

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 mid-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 Technology 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 Communication Services were among the weakest.

Turning to market factors, Momentum and Yield 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 factors remained negative.



Portfolio Review

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

Both stock selection and sector allocation detracted from relative performance. Market rotation into commodities and lower valuation stocks created headwinds for the Fund's quality-oriented holdings as well as consumer-related names. An underweight to Energy sector stocks during a sharp sector rally pressured relative performance.

From a sector perspective, an overweight in Materials and no exposure to Communication Services (a weaker performing sector) helped. An underweight in both Energy (the best performing sector) and Utilities detracted from relative performance.

Turning to stock selection, Entegris, Inc. (Information Technology sector) was a top contributor, benefiting from improving fabrication utilization and accelerating AI-driven semiconductor demand. The company 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.

Keysight Technologies Inc. (Information Technology sector) was also a strong contributor as depressed end markets rebounded, and the wireline test business benefited from AI-driven investment in data center infrastructure. Fiscal results were strong, and momentum appears to be carrying forward in the near term. Longer term, we view the company as the dominant player in electronic test and measurement and a structural winner in the continued demand for faster and more advanced connectivity. The company's advantages, built on scale, research and development, and customer relationships, are likely widening over time.

Allison Transmission Holdings, Inc. (Industrials sector) outperformed on better-than-feared results and solid forward guidance. The stock also benefited as investors rotated out of AI-vulnerable software into industrial businesses perceived to be more insulated from disruption. We view the company as a high-quality industrial, and the Dana off-highway acquisition, completed at a cyclical low, is expected to be accretive and support margin expansion as synergies are realized.

Among the detractors, Churchill Downs Inc. (Consumer Discretionary sector) declined as regional gaming revenue softened, and concerns emerged around potential i-gaming legislation. We believe these concerns are overdone and note that the company has responded opportunistically by repurchasing shares during the weakness. The company has favorable tailwinds ahead of the upcoming Derby and retains optionality to create value through a potential sale of its regional casino portfolio.

Somnigroup International Inc. (Consumer Discretionary sector) shares pulled back, pressured by weaker consumer sentiment and housing activity, which are key drivers of demand. Despite this, the company continues to gain market share and is making strong progress on the Mattress Firm integration. We believe the company is well positioned to benefit when demand recovers and see meaningful value creation potential from the combination. Our thesis is supported by strong free cash flow, brand strength, and disciplined execution.

Avantor, Inc. (Health Care sector) detracted as forward guidance disappointed, with new management framing the year as a rebuilding phase requiring operational investments. While end markets are showing early signs of improvement, the turnaround remains complex. We are confident in the management team and believe the challenges are addressable. The underlying business consists of high quality, mission critical products with sticky revenue, and much of the near term uncertainty appears to be reflected in the valuation. We remain attracted to the company's durable demand profile and improving execution strategy. There were no significant changes to the Fund's portfolio during the quarter that would reflect a major change in overweights or underweights relative to the index. However, the Fund did complete a round of trading during the quarter.

In March, the Fund exited Amphenol (Information Technology sector), Brown-Forman (Consumer Staples sector), and trimmed Otis Worldwide Corp. (Industrials sector). With the proceeds, the Fund initiated a position in Domino's Pizza Inc. (Consumer Discretionary sector).

The Fund exited Amphenol (Information Technology sector) following continued strength in the stock's performance, which resulted in the company's market capitalization moving beyond the mid cap range. While we continue to view the business favorably, we redeployed capital into other opportunities. Brown-Forman (Consumer Staples sector) was exited as it had become a smaller position, and we lacked conviction to add to it. Slowing spirits demand, elevated inventories, and margin pressures suggest a challenging near-term outlook, prompting us to redeploy capital into higher-conviction opportunities. The Fund trimmed Otis Worldwide (Industrials sector) to help fund a new position while maintaining our long-term view of the business. While the company benefits from a durable service moat and recurring revenue base, its exposure to China and a weaker new equipment outlook limit near-term catalysts. The Fund initiated a position in Domino's Pizza (Consumer Discretionary sector), a global leader in quick-service pizza with a highly scalable franchise model and strong digital capabilities. The company has over 21,000 stores, with approximately 99% of stores franchised and roughly one-third of its units located in the U.S. It operates through three segments: supply chain, U.S. stores, and international franchises. Pizza remains one of the most fragmented restaurant categories, with Domino's holding a leading share, leaving a meaningful runway for continued share gains.



Domino's has built a durable competitive advantage through its vertically integrated supply chain, technology-driven ordering platform, and extensive franchise network, which together create a highly efficient operating system that is difficult for competitors to replicate. The company generates the majority of its earnings from a capital-light royalty and supply chain model, which supports strong margins and consistent free cash flow generation. Franchise partners benefit from attractive unit economics, enabling continued expansion of the store base both domestically and internationally. The company also maintains a disciplined capital allocation framework, returning significant cash flow to shareholders through share repurchases and dividends while maintaining a franchise-focused operating model. Given Domino's strong brand, resilient demand profile, and long runway for global unit growth, we believe the company is well positioned to deliver durable earnings growth over the long term.

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 Federal Reserve 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	05/14/07	TMAPX	89155H629	1.18%	1.18%
C Shares	05/14/07	TMCJX	89155H611	1.93%	1.93%
Y Shares	01/02/03	TMCPX	89155H793	0.92%	0.92%
Z Shares	04/24/06	TMCTX	89155H785	1.24%	1.23%
INST Shares	01/27/12	TMPIX	89155T649	0.87%	0.87%
R6 Shares	02/22/21	TMPRX	89155T490	0.82%	0.81%

Total Fund Assets \$4.4 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 and other expenses, if any) to 1.21% for Class A Shares, 1.96% for Class C Shares, 0.96% for Class Y Shares, 1.21% for Class Z Shares, 0.89% for Class INST Shares, and 0.79% for Class R6 Shares. These expense limitations will remain in effect until at least 01/29/27.

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	-5.18%	-5.18%	3.92%	8.70%	4.50%	10.01%	10.12%
C Shares	-5.36%	-5.36%	3.15%	7.90%	3.74%	9.20%	9.34%
Y Shares	-5.13%	-5.13%	4.18%	8.98%	4.78%	10.30%	10.37%
Z Shares	-5.21%	-5.21%	3.86%	8.65%	4.47%	9.99%	10.08%
INST Shares	-5.11%	-5.11%	4.24%	9.04%	4.85%	10.37%	10.42%
R6 Shares	-5.11%	-5.11%	4.31%	9.11%	4.91%	10.37%	10.40%
Benchmark	1.29%	1.29%	15.98%	13.33%	7.26%	10.91%	11.06%
Including Max Sales Charge							
A Shares	-9.93%	-9.93%	-1.28%	6.85%	3.43%	9.45%	6.81%
C Shares	-6.30%	-6.30%	2.15%	7.90%	3.74%	9.20%	6.36%

Benchmark - Russell Midcap® 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 Midcap Index measure the performance of the 800 smallest companies in the Russell 1000 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	AerCap Holdings NV	5.7	6	Armstrong World Industries Inc	4.3
2	Dollar Tree Inc	5.3	7	Somnigroup International Inc	4.1
3	Entegris Inc	5.0	8	M&T Bank Corp	3.8
4	Keysight Technologies Inc	4.9	9	Churchill Downs Inc	3.8
5	Allison Transmission Holdings Inc	4.7	10	Vulcan Materials Co	3.3

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 mid-cap companies which may be subject to more erratic market movements than stocks of larger, more established companies. 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. A fund that focuses its investments in the securities of a particular market sector is subject to the risk that adverse circumstances will have a greater impact on the fund than a fund that does not focus its investments in a particular sector. The Fund's service providers are susceptible to cyber security risks that could result in losses to a Fund and its shareholders. Cyber security incidents could affect issuers in which a Fund invests, thereby causing the Fund's investments to lose value. 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://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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