Touchstone Large Cap Fund

Sub-Advised by: The London Company

U.S. Equity – Large-Cap Core 4Q/2025

Fund Manager Commentary

As of December 31, 2025

Fund Highlights

- Utilizes a bottom-up security selection process that screens potential investments against a proprietary quantitative model for return on capital, earnings to value ratio, free cash flow and return on equity
- Looks at a company's corporate governance structure and management incentives to try to ascertain whether or not management's interests are aligned with shareholder interests
- Seeks to identify the sources of a company's competitive advantage as well as what levers management has at its disposal to increase shareholder value
- Seeks to purchase generally profitable, financially stable large-cap companies that consistently generate high returns on unleveraged operating capital, are run by shareholder-oriented management, and are trading at a discount to their private market value

Market Recap

U.S. equities finished higher for a third consecutive quarter, led by a shift towards a more accommodative monetary policy, resilient consumer spending, and better-than-expected earnings results. Clarity in trade policy also helped ease uncertainties. The 10-year Treasury yield increased to 4.2% amid sticky inflation and delayed expectations of further U.S. Federal Reserve (Fed) cuts.

Economic data during the quarter were mixed but generally better than expected, reflecting an economy that remained resilient. Real GDP accelerated to a 4.3% annualized pace in the third quarter, providing a strong starting point for fourth quarter, supported by solid consumer spending and business investment. However, estimates are showing a moderation in growth expectations going forward, alongside modest labor market softening and sticky inflation. Affordability pressures and labor market concerns weighed on consumer sentiment. Despite these headwinds and a government shutdown, earnings results remained supportive, reinforcing a constructive fundamental backdrop even as economic momentum began to cool.

Near-term data continues to be delayed by the government shutdown, but the most recent data showed signs of progress being made on the inflation side. Inflation surprised to the downside in November, with core CPI cooling more than expected. The most recent Core PCE, the Fed's preferred gauge (which excludes food and energy), has not been updated since September. All that said, inflation remains above the Fed's target.

The labor market data showed unemployment increased and has continued to soften. Labor demand has fallen more than supply, which has been a main driver for the unemployment rate ticking higher, not necessarily due to layoffs. On a positive note, productivity also increased significantly. Unemployment rates were 4.6%. The weakening unemployment numbers continue to be a bigger risk to the overall economy.

Regarding monetary policy, the Fed maintained its restrictive monetary policy but lowered the federal funds rate by 25 basis points to 3.5-3.75% in December due to the rising downside risk of higher unemployment. The three rate cuts this year were all framed as a risk management move to bring policy closer to neutral. The Fed is trying to execute a careful balancing act with the decision to cut rates despite still elevated and potentially persistent inflation. Fed projections now show only one 2026 cut, which may be close to the neutral rate. Additional easing is possible depending on economic data throughout the year.

Portfolio Review

The Touchstone Large Cap Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell 1000® Index, for the quarter ended December 31, 2025.

The underperformance of the Quality factor, which the Fund tilts toward, was a headwind to relative performance this quarter. The best performing sectors for the Russell 1000 index were Health Care and Communications Services, while Real Estate and Utilities were the weakest sectors.

During the quarter, sector allocation and stock selection were headwinds to relative performance. An underweight to both Information Technology and Real Estate aided performance, while an underweight Health Care and overweight Financials detracted from performance.

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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.***

Turning to stock selection, the best performing stocks based on relative performance vs. the benchmark during the quarter included Alphabet Inc. (Communications Services sector), FedEx Corp. (Industrials sector), and Chubb Ltd. (Financials sector).

Alphabet was a top performer this quarter following strong core business execution and accelerating adoption of its AI offerings. Growth was broad-based across search, YouTube, and cloud, with AI enhancing search utility and monetization while cloud margins reached new highs. Management continues to balance disciplined cost controls with increased AI investment, reinforcing confidence in long-term returns. We remain attracted to its massive ecosystem scale, sound capital allocation, and clean balance sheet.

FedEx was a top performer after reporting better results led by improved revenue quality, disciplined pricing, and continued cost savings. Despite the freight recession, domestic ground volume has been fairly resilient recently, and margins expanded in the core Express business due to the structural cost reductions. We remain attracted to the strong cash generation, balanced capital allocation, and a solid balance sheet.

Chubb was a strong performer in the fourth quarter, reaching an all-time high, following exceptional earnings that featured record core operating income, industry-leading combined ratios, and robust investment income growth. The company's diversified portfolio, disciplined underwriting, and aggressive capital returns reinforced confidence in its ability to generate attractive returns, even as the Property and Casualty industry transitions to a more competitive and volatile environment.

The more challenged positions based on relative performance during the quarter included Fiserv Inc. (Financials sector), NewMarket Corp. (Materials sector), and BlackRock Inc. (Financial Services sector).

Fiserv weakness came after ongoing concerns about a slowdown in its small business point-of-sale platform on top of weak third quarter results. The company took a steep guidance cut and announced management and Board changes. The large stock reaction reflects a loss of credibility, increased doubts around the long-term growth outlook, and the realization that a turnaround will require meaningful investment over the medium-term. Given the extent of the reset and diminished confidence in the thesis, we sold our position.

NewMarket was a weaker performer as a softer global environment pressured Petroleum Additives volumes and margins and the Specialty Materials business had lumpy demand, which weighed on results. Lower oil prices reduced operating leverage and drove an unusual restructuring charge as industry capacity increased. Despite near-term pressure, we continue to view NewMarket as a strong business with disciplined capital allocation, balance sheet flexibility, and strong cash flow generation. Attracted to its best-in-class operations, conservative underwriting, and shareholder-friendly capital allocation philosophy.

BlackRock was a bottom performer during the quarter as investor sentiment was pressured by concerns around private market liquidity, return durability, and higher expenses tied to recent acquisitions. Despite this, fundamentals remain solid, with record AUM, healthy flows, and organic base fee growth well above long-term targets, driven by active ETFs, digital assets, and alternatives. We continue to view BlackRock as a long-term share gainer, and we appreciate the strong balance sheet and steady capital return.

In late December, we trimmed the large position in Alphabet Inc. based on strength and to comply with our stated 10% position limits. We used the funds to increase our position in Republic Services Inc. (Industrials sector).

We added to Republic Services as it is an attractive opportunity to increase our exposure in a defensive and resilient business model. The waste management industry has lagged the broader market this year due to cyclical volume weakness in construction, demolition, and the industrial sector. Despite these short term headwinds, Republic Services continues to exhibit operational strength through pricing power and cost controls, which have led to stronger margins. We remain attracted to the high-quality, essential business with strong and stable cash flow generation. Recently, insiders have bought shares in the open market, which we view as an additional data point to the attractive valuation.

In October, we sold the remaining Fiserv position after it hit our soft stop loss. The doubts over the new long-term algorithm and the durability of its core business are now in question. Prior management's reliance on low-quality, short-term growth led us to lose confidence in the business. While there is still value in the core business, it is now a turnaround story that will require heavy investment to reset the strategy and restore genuine earnings growth.

In October, we used the excess cash to fund two purchases of existing holdings, Chubb Ltd. and Norfolk Southern Corp. (Industrials sector).

We added to our Chubb position after the most recent quarterly report. Results continue to be better than expected and management increased its return on equity target. Loss trends in the industry have stabilized and premiums written should accelerate. Management also accelerated the buyback program and signaled that the stock is trading under its intrinsic value. We remain confident in the attractive nature Chubbbusiness.

We added to our Norfolk Southern position after the shares pulled back despite the pending Union Pacific deal. It is currently trading at a discount to the value of the Union Pacific deal and the rail industry is out of favor. While most recent earnings were softer than expected Norfolk Southern has shown signs of improving its execution and volumes should return incrementally. Lastly, the chairman stepped up and purchased shares in the open market, which we view as a sign of conviction in the business.

Outlook and Conclusion

Despite tariff pressures and a softening labor market, economic growth remained resilient through much of the year, supported by solid consumer spending, productivity, and continued AI-driven investment. Rising productivity increased earnings and fueled broad-based volatility and small-cap equity gains. Elevated valuations now reflect optimistic assumptions around sustained earnings growth and productivity gains. Macro risks have grown more pronounced, including a softening labor market, mounting

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affordability pressures on consumers, and global policy uncertainty, suggesting markets may be more vulnerable to disappointment as growth slows and policy support becomes less certain.

We expect more modest returns amid elevated valuations, concentrated leadership, and rising macro uncertainty, which increases the risk of volatility and drawdowns. Although we are not forecasting a recession, late-cycle dynamics are becoming more apparent with the uneven economic data. Defensive portfolios like ours remain prudent protection against risks that could still materialize.

In terms of monetary policy, the Fed appears likely to hold interest rates steady at its next meeting, with the markets pricing in one additional rate cut later in 2026. Softer job market data has driven this shift, as policymakers aim to prevent further labor market deterioration while inflation remains above target. As policy moves toward neutral, it is important to note that monetary changes take time to impact the economy.

In terms of the equity market, valuations based on near-term earnings and expectations are elevated. This has reduced the margin for error, as seen with recent earnings, generating limited upside for beats and outsized downside for misses. We believe that modest returns with unpredictable downdrafts appear likely for U.S. equities over the next decade. We see the most compelling opportunities in high-quality companies with durable fundamentals, particularly those that generate strong free cash flow, maintain conservative balance sheets, and return capital to shareholders.

Given we appear to be late in the economic cycle, with growth strong but showing signs of moderation, this environment should favor Quality factors and our portfolios over the next few years. Importantly, when Quality outperforms, it tends to be significant, while underperformance during lagging periods is typically more modest. Longer term, we believe that quality attributes and solid company fundamentals will lead to strong risk adjusted returns.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	07/09/14	**TACLX**	89154Q554	1.34%	1.04%
C Shares	07/09/14	**TFCCX**	89154Q547	3.02%	1.75%
Y Shares	07/09/14	**TLCYX**	89154Q521	0.89%	0.79%
INST Shares	07/09/14	**TLCIX**	89154Q539	0.83%	0.69%
Total Fund Assets	**$304.6 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 1.03% for Class A Shares, 1.74% for Class C Shares, 0.78% for Class Y Shares and 0.68% for Class INST Shares. These expense limitations will remain in effect until at least 10/29/26.

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	0.02%	7.82%	7.82%	12.11%	8.42%	9.58%	8.62%
C Shares	-0.12%	7.04%	7.04%	11.27%	7.62%	8.93%	8.06%
Y Shares	0.09%	8.05%	8.05%	12.37%	8.68%	9.85%	8.88%
INST Shares	0.09%	8.14%	8.14%	12.48%	8.79%	9.96%	8.99%
Benchmark	2.41%	17.37%	17.37%	22.74%	13.59%	14.59%	13.17%
Including Max Sales Charge							
A Shares	-4.98%	2.43%	2.43%	10.21%	7.31%	8.93%	8.06%
C Shares	-1.10%	6.04%	6.04%	11.27%	7.62%	8.93%	8.06%

Benchmark - Russell 1000® Index

Max 5.00% sales charge for Class A Shares and 1% Contingent Deferred Sales Charge for Class C Shares held less than 1 year.

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Top 10 Equity Holdings of Fund

		(% of Portfolio)
1	Alphabet Inc.	9.9
2	Apple, Inc.	6.9
3	Berkshire Hathaway Inc. Class B	6.9
4	Norfolk Southern Corp.	5.0
5	Visa Inc.	4.5
6	The Progressive Corp.	4.5
7	Charles Schwab Corp.	4.2
8	Republic Services Inc.	4.2
9	BlackRock Inc.	4.1
10	Chubb Ltd.	4.1

Source: BNY Mellon Asset Servicing

Not FDIC Insured | No Bank Guarantee | May Lose Value

The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index.

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.

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 may invest a greater percentage of its assets in the securities of a limited number of issuers and may be subject to greater risks. 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. 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 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.

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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