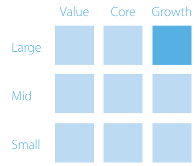
Touchstone Sands Capital Emerging Markets Growth Fund

Sub-Advised by: Sands Capital Management, LLC

Emerging Markets – Large-Cap Growth

As of 03/31/2024



Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	11/16/18	**TSMGX**	89154Q141	1.66%	1.61%
C Shares	11/16/18	**TEGCX**	89154Q133	2.57%	2.36%
Y Shares	05/09/14	**TSEMX**	89154Q570	1.30%	1.30%
INST Shares	05/09/14	**TSEGX**	89154Q562	1.24%	1.24%
R6 Shares	04/26/21	**TSRMX**	89154M702	1.19%	1.19%
Total Fund Assets	**$2.2 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 1.60% for Class A Shares, 2.35% for Class C Shares, 1.35% for Class Y Shares, 1.25% for Class INST Shares and 1.19% for Class R6 Shares. These expense limitations will remain in effect until at least 07/29/24.

Share class availability differs by firm.

Annualized Total Returns

	1Q24	YTD	1 Year	3 Year	5 Year	Inception
Excluding Max Sales Charge						
A Shares	3.05%	3.05%	7.18%	-12.11%	1.97%	3.71%
C Shares	2.85%	2.85%	6.43%	-12.76%	1.22%	2.94%
Y Shares	3.16%	3.16%	7.57%	-11.82%	2.29%	4.00%
INST Shares	3.21%	3.21%	7.67%	-11.75%	2.37%	4.08%
R6 Shares	3.21%	3.21%	7.66%	-11.73%	2.35%	4.03%
Benchmark	2.37%	2.37%	8.15%	-5.05%	2.22%	2.82%
Including Max Sales Charge						
A Shares	-2.07%	-2.07%	1.79%	-13.60%	0.93%	3.17%
C Shares	1.85%	1.85%	5.43%	-12.76%	1.22%	2.94%

Calendar Year Returns

Class	2023	2022	2021	2020	2019	2018	2017	2016	2015
Y Shares	10.92%	-34.77%	-10.06%	52.30%	27.32%	-13.32%	38.35%	1.72%	-9.29%
Benchmark	9.83%	-20.09%	-2.54%	18.31%	18.42%	-14.58%	37.28%	11.19%	-14.92%

Benchmark - MSCI Emerging Markets 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.*** *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 sales charges and class expenses. Calendar year returns of the Fund and the Benchmark do not include the effects of the applicable sales charge which would lower returns. Returns assume reinvestment of all distributions. Returns are not annualized for periods less than one year.*

Morningstar Ratings

	Overall	3 Year	5 Year
A Shares	★★	★	★★
C Shares	★★	★	★★
Y Shares	★★	★	★★
INST Shares	★★	★	★★
R6 Shares	★★	★	★★
Funds in Diversified Emerging Mkts Category	721	721	657

The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds and separate accounts) with at least a 3-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating™ does not include any adjustment for sales load. The top 10% of products in each product category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars, and the bottom 10% receive one star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods.

The performance presented for Class A and C Shares combines the performance of an older class of shares (Y Shares) from the Fund's inception, 05/09/14, with the performance since the inception date of each share class.

Why Invest

The Fund seeks long-term capital appreciation by investing primarily in companies located in emerging market countries and opportunistically, in frontier market countries.

Investment Style

- Seeks to identify leading growth businesses that meet the following criteria:
  - Sustainable, above-average earnings growth
  - Leadership position in a promising business space
  - Significant competitive advantages / distinctive business franchise
  - Clear mission and value-added focus
  - Financial strength
  - Rational valuation relative to the market and business prospects
- Concentrated, conviction-weighted portfolio typically holds 30-50 companies within global emerging markets
- Country and sector exposures are primarily a by-product of individual stock selection

Sub-Adviser

Sands Capital Management, LLC

Managed Fund since 05/2014

Portfolio Managers

Brian A. Christiansen, CFA

- Investment Experience: Since 2006

Neil Kansari

- Investment Experience: Since 2008

Teeja Boye, CFA

- Investment Experience: Since 2006

Touchstone Investments®
DISTINCTIVELY ACTIVE®

Fund Characteristics

	Touchstone Sands Capital Emerging Markets Growth Fund	MSCI Emerging Markets Index
Total number of holdings	40	1376
Active Share	89	N/A
Weighted average market capitalization ($ billion)	$130.3	$127.2
Median market capitalization ($ billion)	$31.9	$7.1
P/E (wtd. harmonic avg.)	30.0x	14.2x
P/B (wtd. harmonic avg.)	5.5x	1.7x
Portfolio turnover rate	30%	N/A

Source: Sands Capital Management, LLC

Total number of holdings includes cash equivalents, but excludes currencies.

Active Share measures the percentage of the Fund's holdings that differ from those of the benchmark. It is calculated by taking the sum of the absolute difference between all of the holdings and weights in the portfolio and those of the benchmark holdings and weights and dividing the result by two.

The portfolio turnover rate is annualized as of 03/31/23. Subject to change.

The Weighted Harmonic Average measures the valuation of the portfolio as a whole. For price/earnings ratio, it is the ratio of the portfolio's total market value in equities to its share of the underlying stocks' earnings. For price/book ratio, it is the ratio of the portfolio's total market value in equities to its share of the underlying book value. This method evaluates the entire portfolio like a single stock and it minimizes the impact of outliers.

Top 10 Equity Holdings of Fund

		(% of Portfolio)
1	Taiwan Semiconductor Mfg. Co. Ltd.	8.0
2	Mercadolibre Inc.	6.5
3	Nu Holdings Ltd.	5.6
4	Bajaj Finance Ltd.	5.2
5	HDFC Bank Ltd.	4.1
6	Titan Co. Ltd.	4.0
7	Britannia Industries Ltd.	3.6
8	ANTA Sports Products Ltd.	3.4
9	ASML Holding NV	3.4
10	Apollo Hospitals Enterprise Ltd.	3.4

Source: BNY Mellon Asset Servicing

Portfolio Composition

	(% of Portfolio)
Equity	96.9
Cash Equivalents	3.1

Source: Sands Capital Management, LLC

Top 10 Countries of Fund

(% of Portfolio)	Touchstone Sands Capital Emerging Markets Growth Fund	MSCI Emerging Markets Index
1 India	30.0	17.7
2 Brazil	14.3	5.2
3 China	13.4	25.2
4 Argentina	9.1	0.0
5 Taiwan	7.8	17.5
6 Indonesia	4.1	1.9
7 Netherlands	3.3	0.0
8 United States	3.0	0.0
9 Kazakhstan	2.6	0.0
10 Korea	2.5	12.8

Source: Sands Capital Management, LLC

Sector Allocation

(% of Portfolio)	Touchstone Sands Capital Emerging Markets Growth Fund	MSCI Emerging Markets Index
1 Financials	29.1	22.4
2 Consumer Discretionary	19.3	12.5
3 Information Technology	18.9	23.5
4 Consumer Staples	9.6	5.7
5 Communication Services	6.5	8.6
6 Industrials	4.6	7.0
7 Health Care	4.0	3.5
8 Energy	3.2	5.3
9 Materials	1.7	7.2
10 Real Estate	0.0	1.5
11 Utilities	0.0	2.8

Source: Sands Capital Management, LLC

Top 5 Industries of Fund

		(% of Portfolio)
1	Banks	14.3
2	Semiconductors & Semiconductor Equipment	14.2
3	Broadline Retail	9.3
4	Consumer Finance	7.7
5	Textiles Apparel & Luxury Goods	7.4

Source: Sands Capital Management, LLC

There is no guarantee that the Fund will continue to hold any one particular security or stay invested in any one particular sector. Holdings are subject to change. Data may not total due to rounding.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

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.

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 small- and mid-cap companies, which may be subject to more erratic market movements than stocks of larger, more established companies. 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 may invest in equity-related securities to gain exposure to issuers in certain emerging or frontier market countries. These securities entail both counterparty risk and liquidity risk. 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. Banks and financial services companies could suffer losses if interest rates rise or economic conditions deteriorate. 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 is non-diversified, which means that it may invest a greater percentage of its assets in the securities of a limited number of issuers and may be subject to greater risks. 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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Sands Capital Management, LLC — Why We Own

Sands Capital Management is pleased to present its Emerging Markets Growth "best ideas" portfolio of the companies within the Fund that are considered dominant businesses in their respective industries and are believed to have above average potential for growth over the long term.

Note: Information in this report is current as of March 31, 2024. The views expressed represent the opinions of Sands Capital Management and are not intended as a forecast, a guarantee of future results, investment recommendations or an offer to buy or sell any security. There is no assurance that the securities discussed will remain in the portfolio or that securities sold have not been repurchased. You should not assume that any investment is or will be profitable.

SANDS CAPITAL

Touchstone Sands Capital Emerging Markets Growth Fund	
TSMGX	(A Shares)
TEGCX	(C Shares)
TSEMX	(Y Shares)
TSEGX	(INST Shares)
TSRMX	(R6 Shares)

CONSUMER STAPLES

AIA Group Ltd. is the largest pan-Asia life insurance business, with operations across nearly 20 markets. Demand across Asia for high-quality insurance products is rising, driven by multiple secular trends, including a large and growing middle class, aging populations, and favorable regulations and fiscal policies incentivizing consumers to purchase life insurance products. We believe these compounding factors create an operational "sweet spot" for life insurers. We believe AIA has a distinct advantage as a premier brand with a long and distinguished operating track record and a world-leading premier agency model. The company maintains a unique competitive advantage in being able to maintain 100% equity stakes in most local subsidiaries, even in markets with foreign ownership restrictions (e.g., China, one of the most lucrative markets in Asia). We believe this advantage has allowed for a consistent business strategy across all regions, which includes prudent product underwriting, an experienced and highly educated workforce, a disciplined focus on traditional insurance products with meaningful protection, a conservative approach in managing its investment book, and a strong capital and liquidity position.

INFORMATION TECHNOLOGY

Alibaba Group Holding Ltd. operates the world's largest ecommerce marketplace, based on gross merchandise volume (GMV). Alibaba accounts for approximately 65% of all ecommerce sales in China. Several characteristics make China an attractive ecommerce market, in our view, including its large and growing user base, rising middle-class incomes, and an underdeveloped traditional retail infrastructure. This provides an attractive backdrop, in our view, for higher ecommerce penetration relative to other large markets. Longer term, we see upside potential from several additional opportunities, including cloud computing. Alibaba's cloud business is China's clear leader, with twice the estimated market share of the next-closest competitor, and enterprise digital transformation remains early.

CONSUMER DISCRETIONARY

Americana Restaurants International plc is the Middle East's largest quick-service restaurant (QSR) operator. Through its brands—which include KFC, Hardees, Pizza Hut, Krispy Kreme, and TGI Fridays—Americana has approximately 70% QSR market share in the Middle East. We expect the business to be a primary beneficiary of the region's economic and social changes, including rising real incomes and shifting consumer preferences. Americana's scale, multi-brand strength, investments in technology, owned delivery network, and 60-year operating history insulate it, in our view, from competition while also underpinning strong growth and scale-based margin expansion. Management has a clear policy of returning excess capital to shareholders, and new brand acquisition and geographic expansion could extend the magnitude and duration of growth.

CONSUMER DISCRETIONARY

Anta Sports Products Ltd. is a leading Chinese sportswear company, with nearly twice the market share of its next closest domestic competitor. We believe China is the world's most attractive sportswear market, as growing incomes are leading consumers toward more active lifestyles. Originally focused on mass-market goods, Anta's "single-focus, multi-brand and omnichannel" strategy enables the company to reach a broad spectrum of consumers across various retail channels. Anta continues to differentiate itself, in our view, through brand development, product design, and its direct-to-consumer (DTC) efforts. DTC is a key priority for management, which expects the channel to account for more than 90% of sales by 2025. We believe this initiative could result in meaningful revenue and earnings growth potential.

HEALTH CARE

Apollo Hospitals Enterprise Ltd. operates one of the largest hospital networks in Asia, as well as the largest Indian pharmacy chain by store count. Apollo has amassed significant competitive advantages, in our view, as its first-mover status has provided time to develop a well-known brand, scale and complex clinical-care capabilities. We believe these advantages position Apollo to capitalize on increasing healthcare demand in India, driven by a number of long-term secular trends. These trends include a growing middle class, a greater prevalence of chronic diseases (e.g. cancer and diabetes), an aging population and an overwhelmed public hospital system. We have strong conviction in the company's management team and believe that beyond Apollo's core hospital business, its efforts to develop additional auxiliary services (e.g. primary care clinics, outpatient surgery centers and retail pharmacies) add material long-term optionality for additional value creation. We believe the expansion of Apollo's total bed count and continued advancement of its tertiary-care services should drive above-average earnings growth over the next five years and beyond.

MATERIALS

Asian Paints Ltd. is India's leading paint company with over 50% market share. The paint industry is one of the fastest growing segments of the Indian economy, with growth averaging nearly two times gross domestic product. We believe secular trends – including rising middle-class incomes and increasing home purchases and renovations – will bolster demand for decorative and industrial paint over the long term. We view the company's well-known brand and retail positioning, wide distribution network, and large manufacturing scale as significant competitive advantages. At approximately 67,000 dealers today, we believe Asian Paints could add up to 2,500 dealers annually over the next decade, especially as the company continues its expansion into Asia, the Caribbean and the Middle East. Product innovation is another source of growth. The Colour Idea Store, which offers a boutique shopping experience, is one example of how Asian Paints continues to expand its addressable market.

INFORMATION TECHNOLOGY

ASML Holding N.V. is the world's largest vendor of semiconductor production equipment by revenue. ASML is a global market-leading supplier of lithography equipment, which uses concentrated light to imprint circuit patterns onto silicon wafers. Extreme ultraviolet (EUV) lithography systems—a critical manufacturing component for the world's most advanced, or leading-edge, microchips—are ASML's primary product by revenue and what we believe to be its biggest growth driver. EUV systems print the most intricate layers on microchips using a wavelength of just 13.5 nanometers, and ASML is the world's sole provider of this technology. We expect unit and pricing growth of ASML's EUV systems to be driven by the increased manufacturing complexity of semiconductors, given the growing computing power demanded by data centers, connected devices, personal computers and other use cases. We view ASML as a toll taker on an open-ended growth opportunity, as the proliferation of artificial intelligence drives demand for chips that require ASML's exclusive technology.

CONSUMER STAPLES

Avenue Supermarkets Ltd. which operates under the DMart brand, is India's leading discount retailer by market share. Its value proposition is to provide consumers with consistently high-quality groceries, apparel, and merchandise items at affordable prices, which is made possible by maintaining a lower cost structure than competitors. This operating model has led to a successful flywheel effect, in which lower prices attract more customers, which in turn has enabled DMart to have lower prices (enabled by faster inventory turns and scale efficiencies). We view the Indian retail market as an attractive growth industry. It's large and fast-growing but highly fragmented and mostly informal. This should support an attractive growth outlook for DMart and provides ample opportunity, in our view, for DMart to continue gaining share in a growing market.

FINANCIALS

Bajaj Finance Ltd. is a leading Indian nonbank financial services company. Over the past decade, Bajaj has leveraged its position as India's largest consumer durables lender to become a diversified provider of financial services for over 70 million customers. We believe the key growth drivers for Bajaj over the medium to long term are growing its customer base and distribution footprint deeper into India, expanding the range of financial products and services it offers, and digitally transforming the business' operations. We view India's financial services industry as one of the most attractive secular growth opportunities globally. The country's massive, young, and increasingly urbanized and affluent population remains under-served, relative to other emerging markets. The Indian government has recognized this need and has built a more digitalized financial system to encourage financial inclusion. Bajaj Finance is among the best-positioned businesses, in our view, to benefit from the digitalization of finance in India, given the digital evolution of its business model. Looking ahead, we believe its digital capabilities to continue to drive engagement and distribution across its product suite, which includes payments, personal loans, mortgages, investments, and insurance.

FINANCIALS

Bandhan Bank Ltd. is India's leading microfinance lender, based on market share. Bandhan accounts for over 20% of India's microfinance lending, an addressable market of approximately 250 million micro-enterprises that we estimate is less than 35% penetrated. Key competitive advantages supporting its leadership position include its strong brand and loyal customer base, distribution network, and operating scale and efficiency. In addition to Bandhan's market leadership in a highly profitable and fast-growing lending segment with low credit costs, Bandhan also has a universal banking license from the Reserve Bank of India, which provides the company with a funding cost advantage relative to peers. This is an attractive position for a lender, in our view, as structural profitability is a function of credit costs, funding strength and loan yields. Additionally, Bandhan's business providing affordable housing loans offers exposure to an additional lending vertical with potentially attractive structural growth drivers. We believe Housing Development Finance's 10% stake in Bandhan further validates our views on its long-term growth potential.

FINANCIALS

Bank Central Asia Tbk is a leading provider of traditional and digital banking services in Indonesia. Indonesia is an attractive market for traditional financial services, in our view, given low levels of financial penetration, a large and increasingly urbanized population, and relatively high bank profitability. Within this market, Bank Central Asia is the market-share leader for payment transactions, unsubsidized mortgage lending, and credit card issuance. Over the past few years, Bank Central Asia has expanded its focus, and our research indicates that it is now the default saving bank for the country's largest ecommerce and digital finance platforms, which are required to deposit excess funds held in digital wallets at traditional banks. We estimate that Bank Central Asia processes more than 60% of all digital transactions in Indonesia. Looking ahead, Bank Central Asia aspires to launch its own digital bank and financial super app, combining its robust banking infrastructure with a next-generation user experience. We believe that the business is well positioned to benefit from digitalization trends in Indonesia, which we believe should underpin years of above-average earnings growth.

FINANCIALS

PT Bank Rakyat Indonesia (Persero) Tbk is Indonesia's oldest bank and the country's largest microfinance leader by market share. Indonesia's largely informal economy is fueled by micro loans, or small loans that facilitate the working capital needs of small enterprises and low-income individuals. Bank Rakyat has commanded over 50% market share in microlending over the past decade and now has a near-monopolistic position following the acquisitions of Pegadaian and Permodalan Nasional Madani in 2021. Microfinance remains the most profitable lending product in Indonesia and accounts for the bulk of Bank Rakyat's interest income and operating profit. In addition to high yields, Bank Rakyat's microfinance business benefits from cheap funding via the bank's large deposit base and relatively low loan losses across economic cycles. Loan demand in Indonesia is underpinned by what we view as an attractive macroeconomic backdrop. We believe Indonesia is well positioned for mid-single-digit real gross domestic product growth over the next decade, supported by a stable policy environment, improving economic management, lower external financing vulnerabilities, and growing regional geopolitical influence.

CONSUMER STAPLES

Britannia Industries Ltd. is the largest biscuit manufacturer in India, with an estimated 35% market share. In India, biscuits are similar to cookies or crackers in the U.S. The company is increasingly focused on product innovation, distribution footprint expansion, and margin improvement through efficiency gains and waste reduction. All of these initiatives should lead to continued share gains and increased profitability. Britannia also benefits from the Indian secular trends of rising consumer incomes, urbanization and industry consolidation around organized packaged goods. Unorganized (or unbranded) biscuits still account for a large share of the market, and we believe changes in consumer preferences and regulation (e.g. the Goods and Services Tax) will disproportionately benefit Britannia. Over the long term, management seeks to transform Britannia into a total-foods company, where its non-biscuits business becomes as large and as profitable as the core biscuits segment.

INDUSTRIALS

Contemporary Amperex Technology Co. Ltd. is the world's largest manufacturer of electric vehicle (EV) batteries by market share. We expect global battery demand to grow fivefold by 2030 due to EV proliferation and for the company to be a key beneficiary. The company has approximately 35% share of the global lithium-ion battery market and 50% in China, the world's largest EV market. The business enjoys many scale-based advantages that are hard to disrupt, in our view, including high-quality products, a significant R&D budget, supplier bargaining power, consumer brand recognition, and the support of leading car manufacturers. Beyond EVs, energy storage systems are another opportunity for the business because demand for storage rises with the growing installation of solar and wind power plants. We estimate that the company is also the global market share leader in energy storage.

CONSUMER DISCRETIONARY

Coupang, Inc. is the market leading ecommerce platform in South Korea. We expect consumers to increasingly shift spending to Coupang at the expense of legacy, first-generation ecommerce platforms and offline retailers, which lack the competitive pricing, delivery speed, and selection offered by Coupang. As a result, we believe the company to increase its market share from approximately 25% today to over 40% share in five years, as South Korea continues to lead the world to higher levels of ecommerce penetration. Our research indicates that Coupang's dawn to next-day delivery experience is its key differentiator in the eyes of consumers, and that its fulfillment infrastructure and capabilities constitute a competitive moat and would be difficult to replicate. Over time, we also expect Coupang's platform to attract third-party sellers, which we believe will improve both Coupang's assortment and its profitability, since it creates additional monetization opportunities via advertising and fulfillment services. The company is following a playbook followed by Western ecommerce giants for growing and monetizing a fulfillment-based ecommerce platform. Relative to the United States, we believe South Korea offers some advantages for the fulfillment-based ecommerce model, including a relatively dense and urban population, and weaker offline retail competition.

CONSUMER STAPLES

Dino Polska SA is a leading Polish supermarket chain. We believe Dino will benefit from the continued consolidation and formalization of Poland's retail food industry. The business is the third-largest food retailer in Poland by market share, and it sets itself apart by its rural store footprint, vertical integration, and focus on fresh and locally sourced food. Dino's vertically integrated business model has enabled the business to scale to 2,000 stores across rural Poland while maintaining a consistent customer experience and product quality. Our research indicates that Dino's locally sourced fresh meat counter is a key traffic driver and is recognized nationally for its quality and value. The company owns its stores' land and operates its own construction company, which helps avoid delays and quality issues. Land ownership also eliminates rental costs, resulting in higher store operating margins than for its peers. Over our investment horizon, we believe Dino will nearly double its store count, with scale gains gradually improving its overall profitability.

CONSUMER DISCRETIONARY

Foshan Haitian Flavoring & Food Co. Ltd. is the world's largest soy sauce manufacturer by volume. Haitian traces its roots to the 18th century, and today produces over 300 different condiments, including soy and oyster sauce, for which it is the global market leader. The soy sauce industry remains fragmented in China, but globally features high market concentration, defensibility, and best-in-class economics. Haitian's sauce benefits, we believe, from its proprietary culturing agents, geography, and natural fermentation process. We believe Haitian's approximate 20% volume share in China will reach close to 30% over our investment horizon as it consolidates the market, which remains roughly 70% informal. Importantly, 30% of the market doesn't even comply with new stringent regulations regarding the technical definition of what constitutes true "soy sauce." As the only Chinese condiment manufacturer with national scale and automated operations, we believe Haitian's leadership will expand as it benefits from consolidation and premiumization.

INFORMATION TECHNOLOGY

Globant SA is a leading digital business services provider to global corporations. The Argentinian company helps blue-chip multinationals modernize by designing, building, and maintaining digital consumer-facing tools, such as mobile banking apps and theme park systems. The Information Technology (IT) services industry is structurally shifting from back-end support towards more value-additive and revenue-generating functions. In an increasingly digitized global economy, these functions are essential for maintaining competitive position and driving growth. We believe digital service providers will continue to take share of global IT spending from legacy providers, with Globant positioned as a key beneficiary. Globant's enterprise tools uniquely combine technical expertise with design creativity, in our view. We believe these differentiated tools – in addition to Globant's seasoned management team and strategic M&A – have contributed to the company's leadership position in a fast growing, oligopolistic market. As a global leader, we believe Globant benefits from meaningful scale gains that allow it to invest in new technology more rapidly than smaller competitors, which creates a virtuous cycle of acquiring better talent and developing even better technology.

CONSUMER DISCRETIONARY

Haidilao International Holding Ltd. is China's largest full-service Chinese restaurant chain, by market share. Haidilao serves hot pot – a popular Chinese soup-based cuisine – to over 300 million patrons in over 1,200 stores globally. China's food-service industry remains highly fragmented, with less than 1% of full-service restaurants owned by chains, largely due to supply chain and labor management complexities. Holding "aligned interest and disciplined management" as the corporate operating paradigm, we believe that Haidilao's commitment to elevating customer experience by improving food quality, customer service, and staff engagement allows the franchise to accelerate share gains and continue rapid expansion while sustaining industry-leading unit economics. The business boasts some of the highest key performance indicators globally among its restaurant peers, due to its customer satisfaction levels, supply chain and technology capabilities, and scalable concept. Hot pot doesn't require chefs or large kitchens, which enables easier standardization and higher unit economics than other cuisines. Longer term, expansion into craft beer, fast-food concepts, and new geographies could extend Haidilao's growth duration.

HEALTH CARE

Hangzhou Tigermed Consulting Co. Ltd. China's leading clinical contract research organization (CRO), is a key access provider to China's growing novel drug market. Tigermed provides outsourced clinical services and technology to help foreign and domestic drugmakers access China's innovative drug market, which is undergoing significant deregulation and modernization. This transformation is largely driven by government reforms to improve public health and to foster a domestic life sciences industry. Clinical CROs play a key role in this ecosystem by enhancing efficiencies, mitigating risks, and optimizing clinical and regulatory processes for drugmakers. As the market-share leader within China's clinical CRO industry, Tigermed has a long history of serving global pharmaceutical companies, which we believe has resulted in several competitive advantages, including capabilities, experience, reputation, and scale. We believe that Tigermed is well positioned to consolidate share within China's clinical CRO market, and potentially expand globally, capitalizing on demand for outsourcing in China as well as by Chinese companies looking to grow abroad.

FINANCIALS

HDFC Bank Ltd. is India's largest private-sector bank, with a customer base of approximately 40 million. Spanning every Indian geography, HDFC Bank's retail footprint of nearly 5,000 branches has contributed to its leading position in every major retail lending segment, including auto loans, credit cards and personal loans. Corporate lending accounts for approximately half of HDFC Bank's loan book, and most loans are made to high-quality blue chip and middle-market companies. Outside of lending activities, the bank is a major distributor and provider of other financial products and services, such as insurance, asset management, and corporate finance. Growth is further supported by what we believe is a secular shift underway in India; while state-owned banks have historically dominated the corporate-lending market, they are becoming increasingly burdened by impaired assets. We believe private-sector banks will double their loan market share at the expense of public-sector banks over the next decade, and believe that HDFC Bank is positioned well to benefit from this shift.

FINANCIALS

HDFC Life Insurance Company Ltd. is one of India's largest life insurance providers. HDFC Life Insurance is the country's market-share leader for protection products, which include term life and credit-linked life insurance. We anticipate durable demand for life insurance in India over the next decade, driven by rising incomes, urbanization, and financial inclusion and awareness. Currently, less than 15% of the Indian population is covered by life insurance policies. One of the Vision 2047 Project goals is to insure every Indian by 2047. We believe private-sector insurers will capture much of this growth, considering the state-owned Life Insurance Company of India has ceded over 30% of the market share since the industry was privatized in 2000. Within this growing industry, we believe that distribution capabilities will be the most critical determinant of market leadership, given the lack of differentiation in insurance policy terms and leading private-sector insurers' brand equity. The 2023 merger of parent company HDFC Bank and Housing Development Finance—which pre-merger was the country's largest private-sector bank and mortgage lender by market share, respectively—provides HDFC Life Insurance with a formidable distribution footprint.

CONSUMER DISCRETIONARY

Jubilant Foodworks Ltd. is the Domino's Pizza master franchisee in India, and also holds the exclusive rights for developing and operating Dunkin' Donuts outlets. Led by Domino's, Jubilant is the chained quick-service-restaurant (QSR) market share leader in India (measured by revenue) and should benefit as QSRs continue to gain traction. The company has differentiated itself through transition to digitalization and online delivery, innovative marketing, and a focus on rapid growth. Jubilant has successfully entered new food categories and geographies, expanding its overall total addressable market. We believe Jubilant can further extend its leadership by leveraging its scale, brand, market leadership and execution ability. We believe Jubilant will grow through same-store sales growth, expansion of its current store base, and entry into new markets.

COMMUNICATION SERVICES

Kanzhun Ltd. operates Boss Zhipin, China's largest professional recruiting service as measured by the number of monthly active users. We believe that Boss Zhipin is well positioned to consolidate China's nascent and fragmented recruiting industry. The industry is expected to grow 20% annually through 2025, driven by the rise of private-sector businesses and a growing supply-demand imbalance due to slowing workforce growth. Importantly, online recruiting only accounts for one-third of the market today, with the bulk of blue-collar recruiting still occurring offline. We expect Boss Zhipin to be the primary beneficiary of this consolidation and shift online, as the service should benefit from powerful network effects as more job seekers and employers use the platform. This should result in more data, better recommendations, and higher conversion. Our work suggests that Boss Zhipin's features make it a stronger recruiting tool for businesses of all sizes – for both white- and blue-collar workers – and at a lower cost than legacy recruiting channels. Longer term, we believe that expansion into other human resource digital services could provide additional growth opportunities.

FINANCIALS

Kaspi is Kazakhstan's leading digital financial services business, operating the country's largest consumer-finance business, ecommerce platform, and payments provider. Similar to other large emerging market internet businesses, Kaspi's "super app" integrates all of its products and services into a single convenient and readily available interface. The app is used by approximately 40% of the Kazakh population, and its ecosystem of interrelated services drives engagement and encourages cross-selling, resulting in a virtuous cycle. The business has rapidly grown into a leadership position in each of its core segments, in a country that remains early in its digital adoption of key services. Looking ahead, we believe Kaspi should deliver strong growth as it continues to drive further digital consumption in Kazakhstan and cross-sells its expanding product suite to its market-leading user base. The business also has regional expansion ambitions, and we believe its potential addressable market includes all of Central Asia and the Caucasus, which would more than double its current opportunity set.

INFORMATION TECHNOLOGY

Lam Research Corp. is a leading global provider of semiconductor fabrication equipment. Our research indicates that Lam's equipment has an 80% share of the early stage semiconductor manufacturing process, where transistor structures are etched onto silicon wafers. The equipment largely services memory chips, with a secondary focus on logic chips. We expect continued above-average demand growth for the entire semiconductor industry and memory and logic chips in particular as the world becomes more connected and as compute complexity increases. Semiconductor manufacturing capital intensity continues to increase, given higher complexity on a fixed physical space, resulting in higher unit costs for finished silicon wafers. Importantly, we believe Lam is an enabler of future computing power growth. Past drivers of computing progress such as frequency and power have reached their limit. Going forward, new improvements, such as 3D structures, parallel computing, and task-specific accelerators will drive growth, and we believe Lam is a key enabler of these technologies.

CONSUMER DISCRETIONARY

Localiza Rent a Car SA is the leading diversified mobility platform in Brazil. Localiza is Brazil's largest provider of car rentals, fleet rentals, ride hailing, and car subscriptions by market share, and its 2022 merger with Unidas further bolstered its market-leading position. Each of its core segments are supported by durable secular trends, in our view, including the cultural shift toward renting versus owning vehicles, ride-sharing adoption, and industry consolidation. Within this attractive business space, Localiza's scale results in attractive unit economics and end-customer pricing, which we believe further entrenches its leadership position. Looking ahead, we expect digitalization (including purely digital rentals and AI-powered pricing) and truck rentals to expand the business' longer-term growth potential.

INFORMATION TECHNOLOGY

MercadoLibre Inc. operates the largest ecommerce and payments platforms in Latin America, based on market share. Ecommerce penetration in Latin America significantly lags other regions, and we believe MercadoLibre will be the primary beneficiary of this secular growth opportunity. The business has built a large lead in the region's five largest countries, and we believe that its proprietary logistics network will further bolster its competitive advantage. Logistics has been the main impediment to ecommerce adoption in Latin America, with unreliable carrier networks and high delivery costs. MercadoLibre has made significant investment since 2017 in its proprietary logistics network to deliver goods more cheaply and more quickly, which has improved the value proposition for both buyers and sellers. Beyond ecommerce, we believe MercadoLibre will leverage its data and user base to enable value-added digital financial services, similar to the leading Chinese internet platforms. In addition to a payment service that facilitates digital transactions, MercadoLibre now offers asset management, credit, insurance, and offline payment processing. We anticipate meaningful adoption of these opportunities over our investment horizon.

FINANCIALS

NU Holdings Ltd. operates Nubank, a digital financial services platform that serves over 80 million customers in Latin America. Nubank began as an online credit-card issuer in Brazil, and now offers a full suite of financial services to over 40% of the country's adult population. The Latin American financial services industry is ripe for disruption, in our view, given a highly unbanked population and low customer satisfaction scores for incumbent banks. We believe Nubank's competitive advantages stem from its combination of lower costs than traditional banks, high brand trust, and proprietary credit underwriting capabilities. Collectively, we believe this combination enables a superior user experience, which drives retention and low-cost customer acquisition. While customer acquisition will continue to be a growth driver, particularly in Colombia and Mexico, we believe user-based monetization — and thus margin expansion — to be the primary driver of potential incremental profit.

CONSUMER STAPLES

Raia Drogasil SA is one of the largest pharmacy chains in Brazil. We believe the business will benefit from a number of secular trends, including increased pharmaceutical spending by Brazil's aging population and industry consolidation, which we believe favors organized retailers. Over our investment horizon, we believe Raia will grow its store base by 10% annually, leading to greater market share. We also believe that increased same-store sales will be driven by initiatives such as omni-channel capabilities, loyalty programs and store refurbishment. Additionally, higher sales of higher-margin generic drugs and private-label goods could lead to longer-term margin expansion. Raia's strong balance sheet and free cash flow generation remain another key differentiator, in our view. They relatively isolate the business during economic downturns, and also enable opportunistic investment, resulting in share gains from weaker competitors.

ENERGY

Reliance Industries Ltd. is a leading enabler of digitalization in India. Reliance derives most of its earnings from its legacy energy businesses, with the balance from its retail and telecom operations. We anticipate these proportions will invert over the next decade, with Reliance building on investments to expand mobile telephony and internet access across India. Reliance's Jio is India's telecom market leader with over 40% of mobile subscribers and 60% of 4G data users. Over our investment horizon, we anticipate Jio's mobile and broadband subscriber base to grow from about 400 million to about 550 million, from both share gains and new internet user adoption. Reliance will seek to monetize this massive and growing user base through several verticals, including B2B and B2C ecommerce, revenue-sharing agreements with content/service providers, advertising across owned digital properties, and payment processing, all in addition to monetization of its own over-the-top applications that bypass traditional distribution to deliver services via the internet.

INFORMATION TECHNOLOGY

Samsung SDI Co. Ltd. a leading producer of nickel-based lithium-ion batteries. Samsung SDI batteries are a key technology that supports the global transition from fossil fuels toward renewable energy sources. The batteries are used widely across electric vehicles (EV), consumer electronics, power devices, and energy storage systems. While the EV battery space is rapidly evolving, we expect nickel-based battery technology to be preferred by premium EVs. This is largely due to greater energy density, which enables longer driving ranges. We view Samsung SDI as a key beneficiary of EV proliferation, particularly in Europe and the U.S. The U.S. Inflation Reduction Act of 2022 incentivized EV battery production but restricted participation by Chinese companies, resulting in what we view as a massive opportunity for the few non-Chinese EV battery makers of scale. In addition to global EV adoption and battery technology leadership, the other keys to our investment case include margin expansion (via scale efficiencies and product mix improvements) and customer diversification beyond its core car manufacturing partners.

INFORMATION TECHNOLOGY

Sea Ltd. an internet business in Southeast Asia that operates leading platforms for video games, ecommerce, and digital financial services. Sea's core geographic market benefits from several secular trends – including above-average economic growth, young demographics, and low digital adoption levels – that we believe will underpin strong growth for its core businesses. The Garena gaming franchise is the region's top game publisher in terms of revenue and users and is also a leading esports promoter. We believe profits generated from Garena will support Sea's future growth engines of ecommerce (Shopee) and digital financial services (SeaMoney). Shopee is the leading ecommerce platform in Southeast Asia and Taiwan by market share, and is one of the most-downloaded shopping apps globally. We believe continued penetration of retail sales in Southeast Asia, expansion into new geographies such as Latin America, and higher monetization will be key growth drivers. Shopee's integration with SeaMoney – which provides services such as payment processing, installment loans, and seller loans – can further monetize Sea's massive and growing user base.

INFORMATION TECHNOLOGY

Taiwan Semiconductor Manufacturing Co. Ltd. is the world's largest outsourced semiconductor foundry for logic chips, based on production capacity. Its customers include vertically integrated original equipment manufacturers, as well as fabless semiconductor companies that outsource their chip production. TSMC is the only large-scale, customer-dedicated foundry capable of producing leading-edge chips, which are the most advanced chips available in terms of the computing power. We believe TSMC is well positioned within the leading-edge market and poised to take share over the long term due to its high-quality manufacturing process, ongoing investments in innovation, collaborative relationship with a wide ecosystem of partners, and position as the sole foundry at scale that does not compete with its customers by manufacturing its own designs. Furthermore, we believe that TSMC's growth duration is supported by its exposure to what we view as some of the most important technology trends, including the internet of things, 5G, artificial intelligence and autonomous vehicles.

INFORMATION TECHNOLOGY

Tata Consultancy Services Ltd. is a key enabler of enterprise digital transformation. The business is the oldest and largest India-based information technology (IT) services provider, with nearly twice the market share of its next-closest competitor. Over the next decade, we anticipate strong demand for IT services will be underpinned by enterprise digitalization trends, increased use of outsourcing, and industry consolidation. Many of these trends, especially the revival of the offshore technical support model, have been accelerated by the pandemic. Within what we view as an attractive space, our research indicates that TCS is the gold standard in terms of brand, capabilities, and track record among Indian IT services providers. Beyond its technical capabilities, the business also features an industry-leading margin profile, enabling investment to bolster its competitive position and capital returns to shareholders. We view TCS as a high-quality "compounder" business that should be a primary beneficiary and driver of digital transformation globally.

INFORMATION TECHNOLOGY

Tencent Holdings Ltd. is a leading Chinese internet platform business. It engages over a billion monthly users across each of its Weixin/WeChat, and QQ social-networking apps, and maintains leading businesses across a number of areas, including entertainment, cloud computing and payments. We estimate that approximately 40% to 50% of total mobile internet time in China is spent using Tencent apps. Tencent's legacy growth driver was gaming, and going forward, we believe its largest profit contributors will be WeChat Moments advertising, short video, and cloud computing. Additionally, our research indicates that Tencent is well positioned to navigate China's complex and increasingly dynamic regulatory environment.

CONSUMER DISCRETIONARY

Titan Company Ltd. is India's largest specialty-jewelry retailer, by store count and market share. The company sells jewelry, watches and eyewear at branded stores catering to both high-end and mass market consumers. India's jewelry market is massive – with the country accounting for roughly one-quarter of global gold demand – and remains highly fragmented. We believe organized players should increasingly take share from informal operators, given shifting consumer preferences and growing regulatory pressures. Titan should be a beneficiary, in our view, given its nationwide footprint of over 1,900 stores and its highly visible brand. In addition to Tanishq, India's leading jewelry brand, Titan also owns Sonata, India's top-selling watch brand. Weddings provide an additional growth opportunity for Titan, given the importance of traditional gold jewelry gifting, and the country's young and increasingly wealthy population.

INDUSTRIALS

WEG SA is one of the world's largest manufacturers of electric equipment. The Brazil-based business' vision is to provide complete and efficient solutions for the entire electrification value chain, from power generation to consumption. The business is highly diversified, with over half of its revenue derived outside Brazil. Its product base spans industrial equipment, green energy, commercial motors, and paints/varnishes. Demand for WEG's products is underpinned by several secular trends—including energy efficiency, electric mobility, and industry automation—and its diversification across geographies and end markets should continue to enable durable growth. Vertical integration is a key competitive advantage, in our view, driving cost advantages and quality control. Its brand reputation and maintenance network are also key selling points. Historically, 50% of WEG's sales came from products that didn't exist five years earlier, and we expect continued innovation across a diversified product and customer base will continue to drive sustainable, above-average growth over the next decade.

FINANCIALS

XP Inc. is Brazil's largest independent investment platform by assets under custody (AUC). XP's core business provides asset/wealth management solutions to retail investors through both self-directed and adviser-guided models. The company is the first mover leading the structural transformation of Brazil's retail investing landscape. The asset management industry benefits from the rising middle class and the shift from deposits to investment products. Meanwhile, traditional banks – which control over 90% of AUC – are losing market share due to customer dissatisfaction with service, product selection, and fees. We believe XP will be the primary beneficiary of this shift, given its low pricing, open-architecture platform, and user experience. Asset management is a profit center for banks, so they've been slow to respond to industry pressures. XP has the most clients and distribution partners among independent brokers, which we believe should result in network effects that further strengthen its competitive advantage: distribution partners benefit from a greater addresssable market as XP's client base grows, while clients gain value from a broader range of products.

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