Touchstone Mid Cap Growth Fund

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

U.S. Equity – Mid-Cap Growth 4Q/2024

Fund Manager Commentary

As of December 31, 2024

Fund Highlights

- Believes that mid cap 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 company 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 S&P 500 reached 57 record highs in 2024, marking one of its best years since 1928, with over 20% annual returns for the second consecutive year. This remarkable performance was fueled by resilient U.S. economic growth, easing inflation, and enthusiasm for artificial intelligence (AI)-driven innovation. Large cap growth stocks, led by the "Magnificent 7," continued to dominate, while small caps posted their worst relative performance since 1998. The U.S. Federal Reserve's (Fed) pivot to rate cuts and optimism surrounding deregulation and fiscal reforms following the election added momentum to a strong year, despite persistent concerns about market breadth and valuation extremes.

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

Portfolio Review

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

The Fund faced a factor headwind during the quarter, which offset stock specific strength. From a factor perspective, the Fund's underweight exposure to momentum was a relative headwind to performance, which offset a relative tailwind from being underweight leverage.

Relative weakness in Consumer Discretionary and Health Care sectors outweighed relative strength in Industrials and Information Technology sectors.

The Consumer Discretionary sector was the top relative detractor over the quarter. PulteGroup Inc., the third-largest U.S. homebuilder known for its high-margin homes and shareholder-focused strategy, experienced relative underperformance during the quarter. The downturn was driven by higher interest rates and a significant negative December readthrough from a large homebuilder, which weighed on the sector. While PulteGroup's ability to generate robust margins and consistent cash flows highlights its strong market positioning, we exited the position in December following the broader challenges facing the housing market. Despite this, the company's operational efficiency and historical performance underscore its potential for long-term shareholder value creation.

The Health Care sector allocation also detracted from relative returns over the quarter. Legend Biotech, a biopharmaceutical company specializing in innovative cell therapies for oncology, was a top detractor over the quarter. The stock faced headwinds due to early clinical data from competitor Arcellx, Inc., sparking concerns about potential safety advantages that might favor Arcellx in the future. Despite this, Legend retains a significant lead in multiple myeloma treatment and is poised to dominate earlier treatment lines as Arcellx focuses on later-line therapies. While short-term fears persist, we remain confident in Legend's long-term market leadership and growth trajectory. ICON plc, one of the world's largest contract research organizations, also detracted from relative performance over the quarter. The stock underperformed after reporting third quarter earnings below investor expectations, igniting fears of lower demand from small biotech and declining research and development spending from large pharma. Despite the recent underperformance, we maintain our confidence in

(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.***

ICON's 2025 estimates where they have both visibility and the capacity to deploy their balance sheet while being largely insulated from sluggish funding in earlier stage biotech.

The Fund's Industrials sector was the top relative sector contributor over the quarter Axon Enterprise Inc., a developer and manufacturer of non-lethal weapons and robust software solutions for defense and public safety, was the top contributing name in the sector over the quarter. The company's strong quarterly report exceeded consensus estimates, showcasing its consistent track record of revenue and EBITDA growth. Its high-margin software offerings, including the AI-driven DraftOne report writing tool, continue to gain traction among customers, further enhancing its growth outlook. With its unique position in an expanding total addressable market and opportunities for international expansion, Axon remains a sustainable growth story with low sensitivity to macroeconomic headwinds. GE Vernova Inc., a leading provider of electric power systems and services was another top contributor to relative results. The company's strong fundamentals, driven by operational improvements and robust global power demand, led to a beat and raise on both quarterly and long-term targets. With a dominant share in power technologies and significant underperformance margins at a near-decade low, GE Vernova is well-positioned for growth. Its focus on operational efficiency, coupled with a favorable energy market backdrop, supports its potential for margin improvement and sustained profitability.

The Information Technology sector exposure also contributed to relative results during the quarter. Atlassian Corporation plc, an enterprise software company specializing in project management and content collaboration tools, was a top contributor over the quarter. The company's better-than-expected fiscal third-quarter financial results highlighted its margin discipline and potential for growth re-acceleration in 2025. With these strong fundamentals and more conservative guidance, the stock's risk/reward profile has become increasingly compelling, bolstering investor sentiment.

The Fund's largest sector change was in Information Technology where we increased exposure during the quarter. We had new buys on both the cyclical technology side with the purchase of Lam Research, a high-quality semi equipment company with exposure to some of the fastest growing areas of semi-equipment including autonomous driving, machine learning, Internet of Things, and virtual reality/augmented reality, all of which demand higher memory intensity & new and improved memory architectures. On the Software side, we added DocuSign to the Fund, which is a beneficiary of SMB recovery and has idiosyncratic drivers through its revamped management team driving re-accelerating growth while focusing on margin expansion and a new product cycle.

Outlook and Conclusion

Looking ahead to 2025, we believe market dynamics appear poised for rotation. While elevated valuations and narrow leadership raise caution, we think opportunities may emerge in value, cyclicals, and small caps as economic momentum broadens. The Fed's accommodative stance, coupled with fiscal stimulus, supports a constructive outlook in our view, but risks surrounding inflation and policy missteps remain key concerns. For these reasons, we believe a disciplined approach emphasizing high-quality investments and valuation sensitivity will be essential to navigating this evolving landscape.

We believe the current environment is favorable for our disciplined approach focused on high-quality growth investments with a valuation discipline. As we enter 2025, we see significant market extremes that warrant attention and careful positioning. While oversold conditions may lead to a short-term rally driven by speculative, high-volatility, and momentum stocks, we believe the market is entering a longer-term correction fueled by inflationary pressures, rising interest rates, and a stronger dollar under the incoming administration. The dominance of the "Magnificent 7" stocks, which now account for 70% of trading volumes, highlights both opportunities and vulnerabilities, as the market becomes increasingly dependent on a narrow group of leaders. Meanwhile, narrowing market breadth and historic extremes in factor performance suggest heightened volatility, with high-volatility stocks outperforming while value factors lag significantly. Record equity inflows reflect strong sentiment but also point to potential exuberance, and elevated retail optimism suggests complacency, a common precursor to instability. In this environment, we stress the importance of repositioning the Fund's portfolio toward quality and resilience, as speculative growth strategies appear increasingly exposed to downside risks.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	10/03/94	**TEGAX**	89154X880	1.24%	1.24%
C Shares	10/03/94	**TOECX**	89154X872	2.07%	2.00%
Y Shares	02/02/09	**TEGYX**	89154X534	1.01%	0.98%
INST Shares	04/01/11	**TEGIX**	89154X526	0.95%	0.87%
R6 Shares	02/10/20	**TFGRX**	89154X112	0.90%	0.78%
Total Fund Assets	**$1.4 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 1.39% for Class A Shares, 1.99% for Class C Shares, 0.97% for Class Y Shares, 0.86% for Class INST Shares and 0.77% for Class R6 Shares. These expense limitations will remain in effect until at least 01/29/26.

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	7.40%	15.94%	15.94%	2.07%	9.37%	10.87%	11.79%
C Shares	7.16%	14.98%	14.98%	1.20%	8.47%	10.16%	11.42%
Y Shares	7.47%	16.21%	16.21%	2.30%	9.62%	11.13%	11.94%
INST Shares	7.51%	16.32%	16.32%	2.44%	9.76%	11.23%	11.97%
R6 Shares	7.55%	16.46%	16.46%	2.55%	9.85%	11.28%	11.98%
Benchmark	8.14%	22.10%	22.10%	4.04%	11.47%	11.54%	10.59%
Including Max Sales Charge							
A Shares	2.02%	10.14%	10.14%	0.34%	8.25%	10.21%	11.57%
C Shares	6.16%	13.98%	13.98%	1.20%	8.47%	10.16%	11.42%

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 Midcap® Growth Index

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The performance presented for Class Y, INST and R6 Shares combines the performance of an older class of shares (Class A Shares) from the Fund's inception, 10/03/94, with the performance since the inception date of each share class.

Top 10 Equity Holdings of Fund

		(% of Portfolio)
1	Axon Enterprise Inc.	4.6
2	Palantir Technologies Inc.	3.6
3	Vertiv Holdings Co.	3.5
4	TransDigm Group Inc.	3.3
5	Applovin Corp.	3.0
6	HubSpot Inc.	2.8
7	Ascendis Pharma A/S	2.8
8	Atlassian Corp.	2.5
9	Ares Management Corp.	2.2
10	Dexcom, Inc.	2.1

Source: BNY Mellon Asset Servicing

The Russell Midcap® Growth Index measures the performance of those Russell Midcap 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 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 invests in foreign securities 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 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 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. 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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