Touchstone Dividend Equity Fund

Sub-Advised by: Fort Washington Investment Advisors Inc

U.S. Equity - Large Cap Value 3Q/2026

Fund Manager Commentary

As of 09-30-2026

Fund Highlights

- U.S. large capitalization companies
- Historically paid consistent, growing dividends
- Distinctive approach is centered on linking valuations with barriers to entry
- Seeks to invest in businesses that are trading below what is believed to be its estimate of the companies' intrinsic value
- Focuses on businesses that are believed to have a sustainable competitive advantage or a high barrier to entry in place

Market Recap

Equity markets remained resilient during the third quarter of 2026, although performance beneath the surface became more uneven as interest rates moved higher and investors reassessed valuations. The S&P 500 Index gained during the quarter and remained near record levels, supported by strong corporate earnings and continued enthusiasm around AI-related growth. Broader market participation weakened as the quarter progressed, with the equal-weighted S&P 500 Index, small cap stocks, and several rate-sensitive sectors coming under pressure. Market returns were increasingly driven by earnings strength among large -cap technology and AI-related companies, while higher discount rates weighed on the average stock.

The macroeconomic backdrop remained firm, with economic growth tracking near trend and supported by stable consumer spending, continued business investment, and capital expenditures tied to the AI buildout. Labor market conditions also remained steady, helping support household income and consumption. At the same time, inflation remained above the Federal Reserve's target, while elevated energy prices and ongoing geopolitical uncertainty in the Middle East added to inflation concerns. In response, the Federal Reserve raised rates by 25 basis points in September, its first increase since 2023.

Higher interest rates were the primary challenge for equities during the quarter. The 10-year U.S. Treasury yield rose sharply, ending September at approximately 5.3%, which pressured valuation multiples and weighed most heavily on smaller companies, rate-sensitive sectors, and more capital-intensive businesses. The S&P 500 Index's forward price-to-earnings multiple contracted from approximately 22x at the beginning of the year to approximately 19x, but strong earnings growth helped offset that multiple compression at the index level. As a result, equity returns were increasingly supported by earnings growth rather than valuation expansion.

Market leadership narrowed after broadening earlier in the year. Mega-cap technology and Communication Services companies regained leadership, while Financials, Materials, Real Estate, Utilities, and Consumer Discretionary lagged as investors priced in the effects of higher interest rates. Healthy corporate fundamentals and continued earnings growth remained supportive, although above-average valuations, persistent inflation, and policy uncertainty contributed to a more demanding investment environment.

Portfolio Review

The Touchstone Dividend Equity Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell 1000 Value Index, for the quarter ended September 30, 2026.

Security selection detracted from relative performance during the quarter, while sector allocation contributed positively. The dividend orientation of the Fund's portfolio was also a headwind. Selection within Information Technology, Consumer Discretionary, and Health Care was the primary driver of negative security selection, partially offset by positive selection within Industrials and Energy. Allocation effects were positive overall, led by positioning in Communication Services and Information Technology, partially offset by Utilities.

Among the top contributors to relative performance were overweight positions in Valero Energy Corp. (Energy sector), Salesforce Inc. (Information Technology sector), and Phillips 66 (Energy sector). Valero Energy rose sharply as stronger refining margins and solid operating execution supported earnings expectations. Salesforce advanced following stronger-

than-expected results and improving momentum across its AI and data offerings, which increased confidence in the company's growth outlook. Phillips 66 benefited from stronger refining margins and improved operating performance during the quarter.

Among the top detractors from relative performance were overweight positions in KLA Corp. (Information Technology sector), Caterpillar Inc. (Industrials sector), Broadcom Inc. (Information Technology sector), and Home Depot Inc. (Consumer Discretionary sector), as well as an underweight position in Apple Inc. (Information Technology sector). KLA declined despite solid results as elevated expectations and concerns regarding the near-term outlook weighed on semiconductor equipment shares. Apple advanced following better-than-expected results supported by strength across iPhone, Mac, and Services, causing the Fund's underweight position to detract. Caterpillar declined as investors became more cautious about margins amid higher manufacturing and tariff-related costs. Broadcom declined despite continued strong AI-related growth as near-term guidance did not sufficiently exceed elevated investor expectations. Home Depot declined as housing affordability constraints and low housing turnover continued to pressure larger discretionary home-improvement projects.

During the quarter, the Fund initiated positions in Cencora Inc. (Health Care sector) and WEC Energy Group Inc. (Utilities sector). Cencora was added as a health care distribution business with significant scale, durable customer relationships, and long-term earnings visibility. Recent concerns had pressured the shares, creating what we viewed as an opportunity in a resilient business supported by specialty drug growth and a strong competitive position. WEC Energy was added as a regulated utility with durable franchise protection and a visible earnings and dividend growth profile, supported by a long reinvestment runway in Wisconsin, growing power demand, and disciplined capital deployment.

The Fund exited Amgen Inc. (Health Care sector) as we viewed the risk/reward as less favorable amid patent expirations, increased competition, and greater dependence on successful pipeline execution. Principal Financial Group Inc. (Financials sector) was also sold because its earnings profile remained more sensitive to capital markets, interest rates, and fee pressure, while we identified other opportunities with stronger earnings visibility and more predictable dividend growth. There were no material sector changes during the quarter. Communication Services remained the Fund's largest sector overweight, while Financials and Consumer Discretionary were the largest underweights.

Outlook and Conclusion

We remain constructive on U.S. equities but believe selectivity has become increasingly important. Corporate earnings growth remains healthy, although higher interest rates, elevated valuations, and persistent inflation have created a more demanding backdrop. Market leadership has also narrowed, with large-cap technology and AI-related companies continuing to drive a meaningful portion of market returns while rate-sensitive, leveraged, and more capital-intensive businesses have faced greater pressure.

We continue to focus on high-quality companies with durable competitive advantages, strong free cash flow, consistent dividend growth, and long-term earnings visibility. Portfolio activity remains centered on increasing exposure to businesses in which we have greater conviction while exiting companies where competitive positioning, execution, or earnings visibility has become less certain. We continue to evaluate opportunities in AI infrastructure, health care innovation, and select industrial companies, while valuation discipline, consumer pressure, interest-rate sensitivity, and policy uncertainty remain key challenges.

We continue to emphasize companies with durable competitive advantages, strong free cash flow, disciplined capital allocation, and the ability to grow dividends over time. The Fund could lag during periods of narrow or speculative market leadership, reinforcing the importance of earnings durability, valuation discipline, and company-specific fundamentals across market environments.

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Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	06/08/98	**TQCAX**	89155T482	1.01%	0.99%
C Shares	06/08/98	**TQCCX**	89155T474	1.78%	1.69%
Y Shares	05/15/13	**TQCYX**	89155T466	0.76%	0.76%
INST Shares	07/19/21	**TQCIX**	89155T458	0.88%	0.65%
R6 Shares	08/02/21	**TQCRX**	89155T441	0.78%	0.65%
Total Fund Assets	**$2.4 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 0.99% for Class A Shares, 1.69% for Class C Shares, 0.77% for Class Y Shares, 0.65% for Class INST Shares, and 0.64% 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

	3Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	0.05%	11.01%	13.78%	17.58%	10.72%	8.37%	7.65%
C Shares	-0.14%	10.47%	12.99%	16.78%	9.95%	7.65%	6.94%
Y Shares	0.07%	11.24%	14.03%	17.85%	10.98%	8.61%	7.75%
INST Shares	0.14%	11.33%	14.21%	17.98%	11.07%	8.55%	7.71%
R6 Shares	0.15%	11.33%	14.15%	18.00%	11.11%	8.56%	7.71%
Benchmark	2.61%	19.27%	23.81%	20.07%	11.92%	11.43%	8.07%
Including Max Sales Charge							
A Shares	-4.95%	5.46%	8.09%	15.59%	9.59%	7.82%	7.45%
C Shares	-1.13%	9.47%	11.99%	16.78%	9.95%	7.65%	6.94%

Benchmark - Russell 1000® Value 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 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.
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)			*(% of Portfolio)*
1	Microsoft Corp	4.7	6	ExxonMobil Holdings Corp	1.9
2	Broadcom Inc	2.7	7	Micron Technology Inc	1.8
3	Apple Inc	2.6	8	Visa Inc Class A	1.7
4	Alphabet Inc Class C	2.0	9	Philip Morris International Inc	1.6
5	Meta Platforms Inc Class A	1.9	10	Procter & Gamble Co	1.5

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 dividend-paying companies. There is no guarantee that the companies in which the Fund invests will declare dividends in the future or that dividends, if declared, will remain at current levels or increase over time. Securities that pay dividends may be sensitive to changes in interest rates, and as interest rates rise or fall, the prices of such securities may fall. 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. The Fund invests in value stocks which may not appreciate in value as anticipated or may experience a decline in value. 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/resources or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

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