

## Fund Manager Commentary

As of December 31, 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

International equities extended their underperformance versus U.S. markets in the fourth quarter of 2024. Performance was influenced by the anticipated impact of the incoming U.S. administration's policies, sticky inflation in many markets amid a backdrop of diverging economic outlooks and political uncertainty in some (Germany, France and Japan). The MSCI ACWI ex-U.S. Index was down -7.60% while developed international equity markets, as measured by the MSCI EAFE Index, dropped -8.11% (both in USD). From a style perspective, international Value stocks outperformed Growth over the quarter—the MSCI ACWI ex-U.S. Value Index was down -7.31% while the Growth Index dropped -7.88% (in USD). From a sector perspective, all eleven broad sectors posted losses over the quarter with Financials, Information Technology (IT), Communication Services, and Consumer Discretionary stocks faring the best for the period while the Materials and Health Care sectors lagged.

European markets faced multiple headwinds in late 2024. Manufacturing weakness persisted due to high energy costs and weak exports. Political instability in France (potential government collapse) and Germany (rising populism), combined with fiscal pressures, further dampened market sentiment. The European Central Bank (ECB) cut rates by 25 basis points (bps) to 3.0% in December, its fourth cut since starting easing in June.

U.K. equities declined in the fourth quarter, with domestic sectors hit by rising bond yields and economic concerns. Yields climbed further than global peers due to concerns over increased borrowing

and spending, combined with inflationary pressures. The Bank of England made one rate cut but paused in December, citing persistent services inflation despite weakening growth.

Japanese equities (Nikkei) ended 2024 up 19%, making it the second-best performing major market, supported by optimism around deflation's end, yen weakness, and corporate reforms. During the quarter, the majority of Japanese companies reported semi-annual earnings results, which were mixed across various sectors. Share buybacks continued to surge, with companies announcing additional buybacks generally enjoying favorable market reactions. The Bank of Japan kept rates at 0.25% in December 2024, surprising analysts who expected a hike amid mixed economic signals. While inflation remained above target at 2.3% for the 30th consecutive month, gross domestic product contracted in the first half of 2024.

Trump's victory pressured emerging market equities in the fourth quarter, with the MSCI EM index falling as investors worried about his proposed tariffs, especially their impact on China. Chinese markets declined -7.67% in fourth quarter, 2024 as weak property prices and low consumer confidence persisted. The CSI 300 and Shanghai Composite fell despite government pledges of "more proactive" fiscal and "moderately loose" monetary policies announced at December's Central Economic Work Conference. Geopolitical tensions and uncertain economic policy direction further pressured market sentiment. During the quarter, Brazilian equities were the weakest emerging markets performer, dropping -19.3% as fiscal concerns drove currency weakness. A controversial

*(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).**



new fiscal spending package raised concerns about deficit control, while the Brazilian real hit historic lows against the USD, weighing heavily on market sentiment and investor confidence.

Korean equities fell -19.21% in the fourth quarter 2024 amid political uncertainty surrounding President Yoon's potential impeachment and constitutional tensions. The Kospi saw heightened volatility, particularly in key technology and semiconductor sectors, as the leadership crisis and global headwinds dampened investor confidence.

### Portfolio Review

The Touchstone International Value Fund (Class A Shares, Load Waived) underperformed its benchmark, the MSCI ACWI Ex-USA Index, for the quarter ended December 31, 2024.

Notwithstanding style tailwinds, negative stock selection detracted from excess returns while sector positioning had a small positive impact. The portfolio's overweight to smaller capitalization stocks also hampered excess return generation during the quarter. Stock performance represented the bulk of the underperformance thanks in large part to the underperformance of deep value Financials, Information Technology (IT), and Energy. Within Financials, holdings in Diversified Banks, and Property & Casualty Insurance, subtracted from returns. Within IT, not owning expensive stocks within Semiconductors and Semiconductor Materials & Equipment subtracted from returns. Within Energy, holdings in Coal & Consumable Fuels, Integrated Oil & Gas, and Oil & Gas Equipment & Services subtracted from returns. On the positive side, stock selection contributed within the Health Care, Utilities, and Consumer Staples sectors. Overall, sector allocation had a positive impact on relative returns as positioning within Consumer Staples (underweight), Financials (overweight), and Utilities (underweight) contributed to returns.

Top contributors for the quarter included our overweight positions in The United Laboratories International Holdings (Health Care sector), Panasonic Holdings (Consumer Discretionary sector), Telefonaktiebolaget Lm Ericsson (IT sector), NatWest, and Erste Group Bank (both Financials sector). The main individual detractors included our overweight positions in Alibaba Group (Consumer Discretionary sector), Sino-American Silicon Products Inc. (IT sector), Jiangxi Copper (Materials sector), JD.com (Consumer Discretionary sector), and Vale (Materials sector).

At quarter end, the Fund is trading at significant valuation discounts relative to the MSCI ACWI ex-U.S. Index. The Fund is trading at 8.6x forward earnings compared to 14.4x for the benchmark, 1.1x book value versus 1.9x for the benchmark, and 6x cash flow compared to 11.1x for the benchmark. In addition, the portfolio is yielding 4.5% compared to 2.8% for the MSCI ACWI ex-U.S. Index.

Also at quarter end, the Fund's portfolio (vs the Core index) was overweight Consumer Discretionary, Materials, Energy, and Financials while underweight Consumer Staples, Communication Services, Utilities, and Industrials. At the industry level, the Fund was overweight Pharmaceuticals, Machinery, and Technical Hardware Storage & Peripherals while underweight Semiconductor & Semiconductor Equipment, Textiles Apparel & Luxury Goods, and Food Products.

### 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.



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>\$95.8 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

	4Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	-8.05%	-1.52%	-1.52%	1.01%	2.86%	4.44%	6.28%
C Shares	-8.17%	-2.11%	-2.11%	0.39%	2.12%	3.61%	5.77%
Y Shares	-7.96%	-1.15%	-1.15%	1.41%	3.24%	4.81%	6.50%
INST Shares	-7.88%	-0.99%	-0.99%	1.52%	3.35%	4.88%	6.51%
Benchmark	-7.60%	5.53%	5.53%	0.82%	4.10%	4.80%	—
Including Max Sales Charge							
A Shares	-12.66%	-6.45%	-6.45%	-0.70%	1.81%	3.90%	6.11%
C Shares	-9.00%	-2.99%	-2.99%	0.39%	2.12%	3.61%	5.77%

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	2.6	6	Hon Hai Precision Industry Co. Ltd.	1.7
2	Alibaba Group Holding Ltd.	1.9	7	Telefonaktiebolaget LM Ericsson	1.7
3	Panasonic Holdings Corp.	1.8	8	Roche Holding AG	1.7
4	Tesco Plc	1.7	9	Natwest Group PLC	1.6
5	Manulife Financial Corp. Ltd.	1.7	10	HSBC Holdings Plc	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.

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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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