

Fund Manager Commentary

As of September 30, 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 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 this quarter, the three sectors with the best total return in the benchmark were Utilities, Real Estate, and Industrials. The four worst performing sectors were consumer Staples, Health Care, Information Technology, and Energy.

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 September 30, 2024.

The Touchstone Mid Cap Growth Fund benefitted from a 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 volatility and momentum relative to the benchmark. Relative weakness in Consumer Discretionary and Real Estate outweighed relative strength in Industrials and Information Technology.

Consumer Discretionary was the top relative detractor over the quarter. Fast-casual restaurant leader, Chipotle Mexican Grill, was the leading detractor within the sector over the third quarter. The

company faced a substantial headwind during the quarter stemming from some social-media backlash on supposed portion size inconsistencies, coupled with the news later in the quarter that its CEO would be leaving for Starbucks. Despite these issues, we continue to favor the name and its long history of reliable execution. We feel the brand and leadership are in great shape with a deep bench of talent to continue to dominate the fast casual category it helped to pioneer.

Real Estate also detracted from relative returns over the quarter. Sun Communities, an owner of mobile homes, RV parks, and marinas, was a new purchase within the Fund during the quarter and detracted from relative results. Our thesis for Sun Communities is centered around a turnaround story as corporate headwinds are dissipating alongside strong property-level fundamentals. We believe as the turnaround progresses, earnings growth could accelerate in 2025/2026.

Industrials was the top relative contributor 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. Provider of electric power systems, GE Vernova, was a new purchase within the Fund during the quarter and another top contributor to relative results.

Information Technology also contributed to relative results during the quarter. Fair Isaac Corporation, the leading applied analytics company serving banks, credit card issuers, and retailers, was a top

(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.**



contributor over the quarter driven by improved sentiment toward the outlook of the mortgage market as well as its dominant market position and strong pricing power. Mortgage price increases combined with a recent surge in refinancings provide a compelling backdrop, in our view, for potential upside to earnings forecasts. Looking forward, we believe that the backdrop is favorable for both its Software and Scores businesses which have experienced strong growth and improved profitability.

The Fund's largest sector change was in Industrials where we increased exposure with two new buys, during the quarter. We purchased Booz Allen Hamilton, a management and technology consulting firm, focused on cybersecurity with government agencies. With above average organic growth relative to peers, a healthy backlog that supports accelerating growth, and a strong focus on merger and acquisition. We also added GE Vernova, a provider of electric power systems, to the Fund's portfolio during the quarter. GE Vernova has idiosyncratic levers through operational improvement, while also benefitting from the secular trend of electrification, decarbonization, and grid modernization. In general, our positioning within the sector is balanced with a tilt toward quality compounders and early cycle and away from momentum and late cycle.

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	10/03/94	TEGAX	89154X880	1.24%	1.24%
C Shares	10/03/94	TOECX	89154X872	2.07%	2.07%
Y Shares	02/02/09	TEGYX	89154X534	1.01%	1.01%
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	\$1.3 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, 2.14% for Class C Shares, 1.14% 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 07/29/25.

Share class availability differs by firm.

Annualized Total Returns

	3Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	6.12%	7.96%	22.64%	1.21%	10.16%	10.90%	11.63%
C Shares	5.89%	7.29%	21.62%	0.38%	9.25%	10.21%	11.26%
Y Shares	6.18%	8.13%	22.91%	1.44%	10.41%	11.17%	11.78%
INST Shares	6.20%	8.20%	23.07%	1.58%	10.54%	11.27%	11.80%
R6 Shares	6.23%	8.28%	23.14%	1.67%	10.62%	11.31%	11.82%
Benchmark	6.54%	12.91%	29.33%	2.32%	11.48%	11.30%	10.39%
Including Max Sales Charge							
A Shares	0.81%	2.55%	16.49%	-0.51%	9.03%	10.25%	11.41%
C Shares	4.89%	6.29%	20.62%	0.38%	9.25%	10.21%	11.26%

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

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://www.touchstoneinvestments.com/mutual-funds).** From time to time, the investment adviser may waive some fees and/or reimburse expenses, which if not waived or reimbursed, will lower performance. Performance by share class will differ due to differences in class expenses. Returns assume reinvestment of all distributions. Returns are not annualized for periods less than one year.

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)		(% of Portfolio)		
1	Axon Enterprise Inc.	4.0	6	Ascendis Pharma A/S	2.8
2	TransDigm Group Inc.	4.0	7	Palantir Technologies Inc.	2.8
3	Vertiv Holdings Co.	3.1	8	DraftKings Inc.	2.4
4	Ross Stores, Inc.	3.0	9	HubSpot Inc.	2.3
5	Fair Isaac Corp	2.9	10	Insulet Corporation	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.

The Frank Russell Company (FRC) is the source and owner of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a Touchstone Investments presentation of the data, and FRC is not responsible for the formatting or configuration of this material or for any inaccuracy in the presentation thereof.

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](https://www.TouchstoneInvestments.com/resources) or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

Touchstone Funds are distributed by Touchstone Securities, Inc.

A registered broker-dealer and member FINRA and SIPC

A Member of Western & Southern Financial Group

Not FDIC Insured | No Bank Guarantee | May Lose Value

