

Fund Manager Commentary

As of December 31, 2025

Fund Highlights

- The Fund seeks long-term growth of capital, investing primarily in equity securities of 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

International equity markets delivered a broadly constructive quarter, supported by resilient corporate earnings, easing inflation, and increased policy clarity.

European equities reached record highs, buoyed by strong third quarter earnings, declining inflation, and improved policy visibility heading into 2026. The STOXX Europe 600 Index marked its best annual return since 2021, as investors rotated into pro-cyclical sectors. Earnings exceeded expectations across much of the region, with beat rates above 80%, especially among banks, industrials, and basic materials firms. Sentiment improved further after the European Central Bank and other regional central banks signaled that easing cycles were largely complete, anchoring rate expectations and reinforcing confidence in a gradual recovery. While geopolitical risks and fiscal divergence contributed to periodic volatility, markets increasingly focused on structural themes such as infrastructure investment, defense modernization, and artificial intelligence (AI)-driven productivity. Relative valuations compared with U.S. equities remained attractive, supporting risk appetite into year-end.

Asian equities also advanced, though gains were uneven and concentrated in markets with clearer structural tailwinds. North Asia led, with South Korea benefiting from strong demand for memory and semiconductors, and Taiwan posting solid results. In contrast, Greater China lagged as property sector stress, subdued credit growth, and softer economic data weighed on sentiment, despite selective policy support. Japan delivered modest gains following a long-anticipated rate hike from the Bank of Japan, but uncertainty around the pace of normalization and continued yen weakness limited upside. Southeast Asia proved more resilient, with Malaysia and Singapore supported by strong domestic

demand and exports, while India stabilized following earlier weakness. Overall, while Asia maintained a strong full-year performance, market leadership narrowed significantly, with returns increasingly driven by countries exposed to AI innovation and demonstrating macroeconomic and policy stability.

Portfolio Review

The Touchstone Sands Capital International Growth Fund (Class A Shares, Load Waived) underperformed the MSCI ACWI Ex-U.S. Index for the quarter ended December 31, 2025.

International Growth underperformed the MSCI ACWI Ex-U.S. in the fourth quarter as style headwinds persisted. The fourth quarter capped off the worst year for developed ex-U.S. growth equities vs. their value counterparts since 1975.

Valuation pressure was the primary driver for the quarter's underperformance. While International Growth grew its earnings faster than the benchmark, the MSCI ACWI Ex-U.S. experienced stout valuation expansion which added a robust boost to results.

The Fund's fourth quarter underperformance continued on themes from the third quarter and stemmed from three primary factors: a continued reversal among strong performers from the first half of 2025, continued skepticism around businesses perceived as vulnerable to macroeconomic pressure, and a style-driven headwind favoring value stocks over growth stocks.

From an attribution perspective, these dynamics resulted in negative security selection, with additional headwinds from sector allocation. Regional allocation was a slight tailwind. Emerging Asia and the Mid East & Africa were the sole contributors, while Western Europe and Developed Asia were the top regional

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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.**



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detractors. From a sector perspective Industrials and Real Estate were the top relative contributors, while Consumer Discretionary and Financials were the top detractors.

The top absolute contributors to investment results during the quarter included Galderma Group AG (Switzerland, Health Care sector), Taiwan Semiconductor Manufacturing Comp. Ltd. (Taiwan, Information Technology sector), and VAT Group AG (Switzerland, Industrials sector).

Galderma is a Swiss dermatology company. Its most recent results beat expectations across product categories, and the company raised full-year revenue and EBITDA margin guidance. Nemluvio, Galderma's treatment for chronic skin conditions, now accounts for 7% of new prescriptions in atopic dermatitis, a \$20 billion market. Even if Nemluvio stopped growing, it would already be tracking ahead of consensus peak sales estimates. We are also encouraged by market share gains in the European Union for Relfydess, a next-generation botulinum toxin. Our research shows that dermatologists are increasingly choosing Relfydess over Botox. We believe the market underestimates both its share gain potential and its revenue contribution. Galderma expects to launch Relfydess in the United States. in 2026.

Taiwan Semiconductor (TSMC) is the world's largest producer of leading-edge logic chips by market share. The company reported strong results for the most recent quarter. It continues to execute well on advanced-node yield improvements and capacity expansions to meet accelerating AI compute demand. TSMC remains a key beneficiary of this trend. New AI-related partnerships announced over the past several months support a growing multi-year revenue pipeline. Taiwanese media also reported potential price increases for 5nm and more advanced nodes next year, which could provide a meaningful revenue tailwind in 2026.

VAT Group is the dominant provider of vacuum valves for semiconductor and industrial manufacturing processes. The company's third-quarter update showed solid execution and results that aligned with expectations. Sales grew year over year, driven by backlog fulfillment, even as order intake remained muted amid cyclical softness in semiconductor equipment demand. The book-to-bill ratio stayed below one, leading to a lower backlog exiting the quarter. Management guided to a softer fourth quarter and noted that margins would likely trend toward the low end of the target range due to volume and foreign exchange headwinds. Even so, the business is well positioned to benefit from rising AI-driven investment across the semiconductor value chain, which has the potential to accelerate demand for its vacuum valve technologies. Management expressed confidence in the long-term outlook and highlighted early signs of a recovery in semiconductor capital spending beginning in 2026.

The top absolute detractors to investment results included Sea Ltd. (Singapore, Consumer Discretionary sector), Ajinomoto Co. Inc. (Japan, Consumer Staples sector), and Spotify Technology SA (Sweden, Communication Services sector).

Sea is a Southeast Asian internet platform with businesses in gaming, ecommerce, and fintech. After seven consecutive quarters of exceeding consensus expectations and raising forward guidance, management shifted its focus to investing in logistics and user

engagement. These investments are expected to weigh on margins in the near term, and the stock declined in response. We believe the market is overreacting to spending that should ultimately strengthen Sea's competitive position and long-term earnings power. Despite the increased investment, we still expect Shopee, Sea's ecommerce segment, to grow EBITDA by more than 30% in 2026. Looking ahead, we believe Sea's overall revenue and EBITDA can double and triple, respectively, by 2030. In our view, this growth potential, combined with the company's lowest forward earnings multiple since 2023, creates an attractive risk-reward profile.

Ajinomoto. is the world's largest producer of amino acids by market share. Shares declined after second-quarter results, as investors focused on persistent challenges in the Frozen Foods segment and near-term earnings risk. While sales and business profit were flat and full-year guidance was reaffirmed, significantly lower sales and profit in Frozen Foods raised concerns about the company's ability to turn around its largest underperforming division. This segment remains the biggest source of uncertainty in meeting full-year targets. Although Functional Materials and Healthcare delivered solid growth and operating cash flow improved, these positives were not enough to offset disappointment in Foods. The market reaction also reflected skepticism around the timing and strength of the expected second-half recovery. Questions remain about whether pricing actions, portfolio changes, and improved execution will be sufficient to drive a meaningful rebound. As a result, investor sentiment weakened, despite intact long-term fundamentals in Ajinomoto's higher-growth businesses.

Spotify is the world's largest subscription streaming audio platform by market share. Its valuation came under pressure in the fourth quarter as the rise of AI-generated music raised concerns about disintermediation for demand aggregators like Spotify. We view this risk as overstated. Spotify is already integrating AI capabilities across its platform, and management has made clear that AI remains a key focus. Looking beyond near-term AI concerns, we believe the setup for 2026 is attractive. We expect accelerating revenue growth alongside steady margin improvement. Spotify now has updated agreements in place with all major record labels, which should support pricing power going forward. We expect this pricing power, especially in developed markets, to strengthen in 2026 relative to 2025 and to be viewed positively by the market.

During the quarter we purchased EssilorLuxottica SA (France, Health Care sector). We sold Constellation Software Inc. (Canada, IT sector) and IMCD N.V. (Netherlands, Industrials sector).

EssilorLuxottica is the world's largest vertically integrated eyewear company, combining prescription lenses, frames, and retail under one global platform. The business owns iconic brands such as Ray-Ban and Oakley, operates over 9,000 retail locations worldwide, and maintains long-term licensing agreements with luxury names including Prada and Chanel. This scale enables EssilorLuxottica to command pricing power, accelerate innovation, and enhance efficiency across its supply chain. Its integration of consumer touchpoints and manufacturing allows the company to deliver consistent growth in both professional solutions and direct-to-consumer segments. Smart glasses represent a significant upside driver, with early traction supported by a partnership with Meta

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and growing demand for AI-enabled wearables. As adoption expands and product functionality improves, we expect higher average selling prices and margin uplift through premium lenses and branded hardware. Additionally, the U.S. launch of Stellest, a corrective lens for myopia, adds another lever for durable growth. With a strong financial profile, high recurring revenue, and exposure to long-term trends in health, technology, and premiumization, we believe EssilorLuxottica is well positioned to deliver sustainable value over time.

We continue to view IMCD as a strong business, but believe EssilorLuxottica is a better fit with our investment criteria with better risk-return prospects.

Constellation Software Inc.'s share price has suffered amid the "AI will eat software" narrative. While our exit decision reflects a portfolio-level rebalancing, it also stems from company-specific considerations. We have growing concerns about Constellation's ability to continue deploying large amounts of capital at the strong return levels it has achieved historically, a challenge compounded by the unexpected retirement of founder and long-time CEO Mark Leonard for health reasons. Given the combination of sector headwinds and leadership transition, we believe it was prudent to step aside rather than defend a position facing both cyclical and structural uncertainty.

Outlook and Conclusion

We believe the Fund is well positioned for attractive long-term returns. The combination of strong underlying earnings growth, improved portfolio quality, and historically compressed valuations presents a compelling setup.

Today, the Fund's portfolio is growing earnings at a rate meaningfully above the broader market, supported by businesses with durable competitive advantages, strong balance sheets, and attractive profitability. Yet despite this strength, the fund trades at one of the lowest valuation premiums to the ex-U.S. equity market ever. In our view, this disconnect between business fundamentals and market sentiment is unlikely to persist. We believe many of the Fund's businesses are now undervalued, underappreciated, or misunderstood.

Market conditions over the past several years have favored narrow leadership, short time horizons, and sentiment-driven pricing. While these dynamics may continue episodically, they have also created distinct opportunities to build positions in high-quality growth businesses at valuations that are increasingly compelling.

The Fund has been actively refreshed, with new investments that we believe enhance quality and growth potential while maintaining disciplined exposure across sectors and growth drivers, including AI. We do not believe our investment process or criteria are broken; rather, the market has temporarily favored factors that sit outside our long-term focus.

Periods of sustained valuation compression alongside strong earnings growth have historically preceded improved outcomes. With earnings expectations intact, balance-sheet strength high, and valuations near cyclical lows, we believe the Fund is well positioned for recovery. We are optimistic about the road ahead.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	12/03/07	TPYAX	89155H579	1.48%	1.18%
C Shares	12/03/07	TPYCX	89155H561	3.27%	1.92%
Y Shares	08/12/08	TPYYX	89155H553	1.12%	0.91%
INST Shares	08/23/19	TPYIX	89155T532	1.37%	0.85%
R6 Shares	08/31/23	TPYRX	89155T425	1.01%	0.79%
Total Fund Assets	\$102.8 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, 1.91% for Class C Shares, 0.90% for Class Y Shares, 0.84% for Class INST Shares and 0.78% for Class R6 Shares. These expense limitations will remain in effect until at least 01/29/27.

Share class availability differs by firm.

Annualized Total Returns

	4Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	-4.71%	9.61%	9.61%	13.52%	5.11%	7.85%	5.05%
C Shares	-4.78%	8.91%	8.91%	12.68%	4.35%	7.23%	4.71%
Y Shares	-4.52%	10.01%	10.01%	13.82%	5.42%	8.16%	5.31%
INST Shares	-4.47%	10.18%	10.18%	13.88%	5.46%	8.18%	5.32%
R6 Shares	-4.50%	10.14%	10.14%	13.87%	5.46%	8.18%	5.32%
Benchmark	5.05%	32.39%	32.39%	17.33%	7.91%	8.41%	43.68%
Including Max Sales Charge							
A Shares	-9.48%	4.09%	4.09%	11.58%	4.03%	7.22%	4.71%
C Shares	-5.73%	7.91%	7.91%	12.68%	4.35%	7.23%	4.71%

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

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 Y, INST and R6 Shares combines the performance of an older class of shares (Class A Shares) from the Fund's inception, 12/03/07, with the performance since the inception date of each share class.

Top 10 Equity Holdings of Fund

	(% of Portfolio)		(% of Portfolio)
1 Taiwan Semiconductor Mfg. Co. Ltd.	8.2	6 CTS Eventim AG & Co. KGaA	4.3
2 Shopify Inc.	6.6	7 Mercadolibre Inc.	4.3
3 Galderma Group AG	4.7	8 Addtech AB	4.3
4 Spotify Technology SA	4.6	9 ASML Holding NV	4.2
5 Sea Ltd.	4.4	10 Adyen NV	3.7

Source: BNY Mellon Asset Servicing

A Word About Risk

The Fund invests in equities which are subject to market volatility and loss. 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 Depository Receipts, Global Depository Receipts, and European Depository 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 Fund invests in growth stocks which may be more volatile than investing in other stocks and may underperform when value investing is in favor. The Advisor engages a sub-advisor to make investment decisions for the Fund's portfolio; it may be unable to identify and retain a sub-advisor who achieves superior investment returns relative to other similar sub-advisors. 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. Financial institutions could suffer losses if interest rates rise or economic conditions deteriorate. The Fund may focus its investments in specific sectors and therefore is subject to the risk that adverse circumstances will have greater impact on the fund than on the fund that does not do so. The sub-advisor 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. 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 or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

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