Touchstone Large Company Growth Fund

Sub-Advised by: DSM Capital Partners LLC

Fund Manager Commentary

As of December 31, 2022

Fund Highlights

- Invests primarily in U.S. equity securities of large capitalization companies believed to offer the best opportunity for reliable growth at attractive stock valuations.
- Utilizes a bottom-up idea-driven growth style with a long-term investment horizon, coupled with a distinct valuation discipline
- Seeks to identify companies which are believed to exhibit certain quality characteristics, including:
  - Predictable growth
  - Solid fundamentals
  - Attractive profitability
  - Successful managements

Market Recap

In our view, the most important factor driving equity and debt markets during 2022 was the realization earlier in the year that inflation would not peak, and therefore decline, until the U.S. Federal Reserve Board (Fed) tightened monetary policy by raising interest rates significantly. Once investors understood this situation, debt, equity, real estate and most other asset classes declined significantly.

At this point, we continue to believe that there is light at the end of the tunnel because money supply is at a historically low growth rate. With money supply growth substantially tightened, inflation over the last few months appears to have peaked and begun to subside. As additional data points are announced confirming the downward direction of inflation, we believe that equity markets will respond by trending upward.

Since the financial crisis in 2008 and 2009, returns on stocks, bonds/credit, private equity, real estate and more were driven by artificially low interest rates set by central banks, which included negative yields on government bonds throughout Europe and Japan. As a result, extreme valuation and return distortions were created in most, if not virtually all asset classes. Although some stocks with extreme valuations have declined significantly over the past year, we believe there are many companies that might fall further regardless of whether interest rates move higher or remain stable over the coming year.

In the U.S., the economy continues to grind forward, albeit at a slower pace, driven by the strength of consumer spending. Although higher interest rates have put the brakes on the U.S. Housing sector, employment remains strong with low unemployment and solid wage gains. On its own, the steady employment outlook may be enough for the Fed to continue to raise rates; however, in our view, it is more important that the Fed tame inflationary wage gains than worry about the unemployment rate.

Portfolio Review

The Touchstone Large Company Growth Fund (Class A Shares Load-Waived) outperformed its benchmark, the Russell 1000® Growth Index, for the quarter ended December 31, 2022.

At the end of the quarter, the portfolio was invested in the Communication Services, Consumer Discretionary, Consumer Staples, Financials, Health Care, Information Technology and Materials sectors. The Fund's relative outperformance in the fourth quarter versus the Russell 1000® Growth Index was primarily the result of stock selections and underweight versus the benchmark in the Consumer Discretionary sector, as well as stock selections in Information Technology sector. Selections in Communication Services sector detracted from performance.

The top five contributors to performance in the quarter were Charles Schwab Corp. (Financials sector), Boston Scientific Corp. (Health Care sector), Visa Inc. (Information Technology sector), ASML Holding NV (Information Technology sector) and Burlington Stores Inc. (Consumer Discretionary sector). The five detractors to performance were Amazon.com Inc. (Consumer Discretionary sector), PayPal Holdings Inc. (Information Technology sector), Alphabet Inc. (Communication Services sector), Meta Platforms Inc. (Communication Services sector) and Autodesk Inc. (Information Technology sector).

(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.***

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Despite a solid earnings report from Charles Schwab, cash sorting remained a concern. However, during its Fall Business Update, management reiterated comfort with current sorting levels and emphasized that they are in-line with what they experienced in prior rising rate cycles. In addition, management discussed its expectations for higher net interest margins through 2025. Later in the quarter, the company reported strong net new asset flows and higher than expected net interest margins for November. Boston Scientific reported solid organic revenue growth for the third quarter. Although they did lower fourth quarter earnings guidance slightly due to foreign exchange market, business remains strong as the company is seeing improved procedure throughput in the U.S. A newer addition to the portfolio, ASML Holding NV beat third quarter consensus expectations and guided full year earnings higher. Importantly, as a European company, ASML did not see much of a direct impact from the U.S. restrictions on exports to China, and expect demand outside of China to make up for any shortfalls. The company maintained a steady outlook for 2023 despite some macro softness as expected shipments remain intact and most customers continue to push for deliveries sooner rather than later.

Amazon.com fell after projecting fourth quarter sales would come in far below expectations due to a soft macro environment and inflationary headwinds. Demand from consumers and enterprises, more so in Europe than in the U.S., was affected by higher interest rates and energy costs hurting e-commerce, Amazon Web Services and its advertising business. With a renewed focus on cost-cutting and increasing efficiencies across the company, we believe Amazon is strategically positioned to take share within retail and the enterprise. Similar to Amazon, both Alphabet and Meta Platforms cited the weak macro as the root cause of their disappointing earnings reports. For Alphabet, strength in Google Cloud and online results for Search was offset by weakness at YouTube and lower operating margins, though in our view the positives outweighed the negatives. Meta Platforms reported declining revenue in the quarter due to persistent macro headwinds on large advertisers and certain verticals such as online commerce and gaming, as well as lower monetization from Instagram Reels. Despite these challenges, the company guided to higher than expected operating and capital expenses this year which will further pressure margins and the profit outlook, leading us to sell the position.

We have previously stated our belief that the market's decline would create investment opportunities for long-term investors in a number of high-quality franchises with robust long-term growth prospects. Accordingly, since May we have initiated several positions as their valuations became more attractive. The common thread across our purchases in recent months was our focus on transforming the portfolio into an even-higher quality, predictable group of companies with stellar long-term growth prospects that we anticipate holding for many years. As such, we continue to monitor other companies for buying opportunities.

Outlook and Conclusion

After a long and seemingly unjustifiable delay, the Fed and European Central Bank (ECB) are finally tightening money supply and raising interest rates. In our view this process should have started at least a year earlier and if it had, inflation would have peaked at a much lower level and with a less negative impact on the global economy. While a global economic downturn certainly remains possible, at this point the severity of a recession appears to be limited. We believe a global "muddle through" scenario is also a possibility.

In our view, the drop in money supply growth over the last several months (as measured by M2), has led to a slowdown in inflation as measured by the Consumer Price Index, Producer Price Index and Personal Consumption Expenditures monthly releases. Thus far, it appears that the declining growth of M2 may, once again, be a leading indicator of lower inflation. The Fed and the ECB have taken very aggressive public stances in their commitments to eliminating the growth of inflation and returning it to their 2% targets. We believe ongoing rate increases by the Fed and ECB will continue to lower inflation, until the banks decide to pause the "rate increase" cycle. While we cannot be certain when this will occur, we would guess over the first half of this year. Once clear signs of persistently declining inflation emerge and central bank rate increases are indeed paused, we may well see a bullish response from global equity markets.

We believe the primary catalyst for a 2023 market rally is lower inflation, not aggregate market earnings. Lower inflation will reduce the need for rate increases, improve the general economic outlook and raise the market's price-to-earnings. Even with the inherent risks of the Ukrainian war and other global crises, in our opinion the market's risk versus reward favors the buyer. Moreover, history is supportive of an up market in 2023, rather than a down market. Over the past 94 years, the S&P 500 Index declined over 10% just 14 times. It is far more common for the market to appreciate, and often very significantly.

Importantly, we believe the earnings power of the companies in the Fund portfolio remains largely intact. Given the economic resilience of the portfolio, along with its reasonable valuation and a normalized mid-to-high-teens earnings growth rate going forward, we continue to believe that this is an attractive time to be a holder of premier quality growth businesses.

While the possibility of recession and a general decline in earnings in 2023 certainly exists, equities are priced on forward looking earnings. Especially in a recession, investors will look past a near-term earnings decline and value equities based on the potential for an economic recovery in late 2023 or 2024. Although the stock prices of companies reporting earnings shortfalls will likely be punished, we believe by the summer of 2023, equities will increasingly be priced on 2024 earnings. Thus, while 2023 earnings will matter, 2024 earnings will matter much more as the year progresses.

As of December 31, 2022, Charles Schwab Corp. made up 4.46%, Boston Scientific Corp. made up 4.25%, Visa Inc. made up 5.36%, ASML Holding N.V. made up 2.85%, Burlington Stores Inc. made up 2.30%, Amazon.com Inc. made up 5.29%, PayPal Holdings Inc. made up 3.15%, Alphabet Inc. made up 7.81%, and Autodesk Inc. made up 2.75% of the Touchstone Large Company Growth Fund. Current and future portfolio holdings are subject to change.

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Fund Facts *(As of 12/31/22)*

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	08/15/16	**TSAGX**	89154Q414	1.58%	1.07%
C Shares	08/15/16	**TCGLX**	89154Q398	4.24%	1.82%
Y Shares	08/15/16	**TLGYX**	89154Q380	0.97%	0.82%
INST Shares	08/28/09	**DSMLX**	89154Q372	0.84%	0.72%
Total Fund Assets	**$148.3 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 1.04% for Class A Shares, 1.79% for Class C Shares, 0.79% for Class Y Shares and 0.69% for Class INST Shares. These expense limitations will remain in effect until at least 10/29/23.*

Share class availability differs by firm.

Annualized Total Returns** *(As of 12/31/22)*

	4Q22	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	4.19%	-26.63%	-26.63%	4.55%	8.03%	12.09%	12.53%
C Shares	3.95%	-27.20%	-27.20%	3.76%	7.21%	11.25%	11.69%
Y Shares	4.25%	-26.46%	-26.46%	4.81%	8.29%	12.36%	12.78%
INST Shares	4.27%	-26.39%	-26.39%	4.92%	8.39%	12.45%	12.84%
Benchmark^	2.20%	-29.14%	-29.14%	7.79%	10.96%	14.10%	14.04%
Including Max Sales Charge							
A Shares	-1.02%	-30.30%	-30.30%	2.78%	6.76%	11.43%	12.03%
C Shares	2.95%	-27.90%	-27.90%	3.76%	7.21%	11.25%	11.69%

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 1000® Growth Index[1]

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*****The performance presented for Class A, C and Y Shares combines the performance of an older class of shares (INST Shares) from the Fund's inception, 08/28/09, with the performance since the inception date of each share class.***

Not FDIC Insured | No Bank Guarantee | May Lose Value

[1]The Russell 1000® Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher 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 large-cap companies which may be unable to respond quickly to new competitive challenges. 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 Fund invests in convertible securities which are subject to the risks of both debt securities and equity securities. 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 and emerging markets securities, including 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 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 Fund is non-diversified, which means that it may invest a greater percentage of its assets in the securities of a limited number of issuers than a diversified fund and may be subject to greater risks. 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. Current and future portfolio holdings are subject to change. 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.

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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