Touchstone Core Municipal Bond Fund

Sub-Advised by: Sage Advisory Services Ltd Co

Income - Municipal Bond 3Q/2026

Fund Manager Commentary

As of 09-30-2026

Fund Highlights

- Seeks to exploit market inefficiencies using a proprietary income, price and volatility framework
- Construct portfolios that generate consistent tax-free income by capturing diversified sources of credit, liquidity and term premiums
- Control price sensitivity at the portfolio level by managing duration and yield curve positioning
- Identify and purchase bonds that the Sub-Advisor believes are attractively priced relative to historical averages and adds positions in a risk-controlled manner
- Municipal issues are analyzed through a proprietary approach for various environmental, social and governance (ESG) criteria

Market Recap

The municipal bond market shifted from strong summer technical support to a pronounced repricing in September. Reinvestment demand and steady Fund inflows supported the market earlier in the third quarter, but conditions weakened as record issuance, declining redemption proceeds, Treasury volatility, and accelerating tax-loss harvesting increased selling pressure. The correction was driven primarily by higher interest rates, heavy supply, and reduced liquidity rather than broad-based credit deterioration, as investment-grade credit spreads remained comparatively stable.

Municipal yields moved sharply higher across the curve, with longer maturities experiencing the greatest price pressure. The curve flattened at the front and long ends while the intermediate portion steepened. Credit spreads were comparatively resilient, with modest weakness in the highest-quality categories and better relative spread performance in lower investment-grade credits. Performance dispersion was also pronounced by coupon, with 5% and higher coupons holding up better than sub-5% structures.

Record issuance remained a defining market theme, with tax-exempt supply reaching approximately $502 billion by quarter-end as seasonal redemption proceeds declined from summer peaks. Mutual fund outflows, strong exchange-traded fund demand, and tax-loss harvesting also increased secondary-market activity, creating periods of reduced liquidity and wider price dispersion. Municipal credit fundamentals remained broadly resilient, although slower tax-revenue growth, health care reimbursement uncertainty, enrollment pressures in education, and potential changes to federal funding increased the importance of issuer-level fundamental analysis.

Portfolio Review

The Touchstone Core Municipal Bond Fund (Class A Shares, Load Waived) outperformed its benchmark, the Bloomberg Municipal Bond Index, for the quarter ended September 30, 2026.

The Fund maintained a neutral duration posture relative to the benchmark. Combined duration and curve positioning detracted slightly from relative performance. Credit attribution was mixed. Security selection among A-rated and BBB-rated revenue bonds contributed, and the Fund's higher cash allocation also benefited relative performance. These benefits were partially offset by security selection among AAA-rated and AA-rated revenue bonds and among general obligation securities.

Sector positioning also produced mixed results. The Fund benefited from its above-benchmark cash position, overweight to industrial development revenue/pollution control revenue bonds, and underweight to Housing. These benefits were offset by overweights to Local General Obligation, Education, and Hospital securities, which experienced comparatively weaker performance. State positioning benefited from underweights to New York and Massachusetts and an overweight to Illinois, while the Fund's lack of California exposure, overweight to Texas, and underweight to Florida detracted.
Coupon positioning was modestly unfavorable. The Fund's overweight to securities with coupons below 5%, concentrated in the 4% to less-than-5% range, detracted as lower-coupon structures experienced greater price pressure. The overweight to 5% to less-than-6% coupons partially offset this effect as higher-coupon securities provided greater income support and price resilience.

Among the largest positive contributors to relative performance were Illinois State 5.50% bonds due May 2047, Metropolitan

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Government of Nashville 5.25% bonds due July 2053, and Rock Hill, South Carolina Utility System Revenue 5.00% bonds due January 2054. The Illinois and Nashville positions benefited from higher-coupon outperformance, while the Rock Hill position benefited from security-specific spread tightening. Among the largest detractors were Cook County, Illinois School District No. 27 4.25% bonds due December 2050, Clark County, Nevada School District 4.00% bonds due June 2042, and Eagle River, Colorado Water & Sanitation District 4.00% bonds due December 2045, each of which was negatively affected by lower-coupon underperformance.

During the quarter, the Fund maintained a mostly neutral duration posture while continuing to emphasize yield carry and spread opportunities through active security selection. The Fund retained a modest barbell curve tilt, using shorter bonds for liquidity and reinvestment flexibility while selectively adding longer high-grade positions to lock in income. The Fund also selectively increased exposure to BBB-rated credits when new-issue concessions provided opportunities for additional spread income without materially changing overall portfolio risk characteristics.

The Fund's portfolio activity continued to favor shorter-call, longer-maturity 5% coupon structures where option-adjusted yields offered relative value. Preferred areas included select health care systems, prepaid-gas transactions, essential-service revenue bonds, local general obligation credits, and issuers positioned to benefit from long-term infrastructure investment. New-issue participation remained selective, with an emphasis on concessions that could enhance income while maintaining disciplined credit and risk management.

Outlook and Conclusion

We remain constructive on the municipal market but expect continued volatility. Tax-exempt yields and taxable-equivalent income remain elevated, while municipal credit fundamentals are generally stable. However, the market continues to face heavy issuance, tax-loss harvesting, potential mutual fund outflows, Treasury volatility, persistent inflation, and uncertainty surrounding Federal Reserve policy.

We expect the Fund to maintain a duration-neutral posture and a modest barbell tilt, emphasizing liquidity and reinvestment flexibility at the short end while selectively investing in longer high-grade securities where income and carry may provide compensation for risk. We continue to prefer high-quality, higher-coupon structures, while applying greater selectivity to lower-coupon securities trading near tax-sensitive discount thresholds.

We continue to identify opportunities in essential-service revenue bonds, strong state and local general obligations, high-quality transportation credits, and selectively structured Housing and prepaid-gas bonds. Health Care requires careful analysis given Medicaid policy changes, reimbursement uncertainty, labor costs, and narrow margins among weaker issuers. We believe income carry, security selection, and tactical relative-value decisions may remain important drivers of Fund results, while maintaining a neutral duration posture and disciplined approach to credit and liquidity risk.

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Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	04/01/85	**TOHAX**	89154V603	1.16%	0.80%
C Shares	11/01/93	**TOHCX**	89154V702	4.82%	1.49%
Y Shares	08/30/16	**TOHYX**	89154V843	1.47%	0.55%
INST Shares	08/30/16	**TOHIX**	89154V835	0.83%	0.48%

Total Fund Assets $39.5 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 0.80% for Class A Shares, 1.49% for Class C Shares, 0.55% for Class Y Shares, and 0.48% for Class INST Shares. These expense limitations will remain in effect until at least 10/29/27.

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	-5.98%	-4.19%	-3.09%	2.38%	-0.48%	1.02%	4.65%
C Shares	-6.16%	-4.69%	-3.76%	1.59%	-1.28%	0.24%	3.89%
Y Shares	-5.81%	-3.98%	-2.82%	2.74%	-0.15%	1.32%	4.72%
INST Shares	-5.90%	-3.96%	-2.77%	2.68%	-0.16%	1.33%	4.73%
Benchmark	-6.35%	-4.18%	-2.68%	2.89%	-0.21%	1.51%	5.53%
Including Max Sales Charge							
A Shares	-9.04%	-7.30%	-6.24%	1.26%	-1.14%	0.68%	4.57%
C Shares	-7.09%	-5.63%	-4.70%	1.59%	-1.28%	0.24%	2.64%

Benchmark - Bloomberg Municipal 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 Municipal Bond Index is a widely recognized unmanaged index of municipal bonds with maturities of at least one year.
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.

Top 10 Holdings

		(% of Portfolio)
1	BNY Dreyfus Govt Cash Mgmt Instl	2.4
2	DULUTH MINN ECONOMIC DEV AUTH HEALTH CARE FACS REV 5%	1.3
3	GREATER TEX CULTURAL ED FACS FIN CORP TEX LEASE REV 5%	1.3
4	GRANBURY TEX 5%	1.3
5	SOUTH WASHINGTON CNTY INDPT SCH DIST NO 833 MINN 5%	1.3
6	MICHIGAN FIN AUTH REV 5%	1.3
7	BEE CAVE TEX 5%	1.3
8	MASSACHUSETTS ST DEV FIN AGY REV 5%	1.3
9	WASHOE CNTY NEV SCH DIST 5%	1.3
10	MAIN STR NAT GAS INC GA GAS SUPPLY REV 5%	1.3

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 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 Fund is subject to prepayment risk which is when a debt security may be paid off and proceeds invested earlier than anticipated. 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 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 sub-advisor considers ESG factors that it deems relevant or additive along with other material factors. The ESG criteria may cause the Fund to forgo opportunities to buy certain securities and/or gain exposure to certain industries, sectors, regions and countries. The Fund may be required to sell a security when it could be disadvantageous to do so.

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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