Touchstone US Quality Bond Fund

Sub-Advised by: Earnest Partners LLC

Income - Investment Grade Bond 3Q/2026

Fund Manager Commentary

As of 09-30-2026

Fund Highlights

- Seeks to maximize total return by investing in market sectors and securities that are considered undervalued for their risk characteristics
- Focus is placed on high-quality securities, many with beneficial structures such as government guarantees or significant tangible collateral support; there is limited exposure to non-investment grade securities
- Prefers to invest in securities of government programs and companies that have sustainable operating models by considering a wide range of factors including, but not limited to, support for economic development, home ownership and job creation
- Utilizes a traditional long-only investment style and invests directly in cash bonds
- Does not invest in futures contracts, options, credit default swaps or derivatives
- Constructs a diversified portfolio across issuer, sector and industry that strives to maximize yield while minimizing the risks inherent in fixed income investing

Market Recap

The third quarter of 2026 was marked by a broad bond market selloff as renewed inflation pressures, fiscal concerns and a more hawkish Federal Reserve (Fed) pushed interest rates higher. The renewed conflict with Iran and disruptions surrounding the Strait of Hormuz contributed to higher energy and agricultural prices, while inflation measures accelerated from earlier in the year. Economic growth remained solid, supported by business investment, and manufacturing and services surveys continued to indicate expansion. Against this backdrop, the Fed raised its target range by 25 basis points (bps) in September to 3.75%–4.00%.

Treasury yields rose across the curve, led by intermediate maturities. The two year Treasury yield increased 71bps to 4.89%, while the 10-year yield rose 82bps to 5.28%. The Bloomberg U.S. Aggregate Bond Index declined during the quarter as higher rates and wider credit spreads weighed on fixed income markets. Investment-grade corporate spreads widened amid elevated issuance, including borrowing associated with AI related capital spending. Agency single-family mortgage-backed securities (SF MBS) also came under pressure as higher interest rate volatility contributed to wider spreads. In contrast, asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS) were comparatively resilient.

Portfolio Review

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

The Fund's duration and curve-neutral positioning limited the impact of rising interest rates and changes in the yield curve on relative performance during the quarter. The Fund's effective duration was 5.71 years at quarter-end, or approximately 101% of the benchmark's effective duration, compared with 99% at the beginning of the quarter. Relative performance was influenced primarily by spread sector positioning and security selection as spread products generally underperformed Treasuries.

The Fund's underweight allocations to corporate bonds and agency SF MBS, two areas that experienced weakness during the quarter, contributed to relative performance. Within corporate bonds, an overweight allocation to Utilities also contributed as the sector benefited from continued AI-related infrastructure investment. ABS security selection contributed as the Fund's holdings of primarily AAA-rated ABS demonstrated comparatively stable cash flows. The Fund's positioning of a portion of its long-duration exposure in Treasuries rather than credit also contributed as corporate spreads widened.

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These positive factors were partly offset by the Fund's overall overweight allocation to spread products as spreads generally widened. Within agency SF MBS, the Fund's middle- and higher-coupon securities detracted as increased interest rate volatility caused them to underperform lower-coupon mortgages. An overweight allocation to agency multifamily collateralized mortgage obligations also detracted, while Small Business Administration securities were negatively affected by modestly wider new-issue spreads and less consistent secondary-market trading. The Fund made no significant changes to its overall positioning during the quarter.

Outlook and Conclusion

We continue to view tight spreads and higher interest rates as key considerations for portfolio construction. Recent underperformance in agency mortgage-backed securities has improved relative valuations, although we continue to assess the potential effects of elevated mortgage rates, housing affordability, changes in credit Score standards and housing policy initiatives before increasing exposure.

Within credit, higher refinancing costs present varying challenges for corporate and structured borrowers. Many investment-grade corporate issuers extended their debt maturities during the low-rate environment, providing some insulation from higher current borrowing costs, while issuers with nearer-term maturities may face greater refinancing pressure. We continue to evaluate borrowers' balance sheets and refinancing needs and remain attentive to corporate debt issuance, including supply associated with AI-related capital spending, for indications of changing market demand and relative value.

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Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	08/16/10	**TCPAX**	89155T102	0.93%	0.76%
C Shares	08/01/11	**TCPCX**	89155T201	2.47%	1.45%
Y Shares	11/15/91	**TCPYX**	89155T409	0.50%	0.50%
INST Shares	08/01/11	**TCPNX**	89155T300	0.47%	0.41%
R6 Shares	11/22/21	**TIMPX**	89155T433	0.45%	0.37%
Total Fund Assets	**$593.5 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 0.76% for Class A Shares, 1.45% for Class C Shares, 0.51% for Class Y Shares, 0.41% for Class INST Shares, and 0.37% for Class R6 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	-3.94%	-3.14%	-1.99%	3.85%	-0.91%	0.85%	4.17%
C Shares	-4.22%	-3.65%	-2.77%	3.07%	-1.64%	0.10%	3.41%
Y Shares	-3.97%	-2.93%	-1.83%	4.12%	-0.67%	1.10%	4.44%
INST Shares	-3.95%	-2.88%	-1.76%	4.21%	-0.58%	1.20%	4.49%
R6 Shares	-3.94%	-2.86%	-1.61%	4.25%	-0.54%	1.16%	4.46%
Benchmark	-3.51%	-2.91%	-1.84%	4.06%	-0.64%	1.14%	4.53%
Including Max Sales Charge							
A Shares	-7.06%	-6.29%	-5.18%	2.72%	-1.56%	0.51%	1.70%
C Shares	-5.17%	-4.59%	-3.71%	3.07%	-1.64%	0.10%	0.97%

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 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 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 subadvisor 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. 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 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 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'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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