Touchstone Dividend Equity Fund

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

U.S. Equity – Large-Cap Value

As of 03/31/2024

Fund Manager Commentary

As of March 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

The debate among investors at the start of this year was how long the economy could sustain above trend growth and whether inflation would continue to decelerate. In response to the strong showing for the first quarter, doubts about the economy's resilience have waned. However, progress on the inflation front stalled in the first three months, which has raised questions about whether it will be ongoing or temporary.

As a result, there was a significant reversal in bond yields: Ten-year treasury yields increased by about 40 basis points in the quarter to close at 4.2%. They have since increased above 4.5% in response to a strong jobs report for March and CPI inflation that reached 3.5%. This mainly reflects a reappraisal by bond investors about the prospects for monetary policy easing this year: They now anticipate the funds rate will end the year around 5.0% versus 4.0% previously.

Equity investors were unfazed by this development, as the stock market continued to set record highs during the first quarter. The tech sector continued to lead the way powered by advances in Artificial Intelligence (AI) related stocks, although there was also a broadening in the market.

Portfolio Review

The Touchstone Dividend Equity Fund underperformed its benchmark, the Russell 1000 Value Index for the quarter ended March 31, 2024.

Security selection and sector allocation were both negative contributors to relative performance during the period. The dividend orientation of the strategy was a modest negative factor for the quarter as dividend paying stocks underperformed non-dividend paying stocks.

Selection within Consumer Discretionary, Financials, and Industrials were the primary drivers of negative security selection during the quarter. Selection within Information Technology was the largest contributor to security selection.

An overweight to Information Technology and an underweight to Financials were both detractors to sector allocation.

The largest individual contributors to relative performance were overweight positions in Micron (Information Technology sector), Broadcom (Information Technology sector), Valero (Energy sector), and KLA Corp (Information Technology sector), and underweight to Boeing (Industrial sector).

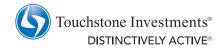
Micron was the largest contributor to security selection as it returned 38.3% during the period. Micron jumped 14% the day after releasing better than expected earnings and an increase in guidance driven by increased demand from the AI boom. AI is expected to result in significant growth for the DRAM industry, Micron's largest segment, as AI servers have above six times the memory of non-AI servers. AI is also expected to drive new upgrade cycles in other end markets, such as PCs and smartphones, further contributing to increased demand for Micron's products.

Broadcom continued to move higher during the quarter by 19.2% following a return of 104% for 2023 and its best calendar year return on record. Despite falling by 7% following its quarterly earnings release, the stock continued its move higher driven by investor enthusiasm around AI.

KLA Corp experienced a similar quarter, with the stock falling 6.6% following earnings before returning 20.4% during the quarter. KLA is also expected to be an AI beneficiary as new AI capabilities drive upgrade cycles in smartphones and PCs, resulting in increased demand for the process control equipment sold by KLA.

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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 Touchstonelnvestments.com/mutual-funds.



The largest detractors from performance included overweight exposures to Apple (Information Technology sector) American Tower Corp (Real Estate sector), and Starbucks (Consumer Discretionary sector), and underweight exposures to Berkshire Hathaway (Financials sector), and Disney (Communication Services sector).

Apple was the largest detractor during the quarter following outperformance throughout 2023. Apple underperformed amid increased concerns over slowing smartphone sales.

American Tower Corp fell 9% during the quarter after being a top contributor to performance in the fourth quarter. Despite moving higher following a mixed earnings release, the stock ended the quarter lower following a broad sell-off in REIT valuations as interest rates moved sharply higher throughout the quarter.

Starbucks detracted from relative performance as the stock moved lower throughout the quarter. Softening consumer spending and sluggish growth in international markets weighed on the stock during the period.

Portfolio activity during the quarter was above average. The Fund added 5 new positions during the quarter and eliminated two.

Las Vegas Sands (Consumer Discretionary sector) is one of the world's largest casino operators and enjoys a narrow moat through its regulatory barrier where they have only 1 of 6 casino licenses in Macau and 1 of 2 in Singapore. Gaming revenue has yet to rebound to pre-COVID levels in Macau, but we anticipate a recovery in the coming years which should support the stock and also result in continued dividend increases.

Nike (Consumer Discretionary sector) is the largest athletic apparel and footwear company in the world with a market-leading share in most markets and categories it operates with pricing power and consistent excess returns on capital that support its wide moat. Nike has faced several challenges over the last couple of years, including elevated inventories, higher input costs, the transition to direct-to-consumer selling, the impact of inflation on consumer spending, and a slower recovery in China, but we believe this is reflected in the stock price with meaningful upside as these headwinds abate.

Becton Dickinson (Health Care sector) is a diversified, non-cyclical medical device business with high barriers to entry and a high degree of recurring revenue. They've faced a few headwinds over the past 5 years, resulting in a sideways stock over that time. They've since alleviated several of those headwinds, resulting in a compelling entry point for a business with ~40% upside to fair value. They're also a dividend aristocrat, having raised the dividend annually for the past 52 years.

Booking Holdings (Consumer Discretionary sector), the world's largest Online Travel Agency, manages several branded travel sites through Booking.com, Priceline.com, Agoda.com, KAYAK, and OpenTable with a heavier international presence compared to peer Expedia. Booking recently initiated its first ever dividend at a modest payout with the capacity to increase given its consistently high returns on capital and strong competitive advantages through network effects and scale.

Meta (Communication Services sector), one of the largest, social networks in the world, initiated its first ever dividend during the

quarter and was subsequently added to the Fund. Meta's superior reach and return on ad spend for advertisers should drive sustainable double digit revenue growth with margin expansion through its increased focus on expense discipline, resulting in a favorable outlook and valuation.

Walmart (Consumer Discretionary sector) and Fortune Brands (Industrials sector) were both sold to fund these purchases as valuations were stretched for both names.

There were no material sector changes during the quarter beyond modest differences due to market performance. Information Technology remains the largest sector overweight, while Financials, Energy, and Industrials are the largest underweights.

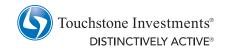
Outlook and Conclusion

The resilience of the U.S. economy through this unprecedented hiking cycle is surprising to many considering that most economists had been forecasting a recession. The economy has been resilient because the most important part of growth from a GDP perspective is personal consumption, which accounts for about 70% of GDP. Apart from spending that relies on a loan, such as housing or auto purchases, most items people consume are not highly sensitive to interest rates. Rather, overall spending generally depends on personal income that is impacted by the strength of the job market and wages. Due to the extraordinary fiscal measures taken during the pandemic, many Americans also had excess savings in addition to seeing wage growth. However, those savings are being depleted and that is likely to speed up as other pandemic era policies end, such as student debt forgiveness.

We believe the risk of a recession remains elevated, even as recent economic data has been in line with or exceeded expectations. The lagged effects of Fed tightening and more restrictive bank lending standards are important downside risks over the next several months. Despite more restrictive financial conditions and elevated inflation, the resilience of the labor market has supported consumer spending thus far. If continued, an economic downturn is likely to be relatively shallow compared to past recessions. Financial markets have performed well in recent months, resulting in valuations that are not fully reflecting increased economic risks. In our view, the risk to assets is that rates stay above the neutral rate for an extended period, which will deteriorate the consumer, and businesses that could lead to a deeper recession.

The bottom line is that the U.S. economy has weathered Fed rate hikes much better than expected, but there are two key risks that could cause it to weaken. One is that the cumulative effect of Fed rate hikes could dampen economic activity, particularly in interest rate sensitive sectors. The other is that weakness abroad coupled with renewed dollar strength could hamper U.S. exports. In our view, downside risk to economic growth is more pronounced. Against the backdrop of market expectations are for a soft landing, caution is warranted when constructing portfolios.

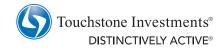
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We are maintaining a cautious stance but are selectively finding bottom-up opportunities. Valuations have adjusted to more normalized levels and earnings expectations have fallen, but continued slowing in economic growth will weigh on both valuations and earnings. We are prioritizing high barrier-to-entry companies with high returns on capital and maintaining a defensive posture within portfolios.

We are maintaining a cautious stance due to stretched valuations for the market but are selectively finding bottom-up opportunities. We are prioritizing high barrier to entry companies with high returns on capital while seeking to upgrade valuation where possible.

Although risks remain, the economic outlook is improving. 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. As investors seek to avoid the risks of inflation, higher interest rates, and recession, dividend strategies are a compelling option. 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

| | | | _ | Annual Fund Opera | ating Expense Ratio |
|-------------------------|-----------------|--------|-----------|-------------------|---------------------|
| Class | Inception Date | Symbol | CUSIP | Total | Net |
| A Shares | 06/08/98 | TQCAX | 89155T482 | 1.02% | 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 | 0.96% | 0.67% |
| R6 Shares | 08/02/21 | TQCRX | 89155T441 | 1.39% | 0.65% |
| Total Fund Asset | s \$2.6 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, 0.67% for Class INST Shares and 0.65% for Class R6 Shares. These expense limitations will remain in effect until at least 01/29/25.

Share class availability differs by firm.

Annualized Total Returns

| | 1Q24 | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Inception |
|----------------------------|-------|-------|--------|--------|--------|---------|-----------|
| Excluding Max Sales Charge | | | | | | | |
| A Shares | 7.31% | 7.31% | 18.28% | 6.86% | 6.42% | 7.30% | 7.15% |
| C Shares | 7.11% | 7.11% | 17.43% | 6.12% | 5.70% | 6.59% | 6.45% |
| Y Shares | 7.38% | 7.38% | 18.59% | 7.11% | 6.67% | 7.53% | 8.24% |
| INST Shares | 7.41% | 7.41% | 18.70% | _ | _ | _ | 7.99% |
| R6 Shares | 7.41% | 7.41% | 18.72% | _ | _ | _ | 7.38% |
| Benchmark | 8.99% | 8.99% | 20.27% | 8.11% | 10.32% | 9.01% | |
| Including Max Sales Charge | | | | | | | |
| A Shares | 1.95% | 1.95% | 12.38% | 4.77% | 5.16% | 6.66% | 6.90% |
| C Shares | 6.11% | 6.11% | 16.43% | 6.12% | 5.70% | 6.59% | 6.45% |

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 | Medtronic PLC | 2.0 |
| 3 | Stanley Black & Decker Inc. | 2.0 |
| 4 | Broadcom Inc. | 1.9 |
| 5 | Oracle Corp. | 1.8 |
| | | |

Source: BNY Mellon Asset Servicing

| | | (% of Portfolio) |
|----|--------------------------------|------------------|
| 6 | Johnson & Johnson | 1.8 |
| 7 | BlackRock Inc. | 1.7 |
| 8 | International Business Machine | 1.7 |
| 9 | KLA Corp. | 1.7 |
| 10 | Cisco Systems Inc. | 1.7 |

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.

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

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Not FDIC Insured | No Bank Guarantee | May Lose Value