Touchstone Dividend Equity Fund◊

Sub-Advised by: Fort Washington Investment Advisors, Inc.†

U.S. Equity – Large-Cap Value 1Q/2022

Fund Manager Commentary

As of March 31, 2022

Fund Highlights

Invests primarily in U.S. large capitalization companies that

- Have historically paid consistent, growing dividends
- Possess sustainable competitive advantages, which have the potential to support reliable, growing dividends along with reasonable valuations
- Hold competitive advantages which evaluated by assessing a company's barriers to entry through
  - High customer loyalty
  - Economies of scale
  - Cost advantage
  - Government barrier (e.g., license or subsidy)
- Trade at reasonable valuations compared to their intrinsic value

Market Recap

The first quarter of 2022 saw the fading of pandemic-related economic growth concerns, but persistently high inflation continues to shape the outlook for monetary policy and subsequent risks to the economy and risk assets. Additionally, the Russian invasion of Ukraine introduced a number of short- and long-term concerns, ranging from the direct impacts of higher commodity prices to the geopolitical implications of ongoing military conflict, sanctions, and humanitarian concerns.

U.S. economic growth experienced a sharp rebound in the fourth quarter, growing 6.9%, and is expected to moderate toward trend over the upcoming quarters. The impact of the Omicron COVID-19 variant on economic activity appears to have been limited, evidenced by accelerating monthly job gains over the past several months and consumer spending that was largely unaffected.

Business spending has remained resilient as the economy has faced a number of challenges over the past several quarters. Strong underlying demand provides a solid foundation, but supply and labor shortages have limited the pace of growth and put upward pressure on input prices. Supply chains are expected to ease somewhat, but new risks from a resurgence of COVID-19 in China, and spillover effects of the invasion of Ukraine are likely to keep these issues at the forefront for longer than anticipated.

Along with consumers and businesses, persistently high inflation is top of mind for the U.S. Federal Reserve Board (Fed). Reported inflation is well above the Fed's 2% target and is forecasted to remain elevated for the next several months. High inflation combined with a strong labor market outlook has led the Fed to intensify their hawkish stance further in 2022. In March 2022, the Fed raised rates 25 basis points and indicated further increases were imminent and balance sheet reduction would commence mid-year. Since then, Fed officials have guided markets to a much faster pace of rate hikes, including the possibility of multiple 50 basis point hikes at upcoming meetings.

Interest rates adjusted sharply higher in first quarter 2022 to reflect these expectations. Current market expectations are for the Fed to raise the Fed Funds rate to around 2.50% by the end of 2022. As the yield curve has become increasingly flat and inverted in some maturities, markets indicate confidence that the Fed will be able to contain inflation, but also have concerns about the impact of tighter policy on future growth.

Risk assets weakened in first quarter 2022 as markets adjusted to expectations of tighter Fed policy and implications of the Russian invasion of Ukraine. The broader U.S. equity market was negative for the quarter. Value stocks outperformed growth stocks materially during the quarter. Within the benchmark, the Energy sector led with outsized gains relative to all other sectors. Materials and Utilities also posted positive returns during the quarter while all other sectors declined. The weakest sectors were Consumer Discretionary, Information Technology, and Real Estate.

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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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Portfolio Review

The Touchstone Dividend Equity Fund underperformed its benchmark, the Russell 1000® Value Index for the quarter ended March 31, 2022.

The Fund's underperformance was primarily driven by sector allocation. An overweight allocation to Information Technology and Consumer Discretionary were the primary drivers of negative sector allocation. Consumer Discretionary underperformed the broader market largely due to growth and inflation fears causing cyclically sensitive businesses to underperform. Information Technology lagged as higher interest rates pressured valuations for higher growth, long duration stocks.

Security selection was a positive contributor to relative performance during the quarter. Outperformance within Industrials, Health Care, and Information Technology were the largest contributors to security selection.

The largest individual contributors to performance were overweight positions in Lockheed Martin Corp. (Industrials sector), Valero Energy Corp (Energy sector), Bristol-Myers Squibb (Health Care sector), AbbVie Inc. (Health Care sector), and Phillips 66 (Energy sector).

Lockheed Martin Corp. was the largest contributor to relative returns during the quarter. The Fund increased its exposure to defense names in late 2021, as the sector underperformed and was relatively attractive compared to the broader market. This positioning benefitted the portfolio as defense names outperformed following the Russian invasion of Ukraine and renewed focus on defense spending.

Valero Energy and Phillips 66, two of the largest independent refiners, both outperformed as the entire Energy sector benefitted from higher commodity prices during the quarter. Although higher oil prices can be a headwind to refiners, current price levels and elevated demand still support healthy margins for refiners.

The largest detractors from relative performance were an underweight position to Berkshire Hathaway (Financials sector) and overweight positions in Home Depot Inc. (Consumer Discretionary sector), Starbucks Corp. (Consumer Discretionary sector), Microsoft Corp. (Information Technology sector), and Qualcomm Inc. (Information Technology sector).

The largest detractor to relative returns compared to the benchmark during the quarter was Berkshire Hathaway. Berkshire Hathaway is also the largest underweight for the Fund compared to the benchmark. The company does not pay a dividend, excluding it from the investment opportunity set for the Fund.

Home Depot underperformed during the quarter after several quarters of outperformance. The company reported solid earnings but provided guidance that came in below expectations, resulting in a sharp decline in the stock price. Revenue growth met expectations but supply chain constraints and inflation pressures resulted in lower than expected margins. Softening demand also worried investors as the pull-forward in home improvement spending from the global pandemic has started to decline. The Fund had reduced its position in Home Depot over the past few quarters in anticipation of softening demand after remarkable performance as a result of the global pandemic.

Starbucks detracted from returns as the name underperformed the broader market amid several headwinds and changes to its business. The company continues to face challenges stemming from the global pandemic, particularly from the recent spike and COVID-19 lockdowns within China. Unionization efforts are also pressuring the stock price while uncertainty lingers regarding the recent announcement that Starbucks founder & former CEO Howard Shultz will be returning as an interim CEO. On his first day back as CEO, the company announced they would be suspending share repurchases, sending shares in the stock lower. Despite these challenges, Starbucks reiterated its commitment to long-term double-digit earnings-per-share (EPS) growth.

The Fund did not add any new positions to the portfolio but eliminated two holdings: TE Connectivity (Information Technology sector) and HCA Healthcare (Health Care sector).

The Fund sold its position in TE Connectivity during the quarter after reducing exposure over the past few quarters. After several years of outperformance, the team has been reducing semiconductor exposure within the portfolio as the sector has become fully valued. Despite the ongoing chip shortage and demonstrated reliance on the sector, the cyclical nature of the sector will likely dampen investor enthusiasm and pressure returns going forward.

HCA Healthcare was sold during the quarter. HCA was held for less than a year within the strategy but outperformed during that time and reached its targeted valuation. Rising labor costs have continued to weigh on health care facilities while non-COVID-19 surgical procedures have also been slow to recover following the Omicron wave. HCA's dividend yield was amongst the lowest in the portfolio, allowing the Fund to reinvest its proceeds into higher dividend paying stocks.

The Fund also reduced its exposure to defense names during the quarter following strong outperformance amid Russia's invasion of Ukraine. The Fund was well positioned for the escalation of conflict with two defense holdings (Lockheed Martin and Raytheon Technologies Corp.) in its top six holdings heading into February. Following the sudden outperformance of these names, the Fund reduced its exposure based on valuation.

The largest addition to a name during the quarter was Bank of America Corp. The Fund initiated a position in Bank of America during the 4th quarter and continued to increase it during the first quarter.

Bank of America earns a wide moat as a best-in-class diversified financial services firm. The firm's customer captivity and economies of scale are supported by its pricing power in low cost deposits and high market share in debt capital markets. With the anticipation of higher interest rates as the U.S. Federal Reserve Board (Fed) looks to tighten monetary policy, financials are poised to benefit from higher net interest margins. In that scenario, the intrinsic value of Bank of America should continue to improve, providing a catalyst for a higher share price. Should higher rates not materialize, the downside is protected through the business's high quality franchise. Bank of America pays an above average dividend that has grown the last five years by over 20 percent annually, a rate well above its peers.

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There were no material changes to sector exposures during the quarter. The Fund seeks to maintain sector exposures consistent with the broader equity market, with some of the largest absolute sector exposures being Information Technology, Health Care, Industrials, Consumer Discretionary, and Financials at the end of the quarter.

Outlook and Conclusion

Several factors – including elevated inflation and Russia's invasion of Ukraine – have the potential to impact the strength of the U.S. economy in the coming year. Despite these risks, we believe a U.S. recession is unlikely this year provided the Russian-Ukrainian conflict does not escalate materially.

One reason is the U.S. economy has considerable momentum behind it, especially on the jobs front: Non-farm payrolls have increased by more than 400,000 for 11 consecutive months now, while the number of job openings to new hires has increased to all-time highs. This will partially offset the erosion of real incomes resulting from higher inflation.

Second, the Fed is just beginning to raise interest rates from zero. Even if it raises the funds rate by 50 basis points at the next Federal Open Market Committee (FOMC) meeting in May and moves by 25 basis points at subsequent meetings, the funds rate would still be considerably below inflation. To slow the economy materially, the funds rate would need to be closer to the underlying rate of inflation. This is not likely to occur until next year at the earliest and possibly not until 2024.

In the meantime, the primary channel through which Fed policy impacts the economy is via financial markets. While conditions in the bond market have tightened somewhat as a result of the rise in Treasury yields and the widening in credit spreads this year, the S&P 500 Index is close to a record high. Accordingly, financial market conditions are still fairly accommodative

In positioning portfolios, we are cognizant that risks have increased as a result of Fed tightening and the Russian-Ukrainian conflict. However, we also believe the U.S. economy has gained traction during the recovery from the COVID-19 pandemic, and it has considerable momentum going for it, especially on the jobs front. In our view, the principal risk is that inflation could stay higher than what the Fed and bond investors currently anticipate and require ongoing rate hikes into next year.

Based on the view of continued volatility and economic uncertainty, we have focused on reducing outsized risks within the Fund's portfolio and have reduced several large outperforming names that are fully valued at this stage of the recovery. Based on higher rates and oil prices, the Fund has favored Financials and Energy over Information Technology, which has tended to be more sensitive to higher rates due to the longer duration, growth orientation of the sector. Consistent with the Fund's longstanding philosophy, we continue to target businesses that earn high excess returns on capital with sustainable competitive advantages.

Although risks have risen, the long-term economic outlook is still promising. As such, we remain constructive on U.S. equities, and believe positive earnings growth should support higher prices. As investors seek to avoid the risks of inflation and interest rates moving higher, we think dividend strategies are a compelling option. Dividend strategies have the potential to provide both capital appreciation and a growing stream of income, as well as offering a cushion against inflation with valuations that are less sensitive to the level of interest rates.

As of March 31, 2022, Lockheed Martin Corp. made up 1.77%, Valero Energy made up 1.66%, Bristol-Myers Squibb Co. made up 2.28%, AbbVie Inc. made up 0.87%, Phillips 66 made up 1.45%, Berkshire Hathaway made up 0.00%, Home Depot Inc. made up 1.28%, Starbucks Corp. made up 1.57%, Microsoft Corp. made up 3.69%, Qualcomm Inc. made up 1.49%, Raytheon Technologies Corp. made up 1.65%, and Bank of America Corp. made up 1.04% of the Touchstone Dividend Equity Fund. Current and future portfolio holdings are subject to change.

Dividend-paying investments may not experience the same price appreciation as non-dividend paying instruments, dividend-issuing companies may choose not to pay a dividend, or the dividend may be less than what is anticipated.

Fund Facts *(As of 03/31/22)*

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	06/08/98	**TQCAX**	89155T482	1.01%	0.99%
C Shares	06/08/98	**TQCCX**	89155T474	1.77%	1.69%
Y Shares	05/15/13	**TQCYX**	89155T466	0.88%	0.77%
INST Shares	07/19/21	**TQCIX**	89155T458	3.37%	0.67%
R6 Shares	08/02/21	**TQCRX**	89155T441	359.78%	0.65%
Total Fund Assets	**$3.5 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 0.99% for Class A Shares, 1.69% for Class C Shares, 0.77% for Class Y Shares, 0.67% for Class INST Shares and 0.65% for Class R6 Shares. These expense limitations will remain in effect until at least 07/29/23.*

Share class availability differs by firm.

Annualized Total Returns *(As of 03/31/22)*

Class	1Q22	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	-1.72%	-1.72%	6.98%	6.17%	6.35%	9.89%	7.18%
C Shares	-1.92%	-1.92%	6.25%	5.47%	5.64%	9.18%	6.48%
Y Shares	-1.67%	-1.67%	7.18%	6.40%	6.56%	—	8.51%
INST Shares	-1.70%	-1.70%	—	—	—	—	7.15%
R6 Shares	-1.65%	-1.65%	—	—	—	—	5.19%
Benchmark^	-0.74%	-0.74%	11.67%	13.02%	10.29%	11.70%	—
Including Max Sales Charge							
A Shares	-6.62%	-6.62%	0.82%	4.08%	5.10%	9.24%	6.91%
C Shares	-2.89%	-2.89%	5.25%	5.47%	5.64%	9.18%	6.48%

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[1]

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◊ Effective July 19, 2021 the AIG Focused Dividend Strategy Fund and the AIG Select Dividend Growth Fund merged into the newly created Touchstone Dividend Equity Fund. The Touchstone Dividend Equity Fund adopted the performance and accounting history of the AIG Focused Dividend Strategy Fund; however, the Touchstone Dividend Equity Fund has a new, separate and distinct investment strategy and sub-advisor. Prior to July 19, 2021 the Fund's performance history is that of the AIG Focused Dividend Strategy Fund.

AIG Funds Class W Shares became Touchstone Class Y Shares on 7/19/2021.

[1]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 dividend-paying companies. There is no guarantee that the companies in which the Fund invests will declare dividends in the future or that dividends, if declared, will remain at current levels or increase over time. Securities that pay dividends may be sensitive to changes in interest rates, and as interest rates rise or fall, the prices of such securities may fall. The Advisor engages a sub-advisor to make investment decisions for the Fund's portfolio; it may be unable to identify and retain a sub-advisor who achieves superior investment returns relative to other similar sub-advisors. 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 value stocks which may not appreciate in value as anticipated or may experience a decline in value. Current and future portfolio holdings are subject to change.

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

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