

Our FundAdvisor program offers 5 portfolios with varying risk and return profiles to suit the needs of a variety of different investors. Our portfolios are designed to provide global equity and bond exposure and will include a combination of large, mid and small cap U.S. stocks, large and small international stocks (including emerging markets) and a diversified bond portfolio that can include both investment grade bonds and higher-yielding below investment grade bonds. Within these categories, we invest in both actively and passively managed mutual funds. You can find the allocations and funds used in each model on pages 2 and 3.

Market Overview

We finally got the market correction that so many people have been waiting for, but it happened much more quickly than normal. From the market's high on September 20th to the low on December 26th, the S&P 500 Index dropped 20% but 85% of the drop occurred in just the last 3 weeks of that span. We have since rallied from that low. Despite this recent volatility, the U.S. stock market has been incredibly strong since the market bottomed in March of 2009. In just the past 5 years through December, the S&P 500 has gained 8.5% per year for a cumulative gain of over 50%. The S&P 500 has outperformed nearly every other index, particularly international markets, as large cap technology and biotech stocks have lead the way. Therefore, relative valuations have put us in a peculiar situation where asset categories that are considered "higher beta" or more risky, like small and mid-cap stocks, international, and emerging markets appear to be the most attractive at what seems to be very late in the market cycle. However, our historical analysis of the last 5 major market corrections going back to the early 1970's indicates that typically the group that performs the best leading up to a correction is one of the worst performers during the correction and vice versa. In fact, in two of those periods, emerging markets were the best performers during the selloff after having underperformed in the period leading up to it. Interestingly, emerging markets were the best performing equity category during the recent decline, having been the worst performer leading up to it. Information like this makes us feel more comfortable with our multi-asset approach and with the broad diversification that comes with it.

Source: Morningstar Direct. Please see Important Disclosures on page 4 for index definitions.

Asset Category	Q4'18	2018
Intermediate Bonds	1.65	0.88
Bank Loans	-3.45	0.44
High Yield Bonds	-4.53	-2.08
Emerging Market Stocks	-7.47	-14.58
Value Stocks	-11.72	-8.27
Developed International Stocks	-12.54	-13.79
U.S. Large Cap Stocks	-13.52	-4.38
U.S. Mid Caps Stocks	-15.37	-9.06
Growth Stocks	-15.89	-1.51
U.S. Small Cap Stocks	-20.20	-11.01

Fourth Quarter 2018 Highlights

- The S&P 500 declined 13.52% in the fourth quarter, marking the worst quarterly return since 2011, following a really strong third quarter.
- Value stocks beat growth stocks after a 7-quarter losing streak as technology stocks stumbled and lower volatility consumer staples, utilities, and healthcare stocks outperformed.
- International stocks lost less than U.S. stocks in the fourth quarter, particularly the emerging markets, narrowing the gap for the year, but still underperforming for the full year.
- Interest rates declined, contrary to what most were expecting only a few months ago, as fears of slowing global growth have brought recession fears into the fray.
- We sold a position in high-yield bank loans in early December as corporate credit became more of a concern and rates began to decline, leaving the proceeds in cash.
- U.S. small cap stocks were one of the worst performing areas of the market, declining 20% in the fourth quarter.
- 8 of the 9 equity funds in the FundAdvisor program beat their respective benchmarks in the volatile fourth quarter, which is consistent with the downside performance screening that we do in picking funds for the program – best performers included the FMI Large Cap, Touchstone Sands Capital Emerging Market Growth, and FMI International funds
- American Funds AMCAP fund was the best performing fund for the year, declining 1.60% versus a 4.38% decline for the S&P 500.

"Chart of the Quarter" - Small Cap Stocks

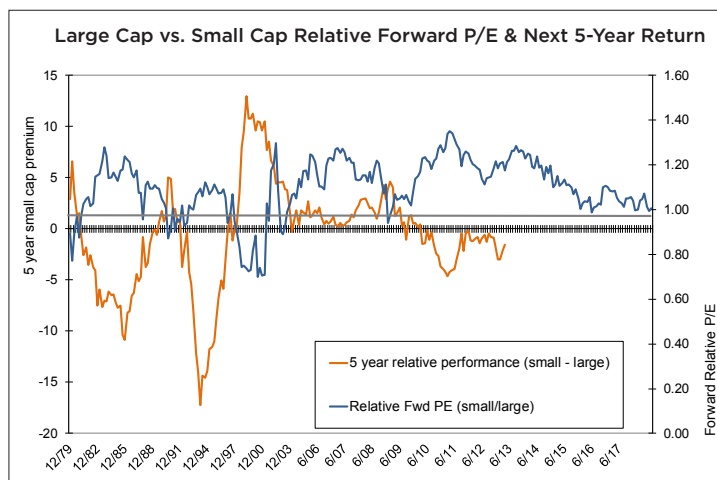
We tend to favor mid and small cap stocks from a long-term strategic allocation standpoint as they have outperformed large cap stocks in 56% and 65% of 5-year rolling periods since the 1920's, respectively. However, large cap stocks have been dominating for the last several years, driven by large tech companies like Microsoft Corp. (MSFT), Apple Inc. (AAPL), Amazon.com Inc. (AMZN), and Alphabet Inc. (GOOGL). Momentum had begun to shift toward smaller stocks earlier in 2018 because tax reform was driving stronger earnings per share (EPS) growth but that has waned since the market correction began in September. Valuations (Price-to-earnings ratio or P/E) are most attractive for small cap stocks relative to other market caps and their history. The chart to the right shows that when small cap stocks are relatively inexpensive (blue line is low as it is today), they tend to outperform large caps over the next 5 years (orange line is high). Historically, at a similar relative P/E (gray line), small cap stocks have tended to outperform over the next 5 years.

Rebalancing

Amid the increasing volatility of the fourth quarter, we elected not to rebalance accounts as we had previously stated. As mentioned earlier, we did sell the Hartford Floating Rate fund in early December as we felt the case for owning bank loans was deteriorating and we could preserve the value by holding it in cash. We are now planning to rebalance accounts in the next month or so. This will likely include some slight changes to asset allocation and a few fund changes.

Final Thoughts

Amid the recent volatility, we encourage you to revisit your risk tolerances and asset allocation with your Investment Executive. We offer 5 portfolios that range from very aggressive (100% in stocks) to very conservative (60% in bonds) to meet each investors needs. We value our relationship with you and always encourage you to contact your Investment Executive with any questions you have.

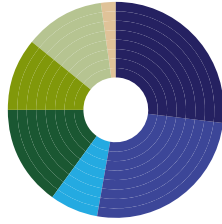


Source: Bloomberg; Morningstar; The blue line is the ratio of the P/E of the Russell 2000 Index divided by the P/E of the Russell Top 200 Index; the orange line shows the return of the Russell 2000 Small Cap Index over the ensuing 5 years P/E.

Performance shown is historical and is no guarantee of future results. Please see page 4 for Important Disclosures and Index Definitions.

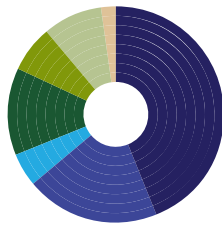
FundAdvisor Portfolio Holdings as of December 31, 2018

Maximum Growth Portfolio



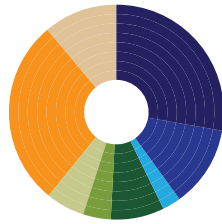
Asset Class	% Fund	Fund
U.S. Large Cap	9%	FMI Large Cap
	9%	Diamond Hill Large Cap
	9%	American Funds AMCAP
U.S. Mid Cap	26%	Vanguard Mid Cap Index
U.S. Small Cap	7%	JHancock Small Value
International Large Cap	6%	FMI International
	9%	Dodge & Cox International
International SMID	11%	MFS International New Discovery
Emerging Markets	6%	Touchstone Emerging Markets
	6%	Vanguard Emerging Markets
Cash	2%	Money Market

Growth Portfolio



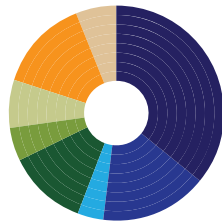
U.S. Large Cap	15%	FMI Large Cap
	15%	Diamond Hill Large Cap
	14%	American Funds AMCAP
U.S. Mid Cap	20%	Vanguard Mid Cap Index
U.S. Small Cap	5%	JHancock Small Value
International Large Cap	6%	FMI International
	7%	Dodge & Cox International
International SMID	7%	MFS International New Discovery
Emerging Markets	5%	Touchstone Emerging Markets
	4%	Vanguard Emerging Markets
Cash	2%	Money Market

Balanced Portfolio



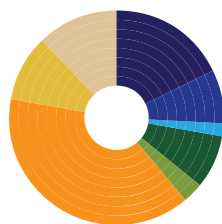
U.S. Large Cap	10%	FMI Large Cap
	9%	Diamond Hill Large Cap
	9%	American Funds AMCAP
U.S. Mid Cap	12%	Vanguard Mid Cap Index
U.S. Small Cap	3%	JHancock Small Value
International Large Cap	4%	FMI International
	4%	Dodge & Cox International
International SMID	4%	MFS International New Discovery
Emerging Markets	3%	Touchstone Emerging Markets
	3%	Vanguard Emerging Markets
Investment Grade Bonds	9%	Vanguard Interm Term Invest Grade Bond
	19%	Vanguard Short Term Invest Grade Bond
Cash	11%	Money Market

Conservative Growth Portfolio



U.S. Large Cap	12%	FMI Large Cap
	12%	Diamond Hill Large Cap
	12%	American Funds AMCAP
U.S. Mid Cap	16%	Vanguard Mid Cap Index
U.S. Small Cap	4%	JHancock Small Value
International Large Cap	6%	FMI International
	6%	Dodge & Cox International
International SMID	5%	MFS International New Discovery
Emerging Markets	4%	Touchstone Emerging Markets
	3%	Vanguard Emerging Markets
Investment Grade Bonds	4%	Vanguard Interm Term Invest Grade Bond
	10%	Vanguard Short Term Invest Grade Bond
Cash	6%	Money Market

Conservative Balanced Portfolio



U.S. Large Cap	6%	FMI Large Cap
	6%	Diamond Hill Large Cap
	6%	American Funds AMCAP
U.S. Mid Cap	8%	Vanguard Mid Cap Index
U.S. Small Cap	2%	JHancock Small Value
International Large Cap	4%	FMI International
	4%	Dodge & Cox International
International SMID	3%	MFS International New Discovery
Investment Grade Bonds	19%	Vanguard Interm Term Invest Grade Bond
	20%	Vanguard Short Term Invest Grade Bond
Global Bonds	10%	Eaton Vance Global Macro Abs Return
Cash	12%	Money Market

Returns Net of Fees as of December 31, 2018

Fund / Index Name	Fund / Index Performance at Net Asset Value**					Up Capture	Down Capture	Expense Ratio	
	YTD	1 Year	3 Years*	5 Years*	10 Years*			Gross	Net ³
Large Cap									
American Funds AMCAP F3	-1.60	-1.60	9.51	8.21	14.10	100.96	95.19	0.37	0.37
Diamond Hill Large Cap I	-9.63	-9.63	7.61	6.47	11.97	96.85	101.84	0.67	0.67
FMI Large Cap Institutional	-3.71	-3.71	9.33	7.45	12.15	90.96	89.38	0.66	0.66
Benchmark: S&P 500 Index	-4.38	-4.38	9.26	8.49	13.12	100.00	100.00	-	-
Mid Cap and Small Cap									
Vanguard Mid Cap Index Admiral	-9.23	-9.23	6.38	6.21	13.87	91.59	82.34	0.05	0.05
JHancock Small Cap Value I	-12.18	-12.18	3.64	3.20	11.46	95.93	101.89	1.23	1.22
Benchmark: Russell 2500 Index	-10.00	-10.00	7.32	5.15	13.15	100.00	100.00	-	-
International									
FMI International Institutional	-9.32	-9.32	4.87	4.49	-	-	-	0.77	0.77
Dodge & Cox International Stock	-17.98	-17.98	3.24	-0.48	7.72	111.92	108.36	0.63	0.63
MFS International New Discovery I	-10.42	-10.42	5.93	3.52	11.23	92.36	66.37	1.06	1.06
Benchmark: MSCI EAFE Index	-13.79	-13.79	2.87	0.53	6.32	100.00	100.00	-	-
Emerging Markets									
Touchstone Sands Cptl Emerg Mkts Gr Y ¹	-13.32	-13.32	6.85	-	-	-	-	1.35	1.35
Vanguard Emerging Mkts Stock Idx Adm	-14.58	-14.58	7.84	1.32	7.47	101.21	103.95	0.14	0.14
Benchmark: MSCI EM Index	-14.58	-14.58	9.25	1.65	8.02	100.00	100.00	-	-
Intermediate Gov't/Credit									
Eaton Vance Gbl Macr Absolute Return I ²	-3.29	-3.29	1.60	2.09	2.94	49.67	-27.54	0.74	0.74
Vanguard Interm-Term Investment-Grade Adm	-0.47	-0.47	2.55	3.03	5.79	171.78	133.16	0.10	0.10
Benchmark: BBgBarc US Govt/Credit Index	0.88	0.88	1.70	1.86	2.90	100.00	100.00	-	-
Short-Term Bond									
Vanguard Short-Term Investment-Grade Adm	0.96	0.96	1.97	1.78	3.55	212.31	136.40	0.10	0.10
Benchmark: FTSE USBIG Govt/Corp 1-3 Yr	1.56	1.56	1.20	0.99	1.49	100.00	100.00	-	-

Performance shown is historical and is no guarantee of future results. Current performance may be lower or higher than the data quoted. To obtain performance data current to the most recent month end, please call (800) 846-6666. *Returns greater than one year are annualized.

**Mutual funds are offered in the FundAdvisor program at net asset value, but are subject to an annual investment advisory fee of up to 1.25%. The Davenport wrap fee includes investment advice and brokerage execution. In addition to the FundAdvisor fee, clients will bear a proportionate share of each mutual fund's management and administrative expenses, including advisory fees paid to the mutual fund's investment advisors. The performance shows the actual performance of the shares at net asset value, and does not represent individual account performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the data quoted. To obtain performance data current to the most recent month-end, please visit the following web sites: www.americanfunds.com, www.touchstoneinvestments.com, www.diamond-hill.com, www.dodgeandcox.com, www.eatonvance.com, www.fiduciarymgt.com, www.jhinvestments.com, www.mfs.com, www.vanguard.com. The investment and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Mutual Fund and Index returns are provided by Morningstar and Zephyr StyleADVISOR.

You should consider each mutual fund's investment objectives, risks, charges and expenses carefully before investing. Each mutual fund's prospectus contains this and other important information, should be read carefully before investing or sending money, and can be obtained by contacting your Investment Executive, or by calling (800) 846-6666. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Investing in securities carries risk including the possible loss of principal.

Important Disclosures

[‡]The Investment Policy Committee consists of 7 of the firm's most experienced Investment Executives.

¹Touchstone Advisors, Inc. (the "Advisor" or "Touchstone Advisors") and Touchstone Strategic Trust (the "Trust") have entered into a contractual expense limitation agreement whereby Touchstone Advisors will waive a portion of its fees or reimburse certain Fund expenses (excluding dividend and interest expenses relating to short sales; interest; taxes; brokerage commissions and other transaction costs; portfolio transaction and investment related expenses, including expenses associated with the Fund's liquidity providers; other expenditures which are capitalized in accordance with U.S. generally accepted accounting principles; the cost of "Acquired Fund Fees and Expenses," if any; and other extraordinary expenses not incurred in the ordinary course of business) in order to limit annual Fund operating expenses to 1.04%, 1.79%, 0.79%, and 0.69% of average daily net assets for Classes A, C, Y, and Institutional Class shares, respectively. This contractual expense limitation is effective through October 26, 2019, but can be terminated by a vote of the Board of Trustees of the Trust (the "Board") if it deems the termination to be beneficial to the Fund's shareholders. The terms of the contractual expense limitation agreement provide that Touchstone Advisors is entitled to recoup, subject to approval by the Board, such amounts waived or reimbursed for a period of up to three years from the date on which the Advisor reduced its compensation or assumed expenses for the Fund. The Fund will make repayments to the Advisor only if such repayment does not cause the annual Fund operating expenses (after the repayment is taken into account) to exceed both (1) the expense cap in place when such amounts were waived or reimbursed and (2) the Fund's current expense limitation. Investors pay the net expense ratio of the fund. Please refer to the fund's prospectus for more information.

²Total annual Fund operating expense ratio for the Eaton Vance Global Macro Absolute Return Fund is as stated in the Fund's most recent prospectus. Net expense ratio is not a result of a fee waiver or expense reimbursement. Net expense ratio excludes interest expense associated with certain investment transactions.

³Investors pay the net expense ratio of the fund.

Diversification and Asset Allocation does not ensure a profit or guarantee protection against a loss. It is important to note that short-term and trailing performance will fluctuate. We expect all of the funds at some point to experience underperformance versus their benchmarks and peer groups. However, we believe that our research process has helped us identify funds that are likely to perform well over the long term. Our decision to remove a fund is not based on short-term performance, but on in-depth analysis using our Monitoring Criteria. The mutual fund categories are determined by Davenport using a combination of Morningstar categories and a returns-based style analysis provided by Zephyr StyleADVISOR.

Any opinions expressed here are statements of judgment on this date and are subject to future change without notice. This information may contain forward looking predictions that are subject to certain risks and uncertainties which could cause actual results to differ materially from those currently anticipated or projected. The information contained herein has been compiled from sources believed to be reliable; however, there is no guarantee of its accuracy or completeness. There is no guarantee that a company will continue to pay a dividend. The investment return and principal value of an investment will fluctuate. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies. The portfolios may invest in foreign securities which are subject to additional risks such as currency fluctuations, political instability, differing financial standards and the potential for illiquid markets.

Index Definitions: U.S. Large Caps represented by the S&P 500 Index. U.S. Mid Caps represented by the Russell Midcap Index. U.S. Small Caps represented by the Russell 2000 Index. U.S. Growth Stocks represented by the Russell 1000 Growth Index. U.S. Value Stocks represented by the Russell 1000 Value Index. International Stocks represented by the MSCI EAFE Index. Emerging Market Stocks represented by the MSCI EM Index. Int'l Small Stocks represented by the MSCI ACWI ex USA Small Index. Intermediate Term Bonds represented by the Bloomberg Barclays Intermediate Government/Credit Index. Bank Loans represented by the S&P/LSTA Leveraged Loan index definition Index. High Yield Bonds represented by the Bloomberg Barclays U.S. Corporate High Yield Index. Corporate Bonds represented by the Bloomberg Barclays U.S. Corporate Bond Index. Government Bonds represented by the Bloomberg Barclays U.S. Government Index. Cash represented by the FTSE 3-Month T-bill Index.

Performance shown is historical and is no guarantee of future results. Investing in securities carries risk including the possible loss of principal.

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The **S&P 500 Index** is comprised of 500 U.S. stocks and is an indicator of the performance of the overall U.S. stock market. The **Russell 2000® Index** measures the performance of the 2000 smallest companies in the Russell 3000 Index, representing approximately 8% of the total market capitalization of the Russell 3000. The **Russell Top 200® Index** is a market capitalization weighted index of the largest 200 companies in the Russell 3000. The **Russell 1000® Growth Index** measures the performance of the Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The **Russell 1000® Value Index** measures the performance of the Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The **Russell Midcap® Index** measures the performance of the 800 smallest companies in the Russell 1000, which represent approximately 25% of the total market capitalization of the Russell 1000. The Russell 2000® Index, Russell Top 200® Index, Russell 1000® Growth Index, Russell 1000® Value Index and Russell Midcap® Index are trademark/service marks of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. The **S&P/LSTA Leveraged Loan Index** provides an overview of the Senior Secured, Floating Rate Leveraged Loan market as well as an expansive review of the S&P Leveraged Loan Index (LLI) and sub-indices. The **MSCI Europe, Australia and Far East (MSCI EAFE) Index** is an unmanaged index composed of the stocks of approximately 1,000 companies traded on 20 stock exchanges from around the world, excluding the U.S., Canada, and Latin America. The **MSCI ACWI ex USA SMID Index** represents the performance of small-cap and mid-cap stocks in developed and emerging markets, excluding the US. The index is computed using the net return, which withholds applicable taxes for non-resident investors. The **MSCI Emerging Markets (MSCI EM) Index** is a capitalization-weighted index of stocks from 26 emerging markets that only includes issues that may be traded by foreign investors. The reported returns reflect equities priced in US dollars and do not include the effects of reinvested dividends. The **Russell 2500® Index** is a market cap-weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of United States-based listed equities. The **Bloomberg Barclays U.S. Corporate High Yield Index** measures the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The **Bloomberg Barclays Intermediate Government/Credit Index** is an unmanaged index composed of debt securities with maturities from one to ten years issued or guaranteed by the U.S. Treasury, U.S. Government agencies, quasi-federal corporations and fixed rate dollar denominated SEC-registered corporate debt that are rated investment grade or higher by Moody's Investors Service and Standard and Poor's Corporation or Fitch Investor's Service, in that order. It includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities. The **FTSE U.S. BIG Government/Corporate 1-3 Year Index** measures the performance of bonds issued in the U.S. investment-grade bond market. The **Bloomberg Barclays U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS (agency and non-agency). The **Bloomberg Barclays U.S. Corporate Bond Index** measures the investment grade, U.S. dollar-denominated, fixed-rate, taxable corporate bond market. The **Bloomberg Barclays U.S. Government Index** includes U.S. dollar-denominated, fixed-rate, nominal U.S. Treasuries and U.S. agency debentures (securities issued by U.S. government owned or government sponsored entities, and debt explicitly guaranteed by the U.S. Government. The **FTSE 3-Month T-bill Index** is an unmanaged index representing monthly return equivalents of yield averages of the last 3 month Treasury Bill issues.

An index is not available for direct investment; therefore its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.

Risk Considerations: International funds invest primarily in equity securities of issuers outside the United States. International investments are subject to additional risks such as currency fluctuations, political instability, and the potential for illiquid markets. Funds that invest in foreign securities may involve greater risks, including political and economic uncertainties, as well as risk of currency fluctuations. Investments in emerging markets come with much greater risk due to political instability, domestic infrastructure problems, currency volatility and limited equity opportunities, as many large companies may still be "state-run" or private. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies. Investments in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, while their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. An issuer suffering an adverse change in its financial condition could see the credit quality of its securities deteriorate, leading to greater price volatility of the security. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

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