

## Fund Manager Commentary

As of 03-31-2026

### 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 lower in the first quarter, ending the three-quarter streak of gains that major indices saw to finish out 2025. AI disruption fears were a key headwind during the period, especially in the software space, while escalating geopolitical tensions in the Middle East caused downward pressure on markets later in the quarter.

A key theme in the quarter was investors working to better understand the potential impact of AI across sectors. While AI-driven investment has supported growth in recent periods, concerns around returns on capital, competitive disruption, and longer-term winners and losers weighed heavily on software stocks, among others.

Macro conditions shifted notably as the quarter progressed, driven by escalating geopolitical tensions. The outbreak of U.S.-Iran hostilities, most notably disruptions to energy shipments through the Strait of Hormuz, drove concerns around supply shocks, inflation, and global growth. The resulting spike in oil prices contributed to renewed inflation concerns and a repricing of Federal Reserve (Fed) policy expectations, with markets moving away from anticipated rate cuts toward a more prolonged pause. Energy was the standout performer amid the surge in crude prices, while defensive sectors such as Utilities and Consumer Staples also outperformed. Conversely, Consumer Discretionary, Information Technology (IT), and Financials, faced meaningful pressure. Beneath the surface, dispersion increased significantly, highlighting a market increasingly driven by idiosyncratic and thematic factors rather than broad-based momentum.

### Portfolio Review

The Touchstone Focused Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell 3000® Index, for the quarter ended March 31, 2026.

Within the Fund, the sectors where holdings outperformed the most relative to the benchmark were Health Care, Energy, and Consumer Discretionary. Sectors that lagged the most relative to the benchmark included Real Estate, Consumer Staples, and Industrials. Stock selection detracted from performance for the period. Sector allocation also detracted during the quarter primarily due to the underweight in Energy and the zero weighting in Utilities.

Three of the holdings that contributed most to performance were Exxon Mobil Corp. (Energy sector), Applied Materials Inc., and Taiwan Semiconductor Manufacturing Co. Ltd. (both IT sector). Exxon Mobil outperformed during the quarter, driven by higher commodity prices as concerns about supply disruptions supported positive earnings revisions. In the near term, geopolitical tensions involving Iran have been constructive for Exxon, benefiting its upstream, refining, and downstream chemicals segments through elevated pricing and margin expansion. Applied Materials' stock outperformed in the quarter as robust demand for AI semiconductors is driving strong growth in orders for the firm's equipment to manufacture chips. Taiwan Semiconductor is similarly benefiting from strong orders for AI semiconductors resulting in revenue growth and margins above the market's expectations.

Three of the holdings that detracted the most from performance included Microsoft Corp., Salesforce Inc. (both IT sector), and Meta Platforms Inc. (Communication Services sector).

Microsoft's stock underperformed in the quarter as revenue growth is being depressed due to management's decision to allocate incremental AI capacity to internal R&D and products such as Copilot rather than to paying third-party customers via Azure. While management's allocation decision undoubtedly pressures near-term revenue growth, we view it as the right long-term decision for the business and consider the stock undervalued at current levels. Salesforce's stock has been weak as investors are concerned about the impact of AI advancements

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on the business of enterprise software vendors. We continue to view Salesforce as well positioned to bring AI capabilities to the CRM market as the company's systems benefit from direct access to customer data, giving it an advantage in creating competitive AI solutions for customers. At Meta, management's elevated investments in the pursuit of AI capabilities continued to weigh on the stock as cash flows came under pressure.

From a market cap perspective, the Fund ended the period with an underweight in smaller cap stocks (companies with a market cap below \$2 billion) relative to the index. The Fund had an underweight in mid-cap businesses compared to an index weight. Lastly, the Fund was overweight in larger cap businesses (companies with a market cap above \$10 billion). Cash holdings ended the quarter below 2%. This allocation decision had a positive impact to performance during the quarter. Investments made in international companies, which comprised nearly 5% of assets at the end of the period, outperformed the benchmark. QXO Inc. (Industrials sector) was added to the Fund and RTX Corp. (Industrials sector) was removed from the Fund. Shares of Waters Corp. (Health Care sector) and Versant Media Group Inc. (Communication Services sector) were received as a result

of corporate actions during the quarter (Becton Dickinson and Comcast spin offs, respectively). Waters Corp and Versant Media were removed from the Fund during 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, Energy, Health Care, and Real Estate sectors. The weights in the Consumer Discretionary, Financials, and IT sectors were roughly in line with that of the index. The Fund held no positions in the Utilities sector.

### Outlook and Conclusion

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 \$1.3 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 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**

	1Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
<b>Excluding Max Sales Charge</b>							
A Shares	-6.40%	-6.40%	12.03%	13.69%	8.49%	11.71%	10.32%
C Shares	-6.57%	-6.57%	11.21%	12.83%	7.66%	10.87%	9.50%
Y Shares	-6.34%	-6.34%	12.36%	14.03%	8.80%	12.04%	10.62%
INST Shares	-6.32%	-6.32%	12.39%	14.06%	8.84%	12.10%	10.73%
Benchmark	-3.96%	-3.96%	18.09%	17.86%	10.87%	13.72%	8.46%
<b>Including Max Sales Charge</b>							
A Shares	-11.08%	-11.08%	6.43%	11.76%	7.38%	11.14%	10.07%
C Shares	-7.50%	-7.50%	10.21%	12.83%	7.66%	10.87%	11.56%

Benchmark - Russell 3000® 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 3000 Index measures the performance of the the 3000 largest U.S. companies based on total market capitalization which represents approximately 98% of the investable U.S. equity market. 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](https://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)		(% of Portfolio)		
1	Alphabet Inc Class C	8.5	7	Exxon Mobil Corp	3.3
2	Microsoft Corp	7.6	8	Bank of America Corp	2.8
3	Apple Inc	6.8	9	Philip Morris International Inc	2.8
4	Meta Platforms Inc Class A	5.9	10	Taiwan Semiconductor Manufacturing Co Ltd	2.7
5	NVIDIA Corp	5.1		ADR	
6	Amazon.com Inc	5.0			

**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 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 nondiversified, 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.

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/](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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