

Touchstone Securities, Inc.
REGULATION BEST INTEREST DISCLOSURE
AS OF June 30, 2020

Touchstone Securities, Inc. (“Touchstone”) provides You with this Regulation Best Interest Disclosure (“Disclosure”) to describe certain material facts We have identified with respect to recommendations regarding Your retail brokerage transaction through Touchstone. This Disclosure does not seek to impose any additional contractual obligations, restrictions, liabilities or additional costs on You.

This document is updated when material changes to its content are necessary. Please be sure to refer to the most recent version of this document. For the most up to date version, please visit <https://www.westernsouthern.com/-/media/files/touchstone/tsi-reg-bi-disclosure.pdf>.

Definitions

We, Us, or Our – means the Touchstone Private Funds Distribution Channel and any employee, contractor, or agent, with The Touchstone Private Funds Distribution Channel. These terms also include an entity or individual in which any of those entities and individuals have an interest that may affect Our best judgment.

You or Your – means you as the retail investor, or your legal representative.

Product – means the Private Fund(s) We may recommend.

Broker – any person or firm engaged in the business of effecting transactions in securities for the accounts of others.

Private Fund – a pooled investment vehicle that is excluded from the definition of investment company under the Investment Company Act of 1940 by section 3(c)(1) or 3(c)(7) of that Act.

Private Equity Funds – a Private Fund pursuing an investment strategy focused on equity investments.

Private Debt Funds – a Private Fund pursuing an investment strategy focused on fixed income or debt investments.

Managing Member or General Partner – the entity that makes investment decisions on behalf of a Private Fund.

Member or Limited Partner – any person or entity that purchases a Private Fund Interest in a Private Fund.

Private Fund Interests – The portion of a Private Fund owned by a Member or Limited Partner as governed by the terms of the Private Fund’s fund agreement, PPM, executed subscription agreement, and, if applicable, side letter.

Management Fee – a fee paid to the Managing Member or General Partner of the Private Fund for managing the Private Fund on behalf of the Members or Limited Partners.

Private Placement Memorandum (“PPM”) – an offering memorandum explaining the terms and conditions of the Private Funds.

Capital Commitment or Capital Contribution – the money which an investor has agreed to contribute to a Private Fund.

Commission – a payment made based on the value of Your Capital Commitment or Capital Contribution to a Private Fund.

Material Facts Relating to the Scope and Terms of Our Relationship

Touchstone is a registered broker-dealer with the U.S. Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”) and Securities Investor Protection Corporation (“SIPC”), and acts as the sole placement agent for its affiliate, Fort Washington Investment Advisors, Inc. (“Fort Washington”). As a Broker, Touchstone offers brokerage services to retail investors through its facilitation of the sale of Private Fund Interests through the Touchstone Private Funds Distribution Channel. We will recommend investments to You as a retail investor but You will make the ultimate investment decision regarding the investment strategy and the purchase or sale of investments. We will offer assistance with developing or executing Your investment strategy by discussing with You Your investment goals and objectives. Touchstone does not accept discretionary authority and will not provide ongoing monitoring of Your brokerage accounts. Your registered representative, in addition to providing brokerage services to You through Touchstone, is an employee of Fort Washington.

We offer a limited selection of investments. There are other firms that offer a wider range of choices, some of which have lower costs. Our Private Fund Interest offerings are through our affiliate company, Fort Washington. Each Private Fund we offer has an investment minimum. The investment minimum for the Private Debt Funds we offer generally range from \$500,000 to \$1,000,000. The investment minimum for our Private Equity Funds we offer is generally \$5 million. These minimums are negotiable. Other Private Funds may not require a set minimum investment. Touchstone and its representatives may receive up-front and continuing commissions as a result of its placement agent activities. Fort Washington, and not the Limited Partners, will be solely responsible for all fees and expenses of Touchstone and its associated persons related to any investment in the Private Funds. Touchstone may, in its sole discretion, waive any fees payable by Fort Washington with respect to a Private Fund Interest, including employees or affiliates of Fort Washington who purchase a Private Fund Interest.

Material Fees and Costs

Generally, fees are charged in accordance with the fee schedule in effect at the time of the transaction. However, all fees and account minimums are subject to negotiation. Some affiliates are subject to alternative fee arrangements. Fees are collected directly by Fort Washington.

- **Private Debt Fund Interests.** A Fort Washington wholly-owned subsidiary serves as the Managing Member of each Private Debt Fund we offer. This Managing Member will collect a Management Fee from each Member, which will serve as payment for services rendered. The Management Fee will be payable quarterly, in advance, based on the value of each Member’s investment as of such date as calculated by the Managing Member. The Managing Member may, in its sole discretion, charge a lower Management Fee to any individual Member (including, without limitation, a waiver of such fee for certain affiliates of Fort Washington). The fees received by the Managing Member will be payable regardless of whether the Private Debt Fund outperforms or underperforms with respect to its benchmark, and continues to apply even if the fund and its Members suffer investment losses. For current detailed descriptions of the investment minimums of and fees charged by a Private Debt fund, please refer to its individual PPM.
- **Private Equity Fund Interests.** A Fort Washington wholly-owned subsidiary serves as the General Partner of each Private Equity Fund we offer. You will find detailed descriptions of the fees and expenses ultimately paid by the Limited Partners in a Private Equity Fund within its PPM. The following are types of fees that You might be charged:
 - **Management Fee.** Each Private Equity Fund will pay the General Partner a Management Fee for the duration of the fund’s life (typically 10-15 years), in an annual aggregate amount equal to the amount of capital committed to the Private Equity Fund by each Limited Partner

multiplied by the applicable fee rate over time. The General Partner may, in its sole discretion, waive, reduce, or calculate differently Management Fees with respect to certain Limited Partners. For current detailed fee schedules for the Private Equity Fund Offerings, please refer to the Fund's PPM.

- **Private Fund Expenses** – Members and Limited Partners in Private Funds will also bear their applicable portion of a Private Fund's organizational, operating, and expenses as specifically outlined in each Private Fund's PPM.

Product Offerings

Touchstone limits its Product offerings to Private Funds sponsored by Fort Washington. As such, a representative may only make recommendations from this Product shelf. Additional types of securities products are not offered through Touchstone and cannot be recommended by its registered representatives. This is a very limited Product set, and other broker-dealers will likely offer more products.

Conflicts of Interest

A conflict of interest is defined as “an interest that might induce Touchstone or a natural person who is an associated person of Touchstone – consciously or unconsciously – to make a recommendation that is not disinterested.” Our compensation can, and typically does, vary depending on the choices You make about purchasing, making additional deposits to, and taking distributions from Your investment in a Private Fund. These compensation arrangements and their variations, which are described below, are considered to be Conflicts of Interest. We have identified the following as potentially implicating material conflict of interest concerns, and We have developed policies and procedures designed to mitigate them:

1. **New Customer Conflict.** We will not receive any compensation unless a customer chooses to purchase Private Fund Interests through Us. As a result, representatives are incentivized to recommend that You purchase Private Fund Interests.
2. **Proprietary Products.** All of the Products We recommend are proprietary Products, which means the Products are managed, issued or sponsored by Us or Our affiliated companies. With respect to Private Fund Interests, We recommend only interests in Fort Washington's Private Funds. In addition to the compensation received by Touchstone and its registered representatives when these Products are recommended to and purchased by customers, Fort Washington will receive separate fees and compensation in its roles as the General Partner/Managing Member and investment manager of the Private Fund. The sale of proprietary Products increases revenue to Our companies. As a result, Our representatives are further incentivized to recommend that You purchase Private Fund Interests.
3. **Commissions – Our Registered Representatives.** Our registered representatives receive commissions when they sell a Product. Commissions are calculated differently for Debt Funds and Private Equity Funds, and commission rates will vary by fund. As a result, and depending on the Product ultimately chosen by you and the size of such investment, our representatives may be incentivized to recommend a product that generates a higher commission for them.

The customer diligence process is designed to collect enough information to determine whether the Product is suitable for You. Our offering documents include questionnaires to confirm Your risk profile, liquidity needs, investment sophistication, tax situation, as well as other factors.

Supervising Principal must approve the registered representative's product recommendation based on the customer-provided data prior to accepting the subscription.

- a. **Private Debt Fund Interests.** Commissions paid on Private Debt Fund Interests are paid quarterly as a percentage of the revenue generated from the Private Fund's Management Fee collected by the Managing Member on the Private Fund Interests sold in the prior quarter over the course of a three year period. As the commission is calculated by multiplying the Management Fee revenue collected by the applicable commission rate, our registered representatives will receive a larger commission the larger Your investment is.
- b. **Private Equity Fund Interests.** Commissions on Private Equity Fund Interests are comprised of two separate commission payments, depending on the date on which Your commitment is closed. The first payment will be earned on the date on which Your commitment is closed and a second payment will be earned upon the final closing of the applicable fund (i.e. the date on which no additional commitments to the fund will be accepted). The commission amounts are calculated by multiplying the applicable commission rate by the size of Your investment.

For the Private Equity Funds, registered representatives will generally receive a higher commission for transactions that take place within approximately the first six months from the date on which a Private Fund is launched. This means that our registered representatives are generally incentivized to facilitate transactions within the first few months following the Private Equity Fund's launch.

4. **Override Commissions and Sales Incentives– Our Managers.** The Fort Washington Business Development Manager / Supervisory Principal will receive commissions on their own sales and an override commission on sales generated by the registered representatives of the Touchstone Private Funds Distribution Channel.
5. **Parallel and Custom Fund Vehicles.** Depending on the circumstances, You may desire to be placed in your own stand-alone fund vehicle as a separate parallel fund or "sleeve" of a larger fund. These fund sleeves are only formed upon the mutual agreement of You and Fort Washington, and may have different terms and fee structures compared to the main fund. Differences in fee structures could impact the commission rates applicable to our registered representatives. Additional details concerning sleeve or "parallel" fund vehicles may be found in each fund's offering documents.
6. **Affiliated and Employee Transactions.** Touchstone, and its affiliated companies and their respective employees who invest in the Private Funds may pay a lower fee and invest under the stated minimum in the PPMs.

Only You are entitled to rely on this Disclosure. This Disclosure does not amend or supersede any of Your existing agreements with Us or Fort Washington. Except as specifically provided otherwise, this disclosure does not take precedence, nor is it controlling over, those agreements, including but not limited to applicable termination, damages, limitations, claims and arbitration, and choice of law.

We appreciate Your business and look forward to continuing to help You pursue Your financial goals. If You have any questions about this information, please contact Us.