Touchstone Balanced Fund

Sub-Advised by: Fort Washington Investment Advisors Inc

Multi Asset - Growth & Income 2Q/2026

Fund Manager Commentary

As of 06-30-2026

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

Economic growth remained resilient through the first half of 2026, supported by AI-driven capital investment and solid consumer spending, with GDP expected to remain near its long-term trend of approximately 2%. Although higher oil prices from Middle East tensions weighed on consumers early in the quarter, easing geopolitical risks helped energy prices retreat. Inflation pressures moderated but remain above the U.S. Federal Reserve's (Fed) target, prompting the Federal Open Market Committee (FOMC) to maintain a restrictive stance. While rates were left unchanged, new Chair Kevin Warsh emphasized price stability and reduced reliance on forward guidance, increasing uncertainty around future policy.

The labor market remained healthy, with unemployment falling to 4.2% and payroll growth improving, though wage gains continued to lag inflation for many households. Against this backdrop, risk assets rallied sharply, with the S&P 500 gaining more than 15% and the Russell 2000 more than 21%, while tighter credit spreads left valuations expensive by historical standards. Sticky inflation and the Fed's hawkish tone also pushed two-year Treasury yields meaningfully higher, while longer-term rates rose more modestly.

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 June 30, 2026.

The Fund benefited from its overweight to equities, as equities significantly outperformed fixed income during the quarter. However, equity security selection detracted from relative performance, primarily due to Information Technology (IT) sector, where underweight positions in Micron, AMD, and Intel lagged the benchmark. Fixed income contributed positively to relative performance through sector allocation and security selection, while interest rate management was largely neutral. Overweights to investment grade and high yield corporates benefited from tighter credit spreads, and security selection within investment grade corporates and securitized products added value. Tactical duration and yield curve adjustments had minimal impact amid volatile interest rates.

The Fund's portfolio changes were modest during the quarter. The Fund increased its target risk budget from 25% to 35%, supporting a modest increase in equity exposure. Equity changes included exiting SS&C Technologies Holdings, Inc. (Industrials sector) and Goldman Sachs Group, Inc. (Financials sector) while initiating positions in QXO, Inc. (Industrials sector), SAP SE (IT sector), Blackstone, Inc. (Financials sector), and Cencora, Inc. (Health Care sector). Within fixed income, sector allocations were largely unchanged, maintaining overweights to investment grade credit, securitized products, and high yield corporates, with tactical duration adjustments reflecting the team's emphasis on quality, liquidity, and attractive risk-adjusted opportunities despite historically expensive credit valuations.

Outlook and Conclusion

The Fund maintains a modest overweight to equities, reflecting a constructive outlook balanced against elevated valuations and

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continued policy and geopolitical uncertainty. Following a strong equity rally and tighter credit spreads, both equity and fixed income valuations are expensive relative to history. The Fund’s portfolio remains approximately 64% invested in equities (a 4% overweight), emphasizing high-quality companies with durable competitive advantages, strong returns on capital, and pricing power. The largest equity overweight is Communication Services, while Utilities, Information Technology, and Industrials remain underweight.

Within fixed income, the Fund remains underweight U.S. Treasuries and overweight Investment Grade Credit, Securitized products, and modestly High Yield corporates, while maintaining a higher-quality bias and longer duration than the benchmark. The team continues to focus on bottom-up security selection as relative value opportunities remain limited. While moderate economic growth should support the Fund's equity and credit exposures, the Fund retains flexibility to increase risk opportunistically should market weakness create more attractive valuations.

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 $985.3 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

	2Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	7.26%	2.16%	9.71%	11.25%	6.31%	9.74%	8.68%
C Shares	7.04%	1.75%	8.87%	10.39%	5.50%	8.90%	7.82%
Y Shares	7.29%	2.27%	9.95%	11.50%	6.55%	9.97%	8.71%
R6 Shares	7.33%	2.31%	10.10%	11.64%	6.67%	9.92%	8.70%
Benchmark	9.26%	6.50%	14.56%	13.84%	7.68%	9.87%	—
Including Max Sales Charge							
A Shares	1.90%	-2.95%	4.23%	9.36%	5.23%	9.18%	8.61%
C Shares	6.04%	0.75%	7.87%	10.39%	5.50%	8.90%	6.02%

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.*** *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.

Top 10 Holdings

		(% of Portfolio)
1	Alphabet Inc Class C	6.3
2	Microsoft Corp	4.8
3	Apple Inc	4.7
4	NVIDIA Corp	4.6
5	Amazon.com Inc	3.9
6	Meta Platforms Inc Class A	3.7

		(% of Portfolio)
7	Applied Materials Inc	2.6
8	Taiwan Semiconductor Manufacturing Co Ltd ADR	2.3
9	United States Treasury Notes 3.5%	1.9
10	Visa Inc Class A	1.8

A Word About Risk

The Fund invests in equities which are subject to market volatility and loss, stocks of large cap companies which may be unable to respond quickly to new competitive challenges, stocks of mid cap companies which may be subject to more erratic market movements than stocks of larger, more established companies, 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.

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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