Touchstone Active Bond Fund

Sub-Advised by: Fort Washington Investment Advisors Inc

Income – Investment Grade Bond 3Q/2026

Fund Manager Commentary

As of 09-30-2026

Fund Highlights

- Utilizes an active management framework seeking to maximize total return
- Employs a disciplined selection process in an attempt to build a broadly diversified portfolio
- Assesses the economic environment and recent developments occurring in the bond market to set specific duration levels, yield-curve structures, sector weightings and credit-quality targets
- Utilizes a team of sector specialists to recommend securities

Market Recap

The U.S. economy continued to expand near its trend rate during the third quarter, supported by capital expenditures associated with AI infrastructure and continued consumer spending. At the same time, inflation, monetary policy and geopolitical developments remained important sources of uncertainty. Higher energy prices related to conflicts in the Middle East and between Russia and Ukraine added pressure for consumers, particularly lower-income households.

The Federal Reserve raised the federal funds target rate by 25 basis points in September, citing elevated inflation and a steady labor market. Investors generally viewed the action as the beginning of a mid-cycle recalibration rather than an aggressive tightening cycle. Treasury yields rose steadily as market participants reassessed the outlook for monetary policy, economic growth, inflation and fiscal policy, while interest-rate volatility increased. The 10-year U.S. Treasury yield rose approximately 80 basis points during the quarter, and the yield curve flattened modestly. Credit spreads remained within a relatively narrow range near historically tight levels.

Portfolio Review

The Touchstone Active Bond Fund (Class A Shares, Load Waived) underperformed its benchmark, the Bloomberg U.S. Aggregate Bond Index, for the quarter ended September 30, 2026.

Interest-rate management was the primary detractor from relative performance. The Fund began and ended the quarter with longer duration than the benchmark and tactically adjusted its positioning as rates fluctuated. Because interest rates rose meaningfully during the period, the longer-duration bias detracted from relative results. Yield-curve positioning also detracted modestly. The Fund was overweight the longer portion of the curve in the first half of the quarter and shifted that overweight toward the intermediate portion during the second half.

Security selection contributed positively to relative performance, led by selection within securitized credit, including an overweight allocation to collateralized mortgage obligations. Selection within investment-grade corporate credit was largely neutral. Sector allocation was also a modest positive contributor, primarily reflecting overweight allocations to investment-grade credit and securitized products.

Near quarter-end, the Fund increased its exposure to agency residential mortgage-backed securities based on relative value amid elevated interest-rate volatility and reduced its Treasury exposure. Other sector allocations were generally unchanged, and portfolio activity remained focused on security-specific opportunities within each sector. The Fund maintained a 30% risk-budget target.

Outlook and Conclusion

Valuations across credit markets remained expensive relative to historical levels, while monetary policy, inflation, fiscal policy and geopolitical developments continued to create uncertainty. We maintained a modest overweight to risk, representing 30% of our risk budget, while retaining capacity to add exposure if valuations become more favorable. We remained overweight investment-grade credit, emphasizing liquid, higher-quality issues. Securitized products remained a modest risk overweight, with a higher-quality bias and a focus on residential mortgage-backed securities and selected commercial mortgage-backed securities. We maintained a neutral weighting to emerging-market debt and a higher-quality bias within high-yield corporate credit.

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Intermediate and long-term interest rates were near the upper end of our fair-value range, supporting a modest duration bias. The Fund remained overweight the intermediate portion of the yield curve relative to the benchmark. Interest-rate volatility may remain elevated as economic data influences expectations for monetary policy and as geopolitical developments evolve. We expect to continue making tactical duration and yield-curve adjustments while emphasizing security selection and a measured approach to credit risk.

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Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	10/03/94	**TOBAX**	89154W502	0.97%	0.83%
C Shares	10/03/94	**TODCX**	89154W601	2.44%	1.50%
Y Shares	04/12/12	**TOBYX**	89154W791	0.72%	0.58%
INST Shares	04/12/12	**TOBIX**	89154W783	0.62%	0.50%

Total Fund Assets $254.3 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 and other expenses, if any) to 0.83% for Class A Shares, 1.50% for Class C Shares, 0.58% for Class Y Shares, and 0.49% 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

	3Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	-4.07%	-3.51%	-2.23%	4.38%	-0.59%	1.45%	4.13%
C Shares	-4.22%	-3.90%	-2.87%	3.64%	-1.29%	0.71%	3.31%
Y Shares	-4.02%	-3.33%	-1.98%	4.64%	-0.34%	1.69%	4.25%
INST Shares	-4.00%	-3.16%	-1.90%	4.74%	-0.25%	1.79%	4.29%
Benchmark	-3.51%	-2.91%	-1.84%	4.06%	-0.64%	1.14%	4.42%
Including Max Sales Charge							
A Shares	-7.19%	-6.64%	-5.40%	3.24%	-1.24%	1.11%	4.02%
C Shares	-5.16%	-4.83%	-3.80%	3.64%	-1.29%	0.71%	3.31%

Benchmark - Bloomberg U.S. Aggregate Bond 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.

The Bloomberg 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 and mortgage backed securities between one and ten years.
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.

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 investment grade debt securities which may be downgraded by an NRSRO to below investment grade status. 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 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 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 sub-advisors. The Fund invests in derivatives and securities such as forward foreign 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 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 emerging markets securities which are more likely to experience turmoil or rapid changes in market or economic conditions than developed countries. The Fund invests in sovereign debt securities which are issued by foreign governments whose respective economies could have an important effect on their ability or willingness to service their debt which could affect the value of the securities. The Fund invests in mortgage dollar rolls which involve increased risk and volatility, as the securities the Fund is required to repurchase may be worth less than the securities that the Fund originally held. 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 collateralized loan obligations 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. 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'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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