

Touchstone Focused Fund

Sub-Advised by: Fort Washington Investment Advisors, Inc.

U.S. Equity – Multi-Cap Core

4Q/2025

Fund Manager Commentary

As of December 31, 2025

Fund Highlights

- Concentrated, high conviction portfolio
- 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
- Strategy provides the opportunity to invest in companies of all market capitalizations

Market Recap

U.S. equities were higher for a third straight quarter to end the year. Despite the government shutdown and a spike in job cuts, underlying growth remained resilient amid the U.S. Federal Reserve (Fed) completing a third rate cut in December and corporate profits exceeding expectations. The best performing benchmark sectors were Health Care, Communication Services, and Materials. The worst performing sectors for the benchmark were Real Estate, Utilities, and Consumer Staples.

Portfolio Review

The Touchstone Focused Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell 3000® Index, for the quarter ended December 31, 2025.

Within the Touchstone Focused Fund, the sectors where Fund holdings outperformed the most relative to the benchmark were Real Estate, Consumer Staples, and Materials. Sectors that lagged the most relative to the benchmark included Health Care, Information Technology, and Industrials. Stock selection detracted from performance for the quarter. Sector allocation contributed primarily due to the overweight in Communication Services and the zero weighting in Utilities.

The three holdings that contributed the most to performance included Alphabet Inc. (Communication Services sector), Applied Materials Inc. (Information Technology sector), and Coca-Cola Femsa, S.A.B. de C.V. (Consumer Staples sector).

Alphabet outperformed in the quarter as the market has gained confidence in the competitiveness of the company's AI products and services. The company's Gemini 3 AI models launched in the quarter and surpassed rivals such as OpenAI's GPT models on popular benchmarks. Additionally, remedies recommended by the judge in the antitrust lawsuit brought against the company by the

DOJ significantly lowered the odds of some dire outcomes feared by the market. Applied Materials' stock outperformed as shortages in supply of semiconductor chips, including memory, are raising the market's expectations of a material increase in orders for the firm's equipment. Coca-Cola Femsa was a positive contributor to performance as third quarter earnings exceeded expectations. The South America region outperformed on both volume and price/mix. Mexico remained weak but showed sequential improvement despite a challenging macroeconomic environment. Additionally, management's efforts to streamline expenses drove sequential margin improvement.

The holdings that detracted the most from performance included Oracle Corp. (Information Technology sector), Meta Platforms Inc. (Communication Services sector), and Microsoft Corp. (Information Technology sector).

Oracle's stock underperformed as concerns arose about the company's financial capacity to deliver on its large AI backlog. Admittedly, low external visibility into the nuances of large customer and supplier contracts can cause the stock to be volatile. However, we view Oracle as a well-run company and expect management to remain financially disciplined. At Meta, management significantly raised investments in the pursuit of AI capabilities, causing the stock to sell off as cash flows come under pressure. Microsoft's stock has been weak as investors grapple with the competitiveness of OpenAI's GPT models given Microsoft's reliance on OpenAI's technologies for its AI capabilities.

From a market capitalization perspective, the Fund ended the quarter with a 0.0% weight in smaller cap stocks (companies with a market cap below \$2 billion). The benchmark weight for this segment is 1.5%. The Fund had an underweight in mid-cap businesses, which now comprise 3.7% of assets, compared to a benchmark weight of 5.8%. Lastly, the Fund is overweight in larger cap businesses (companies with a market cap above \$10

(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.**



billion). The weight in that segment is currently 94.4%, which is higher than the benchmark weight of 92.7%. This allocation decision had a positive impact to performance during the quarter. Cash holdings ended the quarter at 1.9%.

Investments made in international companies, which comprised around 4% of assets at the end of the period, outperformed the benchmark.

There were no additions or removals to the Fund's portfolio during the course of the quarter.

As the quarter came to a close, the Fund had an overweight in the Communication Services, and Consumer Staples sectors and an underweight in the Industrials, Materials, Consumer Discretionary, Energy, Information Technology, Real Estate, and Financials sectors. The weight in the Health Care sector was roughly in line with that of the benchmark. The Fund held no positions in the Utilities sector.

Outlook and Conclusion

With an additional 50 basis points of Fed rate cuts easing financial conditions, and market fundamentals remaining healthy, the Russell 3000 reached new highs again in fourth quarter, posting a 2.4% gain for the quarter.

The U.S. economy has remained resilient in recent quarters. The primary drivers of growth have been resilient personal consumption, supported by higher income households, alongside continued massive investment in artificial intelligence infrastructure. Following stronger-than-expected 4.3% GDP growth in the third quarter, the economy is projected to see a modest slowdown in fourth quarter, largely due to a temporary drag from the U.S. government shutdown, with growth normalizing in first quarter 2026. Investors are also looking to tax policy as a potential tailwind, as accelerated depreciation should boost capital expenditures and individual tax cuts should support consumer spending.

Earnings beats and positive revisions supported the market in the quarter, with S&P 500 earnings increasing 13.5% year-over-year in the third quarter vs. the 7.9% expected at the end of September. A continued pickup in merger and acquisition activity was also a positive for market sentiment.

The Fed built on its September rate cut by delivering two additional 25 basis-point reductions at the final meetings of the year, with a weakening employment picture prompting the FOMC to move policy closer to neutral. December commentary was received as more balanced (less hawkish) than expected. Trade developments, recently a source of uncertainty, were positive on balance, with the U.S. and China agreeing to extend their trade truce for a year.

Potential concerns include a softening labor market, consumer cautiousness and affordability issues (largely impacting the lower end of the income spectrum thus far), housing market weakness, and lingering concerns over trade/tariffs and international relations. Concerns about future Fed independence remain in the background as well.

We continue to monitor employment, housing, manufacturing, and market breadth data, among others, to continually reassess our views. Consistent with the last few years, we maintain a high-quality Fund with a focus on higher return on investment businesses with pricing power. One hundred percent of the Fund (excluding cash) remains invested in companies we see as having moderate or high barriers to entry. We believe disciplined execution of our process will benefit the Fund through periods of volatility and over the long term.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	09/30/03	TFOAX	89154X245	1.16%	1.16%
C Shares	04/12/12	TFFCX	89154X237	2.07%	1.90%
Y Shares	02/12/99	TFFYX	89154X229	0.87%	0.87%
INST Shares	12/20/06	TFFIX	89154X211	0.91%	0.84%
Total Fund Assets	\$1.4 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 1.20% for Class A Shares, 1.89% for Class C Shares, 0.95% for Class Y Shares and 0.83% for Class INST Shares. These expense limitations will remain in effect until at least 07/29/26. Share class availability differs by firm.

Annualized Total Returns

	4Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	2.33%	15.66%	15.66%	19.59%	12.03%	12.56%	10.66%
C Shares	2.14%	14.81%	14.81%	18.68%	11.17%	11.89%	10.09%
Y Shares	2.41%	16.00%	16.00%	19.94%	12.36%	12.89%	10.96%
INST Shares	2.41%	16.04%	16.04%	19.98%	12.40%	12.96%	11.05%
Benchmark	2.40%	17.15%	17.15%	22.25%	13.15%	14.29%	8.71%
Including Max Sales Charge							
A Shares	-2.78%	9.89%	9.89%	17.57%	10.89%	11.90%	10.42%
C Shares	1.14%	13.81%	13.81%	18.68%	11.17%	11.89%	10.09%

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 - Russell 3000® Index

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The performance presented for Class A, C, and INST Shares combines the performance of an older class of shares (Y Shares) from the Fund's inception, 02/12/99, with the performance since the inception date of each share class.

Top 10 Equity Holdings of Fund

	(% of Portfolio)		(% of Portfolio)
1 Microsoft Corp.	9.2	6 NVIDIA Corp.	4.9
2 Alphabet Inc.	8.7	7 Bank of America Corp.	3.0
3 Apple, Inc.	6.9	8 Philip Morris International Inc.	2.5
4 Meta Platforms, Inc.	6.6	9 Visa Inc.	2.5
5 Amazon.com Inc.	5.2	10 Oracle Corp.	2.4

Source: BNY Mellon Asset Servicing

The Russell 3000® Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

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 small- and mid-cap companies, which may be subject to more erratic market movements than stocks of larger, more established companies. 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 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 may focus its investments in a particular industry and/or market sector which may increase the Fund's volatility and magnify its effects on total return. 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 is non-diversified, which means that it may invest a greater percentage of its assets in the securities of a limited number of issuers and may be subject to greater risks. Current and future portfolio holdings are subject to change.

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