be affected by uncertainties in the municipal market related to legislation or litigation involving the taxation of municipal securities or the rights of municipal security holders in the event of bankruptcy and may not be able to meet their obligations. 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. 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 sub-advisor considers ESG factors that it deems relevant or additive along with other material factors. The ESG criteria may cause the Fund to forgo opportunities to buy certain securities and/or gain exposure to certain industries, sectors, regions and countries. The Fund may be required to sell a security when it could be disadvantageous to do so.

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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