Touchstone Mid Cap Value Fund

Sub-Advised by: Leeward Investments, LLC

U.S. Equity – Mid-Cap Value 2Q/2023

Fund Manager Commentary

As of June 30, 2023

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

The market environment provided a negative backdrop in the quarter. Within the Russell Mid Cap Value Index, the highest volatility stocks significantly outperformed those with lower volatility. Non-earners outperformed significantly while other price-to-equity ratio quintiles were muddled. Stocks with no dividend or a low yield significantly outperformed those with a high yield. Stocks with lower balance sheet leverage performed modestly better than highly levered companies. Performance by market cap quintile was varied, as were return-on-equity (ROE) quintiles with the best and worst buckets outperforming.

The best performing sectors in the benchmark were Industrials and Consumer Discretionary. Utilities, Consumer Staples, Materials and Communication Services 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 June 30, 2023.

The Fund outperformed on a relative basis in five of eleven sectors. Healthcare was the strongest sector while performance was the weakest in Consumer Discretionary, Financials and Industrials.

Strong selection drove outperformance in the Health Care sector. Encompass Health, benefitted from improving demand for more typical healthcare and the easing of pressure from increased nursing wages. Amerisource Bergen Corp also outperformed on increased demand for supplies across the healthcare industry. Envista Holdings Corp was the largest detractor in the sector. The dental supplier missed investor expectations due to lumpy equipment sales and broad-based weakness in China.

The Materials sector outperformed modestly, driven by strong results from Livent Corp (LTHM). Shares of LTHM moved higher as lithium prices continue to rebound and the company announced a merger of equals with Allkem Limited. FMC Corp lagged as the drought in Brazil led to softer sales in the region and investors exhibit caution on the overall agricultural sector.

Strong selection in the Consumer Staples sector offset our overweight to the sector, resulting in a modest contribution to performance. Tyson Foods, a new purchase last quarter, significantly underperformed the benchmark in the second quarter. The company reduced its full year guidance as conditions across their business deteriorated as the chicken, beef, and pork cycles continued to decline.

The Real Estate sector was a modest contributor, driven by results in Digital Realty Trust (DLR). The data center real estate investment trust has benefitted as high power costs have limited supply additions, enabling a strong pricing cycle in certain markets. The company has also been helped by investor enthusiasm in the artificial intelligence (AI) space: DLR will be a beneficiary due to the increased computing power needed for the technology.

The Energy sector was also a modest contributor despite the underperformance of Valero Energy Corp. Results were weak as energy prices declined and investors continue to worry about demand for their products in a recessionary environment.

The Industrials sector underperformed during the quarter driven by adverse stock selection. Genpact, a business process outsourcer, was the Fund's largest individual detractor in the period. Worries about the impact AI will have on the business led to multiple contractions despite strong quarterly results. Weakness in Genpact was partially offset by performance in Clean Harbors. The

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environmental services company reiterated its expectations for strong secular demand and increased pricing for its environmental services segment.

The Financials sector was impacted by negative stock selection in a handful of positions. First Horizon Corp was the largest detractor. The stock declined when TD Bank walked away from its planned acquisition of First Horizon. We added to the position and continue to like their long-term outlook. Global Payments underperformed when their long time CEO resigned, raising questions about their commitment to guidance and their current strategy.

The Consumer Discretionary sector was the portfolio's largest detractor in the quarter. Columbia Sportswear underperformed when the company reduced its earnings expectations for the year and highlighted some pockets of weakness for the consumer. Advance Auto Parts, a new buy in the quarter, declined as the company continued to experience supply chain issues, particularly in their private label assortment. The resulting missed sales and investment in price drove a substantial reduction in annual guidance. Hasbro Inc. was a positive contributor. The toy company has managed its inventory well and laid out a strong cadence of entertainment and Magic the Gathering releases throughout the year.

At the start of the third quarter, our largest relative overweight position is the Consumer Staples sector. We are notably underweight in Real Estate, Information Technology and Communication Services sectors. These exposures were driven by the opportunity set we see in each sector, though the annual Russell Index rebalance has contributed to some changes at the margin. During the quarter, we initiated positions in Wesco International (Industrials sector) and Advanced AutoParts (Consumer Discretionary).

Outlook and Conclusion

To date, 2023 has continued to offer the same volatility and murky outlook typical of the last few years. The market has shrugged off the rate-driven bank crisis of the first quarter, focused excitement over AI, and the re/nearshoring of the manufacturing base. The fight against inflation may be entering its final stages with future interest rate increases expected to be minimal in comparison to the last 18 months. What the lagged effect of such a rapid increase will be is still in question but the market is considering the risks manageable. As the pressure from inflation mounts, there have been clear signs of stress among consumers. High-income consumers have exhibited choppier spending patterns while the low-income consumer is clearly stretched. Excess savings from the pandemic continue to decline and the reduction in government benefits and restart of student loan payments are likely to exacerbate the situation. The Chinese and European economies continue to muddle along. The normalization of the global supply chain has driven a few quarters of order weakness as companies destock COVID-related levels of inventory. The coming wave of debt refinancing in the office real estate market has some investors worried about knock-on effects through the financial system.

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 *(As of 06/30/23)*

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	09/30/09	**TCVAX**	89155H413	1.44%	1.22%
C Shares	09/30/09	**TMFCX**	89155H397	2.26%	1.97%
Y Shares	09/30/09	**TCVYX**	89155H371	1.16%	0.97%
INST Shares	09/30/09	**TCVIX**	89155H389	0.95%	0.84%
Total Fund Assets	**$739.5 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 01/29/24.*

Share class availability differs by firm.

Annualized Total Returns *(As of 06/30/23)*

	2Q23	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	3.31%	3.01%	8.01%	14.12%	6.62%	8.45%	10.28%
C Shares	3.10%	2.63%	7.18%	13.27%	5.82%	7.80%	9.80%
Y Shares	3.38%	3.13%	8.29%	14.40%	6.89%	8.72%	10.56%
INST Shares	3.41%	3.21%	8.42%	14.57%	7.03%	8.86%	10.71%
Benchmark^	3.86%	5.23%	10.50%	15.04%	6.84%	9.03%	11.06%
Including Max Sales Charge							
A Shares	-1.85%	-2.12%	2.58%	12.20%	5.37%	7.81%	9.81%
C Shares	2.10%	1.63%	6.18%	13.27%	5.82%	7.80%	9.80%

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[1]

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Top 10 Equity Holdings of Fund *(As of 06/30/23)*

		(% of Portfolio)
1	Regal Rexnord Corp.	2.7
2	Reinsurance Group of America Inc.	2.4
3	Clean Harbors, Inc.	2.4
4	Darling Ingredients Inc.	2.3
5	The Progressive Corp.	2.2
6	LKQ Corp.	2.1
7	AmerisourceBergen Corp.	2.1
8	Snap-on Inc.	2.0
9	Ingredion Inc.	2.0
10	American International Group Inc.	1.9

Source: BNY Mellon Asset Servicing

[1]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.

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

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