

# Touchstone Dynamic Equity Fund

## Sub-Advised by: Wells Capital Management, Inc. <sup>◇</sup>

Multi-Asset – Specialty

1Q/2019

### Fund Facts (As of 03/31/19)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio*	
				Total	Net
A Shares	03/31/05	TDEAX	89154X195	2.40%	2.30%
C Shares	03/31/05	TDECX	89154X187	3.24%	3.05%
Y Shares	07/01/78	TDEYX	89154X179	1.95%	1.95%
INST Shares	12/09/05	TDELX	89154X161	1.96%	1.96%
<b>Total Fund Assets</b>	<b>\$59.4 Million</b>				

\*Expense ratio is annualized. Data as of the current prospectus. Touchstone Advisors, Inc. and the Funds Trust have entered into a contractual expense limitation agreement whereby Touchstone Advisors will waive a portion of its fees or reimburse certain Fund expenses (excluding dividend and interest expenses relating to short sales; interest; taxes; brokerage commissions and other transaction costs; portfolio transactions and investment related expenses; other expenditures which are capitalized in accordance with U.S. generally accepted accounting principles; the costs of "Acquired Fund Fees and Expenses," if any; and other extraordinary expenses not incurred in the ordinary course of business) in order to limit certain annual Fund operating expenses to 1.55% for Class A Shares, 2.30% for Class C Shares, 1.30% for Class Y Shares and 1.25% for Class INST Shares. This contractual expense limitation is effective through 04/29/20.

### Annualized Total Returns\*\* (As of 03/31/19)

Class	1Q19	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Including Max Sales Charge							
A Shares	0.46%	0.46%	-9.62%	0.50%	1.81%	6.05%	7.58%
C Shares	4.59%	4.59%	-5.72%	1.73%	2.26%	5.87%	6.93%
Excluding Max Sales Charge							
A Shares	5.77%	5.77%	-4.10%	2.50%	3.03%	6.68%	7.73%
C Shares	5.59%	5.59%	-4.76%	1.73%	2.26%	5.87%	6.93%
Y Shares	5.85%	5.85%	-3.77%	2.85%	3.37%	6.99%	8.00%
INST Shares	5.83%	5.83%	-3.79%	2.83%	3.35%	6.99%	8.01%
Benchmark <sup>^</sup>	13.65%	13.65%	9.50%	13.51%	10.91%	15.92%	11.74%

Max 5.00% 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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
A Shares	-10.34%	7.18%	4.95%	6.84%	3.64%	19.00%	6.56%	7.84%	6.25%	4.47%
Benchmark <sup>^</sup>	-4.38%	21.83%	11.96%	1.38%	13.69%	32.39%	16.00%	2.11%	15.06%	26.46%

<sup>^</sup>Benchmark - S&P 500<sup>®</sup> Index<sup>1</sup>

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](http://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.

### Morningstar Ratings (As of 03/31/19)

	Overall	3 Year	5 Year	10 Year
A Shares	★★★★	★★	★★★★	★★★★
C Shares	★★★★	★★	★★	★★★★
Y Shares	★★★★	★★	★★★★	★★★★★
INST Shares	★★★★	★★	★★★★	★★★★★
Funds in Options-based Category	—	94	64	13

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.**

**\*\*The performance presented for Class A, C, and INST Shares combines the performance of an older class of shares (Y Shares) from the Fund's inception, 07/01/78, with the performance since the inception date of each share class.**

**◇ On October 1, 2016, Analytic Investors LLC was acquired by Wells Capital Management, Inc. and on November 1, 2018, Wells Capital Management, Inc. became the name of the Fund's sub-advisor.**



### Objective

The Fund seeks to obtain long-term capital appreciation from hedged equity investments with less risk than a fully invested, unhedged equity portfolio by investing in a combination of equity securities, short-term debt securities and derivative instruments.

### Investment Style

- Invests primarily in long and short positions of U.S. large-cap stocks, although it may invest in small- and mid-cap stocks
- Utilizes a proprietary model that attempts to determine a security's intrinsic value by evaluating variables such as relative valuation, price momentum, company fundamentals, liquidity and risk
- Buys securities "long" that are believed will outperform and sells securities "short" on those believed will underperform
- Intends to take long and short equity positions that may vary over time based on an assessment of market conditions and other factors
- Seeks to reduce overall portfolio risk through the use of options, primarily focusing on writing call options

### Sub-Advisor

Wells Capital Management, Inc. <sup>◇</sup>

Managed Fund since 07/1978

### Portfolio Managers

Dennis Bein, CFA

- Investment Experience: Since 1991

Harindra de Silva Ph.D., CFA

- Investment Experience: Since 1986

Gregory McMurrin

- Investment Experience: Since 1977

Ryan Brown, CFA

- Investment Experience: Since 2007

Not FDIC Insured | No Bank Guarantee | May Lose Value



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DISTINCTIVELY ACTIVE<sup>®</sup>

**Fund Characteristics** (As of 03/31/19)

	Touchstone Dynamic Equity Fund	
	Long Positions	Short Positions
Number of holdings	266	96
Market capitalization		
\$25 billion and over	79.5%	-1.2%
\$10 billion to <\$25 billion	17.9%	-4.2%
\$2 billion to <\$10 billion	17.1%	-12.5%
less than \$2 billion	0.5%	-1.3%
Weighted average market capitalization (\$ billion)	\$192.0	\$9.8
Median market cap (\$ billion)	\$23.8	\$7.0
P/E (wtd. harmonic avg.)*	19.1x	12.9x
P/B (wtd. harmonic avg.)	3.1x	1.9x
Portfolio turnover rate <sup>2</sup>	267%	N/A

Source: Wells Capital Management, Inc.

\*Excluding negative earnings

<sup>2</sup>The portfolio turnover rate is annualized as of 12/31/18. Subject to change.

The Weighted Harmonic Average measures the valuation of the portfolio as a whole. For price/earnings ratio, it is the ratio of the portfolio's total market value in equities to its share of the underlying stocks' earnings. For price/book ratio, it is the ratio of the portfolio's total market value in equities to its share of the underlying book value. This method evaluates the entire portfolio like a single stock and it minimizes the impact of outliers.

**Top 5 Equity Holdings of Fund** (As of 03/31/19)

(% of Portfolio)	Long Positions	(% of Portfolio)	Short Positions
1	Microsoft Corp.	4.1	1 White Mountains Insurance Group
2	Apple, Inc.	3.4	2 SPXW 04/18/19 WC2760 04/19/19
3	Amazon.com Inc.	3.0	3 Stericycle, Inc.
4	Mastercard Inc.	2.5	4 WP Carey Inc.
5	Alphabet Inc. Class A	2.1	5 First Republic Bank

Source: BNY Mellon Asset Servicing

**Portfolio Composition** (As of 03/31/19)

	Long Positions (% of Portfolio)	Short Positions (% of Portfolio)
Equities	115.0	-19.2
Cash Equivalents	4.2	0.0

Source: Wells Capital Management, Inc.

**Top 5 Sectors of Fund** (As of 03/31/19)

(% of Portfolio)	Long Positions	(% of Portfolio)	Short Positions
1	Information Technology	21.8	1 Financials
2	Financials	14.9	2 Real Estate
3	Health Care	14.4	3 Industrials
4	Industrials	12.2	4 Consumer Discretionary
5	Communication Services	10.7	5 Utilities

Source: Wells Capital Management, Inc.

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.

<sup>1</sup>The S&P 500 Index is a group of 500 widely held stocks and is commonly regarded to be representative of the large capitalization stock universe.

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.

**A Word About Risk**

The Fund invests in equities which are subject to market volatility and loss. The Fund invests in stocks of large-cap companies which may be unable to respond quickly to new competitive challenges. The Fund invests in stocks of small- and mid-cap companies, which may be subject to more erratic market movements than stocks of larger, more established companies. 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 invests in covered call options which may result in limited gains and illiquidity for the option or for the security. Premiums generated from these options typically result in tax consequences. The Fund invests in derivatives such as forward currency exchange contracts, 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. 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. Gains or losses from speculative positions in a derivative may be much greater than the original cost and potential losses may be substantial. When the Fund has a cash balance, any market upswing may adversely affect the Fund's performance. The Fund may experience higher portfolio turnover which may lead to increased fund expenses, lower investment returns and higher short-term capital gains taxable to shareholders. 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.

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 advisor or download and/or request one at [TouchstoneInvestments.com/resources](http://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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