Touchstone Sands Capital International Growth Equity Fund

Sub-Advised by: Sands Capital Management, LLC

International Equity – Large-Cap Core 4Q/2024

Fund Manager Commentary

As of December 31, 2024

Fund Highlights

- The Fund seeks long-term growth of capital, investing primarily in equity securities of non-U.S. companies of any size, but generally focuses on larger, more established companies
- Applies bottom-up security analysis that includes fundamental, sector-based research in seeking to identify businesses that have high or improving returns on capital, barriers to competition and compelling valuations
- Selects investments based on an evaluation of a company's sustainability practices which considers and analyzes the potential Environmental, Social and Governance (ESG) impacts and risks of a company, how well the company manages these impacts and risks, and ascertains the company's willingness and ability to take a leadership position in implementing best practices

Market Recap

In the fourth quarter of 2024, European and Asia-Pacific equity markets faced divergent pressures, shaped by geopolitical shifts, economic slowdowns, and monetary policy adjustments. European equities declined, with the STOXX 600 falling 2.7% and registering its worst performance in 2 years, contrasting sharply with the 24% annual gain of the S&P 500. Germany's DAX outperformed, up 19% for the year, bolstered by technology strength despite economic challenges. France's CAC 40 underperformed, reflecting political instability following the collapse of the government. Meanwhile, the UK's FTSE 100 gained 5.7%, marking its fourth consecutive year of growth. Across sectors, travel & leisure, banks, and media led gains, while real estate and chemicals lagged. European central banks (ECB) shifted focus from inflation control to growth support, with the ECB implementing back-to-back rate cuts for the first time in 13 years. Political uncertainty loomed large, with snap elections in Germany and ongoing fiscal challenges in France. Additionally, Trump's re-election in the United States raised concerns over potential tariffs, which some estimate could reduce Eurozone GDP growth by 0.3%.

Asia-Pacific equities also struggled. The MSCI Asia ex-Japan index dropped 8.3% in the fourth quarter, with South Korea's KOSPI tumbling 17.8% amid political turmoil. Central banks in the region leaned dovish, with multiple rate cuts aimed at stabilizing markets. China announced a $411 billion bond issuance to support its economy, but growth concerns persisted. India faced currency pressures, and the Reserve Bank intervened to stabilize the rupee. Meanwhile, Japan's Nikkei and Topix indices posted moderate losses, reflecting a subdued economic backdrop.

Globally, markets grappled with the twin challenges of geopolitical uncertainty and uneven economic recoveries, leaving investors cautious heading into 2025. All regions and sectors detracted from results. From a regional perspective, Eastern Europe detracted the least and Western Europe was the top detractor. From a sector perspective Real Estate detracted the least and Health Care was the top detractor.

Portfolio Review

The Touchstone Sands Capital International Growth Equity Fund (Class A Shares, Load Waived) outperformed the MSCI ACWI ex-U.S. Index for the quarter ended December 31, 2024.

The Fund's outperformance was primarily driven by outperformance of its positions within Communication Services, Consumer Staples, and Health Care sectors, which more than offset the underperformance of its positions within Financials. From a regional perspective, the U.S./Canada was the largest relative contributor, and Latin America was the top detractor.

The top individual absolute contributors for the quarter included Shopify (Information Technology sector; Canada), Taiwan Semiconductor (Information Technology sector; Taiwan), Sea (Communication Services sector; Singapore), Spotify (Communication Services sector; Sweden), and Formula One (Communication Services sector; United Kingdom).

Shopify's third-quarter 2024 business results indicated significant momentum across its operations, with accelerating topline growth and improving margins driving confidence in its outlook. Shopify gained market share across its enterprise, international, offline, and business-to-business (B2B) segments. The company benefited from a surge in new merchant additions in the first half of its fiscal year, and this gain, coupled with take-rate expansion, should support

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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.***

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strong revenue momentum into 2025, in our view. Total gross merchandise volume (GMV) grew 24% year-over-year, outperforming expectations, driven by enterprise and international gains. Enterprise launches included brands like Reebok and Hanes, while international GMV rose 30% percent. B2B GMV surged 145%, while offline growth outpaced online at 27%. Margins improved following volatility earlier in the year, with investments fueling GMV growth and supporting better payback on customer acquisition costs. Shopify appears to be back on track for margin expansion as revenue scales. We expect Shopify to grow revenue by 25% in 2024 and accelerate to 28% in 2025 (versus the consensus estimate of 23% growth). The business' forward free cash flow multiple is optically high at 70x as of December 31, but this is actually lower than it was at the beginning of the year, and well below its intra-year peak of 88x. We believe that accelerating growth provides near-term valuation support.

Taiwan Semiconductor's (TSMC) third-quarter 2024 results and guidance showcased strong continued demand for artificial intelligence (AI) chips. Revenue increased by 29%, and earnings saw a 54% rise year-over-year. Gross margins were at their highest since 2022, bolstered by price hikes and record utilization at both the 3nm and 5nm nodes. TSMC's full-year revenue outlook was revised upward from 25% to 30% growth. The company also anticipates higher capital expenditure in 2025, a leading indicator for revenue. Meanwhile, TSMC's competitive position within the leading-edge chip fabrication industry has improved. The company noted that demand for its next generation 2nm (N2) node is considerably higher than for its predecessor, N3. Additionally, TSMC has more capacity for N2 than N3. This situation contrasts with Intel and Samsung, which both recently disclosed struggles in ramping up their leading-edge nodes. Together, Intel and Samsung account for approximately $25 billion of foundry revenue, which could potentially migrate to TSMC over time. Our recent research on so-called scaling laws suggests that AI infrastructure providers, such as TSMC, remain well positioned for strong near-term earnings growth. Scaling laws—or the notion that output improves as computing power increases—are critical to continued AI investment, in our view. Our key conclusion is that scaling laws will continue to hold, with new LLM capabilities likely to emerge in 2025 and 2026 as larger computing clusters scale. In addition, given the electricity constrains of datacenters, demand will likely continue to outstrip supply for compute, which could in turn lead to faster chip replacement cycles. These views are constructive for TSMC, especially if the business' competitive position within leading-edge chips strengthens. Despite this positive outlook, shares remain rationally valued, in our view, at 22x 12-month forward earnings as of December 31, 2024. For context, the PHLX Semiconductor Sector Index ended the year trading at 29x.

Formula One (F1) continues to build momentum, reporting strong third quarter 2024 results driven by increased fan engagement and strategic improvements in its operating structure. The company's streamlined corporate structure is set to bolster shareholder value, paving the way for long-term growth opportunities. Fan engagement remained a key highlight, with year-to-date race attendance up, global F1TV subscriptions growing by 10%, and U.S. viewership climbing steadily. This sustained fan interest supports multi-year revenue growth, particularly as the U.S. broadcast renewal approaches. Management is strategically limiting race expansion, leveraging the sport's scarcity to drive higher race promotion fees and foster competition among potential host cities. Revenue from long-term contracts rose 19% year-over-year, reflecting these efforts. Financially, third quarter results showcased a 15% year-to-date increase in F1 revenue, while EBITDA surged 21%, keeping the business on track to achieve mid to high-teens growth for the year. Sponsorship momentum remains strong, driven by new partnerships, despite weaker-than-expected ticket sales for the Las Vegas Grand Prix. The event still contributes positively through elevated sponsorship revenue. A critical development this quarter was the simplification of the corporate structure, including the conversion of tracking shares into common equity. This adjustment provides a clean ownership stake in F1 and MotoGP, aligning with shareholder interests and positioning the business for a potential sale. Past rumors of interest from Saudi Arabia's Public Investment Fund further underscore the attractiveness of this enhanced structure. Formula One's focus on operational efficiency, combined with its growth in fan engagement and strategic revenue initiatives, solidifies its position as a premium global franchise, in our view.

The top absolute individual detractors included MercadoLibre (Consumer Discretionary sector; Argentina), Sika (Materials sector; Switzerland), CTS Eventim (Communication Services sector; Germany), VAT Group (Industrials sector; Switzerland), and ASML Holding (Information Technology sector; Netherlands).

Sika is a developed ex-U.S. duration-growth business exposed to the secular trends of construction sustainability, urbanization, and infrastructure improvement. Its exposure to maintenance and refurbishment provides it with defensive growth characteristics, and importantly, its end markets provide differentiated growth drivers relative to other portfolio holdings. Investment results have been weak despite solid fundamental results. We believe that investors have focused on slower-than historical organic growth, caused by several factors, including the real estate crisis in China, slowdown in EV production, and pause in green building incentives. What investors miss, in our view, is the durability of Sika's growth: in the first 9 months of 2024, Sika grew 9% overall versus a 1% decline for its peer set. Over the past 6 years, Sika's organic growth only declined in 3 quarters, all of which occurred in 2020. Sika reported record levels of sales and profitability during the first 9 months of 2024 and confirmed its 2028 strategic targets of 6% to 9% annualized growth at a 20% to 23% EBITDA margin.

CTS Eventim faced a rare EBITDA miss in the third quarter, primarily due to timing-related expenses in the Live Entertainment segment. Issues included U.S. promotional costs incurred ahead of revenue, integration costs from acquisitions (from See Tickets and France Billet), and losses from newly acquired festivals. While segment level EBITDA margins fell in the quarter, we anticipate these impacts will reverse in the coming quarters. Importantly, the ticketing segment, which contributes 70% of group EBITDA, held steady despite challenging year-over-year comparisons. For context, hugely popular tickets for Taylor Swift's Eras tour went on sale in the third quarter of last year and contributed 6% to total revenue. We estimate, excluding the uplift from the Taylor Swift effect last

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year, organic ticketing EBITDA really grew by 11% year-over-year. We expect ticketing seasonality to normalize in 2024, creating an easier comparison base. Looking ahead, the company continues to prioritize its ticketing and asset-light model, with limited venue development projects. Additionally, recent acquisitions in South America and Europe reinforce, in our view, CTS Eventim's strategic positioning in growing regions. Our conviction remains high in the business' long-term growth trajectory, supported by a robust outlook for international tours and increasing consumer spending on live events.

ASML Holding reported strong third quarter results but revised its 2025 revenue outlook downward. Revenue exceeded expectations by 4%, and net income was 9% higher than anticipated, showcasing resilience in the face of challenges. However, bookings fell to their weakest level since third quarter 2020, driven by reduced orders from key customers like TSMC, Intel, and Samsung, alongside ongoing weakness in China. The company lowered its 2025 revenue guidance to € 30 billion to € 35 billion, down from the previous forecast of € 30 billion to € 40 billion, leading to a 7% cut in revenue expectations and a 15 to 20% reduction in earnings estimates. Key drivers of the revised outlook include a normalization of China's contribution to ASML's revenue, projected to decline from 40% to 20% by 2025. This adjustment reflects geopolitical pressures but also aligns with a more sustainable long-term revenue mix. Despite these headwinds, ASML sees opportunities ahead, particularly with lithography-intensive nodes, where orders are expected to ramp by 2025-2026. In the longer term, ASML expects annual revenue growth of around 11% through 2030, supported by rising demand for advanced lithography tools, consistent process node advances, and pricing power from innovation. The company is also poised to benefit from expanding AI applications across devices like smartphones, wearables, and autonomous vehicles, which could drive a multi-year surge in demand for its equipment.

During the quarter we purchased Spotify and exited Genmab.

Spotify (Communication Services sector, Sweden) is the world's largest subscription streaming audio service by market share. Recorded music has seen significant distribution shifts—from vinyl to cassette to CDs over the past 50 years. Today, streaming accounts for the bulk of industry revenue, and we view streaming as the natural end-state, given the consumer value proposition and balance of power between artists and labels. Within streaming, Spotify has outsized market share and user engagement. This has resulted in relatively inelastic demand and, in turn, pricing power. We ultimately view the addressable market as anyone with internet access globally. Unlike with video streaming, consumers tend to subscribe to only a single audio streaming service. Spotify's leadership position has become further entrenched with music labels' growing dependence on streaming revenue. Over our 5-year horizon, we expect gross margin improvement from advertising and partnership agreements with labels, with operating margin improvement also driven by cost discipline.

Following the loss of the licensing fee for its multiple myeloma drug Darzalex, Genmab's (Health Care sector, Denmark) near-term growth expectations have been in flux. We decided to remain patient with the business as several other drug approvals remained in the pipeline. However, with additional details now having surfaced, we have lost conviction in Genmab's fit with our 6 criteria. We exited Genmab to pursue what we believe are more attractive opportunities for International Growth.

Outlook and Conclusion

We continue to believe International Growth offers a compelling offering to accessing what we believe are the some of the most attractive opportunities in international markets. With higher real long-term interest rates globally, investors need access to sustainably faster growing businesses to create real returns over time and, using history as a guide, investing in passive indexes would likely miss the mark. Historically, just under 20% of constituents in ex-U.S. benchmarks have compounded their earnings above 15% since 2008. Taken all together, we believe our active, concentrated, and fundamentals-focused approach is the prudent answer to investing in non-U.S. businesses. Even following the strong results of 2024, over half the businesses in the Fund trade at lower valuations than a year ago, creating a compelling backdrop looking ahead.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	12/03/07	**TPYAX**	89155H579	1.77%	1.19%
C Shares	12/03/07	**TPYCX**	89155H561	4.88%	1.95%
Y Shares	08/12/08	**TPYYX**	89155H553	1.37%	0.92%
INST Shares	08/23/19	**TPYIX**	89155T532	2.29%	0.88%
R6 Shares	08/31/23	**TPYRX**	89155T425	1.17%	0.80%
Total Fund Assets	**$96.3 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 1.17% for Class A Shares, 1.93% for Class C Shares, 0.90% for Class Y Shares, 0.86% for Class INST Shares and 0.78% 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	-4.25%	8.01%	8.01%	1.87%	5.70%	5.69%	4.79%
C Shares	-4.50%	7.08%	7.08%	1.07%	4.92%	5.07%	4.43%
Y Shares	-4.24%	8.25%	8.25%	2.15%	5.99%	5.98%	5.04%
INST Shares	-4.24%	8.23%	8.23%	2.14%	6.00%	5.98%	5.04%
R6 Shares	-4.23%	8.24%	8.24%	2.15%	6.00%	5.99%	5.05%
Benchmark	-7.60%	5.53%	5.53%	0.82%	4.10%	4.80%	8.53%
Including Max Sales Charge							
A Shares	-9.07%	2.65%	2.65%	0.14%	4.61%	5.06%	4.43%
C Shares	-5.37%	6.10%	6.10%	1.07%	4.92%	5.07%	4.43%

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

The MSCI All Country World Ex-U.S. Index is an unmanaged, capitalization-weighted index composed of companies representative of both developed and emerging markets excluding the United States.

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.

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

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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, 12/03/07, with the performance since the inception date of each share class.

Top 10 Equity Holdings of Fund

		(% of Portfolio)
1	Taiwan Semiconductor Mfg. Co. Ltd.	5.8
2	Mercadolibre Inc.	5.5
3	Shopify Inc.	5.1
4	Sea Ltd.	5.0
5	ASML Holding NV	4.5
6	Adyen NV	4.3
7	Keyence Corp.	4.1
8	Spotify Technology SA	4.1
9	Constellation Software Inc.	4.0
10	Addtech AB	3.8

Source: BNY Mellon Asset Servicing

Not FDIC Insured | No Bank Guarantee | May Lose Value

A Word About Risk

The Fund invests in equities which are subject to market volatility and loss. 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, emerging and frontier markets securities, and 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 risks associated with investing in foreign markets are magnified in emerging markets, and in frontier markets due to their smaller and less developed economies. 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. Financial institutions could suffer losses if interest rates rise or economic conditions deteriorate. 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 sub-adviser considers ESG factors that it deems relevant or additive along with other material factors. The ESG criteria may cause the Fund to forgo opportunities to buy certain securities and/or gain exposure to certain industries, sectors, regions and countries. The Fund may be required to sell a security when it could be disadvantageous to do so. 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 or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

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