Fund Manager Commentary

As of March 31, 2024

Fund Highlights

- Concentrated, high conviction portfolio
- 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
- Strategy provides the opportunity to invest in companies of all market capitalizations

Market Recap

U.S. equities moved higher in the first quarter as economic data remained strong despite the significant rate hike cycle over the last couple years. The best performing benchmark sectors were Communication Services, Energy, and Information Technology. The worst performing sectors for the benchmark were Real Estate, Utilities, and Consumer Discretionary.

Portfolio Review

The Touchstone Focused Fund (Class A Shares Load Waived) underperformed its benchmark, the Russell 3000® Index, for the quarter ended March 31, 2024.

Within the Fund, the sectors where fund holdings outperformed the most relative to the benchmark were Consumer Discretionary, Communication Services, and Energy. Sectors that lagged the most relative to the benchmark include Industrials, Information Technology, and Consumer Staples. Stock selection detracted from performance for the quarter. Sector allocation also detracted during the quarter primarily due to the Cash position.

Three of the holdings that contributed the most to performance were Meta (Communication Services sector), HCA Healthcare (Health Care sector), and Berkshire Hathaway (Financials sector). Meta's stock did well due to continued strong performance of the business. Revenue growth is being driven by strong consumer engagement with Meta's services. Reels continues to grow at high rates driving incremental engagement and monetization opportunities across Instagram and Facebook. Management's 2024 outlook suggests continued discipline in operating expenses, leading to higher expectations for operating margins. HCA HealthCare outperformed as fourth quarter earnings beat expectations on both revenues and EBITDA, and management raised 2024 guidance. Labor expense, a key focus area over the last several quarters, was well controlled. Various surveys through the first quarter suggested continued robust activity at U.S. hospitals. Berkshire Hathaway stock benefitted from both its significant equity exposure and a better than expected fourth quarter report. The latter included higher than expected revenues, significantly higher profitability at its GEICO auto insurance subsidiary, improved margins in manufacturing, and a resumption in positive year-over-year BNSF Rail volume growth.

The holdings that detracted the most from performance included Boeing (Industrials sector), BioMarin (Health Care sector), and UnitedHealth Group (Health Care sector). Boeing underperformed in the first quarter due to an in-air incident involving a recently delivered Boeing 737 MAX-9 aircraft. Further review of the incident revealed manufacturing quality issues within its Renton facility, which ultimately led to the company slowing down production and the regulators at the FAA having a more substantial say in Boeing's operations. Within the quarter, the company also announced leadership changes, with CEO Dave Calhoun retiring at the end of the year, the board chairman choosing not to stand for election in May, and the company replacing the leader of Commercial Aerospace with the Chief Operating Officer. We anticipate all of these changes will weigh on cash flow for this year, but given the company's growing multi-year backlog, we believe this shifts the timing of cash flows from this year to a future period. The barriers to entry protecting Boeing remain in place, allowing the company to address its operational challenges. BioMarin's fourth quarter results were about as expected. Given Roctavian's disappointing early launch, BioMarin's new CEO has stopped commenting on leading indicators, and will let sales progress speak for itself. We understand the hold-ups to be primarily logistical but see upside in the shares even if lack of demand proves to be the real issue. Voxzogo, which has exceeded launch expectations, is expected to be capacity-constrained until about mid-year. The new CEO is

(continued)

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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 TouchstoneInvestments.com/mutual-funds.***

conducting a thorough review of the development pipeline, with commentary anticipated at an analyst meeting later in the year. For UnitedHealth Group, Medicare Advantage continues to present near-term challenges, as medical utilization rose through 2023, while proposed 2025 rate increases from the federal government fell below current cost trends. UnitedHealth and its competitors will have the opportunity to adjust their plan designs/benefits for 2025; however, given the magnitude of combined headwinds, it may take more than one year to get back to target margins in Medicare Advantage.

During the quarter, the Fund added Charles Schwab Corp, Becton Dickinson, and Taiwan Semiconductor to the portfolio, while Hilton Worldwide and PayPal were removed from the portfolio.

As the quarter came to a close, the Fund had an overweight in the Communication Services, Health Care, and Financials sectors and an underweight in the Information Technology, Industrials, Energy, Real Estate, and Materials sectors. The weight in the Consumer Discretionary and Consumer Staples sectors was roughly in line with that of the benchmark. The Fund held no positions in the Utilities sector.

Outlook and Conclusion

The U.S. equity market rallied in the first quarter of 2024 as the economy remained strong while inflation continued on a bumpy path toward the 2% target. Following a positive year in 2023, the S&P 500® Index ended the first quarter at an all-time high. March marked the fifth consecutive month of gains. Continuing the 2023 trend, index concentration remains at historically high levels despite a bit of a reprieve during the fourth quarter.

The strong recent performance detailed above reflects investor optimism that the U.S. Federal Reserve (Fed) will be able to control inflation without inducing a recession. In our view, the debate on soft landing versus hard landing will continue until we have landed. History includes many periods where talk of a soft landing occurs just before recession strikes. Therefore, we keep an open mind and watch employment, housing, manufacturing, and market breadth data among others to continually re-underwrite our view. Consistent with our approach over the past couple of years, we have maintained a high-quality portfolio with a focus on higher return on capital businesses with pricing power. One hundred percent of the portfolio, excluding cash, remains invested in companies that have moderate to high barriers to entry in our view. We believe this high-quality posture will benefit the portfolio going forward as we continue to study the Fed's effort to tame inflation.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	09/30/03	**TFOAX**	89154X245	1.18%	1.18%
C Shares	04/12/12	**TFFCX**	89154X237	1.97%	1.97%
Y Shares	02/12/99	**TFFYX**	89154X229	0.89%	0.89%
INST Shares	12/20/06	**TFFIX**	89154X211	0.92%	0.85%
Total Fund Assets	**$1.3 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 1.20% for Class A Shares, 1.95% for Class C Shares, 0.95% for Class Y Shares and 0.83% for Class INST Shares. These expense limitations will remain in effect until at least 07/29/24.

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	7.29%	7.29%	22.85%	7.90%	14.09%	10.63%	10.37%
C Shares	7.08%	7.08%	21.90%	7.07%	13.23%	9.97%	9.76%
Y Shares	7.38%	7.38%	23.24%	8.22%	14.43%	10.95%	10.66%
INST Shares	7.37%	7.37%	23.27%	8.26%	14.49%	11.03%	10.75%
Benchmark	10.02%	10.02%	29.29%	9.78%	14.34%	12.33%	8.14%
Including Max Sales Charge							
A Shares	1.93%	1.93%	16.71%	6.07%	12.93%	9.98%	10.11%
C Shares	6.08%	6.08%	20.90%	7.07%	13.23%	9.97%	9.76%

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 3000® Index

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The performance presented for Class A, C, and INST Shares combines the performance of an older class of shares (Y Shares) from the Fund's inception, 02/12/99, with the performance since the inception date of each share class.

Top 10 Equity Holdings of Fund

		(% of Portfolio)
1	Microsoft Corp.	9.5
2	Apple, Inc.	6.2
3	Meta Platforms, Inc.	5.8
4	Alphabet Inc.	5.4
5	Berkshire Hathaway Inc. Class B	4.9
6	Amazon.com Inc.	4.8
7	Salesforce Inc.	2.9
8	UnitedHealth Group Inc.	2.8
9	Goldman Sachs Group Inc.	2.7
10	Johnson & Johnson	2.5

Source: BNY Mellon Asset Servicing

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.

Not FDIC Insured | No Bank Guarantee | May Lose Value

The Russell 3000® Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

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 stocks of small- and mid-cap companies, which may be subject to more erratic market movements than stocks of larger, more established companies. 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 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 may focus its investments in a particular industry and/or market sector which may increase the Fund's volatility and magnify its effects on total return. 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 is non-diversified, which means that it may invest a greater percentage of its assets in the securities of a limited number of issuers and may be subject to greater risks. Current and future portfolio holdings are subject to change.

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