Touchstone Large Cap Fund

Sub-Advised by: The London Company

U.S. Equity - Large Cap Core | 1Q/2026

Fund Manager Commentary

As of 03-31-2026

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 were lower during the quarter. The themes driving performance were artificial intelligence (AI) displacement anxiety weighing on software, private credit concerns, and the Iran conflict escalation, creating ripple effects throughout the economy. The broader market declined during the quarter. The 10 year Treasury yield rose with a steep curve-flattening, reflecting a repricing of rate cut expectations.

The U.S. economy has faced mounting headwinds in early 2026 as geopolitical turmoil and energy shocks overshadow earlier resilience. Fourth quarter GDP was revised lower to 0.7% from 1.4%, while some survey data suggested stagflationary signals. The Iran conflict has disrupted global trade flows and increased uncertainty for the growth outlook. Consumer spending has weakened recently as households struggle with higher energy costs and persistent affordability concerns. However, several positive factors remain favorable for the outlook, including previous Federal Reserve (Fed) rate cuts working their way through the economy, banks becoming more willing to lend, and fiscal stimulus providing support through spending incentives and tax refunds. Deregulation is helping smaller businesses and productivity gains continue to accelerate throughout the workforce.

Inflation has become more worrisome as energy prices surge, and consumer expectations shift rapidly. This has led to higher inflation expectations for longer, and the speed at which inflation expectations are shifting makes it harder for the Fed to cut rates. Core PCE, the Fed's preferred measure, rose to 2.8% year-over-year in February. With tariff costs continuing to pass through to consumers and higher energy prices, inflation is unlikely to return sustainably to the Fed's 2% target until late 2026.

The labor market has been sending mixed signals, with stability but little evidence of reacceleration. The most recent jobs report came in better than expected, though wage growth has continued to ease. The unemployment rate ticked down to 4.3%, driven in part by a decline in labor force participation, which fell to its lowest level since late 2021. While employment gains have picked up in cyclical sectors such as construction and manufacturing, hiring in AI exposed areas like tech and finance remains soft. Looking ahead, elevated long term unemployment and accelerating AI adoption could present additional headwinds for labor demand. That said, underlying trends continue to point to a gradual cooling rather than a sharp deterioration.

The Fed held rates steady in March at 3.5% to 3.75% and signaled a cautious approach going forward. While policymakers continue to signal the potential for rate cuts later this year, those expectations have become increasingly conditional on further progress in inflation declining. The Fed is navigating a more complex backdrop, with persistent inflation pressures alongside signs of softening in parts of the economy. Markets currently expect one or no rate cuts in 2026, with the first potentially arriving around December, though the path will depend on progress on inflation and labor market conditions.

From a sector perspective, Energy and Materials were the top-performing sectors, while Financials and Consumer Discretionary were the worst.

Momentum and Yield factors delivered positive relative returns. Value factors were mostly positive, with investors favoring lower sales based valuation stocks. Quality factors detracted from relative returns as investors pivoted away from stability characteristics and longer duration assets amid persistent inflation concerns. Growth, Size, and Volatility remained negative.

Portfolio Review

The Touchstone Large Cap Fund (Class A Shares, Load Waived) outperformed its benchmark, the Russell 1000® Index, for the quarter ended March 31, 2026.

Strong stock selection combined with favorable sector positioning drove significant outperformance. From a sector perspective, an overweight in Materials and an underweight in Information Technology helped. An overweight in Financials and an underweight in Energy detracted.

Turning to stock selection, Entegris Inc. (Information Technology sector) was a top contributor, benefiting from improving fabrication utilization and accelerating AI driven semiconductor demand. It continues to gain share as advanced node transitions increase materials intensity per wafer. Looking ahead, fundamentals are improving with higher wafer starts, near full utilization, and multiple growth drivers across advanced logic and memory. With its investment cycle largely complete and free cash flow expected to improve, we remain attracted to its strong competitive positioning and high barriers to entry.

FedEx Corp. (Industrials sector) was a top contributor following better-than-expected results, driven by disciplined pricing, improved revenue quality, and continued cost reductions. Margins expanded in the Express segment, while domestic volumes remained relatively resilient despite ongoing Freight weakness. The company continues to generate strong cash flow and maintain a solid balance sheet, and we remain constructive given improving industry fundamentals supported by capacity rationalization.

Air Products and Chemicals, Inc. (Materials sector) benefited from industrial gas demand improving and rising helium prices tied to the Iran conflict. Helium represents a low-teens percentage of earnings and has weighed on results in recent years due to a weak pricing environment. The current pricing tailwind should provide some near-term relief. Our long-term thesis continues to track against improved execution under new management.

Visa Inc. (Financials sector) underperformed on weaker consumer confidence, lower spending expectations, and additional concerns that AI could pressure moats in payment businesses. We expect resilience across economic cycles and view the stock as attractively valued relative to both the market and fundamentals.

Alphabet Inc. (Communication Services sector) was a bottom contributor despite solid operating results, as strong growth in Search and Cloud was offset by investor concerns around elevated capital expenditures and evolving AI monetization. Sentiment was further weighed down by uncertainty around AI-driven search disruption and moderating advertising spend. While the stock faced pressure, the company's dominant search franchise, growing cloud infrastructure business, and leadership position in AI development provide multiple growth drivers.

Equitable Holdings Inc. (Financials sector) was a bottom contributor, reflecting pressure on asset-based revenues amid market volatility and lower fee-related income. The position was sold following a soft stop-loss review.

There were no significant changes to overall positioning during the quarter. The Fund initiated a position in Dominion Energy Inc. (Utilities sector). Dominion operates as a predominantly regulated utility with stable earnings, improving financial flexibility, and attractive long-term growth drivers. To fund this purchase, positions in Starbucks (Consumer Discretionary sector) and Charles Schwab (Financials sector) were trimmed.

The Fund sold the remaining position in Equitable Holdings (Financials sector) and used the proceeds to increase positions in Dominion Energy (Utilities sector) and Martin Marietta Materials, Inc. (Materials sector), reflecting a positive view of the aggregates industry, strong return on capital, and continued infrastructure spending support.

Outlook and Conclusion

Despite sector volatility and mixed economic data, the economy has remained resilient, supported by steady consumer spending and stabilizing manufacturing activity. Historically, sustained market downturns require clear economic deterioration, which has yet to materialize. That said, risks are building, including geopolitical uncertainty, a bumpy labor market, renewed inflation pressures, and ongoing affordability constraints. As growth moderates and policy support becomes less certain, markets may become more vulnerable.

The U.S. economy continues to show resilience, with GDP growing at 2.4% (above trend) and corporate earnings expected to be above 17% year-over-year. Consumer spending remains steady, and manufacturing activity has stabilized. Under normal circumstances, this economic strength would support accommodative monetary policy and expanding equity valuations. However, the Fed remains constrained by its price stability mandate. Markets currently expect one or no rate cuts in 2026, with the first potentially arriving around December, though the path will depend on progress on inflation and labor market conditions.

Inflation will not let the Fed ease, which keeps real yields restrictive, which mathematically compresses valuations on quality businesses. Looking ahead, the current environment is unlikely to persist indefinitely. As the cycle evolves, either growth slows, raising the importance of earnings stability, or inflation softens, which can create more flexibility for policymakers. Both scenarios have historically been supportive of Quality factors.

The broadening that began in late 2025 continued into the first quarter of 2026, with leadership expanding beyond mega-cap technology and extending across the market cap spectrum. The equal-weight index outperformed the cap-weighted index by a wide margin, one of the strongest periods of equal-weight outperformance in recent decades. We believe the broadening trend still has room to run. Prior episodes have tended to be uneven but extended, often lasting years rather than quarters. While geopolitical risks and supply shocks can create near-term volatility, they have rarely altered the long-term fundamentals of companies with structural competitive advantages.

Quality factors have historically posted their best relative returns during periods of decelerating growth and through recessions, and have outperformed the broader market shortly after the Fed begins to reduce rates. If the Fed is cutting rates to help a weak economy, that is typically better for Quality factors. Quality factors typically lag in the early days of a recovery and keep pace during the mid-cycle years. While we may avoid a recession, we are likely mid to late in the economic cycle now. If that is correct, it bodes well for the relative performance of Quality factors over the next few years and for the Fund.

Longer term, we believe that quality attributes and solid company fundamentals will lead to strong risk-adjusted returns. 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.

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 $300.1 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 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

	1Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	1.23%	1.23%	6.83%	11.65%	6.83%	9.70%	8.54%
C Shares	1.01%	1.01%	6.00%	10.80%	6.03%	8.88%	7.74%
Y Shares	1.32%	1.32%	7.10%	11.92%	7.10%	9.98%	8.81%
INST Shares	1.32%	1.32%	7.14%	12.02%	7.20%	10.09%	8.92%
Benchmark	-4.18%	-4.18%	17.74%	18.14%	11.34%	13.97%	12.47%
Including Max Sales Charge							
A Shares	-3.83%	-3.83%	1.49%	9.76%	5.74%	9.14%	8.07%
C Shares	0.01%	0.01%	5.00%	10.80%	6.03%	8.88%	7.74%

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.*** *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	Alphabet Inc Class C	8.8
2	Berkshire Hathaway Inc Class B	6.4
3	Apple Inc	6.3
4	Norfolk Southern Corp	4.8
5	Republic Services Inc	4.3

		(% of Portfolio)
6	Air Products and Chemicals Inc	4.2
7	Chubb Ltd	4.2
8	Dominion Energy Inc	4.0
9	Martin Marietta Materials Inc	4.0
10	Progressive Corp	3.8

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 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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