

Fund Manager Commentary

As of September 30, 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) delivered its first rate cut of the year in September. Softening employment reports, including negative revisions, provided evidence of downside risk to the labor market which prompted the Fed to engage in a 25-basis point “risk management” cut. In addition, the Fed adjusted their expectations for the path of rates, forecasting two more cuts this year and one in 2026 in spite of slight increases in growth and inflation forecasts. This rate adjustment and forward guidance continue to ease financial conditions for the economy despite lingering uncertainty.

Trade policy continues to be a primary source of uncertainty for investors. While the White House has announced a handful of deals and frameworks for deals, there are still a lot of details that remain unknown, especially related to China. In addition to tariff mechanics, questions remain around the legality of certain tariffs that utilized (International Emergency Economic Powers Act) authority. The U.S. Trade Court ruled these tariffs illegal, but the White House appeal sent the case to the Supreme Court which agreed to hear oral arguments in early November.

While economic growth has slowed since last year, expectations for 2026 have started to improve. Full expensing for manufacturing structures, research & development, and equipment investment, was made law by the Big, Beautiful Bill in July which should boost capital expenditure over the coming quarters. Consumer spending

remains largely resilient, driven by higher income cohorts. However, weaker employment data shows that the economy is just marginally adding jobs, presenting an environment that could cause a rise in the unemployment rate.

Despite ongoing trade, geopolitical, and policy uncertainties, the S&P 500 reached new highs. Credit spreads tightened beyond historical averages as expectations for rate cuts rose and long-term inflation remained subdued, driving longer yields lower.

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 September 30, 2025.

The allocation effect was positive during the quarter as the Fund had a higher allocation to equities, which outperformed fixed income. However, security selection within equities had a negative impact on relative performance as the equity allocation underperformed the Russell 1000 Index during the quarter. Relative equity underperformance was due to negative security selection across Consumer Discretionary and Communication Services sectors. Overweight positions in Philip Morris International Inc. and Meta Platforms Inc. were among the largest

(continued)

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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.**



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detractors in the equity allocation, as the stocks underperformed the broader market while not owning Tesla Inc. also contributed to underperformance.

Fixed Income contributed positively to relative performance, driven by strong sector allocation and security selection, partially offset by modestly negative rate management. Credit exposure—particularly to high yield and investment-grade corporates—was the main driver of outperformance as spreads tightened. Although the Fund's longer duration versus the benchmark aided returns as rates fell, tactical curve adjustments detracted, tempering overall gains.

There were no significant changes to the Fund's positioning during the quarter. The Fund entered the quarter with a 62.5% weight in equities, largely concentrated in U.S. large cap securities. Equities outperformed fixed income over the quarter, which led to a higher equity allocation. Despite modest trimming of the equity allocation throughout the quarter, the Fund ended with an overweight of about 4% relative to the benchmark. There were four changes to allocations as the Fund initiated positions in LPL Financial Holdings Inc. (Financials sector) and Deere & Co. (Industrials sector), while eliminating exposure to Schlumberger Ltd. (Energy sector) and DuPont de Nemours, Inc. (Materials sector).

Fixed Income positioning had no material changes to sector allocations during the quarter. The only meaningful changes were tactical adjustments to the Fund's duration positioning, although the Fund maintained a longer duration than the benchmark for a majority of the quarter as interest rates declined. The Fund's overweight allocations to Investment Grade Credit and Securitized were maintained as we 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, which was initiated in April amid tariff volatility.

Outlook and Conclusion

The Fund's portfolio is positioned to navigate the current environment of elevated uncertainty and more moderate economic growth while continuing to generate compelling investment returns relative to the market and peers. While growth forecasts for 2026 have been slowly improving, recent labor market weakness presents downside risk to economic growth. If the economic landscape remains stable, the Fund's exposure to equities and credit sectors should perform well while the high-quality security selection focus should provide some degree of downside risk mitigation in a risk-off environment. However, if economic growth slows more than expected, the Fund is in a position to add exposure opportunistically if risk assets experience further weakness. The high-conviction nature of the Fund is designed to generate excess return through positive security selection in various economic environments.



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

	3Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	5.28%	11.37%	11.32%	16.53%	9.10%	10.07%	8.69%
C Shares	5.07%	10.69%	10.46%	15.63%	8.26%	9.40%	7.84%
Y Shares	5.33%	11.52%	11.58%	16.78%	9.32%	10.30%	8.72%
R6 Shares	5.40%	11.67%	11.73%	16.95%	9.41%	10.22%	8.71%
Benchmark	5.58%	11.31%	11.78%	16.55%	9.36%	9.85%	—
Including Max Sales Charge							
A Shares	0.03%	5.79%	5.76%	14.56%	7.99%	9.50%	8.63%
C Shares	4.07%	9.69%	9.46%	15.63%	8.26%	9.40%	7.84%

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

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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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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.

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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 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.