Fund Manager Commentary

As of September 30, 2022

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

Volatility was the hallmark of the third quarter. U.S. Treasury yields continued to move higher, especially in shorter maturities, as inflation data remained firm and well above target. Following a 0.75% rate increase in June, the U.S. Federal Reserve Board (Fed) followed through with an additional 1.50% of hikes in the third quarter. Current expectations are for the federal funds rate to reach 4.25-4.50% in mid-2023 and remain above 4.0% for the entire year. Credit spreads ended the quarter little changed, but were volatile as spread tightening during the first half of the quarter was offset by widening at the end the quarter. Equities, as measured by the S&P 500 Index, ended the quarter down after rising during the quarter. Higher rate expectations increased concern that a soft landing will be difficult to achieve and that a recession is more likely. At the end of the quarter, financial conditions were approaching the most restrictive level since the onset of the pandemic.

U.S. economic growth, as measured by gross domestic product, in the second quarter of 2022 was -0.6%, the second consecutive quarter of negative growth. However, as was the case in the first quarter, the details of the data did not indicate broad economic weakness. The data does, however, indicate that tighter financial conditions are leading to growth slowing to a below-trend pace. Consumer and business demand slowed from prior quarters with residential investment, namely housing, and inventories subtracting from growth.

Looking ahead, consumer spending will be supported by a job market that has remained strong in spite of weakness in other economic indicators. However, as financial conditions lead to slower growth, a somewhat weaker labor market can be expected. Job openings are plentiful, especially compared to the number of unemployed people, but recent reports have indicated somewhat better balance as labor force participation rose and job openings have leveled off. Wage growth, while still at the higher end of recent ranges, is also showing signs of moving to lower levels. The relative strength of the consumer increases the chances of a soft landing, but the strength has also been a source of unease for policymakers who are focused on the potential impact on inflation.

The most direct impact of higher interest rates can be seen in the housing market, which can be expected to detract from growth over coming quarters. Affordability has fallen dramatically as rates have risen, and all indicators of the housing market have declined over the past several months. Along with contributing to slower growth, housing prices are likely to level off as demand eases, the effects of which will filter through the various measures of inflation over the next several months.

(continued)

◊ *Fort Washington is a member of Western & Southern Financial Group*

Business spending, while weaker in the third quarter, has been a consistent contributor to economic growth. Recent data indicates softening, especially in the manufacturing sectors, as global growth slows and inventories rise. One positive development is that many of the supply chain issues that have affected this sector since the pandemic are showing improvement. Price pressures have declined as a result, which will help to soften the overall level of inflation.

Inflation data and monetary policy remain the biggest drivers of markets. Markets were hopeful that inflation was slowing after the July consumer price index report was below expectations, but those hopes were dashed the following month as the August report was above expectations and broad-based. The Fed responded aggressively with the second consecutive 0.75% rate hike and recent Fed communications have emphasized the resolve to control inflation even if doing so results in a recession. Slower growth, lower commodity prices, and stable/lower inflation expectations will likely lead to a lower pace of inflation over coming months, but Fed policy will pivot only when inflation is on a decisive turn lower, which is unlikely until sometime in 2023.

Credit spreads across sectors and quality ranges are close to the widest levels of the year, generally in the 70th percentile relative to history. While relatively wide, credit spreads still are not indicating significant concern of an imminent recession. Equity valuations, both absolute and relative, have also cheapened and are now at compelling levels. If the economy slows more/faster than expected, credit spreads are likely to widen further and equities are likely to underperform. However, if a soft landing is achieved or a recession is shallow, the current level of valuations for risk assets are attractive. As a result, we believe current valuations support a modest overweight to risk in portfolios.

Portfolio Review

The Touchstone Balanced Fund (Class A Shares Load-Waived) underperformed its blended benchmark, 60% S&P 500 Index/40% Bloomberg U.S. Aggregate Bond Index, for the quarter ended September 30, 2022.

An overweight allocation to equities had a neutral impact on relative performance as equities performed similar to fixed income during the quarter. The equity portion of the Fund's portfolio underperformed the fixed income portfolio and maintained a 3% policy overweight to equities, hence the primary driver for the benchmark-relative underperformance during the quarter.

Security selection had a positive impact on relative performance, as the fixed income segment outperformed its benchmark during the quarter. Fixed Income outperformance was primarily driven by positive security selection within Investment Grade Credit and Securitized. Equity outperformance was primarily due to positive security selection within the Health Care sector. Positions in Hubbell Inc. (Industrials sector), HCA Healthcare Inc. (Health Care sector) and Netflix Inc. (Communication Services sector) were among the largest contributors to security selection.

Portfolio activity was light during the quarter. The Fund entered the third quarter with a 63% weight in equities and ended with a similar weight, largely concentrated in U.S. large cap securities. Fixed Income positioning was largely unchanged. The team continues to favor higher quality credit with favorable risk/reward characteristics. Although High Yield fixed income has widened amid increased economic uncertainties, current valuations for the sector do not adequately compensate for ongoing risks. Within equites, activity was limited for the quarter. The largest changes included an increase to Boeing Co. (Industrials sector) and a reduction in Fox Corp. (Communication Services sector).

Despite increased risks from tightening financial conditions, persistent inflation, and increased global risks, the team continues to have a favorable long-term outlook for the U.S. economy and financial markets but acknowledges the near-term outlook has deteriorated. Valuations have adjusted to reflect these risks, and are at compelling levels. Combining our neutral economic outlook with compelling valuations, the strategy remains modestly overweight risk compared to the benchmark.

Outlook and Conclusion

The Fund is targeting an overweight to spread risk representing 40% of the risk budget. This overweight is supported by: 1) our view that the resilience of the U.S. consumer enables the economy to withstand tighter Fed policy, with any decline in activity likely to be shallow, and 2) valuations that are generally compelling and are well above historical averages.

Risks remain focused on the evolution of inflation and the resulting reaction from the Fed. While there are signs that the economy is slowing and inflation may be slower over coming months, the actual inflation data has yet to take a decisive turn lower. The Fed is aggressively raising rates to combat inflation and is unlikely to change posture until they see a string of data that confirms inflation is heading back toward 2%. The effects of tighter monetary policy represent the biggest risk to growth, but we believe the underlying foundation remains solid, providing a path to a soft landing or shallow recession. As our view of the economy and monetary policy changes, we will adjust positioning as these risks evolve. Given our outlook for the economy, markets, and resulting risk positioning, we believe the Fund is well positioned.

As of September 30, 2022, Hubbell Inc. made up 1.76%, HCA Healthcare Inc. made up 1.25%, Netflix Inc. made up 0.63%, Boeing Co. made up 0.62% and Fox Corp. made up 0.18% of the Touchstone Balanced Fund. Current and future portfolio holdings are subject to change.

Fund Facts *(As of 09/30/22)*

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	11/15/38	**SEBLX**	89154Q323	1.00%	1.00%
C Shares	05/04/98	**SBACX**	89154Q174	1.76%	1.76%
Y Shares	08/27/07	**SIBLX**	89154Q315	0.76%	0.76%
R6 Shares	10/28/21	**TBARX**	89154M801	33.99%	0.65%
Total Fund Assets	**$702.3 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 0.64% for Class R6 Shares. These expense limitations will remain in effect until at least 10/29/23.*

Share class availability differs by firm.

Annualized Total Returns** *(As of 09/30/22)*

	3Q22	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	-4.97%	-21.15%	-17.78%	4.11%	5.98%	7.30%	8.42%
C Shares	-5.16%	-21.60%	-18.40%	3.31%	5.17%	6.64%	7.55%
Y Shares	-4.92%	-21.02%	-17.58%	4.32%	6.20%	7.53%	8.45%
R6 Shares	-4.88%	-20.95%	-17.52%	4.23%	6.05%	7.33%	8.43%
Benchmark^	-4.75%	-20.10%	-14.85%	3.85%	5.70%	7.50%	—
Including Max Sales Charge							
A Shares	-9.72%	-25.10%	-21.89%	2.34%	4.90%	6.75%	8.36%
C Shares	-6.11%	-22.38%	-19.20%	3.31%	5.17%	6.64%	7.55%

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% S&P 500® Index 40% Bloomberg U.S. Aggregate Bond Index[1]

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 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.***

[1]The 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. 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.

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 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 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.

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, Inc.*

*A registered broker-dealer and member FINRA and SIPC

Touchstone is a member of Western & Southern Financial Group

Not FDIC Insured | No Bank Guarantee | May Lose Value

Touchstone Investments®
DISTINCTIVELY ACTIVE®

800.638.8194 • TouchstoneInvestments.com