Touchstone Mid Cap Growth Fund

Sub-Advised by: Westfield Capital Management Company, L.P.

U.S. Equity – Mid-Cap Growth 4Q/2023

Fund Manager Commentary

As of December 31, 2023

Fund Highlights

- Believes that mid cap companies that exhibit faster earnings growth offer the best opportunity for superior real rates of return given the conviction that stock prices follow earnings growth
- Seeks reasonably priced stocks of companies with high forecasted earnings potential through in-depth, fundamental research and first-hand knowledge of company operations derived through on-site visits and meetings with company management teams, as well as suppliers, users and competitors
- Emphasizes excellent company management, disciplined capital allocation, strong returns on invested capital, solid financial controls, unit volume growth, cash flow sufficient to fund growth and unique market position or pricing power

Market Recap

U.S. equities rallied sharply to end the year, with major indices recording double-digit gains in the fourth quarter. Markets turned sharply higher in October on the heels of a dovish policy pivot by the Federal Reserve with many market participants proclaiming the end of the current rate hiking cycle. The dramatic easing of financial conditions driven by falling inflation and falling interest rates propelled the market upwards as expectations for a successful soft landing gained traction. Importantly, the quarter saw a broadening in market leadership, moving beyond the dominance of the 'Magnificent Seven' tech giants, with standout performances in small-cap equities and sectors like regional banks, credit cards, and homebuilders.

For the quarter, the three sectors with the best total return in the index were Utilities, Information Technology, and Real Estate. The three worst performing sectors were Energy, Consumer Staples and Financials.

Portfolio Review

The Touchstone Mid Cap Growth Fund (Class A Shares Load Waived) underperformed its benchmark, the Russell Midcap® Growth Index, for the quarter ended December 31, 2023.

The Fund generated positive stock specific returns during the quarter, driven by investments within Industrials and Health Care sectors. This Fund received a factor tailwind from its overweight exposure to Size (higher average market cap). However, this was offset by a factor headwind, due to the Fund's underweight to Volatility. Relative weakness in the Financials and Consumer Staples sectors outweighed relative strength in Industrials and Health Care sectors. The Fund's residual cash was also a drag on relative performance.

The Industrials sector was the top relative contributor over the period. Manufacturer and distributor of building products to professional homebuilders, Builders FirstSource, was the top contributing name within the sector over the period. The share price was lifted as homebuilder sentiment rose on the back of falling U.S. interest and mortgage rates and a positively received analyst day in December. Despite their quarterly result being a bit mixed with a miss on sales and slight beat on EBITDA, the company increased their gross margin guide and tightened their forward EBITDA guidance range. We remain firmly constructive on the name as robust demand for residential housing coupled with easing inflationary pressures and falling interest rates should, in our opinion, enable Builders FirstSource to further capitalize and gain share in the segment and enable continued impressive growth for the company. TransDigm Group Incorporated, a manufacturer of engineered aircraft components, also added to relative results after reporting a strong earnings report. Commercial aftermarket demand remains a driver of steady growth, fueled by secular growth in air traffic globally.

The Health Care sector also contributed to relative results during the quarter. Ascendis Pharma, an innovative biotech company focused on improving the delivery of complex molecules, was the top contributing stock over the quarter. Favorable updates and regulatory clarity in the U.S. for their key product Transcon PTH, along with approval in the European Union, improved investor sentiment in the name. Additionally, the growth rate for their pediatric growth hormone treatment, Skytrofa, is accelerating, which when coupled with a global PTH launch in 2024, could propel the company to first time profitability. Highlights from their pipeline were also viewed favorably by investors, which included an announcement of a once-monthly GLP-1 therapy treatment, which we believe could lead to a near-term deal with a

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larger obesity player, further lifting sentiment and the shares. DexCom, Inc., a leading player in the rapidly growing continuous glucose monitoring diabetes market, also contributed to relative returns. Sentiment turned sharply higher in fourth quarter, as investors became more comfortable with the notion of GLP-1 drugs coexisting with MedTech. We continue to believe that DexCom is one of the fastest growing MedTech companies, with a strong track record of new product launches, which should continue to drive growth.

The Financials was the top detracting sector over the quarter. Insurance brokerage and risk management service provider, Arthur J. Gallagher & Co., was the top detracting name within the space over the period. The company lagged the broader market amidst a risk-on environment despite a lack of negative fundamental news. Investor preferences swiftly shifted following the pivot from the Federal Reserve with low-volatility companies, such as Arthur J. Gallagher and other insurance brokers, being sold for more offensive, higher-volatility alternatives such as banks and consumer finance companies within the sector. Despite the short-term drawdown, we continue to favor the name and impressive organic growth rates and reliable consistency.

The Consumer Staples sector also detracted from relative returns over the quarter. Constellation Brands Inc., a producer, marketer and distributor of beer, wine & spirits, was the top detracting name within the segment over the quarter. The company lagged the broader market despite continued healthy sales growth and market share gains from its core U.S. beer business, comprised of Modelo, Corona and Pacifico brands. We believe healthy business momentum should translate into additional shelf space gains among retailers, and we continue to like Constellation's combination of volume driven top-line growth and an improving margin profile as commodity pressures have moderated.

The Fund's largest sector change was in Consumer Discretionary where we added exposure during the quarter. During the quarter, we had two new buys within the sector. We purchased DraftKings, Inc., a digital sports entertainment and gaming company. We believe DraftKings has strong market share in the rapidly growing online sports betting market and exhibits accelerating momentum. We also purchased Ross Stores, Inc., an off-price retailer, as we believe their well-controlled inventory should be a margin tailwind, while their strong value offering, moderating inflation and trade-down customers could help offset broadly deteriorating macro conditions. Within the sector, we are focused on things/goods companies with strong brand momentum and above average pricing power as well as experiences companies with visible room for additional demand recovery and favorable cash flow dynamics. We are also looking for names that could benefit from a strong value offering and potential trade down in a tougher macro environment.

Outlook and Conclusion

Despite the sharp rally in equities to end the year, the outlook for 2024 remains uncertain. Broadening market participation, falling inflation, and a resilient consumer backdrop provide hope that a perfectly engineered soft landing may be underway. However, historical analogs of prior curve inversion cycles suggest that we may still be in a window where the lagged impacts of the rate hikes remain ahead of us, and betting odds of U.S. markets avoiding a slowdown may be overestimating the probability of success. Navigating the path ahead will require careful attention to evolving macro conditions and potential headwinds, with several crosscurrents leaving us less convicted on the direction of markets. In our opinion, a continued focus on high-quality, durable businesses with robust cash flows and valuation support seems prudent, while also remaining selective and disciplined with higher-growth opportunities as they arise.

We believe that companies with strong underlying earnings growth that trade at reasonable valuations will be favored at the expense of high multiple momentum growth stocks. If the market environment plays out like we think it will, with elevated interest rates and inflation, earnings multiples are likely to compress with the most pronounced impact being felt by those companies with the longest duration assets most heavily influenced by discount rates. In addition, falling correlations are increasing the importance and impact of good stock picking. With persistent inflation likely for the near future, our focus will remain on high-quality operators with pricing power, which are, positioned advantageously for uncertain input costs and continued supply chain disruptions. We believe having a balanced portfolio of secular and cyclical growth will lead to results that are more consistent over time and market environments.

Fund Facts *(As of 12/31/23)*

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	10/03/94	**TEGAX**	89154X880	1.26%	1.26%
C Shares	10/03/94	**TOECX**	89154X872	2.10%	2.10%
Y Shares	02/02/09	**TEGYX**	89154X534	1.03%	1.03%
INST Shares	04/01/11	**TEGIX**	89154X526	0.96%	0.88%
R6 Shares	02/10/20	**TFGRX**	89154X112	0.91%	0.79%
Total Fund Assets	**$1.3 Billion**				

Expense ratio is annualized. Data as of the current prospectus. Touchstone Advisors has contractually agreed to waive a portion of its fees and/or reimburse certain Fund expenses in order to limit certain annual fund operating expenses (excluding Acquired Fund Fees and Expenses "AFFE," and other expenses, if any) to 1.39% for Class A Shares, 2.14% for Class C Shares, 1.14% for Class Y Shares, 0.86% for Class INST Shares and 0.77% for Class R6 Shares. These expense limitations will remain in effect until at least 07/29/24.

Share class availability differs by firm.

Annualized Total Returns *(As of 12/31/23)*

	4Q23	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	13.60%	24.20%	24.20%	2.05%	13.92%	10.57%	11.65%
C Shares	13.35%	23.16%	23.16%	1.20%	12.97%	9.89%	11.27%
Y Shares	13.67%	24.51%	24.51%	2.28%	14.18%	10.84%	11.80%
INST Shares	13.74%	24.71%	24.71%	2.43%	14.31%	10.94%	11.82%
R6 Shares	13.72%	24.82%	24.82%	2.51%	14.37%	10.98%	11.83%
Benchmark	14.55%	25.87%	25.87%	1.31%	13.81%	10.57%	10.21%
Including Max Sales Charge							
A Shares	7.91%	18.00%	18.00%	0.32%	12.76%	9.92%	11.43%
C Shares	12.35%	22.16%	22.16%	1.20%	12.97%	9.89%	11.27%

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

Benchmark - Russell Midcap® Growth Index

Performance data quoted represents past performance, which is no guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than performance data given. ***For performance information current to the most recent month-end, visit TouchstoneInvestments.com/mutual-funds.*** *From time to time, the investment adviser may waive some fees and/or reimburse expenses, which if not waived or reimbursed, will lower performance. Performance by share class will differ due to differences in class expenses. Returns assume reinvestment of all distributions. Returns are not annualized for periods less than one year.*

The performance presented for Class Y, INST and R6 Shares combines the performance of an older class of shares (Class A Shares) from the Fund's inception, 10/03/94, with the performance since the inception date of each share class.

Top 10 Equity Holdings of Fund *(As of 12/31/23)*

		(% of Portfolio)
1	TransDigm Group Inc.	3.4
2	Dexcom, Inc.	3.1
3	Ross Stores, Inc.	2.7
4	Ascendis Pharma A/S	2.6
5	Rockwell Automation, Inc.	2.5
6	Builders FirstSource, Inc.	2.4
7	Copart, Inc.	2.3
8	Idexx Laboratories Inc.	2.3
9	HubSpot Inc.	2.3
10	Fair Isaac Corp	2.3

Source: BNY Mellon Asset Servicing

The Russell Midcap® Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.

The indexes mentioned are unmanaged statistical composites of stock market or bond market performance. Investing in an index is not possible. Unmanaged index returns do not reflect any fees, expenses or sales charges.

A Word About Risk

The Fund invests in equities which are subject to market volatility and loss. The Fund invests in stocks of mid-cap companies which may be subject to more erratic market movements than stocks of larger, more established companies. The Fund invests in growth stocks which may be more volatile than investing in other stocks and may underperform when value investing is in favor. The Adviser engages a sub-adviser to make investment decisions for the Fund's portfolio; it may be unable to identify and retain a sub-adviser who achieves superior investment returns relative to other similar sub-advisers. Events in the U.S. and global financial markets, including actions taken to stimulate or stabilize economic growth may at times result in unusually high market volatility, which could negatively impact Fund performance and cause it to experience illiquidity, shareholder redemptions, or other potentially adverse effects. Banks and financial services companies could suffer losses if interest rates rise or economic conditions deteriorate. The Fund invests in foreign securities which carry the associated risks of economic and political instability, market liquidity, currency volatility and accounting standards that differ from those of U.S. markets and may offer less protection to investors. The Fund may experience higher portfolio turnover which may lead to increased fund expenses, lower investment returns and higher short-term capital gains taxable to shareholders. The Fund may focus its investments in specific sectors and therefore is subject to the risk that adverse circumstances will have greater impact on the fund than on the fund that does not do so. Current and future portfolio holdings are subject to change.

Please consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. The prospectus and the summary prospectus contain this and other information about the Fund. To obtain a prospectus or a summary prospectus, contact your financial professional or download and/or request one at TouchstoneInvestments.com/resources or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

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