

Fund Manager Commentary

As of June 30, 2019

Fund Highlights

- Utilizes a classic value-driven fundamental investment process
- Seeks to identify companies believed to be selling at a discount to their intrinsic value
- Employs five valuation screens that seek to identify attractively priced securities
- Conducts in-depth research and analysis on the securities that pass the valuation screens in an effort to identify leading companies selling at attractive valuations
- Examines financial statements and assesses the company's management team, competitive strategy and its current market position

Market Recap

Market performance was more muted in the second quarter of 2019 after a strong first quarter. Large-cap stocks outperformed mid- and small-cap stocks within the value universe due to a shallower drawdown in May and better recovery in June. Growth continued to outpace Value within U.S. mid-cap equities in the quarter with the Russell Mid Cap® Growth Index more than doubling the Russell Mid Cap® Value benchmark. The Industrials, Communications Services, and Financials sectors led benchmark returns while Energy was a notable underperformer.

Portfolio Review

The Touchstone Mid Cap Value Fund (Class A Shares Load-Waived) underperformed its benchmark, the Russell Mid Cap® Value Index, for the quarter ended June 30, 2019.

Relative to the benchmark on a sector returns basis, Fund performance was strongest in the Energy and Health Care sectors and weakest in the Industrials and Information Technology sectors.

The Fund had positive stock selection in the Energy sector, driven by oil and gas exploration company Anadarko Petroleum Corp., which was acquired by Occidental Petroleum Corp. during the quarter.

Stock selection in the Health Care sector was positive as dental products company, DENTSPLY Sirona Inc., was a notable contributor after beating expectations on revenue and margins in the first quarter and raising the lower end of its annual guidance. We believe management's guidance is solid for revenue growth for the year and the company has successfully consolidated business units and created a single supply chain. Lab testing company, Quest Diagnostics Inc., also contributed to performance after

exceeding expectations and calming investors' nerves that 2018 concerns were being captured in 2019 guidance. Organic volumes increased on the heels of improved hospital volumes and the company has a large pipeline of deals driven by a difficult pricing environment.

In the Industrials sector, stock selection and lack of exposure to outperforming benchmark stocks in the aerospace and defense, airlines and professional services detracted from relative Fund performance. Medical and industrial waste management firm, Stericycle Inc., declined after a strong first quarter on weak results in industrial waste. The company is also facing lower recycled paper prices which we believe will likely result in weaker outlook for the remainder of 2019. Construction and engineering company, Fluor Corp. detracted from performance after the longtime CEO was fired after another quarter of poor execution.

The Fund experienced weak stock selection within the Information Technology sector during the quarter. Business process outsourcer, Conduent Inc., posted a slight earnings miss in the quarter and reduced its earnings guidance, but also saw its well-respected CEO step down after a public board argument between activist investor, Carl Icahn, and the Chairman. Semiconductor company, MACOM Technology Solutions Holdings Inc., missed earnings expectations during the quarter as well on weaker than expected datacenter business as seen across the industry. The company has also seen fallout related to its largest customer, Huawei Technologies Co. Ltd. A new CEO with deep experience and focus was put in place during the quarter and he announced a restructuring plan seeking to ensure the company has the potential to be profitable at a revenue level that excludes Huawei and a weak datacenter run rate. The Fund continued to hold the stock with belief that the company's call options are still on the table for future growth. Helping to offset those headwinds, defense

(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.**



contractor, Leidos Holdings Inc., outperformed during the quarter after exceeding consensus expectations and raising estimates on accelerated revenue growth, a raised annual earnings per share (EPS) and cash flow guidance and announced stock repurchases.

New investment ideas added to the Fund during the quarter included managed care company Centene Corp. (Health Care sector) and electric utility Entergy Corp. (Utilities sector). The Fund exited positions in construction and engineering company Fluor (Industrials sector), packaging company Sonoco Products Co. (Materials sector) and oil and gas equipment producer Apergy Corp. (Energy sector) during the quarter.

Outlook and Conclusion

Entering the second half of the year, the Fund continues to be overweight to the Materials and Consumer Staples sectors. The Fund maintains underweight positions to the Real Estate and Financials sectors with no exposure to the Communication Services sector and an increased underweight position to the Industrials sector. These weights are a fall-out of the strategy's bottom-up investment process.

While we are aware of the macroeconomic environment, we believe it is often too challenging to make short-term calls so the focus remains on idiosyncratic developments in businesses. That said, the fundamental backdrop seems to support a modest growth environment with potential upside if a trade deal is reached, and still limited recession risk on the downside. The market likely has high expectations for earnings after much of the guidance issued in recent quarters weighed improvement toward the second half of 2019. As a result, management teams are likely to remain cautious after such a run in stock prices and a market with high expectations for earnings results.

The Fund utilizes a classic value-driven philosophy based on the belief that leading businesses selling at a discount to fair value have the potential to generate excess returns. The Fund's strategy focuses on stocks that are temporarily out of favor in the market, specifically companies with higher returns on capital, free cash flow and strong balance sheets. Emphasis is placed on those companies having the cash flow characteristics as well as the balance sheet strength necessary to buffer the company from any prolonged weakness. While the companies we select often dominate a particular industry niche and generally have significant barriers to entry, we believe they are able to perpetuate a higher return on capital over time. The Fund's overall investment process utilizes fundamental bottom-up security selection, while we believe risk control measures seek security and sector diversification.

As of June 30, 2019, DENTSPLY Sirona Inc. made up 1.84%, Quest Diagnostics Inc. made up 1.61%, Stericycle Inc. made up 0.99%, Conduent Inc. made up 1.10%, MACOM Technology Solutions Holdings Inc. made up 1.74%, Leidos Holdings Inc. made up 2.01%, Centene Corp. made up 1.22%, Entergy Corp. made up 1.62%, and Anadarko Petroleum Corp., Occidental Petroleum Corp., Fluor Corp., Huawei Technologies Co. Ltd., Sonoco Products Co. and Apergy Corp. made up 0.00% of the Touchstone Mid Cap Value Fund. Current and future holdings are subject to change.



Fund Facts (As of 06/30/19)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio*	
				Total	Net
A Shares	09/30/09	TCVAX	89155H413	1.47%	1.23%
C Shares	09/30/09	TMFCX	89155H397	2.30%	1.98%
Y Shares	09/30/09	TCVYX	89155H371	1.04%	0.98%
INST Shares	09/30/09	TCVIX	89155H389	0.97%	0.85%
Total Fund Assets	\$741.3 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 1.22% for Class A Shares, 1.97% for Class C Shares, 0.97% for Class Y Shares and 0.84% for Class INST Shares. These expense limitations will remain in effect until at least 01/29/20.

Annualized Total Returns (As of 06/30/19)

Class	2Q19	YTD	1 Year	3 Year	5 Year	Inception
Including Max Sales Charge						
A Shares	-2.56%	11.66%	-5.88%	4.28%	4.66%	10.40%
C Shares	1.40%	16.16%	-1.85%	5.59%	5.12%	10.25%
Excluding Max Sales Charge						
A Shares	2.55%	17.53%	-0.15%	6.35%	5.90%	11.07%
C Shares	2.40%	17.16%	-0.91%	5.59%	5.12%	10.25%
Y Shares	2.60%	17.67%	0.06%	6.62%	6.15%	11.35%
INST Shares	2.68%	17.78%	0.20%	6.76%	6.31%	11.51%
Benchmark [^]	3.19%	18.02%	3.68%	8.95%	6.72%	12.49%

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 Midcap[®] Value Index¹

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¹The Russell Midcap[®] Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower 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.

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A Word About Risk

The Fund invests in equities which are subject to market volatility and loss. The Fund invests in stocks of mid-cap companies which may be subject to more erratic market movements than stocks of larger, more established companies. The Fund invests in value stocks which may not appreciate in value as anticipated or may experience a decline in value. 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 advisor 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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