Touchstone Large Cap Fund

Sub-Advised by: The London Company

U.S. Equity – Large-Cap Core 1Q/2025

Fund Manager Commentary

As of March 31, 2025

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 entered correction territory in the first quarter after notching two robust years of strong gains. Macro risks returned to the forefront of investors' minds as tariff and austerity uncertainties compounded stubbornly weak economic growth and a return of the inflation specter. Broader market weakness was driven by negative earnings revisions, declining consumer and business confidence, and no change in monetary policy from the U.S. Federal Reserve (Fed). For the quarter, the broader market, as measured by the Russell 3000® Index, declined 4.7%. A faltering artificial intelligence (AI) growth narrative allowed for a broadening of market leadership. Value styles led Growth, and Large Caps outperformed Small Caps. Turning to market factors, Value and Yield factors posted the strongest returns. Most of the Quality factors outperformed as well. Growth, Volatility, and Momentum factors had a negative impact.

Portfolio Review

The Touchstone Large Cap Fund (Class A Shares, Load Waived) outperformed its benchmark, the Russell 1000® Index, for the quarter ended March 31, 2025.

Both stock selection and sector exposure were tailwinds to relative performance. An underweight position in Information Technology (a weaker performing sector) and overweight in Financials (a better performing sector) helped relative performance. While underweight positions in both Health Care and Utilities (better performing sectors) detracted from relative performance.

The Fund's portfolio produced positive absolute returns in a down quarter for the Russell 1000, exceeding our downside risk mitigation expectations. Our exposure to lower Volatility and Quality factors performed well as high volatility and momentum driven equities sharply corrected. We were encouraged to see the portfolio play strong defense amidst the volatility with compelling participation as the market broadened.

Three of the largest contributors to relative performance were Progressive Corp., Berkshire Hathaway Inc. (both Financials sector), and Republic Services, Inc. (Industrials sector).

Progressive outperformed during the quarter, driven by improved margins, faster growth than the industry, and a rise in policies in force. Progressive's superior underwriting risk segmentation continues to translate to industry-leading accident frequency outcomes. We remain confident in Progressive's ability to execute in all environments, competitive advantages, and capital allocation strategies.

Berkshire Hathaway Inc. stock outperformed in the quarter, which we believe is attributable to a broader flight to safety amidst the turbulence and uncertainty of executive actions from President Trump. We like the company for its diversified operations, conservative underwriting, strong balance sheet, and prudent management team.

Republic Services, Inc. outperformed the benchmark due to stronger-than-expected earnings and consistent performance, even with flat volume growth expectations. Republic continues to expand margins through improved customer mix, strategic pricing, and cost management. We remain attracted to the steady free cash flow growth, annuity-like revenues, and high market share of U.S. landfill capacity.

(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.***

Three of the largest detractors to relative performance were FedEx Corp. (Industrials sector), Bruker Corp. (Health Care sector), and Alphabet Inc. (Communication Services sector).

FedEx Corp. shares lagged this quarter due to underwhelming segment results due to a slowing freight backdrop. Management implemented an aggressive cost-cutting plan to improve margins. Despite these challenges, we remain optimistic about FedEx's long-term outlook as the freight separation could unlock value and its network is well-positioned to benefit from a freight recovery.

Bruker Corp. shares lagged this quarter due to uncertainties over National Institutes of Health funding and tariffs. The CEO stepped up and bought more shares amid the weakness. We remain optimistic about Bruker for its vital role in life sciences research, a global economic priority, supported by its robust competitive stance, innovative products, strategic capital allocation, and capable leadership.

Alphabet Inc. was a bottom performer this quarter despite strong results from its ad business, cloud growth, and margin enhancements. Unexpectedly high capital expenditure guidance and AI search alternatives pressured the stock. Alphabet has a solid balance sheet, significant market share, and generates strong returns on invested capital.

The Fund reduced its weight in Blackrock Inc. (Financials sector). The trim reflects some concerns around potential fee pressures due to lower prices at Vanguard and our large exposure to the Financials sector.

The Fund initiated a position in Entegris, Inc. (Information Technology sector). Entegris produces specialty materials for microelectronics industry and is a semiconductor spending play that is well positioned for future growth. The company sells chemicals (gases), filters, and containers for handling chemicals and chips. Capital spending in the semiconductor industry has significantly increased over the years as chip manufacturing is more closely tied with semi-chip acreage growth and consumer demand trends (e.g., Internet of Things, mobility, big data, and telematics). The industry has high barriers to entry, few competitors, and high switching costs. Compared to its competition, Entegris is well diversified across products and clients. Entegris is a high margin, high return on invested capital business that is managed by a seasoned, transparent management team. The Fund later added to the position making Entegris roughly 3% of the portfolio. The addition reflects our optimistic outlook for semiconductor spending longer term. Growth in wafer starts and higher content per wafer are positives for Entegris.

The Fund sold Home Depot, Inc. (Consumer Discretionary sector). The sale reflects a relatively high valuation along with a mixed outlook for consumer spending and housing activity. While the aging housing base and stable housing values are a positive for home improvement spending, we note that we already have exposure via Lowe's and did not feel the need to own both companies.

We used excess cash to add to Old Dominion Freight Line, Inc. (Industrials sector). The company has been under pressure due to the prolonged freight environment but is positioned strongly for an eventual recovery. It is worth noting, the CFO recently purchased over $400,000 of stock.

Outlook and Conclusion

There is elevated uncertainty as we start the second quarter with a high likelihood of greater tariffs being announced in the weeks ahead. Consumer confidence has declined recently due to the risks of additional tariffs, but the broader economic data still supports growth in the near term, but growth is decelerating. While we are not predicting a recession, the odds of a recession have increased. In terms of monetary policy, the Fed appears to be on a steady course for two or three rate cuts later in the year. The effect of tariffs on both inflation and the broader economy could change those plans though.

Despite the recent correction, the market concentration and valuations remain elevated. History shows that transitions following peak market concentration (e.g., the Nifty Fifty or the Tech Bubble) tend to play out over multiple years—not quarters. The cap-weighted indices may continue to face pressure as investors reassess stretched valuations and excessive positioning. We believe that equity returns in the near term may be modest, with shareholder yield (dividends, share repurchase, debt reduction) comprising a significant percentage of the total return from equities. Defensive portfolios such as ours should be favored areas for investors if recession concerns remain or materialize. Importantly, Quality factors have historically posted their best relative returns during periods of decelerating growth and through recessions. Quality factors typically lag in the early days of a recovery and keep pace during the mid-cycle years. We may be late in the economic cycle now. If that is correct, it bodes well for the relative performance of Quality factors over the next few years and for our Fund's portfolios.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	07/09/14	**TACLX**	89154Q554	1.39%	1.04%
C Shares	07/09/14	**TFCCX**	89154Q547	2.46%	1.79%
Y Shares	07/09/14	**TLCYX**	89154Q521	0.89%	0.79%
INST Shares	07/09/14	**TLCIX**	89154Q539	0.83%	0.69%
Total Fund Assets	**$295.2 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 10/29/25.

Share class availability differs by firm.

Annualized Total Returns

	1Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	2.17%	2.17%	8.49%	6.52%	14.88%	8.57%	8.70%
C Shares	2.00%	2.00%	7.67%	5.74%	14.04%	7.93%	8.11%
Y Shares	2.22%	2.22%	8.73%	6.80%	15.18%	8.84%	8.97%
INST Shares	2.27%	2.27%	8.88%	6.90%	15.29%	8.95%	9.08%
Benchmark	-4.49%	-4.49%	7.82%	8.65%	18.47%	12.18%	11.98%
Including Max Sales Charge							
A Shares	-2.94%	-2.94%	3.08%	4.71%	13.70%	7.92%	8.10%
C Shares	1.00%	1.00%	6.67%	5.74%	14.04%	7.93%	8.11%

Benchmark - Russell 1000® 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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Top 10 Equity Holdings of Fund

		(% of Portfolio)
1	Berkshire Hathaway Inc. Class B	7.7
2	Apple, Inc.	6.0
3	The Progressive Corp.	5.9
4	Alphabet Inc.	5.8
5	Fiserv Inc.	4.9
6	Visa Inc.	4.8
7	Air Products & Chemicals, Inc.	4.6
8	Norfolk Southern Corp.	3.9
9	Republic Services Inc.	3.9
10	BlackRock Inc.	3.9

Source: BNY Mellon Asset Servicing

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. 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 or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

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