Touchstone Dynamic Allocation Fund

Sub-Advised by: Wilshire Associates Incorporated

Multi-Asset – Growth 1Q/2023

Fund Manager Commentary

As of March 31, 2023

Fund Highlights

- This "fund of funds" primarily invests in a diversified portfolio of underlying equity and fixed income funds. These underlying funds, in turn, invest in a variety of U.S. and foreign equity and fixed income securities
- Under normal circumstances, the Fund (through its investment in underlying funds) will invest at least 40% of its portfolio in securities of issuers outside of the U.S.
- The majority of the underlying funds in which the Fund invests will be affiliated funds; however, the Fund has the ability to invest in unaffiliated underlying funds
- The Fund's sub-advisor seeks to develop an optimal model allocation among underlying funds that seeks to provide capital appreciation through global exposure to a broad array of asset classes and investment strategies
- Under normal circumstances, the Fund expects to allocate its assets among equity and fixed income funds as follows: Equity Fund Allocation: 45-75%; Fixed Income Fund Allocation: 25-55%

Market Recap

Equity markets, both domestic and abroad, generated positive returns during the quarter as optimism regarding downward trending inflation took hold. Both International and emerging market equities outperformed compared to U.S. equities during the fourth quarter. Fixed income returns were generally positive, despite central banks in the U.S. and Eurozone continuing to raise policy interest rates to combat elevated levels of inflation.

Within the U.S. stock market, a majority of sectors were up for the quarter. The best performing were Energy, Industrials, and Materials. The two sectors producing losses were Consumer Discretionary and Communication Services. From a size perspective, small-cap outperformed large-cap. Growth stocks underperformed value for the quarter and trailed meaningfully for the year.

Performance results within international equity markets were positive for the fourth quarter, with developed outperforming emerging markets. Europe faced similar headwinds as the United States. In 2022 – surging inflation and aggressive central bank tightening – but also had to more directly contend with the ongoing Russian invasion of Ukraine. The labor market remains tight in the Eurozone – including Germany where unemployment has fallen below 3% – and many businesses report that a labor shortage is limiting production. Despite China's zero-COVID policies, including widespread lockdowns, infections continued to surge intermittently. Tension among the country's citizens continued to rise and led to protests not seen in decades. In early December, the central government took definitive steps to ease restrictions.

The U.S. Treasury yield curve was up in the short-end (below 3-years) by 50-135 basis points (bps) but largely unchanged across the remainder of the curve. The 10-year Treasury yield ended the quarter at 3.88%, up just 5 bps from September. Credit spreads tightened during the quarter within both investment grade and high yield bonds. The Federal Open Market Committee (FOMC) met twice during the quarter, as scheduled, and increased the overnight rate by 0.75% in November and 0.50% in December, targeting a range of 4.25% to 4.50%. The FOMC's "dot plot" is messaging that the current intent is for another 75 bps in increases before the end of 2023. Following the December meeting, FOMC Chair Jerome Powell indicated that inflation data during the fourth quarter has been encouraging but that it will take "substantially more evidence" to ensure that modest price increases are sustainable.

Real estate securities were up during the fourth quarter in both the United States and abroad. Commodity results also were positive for the quarter, with crude oil rising modestly by 1.0% to $80.26 per barrel. Oil prices were quite volatile in 2022, with lows approaching $70 and highs at nearly $125, due to tightening supplies with the Ukraine invasion but then falling demand from China. Natural gas prices fell dramatically during the quarter due to relatively mild winter

(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.***

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temperatures – despite the destruction done by Winter Storm Elliott. By quarter-end, natural gas was down -33.9%, closing at $4.48 per million BTUs. Gold prices were up 9.8% during the quarter, finishing at approximately $1,826 per troy ounce, as the U.S Federal Reserve Board (Fed) continued its hawkish stance toward inflation.

Portfolio Review

The Touchstone Dynamic Global Allocation Fund (Class A Shares Load-Waived) underperformed its first benchmark, the MSCI All Country World Index (ACWI) and outperformed its second benchmark, the Bloomberg U.S. Universal Index for the quarter ended March 31, 2023.

The Fund's overweight equity allocation was a detractor from absolute returns during the quarter as equities underperformed. Individual manager performance within the equity bucket is estimated to have detracted from alpha during the quarter while allocation decisions within the equity bucket contributed, with the overweight to value during the earlier of the year, and a modest foreign equity overweight aiding relative returns.

On a stand-alone basis, the Fund's fixed income bucket underperformed slightly the fixed income benchmark. A mild overweight to credit and overweight to high yield aided results during the quarter. Individual manager performance within the fixed income bucket is estimated to have contributed positively during the quarter, while tilts within fixed income, and mismatch versus the benchmark, detracted.

All of the Fund's underlying investments generated positive absolute returns for the quarter. Touchstone Value contributed to positive manager selection alpha for the quarter on a stand-alone basis. Conversely, although generating positive absolute returns, Touchstone Sands Capital Emerging Markets Growth and Touchstone Growth Opportunities were the top two detractors in terms of manager selection alpha.

Outlook and Conclusion

Growth and recession concerns continue to be in the spotlight. The Fed has signaled that they are prepared to raise the Fed Funds rate to 5.0% by the end of 2023 and this commitment to increase rates and subdue inflation created some stress for equity and fixed income markets during December. Overall, the downward trend for inflation is positive and inflation is expected to continue to fall meaningfully during 2023.

It is likely that U.S. housing prices have begun to fall and may continue to fall in the coming months. Mortgage rates are no longer at recent peak levels, but they remain high relative to the last decade and even modestly falling housing prices should help put downward pressure on inflation. Job growth remains solid, which concerns the Fed, since a strong labor market may continue to spur increased wage inflation which would likely prop up consumer spending. As high as wage growth has been over the past 24 months, it has generally been lower than headline inflation, so it remains to be seen if wage growth will remain elevated even as inflation falls.

On the international front, the European Central Bank (ECB) reaffirmed its conviction to raise interest rates similar to the stance of U.S, among other countries. However, recent rate hikes would likely put pressure to Italian government as its current public debit stood at 145% of the country's Gross Domestic Product, the highest among its European peers. Pressure of rate hike is likely to put additional strain on the European countries in 2023 on top of the on-going conflict between Russian and Ukraine.

Given the trend of inflation and interest rate hikes, the biggest question is if inflation falls fast enough, and far enough, for the Fed and ECB to avoid tightening monetary policy too far. From a valuation standpoint, domestic equity markets are not necessarily cheap with the forward price/earnings ratio of the S&P 500 at nearly the 25-year average. If inflation falls towards 2% and interest rates ease somewhat, equities may be a good value and could provide attractive near-term returns as will long duration fixed income.

The Fund is positioned relatively neutral overall, with a target to equities that is in line with long-term expectations. Volatility within both the equity and credit markets is likely to remain elevated, though that volatility could lead to interesting investment opportunities for talented active managers. Given that the Fund invests solely in actively managed funds, the outlook for the Fund, relative to peers, remains strong for the coming quarters. There may, however, be bouts of underperformance mixed in with expected periods of outperformance, so overall tracking error versus the Fund's benchmarks may increase, even if the Fund delivers attractive levels of return.

As of March 31, 2023, Touchstone Value Fund made up 15.1%, Touchstone Growth Opportunities Fund made up 11.1%, and Touchstone Sands Capital Emerging Markets Growth Fund made up 5.9% of Touchstone Dynamic Allocation Fund. Current and future portfolio holdings are subject to change.

Alpha is the portion of a portfolio's total return that is unique to that portfolio and is independent of movements in its benchmark.

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

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	09/30/04	**TSMAX**	89154Q307	1.67%	1.16%
C Shares	09/30/04	**TSMCX**	89154Q406	3.39%	1.91%
Y Shares	12/09/05	**TSMYX**	89154Q505	1.66%	0.91%
Total Fund Assets	**$63.8 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 0.49% for Class A Shares, 1.24% for Class C Shares and 0.24% for Class Y Shares. These expense limitations will remain in effect until at least 04/29/24.*

Share class availability differs by firm.

Annualized Total Returns** *(As of 03/31/23)*

	1Q23	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	4.49%	4.49%	-7.20%	6.90%	2.33%	4.06%	4.80%
C Shares	4.28%	4.28%	-7.91%	6.12%	1.57%	3.45%	4.46%
Y Shares	4.50%	4.50%	-7.03%	7.16%	2.57%	4.32%	5.07%
Benchmark 1^	7.31%	7.31%	-7.44%	15.36%	6.93%	8.06%	7.27%
Benchmark 2^^	2.93%	2.93%	-4.61%	-2.02%	1.05%	1.62%	3.37%
Including Max Sales Charge							
A Shares	-0.75%	-0.75%	-11.85%	5.08%	1.12%	3.45%	4.46%
C Shares	3.28%	3.28%	-8.77%	6.12%	1.57%	3.45%	4.46%

Max 5.00% sales charge for Class A Shares and 1% Contingent Deferred Sales Charge for Class C Shares held less than 1 year.

^Benchmark - MSCI All Country World Index[1]

^^Benchmark - Bloomberg U.S. Universal Index[2]

[1]The MSCI All Country World Index measures the equity market performance of developed and emerging markets.

[2]The Bloomberg U.S. Universal Index represents the union of the U.S. Aggregate Index, U.S. Corporate High Yield Index, Investment Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index, and the non-ERISA eligible portion of the CMBS Index. The index covers USD-denominated, taxable bonds that are rated either investment grade or high-yield.

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.

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

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.*

*****The performance presented for Class Y Shares combines the performance of an older class of shares (A Shares) from the Fund's inception, 09/30/04, with the performance since the inception date of each share class.***

A Word About Risk

The value of an investment in the Fund is based on the performance of the underlying funds in which it invests and the allocation of its assets among those funds. The underlying funds may change their investment goals, policies or practices and there can be no assurance that the underlying funds will achieve their respective investment goals. Because the Fund invests in mutual funds, shareholders indirectly bear a proportionate share of the expenses charged by the underlying funds in which it invests. The principal risks of an investment in the Fund include the principal risks of investing in the underlying funds. The Fund's ability to achieve its investment goal depends upon the sub-adviser's skill in selecting the best mix of underlying funds. 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. 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. Financial institutions could suffer losses if interest rates rise or economic conditions deteriorate. The principal risks of an investment in the Fund include the principal risks of investing in the underlying funds in addition to those of the Fund. The Fund invests in equities which are subject to market volatility and loss. The Fund invests in foreign securities, foreign depositary receipts, emerging markets and frontier markets securities which carry the associated risks of economic and political instability, market liquidity, currency volatility and differences in accounting standards that differ from those of U.S. markets and offer less protection to investors. The Fund invests in fixed-income securities which can 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. The Fund invests in non-investment grade debt securities which are considered speculative with respect to the issuers' ability to make timely payments of interest and principal, may lack liquidity and has had more frequent and larger price changes than other debt securities. The Fund invests in derivatives which may expose the Fund to additional risk than directly investing in securities and may lack a liquid market, are subject to counterparty risk and leverage risk which could result in increased volatility of returns as well as losses. Liquidity risk may exist when particular investments are difficult to purchase or sell, which can reduce an underlying fund's return. Leverage can create an interest expense that may lower the Fund's overall returns. There can be no guarantee that a leveraging strategy will be successful. 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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