Fund Manager Commentary

As of June 30, 2023

Fund Highlights

- The Fund seeks long-term growth of capital, investing primarily in equity securities of non-U.S. companies of any size, but generally focuses on larger, more established companies
- Applies bottom-up security analysis that includes fundamental, sector-based research in seeking to identify businesses that have high or improving returns on capital, barriers to competition and compelling valuations
- Selects investments based on an evaluation of a company's sustainability practices which considers and analyzes the potential Environmental, Social and Governance (ESG) impacts and risks of a company, how well the company manages these impacts and risks, and ascertains the company's willingness and ability to take a leadership position in implementing best practices

Market Recap

The second quarter of 2023 was a period of stabilization within the financial sector and enthusiasm for companies involved in artificial intelligence (AI). The MSCI All Country World Index rose 6.2% during the quarter; volatility continued to compress from recent highs of 26 (March 2023) to finish the quarter below 14. Economic indicators released in April showed decelerating U.S. trends with Personal Spending, ISM Manufacturing, and JOLTS Job Openings all directionally lower.

The U.S. regional banking crisis persisted through May with weaker earnings from First Republic Bank, briefly resurrecting concerns about the U.S. financial system and creating a broader market selloff. In early May, regulators seized First Republic, which JP Morgan subsequently bought. The transaction failed to stabilize deposit flight and solvency concerns, and the First Horizon-TD Bank merger's termination caused the S&P Regional Bank ETF to decline over 15% in four days. However, a wave of strong earnings prints across several sectors at the end of the month alleviated a potential market fall.

Capital market sentiment turned positive in June after encouraging U.S. economic releases, such as Housing Starts, University of Michigan Consumer Sentiment, and Durable Goods New Orders Ex. Transportation all came in ahead of expectations. June inflation indicators continued to slow, and the U.S. Federal Reserve (Fed) responded by briefly pausing rate hikes. There is greater investor confidence in global economies avoiding a severe recession in 2023, which has been steady overall despite the U.S. regional bank crisis. U.S. gross domestic product forecasts have risen since mid-June from 1.1% to 1.3%. Comparable forecasts for the Eurozone have been stuck at 0.6% since April, while Japan has moved higher by 20 basis points to 1.2% in June.

While banks grabbed early headlines, AI was all the rage during the second half of second quarter. AI ETFs were up over the quarter and outperformed the S&P 500 Equal Weighted Index, which was already up 4%. Companies such as Microsoft, Alphabet, and NVIDIA are widely viewed as near-term AI beneficiaries, but optimism surrounding AI has also elevated their technology peer valuations resulting in significant market capitalization concentration in the U.S. equity market. As of June, the 10 largest companies represented nearly 32% of the S&P 500 Index. The Index has never been so top-heavy going back to 1985. In the "Dot Com" era, the top 10 represented 24% of the total. We are by no means calling for these stocks to imminently crash. Rather, we highlight this data to relay our views that perhaps valuations of these highly profitable technology companies are already embedding significant growth, making further multiple expansion challenging.

Portfolio Review

The Touchstone International ESG Equity Fund (Class A Shares Load-Waived) outperformed its benchmark, the MSCI All Country World Ex USA Index, for the quarter ended June 30, 2023.

The Industrials sector was the largest contributing sector during the period due to positive performance from Hitachi and ABB. Hitachi benefitted from a general recovery of construction-focused industrials companies. Hitachi is a global leader in power grid solutions where backlog has doubled to $20 billion over the past 3 years, according to Bloomberg New Energy Finance (BNEF). The market is estimated to grow at 6%+ CAGR. Hitachi's decision to streamline its operations (divestitures) and focus on "green" infrastructure projects will contribute to an accelerated revenue growth (5%-9%) outlook compared to history (2%-5%). ABB

(continued)

outperformed during the quarter as supportive end-market data in areas such as nonresidential construction increased confidence in continued organic growth in the coming quarters. Management recently upgraded their full year outlook and reiterated their commitment to sustaining current margin levels.

Tokyo Electron (Information Technology sector) and Philips N.V. (Health Care sector) were both significant contributors during the period. Tokyo Electron benefitted as excitement over Artificial Intelligence (AI) provided a boost to semiconductor and Wafer Fab Equipment (WFE) stocks. Tokyo Electron is a large diversified WFE company with a focus on photoresist processing. Slowing semiconductor demand in 2022 led to higher inventory levels and subsequently drove a capex cut by the industry in 2023. We believe that capex is in the late innings of a troughing cycle with growth resuming in 2024. To put this into perspective, WFE spending in 2019 was $51 billion and rose to $94 billion in 2022. This year, it is forecasted to decline towards $75 billion, and then rebound in 2024 to around $80-$85 billion. Philips N.V. shares are reversing the struggles of 2022 when supply chain issues and the recall of their Dream Station CPAP device led to underperformance. Philips announced positive earnings results in April, building on recent comments by the CEO, Roy Jakobs, that the company will likely reach a settlement on economic damages over the recall of respiratory devices.

Financials was the largest detracting sector as holdings in Lloyd's Banking Group and Handelsbanken took away from performance. Concerns over margin compression amid pressure to re-price deposits, mortgage spreads, and credit conditions from higher rates weighed on Lloyd Banking Group's stock. First-quarter results released in May were mixed, a beat on profit driven by lower costs and provisions but offset by weakness in net interest income. Handelsbanken underperformed on concerns that the slowing property market will negatively impact earnings growth and net interest margin will compress from a cyclical peak. On average, Swedish banks have a loan to value on their real estate portfolio of TotalEnergies SE (Energy sector) was one of the most significant detractors as weaker crude and natural gas prices negatively affected performance. Additionally, the company's embrace of less profitable energy transition technologies such as renewable power has likely raised its cost of capital in the eyes of investors, although we view this as a long-term positive for the company's social operating license and strategy. We recognize that crude prices sold off on recession fears, but maintain our positive view given rebounding Chinese economic activity, prospects of supply discipline by OPEC members, and the disappearance of supply risk premium associated with the Ukraine-Russia war.

The Fund's portfolio initiated a position in Shell Plc (Energy sector), the multinational oil and gas company based in the UK. We believe the company's highly competitive cost position in oil and gas markets as well as their leading position in cleaner fuel markets, such as LNG, should drive resilient earnings growth ahead of expectations. Further, management has a highly attractive capital allocation policy characterized by robust returns to shareholders, which helps to support downside risk. While the company has become less embracing of renewable energy technologies relative to its European peers, we remain encouraged by Shell's continued outperformance on emissions reduction, in addition ongoing investment in lower-carbon fuels and internal decarbonization. The strategy did not exit any positions during the period.

Outlook and Conclusion

We started the year with the belief that a material deterioration of earnings was unlikely given disinflationary pressures and robust employment levels. Our positive view of equity valuations earlier this year is now being recognized by the broader market and valuation levels are beginning to break out of the fair value range with robust multiples in the Information Technology sector. Inflation rates continued to recede globally, and policy expectations in the U.S. and Europe indicate the possibility of a concluding hiking cycle in the coming months. China released mildly disappointing economic data, such as weaker imports, industrial production, and retail sales. China's data have been consistently disappointing, and the country remains a growth risk for the global economy. Reviewing the S&P 500 Index's 2023 earnings expectations, the market is currently expecting no growth (year over year) in aggregate, which implies market movements this year are a function of multiple expansion. As a result, attractive risk reward opportunities are dwindling compared to the start of the year. As earnings season starts up again in the coming week, investor focus will be aimed at consumer health and spending patterns as well as policy induced spending trends, a revitalization of revenue growth across many sectors will be critical to preserving current valuations.

Fund Facts *(As of 06/30/23)*

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	12/03/07	**TPYAX**	89155H579	1.59%	1.17%
C Shares	12/03/07	**TPYCX**	89155H561	2.72%	1.95%
Y Shares	08/12/08	**TPYYX**	89155H553	1.30%	0.90%
INST Shares	08/23/19	**TPYIX**	89155T532	1.18%	0.89%
Total Fund Assets	**$24.0 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 1.17% for Class A Shares, 1.95% for Class C Shares, 0.90% for Class Y Shares and 0.89% for Class INST Shares. These expense limitations will remain in effect until at least 01/29/24.*

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	5.59%	14.31%	18.19%	7.85%	4.92%	6.09%	4.22%
C Shares	5.50%	13.91%	17.49%	7.08%	4.17%	5.47%	3.83%
Y Shares	5.86%	14.43%	18.74%	8.18%	5.22%	6.38%	4.47%
INST Shares	5.87%	14.46%	18.66%	8.21%	5.24%	6.39%	4.48%
Benchmark^	2.44%	9.47%	12.72%	7.22%	3.52%	4.75%	1.97%
Including Max Sales Charge							
A Shares	0.26%	8.54%	12.33%	6.01%	3.67%	5.47%	3.82%
C Shares	4.50%	12.91%	16.49%	7.08%	4.17%	5.47%	3.83%

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

^The MSCI All Country World Ex-U.S. Index is an unmanaged, capitalization-weighted index composed of companies representative of both developed and emerging markets excluding the United States.

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.

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 and INST Shares combines the performance of an older class of shares (A Shares) from the Fund's inception, 12/03/07, 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	Sony Group Corp.	4.4
2	Schneider Electric SE	4.1
3	Taiwan Semiconductor Mfg. Co. Ltd.	4.0
4	ICICI Bank Ltd.	3.9
5	Shell Plc	3.9
6	Hitachi, Ltd.	3.7
7	Air Liquide SA	3.7
8	Deutsche Post AG	3.7
9	Lloyds Banking Group PLC	3.4
10	Tokyo Electron Ltd.	3.3

Source: BNY Mellon Asset Servicing

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 stocks of small- and mid-cap companies, which may be subject to more erratic market movements than stocks of larger, more established companies. The Fund invests in preferred stocks which are relegated below bonds for payment should the issuer be liquidated. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing their price to decline. The Fund invests in foreign, emerging and frontier 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, and in frontier markets due to their smaller and less developed economies. The sub-adviser considers ESG factors that it deems relevant or additive along with other material factors. The ESG criteria may cause the Fund to forgo opportunities to buy certain securities and/or gain exposure to certain industries, sectors, regions and countries. The Fund may be required to sell a security when it could be disadvantageous to do so. 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 convertible securities which are subject to the risks of both debt securities and equity securities. 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. 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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