

Fund Manager Commentary

As of December 31, 2024

Fund Highlights

- The Fund seeks long-term growth of capital, investing primarily in equity securities of U.S. and non-U.S. companies of any size, but generally focuses on larger, more established companies
- Applies bottom-up security analysis that includes fundamental, sector-based research in seeking to identify businesses that have high or improving returns on capital, barriers to competition and compelling valuations
- Selects investments based on an evaluation of a company's sustainability practices which considers and analyzes the potential Environmental, Social and Governance (ESG) impacts and risks of a company, how well the company manages these impacts and risks, and ascertains the company's willingness and ability to take a leadership position in implementing best practices

Market Recap

Volatility persisted for equity markets with the MSCI ACWI Ex-U.S. Index falling -7.6% in the fourth quarter. All sectors within the index posted negative returns for the quarter. Defining moments during the quarter included the U.S. election results, the U.S. Federal Reserve's (Fed) downward revision to expected cuts for 2025, political turmoil in France and South Korea, and further stimulus announcements in China with the government announcing significant wage increases for state workers in an attempt to stimulate consumer spending.

In November, the results of the U.S. election caused domestic markets to spike higher as the new administration's proposed policies around deregulation and lower corporate tax rates were perceived as a positive for U.S. equities. Non-U.S. indices saw weaker performance as the threat of potential new tariffs drove markets lower. The U.S. dollar index spiked higher after the U.S. election, finishing the year up about 5% from levels seen pre-election.

The December Federal Open Market Committee meeting shocked markets as the Fed cut rates by 25 basis points but indicated they only expect to cut rates a total of 50 basis points throughout all of 2025. Stocks fell and yields rose after the announcement. Despite the Fed having cut rates by a total of 100 basis points during the year, the 10-year treasury yield ended 75 basis points higher than where it started the year. Key U.S. economic data in the quarter reflected a slight uptick in inflation and a slight weakening in the labor market as the unemployment rate increased from 4.1% to 4.2%.

European Union inflation started the quarter at manageable levels (2.1%) but saw an uptick to 2.5% by the end of the quarter. Manufacturing levels remained muted in the region with European

Purchasing Managers' Index falling sharply in November as the composite index declined 1.9 points to 48.1, remaining in contraction territory. A German measure of business sentiment fell due to political and trade uncertainties. After two additional 25 basis point cuts during the quarter, the European Central Bank appears to be seeking an accommodative interest rate policy with the goal to stimulate, or maintain stability, in their respective economies.

After a sharp 20% increase in September, China equities performed poorly, falling about 2% in the quarter. Chinese policy makers revealed further stimulus in late December, announcing they were increasing wages for state workers. With many recently announced stimulus policies such as the reduction of mortgage rates and down payments for housing, it appears the government is implementing policies to improve consumer confidence by supporting the property markets and increasing wages. A revitalized Chinese consumer base may be a positive global economic driver into 2025.

Portfolio Review

The Touchstone Non-US ESG Equity Fund (Class A Shares, Load Waived) outperformed its benchmark, the MSCI ACWI Ex-U.S. Index, for the quarter ended December 31, 2024.

Communication Services was the top contributing sector, helped by positive performance across our holdings, especially in Nintendo (Japan). Performance in the Consumer Discretionary sector also was among the top contributing sectors as well on the performance strength seen in Sony Group (Japan).

Taiwan Semiconductor (Information Technology sector), a manufacturer and marketer of integrated circuits, was the top contributing stock for the quarter as monthly sales figures continue

(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.**



to trend positively, driven by growth in artificial intelligence end products. The company's supercomputing segment will ramp further into 2025 as datacenter buildout continues.

Health Care was among the top detracting sectors for the quarter, underperforming the benchmark slightly, driven by negative stock selection in Koninklijke Philips (Netherlands).

AIA Group LTD (Financials sector), the American-Hong Kong-based multinational insurance and finance corporation, was the largest detracting stock to relative performance. AIA underperformed following a strong rally earlier in the quarter driven by Chinese policymakers' announcement of additional stimulus measures. Since then, investors have been on the sidelines until there are signs of economic improvement in the region. We believe AIA is less susceptible to regional weakness and is likely to continue to see strong business fundamentals ahead.

The Fund initiated several positions during the quarter, including Atlas Copco (Industrials sector), ASML, and Shopify (both Information Technology sector). We initiated a position in Atlas Copco, a Swiss-domiciled high-quality industrial market leader and manufacturer of compressed air equipment, vacuum solutions, on-site generators, as well as electric and pneumatic tools. We view the company's operational excellence and business-to-business enterprise model as compelling when coupled with a highly profitable business model that contains a resilient mix of 35% services revenues. Despite near-term weakness in the semiconductor end-market, we believe the industry will rebound while Atlas Copco stands to benefit from increasing industrial automation, a shift to electric vehicles, and a lower carbon economy. We initiated a position in ASML, a developer, producer, and marketer of semiconductor manufacturing equipment after the company reset 2025 growth expectations. The company is the leading provider of lithography machinery in the semiconductor equipment industry. We view the original outlook as too aggressive relative to the end market, which now appears more in sync. There is little debate on competitive factors, and we view this as an entry point for a high-quality franchise. We also initiated a position in Shopify, a Canadian direct-to-consumer platform, as the company is emerging as the leading platform in Global eCommerce. By leveraging its comprehensive end-to-end eCommerce platform for Small and Medium sized retail merchants focused on English-speaking markets (U.S., UK, Canada, and Australia), Shopify aims to become a platform for all merchant sizes globally.

The Fund exited positions in Ashtead Group (Industrials sector), Amadeus IT Group (Consumer Discretionary sector), and Vestas Wind Systems (Industrials sector) during the quarter. The Fund exited Ashtead Group given increasing concerns of slower spending in non-residential construction and building used equipment inventory, leading to future pressure on rate growth. The Fund exited Amadeus given increased secular concern around the disruptive impact to distribution aggregators and solutions and cyclical challenges providing headwinds to Airline investments. We exited our position in Vestas Wind Systems as we anticipate further headwinds due to consistently weak operational performance and poor cost management. The Fund also added a position in Novo-Nordisk (Health Care sector) and exited positions in Deutsche Post and ATS Corp (both Industrials sector) during the quarter.

Outlook and Conclusion

MSCI ACWI Ex-U.S. Index valuation is currently 13.5x forward earnings, in line with the 10-year average and in contrast to the premium valuations of the MSCI USA and MSCI ACWI. Bifurcation in central bank interest rate policies will be a focus for markets looking toward 2025. The potential for new tariffs and reaccelerating inflation are also themes the markets will be watching heading into the new year. We continue to focus on investing in quality businesses that can endure varying political leadership and changing global industrial policies.



Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	12/19/97	TEQAX	89154X302	1.16%	1.16%
C Shares	10/04/03	TEQCX	89154X401	2.51%	1.92%
Y Shares	11/10/04	TIQIX	89154X633	0.94%	0.90%
Inst Shares	05/04/15	TROCX	89154Q513	0.92%	0.87%
Total Fund Assets	\$653.4 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 1.17% for Class A Shares, 1.92% for Class C Shares, 0.90% for Class Y Shares and 0.87% for Class Inst Shares. These expense limitations will remain in effect until at least 07/29/25. Share class availability differs by firm.

Annualized Total Returns

	4Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	-5.19%	8.93%	8.93%	3.70%	7.40%	7.45%	7.94%
C Shares	-5.36%	8.10%	8.10%	2.88%	6.52%	6.76%	7.56%
Y Shares	-5.13%	9.20%	9.20%	3.96%	7.66%	7.72%	8.14%
Inst Shares	-5.11%	9.22%	9.22%	3.94%	7.65%	7.74%	8.15%
Benchmark	-7.60%	5.53%	5.53%	0.82%	4.10%	4.80%	—
Including Max Sales Charge							
A Shares	-9.93%	3.47%	3.47%	1.94%	6.30%	6.82%	7.70%
C Shares	-6.28%	7.10%	7.10%	2.88%	6.52%	6.76%	7.56%

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- MSCI All Country World Ex-U.S. Index

The MSCI All Country World Ex-U.S. Index is an unmanaged, capitalization-weighted index composed of companies representative of both developed and emerging markets excluding the United States.

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.

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

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The performance presented for Class C and Y shares combines the performance since inception of an older class of shares (A shares) from the Fund's inception 12/19/97 with the performance since the inception date of each share class. The performance for Institutional Class shares combines the performance of Class A shares from 12/19/97 to 11/9/04 with the performance of Class Y shares since its inception 11/10/04 until the inception date of the Institutional Class shares.

Top 10 Equity Holdings of Fund

	(% of Portfolio)		(% of Portfolio)	
1	Taiwan Semiconductor Mfg. Co. Ltd.	4.7	6 AerCap Holdings NV	3.7
2	ICICI Bank Ltd.	4.4	7 London Stock Exchange Group Plc	3.5
3	Hitachi, Ltd.	3.9	8 Nintendo Co., Ltd.	3.5
4	Oversea Chinese Banking Corp. Ltd.	3.8	9 RELX PLC	3.5
5	Sony Group Corp.	3.7	10 Tencent Holdings Ltd.	3.4

Source: BNY Mellon Asset Servicing

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

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 stocks of small- and mid-cap companies, which may be subject to more erratic market movements than stocks of larger, more established companies. 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, emerging and frontier markets securities, and 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 risks associated with investing in foreign markets are magnified in emerging markets, and in frontier markets due to their smaller and less developed economies. The sub-adviser considers ESG factors that it deems relevant or additive along with other material factors. The ESG criteria may cause the Fund to forgo opportunities to buy certain securities and/or gain exposure to certain industries, sectors, regions and countries. The Fund may be required to sell a security when it could be disadvantageous to do so. 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 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. The Fund invests in convertible securities which are subject to the risks of both debt securities and equity securities. 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.



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