

# Touchstone Credit Opportunities Fund

Sub-Advised by: Ares Capital Management II LLC

Income – Nontraditional Bond

4Q/2020

## Fund Facts (As of 12/31/20)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio*	
				Total	Net
A Shares	08/31/15	TMARX	89155T631	1.61%	1.18%
C Shares	08/31/15	TMACX	89155T623	2.61%	1.93%
Y Shares	08/31/15	TMAYX	89155T615	1.20%	0.93%
INST Shares	08/31/15	TARBX	89155T599	1.06%	0.83%
Total Fund Assets		\$91.7 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 1.08% for Class A Shares, 1.83% 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 01/29/22.

Share class availability differs by firm.

## Annualized Total Returns (As of 12/31/20)

Class	4Q20	YTD	1 Year	3 Year	5 Year	Inception
Excluding Max Sales Charge						
A Shares	7.23%	4.40%	4.40%	5.10%	6.59%	5.71%
C Shares	6.90%	3.58%	3.58%	4.32%	5.81%	4.98%
Y Shares	7.31%	4.71%	4.71%	5.39%	6.85%	5.96%
INST Shares	7.29%	4.70%	4.70%	5.44%	6.95%	6.06%
Benchmark <sup>^</sup>	0.03%	0.67%	0.67%	1.61%	1.20%	1.13%
Including Max Sales Charge						
A Shares	3.72%	-0.83%	-0.83%	3.05%	5.34%	4.54%
C Shares	5.90%	2.60%	2.60%	4.32%	5.81%	4.98%

Max 3.25% sales charge for Class A Shares and 1% Contingent Deferred Sales Charge for Class C Shares held less than 1 year.

## Calendar Year Returns

Class	2020	2019	2018	2017	2016
Y Shares	4.71%	14.42%	-2.31%	6.62%	11.63%
Benchmark <sup>^</sup>	0.67%	2.28%	1.87%	0.86%	0.33%

<sup>^</sup>The ICE BofA Merrill Lynch 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](https://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 sales charges and class expenses. Calendar year returns of the Fund and the Benchmark do not include the effects of the applicable sales charge which would lower returns. Returns assume reinvestment of all distributions. Returns are not annualized for periods less than one year.

## Yield - A Shares (As of 12/31/20)

Touchstone Credit Opportunities Fund	
30-Day SEC Yield	3.78%
30-Day Unsubsidized <sup>†</sup> SEC Yield	3.29%

<sup>†</sup>Unsubsidized is calculated without expense waivers. **The 30-Day SEC Yield** is calculated by dividing the net investment income per share (as defined by industry regulations) earned by a fund over a 30-day period by the maximum public offering price. This number is then annualized. **The 30-Day SEC Yield** reflects the rate at which a fund is earning income on its current portfolio of securities and does not necessarily reflect income actually earned and distributed by a fund and, therefore, may not be correlated with a fund's past distributions actually paid to shareholders.

## Morningstar Ratings (As of 12/31/20)

	Overall	3 Year	5 Year
A Shares	★★★★	★★★★	★★★★
C Shares	★★★★	★★★	★★★★
Y Shares	★★★★★	★★★★	★★★★★
INST Shares	★★★★★	★★★★	★★★★★
Funds in Nontraditional Bond Category	—	269	240

The Morningstar Rating<sup>™</sup> for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds and separate accounts) with at least a 3-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating<sup>™</sup> does not include any adjustment for sales load. The top 10% of products in each product category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars, and the bottom 10% receive one star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods.

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**Class A Shares star ratings do not include any front-end sales load and are intended for those investors who have access to such purchase terms.**

## Objective

The Fund seeks absolute total return, primarily from income and capital appreciation by investing primarily in global debt securities.

## Investment Style

- 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

## Sub-Advisor

**Ares Capital Management II LLC**

Managed Fund since 08/2015

## Portfolio Managers

**Seth Brufsky**

- Investment Experience: Since 1990

**Jason Duko**

- Investment Experience: Since 2000

**Kapil Singh, CFA**

- Investment Experience: Since 1993

**Chris Mathewson**

- Investment Experience: Since 2004

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](https://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.\*

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Touchstone is a member of Western & Southern Financial Group

Not FDIC Insured | No Bank Guarantee | May Lose Value



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**Fund Characteristics** (As of 12/31/20)**Touchstone Credit Opportunities Fund**

Number of Long Holdings <sup>1</sup>	313
Number of Short Holdings	8
Number of Issuers	321
Effective Duration	3.1 years

Source: Ares Capital Management II LLC

<sup>1</sup> Total number of holdings includes cash equivalents, but excludes currencies and derivatives.**Portfolio Composition** (As of 12/31/20)

	(% of Portfolio)
Bonds	73.2
Bank Loans	6.6
Special Situations	6.4
Collateralized Loan Obligations	
Equity	5.3
Debt	5.3
Equities	2.2
Cash Equivalents	1.2
Derivatives	-0.1
Closed end Funds	0.0

Source: Ares Capital Management II LLC

**Regional Distribution** (As of 12/31/20)

	(% of Portfolio)
United States	77.7
Broader North America	13.6
Broader Europe	3.7
United Kingdom	3.1
Australia	0.4
Broader Asia	0.0
Other	0.3
Cash Equivalents	1.2

Source: Ares Capital Management II LLC

**Credit Analysis\*** (As of 12/31/20)

	(% of Portfolio)
BBB/Baa	3.5
BB/Ba	43.8
B/B	30.6
CCC	11.7
CC	0.6
Not Rated	8.6
Cash Equivalents	1.2

Source: Ares Capital Management II LLC

\*Data may not total due to rounding. The ratings agencies that provided the ratings are Standard & Poor's and Moody's Investors Service. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality, and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk. Where no rating has been assigned, it could be for reasons unrelated to the creditworthiness of the issuer. The credit quality ratings apply only to the credit worthiness of the issuers of the underlying securities and not the fund or its shares. Ratings are subject to change.

**Top 10 Issuers** (As of 12/31/20)

	(% of Portfolio)		(% of Portfolio)
1 Occidental Petroleum Corp.	2.1	6 Iron Mountain Inc.	1.2
2 CenturyLink Inc.	1.6	7 CITGO Holding Inc.	1.2
3 Ford Motor Credit Co.	1.6	8 Altice USA	1.2
4 Charter Communications Inc.	1.6	9 Tenet Healthcare Corp.	1.1
5 Madison Park Funding Ltd.	1.4	10 FTS International Inc.	1.1

Source: Ares Capital Management II LLC

**Top 10 Industries of Fund** (As of 12/31/20)

	(% of Portfolio)		(% of Portfolio)
1 Oil & Gas	10.0	6 Building & Development	4.5
2 Health Care	6.6	7 Automotive	4.3
3 Cable & Satellite Television	6.3	8 Broadcast Radio & Television	4.0
4 Banking, Finance & Insurance	6.0	9 Telecommunications	3.4
5 Technology	4.8	10 Energy	3.3

Source: Ares Capital Management II LLC

There is no guarantee that the Fund will continue to hold any one particular security or stay invested in any one particular sector. Holdings are subject to change. Data may not total due to rounding.

**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 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 convertible securities which are subject to the risks of both debt securities and equity securities. 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 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 is involved in short selling which may result in additional costs associated with covering short positions and a possibility of unlimited loss. Certain Touchstone funds-of-funds may invest in the Fund. Purchases, redemptions, and underlying allocations may require the Fund to take actions when it otherwise would not do so. This could adversely affect performance. 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. Events affecting the financial markets, such as a health crisis, 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. Current and future portfolio holdings are subject to risk. 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.



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