Touchstone International Equity Fund

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

International Equity – Large-Cap Core

2Q/2023

Fund Manager Commentary

As of June 30, 2023

Fund Highlights

- Invests primarily in common stocks of established companies across the capitalization spectrum, located in or that conduct their business mainly in one or more foreign countries
- Focuses on quality at a reasonable price, beginning with a regular quantitative screening in order to narrow the investable universe
- Analyzes companies based on the following five fundamental factors: business quality, valuation, growth, management and balance sheet strength
- Manages risk through portfolio diversification, by individual issuer, sector and country
- Index-agnostic portfolio construction approach typically results in a concentrated, high-conviction portfolio

Market Recap

Global markets started the second quarter of 2023 on a sanguine note, shaking off the U.S. regional banking stress from the previous quarter and instead focusing on the resilience of U.S. economic data and falling inflation. The view that the U.S. Federal Reserve (Fed) is close to finished with interest rate hikes and possibly ready to reintroduce rate cuts in the following quarters buoyed global markets. This optimism was turbo-charged by a fervor over Artificial Intelligence (AI) technologies, driving AI-related names upward, dominating year-to-date gains in U.S. stocks, though less so internationally.

With the exception of Japan, most major central banks kept their tightening stance in the quarter. The Bank of England surprised markets by raising its interest rates by an unexpectedly large 50 basis points. The European central bank also raised rates and signaled more increases to come. The Fed, after a small increase in May, chose to leave rates unchanged in June.

To be sure, there were plenty of worrying signs to fret about. While headline inflation has declined, wage inflation is still stubbornly persistent. Global economic data is showing signs of weakness, especially in parts of Europe and China. However, investors took a glass-half-full approach and took equities higher.

Developed markets continued to outperform emerging markets in the quarter. In particular, Japan and the U.S. performed well. Japan had a stellar performance with the Nikkei 225 hitting the highest level in over thirty years. Continued weakness of the yen and accommodative monetary policy helped but ongoing expectations of corporate-governance reforms also supported Japanese equities. U.S. stocks also performed well, driven almost entirely by the largest technology stocks, which make up a disproportionate share of the U.S. market. European equities delivered mild positive returns in the quarter and had one of the best returns over the last six-month period. Emerging market stocks were held back by fading economic growth in China after its initial reopening-driven rally.

From an investment style standpoint, growth outperformed in the quarter and year-to-date, a departure from last year. Large capitalization stocks also outperformed small caps over the same periods. The Information Technology sector significantly outperformed, as AI-related technology names became all the rage. Consumer Discretionary and Industrials sectors also outperformed, as better-than-expected U.S. economic data pushed investors to turn toward a more risk-on stance. In contrast, Materials and Real Estate sectors fared poorly amid a broad-based weakness in commodity prices and worries about China's anemic recovery. High interest rates and weak demand for commercial real estate also kept investors away.

The U.S. 10-year Treasury yield rose slightly and the U.S. dollar softened in the quarter, extending this year's losses against most major currencies with the exception of the Japanese yen, as investors speculate on the end of rate hikes. Oil fared poorly given a subdued demand backdrop even as OPEC+ and Saudi Arabia reduced supplies. Gold and other commodity metals were also weak for the quarter and year-to-date periods.

Portfolio Review

The Touchstone International Equity Fund (Class A Shares Load-Waived) outperformed its benchmark, the MSCI EAFE Index, for the quarter ended June 30, 2023.

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◊ *Fort Washington is a member of Western & Southern Financial Group*

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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From a sector perspective, the Fund benefitted from holdings in Health Care, Consumer Staples and Information Technology sectors, whereas holdings in Industrials, Energy, and Materials sectors detracted from relative performance. Looking at the Fund broken down by geography, the Fund benefitted from holdings in the Netherlands, Ireland, Switzerland and Greece, whereas holdings in the UK, Canada and Norway, as well as being underweight Japan detracted from relative performance. The Fund's cash position was also a slight negative factor in a strong market. As always, given the Fund's concentration and bottom-up approach, it is more meaningful to discuss the drivers of performance attribution by looking at individual holdings.

The main contributors to relative performance were Koninklijke Philips (Netherlands, Health Care sector), Accor SA (France, Consumer Discretionary sector), OPAP SA (Greece, Consumer Discretionary sector), Edenred SA (France, Financial sector) and Alcon AG (Switzerland, Health Care sector).

Philips is a diversified global medical technology company. Through several divestitures and acquisitions, the Netherland-based company has transformed itself from an industrial-medical conglomerate into a healthcare technology company. Philips enjoys market-leading positions in most of its products and operates through three business segments: Diagnosis & Treatment, Connected Care, and Personal Health. Valuation remains undemanding due to the overhang from a product recall, a mixed track record of delivering on expectations and its complex structure in the past. We like the company for its leading market shares, sensible capital allocation policy, strong ESG focus and potential for a meaningful self-help margin recovery. With a newly appointed CEO, Philips is starting to demonstrate execution that is more consistent.

The French-based Accor is one of the world's leading hotel operators, with properties in 110 countries across the luxury, premium, midscale and economy segments in brands including Sofitel, Novotel and Ibis. Accor is benefitting from its geographic footprint, with higher exposure to the post-pandemic tourism recovery-taking place in Europe and the Asia Pacific region. In addition, Accor unveiled its mid-term strategy (2023-27) that was well received by the market, including an upward revision to its guidance and further clarity surrounding shareholder returns. The company has nearly 5,500 hotels and intends to open more than 1,200 hotels over five years. For the past several years, Accor has been on the path to adopting an asset-light business model, with more of its rooms now tied to the franchise and managed hotel business, which should lead to significantly higher returns on invested capital over the medium term.

OPAP is the undisputed leader in the legalized Greek gaming market, with its ubiquitous network of thousands of independent retail stores and online presence. It maintains a monopoly through exclusive licenses to offer lottery, sports betting and video lottery terminal games in Greece. OPAP operates an asset-light business that provides a high degree of margin defensiveness. The company continues to deliver robust performance across all gaming products, driving upgrades to consensus estimates. It is well positioned to capitalize on its leading market position and further capture the growth opportunities that the online Greek gaming industry has to offer, such as with the recent launch of its Online Kino product via its new iLottery platform. With a sound balance sheet and high cash conversion, the company provides an attractive level of shareholder returns.

France-based Edenred is the world leader in payment solutions for employee benefits and corporate expense management. Founded in the 1960s, the company got its start providing meal vouchers to employees of French companies, taking advantage of the wedge in the value of such benefits that was caused by high personal income tax rates. Over time the company branched out to over 45 countries and has layered other benefit and expense management categories onto its list of services. Emerging markets, primarily in Latin America, now represent over 30% of Edenred's business. The working capital cycle is highly favorable, since the company collects payment from its corporate customers upfront but does not pay merchants until services are redeemed, allowing Edenred to earn float on the collected balances. Edenred reported strong quarterly growth across the board, as the value of its products and services generally rises in tandem with inflation and float income benefits from rising interest rates. With continued volume growth supported by underpenetrated markets and accretive consolidation opportunities, margin expansion from increasing digitalization, and a highly cash-generative business model, Edenred should remain a resilient grower company for years to come.

Alcon is the leader in the global surgical ophthalmology and vision care markets. The Swiss-based company provides devices, consumables and implantables for the treatment of eye disorders, primarily cataracts, where it has around 50% market share. It is also the second-largest player in contact lenses and has a comprehensive portfolio of liquid eye-care solutions. The company reported strong quarterly performance across all businesses and raised its guidance for the year, which led to consensus earnings upgrades. Over the next decade, we believe Alcon is well positioned to capitalize on secular long-term growth stemming from an aging population, increased screen time and rising demand from emerging markets.

The biggest detractors from relative performance in the quarter were TGS ASA (Norway, Energy sector), ConvaTec Group plc (UK, Health Care sector), Barrick Gold (Canada, Materials sector), Befesa SA (Germany, Industrials sector) and Galaxy Entertainment Group (Hong Kong, Consumer Discretionary sector).

TGS is a Norwegian provider of marine seismic data for the global oil and gas industry. It operates an asset-light flexible business model, focusing on the multi-client segment and providing marine data acquisition services using vessels and crews contracted from third parties. This provides the company with financial resiliency and enables it to generate the best returns among its peers throughout a full cycle. The Energy sector underperformed during the quarter as oil prices declined and the shares of oil services providers such as TGS tend to have outsized leverage to oil prices.

ConvaTec Group is a U.K.-based medical technology company focused on therapies for the management of chronic conditions, with leading market positions in advanced wound care, ostomy care, infusion devices, continence and critical care. ConvaTec operates in a structurally growing area but has lagged behind its key competitor Coloplast due to a period of underinvestment following its spinout from Bristol-Myers Squibb. Despite ongoing efforts to reshape its product portfolio, ConvaTec's share price

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underperformed during the quarter due to the lack of earnings momentum. Considering such a turnaround will take time to show up in financial results, we see further re-rating potential if the company can continue to deliver improved operational performance.

Barrick Gold is the Fund's core gold mining exposure and is one of the world's largest and most diversified gold producers, operating mines in North and South America, Africa and the Australia/Pacific region. It is a product of the strategic merger with Randgold Resources in 2018 that added excellent mines with costs at or below Barrick's legacy portfolio. Led by its well-regarded CEO Mark Bristow, the Canada-based company has among the strongest track records of value creation in the industry. Its share price underperformed as gold prices faced headwinds during the second quarter on the back of the strength of the U.S. dollar and the higher-for-longer interest rate environment.

Befesa SA is a leading provider of environmental services to the steel and aluminum industries, its most important business being the collection of steel dust from mini-mills and recycling of the contained zinc. The German-based company enjoys high barriers to entry, stable customer relationships and the secular trend of increasing ESG regulation. With a footprint focused on Europe, Befesa is by far the dominant player in this growing market. Expansion into Turkey, South Korea and the U.S., and a first-mover advantage in the potentially massive Chinese market provide the company significant blue sky to further grow the business. However, its share price came under pressure during the quarter as weak industry volumes and lower zinc and aluminum prices could weigh down the group's short-term profitability.

Hong Kong-listed Galaxy Entertainment is one of Macau's leading casino operators. Macau gaming stocks underperformed during the quarter due to market concerns over China's macro outlook and following the sharp bounce in their share prices late last year. This is despite the continued improvement in Macau gaming activities since China abandoned its zero-COVID policy. In addition to its attractive oligopolistic position in the world's largest gaming destination, we like Galaxy's debt-free balance sheet and its large land bank, which provide the clearest long-term growth profile in Macau. The company is expected to launch Phase III of its integrated resort over the coming months, which has the potential to drive market share gains. Along with its Phase IV pipeline, Galaxy should be able to double its current footprint and will represent Macau's only mega-casino expansion at least until 2032.

The Fund purchased one name and sold another. We stayed on the sidelines amid the AI technology frenzy as we continued to focus on companies with high quality businesses, defensible growth and reasonable valuations. Sector and country allocation remained unchanged for the quarter.

The Fund sold out of a small positon in Foxtons Group plc (Real Estate sector), a U.K. residential real estate broker that operates in London and its surrounding suburbs, in the context of a deteriorating U.K. economy and increasing interest rates there. Though management had turned around the company in recent years with a focus on the rental management business, the relative illiquidity of the stock made it difficult to build a meaningful position in it and we decided to move on.

We purchased Scout24 SE (Communication Services sector), which operates Immoscout24, Germany's leading online platform for buying, selling and renting residential and commercial real estate in Germany. Founded in 1998, the company generates most of its revenues from subscriptions, primarily to professional real estate agents who pay for the ability to post listings on the company's platform, but also to consumers who pay to have preferential access to new rental and sale listings. With nearly twice the inventory of its closest competitor, Scout24 benefits strongly from network effects. We like the fact that real estate advertising in Germany still has further room to migrate online, and we like the strong balance sheet and shareholder-friendly capital allocation of management following the sale of the group's automotive advertising business, AutoScout24, in 2020, since which the company has repurchased approximately 30% of its outstanding shares in the open market.

Outlook and Conclusion

In our opinion not much has changed in the last several months, aside from stocks grinding higher based on increased expectations for a soft landing or perhaps because of a market narrowly focused on AI-themed stocks, which comprise most or all of recent market gains, at least in the U.S. market. We remain skeptical that the global economy can avoid a recession, however, and view ongoing strength in demand as an echo of the inflationary policies pursued during the pandemic. There are growing signs of weakness in goods-related markets, with falling sales volumes and rising inventory levels across a number of sectors and geographies, as well as initial indications of softness in employment. Note that European retail sales volumes are recently falling at a 3% year over year rate, a number indicative of recession. With the peak in inflationary pressure in mid-2022 now annualizing, it will become increasingly clear that interest rates are too high given current economic conditions, regardless of hawkish statements from central bankers.

Perhaps it is a function of being based in San Francisco, which as the global technology capital is at the forefront of the work from home trend, but we think that financial markets may be continuing to underestimate the potential consequences of falling commercial real estate prices. In the last few months, for example, there have now been at least three class A office buildings here sold at approximately 70% discounts to their pre-pandemic valuations, as well as two large hotels and the city's largest shopping mall returned to their respective lenders. The implications for the balance sheets of banks and other lenders against commercial real estate are yet to be fully digested by markets, in our opinion. In addition, the fiscal knock-on effects from reduced property tax receipts and structurally lower transit ridership will require a coordinated policy response in the years to come.

Broadening weakness in Europe and North America has been concentrated in the manufacturing sector, while services including travel and leisure continue to benefit from a post-pandemic bounce. The shortage of semiconductor chips last year, which created bottlenecks in production in autos, appliances and electronics, among a number of other categories, appears to have turned into a glut, and we have seen inventories start to rebuild across markets. Manufacturing Purchasing Manager Indices are now in contractionary territory in virtually every developed

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economy, led by Germany, which has chosen to deindustrialize in the name of battling climate change and Russia. However, weakness is also evident in the U.S. and Japan. The U.S. has been the beneficiary of a significant nearshoring trend and Japan has resisted the global trend toward monetary tightening, which is putting downward pressure on demand elsewhere. As a result, the yen continues to plumb new multi-decade lows in real terms. While we would normally consider a cheap currency as a bullish signal for the economy and markets, Japan continues to face serious structural challenges, led by poor demographics and sovereign debt levels greater than 200% of gross domestic product.

Meanwhile, the all-important Chinese economy has been faltering, with expectations of a strong post-COVID bounce so far mostly disappointed. The glut of debt-funded real estate and perhaps renewed nervousness about the Chinese Communist Party's commitment to property rights, combined with rising geopolitical risks and questions about China's continued access to advanced semiconductors have put a damper on spirits. The ongoing rise in the rate of youth unemployment, which has recently set record highs, has also undoubtedly garnered the attention of the Chinese authorities.

The war in Ukraine continues to represent a tail risk, though so far it is had little effect on stock prices in Europe or North America. Nonetheless, we think that the prevailing Western narrative of an inevitable Ukrainian victory is proving increasingly hard to imagine, and that the existential nature of the conflict to all three parties to it makes a negotiated settlement unlikely in the near term, leading to the current dangerous dynamic of ratcheting escalation with no obvious off-ramp.

So while market chatter in many countries continues to be focused on inflation, we remain convinced that this is backward looking and that deflation is likely to be the greater threat over the medium term. We do not put much stock in the predictions of the same central bankers who missed the most obvious set up for accelerating inflation in our careers. Frankly, there was never anything transitory about it. We think that given the collapse in money growth and the cresting of inflationary pressures more than a year ago, interest rates are likely to fall sharply in the coming year, and that economic activity could be surprisingly weak. The challenge for equity investors will be navigating a world of simultaneously falling interest rates and shrinking corporate earnings.

We continue to be cautious about the prospects for demand and profits in the coming quarters, and think that the weakness in revenues and margins will likely overwhelm the expected fall in discount rates as the recession bites. As a result, we remain relatively defensively positioned, with continued outsized exposures to Health Care, as well as reasonably valued structural growers in Communication Services, Information Technology, Industrials and Financials. We also still like the long-term outlook for Energy stocks given ongoing underinvestment in oil and gas production. Finally, more than ever, we think an emphasis on resilient business models with strong balance sheets will help cushion the blow from any weakness in demand in the year to come.

Fund Facts (As of 06/30/23)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	03/01/93	**SWRLX**	89154Q216	1.41%	1.37%
C Shares	05/04/98	**SWFCX**	89154Q190	2.72%	2.00%
Y Shares	08/27/07	**SIIEX**	89154Q182	1.20%	1.00%
INST Shares	10/30/17	**TOIIX**	89154Q158	1.35%	0.90%
Total Fund Assets	**$114.2 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 1.36% for Class A Shares, 1.99% for Class C Shares, 0.99% for Class Y Shares and 0.89% for Class INST Shares. These expense limitations will remain in effect until at least 10/29/23.

Share class availability differs by firm.

Annualized Total Returns** (As of 06/30/23)

	2Q23	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	2.96%	12.73%	16.99%	8.92%	3.74%	5.45%	6.50%
C Shares	2.80%	12.39%	16.27%	8.17%	2.83%	4.49%	5.96%
Y Shares	3.00%	12.91%	17.46%	9.33%	4.09%	5.84%	6.71%
INST Shares	3.07%	13.01%	17.54%	9.43%	4.20%	5.89%	6.72%
Benchmark^	2.95%	11.67%	18.77%	8.93%	4.39%	5.41%	5.83%
Including Max Sales Charge							
A Shares	-2.17%	7.06%	11.14%	7.08%	2.52%	4.92%	6.32%
C Shares	1.80%	11.39%	15.27%	8.17%	2.83%	4.49%	5.96%

^Benchmark - MSCI EAFE Index[1]

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

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The performance presented for Class C, Y, and INST Shares combines the performance of an older class of shares (A Shares) from the Fund's inception, 03/01/93, with the performance since the inception date of each share class.

Top 10 Equity Holdings of Fund (As of 06/30/23)

		(% of Portfolio)
1	Convatec Group Plc	3.8
2	Medtronic PLC	3.6
3	Accor SA	3.6
4	TotalEnergies SE	3.4
5	Cie Gnrl des Etblsmnts Michelin SCA	3.2
6	Novartis AG	3.2
7	Koninklijke Philips NV	3.2
8	Sanofi	3.0
9	Galaxy Entertainment Group Ltd.	2.9
10	Nestle SA	2.9

Source: BNY Mellon Asset Servicing

Not FDIC Insured | No Bank Guarantee | May Lose Value

[1]The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance excluding the U.S. and Canada.

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 foreign and emerging 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 due to their smaller economies. 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. Current and future portfolio holdings are subject to change. 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.

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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