

Touchstone Ultra Short Duration Fixed Income Fund

Sub-Advised by: Fort Washington Investment Advisors Inc

Income - Ultrashort Bond

2Q/2026

Fund Manager Commentary

As of 06-30-2026

Fund Highlights

- Targets goals through a short duration, low risk approach
- Emphasizes mortgage-backed and asset-backed securities, which are backed by income-producing assets; inefficiencies in these markets make them attractive for active management
- Seeks to keep duration less than a year, which reduces duration risk compared to longer duration portfolios
- Higher credit quality portfolio seeks to avoid higher risk strategies, such as non-dollar currencies and lower quality credits
- Seeks to complement more opportunistic fixed income, equity or hedge fund strategies

Market Recap

Economic growth remained stable throughout the first half of 2026 and is expected to remain near trend over the coming quarters. Growth has been supported by rising capital expenditures, due in large part to the AI buildout, as well as consumer spending that benefited from accommodative fiscal policy. However, consumer tailwinds were partially offset by higher oil prices as tensions in the Middle East disrupted energy markets and traffic through the Strait of Hormuz. As the quarter progressed, signs of de-escalation between the U.S. and Iran helped oil prices decline from their highs.

While inflation expectations ended the quarter higher, concerns around a renewed inflation shock eased as Middle East tensions moderated. Nevertheless, inflation is still expected to remain well above the Federal Reserve's (Fed) target for the remainder of the year. Kevin Warsh, the new Chair of the Federal Open Market Committee (FOMC), emphasized this point in his June press conference. Although rates were held unchanged, the FOMC removed its easing preference from the statement, and Chair Warsh reinforced the Fed's focus on price stability. He also appeared to step back from traditional forward guidance, which could create additional uncertainty around policy communication.

Against this backdrop, the labor market has remained relatively stable. The unemployment rate declined in June, while payroll growth has improved since last year's weakness. A resilient labor market should continue to support wages, but wage growth is not fully keeping pace with inflation. This increases pressure on lower-income households, particularly those that are not benefiting as directly from strong equity markets.

Portfolio Review

The Touchstone Ultra Short Duration Fixed Income Fund (Class A Shares, Load Waived) outperformed its primary benchmark, the ICE BofA 3-Month U.S. Treasury Bill Index and outperformed its secondary benchmark, the ICE BofA Merrill Lynch 1-Year U.S. Treasury Note Index, for the quarter ended June 30, 2026. The Fund benefited primarily from carry during the quarter as tighter credit spreads helped offset the impact of higher front-end Treasury yields. Although the Fed held rates steady, its more hawkish stance pushed short and intermediate-term yields higher, creating a headwind for duration-sensitive holdings. The Fund's shorter-duration profile, income generation, and high-quality positioning helped mitigate the impact of rising rates. Sector allocation had little effect on relative performance, with all major sectors posting positive returns. Commercial mortgage backed securities (CMBS), collateralized loan obligations (CLO), asset backed securities (ABS), corporate bonds, and residential mortgage backed securities (RMBS) all contributed, though non-agency RMBS lagged due to greater duration exposure. The Fund changes were modest and driven by relative value opportunities rather than fund flows. The Fund increased allocations to ABS and RMBS while reducing exposure to corporate bonds and CMBS. ABS purchases focused on high-quality, short-duration sectors including subprime auto, equipment, consumer, and whole business securitizations. The team also selectively added to CMBS, CLOs, and RMBS where spreads and convexity compensation were attractive, while limiting corporate bond purchases given tight valuations. Overall, the Fund maintained a high-quality bias, modestly increased cash, and continued to emphasize carry, liquidity, and short-duration spread exposure. Duration remained near the team's neutral target and modestly short relative to broader fixed income markets, helping limit the impact of higher Treasury yields. Floating-rate securities and cash continued to benefit from elevated front-end rates, while the

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team selectively added short fixed-rate securities where yields were attractive. The balanced allocation across fixed-rate, floating-rate, and cash positions enabled the Fund to preserve income generation while limiting sensitivity to higher rates and a more hawkish Fed.

Outlook and Conclusion

Short duration assets did not see material spread widening early in the quarter despite macro volatility related to tensions in the Middle East. Valuations have returned to historically tight levels in most securitized sectors, and corporate bond valuations are especially tight. The team is still finding value in ABS in the 1 to 2-year part of the curve and in select opportunities in CMBS, RMBS and CLOs.

We expect carry to remain the primary driver of returns over the next 6 to 12 months. Despite tighter spreads, a modestly steeper curve has kept yields attractive and helped preserve the yield

advantage of ultra short duration strategies relative to cash and money market funds. While the opportunity set is less broad than it was when spreads were wider, short-duration securitized credit continues to offer pockets of value. We expect to remain neutral duration given low conviction in the direction of interest rates. The team believes the Fed is likely to remain on hold for the remainder of 2026.

We believe the Fund remains well positioned for investors with a 6 to 12 month investment horizon. Elevated front-end yields continue to provide meaningful income, while the Fund's short duration, high average credit quality and emphasis on liquidity should help manage volatility if rates or spreads move against the market. The team expects to maintain a balanced posture, prioritizing carry and quality while remaining opportunistic in sectors where spreads compensate investors for the underlying risk.



Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	04/12/12	TSDAX	89155T680	0.70%	0.65%
C Shares	04/12/12	TSDCX	89155T672	1.38%	1.14%
Y Shares	04/12/12	TSYYX	89155T664	0.43%	0.40%
Z Shares	03/01/94	TSDOX	89155H678	0.74%	0.65%
INST Shares	04/12/12	TSDIX	89155T656	0.39%	0.35%
S Shares	10/27/17	SSSGX	89155T581	0.96%	0.90%

Total Fund Assets \$1.0 Billion

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 0.65% for Class A Shares, 1.14% for Class C Shares, 0.40% for Class Y Shares, 0.65% for Class Z Shares, 0.35% for Class INST Shares, and 0.90% for Class S Shares. These expense limitations will remain in effect until at least 01/29/27.

Share class availability differs by firm.

Annualized Total Returns

	2Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	0.94%	1.78%	4.12%	5.51%	3.70%	2.65%	3.21%
C Shares	0.82%	1.53%	3.72%	4.99%	3.19%	2.14%	2.71%
Y Shares	1.11%	2.01%	4.49%	5.78%	3.97%	2.91%	3.33%
Z Shares	0.94%	1.78%	4.12%	5.47%	3.70%	2.64%	3.22%
INST Shares	1.02%	1.93%	4.54%	5.82%	4.01%	2.96%	3.35%
S Shares	0.99%	1.76%	3.97%	5.25%	3.47%	2.40%	2.96%
Benchmark	0.89%	1.74%	3.84%	4.64%	3.52%	2.34%	2.60%
Benchmark 2	0.61%	1.21%	3.37%	4.38%	2.70%	2.08%	—
Including Max Sales Charge							
A Shares	-1.08%	-0.26%	2.04%	4.80%	3.29%	2.45%	1.96%
C Shares	-0.18%	0.53%	2.72%	4.99%	3.19%	2.14%	1.61%

Benchmark - ICE BofA 3-Month U.S. Treasury Bill Index

Benchmark 2 - ICE BofA 1 Year Treasury Note Index

Max 2% sales charge for Class A Shares and 1% Contingent Deferred Sales Charge for Class C Shares held less than 1 year.

The ICE BofA 3-Month U.S. Treasury Bill Index is an unmanaged index of Treasury securities maturing in 90 days that assumes reinvestment of all income. ICE BofA 1 Year Treasury Note Index is an unmanaged index comprised of a single issue purchased at the beginning of the month and held for a full month. The issue selected at each month-end rebalancing is the outstanding 2 year Treasury Note Bill that matures closest to, but not beyond 1 year from the rebalancing date.

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.** 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.

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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Not FDIC Insured | No Bank Guarantee | May Lose Value

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 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 investment grade debt securities which may be downgraded by an NRSRO to below investment grade status. The Fund invests in U.S. government 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 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 subadvisors. 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 invests in municipal securities which may be affected by uncertainties in the municipal market related to legislation or litigation involving the taxation of municipal securities or the rights of municipal security holders in the event of bankruptcy and may not be able to meet their obligations. 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. The Fund invests in repurchase agreements which are considered loans by the Fund and may suffer a loss of principal and interest in the event of counterparty defaults. The Fund invests in Collateralized Loan Obligations (CLOs) that have risks that largely depend on the type of underlying collateral and risks may include illiquidity, limited active market, the possibility that distributions from collateral securities will be insufficient to make interest or other payments, the potential for a decline in the quality of the collateral, and can bear the risk of default by the loans. 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.



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