

Fund Manager Commentary

As of December 31, 2020

Fund Highlights

- Invests primarily in issues having a market capitalization above \$5 billion at time of purchase
- Distinctive approach is centered on linking valuations with barriers to entry
- Seeks to invest in businesses that are trading below what is believed to be its estimate of the companies' intrinsic value
- Focuses on businesses that are believed to have a sustainable competitive advantage or a high barrier to entry in place
- Concentrated, high conviction portfolio generally holds 25-45 companies

Market Recap

In the fourth quarter, the U.S. equity market continued to rally higher on positive vaccine news along with another round of government stimulus. The S&P 500 Index (benchmark) sectors that led the market higher during the quarter were Energy, Financials, and Industrials. The worst performing sectors for the benchmark were Real Estate Consumer Staples and Utilities.

Portfolio Review

The Touchstone Large Cap Focused Fund (Class A Shares Load-Waived) outperformed its benchmark, the S&P 500 Index, for the quarter ended December 31, 2020.

Within the Fund's portfolio, the sectors that drove relative outperformance compared to the benchmark were Real Estate, Consumer Staples, Financials, Health Care and Industrials. Sectors that lagged the most relative to the benchmark included Information Technology, Energy and Consumer Discretionary. Stock selection drove the majority of the Fund's relative outperformance.

Among the Fund holdings that contributed the most to performance were Signature Bank (Financials sector), Jones Lang LaSalle Inc. (Real Estate sector), and Goldman Sachs Group Inc. (Financials sector). Jones Lang LaSalle contributed as quarterly results surpassed expectations. Signature Bank added with other commercial banks as interest rates rose during the period. Goldman Sachs contributed primarily due to elevated capital markets activity.

Fund holdings that detracted the most from performance included Alibaba Group Holding Ltd. (Consumer Discretionary sector), Salesforce.com Inc. (Information Technology sector), and Facebook Inc. (Communication Services sector). Alibaba detracted due to complications with the Ant IPO and anti-trust scrutiny

more broadly. Salesforce.com detracted due to investors' concern over its Slack acquisition. Facebook detracted primarily due to lingering regulatory concern.

During the quarter, the Fund's portfolio exited Cisco Systems Inc. (Information Technology sector) and Becton, Dickinson and Co. (Health Care sector). At quarter end, the Fund held overweight positions to the Communication Services and Consumer Discretionary sectors, and underweight positions to the Consumer Staples, Healthcare, Information Technology, Materials, and Energy sectors. The weights in the Real Estate, Industrials and Financials sectors were roughly in line with the benchmark. The Fund held no positions in the Utilities sector.

Outlook and Conclusion

U.S. equity markets ended the year at or near all-time highs as the market continued to price in a recovery from the pandemic taking hold sometime in 2021. Accommodative fiscal and monetary policy combined with vaccine deployment has provided optimism that GDP growth and profit growth will see meaningful improvement in the near future. Many investors are now considering how much of this is reflected in valuations and how to position portfolios as the impact of the pandemic wanes. We believe there are pockets of the market where valuations are stretched, but in aggregate, the market is marginally undervalued. We believe market breadth is healthy, inflation is tame, and the economy is likely to accelerate in 2021 due to higher savings driving pent up demand.

We have utilized the volatility in 2020 to gradually shift Fund positioning while keeping the general focus on higher return on capital businesses that we believe are mispriced. We have continued to methodically deploy or re-deploy capital since March 2020 in an effort to upgrade the Fund's portfolio. Since earlier in the year, we have been consistently reducing position sizes in

(continued)

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



holdings that we view as more expensive or names that are less compelling to free up capital for more attractive business models that have become buyable in our view. We have trimmed the more fully valued Information Technology sector-related holdings, while opportunistically adding mid-cap exposure to the Fund's portfolio. We have marginally purchased more cyclical positions in what we believe are attractive business models that have been and will continue to be affected by COVID-19 in the near term. We believe these shifts combined with our continued emphasis on businesses with higher barriers to entry and strong balance sheets position the portfolio well going forward.

As of December 31, 2020, Signature Bank made up 1.95%, Jones Lang LaSalle Inc. made up 2.08%, Goldman Sachs Group Inc. made up 3.00%, Alibaba Group Holding Ltd. made up 1.53%, Salesforce.com Inc. made up 2.52%, Facebook Inc. made up 5.11%, Slack, Cisco Systems Inc. and Becton, Dickinson & Co. made up 0.00% of the Touchstone Large Cap Focused Fund. Current and future portfolio holdings are subject to change.



Fund Facts (As of 12/31/20)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio*	
				Total	Net
A Shares	01/12/34	SENCX	89154Q299	1.11%	1.04%
C Shares	05/04/98	SCSCX	89154Q281	1.95%	1.83%
Y Shares	05/04/07	SICWX	89154Q265	0.92%	0.76%
INST Shares	12/23/14	SCRLX	89154Q273	0.89%	0.73%
Total Fund Assets	\$2.0 Billion				

*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 1.00% for Class A Shares, 1.79% for Class C Shares, 0.72% for Class Y Shares and 0.69% 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 12/31/20)

Class	4Q20	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	13.19%	23.83%	23.83%	16.20%	16.53%	13.72%	10.99%
C Shares	12.95%	22.88%	22.88%	15.26%	15.60%	12.98%	10.16%
Y Shares	13.28%	24.20%	24.20%	16.49%	16.84%	14.05%	11.04%
INST Shares	13.28%	24.23%	24.23%	16.55%	16.92%	13.95%	11.01%
Benchmark [^]	12.15%	18.40%	18.40%	14.18%	15.22%	13.88%	—
Including Max Sales Charge							
A Shares	7.54%	17.64%	17.64%	13.93%	15.34%	13.14%	10.92%
C Shares	11.95%	21.88%	21.88%	15.26%	15.60%	12.98%	10.16%

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 - S&P 500 Index¹

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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, 01/12/34, with the performance since the inception date of each share class.

¹The S&P 500 Index is a group of 500 widely held stocks and is commonly regarded to be representative of the large capitalization stock universe.

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.

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 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 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 risk. 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.

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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