Fund Manager Commentary

As of September 30, 2025

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

Market strength extended into the third quarter, as investors largely looked past ongoing tariff pressures and signs of a weakening labor market. The quarter concluded with strong, broad-based gains across major asset classes. Gold led the way with standout performance, followed by small-cap equities showing notable strength. Large-cap equities delivered solid returns, while U.S. bonds posted more modest but still positive gains.

High Yield remained resilient, delivering positive gains for the quarter with limited volatility. For a second consecutive quarter, CCCs led returns, followed by BBs and Bs. Spreads remained rangebound during the period before finishing on the tighter end at 267 basis points (bps) (5th percentile). Yields tightened by 36bps, ending the quarter at 6.70%.

Media Entertainment and Refining led the market higher, driven by recently downgraded Warner Brothers Discovery which was markedly higher on surprising news that Paramount was preparing a bid for the company. Within Refining, PBF Energy outperformed following positive news from the EPA which granted exemptions from annual biofuel-blending requirements. Railroads was the only sector to post negative returns, led lower by Brightline East which is experiencing financial strain on lower-than-expected ridership and higher expenses.

In addition to tariffs, labor market weakness emerged as a key theme during the quarter. The July jobs report was notably weaker than expected, including a downward revision of 258,000 for May and June, marking the largest set of monthly revisions since the pandemic. August payrolls also disappointed, rising by just 22,000 versus projections of 75,000, leaving the unemployment rate at 4.3%.

With attention on the labor market, the U.S. Federal Reserve (Fed) delivered the first rate cut of 2025 at their September meeting—a 25bps move that lowered the target range for the federal funds rate to 4.00-4.25%. Federal Reserve Chair Powell framed the cut as risk management in response to downside risks in the labor market. Moreover, the median dot plot points to further cuts ahead, with 50bps of additional cuts projected among participants by year end 2025.

The High Yield market priced $118 billion (bln) during the quarter with $58 bln in deals coming in September, marking the third busiest primary month in history. Issuance was concentrated in BB and B issuers, with CCCs accounting for just 5%. Investor demand remained supportive, with over $10 bln in net inflows during the quarter.

Portfolio Review

The Touchstone High Yield Fund (Class A Shares, Load Waived) underperformed its benchmark, the ICE BofA High Yield Cash Pay Index, for the quarter ended September 30, 2025.

Attribution from sector allocation was positive. Overweight positioning in Energy related sectors such as Oil Field Services was positive as the sector was the top performer in the quarter. An underweight to Railroads was also positive as it was the worst performing, and only negative, sector in the quarter. Overweight positioning in Packaging was negative; however, credit selection within the sector more than offset the allocation headwind.

Attribution from security selection was negative. The primary themes for the quarter were CCCs meaningfully outperformed BB/Bs, rates were broadly unchanged but with

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Fort Washington is a member of Western & Southern Financial Group meaningful volatility intra-quarter, and sector returns were broad based and positive with only one sector having a negative return.

Overweight positioning in craft retailer Michaels Companies Inc. was positive on increased same store sales and uplift seen from the closing of two competitors – JoAnne's Fabrics and Party City. The equity holder also continues to be active in buying back debt in the open market to deleverage the balance sheet.

Overweight positioning in cable operator Cable One Inc. was positive as the company has been rumored to be working on a refinancing deal to take care of its 2026 convertible maturity with a new debt issue, lifting the entire capital structure.

Overweight positioning in AlticeUSA was negative as the domestic cable operator sold off after the news that the company was no longer actively engaged with the co-op debtholder group and has changed its restructuring advisors. This caused bonds to sell off on anticipation of a delayed deal and one that may be more coercive than initially anticipated.

Underweight positioning in Warner Brothers Discovery Inc. was negative as the recent fallen angel was rumored to be an acquisition target of Investment Grade rated Paramount. The news was a surprise to the markets as the equity and bonds rallied materially.

Aggregate risk positioning for the Fund was relatively stable in the quarter. Changes in holdings and sector allocation were all opportunistic and relative value based. The Fund started the quarter 0.23 years of B-equivalents and ended the quarter at approximately 0.24 years B-equivalents while remaining slightly higher in credit quality.

The largest increases in sector allocations were in Consumer Cyclical Service, Airlines, and Media Entertainment. The largest decreases were in Aerospace/Defense, Healthcare REITs, and Cable Satellite. Duration of the Fund at quarter end was 2.54 years. The Fund started the quarter approximately -0.25 years relative and ended the quarter at -0.32 years relative. The 10-year Treasury was relatively unchanged in the quarter though experienced meaningful volatility.

Outlook and Conclusion

The market is trying to digest meaningful, and sometimes conflicting, changes in data and interpret the correct outcomes for markets. Survey data is coming in soft while hard data remains largely positive. Growth expectations have come down while thoughts on tariffs and knock-on effects weigh on sentiment and risk. Notable downward revisions in the jobs reports have markets, and the Fed, shifting focus toward the aggregate employment picture. The outcomes are highly uncertain, and data could be at odds with one another as the Fed weighs its dual mandate on employment and inflation. Credit markets have remained robust throughout the hiking cycle and into the beginning stages of this current cutting cycle with most spread markets still inside of their tightest deciles. Financial conditions and GDP growth have remained solid; but expectations have materially shifted from a robust jobs market to one of potential softness. Within credit markets, we have seen the benefits of maximizing spread/income into portfolios while maintaining a higher quality bias.

At this stage of the credit cycle and valuations, we are preferring slightly higher quality and/or less cyclical sectors while trying to maximize income as spreads remain inside of their tightest decile. We are underweight CCC-rated securities as this segment of the market will experience the most default losses if high floating rate debt leads to balance sheet stress and the weakest high yield issuers can no longer service their obligations. The same could also be true for companies within cyclical sectors where the combination of operating leverage and financial leverage can produce balance sheet strain if economic conditions deteriorate and stay suppressed for too long. We have seen some signs of stress whereby several large, overleveraged capital structures have been downgraded, meaningfully underperformed, and have begun the process of distressed debt exchanges. It is also worth noting that defaults within leveraged loans, where the predominance of merger and acquisitions (M&A) has been financed over the last decade, are at highs commensurate with the Great Financial Crisis (GFC) and COVID pandemic while bond defaults are toward their lows. We maintained risk positioning in the quarter, keeping yield and income in the Fund while still maintaining a higher quality bias.

We find the best value in the market to currently be in the BB/B categories as this segment has the best characteristics going forward – meaningful income and yield in the current environment and the likelihood to sell off less in the case of a material misstep by the Fed or other global macro developments. These segments also have a higher duration and can experience some stability in the face of spread widening as the Treasury market typically rallies in that scenario, something we have not seen yet and are watching closely. The underweight to higher spreading CCCs has the potential to be a headwind if we are able to avoid a recession and the widest parts of the market carry or tighten from here. The Fund is positioned well to eventually rotate into B and CCC-rated securities once valuations become more compelling.

Our outlook for High Yield is neutral as we are balancing attractive yields of 6.67% and spreads inside of their tightest deciles with fair company fundamentals and a relatively stable default rate outlook. Current spread levels do not leave much room for further tightening; however, the current level of yields is able to absorb and offset some spread widening should the economy have a soft landing or a bumpy transition to the next cycle. We anticipate this default cycle to be less than historic averages as issuers have termed out maturities and balance sheets are in relatively good shape. The new issue calendar in high yield has been robust for BB/B-rated companies while CCC-rated issuers are struggling to bring new deals. The predominance of M&A and leveraged

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buyout issuance has occurred in the leveraged loan market which is seeing default rates higher than at any time since the GFC. We will be monitoring markets closely and looking for relative value swaps whereby we can increase income in the Fund's portfolio without taking undue credit risk; if spreads were to widen and begin to start pricing in weak or recession-like scenarios, we are positioned to take advantage by selling some higher-quality BB/BBB paper and rolling into lower-rated credits with attractive total return characteristics.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	05/01/00	**THYAX**	89154W809	1.39%	1.05%
C Shares	05/23/00	**THYCX**	89154W882	4.69%	1.75%
Y Shares	02/01/07	**THYYX**	89154W817	1.07%	0.81%
INST Shares	01/27/12	**THIYX**	89154W775	0.87%	0.73%
Total Fund Assets	**$107.3 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 1.04% for Class A Shares, 1.74% 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 01/29/26.

Share class availability differs by firm.

Annualized Total Returns

	3Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	1.98%	5.88%	5.94%	9.95%	4.63%	4.73%	5.82%
C Shares	1.67%	5.20%	5.07%	9.08%	3.82%	4.10%	5.60%
Y Shares	2.10%	5.99%	6.25%	10.22%	4.89%	4.99%	6.03%
INST Shares	2.12%	6.19%	6.34%	10.31%	4.98%	5.08%	6.02%
Benchmark	2.41%	7.09%	7.23%	10.94%	5.50%	6.06%	6.75%
Including Max Sales Charge							
A Shares	-1.32%	2.44%	2.54%	8.73%	3.95%	4.21%	5.62%
C Shares	0.67%	4.20%	4.08%	9.08%	3.82%	4.10%	5.60%

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 High Yield Cash Pay Index

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.

Top 10 Holdings of Fund

		(% of Portfolio)
1	CCO Holdings LLC / CCO Holding 4.25% 02/01/31	1.7
2	CQP Holdco LP / BIP-V Chinook 5.50% 06/15/31	1.6
3	Allstate Corp. 7.41% 08/15/53	1.5
4	Energy Transfer LP 3.99% 11/01/66	1.5
5	Goodyear Tire & Rubber Co. 5.63% 04/30/33	1.2
6	Air Lease Corp. 4.65% 06/15/74	1.2
7	Turning Point Brands Inc. 7.63% 03/15/32	1.2
8	AHP Health Partners, Inc. 5.75% 07/15/29	1.2
9	Carriage Services, Inc. 4.25% 05/15/29	1.1
10	Algonquin Power & Utilities Corp. 4.75% 01/18/82	1.1

Source: BNY Mellon Asset Servicing

The 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 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 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/resources or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

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