Touchstone Investments®
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Touchstone Asset Allocation

Guidance – November 2026

Executive Summary

- October marked an important change in market leadership rather than a deterioration in fundamentals. After an extended period of AI and momentum leadership, Value, defensive equities and higher-quality bonds gained ground. Headline indexes masked significant dispersion beneath the surface.
- Economic growth and corporate earnings remain supportive, but investors are becoming more sensitive to valuation, financing needs and earnings durability. Broader participation would be healthy if supported by improving fundamentals.
- Interest rates provide attractive income, while persistent inflation, heavy federal borrowing and private-sector capital needs could keep long-term yields elevated. Within credit, we favor higher quality and remain underweight high yield.

Asset Class	Weight	Change	Commentary
Equities	Moderate Overweight	↑ (6/26)	We maintain a moderate overweight. Economic growth and earnings remain supportive, but greater market dispersion suggests investors are becoming more sensitive to valuation and earnings durability. We favor maintaining exposure while becoming more selective.
U.S. LC Blend	Moderate Overweight	↑ (6/26)	We maintain a moderate overweight. Earnings remain supportive, while elevated index concentration and greater dispersion reinforce the importance of diversification and active security selection.
U.S. LC Growth	Slight Overweight	↑ (9/26)	We maintain a slight overweight. Earnings growth and revisions remain strong, although elevated index concentration has increased exposure to the largest AI-related companies. We believe active management can provide access to Growth while diversifying the drivers of return.
U.S. LC Value	Neutral	↓ (3/25)	We remain neutral, although the backdrop has improved. The recent rotation highlighted Value's diversification benefits and attractive valuations. We continue to see opportunities through active management.
U.S. Mid Cap	Neutral	↓ (9/26)	We remain neutral. Earnings revisions and breadth continue to improve, while the recent broadening in market leadership is encouraging. We would become more constructive if improving fundamentals were accompanied by sustained relative price strength and some relief from elevated financing costs.
U.S. Small Cap	Neutral	↑ (9/25)	We remain neutral. Improving earnings revisions are encouraging, but elevated financing costs and limited price confirmation warrant patience.
International Developed	Neutral	↑ (6/25)	We remain neutral. Earnings and economic activity have been more resilient than expected, improving the fundamental backdrop. Developed international equities remain a sizeable and important component of our diversified allocation framework.
International Emerging	Slight Underweight	↓ (3/26)	We remain slightly underweight. Recent weakness in semiconductor-heavy markets highlights concentration risk and the asset class's sensitivity to shifts in AI sentiment.
Fixed Income	Moderate Underweight	↓ (6/26)	We maintain a moderate tactical underweight as we continue to see more attractive total return opportunities in equities. Higher yields have materially improved the opportunity in fixed income, particularly in higher-quality securities, making bonds a more attractive source of portfolio income.
Duration	Neutral	↓ (8/26)	We remain neutral as the risks have become more balanced. Slower growth or a risk-off environment could pull yields lower, while persistent inflation, heavy federal borrowing and AI-related infrastructure investment are increasing competition for capital and could keep long-term yields elevated.
U.S. Taxable Investment Grade	Neutral	↓ (6/26)	We remain neutral. Yields remain attractive, but relatively tight credit spreads and significant data center-related issuance, particularly on the long end of the curve, argue for selectivity across issuers, maturities and structures.
U.S. Taxable Non-Investment Grade	Moderate Underweight	↓ (6/25)	We remain underweight high yield. Spreads provide limited protection should fundamentals deteriorate, while elevated refinancing costs reinforce our preference for quality.

	Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive	
	Strategic	Tactical (PPT)*	Strategic	Tactical (PPT)	Strategic	Tactical (PPT)	Strategic	Tactical (PPT)	Strategic	Tactical (PPT)
Equities	10%	+1	40%	+2	60%	+2	75%	+2	90%	+1
Domestic	8%	+1	30%	+3	45%	+3	56%	+3	67%	+2
Large Cap Blend	6%	+1	9%	+2	11%	+2	14%	+2	17%	+1
Large Cap Growth			6%	+1	11%	+1	15%	+1	17%	+1
Large Cap Value			7%		11%		12%		14%	
Mid Cap	2%		6%		9%		11%		14%	
Small Cap			2%		3%		4%		5%	
International	2%		10%	-1	15%	-1	19%	-1	23%	-1
Developed	2%		6%		10%		12%		14%	
Emerging			4%	-1	5%	-1	7%	-1	9%	-1
Fixed Income	90%	-1	60%	-2	40%	-2	25%	-2	10%	-1
U.S. Investment Grade	70%	+3	42%	+1	24%		7%		3%	
U.S. Non-Investment Grade	18%	-4	16%	-3	14%	-2	16%	-2	5%	-1
Cash	2%		2%		2%		2%		2%	

**Reflects percentage point difference*
Source: Touchstone Investments; assessments are made using data and information through October 2026. For illustrative purposes only. Diversification does not guarantee investment returns and does not eliminate the risk of loss. Diversification among investment options and asset classes may help to reduce overall volatility.

Touchstone Asset Allocation Guidance

Strategic: Strategic asset allocation is a baseline allocation between asset classes established with a longer term focus and congruent with an investor's investment goals and objectives. The allocation is meant to optimize the asset mix through methodical diversification in an attempt to maximize return and lessen risk.

Tactical: Tactical asset allocation is differentiated from strategic asset allocation by having a much shorter time horizon and the goal of adding alpha beyond what would be allowed through static strategic weights. Markets tend to be more volatile over shorter time horizons, while longer time frames tend to smooth out that volatility. That enhanced volatility in the short term creates the opportunity for either return enhancement and/or risk reduction by adding to or reducing weights of different asset classes.

Word About Risk

Fixed-income securities 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. When interest rates rise, the price of debt securities generally falls. Longer term securities are generally more volatile. Investment grade debt securities may be downgraded by a Nationally Recognized Statistical Rating Organization to below investment grade status. Non-investment grade debt securities 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. Equities are subject to market volatility and loss. Growth stocks may be more volatile than investing in other stocks and may underperform when value investing is in favor. Value stocks may not appreciate in value as anticipated or may experience a decline in value. Stocks of large-cap companies may be unable to respond quickly to new competitive challenges. Stocks of small- and mid-cap companies may be subject to more erratic market movements than stocks of larger, more established companies. Investments in foreign, and emerging market securities 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 risks associated with investing in foreign markets are magnified in emerging markets, due to their smaller and less developed economies.

Index Definitions

S&P 400® Index is an index that measures the performance of 400 mid-sized companies in the United States.

S&P 500® Index is a group of 500 widely held stocks and is commonly regarded to be representative of the large capitalization stock universe.

S&P 600® Index is an unmanaged index considered representative of U.S. small-capitalization stocks.

Bloomberg U.S. Aggregate Bond Index is an unmanaged index comprised of U.S. investment grade, fixed rate bond market securities, included in government agency, corporate and mortgage-backed securities between one and ten years.

Russell 1000 Index measures the performance of the 1000 largest companies in the Russell 3000 Index

Alpha is the portion of a fund's total return that is unique to that fund and is independent of movements in the benchmark

In accordance with Rule 22c-2 under the 1940 Act, Touchstone Funds has no arrangements to permit any investor to trade frequently in shares of the Funds, nor will they enter into any such arrangement in the future.

Fed is abbreviated for the U.S. Federal Reserve Board.

AI is abbreviated for artificial intelligence.

The information provided reflects the research and opinion of Touchstone Investments as of the date indicated, and is subject to change without prior notice. Past performance is not indicative of future results. There is no assurance any of the trends mentioned will continue or forecasts will occur. Investing in certain sectors may involve additional risks and may not be appropriate for all investors.

The indexes mentioned are unmanaged statistical composites of stock or bond market performance. Investing in an index is not possible.

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 on the resources section or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

Investment return and principal value of an investment in a Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. All investing involves risk.

Touchstone Funds are distributed by **Touchstone Securities, LLC**

A registered broker-dealer and member FINRA/SIPC

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