Touchstone Ultra Short Duration Fixed Income Fund

Sub-Advised by: Fort Washington Investment Advisors Inc

Income - Ultrashort Bond 3Q/2026

Fund Manager Commentary

As of 09-30-2026

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 resilient during the third quarter, supported by investment in AI and data center infrastructure and fiscal measures under the One Big Beautiful Bill Act. The labor market also remained resilient, while aggregate consumer spending held up despite continued weakness in consumer confidence. Persistent inflation, reflecting a combination of growth, tariffs and energy prices, reinforced expectations for interest rates to remain higher for longer.

The Federal Reserve raised its policy rate by 25 basis points in September, a move that had been fully priced into markets. Treasury yields moved higher across the front end of the curve, with the 3-month Treasury ending the quarter at 4.11%, up 30 basis points, and the 2-year Treasury ending at 4.89%, up 71 basis points. The 5-year Treasury yield increased 86 basis points to 5.09%. These moves produced further steepening in the front end of the yield curve and created a headwind for fixed-rate securities.

Credit spreads were generally stable throughout much of the quarter, although some softness emerged toward quarter-end as Treasury rate volatility increased. Spreads in securitized credit remained tight relative to history, and corporate spreads were particularly compressed. In this environment, carry remained the principal source of return for ultra short duration assets, while differences in interest-rate sensitivity contributed to dispersion across sectors.

Portfolio Review

The Touchstone Ultra Short Duration Fixed Income Fund (Class A Shares, Load Waived) underperformed its primary benchmark, the ICE BofA 3-Month U.S. Treasury Bill Index, and outperformed its secondary benchmark, the ICE BofA 1-Year U.S. Treasury Note Index, for the quarter ended September 30, 2026.

Carry was the primary driver of the Fund's return, while the meaningful move higher in short-term Treasury rates created a modest headwind. Credit spreads were generally stable through most of the quarter, though softness emerged toward the end of September alongside increased interest-rate volatility.

Collateralized loan obligations (CLO) were among the strongest-performing sectors. The Fund's CLO exposure is floating rate, allowing the sector to generate carry without experiencing the same price pressure associated with higher Treasury rates. Asset-backed securities (ABS) and corporate bonds also benefited from carry that was partially offset by higher rates. Residential mortgage-backed securities (RMBS) were the weakest-performing sector because their longer duration exposure resulted in a greater drag from rising Treasury rates. Commercial mortgage-backed securities (CMBS) also contributed positively to absolute return, although allocation and spread effects modestly detracted relative to the primary benchmark.

The Fund experienced strong inflows during the quarter. Combined with elevated maturities in ABS and CMBS, these flows contributed to an increase in liquidity. Cash increased, while CMBS and ABS declined. The Fund continued to reflect a higher-quality bias, with a weighted average credit rating of AA- and spread duration of 0.82 years.

Within securitized credit, purchases continued to emphasize areas where we believe investors are being adequately compensated for risk. ABS purchases were concentrated primarily in subprime auto and whole business securitizations in the 1- to 1.5-year portion of the curve. CLO purchases were primarily intended

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to maintain exposure, while management opportunistically added CMBS. The Fund also continued to add RMBS where compensation was considered sufficient relative to convexity risk. Corporate bond purchases remained light given tight valuations.

The Fund ended the quarter with an effective duration of 0.72 years. Duration positioning detracted from performance relative to the 3-month Treasury Bill benchmark as front-end rates moved higher, but enhanced performance relative to the 1-year Treasury Note benchmark. The Fund's floating-rate exposure was relatively insulated from the negative price impact of higher rates and continued to generate carry.

Outlook and Conclusion

Our base case remains for resilient economic growth and a higher-for-longer rate environment, supported by investment in AI and data center infrastructure, fiscal policy and a resilient labor market. Inflation remains a key risk, as strong demand, tariffs and energy prices may keep price pressures elevated. Further rate volatility could weigh on short-duration fixed income returns and contribute to spread weakness.

Credit fundamentals across the Fund's major sectors remain broadly supportive, although valuations are relatively tight. Consumer spending remains resilient in aggregate despite declining confidence, while certain lower-income borrowers continue to face pressure. Housing fundamentals remain generally firm and mortgage delinquencies low, notwithstanding pockets of weakness and pressure from elevated mortgage rates. CMBS remains the most challenged securitized sector, with the resolution of troubled properties creating a distinction between stronger assets and those facing structural or financing difficulties.

CLO structures continue to provide structural features designed to mitigate a degree of underlying credit stress, although refinancing needs among software businesses with deteriorating valuations warrant monitoring. Corporate fundamentals remain broadly sound, but substantial AI-related capital expenditure financing requirements could influence the credit landscape. We continue to prioritize quality, liquidity and security-level relative value. We expect to maintain duration near a neutral level of approximately 0.75 years and selectively add to CMBS and RMBS when pricing provides sufficient compensation for risk. ABS continues to serve as a core higher-quality exposure.

We believe carry may remain the Fund's primary source of return over the next 6 to 12 months. Higher and more volatile Treasury yields could create greater dispersion across ultra short duration strategies, while intermittent spread volatility may provide opportunities to reinvest at more favorable levels. The Fund's construction is expected to continue emphasizing income, liquidity and a higher-quality bias.

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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 $1.1 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

	3Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	0.75%	2.55%	3.71%	5.21%	3.84%	2.69%	3.21%
C Shares	0.63%	2.17%	3.20%	4.69%	3.35%	2.19%	2.70%
Y Shares	0.84%	2.87%	3.99%	5.48%	4.13%	2.96%	3.33%
Z Shares	0.86%	2.66%	3.72%	5.25%	3.87%	2.70%	3.22%
INST Shares	0.83%	2.77%	4.02%	5.52%	4.17%	3.01%	3.35%
S Shares	0.69%	2.46%	3.45%	4.95%	3.61%	2.45%	2.96%
Benchmark	0.89%	2.65%	3.65%	4.49%	3.70%	2.42%	2.61%
Benchmark 2	0.62%	1.84%	2.85%	4.18%	2.83%	2.14%	—
Including Max Sales Charge							
A Shares	-1.26%	0.50%	1.64%	4.50%	3.42%	2.48%	1.98%
C Shares	-0.37%	1.17%	2.21%	4.69%	3.35%	2.19%	1.63%

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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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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