Fund Manager Commentary

As of December 31, 2024

Fund Highlights

- Primarily invests in a diversified portfolio of fixed-income and equity securities. Under normal circumstances, the Fund generally expects to allocate its assets as follows:
  - 60% equity securities
  - 40% fixed-income securities
- Allocates assets based on relative attractiveness
  - Equity/fixed income weights
  - Sector/industry weights
  - Active duration management and yield curve positioning
- Fundamentally driven equity and credit analysis
- Strategic long-term execution of asset class allocation

Market Recap

As 2024 comes to a close, the investment landscape remains shaped by strong domestic growth, changing policy priorities from the newly elected administration, and evolving investor sentiment. Economic growth exceeded expectations from the beginning of the year, underscored by the resilience of both consumers and businesses. However, policy changes concerning trade and regulation have garnered significant attention, potentially impacting the trajectory of the U.S. economy.

Strong consumer spending has been the largest contributor to growth over the last year. While household savings have declined, higher income earners have propelled the economy following a surge in investment and home prices since the pandemic. Higher wages have also supported the broader labor market. Although job creation has slowed over the last year, it is being offset by a lack of job losses, resulting in a largely balanced labor market.

As the economy continues to expand, inflation remains a focus for many investors due to the implications for the U.S. Federal Reserve (Fed) policy. While inflation still appears to be on a path of disinflation, recent data has been bumpy. Furthermore, several new tariff proposals from the President-elect have added to uncertainty. While tariffs are generally considered a one-time price increase rather than inflationary, there is a risk that they could progress into a larger trade war with some of the United States' largest trading partners (China, Mexico, and Canada). This possibility has caused investors to increase their short-term inflation outlook while longer-term expectations have remained largely range bound.

At the same time, other policy proposals may provide tailwinds for economic growth into 2025. Deregulation efforts could provide certain industries, particularly energy and banking, with lower amounts of operational restrictions that should improve bottom lines. In addition, lower levels of regulation should enhance merger and acquisition activity while the possibility of lower corporate tax rates would lift fundamentals for many small/medium size firms. This positive backdrop for the economy is helping support risk assets as evidenced by historically tight credit spread and higher equity prices.

The Fed began cutting policy rates following further disinflation and a cooler labor market. Despite the fed funds rate being reduced by 100 basis points, longer-term yields moved higher during the fourth quarter as investors expect continued economic strength to result in fewer rate cuts during 2025. The dynamic of higher long-term rates while the Fed is cutting has led to a more traditionally shaped yield curve. The shift in longer rates was the main driver of fixed income returns over the fourth quarter. The 10-year Treasury increased about 80 basis points and caused a 3% decline in the Bloomberg U.S. Aggregate Bond Index as credit spreads remained near historically tight levels. These

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interest rate moves also caused equities to pause in December, although the S&P 500 Index still had a strong quarter, up 2.4%.

While higher rates could put pressure on risk assets, consumer spending, and business investment are likely to support current valuations. However, we remain cognizant of downside risks to the current economic trajectory, such as the bifurcation between lower income earners relative to higher income households as well as sluggish growth from Europe and China. Additionally, markets will maintain a keen eye on any potential weakness in employment, developments in U.S. fiscal policy, and geopolitical conflicts.

Portfolio Review

The Touchstone Balanced Fund (Class A Shares, Load Waived) underperformed its blended benchmark, the 60% Russell 1000® Index/40% Bloomberg U.S. Aggregate Bond Index, for the quarter ended December 31, 2024.

The allocation effect was positive during the quarter as the Fund had a higher allocation to equities, which outperformed fixed income. The Fund entered the quarter with an approximate 3% overweight to equities and ended with an approximate 2% overweight, as the Fund reduced some exposure during the quarter following strong performance.

Security selection had a negative impact on relative performance as the equity allocation within the Fund underperformed the Russell 1000® Index during the quarter. Relative equity performance was largely due to negative security selection within the Information Technology and Consumer Discretionary sectors. Not holding positions in Tesla and Broadcom were some of the largest detractors as they outperformed the broader market while an overweight position within HCA Healthcare underperformed.

Fixed income had a neutral impact on relative performance as negative interest rate management was offset by positive selection and allocation. The Fund was managed with a longer duration than the benchmark for most of the quarter which detracted from performance as interest rate rose. However, an overweight to investment grade corporates contributed positively as spreads tightened and positive selection within investment grade corporates and securitized also contributed to relative performance.

There were no significant changes to Fund positioning during the quarter but the Fund did trim equity exposure following strong relative performance compared to fixed income.

The Fund entered the quarter with a 63% weight in equities, largely concentrated in U.S. large cap securities. The Fund took advantage of strong performance and trimmed equity exposure by 3%, although still ended the quarter overweight equities by 2%. There were only two changes to allocations as the Fund initiated a position in Applied Materials Inc. and eliminated exposure to IBM (both Information Technology sector).

Fixed Income positioning had no material changes to sector allocations during the quarter. The meaningful change for the Fund was to duration positioning which was lengthened over the period as interest rates rose. The Fund's overweight allocations to Investment Grade Credit and Securitized were maintained as the teams continued to favor quality and liquidity while finding issuers with favorable risk/reward characteristics.

Outlook and Conclusion

The Fund's risk budget is targeting a marginal overweight to equities compared to the benchmark.

Economic activity has been healthy over the last year despite expectations for a deceleration. Inflation remains above the Fed's 2% target but continues to decline, although recent data has been a bit bumpy. As a result of disinflation and a cooling labor market, the Fed has cut rates by 100 basis points since September. However, interest rates have increased meaningfully over that same time period as investors lowered their expectation for future rate cuts. While the consensus is for a continued U.S. economic expansion, there are still macroeconomic risks to that outlook such as geopolitical uncertainty and potentially restrictive financial conditions.

Valuations largely reflect a limited margin of safety with minimal upside. Despite our improved economic outlook, elevated asset prices result in only a modest overweight risk posture within the Fund.

The Fund's sector positioning reflects generally expensive valuations, relative value, and opportunities within each sector. The Fund ended the quarter with 62% invested in equities, a 2% overweight compared to the benchmark.

Within equities, the Fund is overweight Communication Services and Health Care. The largest underweights are Information Technology, Consumer Staples, and Consumer Discretionary. Although investor consensus is for a continued economic expansion, full valuations result in lower levels of risk within investment portfolios. Current valuations generally reflect minimal macroeconomic risks with a limited margin of safety. We are prioritizing high barrier to entry companies with high returns on capital and are maintaining a defensive posture within the Fund.

Within fixed income, the Fund remains underweight U.S. Government and overweight Investment Grade Credit as improving growth forecasts should support current spreads. We are positioning the Fund's portfolio long duration compared to the benchmark, as we believe longer rates are exhibiting attractive value following the significant backup over the past few months. However, we expect the market to continue adjusting to incoming economic data which is likely to lead to continued volatility.

Given our outlook for the economy and markets, we believe the Fund is appropriately positioned to generate compelling investment returns relative to the market and peers. Economic growth continues surprising to the upside and strong consumer fundamentals should support further

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growth. The Fund's exposure to equities and credit sectors should perform well in a stable to improving economic environment, and the high-quality security selection focus should provide some degree of downside risk-mitigation in a risk off environment. However, if economic growth slows more than expected, the Fund is in a position to add exposure opportunistically if risk assets experience weakness. The high conviction nature of the strategy is designed to generate excess return through positive security selection in various economic environments.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	11/15/38	**SEBLX**	89154Q323	1.02%	1.02%
C Shares	05/04/98	**SBACX**	89154Q174	1.78%	1.78%
Y Shares	08/27/07	**SIBLX**	89154Q315	0.79%	0.79%
R6 Shares	10/28/21	**TBARX**	89154M801	6.95%	0.64%
Total Fund Assets	**$945.8 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 1.01% for Class A Shares, 1.78% for Class C Shares, 0.81% for Class Y Shares and 0.63% for Class R6 Shares. These expense limitations will remain in effect until at least 10/29/25.

Share class availability differs by firm.

Annualized Total Returns

	4Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	-0.04%	13.08%	13.08%	3.86%	8.68%	8.45%	8.63%
C Shares	-0.21%	12.19%	12.19%	3.08%	7.85%	7.79%	7.78%
Y Shares	0.05%	13.34%	13.34%	4.10%	8.91%	8.69%	8.67%
R6 Shares	0.05%	13.46%	13.46%	4.23%	8.93%	8.57%	8.65%
Benchmark	0.42%	14.77%	14.77%	4.16%	8.54%	8.40%	—
Including Max Sales Charge							
A Shares	-5.03%	7.45%	7.45%	2.10%	7.57%	7.90%	8.57%
C Shares	-1.20%	11.19%	11.19%	3.08%	7.85%	7.79%	7.78%

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 - 60% Russell 1000® Index 40% Bloomberg U.S. Aggregate Bond 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 adviser 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 C, Y and R6 Shares combines the performance of an older class of shares (A Shares) from the Fund'sinception,11/15/38, with the performance since the inception date of each share class.

The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index. The Bloomberg U.S. Aggregate Bond Index is an unmanaged index comprised of U.S. investment grade, fixed rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and ten years.

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.

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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 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 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 fixed-income securities which can experience reduced liquidity during certain market events, lose their value as interest rates rise and are subject to credit risk which is the risk of deterioration in the financial condition of an issuer and/or general economic conditions that can cause the issuer to not make timely payments of principal and interest also causing the securities to decline in value and an investor can lose principal. The Fund invests in investment grade debt securities which may be downgraded by a Nationally Recognized Statistical Rating Organization (NRSRO) to below investment grade status. The Fund invests in non-investment grade debt securities which are considered speculative with respect to the issuers' ability to make timely payments of interest and principal, may lack liquidity and has had more frequent and larger price changes than other debt securities. The Fund invests in U.S. government agency securities which are neither issued nor guaranteed by the U.S. Treasury and are not guaranteed against price movements due to changing interest rates. The Fund invests in mortgage-backed securities and asset-backed securities which are subject to the risks of prepayment, defaults, changing interest rates and at times, the financial condition of the issuer. The Fund invests in derivatives and securities such as futures contracts, options, forward contracts and swap agreements. Derivatives can be highly volatile, illiquid and difficult to value, subject to counterparty and leverage risks and there is risk that changes in the value of a derivative held by the Fund will not correlate with the Fund's other investments. Leverage can create an interest expense that may lower the Fund's overall returns. There can be no guarantee that a leveraging strategy will be successful. Gains or losses from speculative positions in a derivative may be much greater than the original cost and potential losses may be substantial. The Fund invests in mortgage dollar rolls which involve increased risk and volatility, as the securities the Fund is required to repurchase may be worth less than the securities that the Fund originally held. The Fund may experience higher portfolio turnover which may lead to increased fund expenses, lower investment returns and higher short-term capital gains taxable to shareholders. 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 Adviser engages a sub-adviser to make investment decisions for the Fund's portfolio; it may be unable to identify and retain a sub-adviser who achieves superior investment returns relative to other similar sub-advisers.

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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