Touchstone Large Company Growth Fund

Sub-Advised by: DSM Capital Partners LLC

U.S. Equity – Large-Cap Growth 1Q/2025

Fund Manager Commentary

As of March 31, 2025

Fund Highlights

- Invests primarily in U.S. equity securities of large capitalization companies believed to offer the best opportunity for reliable growth at attractive stock valuations.
- Utilizes a bottom-up idea-driven growth style with a long-term investment horizon, coupled with a distinct valuation discipline
- Seeks to identify companies which are believed to exhibit certain quality characteristics, including:
  - Predictable growth
  - Solid fundamentals
  - Attractive profitability
  - Successful managements

Market Recap

The shifting tariff threat messaging from the new Trump Administration provided an uncertain backdrop for the U.S. economy throughout the first quarter of 2025. The unknown impact of pending tariffs was the primary driver in the broad range of GDP growth projections. For example, the Philadelphia Fed's Survey of Professional Forecasters projected 2.5% growth, while the Atlanta Fed's GDPNow model estimated a -0.8% contraction. Among other primary U.S. economic data, inflation expectations also fluctuated, with the Survey of Professional Forecasters revising its headline CPI estimate to 3.0%, up from 2.3%, while consumer sentiment surveys pointed to rising price concerns due to trade policies. The labor market showed signs of softening, as unemployment ticked up from 4.1% to a projected 4.3% by year-end, raising concerns about job stability amid economic uncertainty.

In the equity markets, the S&P 500 experienced a decline of approximately 4.3%, reflecting investor concerns over trade policies and economic uncertainty. Domestic growth stocks were down more than the broader market with the Russell 1000® Growth Index down nearly 10% as the "Magnificent Seven" technology stocks recorded one of their worst quarters on record during the first three months of 2025.

Portfolio Review

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

The decline in Fund value during the first quarter of 2025 was largely a result of the negative performance contribution of our seven largest technology positions as of year-end: Alphabet Inc., Amazon.com Inc., Apple Inc., Arista Networks Inc., Meta Platforms Inc., Microsoft Corp., and NVIDIA Corp. However, these seven companies all reported solid revenue and earnings growth last quarter that generally exceeded Wall Street estimates. As a result, earnings estimates for most of these companies have increased for calendar years 2025 and 2026.

At the end of the first quarter, the Fund was invested in the Communication Services, Consumer Discretionary, Financials, Health Care, Industrials and Information Technology sectors. The Fund's outperformance in the first quarter versus the benchmark was primarily the result of our stock performance and an overweight of the Industrials sector. Our Financials sector stocks and overweight relative to the benchmark in this sector also benefitted performance in the quarter. However, our Health Care sector stocks detracted most versus the benchmark during the quarter.

The top five contributors to performance in the quarter were Uber Technologies Inc., Howmet Aerospace Inc., GE Aerospace (all Industrials sector), Arthur J. Gallagher and Visa Inc. (both Financials sector). Uber Technologies reported strong quarterly earnings with gross bookings up 18% beating consensus expectations. Management also laid out a compelling, rational analysis, demonstrating that autonomous vehicles by Waymo, WeRide and others will roll out incrementally and providers will need to partner with Uber to achieve any hope of return on investment. Despite several headwinds including the Boeing strike and required retooling for the LEAP aircraft engine, Howmet

(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.***

reported solid fourth quarter results. While 2025 earnings expectations were trimmed slightly, the company commented on the steady outlook for commercial aerospace due to rising OEM production rates and strong demand, which should also benefit GE Aerospace. A global insurance brokerage firm, Arthur J. Gallagher was added to the Fund in the first quarter. With strong insurer relationships, deep local market expertise, and ongoing technological advancements, Gallagher is well-positioned to strengthen its competitive edge, improve operational efficiency and drive margin expansion, especially in an inflationary environment.

The five holdings that contributed the least to performance were Arista Networks, NVIDIA (both Information Technology sector), Alphabet (Communication Services sector), Amazon.com (Consumer Discretionary sector), and Microsoft (Information Technology sector). A big factor in the underperformance of these names was the release in January of two large language models (LLMs) by DeepSeek, a Chinese artificial intelligence (AI) startup. These models performed close to the capabilities of OpenAI's current state of the art models, GPT-4o and o1, with some compromises in certain areas. DeepSeek used a combination of cost reduction techniques to aggressively shrink and optimize the models, and by sacrificing almost all their margin, priced them at a 95% discount to 4o and o1. This led to a rotation out of the AI-related semiconductor and datacenter space, as investors speculated that the total amount of AI processing power needed would be lower than previously anticipated, given the efficiency gains that DeepSeek had produced. However, it is the experience through history of not just LLMs, but of every major innovation-driven technological shift, which lowered costs lead to a net gain in usage/consumption, a phenomenon known as Jevons Paradox. We believe there is every reason to expect that end demand will be driven higher, as cheaper, more capable AI will have a vastly broader range of potential applications, increasing total demand for chips, networking, datacenter power, etc., and making software enhanced with AI lower cost and more compelling for end users.

Despite the market's turbulence, we remain optimistic about the investment outlook for the leading global technology businesses in the portfolio. This optimism is driven by continued growth in cloud, internet, software, semiconductor, and security demand in addition to very well-known AI trends.

Understandably, Trump's second-term economic policies may create some uneasiness amongst global investors. For our part, Trump's re-election has not altered our investment strategy, nor did we execute any trades during the first quarter due to the election's outcome.

Outlook and Conclusion

Now that the Trump administration's tariffs have been set, it is possible they may be increased, decreased or largely removed quite quickly. Trump seeks lower foreign tariffs on American exports. How America's trading partners respond will significantly influence tariff dynamics. If they respond with reduced tariff and non-tariff barriers, will Trump, in response, reduce his recently enacted tariffs on them? Or will America's trading partners respond with retaliatory tariffs? Essentially, both sides have a choice: escalation or de-escalation.

Even before the onset of Trump's tariffs, EU demand for autos had recently fallen quite significantly, while consumers in the UK are reportedly cutting back on everyday purchases. American consumers are doing the same. The reality is that tariffs are serving as the catalyst for a dynamic process whereby consumers and businesses with a finite amount of capital adjust their spending. The net of these adjustments will determine the overall outcome for inflation and economic growth. In addition, given that EU exports to the U.S. total more than $600B versus American exports to the EU of just $370B, the EU economy is likely much more at risk from a lengthy tariff war than the U.S.

It appears quite likely that the U.S. tariffs, should they remain in place, may initially add as much as 1% to 2% to inflation, bringing total inflation at its peak to something in the 4% to 5% range sometime over the next twelve to eighteen months. However, after the initial move higher, on a longer-term basis it is not certain that tariffs will lead to ongoing and sustained inflation. It is important to note that Trump is undoubtedly very aware that tariffs may result in a recession in the U.S., an outcome he would surely hope to avoid. Therefore, we believe the actions taken in response by our trading partners are critical looking forward.

Given the recent developments around tariffs, a slower growth outcome with a possible near-term pickup in both inflation and unemployment, which will put consumer income under pressure, has certainly become much more likely. At the start of the year, we expected global economic growth to approximate 3% in 2025, with a lower growth "soft landing – muddle through" scenario also a possibility. We believe Trump's tariffs, should they remain in place, will reduce American economic growth by 1% to 2% and similar amounts for our trading partners as well. In that situation, we see global economic growth, as well as that of the United States, falling towards 1% to 2%, with a recession becoming an increasing possibility.

We believe the Fund is attractively and rationally valued. with projected earnings growth of roughly 20%. Furthermore, in our view, the technology-related positions in the Fund are also very attractively priced. Moreover, we continue to believe it is possible that the "long runway" of AI-driven earnings growth in these companies is not fully reflected in their stock prices.

We continue to believe that geopolitical risks emanating primarily from Russia, Iran and China remain elevated and should not be ignored. However, perhaps there is an increased possibility of light at the end of the tunnel as efforts continue to bring both Iranian and Russian aggression to an end. On the other hand, the Trump administration's efforts to reduce the magnitude of the national debt has been limited and, in fact, may not be politically possible. Certainly, the ever-rising U.S. government debt may eventually create a potentially substantial economic dislocation, of which we must remain aware. Nevertheless, despite the near-term tariff-driven market correction, as we have said repeatedly over the years, "bull markets climb a wall of worry" and in our view (barring unfavorable geopolitical events) the market's direction remains upward.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	08/15/16	**TSAGX**	89154Q414	1.53%	1.07%
C Shares	08/15/16	**TCGLX**	89154Q398	6.43%	1.82%
Y Shares	08/15/16	**TLGYX**	89154Q380	1.08%	0.82%
INST Shares	08/28/09	**DSMLX**	89154Q372	0.89%	0.72%
Total Fund Assets	**$138.9 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 1.04% for Class A Shares, 1.79% for Class C Shares, 0.79% for Class Y Shares and 0.69% 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	-9.37%	-9.37%	1.15%	8.26%	15.44%	12.16%	13.81%
C Shares	-9.56%	-9.56%	0.38%	7.45%	14.57%	11.37%	13.00%
Y Shares	-9.33%	-9.33%	1.39%	8.53%	15.72%	12.43%	14.07%
INST Shares	-9.31%	-9.31%	1.51%	8.65%	15.85%	12.54%	14.14%
Benchmark	-9.97%	-9.97%	7.76%	10.10%	20.09%	15.12%	15.83%
Including Max Sales Charge							
A Shares	-13.91%	-13.91%	-3.91%	6.42%	14.26%	11.49%	13.38%
C Shares	-10.47%	-10.47%	-0.60%	7.45%	14.57%	11.37%	13.00%

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 - Russell 1000® Growth Index

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The performance presented for Class A, C and Y Shares combines the performance of an older class of shares (INST Shares) from the Fund's inception, 08/28/09, with the performance since the inception date of each share class.

Top 10 Equity Holdings of Fund

		(% of Portfolio)
1	NVIDIA Corp.	11.4
2	Microsoft Corp.	9.8
3	Amazon.com Inc.	9.1
4	Arista Networks Inc.	6.9
5	Alphabet Inc.	6.4
6	Meta Platforms, Inc.	5.2
7	Intuit, Inc.	5.0
8	Fiserv Inc.	4.3
9	Fortinet, Inc.	3.8
10	Uber Technologies Inc.	3.8

Source: BNY Mellon Asset Servicing

The Russell 1000® Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

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 growth stocks which may be more volatile than investing in other stocks and may underperform when value investing is in favor. The Fund invests in convertible securities which are subject to the risks of both debt securities and equity securities. 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 and emerging markets 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 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. 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 than a diversified fund and may be subject to greater risks. 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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