Touchstone Large Company Growth Fund

Sub-Advised by: DSM Capital Partners LLC

U.S. Equity – Large-Cap Growth

2Q/2024

Fund Manager Commentary

As of June 30, 2024

Fund Highlights

- Invests primarily in U.S. equity securities of large capitalization companies believed to offer the best opportunity for reliable growth at attractive stock valuations.
- Utilizes a bottom-up idea-driven growth style with a long-term investment horizon, coupled with a distinct valuation discipline
- Seeks to identify companies which are believed to exhibit certain quality characteristics, including:
  - Predictable growth
  - Solid fundamentals
  - Attractive profitability
  - Successful managements

Market Recap

It remains our long-standing belief that the most important factor driving global debt and equity markets, as well as the economic outlook over the coming year and perhaps longer, would be the extent and speed of the decline in the rate of inflation in both the U.S. and Europe. At this time, it appears that inflation is falling around the world. The U.S. Federal Reserve will require additional data points indicating that inflation is nearing its 2% target before reducing U.S. interest rates, however, recent statistics have led to increasing confidence that rate cuts are possible this autumn. In Europe, the first interest rate cut has occurred, meaning the European Central Bank (ECB) believes inflation is largely under control at the 2% level. However, the ECB will also require solid evidence that inflation is largely dormant before cutting rates again.

In our view, equity valuations today are normal or realistic given a global economy supported by low inflation and steady economic growth. Despite the strength in the market thus far this year, we continue to find investment opportunities we believe have attractive valuations and solid growth prospects and believe the economic and equity market backdrop for the Fund's portfolio remains quite positive. Most importantly, the ongoing bull market has been driven by superb businesses with great balance sheets, strong profitability, and for many, an artificial intelligence (AI) tailwind that may last for several years.

Portfolio Review

The Touchstone Large Company Growth Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell 1000® Growth Index, for the quarter ended June 30, 2024.

The Fund's slight underperformance in the second quarter versus the Index was primarily the result of our selections in the Information Technology (IT) sector as well as our overweight of Financials sectors. Our selections in Consumer Discretionary and underweight of the sector versus the Index benefitted performance in the quarter.

The top five contributors to performance in the quarter were NVIDIA (IT sector), Alphabet-Class A (Communication Services sector), Arista Networks (IT sector), Microsoft (IT sector), and Apple (IT sector). The leading global technology businesses in the Fund's portfolio are benefiting from cloud, internet, software, semiconductor, and security demand in addition to very well-known AI trends. NVIDIA reported strong first quarter revenue, earnings, gross margins, and free cash flow. Importantly, it also provided very supportive commentary on demand and its next generation products, which sounded like they would be available earlier than previously expected. Quarterly results were solid for Alphabet as well, as an acceleration in Search growth helped ease concerns about share losses. Additionally, management laid out a compelling case that Alphabet was well positioned to manage the transition to the AI-led era and that AI has the potential to boost Search volumes and strengthen Google Cloud's relative competitive position leading to future AI monetization. It is worth noting that while we did not own Apple as of the end of the first quarter, it is now a roughly 4.7% position in the Fund. At its developer conference in June, Apple confirmed our expectations that its efforts should gradually lead to increased iPhone unit sales and associated services, the rationale behind our initial purchase.

(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.***

As its AI strategy advances, we believe a more significant acceleration of sales may be possible in 2025 with the launch of the iPhone 17.

The five holdings that contributed the least to performance were EPAM Systems, Advanced Micro Devices, Fortinet (all IT sector), Monster Beverage (Consumer Staples sector), and Fiserv (Financials sector). Each of these holdings detracted from performance. EPAM Systems reported soft results for the first quarter and guided estimates down for the rest of the year as projects were deferred and they experienced pricing pressure. With the shift of business from its historical Eastern Europe realm to India, a lower cost delivery center, they are seeing lower dollar revenue as clients demand lower pricing. Due to these ongoing challenges, we sold the position during the second quarter. Fortinet's operations continue to normalize following spending excesses on security during COVID-19, as bookings for the quarter were down year over year. However, we are encouraged by growing interest in its Secure Access Service Edge products with strong cross-sells into the existing SMB base as well as new enterprises. Monster Beverage reported strong international sales and improved gross margins in the first quarter, but operating expenses were higher than expected and U.S. sales slowed.

At the end of the quarter, the portfolio was invested in the Communication Services, Consumer Discretionary, Consumer Staples, Financials, Health Care, Industrials, and IT sectors. There were no changes made to the Fund's positioning during the quarter. We remain focused on companies we believe should benefit from AI/digital transformation themes.

Outlook and Conclusion

Over the last few years, the Western world economy has been characterized by rising interest rates, continued moderate economic growth, and falling inflation. In essence, we have experienced a near perfect and mostly unexpected economic outcome. In fact, on both sides of the Atlantic, employment costs have moderated even as employment levels have remained robust. The global economy continues to move forward, led by steady but possibly slowing U.S. growth. The E.U. economy is muddling through with political and economic policy stress building in France and the U.K. While the Indian economy is powering forward, the Chinese economy remains largely stagnant. We continue to believe global economic growth will reach or even exceed 2% this year with U.S. growth a bit higher and European growth lower than the global average.

Consumer spending has been under pressure in the U.S. no doubt due to the cost of inflation squeezing the consumer. As millions of low, variable-rate mortgages come due and with more on the way over the coming years, consumers have a choice to either repay their mortgage in full or roll them over into one with a higher rate. Either way, this will likely lead to a reduction in consumer spending possibly for years to come as additional low-rate mortgages mature and have to be refinanced at a higher rate. Furthermore, although the U.S. economy continues to generate steady growth, full employment, and falling inflation, many Americans are unhappy with the economy's recent performance and this dissatisfaction is registering in polling leading to the November elections. Unfortunately, the economic outlook in Europe is not as sanguine as in the U.S. with economic growth disappointing many and election results in both France and the U.K. confirming the discontent of the populace. Recent statistics confirm that both U.S. and E.U. inflation continues on a descending trajectory and in our view is the critical variable necessary before economic growth can accelerate, perhaps on the back of reduced interest rates.

With inflation in Europe measuring roughly 2.5% in June, the European Central Bank's 2% target is within reach. Unfortunately, services inflation remains stubbornly high at about 4% likely the result of low unemployment creating wage gains in service businesses. Despite cutting rates once already with another cut possible before year end, Europe has not yet seen an improvement in economic growth. While recent manufacturing trends have been on the weaker side, services remain a bit more solid. The trade war with China may expand in the E.U. with increased taxes levied on low-priced products purchased from China, as well as tariffs on very competitively priced Chinese built electric vehicles. Needless to say, trade clashes depress global economic growth, especially as more than a few E.U.-based automobile companies sell a significant number of vehicles in China.

With the war on inflation all but won, interest rates on the long end can remain largely stable while U.S. rate cuts are likely at some point this year, perhaps beginning in the third quarter. Importantly, despite disappointment amongst voters on both sides of the Atlantic, economic growth remains more robust and inflation lower than investors expected a year ago. We continue to be of the opinion that should critical economic indicators remain strong and rate cuts are delayed or are fewer than generally expected, the market is likely to continue to move higher. On the other hand, if the economy softens and rates are lowered sooner, we believe the market may also move higher. In our view, a 4.3% ten-year yield is very low historically and will comfortably support a market with a 19x to 22x price/earnings multiple, as long as the intermediate to longer term economic outlook is reasonably positive.

In our view, the Touchstone Large Company Growth Fund is rationally valued with an underlying earnings growth rate in the high-teens/low-twenties. Furthermore, we continue to believe the technology-related positions in the Fund's portfolio are very attractively priced and that it is possible that the AI earnings upside in these companies is not fully reflected in its stock prices at this time. In our opinion, the Fund's portfolio provides an opportunity to generate attractive rates of return over the next few years, given strong earnings growth, reasonable valuation, and its AI and technology tailwind.

As the economy continues to grow, albeit slowly, and inflation continues to fall, we continue to expect that global markets will trend higher despite well-publicized macro and geopolitical risks. In our view, there are few significant economic risks at this time thereby creating a relatively clear path to equity market appreciation. However, we believe that geopolitical risks emanating primarily from Russia, Iran, and China remain elevated and should not be ignored, while ever-rising U.S. government debt may create a potentially substantial economic dislocation as well. That said, as we have stated previously, "bull markets climb a wall of worry" and in our view the market's direction remains upward.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	08/15/16	**TSAGX**	89154Q414	1.57%	1.08%
C Shares	08/15/16	**TCGLX**	89154Q398	5.86%	1.83%
Y Shares	08/15/16	**TLGYX**	89154Q380	1.07%	0.83%
INST Shares	08/28/09	**DSMLX**	89154Q372	0.88%	0.73%
Total Fund Assets	**$154.7 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 1.04% for Class A Shares, 1.79% for Class C Shares, 0.79% for Class Y Shares and 0.69% for Class INST Shares. These expense limitations will remain in effect until at least 10/29/24.

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	7.98%	24.85%	41.47%	8.25%	15.90%	14.31%	15.07%
C Shares	7.78%	24.41%	40.43%	7.44%	15.04%	13.45%	14.21%
Y Shares	8.05%	25.03%	41.85%	8.53%	16.19%	14.59%	15.32%
INST Shares	8.08%	25.09%	41.99%	8.63%	16.31%	14.69%	15.39%
Benchmark	8.33%	20.70%	33.48%	11.28%	19.34%	16.33%	16.73%
Including Max Sales Charge							
A Shares	2.58%	18.62%	34.39%	6.42%	14.72%	13.63%	14.61%
C Shares	6.78%	23.41%	39.43%	7.44%	15.04%	13.45%	14.21%

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® Growth Index

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The performance presented for Class A, C and Y Shares combines the performance of an older class of shares (INST Shares) from the Fund's inception, 08/28/09, with the performance since the inception date of each share class.

Top 10 Equity Holdings of Fund

		(% of Portfolio)
1	NVIDIA Corp.	12.6
2	Microsoft Corp.	12.1
3	Amazon.com Inc.	8.5
4	Alphabet Inc.	8.4
5	Arista Networks Inc.	7.5
6	Apple, Inc.	4.8
7	Meta Platforms, Inc.	4.8
8	Intuit, Inc.	4.3
9	ASML Holding NV	4.1
10	Novo Nordisk A/S	3.3

Source: BNY Mellon Asset Servicing

The Russell 1000® Growth Index measures the performance of those Russell 1000 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.

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 growth stocks which may be more volatile than investing in other stocks and may underperform when value investing is in favor. The Fund invests in convertible securities which are subject to the risks of both debt securities and equity securities. 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 and emerging markets 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 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. 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 than a diversified fund and may be subject to greater risks. 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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