Touchstone Growth Opportunities Fund

Sub-Advised by: Westfield Capital Management Company, L.P.

U.S. Equity – Multi-Cap Growth 2Q/2024

Fund Manager Commentary

As of June 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 second quarter of 2024 continued the trends from early 2023, with sustained strong interest in big technology and artificial intelligence (AI) related investments. Despite a broader economic slowdown, both the S&P 500 and Nasdaq reached new record highs, primarily driven by substantial gains in the 'Magnificent 7' stocks. In contrast, the S&P 500's equal-weight index, which reflects the performance of the broader equity market, showed more subdued returns. The broader market's performance more closely mirrored economic indicators, which displayed softening trends such as weaker non-residential construction figures, decelerating home sales, and a softening employment landscape. This quarter further underscored the sharp contrast between the significant gains in large cap technology stocks and the broader struggles of smaller caps and cyclical sectors.

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

Portfolio Review

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

The Fund faced a factor headwind during the quarter. The headwind was primarily due to the Fund's overweight exposure to volatility and underweight exposure to size relative to the benchmark.

Relative weakness in Industrials and Health Care outweighed relative strength in Consumer Staples and Consumer Discretionary.

Industrials was the top sector with the highest percentage of detracting from relative results over the quarter. Transportation logistics service provider, J.B. Hunt, was the top detractor within the sector over the period after its first quarter's earnings report disappointed investors. Investors have been attempting to call the trough in earnings with J.B. Hunt and the broader industrial cycle as a way to play an early-cycle recovery, but the stock price may have gotten ahead of itself and was due for a correction with fundamentals not yet showing signs of improving and many shorter-term investors heading for the exit as a result. We believe we are getting close to the end of the transport downcycle, and think the company provides a very compelling opportunity to play the impending recovery once fundamentals do inflect and demand ramps back higher. Manufacturer and distributor of building products to professional homebuilders in the U.S., Builders FirstSource, also detracted from relative results over the quarter as the company's margins were impacted by a greater-than-expected headwind from its multi-family segment. With the market expecting a big beat and raise, this result coupled with its lack of a guidance raise led to a recalibration of full year expectations among investors, putting downward pressure on the share price. There are

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also worries about competitive pressures in some of its commodity related products, leading to further concern on margin compression. Due to these factors, we exited our position in the name.

Health Care also detracted from relative returns over the quarter. The underperformance was in large part driven by relative weakness from high conviction holdings in biotechnology. Biotech as a group had a strong start to 2024, led by merger and acquisition activity and GLP-1 relief, but this trend reversed in second quarter which is not all that unusual given the inherent volatility within the sector. However, we believe that this segment offers some of the most attractive growth and innovation stories in the market and have high conviction in our holdings across the sector going forward. Within the segment, Ascendis Pharma, an innovative biotech company focused on improving the delivery of complex molecules, detracted from relative returns over the quarter, solely due to the Prescription Drug User Fee Act extension received for its TransCon PTH asset from the FDA. Following the Complete Response Letter from last April and accepted resubmission in the fall of 2023, there were high expectations for approval from the agency in May 2024. Delays related to staffing issues at the FDA have been well documented, and after discussing the development with company management, we are comfortable that this extension was more a result of the FDA looking to buy more time than any issue with the submission or company. We maintain our exposure to the stock and remain convicted of its future potential.

Consumer Staples was the largest contributor to relative returns over the period. Wholesale membership warehouse operator, Costco, was the top contributing name within the sector over the period. The company continues its impressive execution and has benefitted from the current consumer environment as consumers continue to search for value, as evidenced by its continued growth rate, which is almost double that of overall U.S. retail sales. Additionally, the company is expanding efforts to improve its e-commerce offering and realizing accelerating online sales on top of excelling in its traditional competencies, with Costco remaining a core holding and impressive long-term compounder. From a sustainable point of view, we believe Costco is best-in-class in the retail industry in how it forms strategic relationships with its suppliers, resulting in improved supply chain efficiencies and superior product and packaging design, providing Costco with a significant competitive advantage. We continue to have a structural underweight to this segment of the market, as we feel there are more compelling investment opportunities with more attractive growth profiles in other sectors.

Consumer Discretionary also contributed to relative returns over the period. On Holding, a provider of specialized performance running shoes, clothing, and accessories, was the top contributor within the sector over the quarter. Despite the relatively low brand recognition, the company has delivered solid execution and strong momentum, suggesting a long runway for growth in the name, in our opinion. They have taken a very thoughtful approach to wholesale expansion into new geographies and segments, alongside its measured direct-to-consumer rollout aiding in increasing brand awareness. Additionally, its partnerships with key influencers, both within and outside of sports, have been a key driver toward new customers and an uptick in popularity.

The Fund's largest sector change was in Information Technology where we increased exposure during the quarter. In general, we have been adding exposure to companies where we have gotten incremental confidence in the growth outlook, direct beneficiaries of generative AI adoption, and play on a cyclical recovery within Semiconductors. On the flip side, we have been reducing exposure to positions where our thesis has already played out, the shorter-term growth picture has become less attractive, or idiosyncratic concerns have emerged.

Outlook and Conclusion

For now, large cap technology stocks continue to drive the equity market's performance, overshadowing broader market challenges. Despite resilient corporate earnings and promising disinflation, concerns linger about an economic slowdown and consumer health. The Federal Reserve's cautious stance on rate cuts, along with mixed economic signals, indicates a complex path ahead. We remain vigilant, balancing optimism about AI and technology growth with the mixed economic realities and the challenges of investing in transformational technologies. Our focus is on balancing growth with resilience, ensuring our portfolios are well-equipped to navigate the opportunities and risks in this evolving landscape.

We believe that companies with strong underlying earnings growth that trade at reasonable valuations will be favored at the expense of high multiple momentum growth stocks. If the market environment plays out like we think it will, with elevated interest rates and inflation, earnings multiples are likely to compress with the most pronounced impact being felt by those companies with the longest duration assets most heavily influenced by discount rates. In addition, falling correlations are increasing the importance and impact of good stock picking. With persistent inflation likely for the foreseeable future, our focus will remain on high-quality operators with pricing power which are positioned advantageously for uncertain input costs and continued supply chain disruptions. We believe having a balanced portfolio of secular and cyclical growth will lead to more consistent results over time and market environments.

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%
Total Fund Assets	**$155.6 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 1.24% 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

	2Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	5.45%	19.97%	33.89%	9.73%	17.83%	13.69%	10.68%
C Shares	5.23%	19.51%	32.85%	8.90%	16.95%	13.01%	10.36%
Y Shares	5.49%	20.10%	34.20%	10.00%	18.12%	13.98%	10.83%
INST Shares	5.53%	20.17%	34.36%	10.12%	18.25%	14.09%	10.89%
Benchmark	7.80%	19.90%	32.22%	10.33%	18.55%	15.75%	10.37%
Including Max Sales Charge							
A Shares	0.17%	13.98%	27.20%	7.87%	16.63%	13.02%	10.45%
C Shares	4.23%	18.51%	31.85%	8.90%	16.95%	13.01%	10.36%

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)
1	NVIDIA Corp.	10.1
2	Apple, Inc.	9.5
3	Microsoft Corp.	8.7
4	Alphabet Inc.	7.5
5	Amazon.com Inc.	7.4
6	Meta Platforms, Inc.	4.6
7	Visa Inc.	3.0
8	ServiceNow Inc.	2.7
9	Ascendis Pharma A/S	2.6
10	Salesforce Inc.	2.4

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

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