# Touchstone Dividend Equity Fund

Sub-Advised by: Fort Washington Investment Advisors Inc

U.S. Equity - Large Cap Value 2Q/2026

## Fund Manager Commentary

*As of 06-30-2026*

### Fund Highlights

- U.S. large capitalization companies
- Historically paid consistent, growing dividends
- Distinctive approach is centered on linking valuations with barriers to entry
- Seeks to invest in businesses that are trading below what is believed to be its estimate of the companies' intrinsic value
- Focuses on businesses that are believed to have a sustainable competitive advantage or a high barrier to entry in place

### Market Recap

U.S. equity markets produced strong gains during the second quarter of 2026, supported by resilient economic growth, better-than-expected corporate earnings, and improving investor sentiment as geopolitical risks moderated. Economic activity remained stable through the first half of the year, supported by continued capital investment related to AI, accommodative fiscal policy, and healthy consumer spending. As tensions between the United States and Iran eased, oil prices retreated from their highs, reducing concerns over a renewed inflation shock and providing additional support for risk assets.

Market leadership broadened during the quarter after several periods in which returns were concentrated among a narrow group of mega-cap technology companies. While AI remained an important driver of equity returns, investors became increasingly selective, favoring companies directly benefiting from AI infrastructure spending, including semiconductor and memory businesses. Small- and mid-cap equities outperformed large-cap stocks, and participation broadened to sectors such as Industrials, Health Care, and Financials. Inflation remained above the Federal Reserve's (Fed) target, and the appointment of a new Fed Chair increased uncertainty regarding the future path of monetary policy, although stable labor markets and strong corporate fundamentals continued to support equities.

### Portfolio Review

The Touchstone Dividend Equity Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell 1000 Value Index, for the quarter ended June 30, 2026.

Security selection detracted from relative performance during the quarter, while sector allocation contributed positively. The Fund's dividend-oriented investment approach also detracted, as above-average dividend-paying stocks underperformed companies with lower dividend yields during the period. Relative security selection was weakest within the Information Technology (IT) sector, with additional headwinds from Consumer Discretionary and Communication Services sectors. Positive security selection within Financials, Industrials, Health Care, Materials, Consumer Staples, and Energy sectors partially offset those results. Sector allocation benefited from an overweight to IT and positioning within Financials and Energy but was partially offset by cash holdings and positioning within Communication Services.

Among the top contributors to relative performance were overweight positions in KLA Corp., Texas Instruments Inc., and Cisco Systems Inc. (all IT sector), along with not owning positions in Walmart Inc. (Consumer Staples sector) and Berkshire Hathaway Inc. (Financials sector). KLA benefited from continued demand for semiconductor capital equipment supporting AI infrastructure. Texas Instruments advanced as improving guidance reflected a recovery in analog semiconductor demand, while Cisco Systems benefited from growing enterprise networking demand tied to AI infrastructure. The Fund not owning positions in Walmart and Berkshire Hathaway also contributed positively to relative results.

Among the top detractors from relative performance were not owning positions in Intel Corp., SanDisk Corp., and Advanced Micro Devices Inc.; an underweight position in Micron Technology Inc., as well as an overweight position in Microsoft Corp. (all IT sector). The underweight positions detracted as investors broadened participation across AI-related semiconductor companies. Although Microsoft generated a positive absolute return during the quarter, the Fund's overweight position detracted from relative performance because the shares lagged higher-performing semiconductor and AI infrastructure beneficiaries.

During the quarter, the Fund initiated positions in Amazon.com Inc. (Consumer Discretionary sector) and Stryker Corp. (Health Care sector) and exited positions in Target Corp. (Consumer Staples sector) and Fox Corp. (Communication Services sector).

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There were no material sector allocation changes during the quarter. The IT sector remained the Fund's largest overweight, while Financials, Energy, and Industrials sectors remained the largest underweights.

## Outlook and Conclusion

We believe the backdrop remains generally supportive for equities, although selectivity remains important. Economic growth has remained resilient, corporate earnings have exceeded expectations, and market leadership has broadened beyond a narrow group of mega-cap technology companies. While the de-escalation between the United States and Iran has reduced near-term pressure from higher energy prices, geopolitical developments, inflation, and monetary policy remain important sources of uncertainty.

Against this backdrop, the Fund continues to emphasize high-quality companies with durable competitive advantages, strong free cash flow generation, and the ability to grow dividends over time. While aggregate market valuations remain above historical averages and a more inflation-focused Fed could contribute to additional market volatility, we believe the Fund remains well positioned to benefit from its long-term focus on businesses capable of generating sustainable earnings and dividend growth.

## Fund Facts

| | | | | Annual Fund Operating Expense Ratio | |
|---|---|---|---|---|---|
| Class | Inception Date | Symbol | CUSIP | Total | Net |
| A Shares | 06/08/98 | **TQCAX** | 89155T482 | 1.01% | 0.99% |
| C Shares | 06/08/98 | **TQCCX** | 89155T474 | 1.78% | 1.69% |
| Y Shares | 05/15/13 | **TQCYX** | 89155T466 | 0.76% | 0.76% |
| INST Shares | 07/19/21 | **TQCIX** | 89155T458 | 0.88% | 0.65% |
| R6 Shares | 08/02/21 | **TQCRX** | 89155T441 | 0.78% | 0.65% |

**Total Fund Assets $2.5 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 and other expenses, if any) to 0.99% for Class A Shares, 1.69% for Class C Shares, 0.77% for Class Y Shares, 0.65% for Class INST Shares, and 0.64% for Class R6 Shares. These expense limitations will remain in effect until at least 01/29/27.*

*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 | 10.54% | 10.95% | 19.92% | 15.65% | 10.11% | 8.73% | 7.72% |
| C Shares | 10.38% | 10.62% | 19.09% | 14.87% | 9.34% | 8.00% | 7.01% |
| Y Shares | 10.63% | 11.16% | 20.25% | 15.93% | 10.37% | 8.97% | 7.82% |
| INST Shares | 10.67% | 11.17% | 20.33% | 16.03% | 10.46% | 8.90% | 7.78% |
| R6 Shares | 10.67% | 11.17% | 20.32% | 16.06% | 10.48% | 8.91% | 7.78% |
| Benchmark | 13.84% | 16.23% | 27.09% | 17.78% | 11.17% | 11.52% | 8.04% |
| **Including Max Sales Charge** | | | | | | | |
| A Shares | 5.02% | 5.40% | 13.92% | 13.69% | 8.99% | 8.17% | 7.52% |
| C Shares | 9.38% | 9.62% | 18.09% | 14.87% | 9.34% | 8.00% | 7.01% |

*Benchmark - Russell 1000® Value 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 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.
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.*
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## Top 10 Holdings

| | | *(% of Portfolio)* |
|---|---|---|
| 1 | Microsoft Corp | 3.3 |
| 2 | Broadcom Inc | 2.9 |
| 3 | Apple Inc | 2.2 |
| 4 | Alphabet Inc Class C | 2.1 |
| 5 | Johnson & Johnson | 1.9 |
| 6 | Micron Technology Inc | 1.9 |
| 7 | KLA Corp | 1.9 |
| 8 | Cisco Systems Inc | 1.8 |
| 9 | ExxonMobil Holdings Corp | 1.7 |
| 10 | Bank of America Corp | 1.6 |

**Not FDIC Insured | No Bank Guarantee | May Lose Value**

## 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 dividend-paying companies. There is no guarantee that the companies in which the Fund invests will declare dividends in the future or that dividends, if declared, will remain at current levels or increase over time. Securities that pay dividends may be sensitive to changes in interest rates, and as interest rates rise or fall, the prices of such securities may fall. 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. 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. The Fund invests in value stocks which may not appreciate in value as anticipated or may experience a decline in value. The Fund's service providers are susceptible to cyber security risks that could result in losses to a Fund and its shareholders. Cyber security incidents could affect issuers in which a Fund invests, thereby causing the Fund's investments to lose value. Current and future portfolio holdings are subject to change.

**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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