

Touchstone Dynamic Equity Fund

Sub-Advised by: Analytic Investors LLC

Fund Manager Commentary

As of September 30, 2015

Fund Highlights

- Intends to take long and short equity positions that may vary over time based on an assessment of market conditions and other factors
- Utilizes a proprietary system that ranks stocks according to a quantitative model
- Seeks to determine a security's intrinsic value by evaluating variables such as relative valuation, price momentum, company fundamentals, liquidity and risk
- Utilizes portfolio optimization to select securities that Analytic believes will maximize return, minimize volatility, and diversify assets
- Attempts to create a diversified and hedged portfolio by investing in a combination of stocks, high-quality, short-term debt and derivative strategies including covered calls

Market Recap

Equities moved lower during the quarter due to concerns about the economy in China, uncertainly surrounding the direction of the U.S. Federal Reserve Board (the Fed) and falling commodity prices. News coming out of China, which included a surprise devaluation of the yuan in August, was worse than expected and was a major driver of market volatility. In addition, the prospect of a short-term interest rate hike by the Fed also weighed on the markets. Against this backdrop, the U.S. economy maintained steady economic growth. For example, economic data during July indicated a recovery, as employment data increased and initial unemployment claims declined meaningfully. In addition, U.S. economic reports were strong in August, which was led by an upward revision of gross domestic product (GDP) growth based on continued consumer spending growth.

Portfolio Review

The Touchstone Dynamic Equity Fund (Class A Shares Load-Waived) outperformed its benchmark, the S&P 500 Index, for the quarter ended September 30, 2015.

The Fund is a hedged equity fund, comprised of equities and options. During the quarter, the equity component of the Fund posted a negative absolute return but outperformed the S&P 500 Index. The call options component of the Fund posted positive returns but underperformed the passive option component of the CBOE S&P 500 BuyWrite Index

(BXM Index). Options sold on the S&P 500 Index and S&P 100 Index posted positive results, while options sold on the housing sector posted negative results.

The equity portion of the Fund is structured to be sector-, style- and beta¹-neutral relative to the S&P 500 Index. The Fund's equity investment process uses a multi-characteristic approach when valuing securities. During the quarter, the process was properly positioned to the majority of characteristics. Specifically, the Fund maintained an overweight position to companies with strong asset utilization and return-on-equity (ROE). In addition, underweight positions to companies with above-average sales-per-share volatility and companies with above-average volatility in analysts' earnings estimates benefited the Fund as these characteristics underperformed. During the quarter, the Fund's overweight position to valuation characteristics negatively impacted results, as companies with favorable cash and sales-to-price ratios underperformed.

Contributors to relative performance during the quarter included long positions in Amazon.com Inc. and The Home Depot Inc. (both Consumer Discretionary sector) and short positions in Intercept Pharmaceuticals Inc. (Health Care sector) and Genworth Financial Inc. (Financials sector). Amazon.com, an e-commerce company that sells a wide range of products and services, surged higher during the third quarter after the company posted strong profits and increased revenues during the second quarter. Home improvement retailer, The Home Depot, rallied after the company boosted earnings and sales forecasts for the year as

(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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homeowners chose to fix up their houses as U.S. home prices continued to rise. Intercept Pharmaceuticals, a biopharmaceutical company, moved lower after an analyst initiated an underweight rating ahead of FDA decisions and the company's new drug introductions. Genworth Financial, a provider of long-term care insurance, life insurance and annuity retirement solutions, moved lower after its CEO halted sales of its life insurance unit.

Detractors from Fund performance were long positions in DST Systems Inc. (Information Technology sector) and Rite Aid Corp. (Consumer Staples sector) and short positions in First Niagara Financial Group Inc. (Financials sector) and Solera Holdings Inc. (Information Technology sector). DST Systems, a provider of technology-based information processing and services solutions, declined during the third quarter after the company reported second quarter earnings that missed analyst estimates. Rite Aid, a retail drug store, moved lower after the company cut its forecast for profits based on expectations of slower growth. First Niagara Financial Group, a provider of retail and commercial banking, climbed following reports that the company is considering a possible sale or other alternatives. Solera Holdings is a provider of risk and asset management software and services to the automotive and property markets. The company's stock moved higher after Vista Equity Partners LLC agreed to buy Solera, which also included the purchase of new debt.

Outlook and Conclusion

The Fund's approach is based on the fundamental belief that there is persistency in the types of characteristics investors prefer. Thusly, we believe the Fund should benefit from continuing to be properly positioned as such. Despite the fact that valuation was not rewarded during the quarter, we continue to emphasize stocks with certain attractive valuation characteristics, such as those stocks with above-average cash flow-to-price ratios and sales-to-price ratios. In addition, we will continue to focus on companies with strong quality metrics, such as stocks with above-average asset utilization and ROE. Furthermore, we anticipate continuing to underweight companies with above-average sales-per-share volatility and companies with above-average volatility in analysts' earnings estimates.

As of September 30, 2015, Amazon.com Inc. made up 2.83%, The Home Depot Inc. made up 3.40%, Intercept Pharmaceuticals Inc. made up -0.88%, Genworth Financial Inc. made up -0.15%, DST Systems Inc. made up 1.83%, Rite Aid Corp. made up 0.60%, First Niagara Financial Group Inc. made up -1.48%, Solera Holdings Inc. made up -0.53% and Vista Equity Partners LLC made up 0.00% of the Touchstone Dynamic Equity Fund. Current and future portfolio holdings are subject to change.

¹Beta is a measure of the volatility of a portfolio relative to its benchmark.



Fund Facts (As of 09/30/15)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio*		Expense Limitation**
				Total	Net	
A Shares	03/31/05	TDEAX	89154X195	2.17%	2.08%	1.55%
C Shares	03/31/05	TDECX	89154X187	2.95%	2.83%	2.30%
Y Shares	07/01/78	TDEYX	89154X179	1.75%	1.75%	1.30%
INST Shares	12/09/05	TDELX	89154X161	1.75%	1.75%	1.25%

Total Fund Assets \$70.9 Million

*Expense ratio is annualized. Data as of 04/30/15 prospectus. Touchstone Advisors has contractually agreed to waive a portion of its fees and/or reimburse certain Fund expenses in order to limit annual operating expenses to 1.55% for Class A shares, 2.30% for Class C Shares, 1.30% for Class Y Shares and 1.25% for Class INST shares.

**The expense limitations will remain in effect until at least 04/29/16. These limits exclude expenses not charged to shareholders by the Fund or by any Fund service provider. There are expenses related to the ongoing management of the Fund's portfolio and include interest and borrowing expenses on securities sold short. Please see the Fund's Prospectus for further information.

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

Class	3Q15	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Including Max Sales Charge							
A Shares	-5.98%	-5.20%	-5.65%	4.42%	7.39%	0.87%	7.95%
C Shares	-1.39%	-0.92%	-1.62%	5.71%	7.88%	0.71%	7.32%
Excluding Max Sales Charge							
A Shares	-0.22%	0.59%	0.13%	6.50%	8.68%	1.47%	8.13%
C Shares	-0.39%	0.08%	-0.63%	5.71%	7.88%	0.71%	7.32%
Y Shares	-0.07%	0.87%	0.50%	6.81%	9.00%	1.72%	8.39%
INST Shares	-0.14%	0.87%	0.45%	6.84%	9.02%	1.74%	8.40%
Benchmark [^]	-6.44%	-5.29%	-0.61%	12.40%	13.34%	6.80%	11.52%

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 - S&P 500® Index¹

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***The performance presented for Class A, C, and INST Shares combines the performance of an older class of shares (Y Shares) from the Fund's inception, 07/01/78, with the performance since the inception date of each share class.

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

¹The S&P 500 Index is a group of 500 widely held stocks and is commonly regarded to be representative of the large capitalization stock universe.

A Word About Risk

The Fund invests in equities which are subject to market volatility and loss. The Fund invests in stocks of large-cap companies which may be unable to respond quickly to new competitive challenges. The Fund is involved in short selling which may result in additional costs associated with covering short positions and a possibility of unlimited loss. The Fund invests in covered call options, and index and ETF call options which may result in limited gains and illiquidity for the option or for the security. The Fund invests in derivatives which may expose it to additional risks than if it invested directly in securities and may lack a liquid market, are subject to correlation, liquidity, counterparty risk and leverage risk which could result in increased volatility of returns as well as losses. 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. 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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