Touchstone Balanced Fund

Sub-Advised by: Fort Washington Investment Advisors, Inc.

Multi-Asset – Growth & Income

4Q/2025

Fund Manager Commentary

As of December 31, 2025

Fund Highlights

- Primarily invests in a diversified portfolio of fixed-income and equity securities. Under normal circumstances, the Fund generally expects to allocate its assets as follows:
  - 60% equity securities
  - 40% fixed-income securities
- Allocates assets based on relative attractiveness
  - Equity/fixed income weights
  - Sector/industry weights
  - Active duration management and yield curve positioning
- Fundamentally driven equity and credit analysis
- Strategic long-term execution of asset class allocation

Market Recap

The U.S. Federal Reserve (Fed) built on its September rate cut by delivering two additional 25 basis point reductions at the final meetings of the year. A weakening employment picture prompted the Federal Open Market Committee (FOMC) to move policy closer to neutral. However, division among members have grown, with concerns over downside risks to the labor market at odds with views that the economy could still experience upside inflation surprises. While recent reports show inflation plateauing, goods prices appear the most likely source of higher-than-expected inflation, given ongoing tariff pressures and a pending Supreme Court ruling on their legality.

Following stronger-than-expected 4.3% GDP growth in the third quarter, the economy is projected to see a modest slowdown in the fourth quarter. However, this is largely due to the temporary drag from the U.S. government shutdown, with growth normalizing in the first quarter of 2026. Beyond weighing on activity, the shutdown has complicated the interpretation of economic data as a result of missing inputs and delayed releases. Nevertheless, as the effects dissipate, tax policy remains a potential tailwind, as accelerated depreciation should boost capital expenditures and individual tax cuts should support consumer spending. That said, job creation has slowed meaningfully and could begin to pressure consumption should unemployment rise further.

As rate cuts eased financial conditions and market fundamentals remained healthy, the S&P 500 continued to reach new highs over the quarter. Closing the year with an annual return of 17.9%, this marks a third consecutive year of double-digit gains for the S&P. Credit spreads were largely range bound during the quarter and remain near historically tight levels. Expectations for additional rate cuts in 2026, alongside benign long-term inflation expectations, contributed to a steepening yield curve over the quarter, despite the 10-year Treasury ending largely unchanged at 4.17%.

Portfolio Review

The Touchstone Balanced Fund (Class A Shares, Load Waived) outperformed its blended benchmark, the 60% Russell 1000 Index and 40% Bloomberg U.S. Aggregate Bond Index, for the quarter ended December 31, 2025.

The allocation effect was positive during the quarter as the Fund had a higher allocation to equities which outperformed fixed income. Due to strong market performance, the Fund entered and ended the quarter with a 4% overweight to equities, despite modest trimming of equities during the quarter.

Security selection within equities had a positive impact on relative performance as the equity allocation outperformed the Russell 1000 Index during the quarter. Relative equity outperformance was due to positive security selection across

(continued)

Consumer Discretionary and Financials sectors as well as an overweight to the Communication Services sector. Overweight positions in Alphabet Inc. and Applied Materials Inc. (both Information Technology sector) were two of the largest contributors as the stocks outperformed the broader market.

Fixed Income had a positive impact on relative performance as sector allocation and interest rate management contributed positively while negative security selection only marginally offset that outperformance. The allocation to high yield corporates was a positive driver of outperformance as spreads were largely range bound over the quarter. The Fund's fixed income allocation was long duration compared to the benchmark, on average, but tactically adjusted duration positioning throughout the quarter which benefited performance as short rates declined and long rates rose. In addition, the Fund's fixed income sleeve was positioned for a steeper curve which contributed to relative performance. Security selection negatively impacted relative performance due to underperformance within securitized that was only partially offset by positive selection within investment grade corporates.

There were no significant changes to Fund positioning during the quarter. The Fund entered the quarter with a 64% weight in equities, largely concentrated in U.S. large cap securities. Equities outperformed fixed income over the quarter and, despite modest trimming of the equity allocation throughout the quarter, resulted in a similar 4% overweight to end the quarter. There was one change to the equity allocation, as the Fund exited RTX Corp. (Industrials sector).

Fixed Income positioning had no material changes to sector allocations during the quarter. However, the Fund did marginally reduce cash and treasuries to increase exposure to securitized, primarily Agency and Non-Agency residential mortgage backed securities (RMBS). Separately, the Fund did make tactical adjustments to the Fund's duration positioning, but the Fund maintained a longer duration than the benchmark for a majority of the quarter. The Fund's overweight allocations to investment grade credit and securitized were maintained as the teams continue to favor quality and liquidity while finding issuers with favorable risk/reward characteristics. In addition, the Fund also maintained the overweight allocation to high yield corporates but opportunistically trimmed the exposure during the quarter as valuations are expensive relative to history.

Outlook and Conclusion

As we enter the new year, the investment landscape remains uncertain, though optimism for 2026 continues to build. The U.S. economy has shown resilience despite trade and geopolitical headwinds, supported by strong personal consumption, particularly among higher-income households benefiting from the wealth effect, and sustained investment in AI infrastructure. These forces are expected to remain key drivers of growth into 2026, even as elevated uncertainty persists.

The Fund is targeting a marginal overweight to equities, reflecting valuations that are expensive relative to history as the S&P 500 trades near all-time highs and fixed income spreads remain tight. The Fund ended the quarter with approximately 64% invested in equities, about a 4% overweight versus the benchmark. Equity positioning emphasizes higher-quality businesses with strong returns on capital, pricing power, and meaningful barriers to entry, with overweights in Communication Services and Health Care sectors and underweights in Utilities and Consumer Discretionary sectors. Given elevated uncertainty and full valuations, the modest risk-overweight posture is paired with disciplined sector and security selection.

Within fixed income, the Fund remains underweight U.S. Treasuries while maintaining overweight exposure to investment grade credit, securitized products, and high yield corporates, the latter of which has been trimmed opportunistically as spreads have tightened to historically expensive levels. Fixed income positioning retains a high-quality bias and focuses on selective bottom-up opportunities, with duration positioned longer through exposure to real yields via Treasury Inflation-Protected Securities. Overall, the Fund is well positioned to navigate an environment of moderate growth and elevated uncertainty, with the flexibility to add risk if markets weaken and a high-conviction, quality-focused approach designed to generate attractive returns across varying market conditions.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	11/15/38	**SEBLX**	89154Q323	0.99%	0.99%
C Shares	05/04/98	**SBACX**	89154Q174	1.76%	1.76%
Y Shares	08/27/07	**SIBLX**	89154Q315	0.77%	0.77%
R6 Shares	10/28/21	**TBARX**	89154M801	1.13%	0.63%
Total Fund Assets	**$1.0 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 "AFFE," and other expenses, if any) to 1.01% for Class A Shares, 1.78% for Class C Shares, 0.81% for Class Y Shares and 0.63% for Class R6 Shares. These expense limitations will remain in effect until at least 10/29/26.

Share class availability differs by firm.

Annualized Total Returns

	4Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	2.00%	13.60%	13.60%	14.92%	7.72%	9.87%	8.69%
C Shares	1.84%	12.72%	12.72%	14.04%	6.90%	9.21%	7.85%
Y Shares	2.08%	13.83%	13.83%	15.18%	7.95%	10.10%	8.72%
R6 Shares	2.11%	14.03%	14.03%	15.34%	8.05%	10.04%	8.71%
Benchmark	1.89%	13.41%	13.41%	15.32%	8.00%	9.66%	—
Including Max Sales Charge							
A Shares	-3.10%	7.91%	7.91%	12.97%	6.62%	9.31%	8.63%
C Shares	0.86%	11.72%	11.72%	14.04%	6.90%	9.21%	7.85%

Max 5.00% sales charge for Class A Shares and 1% Contingent Deferred Sales Charge for Class C Shares held less than 1 year.

Benchmark - 60% Russell 1000® Index 40% Bloomberg U.S. Aggregate Bond Index

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 for Class C, Y and R6 Shares combines the performance of an older class of shares (A Shares) from the Fund's inception, 11/15/38, 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 registered broker-dealer and member FINRA and SIPC

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Not FDIC Insured | No Bank Guarantee | May Lose Value

The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index. 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 indexes mentioned are unmanaged statistical composites of stock market or bond market performance. Investing in an index is not possible. Unmanaged index returns do not reflect any fees, expenses or sales charges.

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 invests in stocks of mid-cap companies which may be subject to more erratic market movements than stocks of larger, more established companies. The Fund invests in foreign securities, including depositary receipts, such as American Depositary Receipts, Global Depositary Receipts, and European Depositary Receipts, 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 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 preferred stocks which are relegated below bonds for payment should the issuer be liquidated. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing their price to decline. 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. 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 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 derivatives and securities such as futures contracts, options, forward contracts and swap agreements. Derivatives can be highly volatile, illiquid and difficult to value, subject to counterparty and leverage risks and there is risk that changes in the value of a derivative held by the Fund will not correlate with the Fund's other investments. Leverage can create an interest expense that may lower the Fund's overall returns. There can be no guarantee that a leveraging strategy will be successful. Gains or losses from speculative positions in a derivative may be much greater than the original cost and potential losses may be substantial. 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 may experience higher portfolio turnover which may lead to increased fund expenses, lower investment returns and higher short-term capital gains taxable to shareholders. 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. Current and future portfolio holdings are subject to change. 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.

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