Touchstone Large Cap Fund

Sub-Advised by: The London Company

U.S. Equity – Large-Cap Core 4Q/2024

Fund Manager Commentary

As of December 31, 2024

Fund Highlights

- Utilizes a bottom-up security selection process that screens potential investments against a proprietary quantitative model for return on capital, earnings to value ratio, free cash flow and return on equity
- Looks at a company's corporate governance structure and management incentives to try to ascertain whether or not management's interests are aligned with shareholder interests
- Seeks to identify the sources of a company's competitive advantage as well as what levers management has at its disposal to increase shareholder value
- Seeks to purchase generally profitable, financially stable large-cap companies that consistently generate high returns on unleveraged operating capital, are run by shareholder-oriented management, and are trading at a discount to their private market value

Market Recap

U.S. equities traded higher during the quarter ended December 31, 2024, with most of the major indices posting positive gains. Economic data released during the quarter was mixed. The U.S. Federal Reserve (Fed) shifted to a slightly more hawkish stance in December, reflecting higher-than-desired inflation and better-than-expected GDP growth. The broader market, as measured by the Russell 3000® Index, rose 2.6%. Similar to earlier in the year, larger companies with strong growth profiles led the market. Yield and most of the Value factors posted headwinds, while Growth, Volatility, and Momentum factors generated positive returns.

Portfolio Review

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

Stock selection was a headwind to relative performance, partially offset by positive sector exposure. The Fund lagged our expectations of 85-90% upside capture. Having limited exposure to Growth, Volatility, and Momentum factors and greater exposure to Quality and Yield factors were headwinds to relative performance. The concentration of the benchmark in a handful of companies was an additional headwind. Our portfolios often lag during risk-on environments or when stocks compound at double-digit annual rates.

Three of the biggest contributors to performance over the quarter were Alphabet Inc. (Communication Services sector), Fiserv Inc. (Information Technology sector), and Visa Inc. (Financials sector).

Alphabet Inc. was a top performer this quarter reflecting strong results from its ad business, Cloud growth, and margin enhancements. Investors got some clarity on the antitrust lawsuits during the quarter, but potential outcomes from these cases remain uncertain. Margins in the core business continue to improve, and growth in the Cloud business accelerated. Management has executed its expense control plans and expanded margins through better product and process organization. Alphabet has a solid balance sheet, significant market share, and generates strong returns on invested capital.

Fiserv, Inc. delivered another strong quarter, executing well on company initiatives. Merchant revenue growth remains strong, driven by Clover's notable market share gains through strong distribution, new product launches, and higher attach rates for value-added services. The financial segment continues to show resilient growth, leveraging digital payments and effective cross selling to expand customer wallet share across segments. Free cash flow generation remains strong with management focusing on organic reinvestment and capital returns. We are confident in Fiserv's ability to deliver sustainable earnings growth through its strong product portfolio and disciplined capital allocation.

Visa's competitively advantaged and resilient business model makes it a steady compounder. The stock price rallied a bit in November following the election, as antitrust enforcement may be looser under the new administration. This is relevant for Visa, who is currently facing an antitrust case from the Department of Justice (filed in September), and regularly engages in acquisitions to grow.

(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.***

Three of the biggest detractors to the Fund's performance in the quarter were Nestle S.A. (Consumer Staples sector), The Progressive Corporation (Financials sector), and Texas Instruments Incorporated (Information Technology sector).

Nestle S.A. shares underperformed the broader market all year. Sentiment across the packaged food space is low as it emerges from two years of unprecedented food price inflation. Nestle's latest earnings report did not suggest an acceleration in organic growth from current subdued trends. Nestle's portfolio is attractively positioned in categories that have stable, long-term volume tailwinds such as coffee, pet food, and nutritional health. Barring further executional missteps, we believe the downside to the current stock price is low.

Progressive Corporation was a weaker performer in the fourth quarter after a strong start to the year. Policy growth continued to be strong, but expectations were high, and growth decelerated slightly throughout the quarter. That said, retention has remained high, and share gains continue. Progressive's best-in-class market segmentation gives preferred drivers lower rates, leaving competitors with worse drivers and more erratic pricing strategies. We remain attracted to its best-in-class operations, conservative underwriting, and shareholder friendly capital allocation philosophy.

Texas Instruments Incorporated underperformed during the fourth quarter. While the company continues to execute its long-term capital investment plan and is seeing stabilizing end markets, the market continues to focus on gross margins that are depressed by near-term investment ahead of revenue. Additionally, the market is currently rewarding other parts of the technology sector. Our confidence in Texas Instruments and its ability to grow shareholder value is undeterred.

The Fund exited positions in Pfizer Inc. (Health Care sector) and CarMax, Inc. (Consumer Discretionary sector).

The sale of Pfizer reflects concerns around recent acquisitions and potential holes in the company's drug pipeline. We also note possible regulatory headwinds.

The sale of CarMax reflects our lack of conviction in management's ability to navigate a potentially more challenging consumer environment while balancing the demands of investment in omni-channel capabilities. Separately, the auto finance business represents over 50% of company earnings and there is risk of rising credit losses.

The Fund initiated a position in Bruker Corporation (Health Care sector). Bruker designs and manufactures advanced scientific instruments that allow academic and industry customers to explore life and materials at microscopic, molecular, and cellular levels. With a global presence and a focus on life sciences, it benefits from long-term drivers like proteomics research. Bruker derives its competitive moat from its highly innovative instruments that push the cutting edge of science, enabling strong pricing power and market leadership.

Outlook and Conclusion

As we enter 2025, we believe the market faces an inflection point where sustaining momentum becomes increasingly difficult. Across the real economy, demand still seems sluggish and clear late-cycle signals persist. Revenue growth and corporate profits have leaned on inflationary pricing, but margins face growing headwinds as inflationary pricing fades, input costs rise, and demand softens. The Fed cut rates during 2024, but the yields on longer-dated treasuries actually rose as the year ended. Stubbornly high borrowing costs continue to plague rate-sensitive areas of the economy, like housing. Employment and inflation data may be volatile in 2025 and could affect changes in monetary policy and lead to greater volatility across equity markets.

Despite resilient economic data and limited signs of credit risk, we believe vigilance is warranted. Our cautious posture is grounded in valuation risks, market concentration, looming fiscal deficits, and fraying consumer health. We anticipate headwinds in fundamentals in the near term, with the possibility of recession-driven drawdowns ahead of the next economic expansion. While dividends remain below historical levels, our bias toward dividend growers has continued to reward us. While market speculation can make short-term forecasting difficult, we believe that the best predictors of long-term success are income, and fundamentals.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	07/09/14	**TACLX**	89154Q554	1.39%	1.04%
C Shares	07/09/14	**TFCCX**	89154Q547	2.46%	1.79%
Y Shares	07/09/14	**TLCYX**	89154Q521	0.89%	0.79%
INST Shares	07/09/14	**TLCIX**	89154Q539	0.83%	0.69%
Total Fund Assets	**$293.8 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 1.03% for Class A Shares, 1.78% for Class C Shares, 0.78% for Class Y Shares and 0.68% for Class INST Shares. These expense limitations will remain in effect until at least 10/29/25.

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	0.59%	14.64%	14.64%	3.42%	8.84%	8.33%	8.69%
C Shares	0.39%	13.75%	13.75%	2.66%	8.04%	7.70%	8.09%
Y Shares	0.66%	14.89%	14.89%	3.70%	9.12%	8.60%	8.96%
INST Shares	0.65%	15.05%	15.05%	3.80%	9.23%	8.72%	9.07%
Benchmark	2.75%	24.51%	24.51%	8.41%	14.28%	12.87%	12.78%
Including Max Sales Charge							
A Shares	-4.45%	8.90%	8.90%	1.67%	7.74%	7.69%	8.08%
C Shares	-0.58%	12.75%	12.75%	2.66%	8.04%	7.70%	8.09%

Benchmark - Russell 1000® Index

Max 5.00% sales charge for Class A Shares and 1% Contingent Deferred Sales Charge for Class C Shares held less than 1 year.

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Top 10 Equity Holdings of Fund

		(% of Portfolio)
1	Alphabet Inc.	7.2
2	Apple, Inc.	6.9
3	Berkshire Hathaway Inc. Class B	6.7
4	BlackRock Inc.	5.3
5	The Progressive Corp.	5.1
6	Fiserv Inc.	4.7
7	Air Products & Chemicals, Inc.	4.6
8	Visa Inc.	4.4
9	Norfolk Southern Corp.	4.0
10	Home Depot Inc.	3.6

Source: BNY Mellon Asset Servicing

Not FDIC Insured | No Bank Guarantee | May Lose Value

The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index.

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 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 focus its investments in specific sectors and therefore is subject to the risk that adverse circumstances will have greater impact on the fund than on the fund that does not do so. 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. Current and future portfolio holdings are subject to change. 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.

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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