Touchstone Dividend Equity Fund

Sub-Advised by: Fort Washington Investment Advisors, Inc.

U.S. Equity – Large-Cap Value 4Q/2024

Fund Manager Commentary

As of December 31, 2024

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

U.S. equities capped the year off higher in the fourth quarter, with the market observing the election outcome and its implications alongside U.S. Federal Reserve Board (Fed) decisions to cut rates 25 basis points in both November and December. Growth stocks significantly outperformed Value as value-oriented stocks declined during the quarter. Within the Russell 1000 Value Index, the best performing benchmark sectors were Financials, Communication Services, and Information Technology. The worst performing sectors for the benchmark were Materials, Health Care, and Real Estate.

Portfolio Review

The Touchstone Dividend Equity Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell 1000 Value Index for the quarter ended December 31, 2024.

The Fund's positions within Industrials and Communication Services were a negative contributor to relative performance during the period as was the Fund's underweight to Financials. The dividend orientation of the Fund was a negative for the quarter as dividend paying stocks underperformed non-dividend paying stocks.

The largest individual contributors to relative performance included overweight positions in Broadcom Inc. (Information Technology sector), Entergy Corp. (Utilities sector), Apple Inc. (Information Technology sector), Visa Inc. (Financials sector), and Goldman Sachs Group Inc. (Financials sector).

Broadcom was the largest contributor to outperformance during the period. The company reported better than expected earnings and provided upbeat guidance that sent the stock a record 24% higher the same day. Broadcom has been a clear beneficiary of the artificial intelligence (AI) boom and provided guidance that it is anticipating material spend in coming years on its AI products.

Entergy added to performance following an earnings beat and guidance raise during the quarter. Specifically, the company increased its capital investment plan that should result in higher long-term earnings growth compared to expectations.

Goldman Sachs added to performance during the quarter following the U.S. election as investors anticipate the company to benefit from the new administration's policies that should support deregulation and increased mergers and acquisitions (M&A) activity.

The largest detractors from performance included overweight exposures to Stanley Black & Decker Inc. (Industrials sector), American Tower Corp. (Real Estate sector), CVS Health Corp. (Health Care sector), and KLA Corp. (Information Technology sector), and an underweight to JPMorgan Chase and Co. (Financials sector).

Stanley Black & Decker was the largest detractor from relative performance during the quarter. Despite continued strength in the underlying business and improving fundamentals, the stock underperformed following the U.S. election as concerns over increased costs from tariffs worried investors.

American Tower underperformed as interest rates moved materially higher during the quarter, pressuring the stock given the high sensitivity of real estate investment trusts to interest rates.

JPMorgan was a large detractor during the period as the Fund was underweight compared to the benchmark and the stock outperformed. The stock rose during the period following the U.S. election as the potential for deregulation boosted financial stocks.

(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.***

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The Fund added five new names during the quarter: Linde plc (Materials sector), Morgan Stanley (Financials sector), Procter & Gamble Co. (Consumer Staples sector), Citi Group Inc. (Financials sector), and Southern Co. (Utilities sector). The Fund sold three names during the quarter: Prudential Financial Inc. (Financials sector), Cencora Inc. (Health Care sector), and Whirlpool Corp. (Consumer Discretionary sector).

Linde is the largest industrial gas producer in the world. Linde sells industrial gases to companies through long term take or pay contracts, enabling manufacturers/customers to have a secure, stable source of a key manufacturing input and Linde to have a guaranteed customer for its product. The company pays an average dividend yield of 1.3% at an above average growth rate and has consistently increased it annually for the last 31 years.

Morgan Stanley is a leading global financial services company with operating segments of institutional securities, wealth management, and investment management. Morgan Stanley should benefit from a supportive economic environment alongside more favorable administrative policy on deregulation and M&A. The company pays an above average dividend yield of 2.9% and approximately 20% annual dividend growth.

Citi Group is a leading global diversified financial services company operating in more than 100 countries. The Fund initiated a modest position in Citi based on the prospects for continued improvement in fundamentals with favorable valuation and margin of safety. The company pays an above average 3.2% dividend yield but with modest growth in the low single digits.

Procter & Gamble is one of the world's largest consumer product manufacturers. It has a vast opportunity to leverage its leadership expertise across its categories to continue bringing consumer-valued innovation to market in both the U.S. and abroad, supporting continued growth in share price. The company pays an above average dividend yield of 2.4% with mid-single digit growth.

Southern Co. is one of the largest utilities in the U.S and operates in regions with both favorable regulatory environments and population growth in Georgia, Alabama, and Mississippi. Southern pays an above average dividend yield of 3.5% with low single digit growth.

Prudential was sold from the Fund during the quarter. Morgan Stanley and Citi were added in place of Prudential, increasing both quality and valuation within the sector. Cencora was sold after being trimmed in recent quarters. The Fund reduced its overweight to Health Care and did so in a fully valued, low dividend yield name. Whirlpool was eliminated from the Fund as business fundamentals remain challenged for the company in a tough operating environment.

There were no material sector changes during the quarter. Information Technology remains the largest sector overweight, while Financials, Energy, and Industrials are among the largest underweights.

Outlook and Conclusion

The current investment landscape is characterized 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 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 have added to uncertainty.

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 and increased M&A activity that could improve bottom lines. The Fed began cutting policy rates in 2024 following further disinflation and a cooler labor market. Despite the federal 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.

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 global growth. Additionally, markets will maintain a keen eye on any potential weakness in employment, developments in U.S. fiscal policy, and geopolitical conflicts.

Although risks remain, the economic outlook is positive. As such, we remain constructive on U.S. equities but acknowledge near-term headwinds exist and valuations have become stretched in certain sectors of the market. Following the material outperformance of growth-oriented stocks, dividend strategies are a compelling option as earnings begin to converge while the valuation discount remains at historically attractive levels. Dividend strategies have the potential to provide both capital appreciation and a growing stream of income while also providing downside risk mitigation through lower volatility during times of distress.

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	1.12%	0.65%
R6 Shares	08/02/21	**TQCRX**	89155T441	0.92%	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 "AFFE," 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 0.65% for Class R6 Shares. These expense limitations will remain in effect until at least 01/29/26.

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	-2.40%	12.61%	12.61%	5.57%	5.72%	6.79%	7.13%
C Shares	-2.56%	11.81%	11.81%	4.82%	4.99%	6.08%	6.43%
Y Shares	-2.35%	12.83%	12.83%	5.81%	5.96%	7.02%	8.15%
INST Shares	-2.27%	12.94%	12.94%	5.88%	—	—	7.75%
R6 Shares	-2.32%	13.02%	13.02%	5.94%	—	—	7.29%
Benchmark	-1.98%	14.37%	14.37%	5.63%	8.68%	8.49%	—
Including Max Sales Charge							
A Shares	-7.30%	6.99%	6.99%	3.78%	4.47%	6.16%	6.90%
C Shares	-3.48%	10.81%	10.81%	4.82%	4.99%	6.08%	6.43%

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

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Top 10 Equity Holdings of Fund

		(% of Portfolio)
1	Microsoft Corp.	3.7
2	Broadcom Inc.	3.2
3	Apple, Inc.	2.4
4	Medtronic PLC	1.9
5	Wells Fargo & Co.	1.8
6	Home Depot Inc.	1.7
7	Johnson & Johnson	1.6
8	Bank of America Corp.	1.6
9	Cisco Systems Inc.	1.6
10	Philip Morris International Inc.	1.6

Source: BNY Mellon Asset Servicing

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.

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 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. 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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