

Fund Manager Commentary

As of December 31, 2023

Fund Highlights

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

Market Recap

Style factors across our asset class created a less favorable backdrop for the Fund during the period. Within the Russell Mid Cap Value Index, the highest volatility quintile outperformed the lowest quintile by over 10%. Non-earners and the lowest P/E quintile outperformed higher valuation quintiles. Within ROE quintiles, companies with the lowest ROE notably outperformed the others. Stocks with the highest sales growth significantly outperformed and smaller cap stocks outperformed larger companies.

The best performing sectors in the benchmark were Financials, Real Estate, and Consumer Discretionary. Energy, Consumer Staples, Health Care, and Materials were the weakest performers.

Portfolio Review

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

The Fund outperformed its benchmark as the market declined in October but was unable to keep pace with the strong returns recorded in November and December. Over the full quarter, the Fund outperformed on a relative basis in three of eleven sectors. Information Technology (IT) was the strongest sector while relative performance was the weakest in Consumer Discretionary, Energy, and Consumer Staples.

PTC Inc. drove strong stock performance with the Fund's IT sector exposure. The company beat analyst estimates and raised full year guidance, driven by strong bookings for their software applications.

Axalta Coatings (AXTA) was the largest outperformer in the Fund's Materials sector allocation. The company's refinish

operation recovered from headwinds caused by an enterprise resource planning software rollout in the prior quarter. AXTA continues to benefit from price offsetting inflation and volume recovery in their automotive refinish and OEM markets.

The Financials sector was a modest detractor to relative performance, despite strong results from several positions. Insurance companies Allstate Corp. and Progressive both benefitted as price increases drove margin expansion. Investors also rewarded the news that Allstate plans to sell their health and benefits business, with the proceeds potentially going toward share buybacks. First Horizon Corp outperformed its bank peers as margins expanded from better deposit pricing and lower operating expenses. Pinnacle Financial Partners outperformed on expected improvements in the bank's net interest income.

The Healthcare sector was a drag on the portfolio's performance, with Envista Holdings (NVST) a notable laggard. NVST, a dental company, lowered its guidance for the fourth quarter driven by weak consumer spending and operational disruptions at a product manufacturer.

Real Estate was a modest detractor in the period and was mainly a result of positioning. Strong outperformance from healthcare-focused office REIT Alexandria Real Estate (ARE) was not enough to offset the portfolio's underweight to the sector. ARE's management raised guidance for the year and at a December investor day highlighted the resilience of their business model despite short-term excess supply issues.

The Industrials sector also relatively underperformed despite strong performance from Wesco International. The industrial distributor exceeded earnings expectations, is reducing working capital, and returning cash to shareholders.

(continued)

Performance data quoted represents past performance, which is no guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than performance data given. **For performance information current to the most recent month-end, visit [TouchstoneInvestments.com/mutual-funds](https://www.TouchstoneInvestments.com/mutual-funds).**



The Consumer Staples sector underperformed due to weak results from a handful of positions. Darling Ingredients was the sector's largest detractor to relative performance. The company's renewable diesel joint venture, Diamond Green Diesel, saw profitability headwinds driven by several elements: a collapse in RIN prices (renewable fuel credits), a prolonged maintenance outage due to fire, hedging losses, and feedstock prices. Treehouse Foods (THS), the private label foods company, declined when management lowered sales guidance from supply chain disruptions and shifts in consumer purchasing patterns. THS maintained their earnings expectations, however, driven by pricing net of inflation and operational benefits. A bright spot within the sector was discount retailer Dollar Tree. The company saw better traffic in stores from consumers trading down to lower priced channels. Cost pressures have also continued to stabilize.

The Energy sector traded in line with oil prices, which broadly declined. Oilfield services company, Champion X Corp (CHX) was the Fund's largest detractor in the period. CHX missed third quarter earnings estimates and lowered expectations for the fourth as declines in drilling and completions activity exceeded prior assumptions.

The Consumer Discretionary sector exposure accounted for the portfolio's largest detractor. The shortfall was caused by not owning some of the best performing industries and by several idiosyncratic issues in individual positions. Regarding Consumer Discretionary positions held in the Fund, Hasbro Inc reduced their annual guidance as they face lower demand and inventory corrections across the toy space. LKQ Corp underperformed on a reduction in earnings guidance. The company highlighted a handful of transitory issues including a worker strike, tax law changes, and dilution from a recent acquisition. Borg Warner underperformed as foreign exchange rate, the United Auto Workers strike, and sentiment related to EV production created headwinds for the stock.

At the start of 2024, our largest relative overweight position is the Consumer Staples sector. We are notably underweight in the Real Estate and Communication Services sectors. These exposures are driven by the opportunity set we see in each sector. During the quarter we initiated positions in Discover Financial (Financials sector), Hologic Inc. (Health Care sector), L3Harris Technologies (Industrials sector), and Willis Towers Watson (Financials sector). We exited positions in Centene Corp (Health Care sector) and Huntington Ingalls (Industrials sector).

Outlook and Conclusion

The market continues to be volatile; the declines of September and October gave way to rapid increases during November and December. The health of the consumer continues to be variable with shifts in purchasing behavior across the income spectrum and credit metrics that continue to worsen. Lower energy prices and government spending have provided an offset thus far, but another potential shutdown looming in a presidential election year creates uncertainty around the magnitude of continued government support. The coming wave of debt refinancing in the office real estate market has some investors worried about tangential effects through the financial system. Elevated debt levels are proving to be an outsized burden for many companies given the higher interest

rates. The change in commentary by the Federal Reserve (Fed) following their December meeting spurred a violent increase in markets. The market seems to be pricing in a goldilocks scenario without considering whether the Fed change is due to signs of deterioration as the economy catches up to the rate increases.

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

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



Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	09/30/09	TCVAX	89155H413	1.51%	1.24%
C Shares	09/30/09	TMFCX	89155H397	2.38%	1.99%
Y Shares	09/30/09	TCVYX	89155H371	1.20%	0.99%
INST Shares	09/30/09	TCVIX	89155H389	0.97%	0.86%
Total Fund Assets	\$730.4 Million				

Expense ratio is annualized. Data as of the current prospectus. Touchstone Advisors has contractually agreed to waive a portion of its fees and/or reimburse certain Fund expenses in order to limit certain annual fund operating expenses (excluding Acquired Fund Fees and Expenses "AFFE," and other expenses, if any) to 1.22% for Class A Shares, 1.97% for Class C Shares, 0.97% for Class Y Shares and 0.84% for Class INST Shares. These expense limitations will remain in effect until at least 01/29/25. Share class availability differs by firm.

Annualized Total Returns

	4Q23	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	9.28%	7.37%	7.37%	7.51%	11.07%	7.44%	10.22%
C Shares	9.05%	6.57%	6.57%	6.70%	10.25%	6.80%	9.76%
Y Shares	9.32%	7.63%	7.63%	7.78%	11.36%	7.71%	10.50%
INST Shares	9.33%	7.76%	7.76%	7.90%	11.50%	7.85%	10.65%
Benchmark	12.11%	12.71%	12.71%	8.36%	11.16%	8.26%	11.18%
Including Max Sales Charge							
A Shares	3.80%	2.03%	2.03%	5.69%	9.94%	6.80%	9.76%
C Shares	8.05%	5.57%	5.57%	6.70%	10.25%	6.80%	9.76%

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

Benchmark - Russell Midcap® Value Index

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Top 10 Equity Holdings of Fund

	(% of Portfolio)		(% of Portfolio)
1 Regal Rexnord Corp.	2.5	6 Cencora Inc.	2.1
2 Clean Harbors, Inc.	2.4	7 Global Payments, Inc.	2.1
3 Allstate Corp.	2.3	8 LKQ Corp.	2.0
4 Reinsurance Group of America Inc.	2.3	9 Axalta Coating Systems Ltd.	2.0
5 American International Group Inc.	2.2	10 Snap-on Inc.	2.0

Source: BNY Mellon Asset Servicing

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

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

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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 mid-cap companies which may be subject to more erratic market movements than stocks of larger, more established companies. The Fund invests in value stocks which may not appreciate in value as anticipated or may experience a decline in value. The Adviser engages a sub-adviser to make investment decisions for the Fund's portfolio; it may be unable to identify and retain a sub-adviser who achieves superior investment returns relative to other similar sub-advisers. Events in the U.S. and global financial markets, including actions taken to stimulate or stabilize economic growth may at times result in unusually high market volatility, which could negatively impact Fund performance and cause it to experience illiquidity, shareholder redemptions, or other potentially adverse effects. Banks and financial services companies could suffer losses if interest rates rise or economic conditions deteriorate. The Fund's investments in other investment companies will be subject to substantially the same risks as those associated with the direct ownership of the securities comprising the portfolios of such investment companies, and the value of the Fund's investment will fluctuate in response to the performance of such portfolios. In addition, if the Fund acquires shares of investment companies, shareholders of the Fund will bear their proportionate share of the fees and expenses of the Fund and, indirectly, the fees and expenses of the investment companies or ETFs. The Fund's service providers are susceptible to cyber security risks that could result in losses to a Fund and its shareholders. Cyber security incidents could affect issuers in which a Fund invests, thereby causing the Fund's investments to lose value. Current and future portfolio holdings are subject to change.

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

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