

Fund Manager Commentary

As of December 31, 2024

Fund Highlights

- Utilizes a classic value-driven fundamental investment process
- Seeks to identify companies believed to be selling at a discount to their intrinsic value
- Employs five valuation screens that seek to identify attractively priced securities
- Conducts in-depth research and analysis on the securities that pass the valuation screens in an effort to identify leading companies selling at attractive valuations
- Examines financial statements and assesses the company's management team, competitive strategy and its current market position

Market Recap

Style factors across our asset class were muddled across the Russell MidCap® Value Index (benchmark). Within the benchmark, non-earners performed the best with little distinction among the remaining price-to-earnings quintiles. Stocks with no yield outperformed those who paid a dividend. The lowest return on equity quintile outperformed, while performance of the remaining quintiles was non-linear. High leverage outperformed stocks with lower levels of debt. Stocks with the highest volatility outperformed while low volatility stocks lagged the benchmark. Lastly, stocks with the highest rate of sales growth notably outperformed those with slower growth.

Within the benchmark, the best performing sectors were Energy, Financials, Communication Services, and Information Technology (IT). Materials, Health Care, and Real Estate sectors notably underperformed.

Portfolio Review

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

The Fund outperformed on a relative basis in six of eleven sectors. Utilities, Financials, Health Care, and Industrials were the strongest sectors while performance was the weakest in Energy, IT, and Consumer Discretionary.

The Utilities sector was the strongest performer within the Fund. Entergy Corp traded higher after Meta announced plans to build a substantial data center in its area of operations, signaling an expected increase in earnings growth. The power needs of the new facility are likely to propel Entergy to industry leading levels of earnings growth over the next five years.

Strong selection within banks led to outperformance in the Financials sector. First Horizon Corp. outperformed following the presidential election as investors view the stock as an acquisition target assuming reduced regulatory scrutiny under the new administration. Pinnacle Financial Partners is also being viewed as a beneficiary of an improved merger and acquisition environment in the banking space. Webster Financial Corp rallied post-election on assumptions that regulatory thresholds will be increased, removing the threat of higher operating costs. Discover Financial Services was another election beneficiary. The stock rallied on the assumption that its acquisition by Capital One will be approved by the administration's new regulators.

Though the Health Care sector was a solid contributor overall, insurance company Humana Inc. was a substantial detractor within the sector. The stock sold off on the release of its Medicare Advantage star scoring, which will result in a lower-level profitability if its appeal is unsuccessful.

The Industrials sector outperformed, driven by strong stock selection. Shares of Genpact Limited moved higher as revenue and bookings for its outsourcing services continued to recover. Industrial distributor WESCO International was another positive contributor in the quarter. The stock rallied on investors' expectations of continued tailwinds from artificial intelligence infrastructure and improving industrial demand under the new administration.

The Materials sector was a modest contributor in the period. Arcadium Lithium traded significantly higher after an acquisition offer by Rio Tinto, which is looking to expand lithium chemical offerings. FMC Corp underperformed following the election. Uncertainty around changes to crop protection regulation, tariffs, trade flows, and the start of the Brazilian growing season all

(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.**



compounded to drive the stock lower. International Flavors & Fragrances was another laggard following cautious commentary on choppy consumer purchasing and potential year-end inventory destocking.

The Consumer sectors both underperformed in the quarter (Consumer Staples & Consumer Discretionary). In the Consumer Staples sector, private label manufacturer Treehouse Foods lagged on the company's earnings report, lowlighted by concerns over consumer purchasing and a large recall of its frozen griddle products. As the maker of Modelo and Corona beers, Constellation Brands also underperformed amid tariff worries on goods produced in Mexico. In the Consumer Discretionary sector, toy maker Hasbro Inc. underperformed despite strong results in its digital product offerings, soft commentary related to fourth quarter toy sales, and concerns over tariffs following the election drove the stock lower. Valvoline Inc was another detractor. The quick lube provider disappointed investors with its initial guidance for 2025, calling for lower same store sales and elevated investment in IT systems.

Subpar selection drove underperformance in the IT sector. Management at F5 Inc. raised earnings guidance as sales for its software and hardware solutions show signs of improvement. Qorvo Inc. was the largest individual detractor in the Fund. The company produces components for smartphones and lagged as sales for handsets, and the Apple iPhone in particular, came in weaker than expected.

As we enter the new year, our largest relative overweight is in the Consumer Staples sector. We are notably underweight in the Real Estate and Communication Services sectors. These exposures are driven by the opportunity set we see in each sector.

Outlook and Conclusion

As we enter 2025, the set up for the market continues to offer something for both the bulls and the bears. With the conclusion of the election, business and consumer confidence has improved. Holiday purchasing was better than expected, but credit card balances increased potentially impacting future spending. Despite the U.S. Federal Reserve's rate cuts, the 10-year treasury yield has moved substantially higher, contrary to expectations pre-election. The change in administration and associated expectations for less regulation and lower taxes is broadly considered a potential tailwind for business and consumers. Those benefits are somewhat offset by trepidation around tariffs and its potential disruption to trade and impact on inflation. On the international front, the economies of China and Europe continue to be tepid at best.

Amid these market dynamics, we continue to hold fast and invest according to our process. Fundamentally we are looking for quality stocks, trading at a discount, with good risk/reward. We look for companies with strong management teams, high barriers to entry, solid balance sheets, and we continue to rigorously examine downside scenarios for our positions.

We continue to find attractively valued investment opportunities with favorable risk/reward profiles. While we do not believe in making short term projections, we believe these investments will outperform the market longer term.



Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	09/30/09	TCVAX	89155H413	1.50%	1.24%
C Shares	09/30/09	TMFCX	89155H397	2.80%	1.93%
Y Shares	09/30/09	TCVYX	89155H371	1.21%	0.99%
INST Shares	09/30/09	TCVIX	89155H389	0.98%	0.86%
Total Fund Assets	\$579.3 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 1.22% for Class A Shares, 1.91% for Class C Shares, 0.97% for Class Y Shares and 0.84% for Class INST 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	-1.53%	8.21%	8.21%	2.00%	7.20%	7.35%	10.09%
C Shares	-1.71%	7.40%	7.40%	1.24%	6.40%	6.71%	9.66%
Y Shares	-1.49%	8.44%	8.44%	2.24%	7.46%	7.61%	10.36%
INST Shares	-1.47%	8.61%	8.61%	2.37%	7.60%	7.76%	10.52%
Benchmark	-1.75%	13.07%	13.07%	3.88%	8.59%	8.10%	11.30%
Including Max Sales Charge							
A Shares	-6.46%	2.81%	2.81%	0.27%	6.11%	6.72%	9.66%
C Shares	-2.65%	6.40%	6.40%	1.24%	6.40%	6.71%	9.66%

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® Value 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.

Top 10 Equity Holdings of Fund

	(% of Portfolio)		(% of Portfolio)
1 Allstate Corp.	2.7	6 First Horizon Corp.	2.0
2 Regal Rexnord Corp.	2.4	7 Reinsurance Group of America Inc.	2.0
3 Clean Harbors, Inc.	2.4	8 Leidos Holdings Inc.	2.0
4 Entergy Corp	2.3	9 Keysight Technologies Inc.	1.9
5 Wesco International, Inc.	2.1	10 Encompass Health Corp.	1.9

Source: BNY Mellon Asset Servicing

The Russell Midcap® Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower 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 value stocks which may not appreciate in value as anticipated or may experience a decline in value. 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's investments in other investment companies will be subject to substantially the same risks as those associated with the direct ownership of the securities comprising the portfolios of such investment companies, and the value of the Fund's investment will fluctuate in response to the performance of such portfolios. In addition, if the Fund acquires shares of investment companies, shareholders of the Fund will bear their proportionate share of the fees and expenses of the Fund and, indirectly, the fees and expenses of the investment companies or ETFs. The Fund's service providers are susceptible to cyber security risks that could result in losses to a Fund and its shareholders. Cyber security incidents could affect issuers in which a Fund invests, thereby causing the Fund's investments to lose value. 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

