

## Fund Manager Commentary

As of June 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

Uncertainty that rattled investors in the first quarter continued into the second quarter. A peak in tariff escalation occurred on April 2 (nicknamed Liberation Day) with the rollout of reciprocal tariffs across all trading partners. A brief reprieve followed, easing near-term market pressure but offering little clarity for businesses and consumers evaluating future expenditures and hiring plans.

Despite these headwinds, the economy showed resilience. Retail sales grew, though they exhibited some volatility due to preemptive buying ahead of tariff implementation. The labor market remained healthy, with job growth and real wage increases supporting consumers. Yet, a rising personal savings rate hinted at caution in response to ongoing policy risks. Housing remained a soft spot due to continued affordability challenges as both mortgage rates and home prices stayed elevated.

Markets were volatile but ended the quarter on a positive note. The S&P 500 briefly touched bear market territory before rebounding to record highs. Credit spreads followed a similar pattern initially widening, then tightening to levels below historical averages. This improving sentiment, coupled with eased inflation concerns, contributed to a steeper yield curve, while the 10-year Treasury yield remained relatively stable.

### 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 June 30, 2025.

The Fund benefitted from its allocation decisions during the quarter, particularly its higher equity exposure, which outperformed fixed income. The Fund began the quarter modestly overweight in equities and increased that exposure further in April as markets temporarily declined.

On the equity side, selection detracted from results relative to the benchmark. In particular, holdings in Health Care and Information Technology (IT sector) weighed on performance. An overweight to UnitedHealth Group Inc. (Health Care sector) was a key detractor, as the stock underperformed. In contrast, underweight positions in Broadcom Inc. (IT sector) and Nvidia Corp. (IT sector) also detracted as those names advanced more strongly.

Fixed Income allocations contributed positively. The Fund took advantage of spread widening in April to add high yield corporates, which later performed well as spreads tightened. An overweight in Investment Grade corporates and strategic interest rate management also enhanced results, as the Fund navigated shifting growth and inflation expectations.

Positioning changes during the quarter included reallocating excess cash to equities in April and initiating a position in

*(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](https://TouchstoneInvestments.com/mutual-funds).**



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Las Vegas Sands Corp. (Consumer Discretionary sector), while exiting positions in Alibaba (Consumer Discretionary sector) and FedEx (Industrials sector). In fixed income, beyond the high yield addition, duration positioning was tactically adjusted in response to rate volatility. The Fund maintained overweight positions in Investment Grade Credit and Securitized sectors, emphasizing quality and liquidity.

### Outlook and Conclusion

The Fund continues to carry a slight equity overweight, balancing opportunity with risk as markets adjust to rich valuations and growing macroeconomic headwinds. While equity valuations have returned to elevated levels after a sharp rebound, the Fund is positioning with a moderately defensive stance while remaining ready to capture selective opportunities.

In equities, the Fund is overweight in Communication Services and Health Care, while underweight in Utilities, Industrials, and Consumer Discretionary. The focus remains on high-quality businesses with strong competitive advantages and sustainable returns on capital.

In fixed income, the Fund holds an underweight in U.S. Government securities and an overweight in Investment Grade Credit, with continued emphasis on high-quality issuers. The addition of high yield corporates in April reflects a tactical response to market dislocations, and the portfolio remains positioned with neutral duration relative to the benchmark.

Looking forward, expectations for economic growth in 2025 and 2026 have been lowered amid persistent uncertainty. Still, the passage of a new reconciliation bill, referred to as One Big, Beautiful Bill, may help lift near-term activity through tax cuts and investment incentives.

The Fund is well-prepared to navigate a challenging environment. Should conditions stabilize, exposure to equities and credit sectors is expected to benefit. If volatility persists or growth slows further, the Fund is positioned to take advantage of market dislocations, supported by its high-conviction, bottom-up approach that seeks strong risk-adjusted opportunities across sectors.



Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	11/15/38	SEBLX	89154Q323	1.02%	1.02%
C Shares	05/04/98	SBACX	89154Q174	1.78%	1.78%
Y Shares	08/27/07	SIBLX	89154Q315	0.79%	0.79%
R6 Shares	10/28/21	TBARX	89154M801	6.95%	0.64%
Total Fund Assets		\$965.6 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 "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 10/29/25. Share class availability differs by firm.

Annualized Total Returns

	2Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	7.08%	5.78%	11.83%	12.62%	9.46%	9.02%	8.65%
C Shares	6.89%	5.34%	10.92%	11.75%	8.62%	8.36%	7.80%
Y Shares	7.18%	5.88%	12.04%	12.87%	9.69%	9.25%	8.69%
R6 Shares	7.18%	5.96%	12.20%	13.02%	9.74%	9.16%	8.67%
Benchmark	7.11%	5.42%	11.93%	12.69%	9.43%	8.85%	—
Including Max Sales Charge							
A Shares	1.71%	0.49%	6.23%	10.71%	8.34%	8.46%	8.59%
C Shares	5.89%	4.34%	9.92%	11.75%	8.62%	8.36%	7.80%

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](https://TouchstoneInvestments.com/mutual-funds).** From time to time, the investment adviser 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](https://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. The Frank Russell Company (FRC) is the source and owner of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a Touchstone Investments presentation of the data, and FRC is not responsible for the formatting or configuration of this material or for any inaccuracy in the presentation thereof.

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 a Nationally Recognized Statistical Rating Organization (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 Adviser engages a sub-adviser to make investment decisions for the Fund's portfolio; it may be unable to identify and retain a sub-adviser who achieves superior investment returns relative to other similar sub-advisers.