

## Fund Manager Commentary

As of September 30, 2024

### Fund Highlights

- Invests in stocks of companies that span the capitalization spectrum and draws on the collective experience of the investment team
- Has the ability to shift assets to the most attractive segments of the market based on fundamental research and current market and economic conditions
- Believes that companies that exhibit faster earnings growth offer the best opportunity for superior real rates of return given the conviction that stock prices follow earnings growth
- Seeks reasonably priced stocks of companies with high forecasted earnings potential through in-depth, fundamental research and first-hand knowledge of company operations derived through on-site visits and meetings with management teams, as well as suppliers, users and competitors
- Emphasizes excellent company management, disciplined capital allocation, strong returns on invested capital, solid financial controls, unit volume growth, cash flow sufficient to fund growth and unique market position or pricing power

### Market Recap

The third quarter of 2024 saw continued strength in U.S. equity markets, with both the S&P 500 and Nasdaq Indexes reaching new all-time highs. Market participation broadened significantly as confidence in the U.S. Federal Reserve's (Fed) ability to deliver a soft landing grew. In a reversal of prior trends, equal-weight indices like the S&P 500 outperformed its cap-weighted counterparts, with sectors such as Industrials, Financials, and Utilities showing notable resilience, while Technology leadership eroded. Small-cap stocks also had a strong quarter, buoyed by optimism surrounding lower inflation, a stable labor market, and expectations of the Fed's shift towards a monetary easing cycle.

For the quarter, the three sectors with the best total return in the benchmark were Utilities, Real Estate, and Materials. The three worst performing sectors were Energy, Communication Services, and Information Technology.

### Portfolio Review

The Touchstone Growth Opportunities Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell 3000® Growth Index, for the quarter ended September 30, 2024.

The Touchstone Growth Opportunities Fund benefitted from a modest factor tailwind during the quarter, however, this was offset by stock specific weakness. The factor tailwind was primarily due to the Fund's underweight exposure to momentum relative to the

benchmark. Relative weakness in Consumer Discretionary and Financials outweighed relative strength in Information Technology and Industrials.

Consumer Discretionary was the top detracting sector to relative results over the quarter. Tesla, the dominant electric-vehicle manufacturer, was the top detracting name within the sector during the third quarter. Our underweight to the volatile name, drove the relative underperformance, as the stock price was lifted on strong China unit data and investor exuberance for the company's forthcoming robotaxi unveiling. While the main drivers of the auto business remain under pressure, investors appear to have shifted its focus to out-year growth expectations and opportunities for its software and robotaxi segments.

Financials also detracted from relative returns over the quarter. The relative underperformance, was primarily a result of strong performance from the financials benchmark broadly, as opposed to idiosyncratic weakness from holdings within the Fund. Looking forward, we remain focused on owning names with idiosyncratic drivers that we believe can outperform in a variety of macro backdrops.

Information Technology was the largest contributor to relative returns over the quarter. Palantir Technologies, a specialized software company offering advanced data integration, analytics, and visualization tools primarily for enterprise and government clients, was the top contributing name in the segment during the quarter. Its quarterly results topped consensus expectations and outlined positively, inflecting customer traction with its artificial

*(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](https://TouchstoneInvestments.com/mutual-funds).**



intelligence (AI) platform offering, further exciting investors and its growth potential. We are similarly optimistic, and believe they are one of a relatively few software companies successfully monetizing AI capabilities and expenditures today, while also keeping a close eye on the company valuation.

Industrials also contributed to relative returns over the quarter. Axon Enterprise Inc, a developer and manufacturer of non-lethal weapons for defense, was the top contributing name within the sector over the quarter. Its quarterly report beat consensus estimates and further solidified its track record and reputation of strong revenue and EBITDA growth and repeatedly topping street expectations. Additionally, its higher-margin software segment has also gained increasing traction among customers, further bolstering the company's future growth outlook, in our opinion.

The Fund's largest sector change was in Consumer Discretionary where we decreased exposure during the quarter with three sales which were offset by only one new buy. In general, we have been reducing exposure to positions where our thesis has already played out, macro concerns have become more prominent, or idiosyncratic concerns have emerged. Within the sector, we are overweight in eCommerce and housing and are underweight in specialty retail and autos.

### Outlook and Conclusion

As we enter the final quarter of 2024, markets appear positioned for ongoing volatility, yet there are also reasons for optimism. The Fed's shift toward rate cuts and broadening market leadership suggest that an economic soft landing is now the base case. However, uncertainties in the labor market and elevated valuations could lead to market stagnation until post-election clarity emerges in November. While geopolitical risks and the upcoming U.S. elections may introduce additional volatility, healthy consumer spending, ongoing disinflation, and widening stock participation support a positive outlook. Moving forward, focusing on high-quality stocks with solid earnings growth potential while maintaining a prudent valuation discipline, in our opinion, should provide a sound strategy to navigate the evolving economic landscape and the Fed's future actions.

We believe the current environment is favorable for our disciplined, growth-oriented investment philosophy and bottom-up fundamental approach. July's market performance underscored a pivotal shift in investor sentiment, driven by easing inflationary pressures and growing expectations for a Fed rate cut. The rotation into value and cyclicals, alongside strong small-cap gains, was a welcome relief from the severe market concentration in mega cap tech stocks. Looking forward, we believe that the mega cap stocks should underperform relative to the broader market, and Westfield's balanced approach to finding both cyclical and secular growth can uncover winners outside of just this narrow subset. We continue to believe that the recent market volatility will remain for some time and investors should remain vigilant, balancing growth opportunities in cyclicals and small caps with the ongoing challenges facing the tech sector. Strategic positioning in companies with durable business models trading at compelling valuations will be key as we navigate the evolving economic landscape.



**Fund Facts**

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	09/29/95	TGVFX	89154X708	1.39%	1.27%
C Shares	08/02/99	TGVCX	89154X807	3.35%	2.02%
Y Shares	02/02/09	TGVYX	89154X559	1.18%	1.02%
INST Shares	02/02/09	TGVVX	89154X542	1.08%	0.92%
<b>Total Fund Assets</b>	<b>\$158.6 Million</b>				

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 1.24% for Class A Shares, 1.99% for Class C Shares, 0.99% for Class Y Shares and 0.89% for Class INST Shares. These expense limitations will remain in effect until at least 07/29/25. Share class availability differs by firm.

**Annualized Total Returns**

	3Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
<b>Excluding Max Sales Charge</b>							
A Shares	2.72%	23.23%	41.12%	10.95%	18.32%	14.11%	10.68%
C Shares	2.54%	22.55%	40.08%	10.12%	17.43%	13.42%	10.37%
Y Shares	2.82%	23.48%	41.52%	11.23%	18.62%	14.40%	10.83%
INST Shares	2.82%	23.56%	41.63%	11.34%	18.73%	14.51%	10.90%
Benchmark	3.42%	24.00%	41.47%	11.31%	19.09%	16.04%	10.41%
<b>Including Max Sales Charge</b>							
A Shares	-2.42%	17.07%	34.08%	9.07%	17.11%	13.43%	10.46%
C Shares	1.54%	21.55%	39.08%	10.12%	17.43%	13.42%	10.37%

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® Growth Index

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The performance presented for Class C, Y, and INST Shares combines the performance of an older class of shares (A Shares) from the Fund's inception, 09/29/95, with the performance since the inception date of each share class.

**Top 10 Equity Holdings of Fund**

	(% of Portfolio)		(% of Portfolio)		
1	NVIDIA Corp.	10.3	6	Meta Platforms, Inc.	5.0
2	Apple, Inc.	9.6	7	Visa Inc.	3.0
3	Microsoft Corp.	8.0	8	Ascendis Pharma A/S	2.7
4	Amazon.com Inc.	7.3	9	ServiceNow Inc.	2.4
5	Alphabet Inc.	6.6	10	Salesforce Inc.	2.3

Source: BNY Mellon Asset Servicing

The Russell 3000® Growth Index measures the performance of those Russell 3000 companies with higher price-to-book ratios and higher forecasted 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 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 growth stocks which may be more volatile than investing in other stocks and may underperform when value investing is in favor. 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. 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. 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. 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](https://www.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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