Fund Manager Commentary

As of March 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

Uncertainty was the dominant theme in markets during the first quarter, driven largely by shifting policies under the new administration. Evolving trade policies and escalating tensions with key trading partners created an added layer of complexity for businesses, impacting corporate planning and investment decisions. At the same time, consumer sentiment showed signs of softening, with investors reassessing the potential impact of new policies on spending behavior.

This growing lack of clarity, combined with rising inflation concerns, has created uncertainty around the trajectory of U.S. economic growth, prompting economists to revise their 2025 GDP forecasts. However, it is worth emphasizing that much of the deterioration so far has been reflected in soft data—surveys, sentiment indicators, and business confidence—rather than hard economic metrics like GDP or employment.

Looking ahead, key factors to watch include potential shifts in fiscal policy, the U.S. Federal Reserve's (Fed) response to evolving macroeconomic conditions, and the extent to which business and consumer sentiment translates into actual spending and business activity. If uncertainty persists or tariffs escalate into larger trade wars, it will likely manifest in weaker hard data. That said, a dovish Fed reaction or a pivot on trade policy could help restore some confidence and support domestic growth.

Increased policy uncertainty and renewed growth fears led to a risk-off tone for financial markets as interest rates declined and risk assets underperformed. Equities were volatile as the S&P 500 briefly entered correction territory from mid-February highs and ended the quarter down -4.3%. Credit spreads also moved wider but remain tight relative to historical levels. Amid this risk-off tone, Treasury yields moved lower with the 10-year Treasury ending the quarter at 4.21% compared to 4.57% at the start of the year.

Portfolio Review

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

The allocation effect was negative during the quarter as the Fund had a higher allocation to equities which underperformed fixed income. The Fund entered the quarter with a 2% overweight to equities and ended with a 1% overweight due to market performance.

Security selection had a positive impact on relative performance as the equity allocation within the Fund outperformed the Russell 1000 Index during the quarter. Relative equity performance was due to positive security selection across multiple sectors with the primary drivers being Consumer Discretionary and Consumer Staples. An underweight position in Tesla (not held in the Fund) was the

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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.***

largest contributor as the stock underperformed the broader market while overweight positions in Philip Morris (Consumer Staples sector) and HCA Healthcare (Health Care sector) outperformed.

Fixed income had a neutral impact on relative performance as positive interest rate management was offset by negative selection and allocation. The Fund was managed with a longer duration than the benchmark for most of the quarter which contributed to performance as interest rates declined. However, an overweight to investment grade (IG) corporates detracted as spreads widened while negative selection within the Securitized sector also detracted from relative performance.

There were no significant changes to Fund positioning during the quarter. The Fund entered the quarter with a 62% weight in equities, largely concentrated in U.S. large cap securities. However, equity underperformance relative to fixed income reduced that overweight and the Fund ended the quarter overweight equities by 1%. There were only two changes to allocations as the Fund initiated a position in Uber and eliminated exposure to Southwest Airlines. 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 IG Credit and Securitized were maintained, as we continue to favor quality and liquidity while finding issuers with favorable risk/reward characteristics.

Outlook and Conclusion

The Fund is targeting a marginal overweight in equities compared to the benchmark.

Developing trade policy has created elevated uncertainty around economic growth and inflation. Forecasts for U.S. economic activity have declined in recent weeks amid tariffs and weaker sentiment across businesses and consumers. Investor expectations for inflation are for a meaningful short-term impact but one that is not expected to be persistent. While the Fed paused at their last two meetings, expectations are for multiple cuts in 2025 as downside risks to growth have increased and uncertainty remains high.

Despite modestly cheaper valuations since the beginning of the year, current levels are still expensive relative to history. Full valuations coupled with increased economic risks support a modest overweight risk posture.

Sector positioning reflects current valuations, relative value, and opportunities within each sector. The Fund ended the quarter with 61% invested in equities, a 1% overweight compared to the benchmark.

Within equities, the Fund is overweight Communication Services and Health Care sectors. The largest underweights are Utilities, Consumer Staples, and Consumer Discretionary sectors. Within equities, we are maintaining a cautious stance but are selectively finding bottom-up opportunities. The S&P 500 entered correction territory in March but ended the quarter slightly above the lows. Despite recent price declines, valuations are still above long-term averages following a 51% return for the S&P 500 since the beginning of 2023 while earnings growth has been more modest. We are prioritizing high barrier to entry businesses with high returns on capital and maintaining a moderately defensive posture within the Fund's portfolio.

Within fixed income, the Fund remains underweight U.S. Government and overweight Investment Grade Credit. Credit spreads widened over the quarter, but ended the quarter still tight relative to history. The Fund is positioned with a high-quality bias and remains focused on compelling bottom-up opportunities given limited relative value opportunity across sectors. We are positioning the Fund's portfolio longer duration compared to the benchmark as we believe longer rates are exhibiting attractive value. However, we expect the market to continue adjusting to incoming economic data which is likely to lead to continued volatility.

The Fund is positioned well to navigate the current environment of elevated uncertainty and generate compelling investment returns relative to the market and peers. Evolving policy combined with softer consumer and business sentiment has led to rapidly shifting forecasts for economic growth and inflation. If the economic landscape stabilizes, 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 continued 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 strategy is designed to generate excess returns 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	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	**$917.2 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

	1Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	-1.22%	-1.22%	6.38%	5.09%	10.99%	8.21%	8.59%
C Shares	-1.44%	-1.44%	5.55%	4.28%	10.15%	7.55%	7.74%
Y Shares	-1.21%	-1.21%	6.57%	5.31%	11.22%	8.44%	8.63%
R6 Shares	-1.14%	-1.14%	6.76%	5.47%	11.26%	8.34%	8.61%
Benchmark	-1.58%	-1.58%	6.77%	5.55%	10.82%	8.04%	—
Including Max Sales Charge							
A Shares	-6.16%	-6.16%	1.05%	3.31%	9.86%	7.66%	8.53%
C Shares	-2.43%	-2.43%	4.55%	4.28%	10.15%	7.55%	7.74%

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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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 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.

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