Touchstone High Yield Fund

Sub-Advised by: Fort Washington Investment Advisors, Inc.◊

Income – High Yield Bond 4Q/2020

Fund Manager Commentary

As of December 31, 2020

Fund Highlights

- Seeks to achieve a high level of income by investing primarily in non-investment-grade debt securities
- Evaluates overall investment opportunities and risks in different industries focusing on those that exhibit the potential for stability and predictability
- Eliminates certain types of securities from purchase due to their structure
- Applies rigorous credit selection process in an effort to identify securities that offer attractive opportunities

Market Recap

Returns were mixed early in the fourth quarter of 2020 with risk assets vacillating between optimism and pessimism. However, election clarity combined with positive COVID-19 vaccine news in early November reignited risk-taking which led to strong returns in the quarter. Movement towards a Phase 4 stimulus package later in the quarter provided support as the year came to a close.

The 10-year U.S. Treasury rate drifted higher throughout the quarter finishing at 0.91 percent. After initial weakness, oil (as measured by West Texas Intermediate (WTI)) rallied sharply climbing from $36 in late October to $48 at year-end, its highest close since late February, 2020.

As in the prior quarter, low quality led within High Yield, though by a greater margin in the fourth quarter. With the rise in oil prices and economic optimism, Energy issuers rebounded sharply with CCC-rated Energy, Oil Field Services and Independent Energy issues generally increasing. Other sectors negatively impacted by COVID-19 continued to improve including Airlines and Aerospace/Defense. Once again, stable and previously leading sectors trailed including Health Insurance, Cable/Satellite, Building Materials, Wireless and Packaging.

Portfolio Review

The Touchstone High Yield Fund (Class A Shares Load-Waived) underperformed its benchmark, the ICE BofA Merrill Lynch High Yield Cash Pay Index, for the quarter ended December 31, 2020.

The Fund's underperformance was primarily driven by sector allocation, which was partially offset by positive individual credit selection. Within sector allocation, an underweight to Health Insurance and Wireless were additive in the quarter as these two high quality sectors meaningfully trailed benchmark returns. An underweight to Midstream Energy was additive as the entire energy complex which performed well on the back of continued economic recovery and with an increase in WTI. Overweight positioning in the Financials sector hindered performance as this high quality sector lagged returns.

Credit selection contributed, partially offsetting the sector allocation effect. The main theme dominating security selection in the quarter was the "risk-on" environment which primarily showed up in the returns of CCC-rated securities, Energy related securities and COVID-19 impacted sectors and securities that rallied on the news of the vaccines. Energy returns continue to dominate the top and bottom portions of individual attribution. Overweight positions to Ascent Resources Utica Holdings, LLC, Genesis Energy L.P., Blue Racer Midstream LLC, Unit Corporation, Precision Drilling Corporation, and Tallgrass Energy, LP were additive while underweight positioning to Transocean Ltd. and SM Energy Company (both CCC-rated) was negative. The magnitude of the effect that Energy is having on the Index has decreased as the overall spread for the sector has recovered to be more closely aligned with overall Index levels. Overweight positioning to Shutterfly, LLC, Cimpress plc and Staples Inc. (North American Delivery) NAD benefited performance as the economic recovery fueled an overall rally in risk assets and lifted these securities that had lagged earlier in the year. The Fund's underweight to certain CCC-rated securities was a headwind (Community Health Systems, Inc., Transocean Ltd. , Bombardier Inc., and SM Energy Company) as were large overweights to stable but underperforming holdings of Cooke Omega Investments Inc., CoreCivic, Inc. and Goodyear Tire & Rubber Company.

(continued)

◊ *Fort Washington is a member of Western & Southern Financial Group*

From an aggregate Fund level, there were a handful of small macro level changes made to the Fund in the fourth quarter. Three of the four largest sectors that increased in the quarter were related to Energy (Midstream and Independent Energy) and Aerospace/Defense. Increases in these sectors were driven by our belief in the sustainability of the economic recovery as well as attractive bottom-up credit selection. Funding those increases were reductions in Consumer Cyclical Services, Wireless and Metals & Mining. Reduction in these sectors were credit specific decisions based on relative value and the desire to reduce some of the larger underweights to the economic recovery. The Fund remains underweight the following sectors: Wireless, on very tight overall spreads; Chemicals, on tight valuations and cyclical nature; and Gaming, on tight valuations and uncertain recovery due to COVID-19. In aggregate, the Fund remains underweight, either on a nominal or on a risked basis, some of the subsectors still exposed to the final stages of the COVID-19 recovery (Airlines, Gaming, Leisure, etc.). On a ratings basis, there was not a significant level of change in allocation between BB-, B- and CCC-rated securities.

The Fund does not seek to take an explicit position on duration; instead, duration is typically kept fairly close to the overall market. Duration is currently slightly longer than the market as the Fund is underweight CCC-rated securities as well as some of the shortest to mature segments of the market. Duration positioning provided little impact to returns in the quarter.

Outlook and Conclusion

The pace of the economic recovery in the latter half of 2020 has been torrid. Similarly, we saw spreads hit their widest deciles at the onset of the COVID-19 pandemic, but now they are approaching their tightest quartile – a move that normally takes two to three years. We believe that we are in the midst of a new credit cycle and that financial conditions will remain accommodative as the remaining portions of the economy continue to improve and repair, especially small to medium businesses, leisure, entertainment and travel. The Fund will remain slightly long spread risk in the Fund; however, we believe that credit selection will become more important going forward as spreads have already retraced most of their widening and most sectors have compressed towards each other. Many cyclical sectors are trading tight to the overall market. Spread in sectors that remain wide to the market are primarily in the Energy space as well as COVID-19 related sectors. We are more positive on the Energy sector than we have been as it has experienced the brunt of the default cycle, WTI has recovered to a price that is profitable for many issuers, and the magnitude of fallen angels has materially changed the credit worthiness of the space. As mentioned above, we remain cautious of Airlines, Leisure, and Entertainment sectors as we believe they have rallied in excess of what their economic recovery would suggest and are still subject to the prospect of downgrades and defaults if the final stages of the recovery take longer than anticipated. The Fund's underweight to CCC-rated securities could be a headwind if spreads continue to compress from current levels. Offsetting this, however, is the Fund's overweight to B-rated securities and underweight in BB-rated securities.

As of December 31, 2020 Ascent Resources Utica Holdings, LLC, 7.00% 11/01/2026 made up 0.63%, Genesis Energy L.P., 5.63% 06/15/2024 made up 0.40%, Genesis Energy L.P., 8.00% 01/15/2027 made up 0.16%, Genesis Energy L.P., 6.25% 05/15/2026 made up 0.25%, Blue Racer Midstream LLC, 6.63% 07/15/2026 made up 0.61%, Blue Racer Midstream LLC, 7.63% 12/15/2025 made up 0.39%, Unit Corporation made up 0.19%, Precision Drilling Corporation, 7.75% 12/15/2023 made up 0.43%, and Tallgrass Energy Partners, LP, 5.50% 01/15/2028 made up 0.13%, Tallgrass Energy Partners, LP, 5.50% 09/15/2024 made up 0.22%, Tallgrass Energy Partners, LP, 6.00% 12/31/2030 made up 1.00%, Cimpress plc, 7.00% 06/15/2026 made up 1.27%, Staples Inc. 7.50% 04/15/2026 made up 0.49%, Bombardier Inc., 6.00% 10/15/2022 made up 0.30%, Cooke Omega Investments Inc., 8.50% 12/15/2022 made up 1.07%, CoreCivic Inc., 4.63% 05/01/2023 made up 0.54%, CoreCivic, Inc. 5.00% 10/15/2022 made up 0.63%, Transocean Ltd., SM Energy Company, Shutterfly, LLC, Goodyear Tire & Rubber Company and Community Health Systems, Inc. made up 0.00% of the Touchstone High Yield Fund. Current and future portfolio holdings are subject to change.

Fund Facts (As of 12/31/20)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	05/01/00	**THYAX**	89154W809	1.25%	1.05%
C Shares	05/23/00	**THYCX**	89154W882	2.35%	1.80%
Y Shares	02/01/07	**THYYX**	89154W817	0.89%	0.80%
INST Shares	01/27/12	**THIYX**	89154W775	0.75%	0.72%
Total Fund Assets	**$192.9 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 1.05% for Class A Shares, 1.80% for Class C Shares, 0.80% for Class Y Shares and 0.72% 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	10 Year	Inception
Excluding Max Sales Charge							
A Shares	6.24%	3.98%	3.98%	4.76%	6.49%	5.20%	6.35%
C Shares	6.05%	3.19%	3.19%	4.00%	5.69%	4.56%	6.08%
Y Shares	6.41%	4.26%	4.26%	5.06%	6.78%	5.48%	6.56%
INST Shares	6.30%	4.34%	4.34%	5.13%	6.84%	5.53%	6.51%
Benchmark^	6.45%	6.20%	6.20%	5.90%	8.41%	6.61%	7.30%
Including Max Sales Charge							
A Shares	2.84%	1.90%	1.90%	3.06%	5.47%	4.69%	6.10%
C Shares	5.05%	2.20%	2.20%	4.00%	5.69%	4.56%	6.08%

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

^Benchmark - ICE BofA Merrill Lynch High Yield Cash Pay Index[1]

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 for Class C, Y, and INST Shares combines the performance of an older class of shares (A Shares) from the Fund's inception, 05/01/00, with the performance since the inception date of each share class.***

[1]The ICE BofA Merrill Lynch High Yield Cash Pay Index is an unmanaged index used as a general measure of market performance consisting of fixed-rate, coupon-bearing bonds with an outstanding par which is greater than or equal to $50 million, a maturity range greater than or equal to one year and must be less than BBB/Baa3 rated but not in default.

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 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 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 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. 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.

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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