

Touchstone Emerging Markets Equity Fund

Sub-Advised by: AGF Investments America Inc.

Fund Manager Commentary

As of September 30, 2015

Fund Highlights

- The Fund seeks capital appreciation by primarily investing in equity securities of companies in emerging markets; it invests in companies of any size in seeking to achieve its investment goal
- Strategy is managed by a multi-ethnic and multi-lingual team whose multi-cultural composition enhances its ability to look beyond the stated financials and uncover a stock's inherent value
- Searches for companies with sustainable earnings growth prospects that are not recognized by the market and are priced at what are believed to be attractive valuations
- Maintains a four- to five-year investment horizon, however portfolio liquidity is vital to approach

Market Recap

Emerging market equities declined during the third quarter amid concerns of slowing global growth and uncertainty around the timing of an interest rate increase by the U.S. Federal Reserve Board (Fed). In particular, Latin America underperformed while the EMEA (Europe, Middle East and Africa) region fared relatively better. At the Federal Open Market Committee (FOMC) meeting in September, the Fed left short-term interest rates unchanged, but indicated that an increase would likely occur this year, which further added to the uncertainty in the market. Brazil was one of the worst performing markets during the quarter, in what was an unusually challenging macro environment for that country. During August, data reports showed Brazil's unemployment climbed notably from the same time last year, and its manufacturing activity contracted for the seventh straight month as reported by the Purchasing Managers' Index. In September, Standard & Poor's downgraded Brazil's credit rating to junk status with a negative outlook, which further put pressure on the country's equities. Following the downgrade, Brazil's finance minister proposed a new round of spending cuts and a re-introduction of a levy on banking transactions in an effort to boost government revenues.

China's equities significantly declined during the quarter, which was precipitated by disappointing economic data and the unexpected devaluation of the country's currency. China's manufacturing activity also declined during the quarter, which raised further doubts about the health of the country's economy. In the face of disappointing economic

data and, in an effort to bolster economic growth, China's central bank cut its one-year lending and deposit interest rates and lowered the amount of reserves banks are required to hold.

The Reserve Bank of India lowered its policy rates amid slowing inflation, which was the fourth rate cut in the last nine months. Similarly, Taiwan's central bank cut key policy rates at its quarterly policy meeting in order to help boost effective demand in its economy.

Portfolio Review

The Touchstone Emerging Markets Equity Fund (Class A Shares Load-Waived) outperformed its benchmark, the MSCI Emerging Markets Index, for the quarter ended September 30, 2015.

From a country perspective, overweight positions to India, Mexico and the Czech Republic, as well as underweight positions to China and Brazil contributed to Fund performance. Conversely, an underweight to South Korea, an overweight to Peru and no exposure to Russia detracted from Fund performance. Security selection within South Korea, Mexico and Taiwan contributed to performance.

One of the most significant contributors in the Consumer Staples sector was SABMiller PLC, a multinational brewing and beverage company, headquartered in the United Kingdom. SABMiller's shares rallied in early September after brewer Anheuser-Busch InBev SA indicated it intended to make an offer for the company. This transaction would unite two of the world's largest beer makers. SABMiller provided

(continued)

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/pricing-performance.**



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the highest emerging markets exposure within the Consumer Staples sector and the company has strong market positions in a number of high-growth consumption markets.

Another contributor to performance was Financials sector stock, Komerční banka AS, a leading bank in the Czech Republic. Komerční has one of the strongest commercial and corporate banking franchises in the Czech Republic, with a sizable percentage of Czech corporate clients using Komerční as their main bank. Komerční outperformed based on second-quarter results that were above expectations. In particular, adjusted earnings-per-share (EPS) data came in above consensus estimates, primarily as a result of a lower-than-expected provision charge. Capital ratios also remained strong during the third quarter. We believe the company remains well capitalized, is a highly cash-generative business and has a management team that has the ability to deliver favorable shareholder returns. Additionally, we believe the macroeconomic environment in the Czech Republic is favorable given its forecasted gross domestic product (GDP) growth, low unemployment and improving business sentiment. Within the Fund, Komerční also provides geographic diversification to the portfolio's emerging market holdings.

In the Information Technology sector, Taiwan-based Hermes Microvision Inc. detracted from performance. Hermes Microvision is a developer and manufacturer of electron-beam inspection (EBI) tools for use in semiconductor testing. (The EBI tool the company produces illuminates a specimen and produces a magnified image that has a better resolution than optical inspection.) Hermes Microvision declined after company management pointed to a decline in third-quarter revenues and lowered guidance for its 2015 revenue growth. The lower guidance was due to a push-out in orders following issues at the manufacturing facilities of two key customers, as well as due to a slowdown in electron-beam inspection. Going forward, we believe the Fund's investment thesis for the company is intact, and we anticipate solid sales growth, improving margins and rising asset turns on the back of more efficient plants that will increase economies of scale and lead to higher penetration.

In the Consumer Discretionary sector, Brazil-based company Localiza Rent A Car SA detracted from Fund performance. Localiza is the largest auto rental and fleet management company in Latin America. The company's shares retreated amid a broader slide in Brazilian equities and concerns over a tougher, more competitive landscape. However, with the company's strong market share, we believe the scale of the company should position it to better withstand a competitive market environment.

The most significant changes with regard to Fund positioning were a reduction in the portfolio's weighting to Brazil and an increase in its weighting to China/Hong Kong. We trimmed Brazil-based company OdontoPrev SA and purchased China-based company Sinopharm Group Co. Ltd. and Hong Kong-based company AIA Group Ltd.

Outlook and Conclusion

Over the long term, we believe countries that implement reform measures should benefit from higher potential growth rates and financial market outperformance. India and Mexico are examples of countries that have proposed and implemented a number of reforms, which we believe should benefit their economies and financial markets over the long term. Food prices fell during the quarter and oil-importing countries received a tailwind in the form of lower oil prices, which we believe should also keep inflation from rising materially. Whereas China also implemented a number of reform measures to boost growth, we found it difficult to find securities in China and Hong Kong that meet our criteria.

Some of the potential risks we see to emerging market equities are the timing of a U.S. interest rate increase as well as continued strength in the U.S. dollar. We believe we have constructed the Fund to help curtail these risks. For example, we have limited the portfolio's exposure to those countries with large current account deficits, such as South Africa and Brazil, as these currencies tend to be more adversely affected by rising U.S. interest rates. Deflation is also a risk that we will continue to monitor closely.

In seeking to capture attractive opportunities and help mitigate the potential risks when investing in emerging markets, we believe that active management remains key to adding value. We are long-term bottom-up investors and, as a result, have positioned the Fund to potentially benefit from exposure to the long-term secular trend of emerging market domestic demand from both consumers and enterprises.

As of September 30, 2015, SABMiller PLC made up 2.96%, Komerční banka AS made up 2.43%, Hermes Microvision Inc. made up 1.31%, Localiza Rent A Car SA made up 0.92%, OdontoPrev SA made up 0.81%, Sinopharm Group Co. Ltd. made up 1.27%, AIA Group Ltd. made up 1.43% and Anheuser-Busch InBev SA made up 0.00% of the Touchstone Emerging Markets Equity Fund. Current and future portfolio holdings are subject to risk.



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Fund Facts (As of 09/30/15)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio*	
				Total	Net
A Shares	09/30/09	TEMAX	89155H496	2.18%	1.69%
C Shares	09/30/09	TEFCX	89155H488	3.01%	2.44%
Y Shares	09/30/09	TEMYX	89155H462	1.36%	1.36%
INST Shares	09/30/09	TMEIX	89155H470	1.29%	1.29%
Total Fund Assets		\$259.3 Million			

*Expense ratio is annualized. Data as of 01/30/15 prospectus. Touchstone Advisors has contractually agreed to waive a portion of its fees and/or reimburse certain Fund expenses in order to limit annual fund operating expenses to 1.69% for Class A Shares, 2.44% for Class C Shares, 1.44% for Class Y Shares and 1.29% for Class INST Shares. These expense limitations will remain in effect until at least 01/29/16.

Annualized Total Returns (As of 09/30/15)

Class	3Q15	YTD	1 Year	3 Year	5 Year	Inception
Including Max Sales Charge						
A Shares	-20.85%	-21.86%	-25.70%	-10.72%	-6.82%	-1.91%
C Shares	-17.05%	-18.35%	-22.57%	-9.62%	-6.42%	-1.69%
Excluding Max Sales Charge						
A Shares	-16.06%	-17.12%	-21.18%	-8.93%	-5.71%	-0.94%
C Shares	-16.21%	-17.53%	-21.79%	-9.62%	-6.42%	-1.69%
Y Shares	-16.05%	-16.90%	-20.98%	-8.66%	-5.42%	-0.65%
INST Shares	-15.96%	-16.80%	-20.87%	-8.57%	-5.33%	-0.53%
Benchmark [^]	-17.90%	-15.47%	-19.28%	-5.27%	-3.58%	0.04%

Max 5.75% sales charge for Class A Shares and 1% Contingent Deferred Sales Charge for Class C Shares held less than 1 year.

[^]Benchmark - MSCI Emerging Markets Index¹

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The indexes mentioned are unmanaged statistical composites of stock market or bond market performance. Investing in an index is not possible.

¹The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

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A Word About Risk

The Fund invests in equities which are subject to market volatility and loss. The Fund invests in foreign securities and foreign depositary receipts which carry the associated risks of economic and political instability, market liquidity, currency volatility and differences in accounting standards. 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 stocks of large-cap companies which may be unable to respond quickly to new competitive challenges. The Fund invests in stocks of small- and mid-cap companies, which may be subject to more erratic market movements than stocks of larger, more established companies. The Fund invests in preferred stocks which are relegated below bonds for payment should the issuer be liquidated. The fixed dividend may be less attractive in a rising interest rate market. The Fund invests in forward currency exchange contracts which may limit potential gains, do not protect against fluctuations in value of the underlying position and are subject to counterparty risk. Current and future portfolio holdings are subject to risk. The advisor engages the sub-advisor to manage the Fund's portfolio; the sub-advisor's judgment may impact the Fund's performance.

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 advisor or download and/or request one at TouchstoneInvestments.com/literature-center or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

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