

Fund Manager Commentary

As of 03-31-2026

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

The first quarter was marked by heightened volatility as geopolitical tensions surrounding Iran drove a sharp shift in market sentiment. Risk assets were supported by solid economic data early in the quarter, but a late-February escalation triggered a spike in oil prices and a broad risk-off move, with commodities leading gains. Brent crude surged nearly 95% for the quarter, its largest increase since 1990, while high yield declined after ten consecutive months of gains. Credit spreads widened 50 basis points (bps) to 317bps, and yields rose to 7.40%. BB rated bonds outperformed lower quality segments, and energy related sectors were among the few bright spots, benefiting from higher oil prices, while Packaging and Paper lagged amid company specific and demand-related pressures.

The U.S. Federal Reserve (Fed) paused its easing cycle, holding rates steady after late-2025 cuts, though internal divisions persisted as policymakers balanced softening labor data against inflation risks. High yield issuance totaled just over \$80 billion, up 15.9% year-over-year, with activity concentrated in higher quality credits (BBs and Bs) and driven in part by merger and acquisition related deals. Overall, markets reflected increased uncertainty, tighter financial conditions, and a more cautious risk environment.

Portfolio Review

The Touchstone High Yield Fund (Class A Shares, Load Waived) outperformed its benchmark, the ICE BofA High Yield Cash Pay Index, for the quarter ended March 31, 2026.

The quarter was characterized by a flight-to-quality, with BBs outperforming lower-rated credits, alongside early declines in rates followed by spread widening amid geopolitical tensions and heightened energy volatility. Sector allocation contributed positively, driven by over weights to energy related sectors

such as Oil Field Services, Midstream, and Independent Energy, as well as an underweight to Technology. These gains were partially offset by weakness in Paper and Finance Companies. Security selection also added value, with contributions from Ineos Finance plc and Michaels Companies Inc. outweighing detractors in Goodyear Tire and Rubber Co. and Goeasy Ltd.

Ineos benefited from supply chain disruptions and cost advantages tied to U.S. feedstocks, while Michaels saw improved fundamentals from higher same-store sales and competitor closures, alongside a refinancing that extended maturities. In contrast, Goodyear lagged due to weaker volume guidance and rising input costs tied to higher oil prices, and Goeasy declined following a spike in charge-offs that raised concerns around asset quality and liquidity.

Portfolio risk positioning remained relatively stable, with modest increases in credit exposure and opportunistic adjustments across sectors and holdings. Additions included Nielsen IQ, Albertsons Companies Inc., and Molina Healthcare Inc., while TransDigm Inc., Air Lease Corp., and Edison International were exited. Sector shifts favored Automotive, Media, and Supermarkets, while reducing Aerospace, Diversified Manufacturing, and Airlines. The Fund also added select term loans viewed as attractive refinancing opportunities. Duration ended at 2.67 years, slightly short relative to the benchmark, as Treasury yields rose late in the quarter amid geopolitical developments.

Outlook and Conclusion

Geopolitics and monetary policy drove markets during the quarter, as escalation of the Iran conflict pushed energy prices sharply higher—Brent crude rose nearly 95%, its largest quarterly gain since 1990. At the same time, the Fed paused its easing cycle after late-2025 rate cuts, signaling policy is near neutral but highlighting tensions between a softening labor market and persistent inflation. Economic signals remain mixed, with resilient hard data but weaker sentiment and moderating growth expectations. Despite this uncertainty and emerging

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stagflation concerns, credit markets have remained relatively resilient, with spreads still near historically tight levels. In this environment, portfolios have benefited from emphasizing income and maintaining a higher-quality bias.

Given current valuations, we continue to favor higher-quality, less cyclical sectors and remain underweight CCCs, which are most vulnerable in a downturn. We see better value in BB

and B credits, where income remains attractive and downside resilience is stronger, particularly if rates decline. While recent spread widening has modestly improved opportunities, it has not created a broad dislocation. The Iran conflict underscored how quickly sentiment can shift, reinforcing the importance of valuation discipline and credit quality, with flexibility to add lower-quality exposure if valuations become more compelling.



Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	05/01/00	THYAX	89154W809	1.35%	0.99%
C Shares	05/23/00	THYCX	89154W882	4.41%	1.72%
Y Shares	02/01/07	THYYX	89154W817	1.02%	0.80%
INST Shares	01/27/12	THIYX	89154W775	0.85%	0.72%

Total Fund Assets \$110.0 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 0.99% for Class A Shares, 1.72% 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 01/29/27.

Share class availability differs by firm.

Annualized Total Returns

	1Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	-0.18%	-0.18%	6.73%	7.58%	3.59%	4.86%	5.76%
C Shares	-0.37%	-0.37%	5.87%	6.74%	2.80%	4.08%	—
Y Shares	-0.13%	-0.13%	6.86%	7.81%	3.84%	5.12%	5.97%
INST Shares	-0.11%	-0.11%	6.95%	7.90%	3.92%	5.20%	5.96%
Benchmark	-0.53%	-0.53%	6.94%	8.46%	4.20%	6.03%	6.56%
Including Max Sales Charge							
A Shares	-3.43%	-3.43%	3.26%	6.40%	2.91%	4.51%	5.63%
C Shares	-1.35%	-1.35%	4.87%	6.74%	2.80%	4.08%	5.00%

Benchmark - ICE BofA High Yield Cash Pay 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.

ICE BofA 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 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](https://www.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)		(% of Portfolio)
1	Dreyfus Government Cash Mgmt Instl 2.6	7	CCO Holdings, LLC/ CCO Holdings Capital Corp. 4.25%
2	CQP Holdco LP & Bip-V Chinook Holdco LLC 5.5%	8	Albertsons Cos Inc / Safeway Inc / New Albertsons LP / Albertsons LLC / (AI) 1.2
3	Carnival Corporation 5.875%	9	Voyager Parent LLC 9.25%
4	The Allstate Corporation 6.85214%	10	AHP Health Partners Inc. 5.75%
5	Zegona Finance PLC 8.625%		
6	Energy Transfer LP 3.69175%		

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 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 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's service providers are susceptible to cyber security risks that could result in losses to a Fund and its shareholders. Cyber security incidents could affect issuers in which a Fund invests, thereby causing the Fund's investments to lose value. 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/](https://www.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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