

Fund Manager Commentary

As of March 31, 2023

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

Global equity markets were resilient during the period, posting a gain for the MSCI All Country World Ex-U.S. Index despite the turbulence in the financial sector. Consumers continued to withstand inflation and corporate earnings fared “better than feared”. The swift collapse of Silvergate Bank, Silicon Valley Bank, and Signature Bank raised doubts about the solvency of U.S. regional banks. This fear permeated into the European markets and acutely affected Credit Suisse Group AG, which was already struggling prior to the U.S. regional bank run. The forced marriage of UBS Group AG and Credit Suisse in conjunction with government support, likely limits further contagion risks and as a result, we began to see financials credit default swaps recede in Europe. Confidence stabilized in the U.S. as well with the U.S. Federal Reserve Board (Fed) and FDIC providing deposit guarantees for troubled banks in addition to offering Bank Term Funding Program.

Portfolio Review

The Touchstone Non-US ESG Equity Fund (Class A Shares Load-Waived) outperformed its benchmark, the MSCI All Country World Ex-U.S. Index, for the quarter ended March 31, 2023.

Industrials was the largest contributing sector, led by strength in Deutsche Post AG and Rentokil Initial plc. Deutsche Post AG, the largest contributor within the sector, performed well as European equity markets recovered and on the belief that China re-opening should benefit DHL volumes. The company also provided mid-term earnings before interest and taxes guidance of over 8 billion euros, in line with consensus. Rentokil Initial, a high-quality pest control business operating in a fragmented industry, reported earnings in mid-March that were modestly ahead of expectations.

It appears that the integration of Terminix International Company L.P., a U.S. competitor, is progressing well, and synergy targets were increased from \$150 million to \$200 million.

Taiwan Semiconductor Manufacturing Co. (Information Technology sector) was the largest contributing stock during the period, driven by better semiconductor trends associated with stabilizing PC demand and improving channel inventories.

Communication Services was the largest detracting sector, led lower by weakness in KT Corporation. The company underperformed as the ruling government party requested that the CEO step down despite a positive management track record. Fundamentals remain stable as service revenue growth continues to be positive, capex appears to have peaked, and the company has been raising the dividend. We believe KT's valuation is undemanding at an EV/EBITDA multiple of 3.2x.

TotalEnergies SE (Energy Sector) was the largest detracting stock during the period as weaker crude and natural gas prices negatively impacted performance. We recognize that crude prices sold off on recession fears, but maintain our positive view given rebounding Chinese economic activity, prospects of supply discipline by OPEC members, and the disappearance of supply risk premium associated with the Ukraine-Russia war.

The Fund's portfolio initiated two new positions during the period in Amadeus IT Group SA (Consumer Discretionary sector) and Rentokil Initial plc (Industrials sector). Amadeus, based in Spain, is a leading software solution provider for the airline industry with a ~40% share of the air travel agency distribution market and ~50% share in passenger service system. The company has steadily been winning market share from smaller competitors, yet we view its valuation as still depressed from the disruptions to travel demand induced by the pandemic. We believe Amadeus stands to

(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.**



benefit from recoveries in Airline information technology spending, global travel volume, and idiosyncratic market share gains across business segments. Engagement targets will focus on talent attraction and retention and data privacy, as these are top material issues for the company. Rentokil is a leading pest control company based in the U.K. We believe Rentokil is a very durable business in any economic environment given its non-discretionary nature and the potential for upside to synergy targets from their acquisition of Terminix, a competitor in the U.S. The company has a positive ESG profile with strong corporate governance and an improving environmental impact as they increase the usage of environmentally friendly chemicals in their operations. The Fund exited Panasonic Holdings Corp. (Consumer Discretionary sector) to fund opportunities that are more attractive.

Outlook and Conclusion

Tightening monetary policy has decelerated economic growth in recent quarters while investor concerns pertaining to the health of the financial system linger. We believe the recent events are unique to a small cohort and contagion risks at this point remain limited. While it is reasonable to assume that tightening lending standards, higher funding costs, and regulatory scrutiny will dampen global growth, we believe that the current situation pales in comparison to the Global Financial Crisis of 2008 given that larger institutions are well capitalized and subjected to stress tests to mitigate liquidity and solvency issues. We continue to have confidence in companies exhibiting strong balance sheets, durable business models, and idiosyncratic growth drivers, including positive pricing dynamics and volume recovery associated with China, and believe they stand to outperform.

As of March 31, 2023, Deutsche Post AG made up 3.43%, Rentokil Initial plc made up 2.35%, Taiwan Semiconductor Manufacturing Co. made up 3.68%, KT Corporation made up 0.93%, KT Corporation made up 1.95%, TotalEnergies SE made up 6.17%, Amadeus IT Group SA made up 2.61%, Silvergate Bank, Silicon Valley Bank, Signature Bank, Credit Suisse Group AG and UBS Group AG made up 0.00% of the Touchstone Non-US ESG Equity Fund. Current and future portfolio holdings are subject to change.



Fund Facts (As of 03/31/23)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio*	
				Total	Net
A Shares	12/19/97	TEQAX	89154X302	1.12%	1.12%
C Shares	10/04/03	TEQCX	89154X401	2.14%	1.99%
Y Shares	11/10/04	TIQIX	89154X633	0.93%	0.90%
Inst Shares	05/04/15	TROCX	89154Q513	0.97%	0.89%
Total Fund Assets	\$528.1 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, 1.99% for Class C Shares, 0.90% for Class Y Shares and 0.89% for Class Inst Shares. These expense limitations will remain in effect until at least 07/29/23. 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	8.46%	8.46%	-3.50%	14.20%	5.07%	8.16%	7.60%
C Shares	8.21%	8.21%	-4.26%	13.25%	4.20%	7.48%	7.19%
Y Shares	8.53%	8.53%	-3.27%	14.47%	5.34%	8.43%	7.79%
Inst Shares	8.52%	8.52%	-3.31%	14.45%	5.33%	8.45%	7.79%
Benchmark ¹	6.87%	6.87%	-5.07%	11.80%	2.47%	4.17%	—
Including Max Sales Charge							
A Shares	3.03%	3.03%	-8.31%	12.26%	3.84%	7.52%	7.34%
C Shares	7.21%	7.21%	-5.16%	13.25%	4.20%	7.48%	7.19%

Max 5.00% sales charge for Class A Shares and 1% Contingent Deferred Sales Charge for Class C Shares held less than 1 year.

¹Benchmark- MSCI All Country World Ex-U.S. Index¹

¹The 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.

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.

****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.**

◇ Effective July 29, 2022, the Touchstone Global ESG Equity Fund was renamed the Touchstone Non-US ESG Equity Fund and its principal investment strategy and benchmark were changed.

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, 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](https://www.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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