

## Fund Manager Commentary

As of September 30, 2024

### Fund Highlights

- Targets value securities, emphasizing stocks of companies based in non-US developed and emerging market countries diversifying its portfolio through exposure to various international economies and sectors
- Generally, invests in companies that have a market capitalization of \$20 million or more at the time of purchase ensuring investment in established companies with reasonable scale and stability
- Focuses on companies whose securities are currently undervalued in the market but demonstrate signs of recent improvement in business performance or market valuation designed to identify and capitalize on recovering companies before their full value is recognized by the market
- Uses a sophisticated quantitative model, which analyzes various data points to generate buy or sell signals to minimize emotional bias and use empirical data to guide the buying and selling of securities within the fund's portfolio

### Market Recap

During the third quarter, a significant rotation took place in international markets away from mega-cap stocks towards a broader range of sectors and market segments with Value outperforming Growth and Emerging markets bouncing back. International equity market returns outperformed in the third quarter of 2024 with emerging markets outperforming developed international stocks. The MSCI ACWI ex-U.S. Index gained during the quarter. Developed international equity markets, as measured by the MSCI EAFE Index were up but lagged the MSCI ACWI ex-U.S. Index slightly. Emerging markets largely outperformed developed markets. From a style perspective, international value stocks outperformed growth over the quarter—the MSCI ACWI ex-U.S. Value Index outperformed its Growth Index counterpart. From a sector perspective, nine of the eleven broad sectors posted gains over the quarter with Real Estate, Utilities, and Communication Services stocks faring the best for the period while the Information Technology and Energy sectors lagged.

Central banks were active over the period with September registering the most global central bank policy rate cuts since April of 2020. On September 12, 2024, the European Central Bank's (ECB) Governing Council decided to cut the deposit facility rate by 25 basis points, from 3.75% to 3.50%. This marks the second interest rate reduction by the ECB in 2024, following a previous cut in June. The ECB emphasized that it would continue to follow a data-dependent approach which reflects the ECB's ongoing efforts to balance economic growth concerns with the need to control inflation in the eurozone. In September, the Bank of

England decided to hold rates steady reflecting a more cautious approach, as it monitors the effects of the August rate cut and continues to assess inflationary pressures. The Bank of Japan (BOJ) kept its benchmark interest rate steady at around 0.25% following its meeting September 19-20, 2024. Overall, the BOJ's decision to maintain its current policy stance in September 2024 was largely anticipated by the markets. This was in contrast to the BOJ surprise tightening of monetary policy earlier in the quarter on July 31, 2024. The yen experienced significant fluctuations, including a sharp appreciation against the dollar in early August. This volatility affected export-oriented companies and led to the unwinding of carry trades, resulting in the Nikkei Stock Average falling to its deepest single-day slide on record in yen terms.

Overall, the emerging markets continued to show signs of stabilization in the third quarter thanks to China's rebound, attractive valuations, and improving sentiment. The drivers of returns have varied by region, but much of the recent rebound was driven by China—as the country saw a rebound in equity prices thanks to several measures to support its economy and markets. Chinese stocks were up over 23% in the quarter and were the largest contributor to the Emerging Markets outperformance in the quarter. On September 25th, China pledged up to \$340 billion to boost its ailing equities market. This was part of a broader stimulus package unveiled by People's Bank of China (PBOC) that included monetary policy easing, fiscal stimulus, and support for the real estate sector, and represents one of the largest market interventions in China's history. The PBOC committed to providing liquidity support to financial institutions for purchasing stocks. This intervention came after a prolonged period of underperformance in Chinese equities. Emerging market equities

*(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](https://TouchstoneInvestments.com/mutual-funds).**



benefited from China's stimulus, global monetary easing, and improving economic conditions in several key countries, despite some headwinds from commodity price pressures and varying growth patterns across different markets.

### Portfolio Review

The Touchstone International Value Fund (Class A Shares, Load Waived) performed equal to its benchmark, the MSCI ACWI Ex-U.S. Index, for the quarter ended September 30, 2024.

The portfolio's value bias had a positive impact on relative returns for the quarter as global value stocks broadly outperformed; the portfolio's smaller capitalization bias also supported portfolio returns over the period. Performance attribution further indicates that stock selection added modestly to relative returns over the quarter while sector allocation contributed negatively. Stock selection relative gains were largely the result of the outperformance of deep value names within Health Care, Information Technology, and Consumer Discretionary. Within Health Care, holdings in Pharmaceuticals added to returns. Within Information Technology, holdings in Technology Hardware, Storage & Peripherals added to returns and avoiding expensive Semiconductor Materials & Equipment stocks added to relative returns. Within Consumer Discretionary, holdings in Broadline Retail, and Leisure Products added to returns. On the negative side, stock selection detracted value in the Industrials, Materials, and Utilities sectors. Sector allocation relative losses were the result of Energy (overweight), Communication Services (underweight), and Consumer Staples (underweight). As a reminder, the Fund is managed using quantitative techniques to select individual securities in a risk-controlled, bottom-up approach. We define Value stocks as those that are cheap on multiple measures of valuation including cash flow, earnings, book value and dividend yield. We expect that Value factors and security selection will dominate sector/industry factors as explanators of performance over most time horizons.

The portfolio decision making process is quantitative and is always driven by (1) a proprietary model which ranks securities based on fundamental measures of value and indicators of recent recovery and, (2) a risk control process that controls for residual benchmark risk while maximizing the expected return of the portfolio. At quarter end, the Fund's portfolio was overweight Financials, Energy and Materials while underweight Consumer Staples, Industrials, and Communication Services. At the industry level, the portfolio was overweight Pharmaceuticals, Machinery, and Insurance while underweight Semiconductor & Semiconductor Equipment, Food Products, and Textiles Apparel & Luxury Goods.

### Outlook and Conclusion

The broad market advance and sentiment across global equity markets in 2024 has been largely driven by mega-cap growth stocks while deep value stocks and smaller cap stocks have been left behind. This presents significant opportunity to those who are willing to be contrarian and take advantage of the attractive valuations that can be found among stocks that are trading at lower multiples of cash flow and earnings. Broadly speaking, as we move down in capitalization and away from expensive mega caps and

toward companies that are trading at attractive multiples of cash flow and earnings, we are finding stocks to be trading well below historical averages.

We are encouraged that the Fund currently trades at a meaningful discount to the benchmark on several valuation metrics and we are able to find good quality companies across sectors and industries. At quarter end, the portfolio was trading at 9.0x forward earnings compared to 14.7x for the benchmark's 1.2x book value compared to 1.9x for the benchmark and 6.3x cash flow compared to 11.4x for the benchmark. While we can offer little in the way of very near-term guidance, we remain optimistic that the extremely attractive deep value positioning of the Fund will be rewarded over time. Historically, periods of wide valuation spreads have preceded strong performance for Value strategies. The time horizon for mean reversion can vary significantly. LSV believes that sticking to our process, as we have in the past, will ultimately deliver excess returns as value spreads and implied growth rates revert to rational levels.



Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	03/01/93	SWRLX	89154Q216	1.48%	1.27%
C Shares	05/04/98	SWFCX	89154Q190	2.85%	1.86%
Y Shares	08/27/07	SIIEX	89154Q182	1.25%	0.90%
INST Shares	10/30/17	TOIIX	89154Q158	1.36%	0.78%
<b>Total Fund Assets</b>	<b>\$110.8 Million</b>				

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 1.26% for Class A Shares, 1.85% for Class C Shares, 0.89% for Class Y Shares and 0.77% for Class INST Shares. These expense limitations will remain in effect until at least 10/29/25. Share class availability differs by firm.

Annualized Total Returns

	3Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	8.06%	7.10%	18.31%	3.52%	7.06%	5.29%	6.61%
C Shares	7.80%	6.60%	17.51%	2.87%	6.24%	4.44%	6.09%
Y Shares	8.16%	7.40%	18.74%	3.92%	7.44%	5.66%	6.83%
INST Shares	8.11%	7.48%	18.81%	4.00%	7.53%	5.71%	6.84%
Benchmark	8.06%	14.21%	25.35%	4.14%	7.59%	5.22%	—
Including Max Sales Charge							
A Shares	2.67%	1.75%	12.41%	1.77%	5.97%	4.76%	6.44%
C Shares	6.80%	5.60%	16.51%	2.87%	6.24%	4.44%	6.09%

Benchmark - MSCI All Country World Ex-U.S. Index

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

	(% of Portfolio)		(% of Portfolio)		
1	Novartis AG	2.7	6	JD.Com Inc.	1.7
2	Alibaba Group Holding Ltd.	2.0	7	Telefonaktiebolaget LM Ericsson	1.6
3	Roche Holding AG	2.0	8	Manulife Financial Corp. Ltd.	1.6
4	Hon Hai Precision Industry Co. Ltd.	1.9	9	GSK Plc	1.6
5	Tesco Plc	1.7	10	Muenchener Rckvrschrngs Gsllschft n Mnch	1.6

Source: BNY Mellon Asset Servicing

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 value stocks which may not appreciate in value as anticipated or may experience a decline in value. The Fund invests in equities which are subject to market volatility and loss. The Fund utilizes quantitative models which may be subject to technical issues including programming and data inaccuracies, are based on assumptions, and rely on data that may be subject to limitations, any of which could adversely affect their effectiveness. 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](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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