Fund Manager Commentary

As of March 31, 2023

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

Despite a year of rapid U.S. Federal Reserve Board (Fed) tightening, the U.S. economy grew 2.6% in the fourth quarter of 2022, confounding broadly held expectations of a recession in 2023. Given the U.S. Federal Reserve Bank of Atlanta's estimate that the U.S. economy continues to accelerate growing 3.2% in the first quarter of 2023, expectations of a recession this year have been pushed further into the future. Overall, global economic growth continues at a modest 2%+ rate, although Fed and European Central Bank (ECB) tightening should logically cause this to slow. Thus far, while higher rates are likely causing energy prices, commodity prices and other drivers of inflation to fall, employment in the U.S. and Europe remains solid and the global economy continues to muddle through the monetary tightening process.

Without a doubt, the severe liquidity issues experienced by Silicon Valley Bank, Signature Bank and First Republic Bank are a result of rising interest rates. Nevertheless, at this point the banking crisis appears to be subsiding, though there are concerns that banks will restrict lending during this period of instability, negatively affecting the economy. We believe the Fed is close to completing its rate hike program, while the ECB has a bit further to go. If the U.S. enters a recession in the second half of this year concurrent with a significant decline in inflation, it is conceivable that the Fed may move to cut rates. However, while a U.S. or global economic downturn certainly remains possible, at this point the severity of an American recession, should it occur, appears to be limited.

In our view, the drop in money supply growth, has led to a slowdown in inflation as measured by the Consumer Price Index, Producer Price Index and Personal Consumption Expenditures monthly releases. Ongoing rate increases by the Fed and ECB are likely to continue to lower inflation, until the banks decide to pause the "rate increase" cycle. While we cannot be certain when this will occur, we would guess over the first half of this year for the Fed and more likely in the second half of 2023 for the ECB.

Portfolio Review

The Touchstone Large Company Growth Fund (Class A Shares Load-Waived) underperformed its benchmark, the Russell 1000® Growth Index, for the quarter ended March 31, 2023.

At the end of the quarter, the Fund was invested in the Communication Services, Consumer Discretionary, Consumer Staples, Financials, Health Care, Information Technology (IT) and Materials sectors. The Fund's underperformance in the first quarter versus the benchmark was primarily the result of our security selections in the Information Technology sector. Our underweight of the Industrials sector versus the benchmark benefited performance.

The top five contributors to performance in the quarter were Microsoft Corp., NVIDIA Corp., ASML Holding N.V. (all Information Technology sector), Alphabet Inc. (Communication Services sector), and Amazon.com Inc. (Consumer Discretionary sector). The five holdings that contributed the least to performance were Charles Schwab Corp. (Financial sector), Neurocrine Biosciences Inc., UnitedHealth Group Inc. (both Health Care sectors), EPAM Systems Inc. (Information Technology sector), and O'Reilly Automotive Inc. (Consumer Discretionary sector).

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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.***

Following a tough 2022, IT was up strongly in the first quarter. Although Microsoft reported a slight miss on revenues, earnings beat slightly on better cost controls. The rollout of artificial intelligence (AI) enabled search businesses by both Microsoft and Alphabet also contributed positively. NVIDIA's role as a provider of the chips used to power AI technology led to its strong performance in the quarter. Not owning Apple Inc. stock was a detractor relative to the benchmark, given this stock's strong performance during the quarter. Although Apple is a quality company. Its modest projected mid-single digit revenue growth leading to high-single digit net income growth and a projected 9% to 12% earnings per share growth rate (due to share repurchase). We believe Apple's valuation of 25 times estimated 2024 earnings is too high.

Despite the scrutiny faced by Charles Schwab in the quarter, we continue to hold shares in the Fund's portfolio. The main investor concern following Silicon Valley Bank's balance sheet crisis was regarding liquidity risk should Schwab client deposit withdrawals accelerate and require the company to sell securities at a loss or raise capital to fund withdrawals. We see the company's liquidity profile as being well-positioned against expected, or even a more severe scenario of client deposit withdrawals, and continue to believe the earnings power of the company remains intact over the longer term. EPAM Systems declined as the company lowered guidance on slowing customer spending due to the challenging macro environment and the ongoing situation in Ukraine. While EPAM has managed its operations well, they did experience some risk mitigation by clients as work was shifted or paused. However, they are seeing improved new client activity and expect growth and margins to accelerate in the second half of the year.

The common theme across our recent purchases was our focus on transforming the portfolio into an even-higher quality, predictable group of stellar growth companies that we anticipate holding for many years. Accordingly, since May of 2022 as their valuations became more attractive, we have initiated positions in Accenture plc, Arista Networks Inc., ASML Holding N.V., Autodesk Inc., Entegris Inc., EPAM Systems Inc., SolarEdge Technologies Inc. (all Information Technology sectors) and Burlington Stores Inc. (Consumer Discretionary sector). Consistent with our comments over the past year, we have also trimmed many of our larger positions to create a portfolio of more equally weighted holdings. At this time, the only remaining oversized position is Microsoft Corp. (Information Technology sector).

Outlook and Conclusion

In our view, the most important factor driving equity and debt markets over the coming year, and perhaps longer, will be the extent and speed of the decline in the rate of inflation. As discussed, we believe money supply drives inflation. The Fed has substantially tightened money supply growth and as a result, over the last several months inflation appears to have peaked and begun to subside. As additional data points are announced confirming inflation's move downward, we believe equity markets will respond by continuing to trend upward.

The Fed remains focused on reducing inflation, which is critical to the economic outlook. Looking ahead, the low, steady rate of unemployment will be one factor that may contribute to the Fed continuing to raise rates. However, in our view, it is more important that the Fed works toward moderating inflationary wage gains than worrying about the unemployment rate. Although employment remains robust and personal income growth is solid, U.S. consumer spending appears to be weakening as a result of lower Supplemental Nutrition Assistance Program (SNAP) benefits and smaller tax rebates. In addition, student loan repayments will likely restart in several months representing another potential headwind for consumer spending.

Many economists and market strategists believe that a recession is inevitable over the next year. They predict an economic downturn will lead to a significant decline in the earnings of the S&P 500 Index based on the historical patterns of sales and margins of the S&P 500 Index over previous recessions. However, today's S&P 500 Index bears little resemblance to the S&P 500 Index of 30 years ago. We would argue that since the composition of the S&P 500 Index has changed dramatically over the past 32 years, those forecasting a dire earnings outlook are reaching conclusions in error as they are relying upon outdated earnings patterns based on an index that has been transformed. As compared to the S&P 500 Index of 32 years ago, the 20 largest components of the index today generally have higher growth rates, are less cyclical, have less margin risk, face fewer competitors, are less capital intensive, have superior pricing power and are more likely to benefit from secular technology trends. Consensus earnings expectations for the S&P 500 Index in 2023 and 2024 are approximately $220 and $242 respectively. Thus far, in 2023, both the economy and corporate earnings have held up reasonably well. While a recession would certainly affect earnings, for the reasons listed above as well as the fact that the top 20 companies represent roughly 40% of the S&P 500 Index, we believe its impact on earnings would be less than during previous recessionary periods.

We remain focused on building a portfolio of quality/predictable growth companies with reasonable valuations. We strive to avoid the risk of overvalued equities whose popularity amongst investors is undeserved based on our valuation methodology. Importantly, in our opinion, the earnings power of the companies in the Fund's portfolio remains largely intact. Given the economic resilience of the Fund's portfolio, along with its reasonable valuation, and a normalized mid-to-high-teens earnings growth rate going forward, we believe this portfolio of quality growth businesses is well positioned for the intermediate and longer-term investor willing to look through potential near-term volatility.

While the possibility of recession and general earnings decline this year certainly exists, equities are priced on forward looking earnings. Especially in a recession, investors tend to look past the near-term earnings decline and value equities based on normalized earnings in the period after the recession. In our opinion by the summer or autumn of 2023, equities will increasingly be priced on 2024 earnings.

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As of March 31, 2023, Microsoft Corp. made up 11.81%, NVIDIA Corp. made up 3.41%, ASML Holding N.V. made up 4.14%, Arista Networks Inc. made up 2.48%, Alphabet Inc. made up 5.26%, Amazon.com Inc. made up 5.92%, Charles Schwab Corp. made up 1.59%, Neurocrine Biosciences Inc. made up 2.19%, UnitedHealth Group Inc. made up 2.51%, EPAM Systems Inc. made up 4.50%, Accenture plc made up 4.28%, Autodesk Inc. made up 3.78%, Burlington Stores Inc. made up 2.08%, Entegris Inc. made up 1.40%, SolarEdge Technologies Inc. made up 3.21%, and O'Reilly Automotive Inc., Apple Inc., Silicon Valley Bank, Signature Bank, and First Republic Bank made up 0.00% of the Touchstone Large Company Growth Fund. Current and future portfolio holdings are subject to change.

Fund Facts *(As of 03/31/23)*

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	08/15/16	**TSAGX**	89154Q414	1.58%	1.07%
C Shares	08/15/16	**TCGLX**	89154Q398	4.24%	1.82%
Y Shares	08/15/16	**TLGYX**	89154Q380	0.97%	0.82%
INST Shares	08/28/09	**DSMLX**	89154Q372	0.84%	0.72%
Total Fund Assets	**$158.6 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 10/29/23.*

Share class availability differs by firm.

Annualized Total Returns** *(As of 03/31/23)*

	1Q23	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	8.93%	8.93%	-11.15%	12.82%	9.49%	12.03%	13.00%
C Shares	8.75%	8.75%	-11.80%	11.97%	8.67%	11.20%	12.16%
Y Shares	8.99%	8.99%	-10.94%	13.08%	9.75%	12.31%	13.25%
INST Shares	9.05%	9.05%	-10.82%	13.21%	9.87%	12.40%	13.32%
Benchmark^	14.37%	14.37%	-10.90%	18.58%	13.66%	14.59%	14.90%
Including Max Sales Charge							
A Shares	3.50%	3.50%	-15.59%	10.90%	8.20%	11.37%	12.51%
C Shares	7.75%	7.75%	-12.65%	11.97%	8.67%	11.20%	12.16%

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 - Russell 1000® Growth Index[1]

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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.***

[1]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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