Touchstone International Growth Fund

Sub-Advised by: DSM Capital Partners LLC

International Equity – Large-Cap Growth 2Q/2023

Fund Manager Commentary

As of June 30, 2023

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

Capital markets produced mixed results in the second quarter. The European Central Bank and Bank of England each raised interest rates twice during the quarter as core inflation crept higher, affecting both economies. Meanwhile, the Bank of Japan, despite observing higher than expected inflation and generally positive macroeconomic data, maintained its expansionary monetary policy by holding rates steady. The U.S. dollar was mixed against major developed market currencies during the quarter, rising against the euro and yen but depreciating compared to the pound. The rise vis-à-vis the euro followed poor economic activity data and hawkish central bank comments while the yen's decline reflects the Bank of Japan's continued loose monetary policy stance. In the emerging market economies, China's reopening after the COVID lockdowns showed signs of cooling because of weak domestic and foreign consumer demand while India reported positive foreign inflows and encouraging economic data.

Developed market equities outperformed emerging markets. The MSCI EAFE Index, a developed markets index, rose 3.0% in U.S. dollar terms compared to the MSCI Emerging Markets Index, which rose 0.9%. Japan, France, and Switzerland led developed markets, while Hong Kong and Singapore were detractors. The MSCI Emerging Markets Index was led by strong performances in India, Brazil, and Taiwan while China, South Africa, and Thailand were the biggest detractors.

Portfolio Review

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

The Fund's slight outperformance in the second quarter versus the benchmark was the result of our selections in the Health Care sector, and our selections and underweight versus the benchmark in the Consumer Staples sector. Our selections in the Information Technology sector detracted from performance.

Among the top contributors to performance in the quarter were Grifols SA, Alcon Inc. (both Health Care sector), Dollarama Inc. (Consumer Discretionary sector), ICICI Bank Ltd. (Financials sector) and Globant SA (Information Technology sector). Among the holdings that contributed the least to performance in the quarter were Endava PLC, NICE Ltd. (both Information Technology sector), Evolution AB (Consumer Discretionary sector), Stroeer SE & Co. KGaA (Communication Services sector) and Sonova Holding AG (Health Care sector).

Grifols reported first quarter revenue and earnings above expectations and raised guidance modestly. In addition, the company could benefit from a recent EU decision to allow compensation for plasma donations, which should boost supply and eventually lead to lower supply costs and higher margins. Alcon's quarterly revenue and earnings also beat expectations, and good gross and operating leverage led to stronger than expected margins. While the company did raise guidance, they still expect markets to grow at or slightly below historical averages over the second half of 2023 due to inflation and persisting supply chain pressures. However, we believe management is being very conservative, making Alcon's valuation quite attractive for a defensive, dominant franchise. Inflation and broad-based consumer demand led Dollarama to report strong comps and earnings for the first quarter. They saw traffic gains across demographics, among

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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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both existing customers and those who have traded down, driven by their value proposition and retailing strategy without participating in promotional activities like their competitors.

As the smallest/least diversified of our IT consulting companies, Endava was the most vulnerable to the negativity surrounding the financial sector with the banking failures and higher interest rates/lower availability of capital, which particularly affected Private Equity. Due to this exposure, the company reported March quarter earnings slightly above expectations, but drastically lowered guidance for the June quarter. However, management did indicate that its sales teams were seeing increased interest and activity so we are hopeful business would improve over the next few quarters especially as they help their clients to invest in AI in an effective manner. NICE reported a decent quarter and guide as cloud continues to grow strongly and they see less competitive intensity, but gross margins were down and there are concerns that generative AI will hurt rather than help their business. Meanwhile, NICE believes AI will allow customers' agents to be more productive, work on the most complex issues, and lower costs. The company can charge more for AI because it saves customers so much money when complimenting expensive labor. Sonova reported small operational misses on the top and bottom lines, and sharply lowered guidance. In addition to losing a contract with Costco, which they had announced last year, it seems they lost additional share likely due to their price hikes that were not followed by competitors, as well as some new competitive entries.

At the end of the quarter, the Fund's portfolio was invested in the Communication Services, Consumer Discretionary, Consumer Staples, Financials, Health Care, Industrials and Information Technology sectors.

"Blue chip" is the common theme across our purchases over the past thirteen months. Our focus has been on transforming the Fund's portfolio into what we believe is an ever-higher quality, predictable group of stellar growth companies that we anticipate holding for many years. We continue to lean heavily into digital transformation themes and the stocks that leverage or benefit from it. AI, machine learning, and most recently generative AI are having a profound impact on all businesses across all industries. The demand for software, networking equipment, specialized chips, semiconductor production, cloud infrastructure, and IT services will only continue to grow as nearly every company becomes increasingly focused on technology to improve its operations within its respective industry.

The Fund portfolio's revenue and earnings growth in the first quarter was quite strong at 20% and 19% respectively, based on our calculations, with second quarter reporting starting soon. Despite a challenging economic environment, the companies we invest in are largely generating the earnings growth we expected and should continue to going forward, in part driven by further investments in AI. Many believe that generative AI will prove to be a historically transformative event, much as the rollout of the internet was almost three decades ago. Should that prove to be the case, AI could have a very positive, direct and sustained impact on the portfolio.

Outlook and Conclusion

In our view, the economic outlook in the U.S. and Europe will be determined by how quickly inflation declines because of U.S. Federal Reserve Board and ECB tightening. The more rapidly inflation falls, the lower the pressure on both central banks to raise rates, thereby enhancing the potential for a "soft landing" or "muddle through" economic outcome. Despite higher interest rates, moderately slower consumer spending, and pressure in the financial sector, estimates for U.S. GDP growth in 2023 have steadily risen since reaching a low last December. While 1.3% annual GDP growth is hardly robust, it may suggest a muddle through scenario rather than the recession that many economists and market observers have predicted since last summer. Certainly, the outlook for U.S. economic growth has thus far defied recession expectations. That said, economists generally agree that tightened monetary policy works with a twelve-to-eighteen month lag, indicating that a recession might occur in late 2023 or early 2024.

Europe's macroeconomic outlook remains more tenuous than the U.S., but the European economy may also muddle through. It seems that the ECB's much tighter money supply growth has resulted in sharply lower producer prices over the past couple of months. Lower inflation is supporting profits in Europe's critical manufacturing sector, as are much lower natural gas prices, which are also helping consumers and businesses recover some of their spending power. Unfortunately, retail sales in Germany have been disappointing and manufacturing PMIs have sunk into the low to mid-40's range for many countries. The Bank of England, the UK's central bank - where inflation remains stubbornly high, and the European Central Bank persist on paths to higher interest rates, the impact of which will not be fully reflected until well into 2024.

The outlook for China continues to disappoint relative to expectations for robust growth earlier this year when the government terminated its zero-tolerance COVID program. After underwhelming data was released for April and May, numerous economists lowered their 2023 GDP forecasts for China by up to half a percent. In addition, U.S. and EU policies continue to hamper China's technological and economic progress via intensifying export restrictions, tariffs on imports, and opposition to American corporate investment in the country. Outside of travel and some healthcare subsectors, the feedback from international companies operating in China is that the recovery is not as strong as initially projected.

Though we have not typically called out India, we feel it is worth noting due to the country's very strong GDP growth and impressive consumer, industrial, and banking activity, which is about the best in the world for a large developing economy. As India's economy seems generally driven by internal dynamics and not as buffeted by world events and macro conditions, it seems worthwhile to look for companies that may benefit from this solid growth. Of note, we do continue to hold some Indian banks in the portfolio and they have reported robust results.

We believe our concentrated portfolio built on a foundation of reasonable valuations and a focus on quality/growth companies is as relevant as ever. There is a simple reason why. Businesses appreciate in value as earnings grow and, in our view, this portfolio has the substantial earnings growth necessary to drive market

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values upward. Earnings are what drive businesses and together with valuation are overwhelmingly important “factors” to consider when investing. In time we expect that the steadfastness of our investment process will be amply rewarded, however we do understand that perhaps the most difficult facet of investing is patience.

Given the economic resilience of the Fund’s portfolio along with its reasonable valuation and a normalized mid-to-high teens earnings growth rate going forward, we believe this portfolio of premier quality growth businesses is well positioned for the intermediate and longer-term investor willing to look through potential near-term volatility. As the economy continues to grow, albeit slowly, and inflation continues to fall, the probability of a significant recession declines. A “muddle through” scenario has become more possible, but is certainly not assured. Now, we continue to expect that global markets will trend higher despite well-publicized macro and geopolitical risks. However, as we have said repeatedly over the years, “bull markets climb a wall of worry” and in our view the market’s direction remains upward.

Fund Facts (As of 06/30/23)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	08/15/16	**TNSAX**	89154X427	2.62%	1.24%
C Shares	08/15/16	**TNSCX**	89154X419	3.62%	1.99%
Y Shares	08/15/16	**TNSYX**	89154X393	1.31%	0.99%
Inst Shares	03/28/12	**TNSIX**	89154X385	1.32%	0.89%
Total Fund Assets	**$61.1 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 10/29/23.

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	3.17%	10.25%	8.74%	-0.73%	0.19%	7.12%	7.13%
C Shares	3.04%	9.92%	7.95%	-1.44%	-0.54%	6.32%	6.34%
Y Shares	3.25%	10.42%	9.00%	-0.45%	0.45%	7.36%	7.37%
INST Shares	3.31%	10.52%	9.16%	-0.36%	0.56%	7.45%	7.45%
Benchmark^	2.44%	9.47%	12.72%	7.22%	3.52%	4.75%	4.63%
Including Max Sales Charge							
A Shares	-1.98%	4.78%	3.33%	-2.42%	-0.99%	6.48%	6.57%
C Shares	2.04%	8.92%	6.95%	-1.44%	-0.54%	6.32%	6.34%

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 - MSCI All Country World Ex-U.S. Index[1]

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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.

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

		(% of Portfolio)
1	Capgemini SE	6.4
2	AstraZeneca Plc	6.2
3	HDFC Bank Ltd.	5.6
4	ICICI Bank Ltd.	5.2
5	Nice Ltd.	4.9
6	ASML Holding NV	4.9
7	Evolution AB	4.6
8	NVIDIA Corp.	4.2
9	Dollarama, Inc.	3.8
10	Globant S.A.	3.6

Source: BNY Mellon Asset Servicing

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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[1]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.

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. 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 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.

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