

Fund Manager Commentary

As of June 30, 2021

Fund Highlights

- Invests primarily in international equity securities of large capitalization companies believed to offer the best opportunity for reliable growth at attractive stock valuations.
- Utilizes a bottom-up idea-driven growth style with a long-term investment horizon, coupled with a distinct valuation discipline
- Seeks to identify companies which are believed to exhibit certain quality characteristics, including:
 - Predictable growth
 - Solid fundamentals
 - Attractive profitability
 - Successful managements

Market Recap

The rebound in Value stocks that began in September of 2020, appears to have at least paused and possibly ended in March of 2021. The Value rebound was not surprising considering its severe underperformance earlier in 2020, and many previous years of lagging the Growth indices. COVID-19 had a particularly negative effect on the earnings of many “Value” companies. We believed that as the impact of the virus recedes, “Value” companies would return to their pre-COVID levels. That said, we believe that after the potential of an economic recovery is largely factored into the intermediate and long-term earnings and prices of “Value” companies, the outlook for these businesses will remain subdued. This is a direct result of the digital / internet / microprocessor world we live in today. Technology creates productivity, which in turn generates constant pricing pressure across all industries, resulting in low inflation. During the decade or more leading up to the COVID-19 pandemic, the global economy was characterized by slow growth, low inflation, and low interest rates, which was an inhospitable environment for Value stocks. As the world normalizes post-pandemic, we believe a similar economic environment could gradually re-occur.

Portfolio Review

The Touchstone International Fund (Class A Shares Load-Waived) underperformed its benchmark, the MSCI All Country World ex-U.S. Index, for the quarter ended June 30, 2021.

Both stock selection and sector allocation detracted from relative performance. The Fund’s underperformance in the first quarter was primarily the result of stock selection in the Consumer Discretionary and Financials sectors. The Fund’s selection in the

Information Technology and Health Care sectors contributed. The overweight to China was a modest detractor from relative performance.

The top contributors to performance in the quarter included Anta Sports Products Ltd., Sonova Holding AG, and Nexi SpA. Anta Sports Products provided an update on first quarter sales that was better than expected. Sales in both online and offline channels across their various brands were above pre-COVID levels. Anta also benefited from the Xinjiang cotton issue as Chinese customers chose domestic brands over foreign brands such as Nike and Adidas. Although this controversy has subsided, demand in China for premium branded sportswear remains strong and has helped Anta gain share. Sonova reported better than expected fiscal year 2021 earnings and guided revenue and earnings for next year well above previous expectations as they as they saw business reaccelerate to pre-pandemic forecast levels. Management also indicated structural changes made prior to COVID-19 would result in more permanent cost savings leading to improved margins and the restart of its dividend and share buyback programs. Strong domestic payment volumes in Italy led Nexi to report quarterly revenue and earnings above expectations and to raise guidance for the full year, despite some restraints due to a lack of tourism and travel. We believe Nexi should benefit from recent acquisitions and the recovery of more discretionary and travel-related purchases.

Fund holdings that contributed the least to performance in the quarter included New Oriental Education & Technology Group Inc., Autohome Inc., and JD.com, Inc. Regulatory uncertainty has resulted in numerous cuts to revenue and earnings expectations for New Oriental Education over the last several months. Local governments throughout China have increased their scrutiny of the

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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.**



educational services providers, and rumors of the implementation of severe limitations to tutoring hours, among other draconian measures, abound. The Fund continues to hold the position in anticipation of the release of an official, presumably less-onerous, announcement from the Chinese government and we believe New Oriental will offset any commensurate decline in revenue with share gains as smaller players are forced to leave the market. Autohome has suffered from a poor outlook for Chinese auto sales this year due to a shortage in the computer chips required for new autos, and uneven growth as sales recover from COVID. However, given the company's shift towards digital advertising, servicing and customer acquisition, we believe Autohome could emerge as an even stronger operator in the new and used auto market. JD.com had a solid quarter with revenue and earnings easily beating consensus, but it announced heavy investments in rural expansion, logistics and technology resulting in a sharp decline in free cash flow.

Portfolio activity did not result in a meaningful change in sector or geographic exposure.

Outlook and Conclusion

The global economy has experienced a significant rebound over the past nine months, albeit unevenly, driven by the rollout of the COVID-19 vaccines. However, in many countries coronavirus trends remain problematic, particularly in emerging markets. The accelerating transmission of the Delta variant is worrisome and is leading to additional lockdowns throughout the world, potentially placing the global economic recovery in jeopardy. This variant is also calling into doubt the effectiveness of the vaccines, creating significant concerns. At this time, we believe the world economy will continue to improve, but the Delta variant does create an additional hurdle to overcome. Historically, bear markets are extremely difficult to forecast.

Today, many "bears" believe the next bear market will be caused by inflation. If the current supply chain inflation and labor shortages evolve into a sustained rise in inflation to levels exceeding three percent, central banks could begin to raise rates significantly, perhaps leading to a decline in most asset classes including public equities.

We believe the Fund is positioned well given its reasonable valuation, substantial revenue and earnings growth, the low interest rate environment, and the likely improvement in the global economy. Our investment approach is built on the simple concept that "Earnings Win". We believe that over time, businesses appreciate in value as their earnings grow. The Fund's portfolio companies' earnings grew largely as expected before the pandemic, remained solid (albeit a bit less than expected) during the pandemic and we believe will continue to grow.

As of June 30, 2021, Anta Sports Products Ltd. made up 2.96%, Sonova Holding AG made up 2.30%, Nexi SpA. made up 3.69%, New Oriental Education & Technology Group Inc. made up 2.67%, Autohome Inc. made up 1.45% and JD.com, Inc. made up 5.34% of the Touchstone International Growth 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 06/30/21)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio*	
				Total	Net
A Shares	08/15/16	TNSAX	89154X427	2.24%	1.24%
C Shares	08/15/16	TNSCX	89154X419	3.38%	1.99%
Y Shares	08/15/16	TNSYX	89154X393	1.20%	0.99%
Inst Shares	03/28/12	TNSIX	89154X385	1.12%	0.89%

Total Fund Assets \$101.4 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 1.24% 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 10/29/21. Share class availability differs by firm.

Annualized Total Returns** (As of 06/30/21)

Class	2Q21	YTD	1 Year	3 Year	5 Year	Inception
Excluding Max Sales Charge						
A Shares	3.79%	4.28%	31.51%	10.72%	15.08%	12.27%
C Shares	3.57%	3.86%	30.55%	9.89%	14.22%	11.43%
Y Shares	3.89%	4.44%	31.93%	11.00%	15.33%	12.51%
INST Shares	3.86%	4.47%	32.00%	11.11%	15.47%	12.59%
Benchmark ¹	5.48%	9.16%	35.72%	9.38%	11.08%	6.76%
Including Max Sales Charge						
A Shares	-1.41%	-0.90%	24.92%	8.55%	13.73%	11.55%
C Shares	2.57%	2.86%	29.55%	9.89%	14.22%	11.43%

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

¹Benchmark - MSCI All Country World Ex-U.S. Index¹

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**The performance presented for Class A, C and Y Shares combines the performance of an older class of shares (INST Shares) from the Fund's inception, 03/28/12, with the performance since the inception date of each share class.

¹Effective September 12, 2020, the Touchstone International Small Cap Fund was renamed Touchstone International Growth Fund and its principal strategies were changed and DSM Capital Partners was appointed sub-advisor.

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.

¹The 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.

A Word About Risk

The Fund invests in equities which are subject to market volatility and loss. The Fund invests in growth stocks which may be more volatile than investing in other stocks and may underperform when value investing is in favor. The Fund invests in convertible securities which are subject to the risks of both debt securities and equity securities. 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 securities, including 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 Fund invests in emerging markets securities which are more likely to experience turmoil or rapid changes in market or economic conditions than developed countries. The Fund may focus its investments in specific sectors and therefore is subject to the risk that adverse circumstances will have greater impact on the fund than on the fund that does not do so. Banks and financial services companies could suffer losses if interest rates rise or economic conditions deteriorate. The Fund is non-diversified, which means that it may invest a greater percentage of its assets in the securities of a limited number of issuers than a diversified fund and may be subject to greater risks. Events affecting the financial markets, such as a health crisis, 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. Current and future portfolio holdings are subject to change. 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.

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Not FDIC Insured | No Bank Guarantee | May Lose Value

