Fund Manager Commentary

As of March 31, 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 modestly negative backdrop in the quarter. Within the Russell Mid Cap Value Index, the highest beta[1] stocks significantly outperformed those with lower beta. Non-earners outperformed significantly while other price-to-earnings quintiles were muddled. Stocks with no yield significantly outperformed those with a dividend. Stocks with lower balance sheet leverage performed modestly better than highly levered. Performance by market cap quintile varied, as were return on equity quintiles with the best and worst buckets outperforming. Stocks with high foreign sales outperformed markedly when compared to those with less than 30% in foreign sales.

The best performing sectors within the Russell Mid Cap Value Index were Information Technology, Communication Services, Industrials and Consumer Discretionary sectors. Financials and Energy sectors 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 March 31, 2023.

The Fund's sector allocation was a drag on performance in the quarter, along with relative subpar stock performance. The portfolio outperformed on a relative basis in only five of eleven sectors. Industrials was the strongest performing sector while Information Technology and Health Care were the weakest performing sectors.

The Fund's Industrials sector allocation positively contributed to relative performance driven by good relative stock performance. Clean Harbors Inc. was a notable contributor. The environmental services company reiterated a solid outlook at their March investor day, highlighting strong secular demand and increased pricing.

Subpar stock performance drove the Fund's relative underperformance in the Health Care sector. Centene Corp. was the largest detractor. The managed care space saw price weakness in the first quarter following a strong 2022, as healthcare investors pivoted to more economically sensitive opportunities within the space. Yet, the Financials sector was a large detractor for the Fund's portfolio and the benchmark, thus deserving a more in-depth discussion. Silicon Valley Bank (SVB), a regional lender with a concentration in the technology and venture capital industries, experienced a classic bank run and was closed by the FDIC on March 10. As interest rates increased, the value of their liquid assets (treasuries and government backed mortgage-backed securities) lost value. When the bank experienced an increase in withdrawals, they were forced to sell these assets at a loss, affecting their capital ratios. SVB failed to adequately manage their duration risks, had a large percentage of their deposits over the FDIC deposit limit of $250K, and had a more concentrated deposit base, which left them more susceptible as investors worried about the safety of their funds.

The market's reaction was to sell any stocks that had a modicum of similar risk, so any banking franchises with high percentages of uninsured deposits or exposure to technology/venture capital saw significant price pressure. The FDIC closed Signature Bank the following weekend due to upheaval in the bank's cryptocurrency deposit base and subsequent withdrawal activity following the closure of Silvergate Capital. The FDIC also announced they would make uninsured depositors whole at the failed banks, but not for other banks suffering from depositor questions. While there

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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.***

have been no further bank failures, the entire industry remains fragile despite measures taken by the U.S. Federal Reserve Board (Fed) to provide emergency liquidity.

We did not have exposure to Silvergate Capital or SVB in the Mid Cap Value Fund, though suffered collateral damage in holdings Signature Bank and Western Alliance Bancorp. Our underweight to Financials helped mitigate the impact of these detractors. While each company had their own idiosyncrasies, these banks were attractive investment opportunities because of their low-operating-cost business models that generated above-average returns with less credit risk. Their business models did not rely on significant branch networks with consumer deposits and instead were driven by larger banking relationships with commercial deposits. The deposits from these relationships were sometimes large and well in excess of the FDIC's insured deposit limit resulting in greater efficiencies for the bank. This model has been chased by other banking institutions for decades. In hindsight, higher interest rates exposed a flaw in the business model in terms of liquidity risk that was not fully appreciated. In periods of panic, large depositors can leave, and quickly. As the bank run became apparent at SVB, we rapidly addressed increased risk in the portfolio. We exited the positions in Signature Bank and Western Alliance Bancorp and initiated a position in a bank with a low uninsured deposit ratio, limited office exposure, and diversified deposit base that we felt was overly punished in the turmoil.

It is clear that the full effects of these events have not yet been felt. We expect that earnings power will be under pressure as banks deal with higher deposit costs, capital requirements, greater regulatory costs, and increased liquidity needs. With the rate impacts to fixed income securities, many banks have inadequate levels of capital. We remain focused on understanding the risk profile of all the companies in our portfolio and capitalizing on opportunities created by volatility. Banks stable enough to slog through to the other side, but that are undergoing a transitory negative event, fit precisely within our process.

At the start of the second quarter, the Fund's largest relative overweight position is the Consumer Staples sector. The Fund is notably underweight in Real Estate, Information Technology and Communication Services. The Fund had several holdings change sector classification during March when Global Industry Classification Standard changed their sector classification methodology. Sectors affected include Consumer Staples, Consumer Discretionary, Information Technology, and Industrials. During the quarter the Fund initiated positions in First Horizon Corp. (Financials sector), Genpact Limited (Industrials sector), and Tyson Foods Inc. (Consumer Staples sector). The Fund exited positions in Signature Bank and Western Alliance Bancorp (both Financials sector). In each case, we found better risk/reward opportunities in other holdings.

Outlook and Conclusion

In the first 90 days of the year, the market experienced a euphoric beta-driven rally followed by bank runs and widespread weakness in the Financials sector. Inflation results and expectations continue to be higher than what the Fed wants. The market's expectations for a rate cut seem to be at odds with communication from Fed officials. March's banking issues are ongoing and with looming credit concerns, bank lending is likely to dry up. The rescue sale of Credit Suisse Group AG to UBS Group AG shook up Europe and whether the contagion will be limited to Switzerland remains to be seen. The reopening of China likely added some fuel to the early quarter rally, but indications point to a more subdued impact than expected. The consumer environment continues to be volatile and excess savings are on the decline. Higher income consumers showed signs of slower spending during the banking crisis. Lower income consumers continue to feel the effects of inflation, now compounded by lower Supplemental Nutrition Assistance Program benefits and higher gas prices following the announced production cuts by Organization of the Petroleum Exporting Countries. Earnings estimates continue to creep lower with many companies pointing toward better second half results. Despite this confluence of issues, the market has been resilient, if subdued. It is possible that the increase in ETF and retail assets have muted the impact of a weaker economic outlook for now.

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 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.

As of March 31, 2023, Clean Harbors Inc. made up 2.78%, Centene Corp. made up 1.46%, First Horizon Corp. made up 0.93%, Genpact Limited made up 1.55%, Tyson Foods Inc. made up 1.24%, and Silicon Valley Bank, Silvergate Capital, Credit Suisse Group AG, and UBS Group AG made up 0.00% of the Touchstone Mid Cap Value Fund. Current and future portfolio holdings are subject to change.

[1] *Beta is a measure of the volatility of a portfolio relative to its benchmark.*

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

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	**$793.3 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 01/29/24.*

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	-0.29%	-0.29%	-8.23%	19.34%	6.69%	8.34%	10.21%
C Shares	-0.46%	-0.46%	-8.89%	18.45%	5.89%	7.70%	9.73%
Y Shares	-0.24%	-0.24%	-8.01%	19.64%	6.94%	8.61%	10.49%
INST Shares	-0.19%	-0.19%	-7.87%	19.79%	7.09%	8.76%	10.65%
Benchmark^	1.32%	1.32%	-9.22%	20.69%	6.54%	8.80%	10.96%
Including Max Sales Charge							
A Shares	-5.26%	-5.26%	-12.83%	17.33%	5.43%	7.70%	9.73%
C Shares	-1.45%	-1.45%	-9.76%	18.45%	5.89%	7.70%	9.73%

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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[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, including ETFs, 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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