

## Fund Manager Commentary

As of September 30, 2024

### 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

Style factors across our asset class were muddled across the benchmark. Within the Russell Mid Cap Value Index, there was little distinction across return on equity quintiles. Non-earners were the best performers while the rest of the price-to-earnings quintile performance was varied. Stocks with the highest balance sheet leverage outperformed those with lower debt levels. The highest quintile of volatility notably underperformed but the remaining quintiles performed similarly. Stocks with a high yield outperformed those that paid low or no dividends.

Within the benchmark, the best performing sectors were Utilities and Real Estate. Energy, Information Technology (IT), Consumer Staples, and Materials notably underperformed.

### Portfolio Review

The Touchstone Mid Cap Value Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell Midcap® Value Index, for the quarter ended September 30, 2024.

The Fund outperformed on a relative basis in five of eleven sectors. Materials was the strongest sector while performance was the weakest in IT, Financials, and Real Estate.

Performance in the IT sector was positive in the quarter led by F5 Inc. (FFIV) and Qorvo, Inc. (QRVO). Management at FFIV raised earnings guidance as sales for its cloud services software exceeded expectations. QRVO was the largest detractor in the sector. The company produces components for smartphones and lagged as sales for the new Apple iPhone were below expectations.

The Utilities sector was the strongest performer within the benchmark and a modest contributor to the Fund. Entergy Corp (ETR) and WEC Energy (WEC) were among the top contributors

in the sector. ETR continues to see above average levels of earnings and rate base growth driven by grid hardening investments for its hurricane prone geography. WEC was another strong contributor within the sector. The commentary and guideposts around its Wisconsin rate cases continue to align with investor expectations, reducing uncertainty around its future earnings in that jurisdiction.

The Industrials sector was a modest outperformer, driven by strength in three holdings - Regal Rexnord (RRX), Parker Hannafin (PH), and Genpact Limited (G). RRX recovered from prior underperformance as the market embraced stocks driven by improving macro conditions and higher amounts of leverage. PH exceeded earnings expectations driven by the strong results in its aerospace business. G outperformed as revenue and bookings continued to grow at a faster pace.

The Financials sector was a detractor in the quarter despite strong performance from Allstate Corp. The insurance provider continues to see margin expansion driven by cost controls and positive pricing. The sale of its voluntary benefits business also simplifies the asset mix while providing capital for growth and buybacks.

The price of oil dropped 22% in the quarter and our mix of holdings in the Energy sector could not hold up against more defensive options in the space. Coterra Energy, Diamondback Energy, Permian Resources, and Champions X all underperformed in tandem with commodity pricing.

The Health Care sector was a detractor during the third quarter. Insurance company Humana Inc. was the largest drag to performance. While the company beat earnings expectations in the quarter, management did not raise guidance, dampening market enthusiasm ahead of the release of annual star score ratings.

*(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](https://TouchstoneInvestments.com/mutual-funds).**



The Consumer Staples sector also lagged the benchmark. French fry producer Lamb Weston continued to suffer from the impacts of a botched enterprise resource planning implementation in the prior quarter. The company lost market share due to its inability to meet customer demand in the face of a volume slowdown at its quick service customers, resulting in excess capacity and low utilization rates. Discount retailer Dollar Tree has seen traffic slow as its core low-income consumer pulls back on spending, mix shifts to lower margin consumables, and elevated levels of shrink.

The Consumer Discretionary sector was the portfolio's largest detractor led by LKQ Corp (LKQ). LKQ is a salvage and aftermarket auto parts company, it underperformed as consumers delayed repair work on their vehicles. However, toy maker Hasbro, Inc. was a notable bright spot in the sector. The company's cost saving program is beginning to benefit the bottom line, its digital gaming business continues to show strong growth, and toy channel inventory is positioned well for holiday sales.

As we enter the fourth quarter, our largest relative overweights are in the Consumer Staples and Industrials sectors. We are notably underweight in Real Estate and Communication Services. These exposures are driven by the opportunity set we see in each sector. During the quarter we initiated a position in Mid-America Apartment Communities (Real Estate sector). We exited our positions in Valero Energy (Energy sector) and Carters Inc. (Consumer Discretionary sector).

### Outlook and Conclusion

The third quarter has been tumultuous from a headline perspective. The U.S. Federal Reserve seems to believe inflation has been tamed and has begun to reduce interest rates. China has released a wave of stimulus measures to boost its struggling economy and debt-laden financial system. The conflicts in the Middle East and Ukraine continue to intensify. In the U.S., there have been two attempted assassinations of one presidential candidate while the sitting president stepped away from the election in favor of a new candidate, eschewing the primary process. Consumer spending has remained choppy across the income spectrum. Employment data continues to move in the wrong direction, albeit slowly. Yet the market continues to hum along, ending the quarter at all-time highs.

Amid these market dynamics, we continue to hold fast and invest according to our process. Fundamentally we are looking for quality stocks, trading at a discount, with good risk/reward. We look for companies with strong management teams, high barriers to entry, solid balance sheets, and we continue to rigorously examine downside scenarios for our positions. We continue to find attractively valued investment opportunities with favorable risk/reward profiles. While we do not believe in making short term projections, we believe these investments will outperform the market longer term.



**Fund Facts**

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	09/30/09	TCVAX	89155H413	1.51%	1.24%
C Shares	09/30/09	TMFCX	89155H397	2.38%	1.99%
Y Shares	09/30/09	TCVYX	89155H371	1.20%	0.99%
INST Shares	09/30/09	TCVIX	89155H389	0.97%	0.86%
<b>Total Fund Assets</b>	<b>\$614.0 Million</b>				

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 01/29/25. Share class availability differs by firm.

**Annualized Total Returns**

	3Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	6.60%	9.89%	20.08%	5.29%	9.16%	8.05%	10.38%
C Shares	6.45%	9.27%	19.16%	4.50%	8.35%	7.41%	9.94%
Y Shares	6.67%	10.08%	20.33%	5.54%	9.43%	8.32%	10.66%
INST Shares	6.75%	10.23%	20.51%	5.69%	9.58%	8.47%	10.81%
Benchmark	10.08%	15.08%	29.01%	7.39%	10.33%	8.93%	11.63%
Including Max Sales Charge							
A Shares	1.27%	4.41%	14.06%	3.51%	8.05%	7.42%	9.94%
C Shares	5.45%	8.27%	18.16%	4.50%	8.35%	7.41%	9.94%

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 Index

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](https://www.touchstoneinvestments.com/mutual-funds).** From time to time, the investment adviser 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.

**Top 10 Equity Holdings of Fund**

	(% of Portfolio)		(% of Portfolio)		
1	Clean Harbors, Inc.	2.9	6	Reinsurance Group of America Inc.	2.0
2	Allstate Corp.	2.9	7	Entergy Corp	2.0
3	Leidos Holdings Inc.	2.7	8	Wesco International, Inc.	1.9
4	Regal Rexnord Corp.	2.6	9	Keysight Technologies Inc.	1.9
5	Encompass Health Corp.	2.3	10	WEC Energy Group Inc.	1.9

Source: BNY Mellon Asset Servicing

The 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.

The Frank Russell Company (FRC) is the source and owner of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a Touchstone Investments presentation of the data, and FRC is not responsible for the formatting or configuration of this material or for any inaccuracy in the presentation thereof.

**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. 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. 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. The Fund's investments in other investment companies will be subject to substantially the same risks as those associated with the direct ownership of the securities comprising the portfolios of such investment companies, and the value of the Fund's investment will fluctuate in response to the performance of such portfolios. In addition, if the Fund acquires shares of investment companies, shareholders of the Fund will bear their proportionate share of the fees and expenses of the Fund and, indirectly, the fees and expenses of the investment companies or ETFs. The Fund's service providers are susceptible to cyber security risks that could result in losses to a Fund and its shareholders. Cyber security incidents could affect issuers in which a Fund invests, thereby causing the Fund's investments to lose value. Current and future portfolio holdings are subject to change.

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](https://www.TouchstoneInvestments.com/resources) or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

Touchstone Funds are distributed by **Touchstone Securities, Inc.**

A registered broker-dealer and member FINRA and SIPC

A Member of Western & Southern Financial Group

Not FDIC Insured | No Bank Guarantee | May Lose Value

