Fund Manager Commentary

As of December 31, 2024

Fund Highlights

- Employs a process that is focused on long-only, bottom-up value management
- Uses traditional methods of stock selection - research and analysis - to identify securities believed to be undervalued, and searches for companies that have price-to-earnings and price-to-book ratios below the market and that have above-average dividend yields
- Process seeks to identify the reasons for a temporary undervaluation of a company's shares and believes that value can be added through individual stock selection
- Fundamentals of companies are analyzed one at a time rather than on broader market themes
- Utilizes risk management techniques in an effort to keep the Fund's portfolio from becoming overexposed to particular market segments

Market Recap

During the fourth quarter of 2024, markets reversed course sharply from the previous quarter, with fewer than four out of 10 stocks outperforming during the fourth quarter. This measure remains highly volatile, reflecting one of the narrowest markets since the COVID pandemic and the Tech Bubble two quarters ago. Following a sharp reversal with broad market participation last quarter, the market has now returned to a fairly narrow scope. This level of volatility has historically been seen during those same two prior periods of dislocations. Further normalization of markets should coincide with normalization of breadth as well. Broader participation is an important part of the normalization process underway across the markets.

The fourth quarter's market environment saw leadership reversed back to growth and mega-cap tech stocks again in the fourth quarter, as global markets kept advancing led by a narrow group of stocks once more. Value stocks suffered as commodity-oriented areas lagged and technology continued its ascent higher. Market participation flipflopped back to being quite narrow, as just 35% of stocks outperformed after last quarter's broadening to 69%.

From an economic sector perspective within the U.S. equity markets, similar to the underlying stocks, sector leadership narrowed to just four sectors outpacing the S&P 500® Index. Those sectors were the usual leaders given most benefitted from having one of the Magnificent 7 as a constituent. The Financials sector was the surprising sector to the upside as banks and capital market firms rallied on improved prospects under a Trump administration. While continued pressure on commodity prices weighed on Materials, higher utilization and costs pressured a number of managed care businesses within Health Care.

Portfolio Review

The Touchstone Value Fund (Class A Shares, Load Waived) outperformed its benchmark, the Russell 1000® Value Index, for the quarter ended December 31, 2024.

The primary relative contributor to outperformance was stock selection. Positive stock selection within the Consumer Discretionary, Materials, and Utilities sectors were the primary drivers of relative outperformance. Stock selection within the Health Care, Real Estate and Financials sectors detracted from relative performance. Sector allocation impacts were moderately negative but outweighed by positive stock selection. The underweight to the Financials sector was a drag on performance, which was partially offset by an underweight to the Health Care sector that struggled from negative sentiment following the U.S. election. Below is a discussion on key drivers of performance for the fourth quarter.

Among the Fund's Consumer Discretionary sector allocation, Carnival Corporation, positively contributed to relative performance during the quarter as cruise demand trends remain robust. In late December, Carnival also reported strong earnings with continued execution from the relatively new CEO. Despite the recent outperformance, we still see attractive value in shares of Carnival as it trades at 14x forward earnings for a business that is still under- earning following the COVID recovery. Lithia Motors, Inc. also positively contributed to relative performance in the fourth quarter due to better-than-expected progress on corporate

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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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expense savings and earnings contribution from the nascent Driveway Financial subsidiary. Dealer new vehicle operating profit per unit is declining back towards more normalized levels following unsustainably high levels during COVID. Despite this headwind, the market appears to be increasingly confident in earnings per share (EPS) growth in 2025. We agree and still believe the current ~10x price to earnings multiple based on 2025 estimated EPS does not adequately reflect the potential earnings and cash flow growth driven by volume, service, and finance & insurance profit streams that lie ahead. However, Aptiv plc detracted from relative performance during the quarter as earnings disappointed as the company suffered from lower global auto production due to lower volumes. The slowdown in electric vehicle adoption was particularly impactful to the stock as the company provides a number of essential electrical components for those vehicles. The signal and power solutions segment saw the brunt of the headwind, contracting 7% year over year, while their safety and user experience segment experienced nominal growth. These headwinds are well known and overly reflected in the current valuation multiple of 8.6x forward earnings. Aptiv maintains strong solutions for the current and next-generation automobile, while awaiting the cyclical recovery to unfold in global auto production.

Within the Fund's Utilities sector, Entergy Corporation, positively contributed to relative performance as the company raised its long-term earnings expectations. The integrated electric utility company serves several southern states. The company's earnings increase will be driven by industrial customers, especially energy and petrochemical clients, and newly emerging demand from datacenters. Entergy signed long-term contracts with Amazon and Meta to provide integrated electricity services over the past year. The stock currently trades at 17.5x forward earnings with long-term earnings growth compounding expectations of 10% per year. The stock also has a 3.0% dividend yield.

The Fund's Industrials sector saw Vertiv Holdings Co. Class A shares positively contributed to relative performance as the company continues to benefit from increased datacenter spending related to an artificial intelligence (AI) capital expenditure super cycle. The stock has rallied for well over a year amid this backdrop, meeting the expectations of our thesis. While we still like the business, the stock was sold during the quarter as our thesis objectives were achieved and the valuation became elevated. Conversely, Stanley Black & Decker, Inc. detracted from relative performance this quarter as it faced several issues toward the end the year. Earnings fell short of expectations as revenue came in 1% below estimates, and demand in the first half of 2025 is expected to remain inconsistent. Also, inventories are projected to rise in the fourth quarter of 2024. Although operating margins were above expectations for multiple segments, this was achieved by carrying higher inventory levels. The potential impact of increasing tariffs also weighed on shares, with an estimated $200 million increase in costs before any potential mitigations. The final issue revolves around interest rates, which moved higher this quarter, impacting the interest rate sensitive DIY segment related to housing. Given these dynamics, the stock was subsequently sold during the quarter to fund more attractive opportunities.

Among the Fund's Information Technology sector exposure, Broadcom Inc. positively contributed to relative performance during the quarter as the semiconductor developer and supplier reported another quarter of growth. There was strong growth across segments, except for broadband, and AI revenue now accounts for 41% of overall semiconductor segment revenue. Company forecasts call for continued growth, but we reduced our position as the stock's earnings multiple expanded.

The Fund's Real Estate sector allocation saw Public Storage detract from relative performance during the quarter as the 10- year U.S. Treasury yield increased nearly 80 basis points from 3.8% to 4.6%. As a result of the increase in yields, REITs were one of the worst performing sectors in the quarter, down 7.9%, underperforming the S&P 500 Index by 10.4% and within REITs, self-storage was one of the worst performing asset classes down 13.5% for the quarter. Self-storage REITs have double leverage to the rise in the 10-year yield as it not only impacts the valuation applied to the stock, but also as higher yields impact mortgage rates, which in turn, impacts household turnover. With nearly 30% of self-storage REIT volume tied to household turnover, short- term investors sold the stocks. While household turnover impacted the growth rate, fundamentals remain resilient for Public Storage as it was able to increase price for existing tenants at a double-digit pace and Public Storage is expected to grow earnings by 3.5% in 2025. While this growth rate is well below their normal expected growth in the high-single digits range, it does demonstrate the quality of these assets with their largest driver, housing, being significantly depressed. Public Storage trades at 17.4x forward funds from operations, an attractive valuation given the quality of their assets and franchise with the positive long-term outlook for self-storage REITs.

Within the Fund's Health Care sector exposure, Sanofi detracted from relative performance in the fourth quarter despite having significant positive drug pipeline news in the quarter. The relative weakness in the stock price was primarily due to a perceived anti-vaccine posture of some potential incoming and proposed officials in the Trump administration. However, we do not expect a major politically dictated change in vaccination recommendations or practice in the U.S. Thus, we expect that some of this sentiment will fade over time as the rhetoric has already softened over the past month. More importantly, Sanofi's product pipeline and core assets appear to be progressing well. The stock remains attractively valued at 10.8x forward earnings with a dividend yield of 4%. Elevance Health, Inc. detracted from relative performance as nearly all managed care organization (MCO) stocks were weak in the fourth quarter. Post-COVID healthcare utilization remains extremely elevated for the industry in Medicare Advantage and Medicaid segments. The magnitude and persistence of current elevated utilization is unprecedented. As a consequence, margins for these businesses are deeply depressed, by as much as high single digit percentage points for some participants in an industry that already has tight normalized margins. While this has been a painful situation in the short-term, the long-term outlook remains positive as it will resolve over time. Historically, rational pricing prevailed in the MCO industry when margins became compressed or turned negative. The reimbursements are legislatively required to correct back to actuarially fair levels. These businesses have a meaningful repricing and reimbursement improvement opportunity, and they

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are all committed to driving margins back to normal. However, the margin normalization could be a multi-year journey due to the magnitude of adjustments needed. Patience may be required to realize the intrinsic value of these stocks; however, stocks already reflect depressed multiples on top of depressed margins. Absent additional, detrimental legislative action, which is not our base case, MCO stocks should provide strong portfolio contribution as margins, earnings, and multiples normalize over the next two to three years.

Outlook and Conclusion

Looking forward, 2025 begins as a year with as much promise as uncertainty. One thing is known—the consensus forecast is likely to be wrong—but in what direction, remains to be seen. Clarity that had begun to emerge regarding the path of the U.S. Federal Reserve now appears far less certain as inflation may not quite yet be fully tamed. Rate cut expectations continue to fall, from four to two to potentially zero even. Not yet in the investor paradigm, but certainly possible, are rate hikes in response to inflation reemerging. Historically, normal and elevated inflationary environments have favored value, over growth. In fact, growth only outperforms value in the extremes—very low and very high levels. All other periods have leaned value looking back over history.

Instead, the risk that seems to have been assuaged is that of economic growth. The election of Trump has awakened the dormant animal spirits in terms of business activity, capital formation, and dealmaking. Far past the talk of a soft landing, now the question is acceleration and what that might bring as far as inflationary pressures and further upward movements in wages given an already tight labor market. While our focus has, and remains, on the individual companies we own for clients in the strategy, the impact from the recent election given the far-reaching potential implications cannot be understated.

Lest our investors think we have abandoned our roots, it is worth stating explicitly that the importance of identifying and investing in individual stocks cannot be overstated, even before examining a number of interesting macro-related charts. One must be aware of the environment when analyzing a business for investment to hopefully provide some insights and opportunities for reflection on that front. Underneath all of these, the case remains extremely compelling for value. Valuations for value remain low, particularly relative to historical comparison to growth or even the broad market, as expectations build for improving earnings growth ahead. Unwinding the concentration present in the Magnificent 7 will take time, having seen a few false starts so far, but ultimately will create many beneficiaries.

Given the ability to react proactively to these dynamic conditions, active managers have the ability to drive differentiated results, and we continue to believe are best suited to navigate these changes in a post-quantitative easing world. The possibility of surprises in interest rates and inflation to the upside remain quite possible, and if the recent prediction by Goldman Sachs of compressed equity returns (3% CAGR for the next decade) plays out, the importance of having active management in an investment mix could increase dramatically. With more than 40 years of experience in value investing, we have seen periods analogous to these times. The consistent adherence to our value discipline served us well during those periods. We continue to maintain that discipline today, looking for the continuation of a secular value cycle and strengthened in our resolve by the decades of experience that point to our high active share portfolios benefiting clients in the future.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	07/31/03	**TVLAX**	89154X468	1.13%	1.08%
C Shares	04/12/12	**TVLCX**	89154X450	2.16%	1.78%
Y Shares	09/10/98	**TVLYX**	89154X443	0.88%	0.83%
INST Shares	12/20/06	**TVLIX**	89154X435	0.81%	0.68%
R6 Shares	10/28/21	**TVLRX**	89154M876	0.79%	0.63%
Total Fund Assets	**$574.7 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 1.08% for Class A Shares, 1.78% for Class C Shares, 0.83% for Class Y Shares, 0.68% for Class INST Shares and 0.63% for Class R6 Shares. These expense limitations will remain in effect until at least 10/29/25.

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	-0.65%	17.57%	17.57%	8.13%	10.18%	9.23%	8.86%
C Shares	-0.85%	16.73%	16.73%	7.33%	9.36%	8.57%	8.26%
Y Shares	-0.50%	17.95%	17.95%	8.44%	10.48%	9.52%	9.14%
INST Shares	-0.55%	18.00%	18.00%	8.55%	10.63%	9.67%	9.24%
R6 Shares	-0.54%	18.16%	18.16%	8.62%	10.62%	9.59%	9.17%
Benchmark	-1.98%	14.37%	14.37%	5.63%	8.68%	8.49%	8.08%
Including Max Sales Charge							
A Shares	-5.61%	11.73%	11.73%	6.28%	9.06%	8.59%	8.62%
C Shares	-1.78%	15.73%	15.73%	7.33%	9.36%	8.57%	8.26%

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 1000® Value Index

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The performance presented for Class A, C, INST and R6 Shares combines the performance of an older class of shares (Y Shares) from the Fund's inception, 09/10/98, with the performance since the inception date of each share class.

Top 10 Equity Holdings of Fund

		(% of Portfolio)
1	Carnival Corp.	3.8
2	Entergy Corp	3.8
3	Air Products & Chemicals, Inc.	3.5
4	Bank of America Corp.	3.4
5	Keurig Dr Pepper Inc.	3.3
6	Fidelity National Information	3.2
7	Philip Morris International Inc.	3.1
8	Las Vegas Sands Corp.	3.1
9	Enbridge, Inc.	3.0
10	Qualcomm, Inc.	2.6

Source: BNY Mellon Asset Servicing

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.

Touchstone Funds are distributed by **Touchstone Securities, Inc.**
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The Russell 1000® Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower expected 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 large-cap companies which may be unable to respond quickly to new competitive challenges. 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 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 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. 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.

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