

## Fund Manager Commentary

As of 03-31-2026

### 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. entered the year on solid footing, with easing inflation, resilient consumer spending, and supportive fiscal dynamics, but these positives were quickly overshadowed by geopolitical tensions as the U.S. and Israel entered into conflict with Iran. Disruptions in the Strait of Hormuz, which handles roughly 20% of global oil supply, drove a sharp rise in crude and gasoline prices, raising concerns about broader inflation through higher transportation, food, and supply chain costs. While the conflict is expected to be relatively short-lived, supply disruptions may persist for months.

This environment complicates the Federal Reserve's (Fed) outlook, as renewed inflation pressures have reduced expectations for rate cuts in 2026 despite mixed labor market signals, stable unemployment but weak hiring, keeping the Fed in a "wait-and-see" stance. Markets have remained relatively resilient: equities stabilized with a late-quarter rally, leaving the S&P 500 down 5% in March and 4.6% for the quarter, credit spreads widened modestly but remain historically tight, and Treasury yields moved higher, with the 2-year up over 30 basis points and the 10-year ending near 4.3%.

### Portfolio Review

The Touchstone Balanced Fund (Class A Shares, Load Waived) underperformed its blended benchmark, the 60% Russell 1000 Index and 40% Bloomberg U.S. Aggregate Bond Index, for the quarter ended March 31, 2026.

Allocation detracted from performance as the Fund's equity overweight detracted from relative performance. However, the Fund maintained an overweight to equities, moving from 4% to 3% over the quarter. Equity security selection also detracted, driven by weakness in Information Technology (IT) and Industrials sectors and underweights to outperforming Energy and Utilities sectors. Overweight positions in Microsoft Corp. and Oracle Corp. (both IT sector) were notable detractors.

Fixed income also weighed on relative performance. While security selection was positive, particularly in securitized and investment grade corporates, this was more than offset by negative sector allocation and interest rate positioning. An overweight to corporates detracted as spreads widened, and a longer duration stance hurt as rates rose.

During the quarter, the Fund reduced securitized exposure (notably Agency residential mortgage backed securities) and increased investment grade corporates, primarily in the intermediate curve. Equity exposure declined modestly from 64% to 63%, with Starbucks Corp. (Consumer Discretionary sector) exited and Broadcom Inc. (IT sector) added. The Fund maintained a quality bias, remaining overweight investment grade credit, securitized assets, and modestly high yield despite historically tight valuations.

### Outlook and Conclusion

The Fund maintains a modest overweight to equities, ending the quarter at 63% (approximately 3% overweight). Following a ~5% decline in the S&P 500, equity valuations have moved closer to historical averages, while fixed income valuations remain relatively expensive despite some widening. Given this backdrop,

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the Fund retains a modest risk-on posture. Within equities, overweights to Communication Services and Health Care are balanced by underweights to Utilities, Consumer Discretionary, and Industrials, with a continued focus on high-quality companies with strong returns, pricing power, and durable competitive advantages.

In fixed income, the Fund remains underweight U.S. Treasuries and overweight investment grade credit, securitized assets, and modestly high yield, while maintaining a longer duration bias

via real yields (Treasury Inflation-Protected Securities). Despite some spread widening, credit remains expensive, reinforcing a focus on selective, bottom-up opportunities. Overall, the Fund is positioned to navigate ongoing uncertainty and moderate growth, with flexibility to add risk if markets weaken further. While stable growth should support equities and credit, downside risks from energy volatility and a softening labor market remain, making disciplined security selection central to generating returns.



**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 \$939.5 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 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**

	1Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
<b>Excluding Max Sales Charge</b>							
A Shares	-4.75%	-4.75%	9.53%	10.68%	5.95%	9.19%	7.79%
C Shares	-4.94%	-4.94%	8.71%	9.83%	5.14%	8.36%	6.95%
Y Shares	-4.68%	-4.68%	9.84%	10.92%	6.19%	9.42%	7.83%
R6 Shares	-4.68%	-4.68%	9.95%	11.08%	6.29%	9.36%	7.81%
Benchmark	-2.53%	-2.53%	12.32%	12.26%	6.99%	9.16%	—
<b>Including Max Sales Charge</b>							
A Shares	-9.51%	-9.51%	4.05%	8.80%	4.87%	8.63%	7.73%
C Shares	-5.89%	-5.89%	7.71%	9.83%	5.14%	8.36%	5.82%

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

Max 5% sales charge for Class A Shares and 1% Contingent Deferred Sales Charge for Class C Shares held less than 1 year.

The Russell 1000® Index measures the performance of the 1000 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 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](http://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.

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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 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 mortgagebacked 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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