

# Touchstone Flexible Income Fund

Sub-Advised by: Bramshill Investments, LLC<sup>Ⓓ</sup>

Updated 11/30/2018

Multi-Asset Income

3Q/2018

## Fund Facts (As of 09/30/18)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio*	
				Total	Net
A Shares	04/01/04	FFSAX	89154Q620	1.11%	1.06%
C Shares	10/29/01	FRACX	89154Q612	1.86%	1.81%
Y Shares	09/01/98	MXIIX	89154Q596	0.87%	0.81%
INST Shares	09/10/12	TFSLX	89154Q588	0.83%	0.71%
<b>Total Fund Assets</b>	<b>\$884.5 Million</b>				

\*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, 1.79% for Class C Shares, 0.79% for Class Y Shares and 0.69% for Class INST Shares. These expense limitations will remain in effect until at least 10/26/19.

Fifth Third Strategic Income Fund Class I Shares became Touchstone Flexible Income Fund Class Y Shares on 09/10/12.

## Annualized Total Returns\*\* (As of 09/30/18)

Class	3Q18	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Including Max Sales Charge							
A Shares	-4.58%	-5.62%	-4.79%	1.50%	2.98%	7.32%	6.00%
C Shares	0.03%	-1.31%	-0.69%	2.78%	3.46%	7.16%	5.43%
Excluding Max Sales Charge							
A Shares	1.21%	0.14%	1.04%	3.53%	4.21%	7.96%	6.19%
C Shares	1.03%	-0.33%	0.29%	2.78%	3.46%	7.16%	5.43%
Y Shares	1.27%	0.42%	1.29%	3.81%	4.50%	8.23%	6.55%
INST Shares	1.30%	0.40%	1.40%	3.88%	4.59%	8.28%	6.64%
Benchmark <sup>^</sup>	0.02%	-1.60%	-1.22%	1.31%	2.16%	3.77%	6.78%

Max 2.00% 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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
A Shares	6.51%	3.64%	2.32%	6.98%	0.66%	9.07%	5.79%	12.45%	36.58%	-20.90%
Benchmark <sup>^</sup>	3.54%	2.65%	0.55%	5.97%	-2.02%	4.21%	7.84%	6.54%	5.93%	5.24%

<sup>^</sup>Benchmark - Bloomberg Barclays U.S. Aggregate Bond 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/pricing-performance](http://TouchstoneInvestments.com/pricing-performance).** 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.

## Yield - Class A Shares (As of 09/30/18)

	Touchstone Flexible Income Fund
30-Day SEC Yield	3.28%
30-Day Unsubsidized <sup>†</sup> SEC Yield	3.22%

<sup>†</sup>Unsubsidized is calculated without expense waivers. **The 30-Day SEC Yield** is calculated by dividing the net investment income per share (as defined by industry regulations) earned by a fund over a 30-day period by the maximum public offering price. This number is then annualized. **The 30-Day SEC Yield** reflects the rate at which a fund is earning income on its current portfolio of securities and does not necessarily reflect income actually earned and distributed by a fund and, therefore, may not be correlated with a fund's past distributions actually paid to shareholders.

## Morningstar Ratings (As of 09/30/18)

	Overall	3 Year	5 Year	10 Year
A Shares	★★★★	★★	★★★★	★★★★
C Shares	★★★	★★	★★★★	★★★★
Y Shares	★★★★	★★★★	★★★★	★★★★★
INST Shares	★★★★	★★★	★★★★	★★★★★
Funds in Multisector Bond Category	—	278	215	132

The Morningstar Rating<sup>TM</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>TM</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.

\*\*Class A, Class C and Class Y shares performance was calculated using the historical performance of the Fifth Third/Maxus Income Fund Investor shares, with an inception date of March 10, 1985, for periods prior to April 1, 2004, October 29, 2001 and September 1, 1998, respectively. Institutional Class shares performance information was calculated using the historical performance of Class Y shares for the periods prior to September 10, 2012. The returns have been restated to reflect sales charges and fees applicable to Class A, Class C, Class Y and Institutional Class shares.

## Objective

The Fund seeks a high level of income consistent with reasonable risk by investing primarily in income producing securities.

## Investment Style

- Primarily invests in investment grade corporate bonds, high yield corporate bonds, preferred stocks, U.S. municipal bonds and U.S. Treasuries
- Actively manages the portfolio by rotating among asset classes and tactically hedging during various interest rate and market environments
- Seeks to identify relative value across asset classes and capture opportunities primarily within the corporate, U.S. Treasury, municipal and preferred security markets
- Analyzes and targets the portfolio's level of risk and interest rate sensitivity
- Selects individual positions based on security credit metrics and structures
- Focuses on liquid securities with transparent pricing and actively-traded capital structures

## Sub-Advisor

**Bramshill Investments, LLC<sup>Ⓓ</sup>**

Managed Fund since 11/2018

## Portfolio Managers

### Art DeGaetano

- Investment Experience: Since 1992

### Derek Pines

- Investment Experience: Since 2000

### Michael Hirschfield, CFA

- Investment Experience: Since 2003

### Paul van Lingen

- Investment Experience: Since 1995

<sup>Ⓓ</sup>Effective November 30, 2018, Bramshill Investments, LLC was appointed sub-advisor to the Touchstone Flexible Income Fund.

Not FDIC Insured | No Bank Guarantee | May Lose Value



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DISTINCTIVELY ACTIVE<sup>®</sup>

**Fund Characteristics** (As of 09/30/18)

	Touchstone Flexible Income Fund
Number of holdings <sup>^</sup>	225
Effective Duration of Bonds & Preferreds (89.9% of Portfolio)	3.5 years
Portfolio turnover rate*	100%

Source: ClearArc Capital, Inc.

<sup>^</sup>Total number of holdings includes cash equivalents and excludes derivatives  
\*The portfolio turnover rate is annualized as of 03/31/18. Subject to change.

**Country Distribution** (As of 09/30/18)

(% of Portfolio)	Touchstone Flexible Income Fund
United States	81.1
Non-United States	18.9

**Currency Distribution** (As of 09/30/18)

(% of Portfolio)	Touchstone Flexible Income Fund
1 U.S. Dollar	100.1
2 Japanese Yen	0.1
3 Euro	-0.1

Source: ClearArc Capital, Inc.

**Top 10 Holdings of Fund** (As of 09/30/18)

(% of Portfolio)	Touchstone Flexible Income Fund
1 Royal Bank of Scotland 7.50% 12/29/49	2.1
2 Andeavor Logistics 6.88% 02/15/56	2.0
3 ING Groep NV 6.00% 12/31/49	1.9
4 Banco Santander 6.38% 08/19/56	1.9
5 Catlin Insurance 5.32% 07/29/49	1.6
6 Reinsurance Group 5.00% 12/15/65	1.5
7 Australia & New Zealand Banking 6.75% 12/29/49	1.5
8 Lloyds Banking Grp. PLC 7.50% 04/30/49	1.5
9 U.S. Treasury N/B 2.75% 08/15/21	1.5
10 U.S. Treasury N/B 2.75% 02/15/28	1.4

Source: BNY Mellon Asset Servicing

**Portfolio Composition** (As of 09/30/18)

	(% of Portfolio)
Bonds	51.6
Preferreds	38.4
High Dividend Equities	4.4
REITs	4.3
Derivatives	0.9
Cash Equivalents	0.5
ETFs	0.0
Commodities	0.0
Closed end Funds	0.0

Source: ClearArc Capital, 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.

The indexes mentioned are unmanaged statistical composites of stock market or bond market performance. Investing in an index is not possible.

<sup>1</sup>The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index comprised of U.S. investment grade, fixed rate bond market securities, including government, government agency, corporate mortgage-backed securities between one and ten years.

**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.**

**Touchstone Funds are distributed by Touchstone Securities, Inc.\***

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**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 invests in value stocks which may not appreciate in value as anticipated or may experience a decline in value. The Fund invests in foreign securities which carry the associated risks of economic and political instability, market liquidity, currency volatility and differences in accounting standards. The Fund invests in preferred stocks which are relegated below bonds for payment should the issuer be liquidated. The fixed dividend may be less attractive in a rising interest rate market. The Fund invests in REITs; the risks are similar to those associated with direct ownership of real estate. Shareholders will indirectly bear the additional expenses of investing in REITs. The Fund invests in convertible securities which are subject to the risks of both debt securities and equity securities. The Fund invests in debt 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. When interest rates rise, the price of debt securities generally falls. Longer term securities are generally more volatile. The Fund invests in investment grade debt securities which may be downgraded by a Nationally Recognized Statistical Rating Organization (NRSRO) to below investment grade status. 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 U.S. government and agency securities which are neither issued nor guaranteed by the U.S. Treasury and are not guaranteed against price movements due to changing interest rates. The Fund invests in mortgage-backed securities and asset-backed securities which are subject to the risks of prepayment, defaults, changing interest rates and at times, the financial condition of the issuer. The Fund invests in other investment companies such as closed-end funds and ETFs which are subject to substantially the same risks as those associated with the direct ownership of the securities comprising the portfolios; however, the price movements of the investment companies may not track the underlying securities or market index; the value of their shares may be lower than the value of the portfolio securities, and may be illiquid and shareholders will bear, indirectly, the additional expenses of investing in other investment companies. 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. Gains or losses from speculative positions in a derivative may be much greater than the original cost and potential losses may be substantial. 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 the sub-advisor to manage the Fund's portfolio; the sub-advisor's judgment may impact the Fund's performance.



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