

Fund Manager Commentary

As of December 31, 2023

Fund Highlights

- U.S. large capitalization companies
- Historically paid consistent, growing dividends
- Distinctive approach is centered on linking valuations with barriers to entry
- Seeks to invest in businesses that are trading below what is believed to be its estimate of the companies' intrinsic value
- Focuses on businesses that are believed to have a sustainable competitive advantage or a high barrier to entry in place

Market Recap

The U.S. equity market rallied in the fourth quarter of 2023 as the Federal Reserve guided toward cuts in the coming year and treasury yields recorded a significant reversal. Following a modest loss in the third quarter that continued into October, U.S. equities saw nine consecutive weeks of positive returns. Performance was more broad-based during the quarter as earnings are expected to improve for 2024. During the quarter, the best performing benchmark sectors were Real Estate, Information Technology, and Financials. The worst performing sectors for the benchmark were Energy, Consumer Staples, and Health Care.

Portfolio Review

The Touchstone Dividend Equity Fund (Class A Shares Load-Waived) outperformed its benchmark, the Russell 1000 Value Index for the quarter ended December 31, 2023.

The Fund's outperformance was primarily driven by stock selection while its sector positioning also contributed. The dividend orientation of the strategy was a modest negative factor for the quarter as dividend paying stocks underperformed non-dividend paying stocks.

Selection within Information Technology, Financials, and Consumer Staples were the primary drivers of positive security selection during the quarter. Selection within Consumer Discretionary was the only meaningful detractor.

An overweight to Information Technology and underweight to Energy were both positive contributors to sector allocation.

Among the largest individual contributors to relative performance were overweight positions in Broadcom Inc. (Information

Technology sector), Microsoft Corp. (Information Technology sector), Qualcomm Inc. (Information Technology sector), and American Tower Corp. (Real Estate sector).

Broadcom returned 35% in the fourth quarter, resulting in a total return of 104% for 2023 and its best calendar year return on record. The stock moved higher during the quarter after posting better than expected fiscal fourth quarter results and favorable guidance. Specifically, investors cheered the higher artificial intelligence driven chip sales forecasts and better than expected guidance for the integration of VMware.

Qualcomm outperformed following better than expected fiscal fourth quarter results and an increase in guidance. A recovery in smartphone sales in China drove the beat for the period and led to its upbeat forecast. In addition to stellar results, the stock also moved higher during the quarter following reports that Apple is experiencing delays in its attempt to replace Qualcomm chips in the iPhone.

American Tower Corp returned 34% during the quarter after the company reported better than expected third quarter results and increased guidance. Alongside its strong earnings, the stock benefitted from a broad rally in REIT valuations as interest rates declined throughout the quarter.

The largest detractors from performance were overweight exposures to Valero Energy Corp. (Energy sector) and Oracle Corp. (Information Technology sector), and underweight exposures to JPMorgan Chase & Co. (Financials sector), Boeing Co. (Industrials sector), and Advanced Micro Devices, Inc. (Information Technology sector).

Valero was the largest detractor during the quarter as the sector underperformed alongside a 21% decline in oil prices.

(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.**



Oracle was a bottom performer during the period after the stock dropped 12% following a miss in fiscal second quarter earnings driven by a shortfall in revenue. Slowing cloud growth was the primary concern for investors as the company continues to make progress on its cloud transition. Despite the miss during the quarter, Oracle maintained its full-year cloud guidance, indicating stronger growth for the remainder of its fiscal year.

Outlook and Conclusion

Looking ahead, we continue to question whether a hard landing is still to come. Soft landings are typically preceded by the easing of lending standards while the tightening of lending standards precedes hard landings. We continue to believe bank-lending standards stay tight in the coming quarters. As a result, we see additional downside risk to growth and believe the path for a soft landing remains narrow mainly due to the lag effects of higher interest rates.



Fund Facts (As of 12/31/23)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	06/08/98	TQCAX	89155T482	1.02%	0.99%
C Shares	06/08/98	TQCCX	89155T474	1.78%	1.69%
Y Shares	05/15/13	TQCYX	89155T466	0.76%	0.76%
INST Shares	07/19/21	TQCIX	89155T458	0.96%	0.67%
R6 Shares	08/02/21	TQCRX	89155T441	1.39%	0.65%
Total Fund Assets	\$2.5 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 01/29/25.

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	11.78%	10.83%	10.83%	7.67%	7.04%	6.45%	6.93%
C Shares	11.62%	10.04%	10.04%	6.93%	6.32%	5.75%	6.23%
Y Shares	11.86%	11.11%	11.11%	7.93%	7.28%	6.68%	7.72%
INST Shares	11.90%	11.22%	11.22%	—	—	—	5.70%
R6 Shares	11.90%	11.17%	11.17%	—	—	—	5.00%
Benchmark	9.50%	11.46%	11.46%	8.86%	10.91%	8.40%	—
Including Max Sales Charge							
A Shares	6.21%	5.31%	5.31%	5.56%	5.79%	5.82%	6.68%
C Shares	10.62%	9.04%	9.04%	6.93%	6.32%	5.75%	6.23%

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

Benchmark - Russell 1000® Value Index

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

	(% of Portfolio)		(% of Portfolio)		
1	Microsoft Corp.	4.3	6	Medtronic PLC	2.0
2	Stanley Black & Decker Inc.	2.1	7	Johnson & Johnson	1.9
3	BlackRock Inc.	2.0	8	International Business Machine	1.9
4	Apple, Inc.	2.0	9	Oracle Corp.	1.8
5	Broadcom Inc.	2.0	10	Qualcomm, Inc.	1.8

Source: BNY Mellon Asset Servicing

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 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 value stocks which may not appreciate in value as anticipated or may experience a decline in value. 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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