Touchstone Large Cap Fund

Sub-Advised by: The London Company

U.S. Equity – Large-Cap Core 2Q/2021

Fund Manager Commentary

As of June 30, 2021

Fund Highlights

- Utilizes a bottom-up security selection process that screens potential investments against a proprietary quantitative model for return on capital, earnings to value ratio, free cash flow and return on equity
- Looks at a company's corporate governance structure and management incentives to try to ascertain whether or not management's interests are aligned with shareholder interests
- Seeks to identify the sources of a company's competitive advantage as well as what levers management has at its disposal to increase shareholder value
- Seeks to purchase generally profitable, financially stable large-cap companies that consistently generate high returns on unleveraged operating capital, are run by shareholder-oriented management, and are trading at a discount to their private market value

Market Recap

U.S. equities posted gains during the second quarter driven by improving economic data, an accommodative U.S Federal Reserve Board (Fed), fiscal stimulus, and progress administering the vaccines to fight COVID-19. In May, positive economic data and declining COVID-19 cases were positives, offset by concerns about rising inflation and the timing of potential changes to monetary policy from the Fed. Solid economic data and improving corporate earnings fueled the strength in June, partially offset by concerns about rising inflation, the timing of potential changes to monetary policy from the Fed, and the possibility of future tax increases.

Most of the strength came early in the quarter. Growth outperformed Value across the market cap spectrum except in the small cap space. Cyclical sectors outperformed the more defensive sectors in the smaller cap arena, but there was little difference in the performance of cyclical and defensive sectors in the mid and large cap space.

Factors that affected individual stocks positively during the quarter were Growth, Quality, and Size. Value factors had a negative impact. Yield, Volatility, and Momentum factors had a mixed impact.

Within the benchmark, the Communication Services, Energy, Health Care, Real Estate, and Information Technology sectors outperformed the broader benchmark while the Utilities, Consumer Staples, and Industrials sectors lagged the most.

Portfolio Review

The Touchstone Large Cap Fund (Class A Shares Load-Waived) underperformed its benchmark, the Russell 1000® Index, for the quarter ended June 30, 2021.

Both sector allocation and stock selection detracted from relative performance with stock selection being the bulk of the headwind. At the sector level, cash drag, an underweight to Information Technology and an overweight to Consumer Staples had a negative effect while an underweight to Utilities helped relative performance.

In terms of stock selection, among the top contributors during the quarter were Alphabet Inc. Class C (Communication Services sector), BlackRock Inc. (Financials sector), Nestle SA (Consumer Staples sector), Charles Schwab Corp. (Financials sector), and Facebook Inc. (Communications Services sector).

Alphabet benefitted from a reacceleration in ad spending in e-commerce and is seeing strong performance across all of its businesses. During the quarter, the company repurchased $11.4 billion in stock. We also applaud changes to the CFO's incentive structure, which we believe more closely aligns his interests with shareholders. Alphabet remains a juggernaut in the e-commerce ad business and it generates high returns on capital that have averaged 16%. Alphabet's competitive advantages include network effects, brand equity, economies of scale, and intangibles such as search algorithms and its vast collection of user data. We believe the valuation remains attractive.

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BlackRock continued to benefit from positive equity market performance and is executing well internally. The company reported Q1 earnings above expectations with strong base fee growth and margin expansion. We view Blackrock as a well-run company with a widening moat, and we believe in the long-term compounding potential of the business.

Nestle delivered strong quarterly sales results and is anticipating mid-single digit organic growth and moderate margin expansion for the full year. The company's strong balance sheet has allowed management to invest (both capital expenditures (capex) and mergers and acquisitions (M&A)) in the highest growth and margin areas of the business such as coffee, pet, and health science. The growth and margin guidance for 2021 suggest that this strategy is yielding success.

Charles Schwab's management raised guidance during the quarter reflecting new account growth as well as an improved outlook for net interest margin. Revenue is also benefitting from synergies from the recent acquisition of TD Ameritrade. We remain attracted to the company's platform that now includes $7 trillion in client assets.

Facebook stock has outperformed on a strong quarterly report and the announcement of progress on other initiatives such as Shops and virtual reality. Facebook and Google hold the majority share of online ad dollars and are in a position to benefit as digital advertising continues to take share from traditional advertising. Facebook is a strong cash flow generator and uses the cash to reinvest both in its primary business and new growth opportunities such as augmented reality/virtual reality, commerce, and payments.

Among the detractors for the quarter were NewMarket Corp. (Materials sector), Citrix Systems Inc. (Information Technology sector), Altria Group Inc. (Consumer Staples sector), CarMax Inc. (Consumer Discretionary sector), and Norfolk Southern Corp. (Industrials sector).

NewMarket underperformed following a weak earnings report driven by rising oil and base oil prices combined with growing concerns over the ramp of hybrid and electric vehicles. NewMarket's margins have tended to suffer in periods of rising base oil prices until they roll over and the company can capture the lag in spreads. We remain attracted to the company's positioning in the consolidated market for fuel additives and lubricants.

Citrix Systems underperformed the broader market after reporting disappointing quarterly results. Supply chain shortages kept the company from selling more Netscaler boxes, plus the company was overly optimistic regarding renewal rates for some of its limited-use short-term contracts signed at the beginning of COVID-19. The CEO said that Citrix Systems' transition to a subscription model is complete, which should provide more consistency in results going forward. We remain attracted to the company' strong positioning in an environment that will likely value more flexible work solutions in the future.

Altria's first quarter results were more or less in-line with expectations, and it began repurchasing shares. However, results were overshadowed by regulatory news, as the FDA announced its intent to ban menthol. Regulatory headlines will likely happen periodically, but implementation is a long process. In our view, Altria has a strong competitive position with demonstrated pricing power and offers compelling risk/reward with dividend yield over 7% and modest earnings growth even as the company invests behind non-combustible products.

CarMax declined after the company reported its fiscal Q4, which saw lower than anticipated wholesale profit. After a well-received investor day and a strong fiscal Q1 2021 reported in late June, the stock regained most of what it lost earlier in the quarter. In its latest fiscal quarter, CarMax saw higher gross profits per vehicle and exceptional same store comp sales against easier year ago comparisons. We believe the company's scale and sourcing advantages give it a long term competitive advantage and it is making great progress in developing its multichannel business, which lets a customer buy a car in a no haggle manner, when they want to buy it where they want to buy it. Despite the recent weakness in the stock, CarMax's omni-channel business, digital enhancements and strategic initiatives have been accretive to the business. CarMax's gross profit per unit remains well above $2,000. The company is generating higher incremental sales with a lower cost structure and its lending business is generating strong returns. We remain attracted to the CarMax model which we believe is disruptive to the used car business and maintain the Fund's holding.

Norfolk Southern and other transportation stocks went out of favor in the middle of the second quarter after a strong run in the first quarter led to somewhat elevated valuations. Strong volumes continued to be driven by intermodal, building products, and autos, with coal being a positive swing factor in the second quarter. Our confidence in Norfolk Southern remains rooted in its solid network, its long runway for margin improvement, and strong management team.

Outlook and Conclusion

Looking ahead, we maintain a positive view on the U.S. economy and anticipate strong real GDP growth in 2021. Over half of the U.S. population has been vaccinated for COVID-19 and most of the U.S. economy has re-opened. We believe consumer spending will continue to rise as the labor market improves. Separately, the manufacturing and services segments of the economy are firmly in expansionary territory. Fiscal stimulus should continue to help in the near term and the Fed will likely remain accommodative until its goals of stable pricing and maximum employment are met. Despite the positives, we recognize that risks remain. Relatively high unemployment/underemployment levels could dampen consumer spending as the benefits of fiscal stimulus wind down. Separately, strong economic growth could spark inflation and rising interest rates. Longer term, we remain optimistic about the prospects for the U.S. economy and think real GDP growth will be in the 2-3% range beyond 2021.

In terms of the equity market, we recognize valuations are on the rich side, while interest rates will likely remain low versus history. At current valuations along with various short term risks to the economic outlook, we anticipate greater volatility in stock prices and possibly more muted returns in the near term. Longer term, we continue to believe that quality attributes and solid company

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fundamentals position the Fund for the long-term. The companies in the Fund generate higher returns on capital with stronger balance sheets at reasonable valuations relative to the broader market.

We believe the Fund provides the opportunity to own a group of competitively advantaged businesses (judged by return on capital), with strong balance sheets (lower net debt/earnings before interest, taxes, depreciation and amortization (EBITDA)), at valuations slightly less than the broader market. Finally, we believe in the quality of the Fund's holdings for the next few years and believe it is positioned well.

As of June 30, 2021, Alphabet Inc. Class C made up 5.90%, BlackRock Inc. made up 3.04%, Nestle SA made up 3.28%, Charles Schwab Corp. made up 4.85%, Facebook Inc. made up 3.46%, NewMarket Corp. made up 2.26%, Citrix Systems Inc. made up 2.14%, Altria Group Inc. made up 4.18%, CarMax Inc. made up 3.88%, Norfolk Southern Corp. made up 3.66%, TD Ameritrade and Google made up 0.00% of the Touchstone Large Cap 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	07/09/14	**TACLX**	89154Q554	1.92%	1.04%
C Shares	07/09/14	**TFCCX**	89154Q547	2.10%	1.79%
Y Shares	07/09/14	**TLCYX**	89154Q521	0.91%	0.79%
INST Shares	07/09/14	**TLCIX**	89154Q539	0.85%	0.69%
Total Fund Assets	**$369.2 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 1.03% for Class A Shares, 1.78% for Class C Shares, 0.78% for Class Y Shares and 0.68% 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	4.94%	14.34%	38.06%	13.45%	13.30%	10.22%
C Shares	4.78%	13.98%	37.06%	12.62%	12.46%	9.42%
Y Shares	4.99%	14.47%	38.39%	13.74%	13.59%	10.49%
INST Shares	5.04%	14.59%	38.59%	13.87%	13.72%	10.61%
Benchmark^	8.54%	14.95%	43.07%	19.16%	17.99%	14.14%
Including Max Sales Charge						
A Shares	-0.33%	8.64%	31.12%	11.23%	11.97%	9.29%
C Shares	3.78%	12.98%	36.06%	12.62%	12.46%	9.42%

^Benchmark - Russell 1000® Index[1]

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

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.*** *From time to time, the investment advisor may waive some fees and/or reimburse expenses, which if not waived or reimbursed, will lower performance. Performance by share class will differ due to differences in class expenses. Returns assume reinvestment of all distributions. Returns are not annualized for periods less than one year.*

[1]The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index.

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 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. 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. 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.

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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