

Fund Manager Commentary

As of December 31, 2025

Fund Highlights

- Employs a process that is focused on long-only, bottom-up value management
- Uses traditional methods of stock selection - research and analysis - to identify securities believed to be undervalued, and searches for companies that have price-to-earnings and price-to-book ratios below the market and that have above-average dividend yields
- Process seeks to identify the reasons for a temporary undervaluation of a company's shares and believes that value can be added through individual stock selection
- Fundamentals of companies are analyzed one at a time rather than on broader market themes
- Utilizes risk management techniques in an effort to keep the Fund's portfolio from becoming overexposed to particular market segments

Market Recap

U.S. equities advanced sharply in the fourth quarter of 2025, capping a volatile but ultimately strong year for global markets. Following the sharp selloff earlier in the year tied to tariff announcements and policy uncertainty, risk appetite returned decisively in the second half, with the S&P 500 finishing the quarter at all-time highs. Market leadership in fourth quarter remained concentrated in AI beneficiaries, mega cap stocks, and lower quality segments, while efforts toward broader market participation faded. Although cyclical pressures from tariffs eased as the year progressed, the late year rally challenged strategies positioned toward higher quality or more balanced exposures, as momentum driven areas dominated returns.

Monetary policy developments remained central to market dynamics during the quarter. The Federal Reserve delivered two of its three rate cuts in fourth quarter, bringing the policy rate to 3.50% by year end as inflation continued to moderate and labor market conditions softened modestly. Inflation data improved meaningfully, with both headline and core CPI trending lower, contributing to declining interest rates across the yield curve. Despite some disruption to economic data from a government shutdown, underlying economic conditions remained constructive, highlighted by strong third quarter GDP growth and resilient consumer activity. Commodity prices continued to reflect sustained investment demand, while gold's outsized gains during 2025 signaled investor caution around rising fiscal deficits and debt. Together, easing financial conditions and steady growth momentum exiting the fourth quarter set a supportive backdrop for corporate earnings and markets heading into 2026.

Portfolio Review

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

Relative underperformance during the quarter was driven primarily by sector allocation, with stock selection a smaller headwind. Positive stock selection within Industrials, Financials, Communication Services, and Health Care supported results, while selection within Information Technology, Consumer Discretionary, and Real Estate detracted. An underweight to Communication Services, the second-best performing benchmark sector, was a notable drag, partially offset by an underweight to Consumer Staples, which lagged for both the quarter and the year.

Within Industrials, J.B. Hunt Transport Services Inc. and Vertiv Holdings Co. were key contributors. J.B. Hunt benefited from margin improvement, cost reductions, and disciplined capital allocation despite muted freight demand, while Vertiv exceeded expectations on strong data center infrastructure demand tied to AI and cloud growth, with expanding margins and a robust order pipeline. In Financials, Bank of Nova Scotia contributed positively as margin expansion, disciplined cost control, and improving profitability reinforced confidence in its multi-year strategy and capital return profile. Within Communication Services, Alphabet Inc. outperformed on accelerating revenue growth, strong advertising trends, and significant margin expansion in Google Cloud, supported by growing adoption of AI-enabled services.

(continued)

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.**



Touchstone Investments®
DISTINCTIVELY ACTIVE®

In Health Care, Merck & Co. Inc. added value as strong execution, encouraging pipeline developments, and positive trial results for Winrevair strengthened confidence in long-term earnings durability beyond Keytruda. Offsetting these gains, Real Estate detracted as VICI Properties Inc. declined alongside the sector, despite stable fundamentals, full rent collection, and attractive long-term lease structures, amid softer Las Vegas travel trends and tenant-related concerns. Within Consumer Discretionary, Lennar Corp. underperformed as housing affordability challenges and elevated mortgage rates pressured demand, while Aptiv plc detracted following lowered profitability guidance tied to semiconductor supply disruptions and China-related export constraints.

Finally, Information Technology was a drag on relative performance, led by Entegris Inc. and Oracle Corp.. Entegris faced soft near-term semiconductor demand and underutilization pressures despite improving cash flow and resilient consumables growth, while Oracle declined as investor concerns around elevated capital spending and leverage overshadowed strong cloud growth and record backlog tied to AI-driven demand. Although long-term fundamentals remain intact for both companies, near-term uncertainty weighed on performance during the quarter.

Outlook and Conclusion

Market leadership remains unusually narrow, with a disproportionate share of recent returns, earnings growth, and capital spending concentrated in a small group of AI-related companies. This concentration is well documented, raising the question of what could catalyze broader participation. Looking ahead to 2026, three potential inflection points stand out: meaningful consumer stimulus from increased tax refunds tied to the One Big Beautiful Bill, a transition in Federal Reserve leadership as Chair Powell's term concludes, and the approach of midterm elections. Together, these developments could support a more broad-based economic expansion, creating a more favorable backdrop for equal-weighted indices, value-oriented stocks, and small caps.

Each of these forces has the potential to lift asset prices, consumer cash flows tend to translate into spending, a new Fed chair may be more receptive to lower rates amid rising fiscal pressures, and political incentives favor pro-growth policies ahead of elections. The primary risk to this constructive outlook remains inflation. Affordability pressures persist for many consumers, and the combination of fiscal and monetary stimulus could reignite inflationary pressures. While renewed inflation would likely challenge long-duration AI-driven growth stocks, the broader economy appears better positioned today to absorb such a shock, supported by record-high corporate profit margins and ongoing productivity gains.



Touchstone Investments®
DISTINCTIVELY ACTIVE®

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	07/31/03	TVLAX	89154X468	1.11%	1.08%
C Shares	04/12/12	TVLCX	89154X450	2.30%	1.75%
Y Shares	09/10/98	TVLYX	89154X443	0.86%	0.83%
INST Shares	12/20/06	TVLIX	89154X435	0.80%	0.68%
R6 Shares	10/28/21	TVLRX	89154M876	0.79%	0.63%
Total Fund Assets	\$613.5 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 1.08% for Class A Shares, 1.75% for Class C Shares, 0.83% for Class Y Shares, 0.68% for Class INST Shares and 0.63% 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

	4Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	2.55%	11.29%	11.29%	13.18%	11.88%	10.66%	8.95%
C Shares	2.39%	10.55%	10.55%	12.37%	11.05%	9.99%	8.37%
Y Shares	2.59%	11.48%	11.48%	13.44%	12.14%	10.95%	9.23%
INST Shares	2.63%	11.78%	11.78%	13.63%	12.34%	11.11%	9.33%
R6 Shares	2.64%	11.83%	11.83%	13.71%	12.35%	11.05%	9.26%
Benchmark	3.81%	15.91%	15.91%	13.90%	11.33%	10.53%	8.36%
Including Max Sales Charge							
A Shares	-2.58%	5.75%	5.75%	11.26%	10.74%	10.01%	8.72%
C Shares	1.48%	9.57%	9.57%	12.37%	11.05%	9.99%	8.37%

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

Benchmark - Russell 1000® Value Index

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 for Class A, C, INST and R6 Shares combines the performance of an older class of shares (Y Shares) from the Fund's inception, 09/10/98, with the performance since the inception date of each share class.

Top 10 Equity Holdings of Fund

	(% of Portfolio)		(% of Portfolio)
1 Carnival Corp.	4.6	6 Johnson Controls International PLC	3.0
2 Bank of America Corp.	3.8	7 Keurig Dr Pepper Inc.	2.8
3 Alphabet Inc.	3.4	8 Microchip Technology, Inc.	2.6
4 Berkshire Hathaway Inc. Class B	3.1	9 Qualcomm, Inc.	2.6
5 Merck & Co. Inc.	3.0	10 Exxon Mobil Corp.	2.6

Source: BNY Mellon Asset Servicing

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.

Touchstone Funds are distributed by **Touchstone Securities, LLC**
A registered broker-dealer and member FINRA and SIPC

A member of Western & Southern Financial Group

Not FDIC Insured | No Bank Guarantee | May Lose Value

The Russell 1000® Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

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.

The Frank Russell Company (FRC) is the source and owner of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a Touchstone Investments presentation of the data, and FRC is not responsible for the formatting or configuration of this material or for any inaccuracy in the presentation thereof.

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 mid-cap companies which may be subject to more erratic market movements than stocks of larger, more established companies. The Fund invests in value stocks which may not appreciate in value as anticipated or may experience a decline in value. 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 Depository Receipts, Global Depository Receipts, and European Depository 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 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.



Touchstone Investments®
DISTINCTIVELY ACTIVE®