

## Fund Manager Commentary

As of 03-31-2026

### Fund Highlights

- Invests primarily in issues having a market capitalization above \$5 billion at time of purchase
- 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
- Concentrated, high conviction portfolio generally holds 25-45 companies

### 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 U.S. Federal Reserve 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 Large Cap Focused Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell 1000 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, Industrials, and Consumer Staples. 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 weight 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 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. Investments made in international companies, which comprised about 3% of assets at the end of the period, outperformed the benchmark. Broadcom Inc. (IT sector) was added to the Fund during the quarter and Starbucks Corp. (Consumer Discretionary sector) was removed from the Fund during the quarter. Shares of Versant Media Group Inc. (Communication Services sector) were received as a result of a corporate action during the quarter (spin out of Comcast Corp., Communication Services sector), and these shares were removed from the Fund during the quarter.

As the quarter came to a close, the Fund had an overweight in the Communication Services, Financials, and IT sectors, and an

underweight in the Industrials, Consumer Discretionary, Materials, Consumer Staples, Energy, Health Care, and Real Estate sectors. The Fund held no positions in the Utilities sector. Cash holdings ended the quarter at less than 1%.

### 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	01/12/34	SENCX	89154Q299	0.98%	0.98%
C Shares	05/04/98	SCSCX	89154Q281	1.80%	1.80%
Y Shares	05/04/07	SICWX	89154Q265	0.77%	0.73%
INST Shares	12/23/14	SCRLX	89154Q273	0.71%	0.70%
R6 Shares	10/28/21	TSRLX	89154M884	0.69%	0.66%

**Total Fund Assets \$3.3 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 1.00% for Class A Shares, 1.79% for Class C Shares, 0.72% for Class Y Shares, 0.69% for Class INST Shares, and 0.65% 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

	1Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
<b>Excluding Max Sales Charge</b>							
A Shares	-7.35%	-7.35%	13.05%	14.82%	9.31%	13.61%	10.97%
C Shares	-7.53%	-7.53%	12.13%	13.89%	8.43%	12.70%	10.10%
Y Shares	-7.30%	-7.30%	13.32%	15.11%	9.59%	13.91%	11.03%
INST Shares	-7.29%	-7.29%	13.37%	15.15%	9.62%	13.96%	11.01%
R6 Shares	-7.28%	-7.28%	13.41%	15.20%	9.63%	13.78%	10.98%
Benchmark	-4.18%	-4.18%	17.74%	18.14%	11.34%	13.97%	—
<b>Including Max Sales Charge</b>							
A Shares	-11.98%	-11.98%	7.40%	12.87%	8.19%	13.03%	10.90%
C Shares	-8.46%	-8.46%	11.13%	13.89%	8.43%	12.70%	7.56%

Benchmark - Russell 1000® 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 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://www.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	8.6	7	Exxon Mobil Corp	3.2
2	Microsoft Corp	8.4	8	Taiwan Semiconductor Manufacturing Co Ltd ADR	2.9
3	Apple Inc	7.1	9	Philip Morris International Inc	2.8
4	NVIDIA Corp	6.7	10	Bank of America Corp	2.8
5	Meta Platforms Inc Class A	6.3			
6	Amazon.com Inc	6.1			

**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 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 specific sectors and therefore is subject to the risk that adverse circumstances will have greater impact on the fund than on the fund that does not do so. 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. 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 subadvisor 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/](https://www.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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