

Fund Manager Commentary

As of December 31, 2023

Fund Highlights

- Invests primarily in common stocks of established companies across the capitalization spectrum, located in or that conduct their business mainly in one or more foreign countries
- Focuses on quality at a reasonable price, beginning with a regular quantitative screening in order to narrow the investable universe
- Analyzes companies based on the following five fundamental factors: business quality, valuation, growth, management and balance sheet strength
- Manages risk through portfolio diversification, by individual issuer, sector and country
- Index-agnostic portfolio construction approach typically results in a concentrated, high-conviction portfolio

Market Recap

After a challenging start to the quarter, the last two months of 2023 brought a dramatic rally across most major global equity markets. Continued strong economic data and concerns over Treasury funding had fueled a “higher rates for longer” narrative, while the outbreak of war between Israel and Hamas added to the gloom, dragging global equities to year lows near the end of October. However, investor sentiment rapidly shifted as they welcomed softer inflation data in November. This optimism was powered by constructive monetary policy comments from the Federal Reserve (Fed) in December leading to increased expectations for interest rate cuts and hopes for a soft landing in 2024. As a result, global equities staged a remarkable rally towards the end of the quarter, leading to the MSCI EAFE advancing 10.4% in the fourth quarter and 18.2% for the year.

Developed market equities outperformed emerging markets both for the quarter and for the year. China continued to be a drag on emerging markets performance as concerns regarding China’s economic outlook and ongoing real estate crisis continued to weigh on sentiment. Uneasiness over China’s regulatory regime also contributed to its poor performance.

In terms of style, growth stocks performed stronger than value stocks as the end of the higher rates for longer narrative led to a reversal of the market trend. Small-capitalized firms’ returns also got a boost in the quarter and most sectors delivered positive returns in the period. The sectors most sensitive to interest rates were the top performers, so for example the Real Estate sector rallied on expectations of lower interest rates and reduced refinancing risk. The longer-duration, growthier Information Technology sector resumed its ascent after a pause in the previous quarter. Other economically sensitive sectors such as Financials

and Industrials also performed well. By contrast, the Energy sector had a tough fourth quarter due to weaker oil prices, after having registered strong gains over the summer. Healthcare and Consumer Staples also underperformed in the quarter and for 2023.

U.S. Treasuries rose sharply in the quarter, amid the prospect of easing monetary policy. Commodities were disappointing in an environment of mounting disinflation pressures after an exciting 2022. The U.S. dollar weakened against major currencies in the quarter, a reversal from most of 2023 because of the Federal Reserve’s pivot to an easing stance.

Portfolio Review

The Touchstone International Equity Fund (Class A Shares Load Waived) outperformed its benchmark, the MSCI EAFE Index, for the quarter ended December 31, 2023.

From a sector perspective, the Fund benefited from holdings in Financials, Consumer Discretionary and Consumer Staples, whereas being underweight Utilities and Real Estate detracted marginally from relative performance. Looking at the Fund broken down by geography, the Fund benefited from holdings in the United Kingdom (UK), Japan, Brazil and Canada, whereas holdings in France and Switzerland detracted from relative performance. The Fund’s cash position was a negative factor in a strong market. As always, given the Fund’s concentration and bottom-up approach, it is more meaningful to discuss the drivers of performance attribution by looking at individual holdings.

The main contributors to relative performance were Barrick Gold/ Agnico Eagle Mines (Canada, Materials sector), PagSeguro Digital

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Fort Washington is a member of Western & Southern Financial Group

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.**



Ltd (Brazil, Financials sector), ConvaTec Group Plc (U.K., Health Care sector), USS Co (Japan, Consumer Discretionary sector) and Michelin SA (France, Consumer Discretionary sector).

The Fund's Canada-based gold mining stocks were well supported during the fourth quarter as gold prices gained, driven by a retreat in the U.S. dollar and growing expectations the Federal Reserve would pivot in the year ahead. Barrick Gold is the Fund's core gold mining exposure and is one of the world's largest gold producers, operating mines in North America, South America, Africa and Australia/Pacific, being a product of the merger with Randgold Resources in 2018. Led by its well-regarded CEO, Mark Bristow, the company has among the strongest track records of value creation in the industry. The Fund also holds gold miner Agnico Eagle Mines Limited. Following its merger with Kirkland Lake Gold in early 2022, Agnico Eagle Mines has production in Canada, Australia, Finland and Mexico. We like the company's emphasis on growing per share reserves and production as well as the lower risk geographical exposure of its assets. Both Barrick Gold and Agnico Eagle Mines have solid balance sheets and a track record of returning cash to shareholders. We continue to think that having exposure to gold makes sense as a hedge against geopolitical risks and a potential financial accident.

PagSeguro is the leading disruptor in Brazil's merchant acquiring market, focusing on micro-merchants and small and medium-sized enterprises. The company also acts as a card issuer for consumers and individual entrepreneurs. Founded in 2006, the company can leverage the network and expertise of its parent, UOL, which is the largest internet company in Brazil. PagSeguro quickly gained market share from the entrenched incumbent payment providers by offering POS devices for sale at a price considerably less than their competitors charged for a year's rental. The company's product particularly appealed to the nation's large underbanked population of small merchants. We like PagSeguro's entrepreneurial culture, operating in a still underpenetrated market for digital payments. Its share price was well supported after the company delivered better-than-expected operating trends as it continues to see market share gains as well as benefiting from lower funding costs. In addition, the Brazilian economy is in a relatively good state with consumption trends improving and the potential for material cuts to the Central Bank of Brazil's official SELIC rate moving forward.

ConvaTec Group is a U.K.-based medical technology company focused on therapies for the management of chronic conditions, with leading market positions in advanced wound care, ostomy care, continence and critical care and infusion devices. The company continues to show evidence that the turnaround effort initiated in 2019 is coming to fruition. Its share price is starting to gain traction after the company delivered three beat-and-raises in 2023. ConvaTec operates in a structurally growing area and is well positioned to grow significantly faster than the sector average. We see further re-rating potential if the company can continue to deliver improved operational performance.

USS is Japan's largest operator of business to business used car auction sites. With auction sites across Japan, it ranks as the leading operator in all major regions, giving it a huge competitive advantage in attracting buyers and sellers of cars. The company earns fees from sellers for consigning cars to auction and from both

buyers and sellers for successful bids. USS reported first half fiscal year profits above expectations on the back of solid domestic transactions of used cars amid the normalization of new car sales, as well as upbeat exports on the back of yen depreciation. The company also revised its fiscal year operating profit and increased its dividend payout. We continue to like USS's dominant market position in a winner-takes-most industry, steady profit growth, and net cash on the balance sheet, stable demand profile and management's track record of building significant value for shareholders.

France-based Michelin is one of the world's largest tire makers, supplying original equipment and replacement tires for cars and trucks, construction equipment, aircraft and other large vehicles, with a strong brand position in the premium end of the market. The company reported solid quarterly results with pricing again above expectations. Management also lifted its free cash flow guidance and reiterated the company's financial targets for the year. Benefitting from significant economies of scale in production and distribution, the company has generated attractive historical returns on capital. The tire industry is also relatively insulated from the rapid transformation of the auto industry that could fuel uncertainty over other auto suppliers. We see Michelin's earnings realizing healthy expansion ahead, supported by signs of volume recovery, raw material tailwinds and stable replacement pricing.

The biggest detractors from relative performance in the quarter were Sanofi (France, Health Care sector), Galaxy Entertainment Group (Hong Kong, Consumer Discretionary sector), Edenred SA (France, Financials sector), TGS ASA (Norway, Energy sector) and Fresenius SE (Germany, Health Care sector).

Sanofi is a France-based leading global manufacturer of prescription pharmaceuticals and vaccines. The company's broad portfolio includes oncology, diabetes, cardiovascular diseases, multiple sclerosis, immunology and rare diseases. Its share price came under pressure after the company announced a cut to its 2024 earnings and 2025 margin target due to an unexpected and significant step-up in investment into R&D. The company noted that a significant acceleration in investment was required to realize the full long-term potential of its pipeline.

Galaxy Entertainment is one of Macau's leading casino operators. Despite reporting solid quarterly results, reflecting continued demand recovery, the shares of Macau gaming operators underperformed during the fourth quarter on persistent concerns over China's macro weakness. We maintain our positive view on Macau's gaming sector in 2024, as valuations are undemanding, with further top line growth, particularly opportunities for Galaxy to gain market share on the ramp up of new properties. In addition to its attractive oligopolistic position in the world's largest gaming destination, we like Galaxy's debt-free balance sheet and its large land bank, which provide room for capacity expansion over the coming years. We think that a major local operator like Galaxy is best positioned to navigate the regulatory maze and benefit from rising Chinese middle-class demand for gaming entertainment.

France-based Edenred is the world leader in payment solutions for employee benefits and corporate expense management. Founded in the 1960's, the company got its start providing meal vouchers to employees of French companies, taking advantage of the wedge in the value of such benefits that was caused by high personal income

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tax rates. Emerging markets, primarily in Latin America, now represent over 50% of Edenred's business. The working capital cycle is highly favorable, since the company collects payment from its corporate customers upfront but does not pay merchants until services are redeemed, allowing Edenred to earn float on the collected balances. Its share price was weighed down by regulatory overhang of unfair competitive behavior in France during the fourth quarter. We feel the de-rating of the shares is overdone, especially as most of the recommended measures will likely reinforce the competitive position of the incumbents. With continued organic volume growth in the high single digits, margin expansion from increasing digitalization and the addition of new geographies and payment categories, we think that Edenred can continue to grow for many years to come.

TGS is a Norwegian provider of marine seismic data for the global oil and gas industry. It operates an asset-light flexible business model, focusing on the multi-client segment and providing marine data acquisition services using vessels and crews contracted from third parties, allowing it to generate the best returns among its peers throughout a full cycle. The shares of oil services providers like TGS tend to have outsized leverage to higher oil prices. Energy was the lagging sector in the MSCI EAFE benchmark with oil prices experiencing a correction during the fourth quarter, as crude output in the US continued to grow while the voluntary oil output cuts by OPEC+ producers fell short of market expectations. There were also some negative analyst responses to the company's acquisition of PGS, its leveraged Norwegian competitor.

Fresenius is a German-based diversified global healthcare provider with businesses in kidney dialysis, hospital construction and operation, as well as technologies and products for infusion, transfusion and clinical nutrition. Fresenius has a dominant position in most of its respective markets and its core businesses are well positioned to grow, supported by demographics and growing per capita healthcare consumption. Its share price was impacted by the news that a kidney-related trial of Novo Nordisk's obesity drug Ozempic slowed the progression of kidney disease in patients with chronic kidney disease and diabetes. Fresenius SE holds a 32% stake in Fresenius Medical Care, the largest dialysis company in the world. Also negatively impacting sentiment was the company's decision to suspend its dividend for one year as part of the agreement to accept government aid to offset higher energy costs in its German hospitals.

The Fund had a quiet quarter, selling one stock, leaving sector and country allocations relatively unchanged.

We sold Philips; a Netherlands based diversified global medical technology company. This was a recent purchase for us, having bought the name at the beginning of 2023 when the shares took a beating on the back of inconsistent earnings, in part due to COVID-related disruptions, as well as recalls on some of its sleep aid devices. At the time, we felt that most of the bad news was already discounted in the share price and that investors were overlooking Philip's credible self-help measures to improve margins and sales. We appreciated the company's leading market share in most of its product lines and were comfortable with its healthy balance sheet, ample cash flow and history of distributing excess cash to its shareholders. However, we lost confidence in

management after learning of another round of product recalls in the quarter, so we decided to exit our position, realizing a small profit in the position.

Outlook and Conclusion

The fourth quarter of 2023 witnessed the realization by policymakers and market participants that inflation and interest rates are well and truly past their peak. As we have been making this argument since the second half of 2022, all we can say is, better late than never. Federal Reserve Chairman Powell sent a clear signal that we should expect a pivot in policy as 2024 progresses, though various Fed officials continue to use hedging language regarding the timing and magnitude of any eventual easing in monetary policy.

In the very near term the combined drop in market interest rates, the dollar and oil prices in recent months has led to renewed optimism in markets. Nonetheless, and despite the prospect for reductions in official rates in the coming year, we continue to believe that the chances of a soft landing are relatively remote and that the effects of the sharp cumulative rise in rates over the past two years have yet to be fully reflected in global economic activity. The shortages of the pandemic era are now outdated, and measures of industrial activity remain soft. Meanwhile, the bulging bank balances which supported spending since mid-2020 have mostly been spent, and hiring has become moribund, except for in the government and health care sectors. Furthermore, the structural drop in demand for office space will take years to resolve. In addition, decades of deficit spending leave government balance sheets vulnerable to shocks. In sum, we think that in the battle between falling interest rates and weakening earnings expectations in the coming year, it is the latter that will dominate markets. In this deflationary environment, we think bonds should outperform stocks.

In addition to rising interest rates, Europe, and in particular Germany, remains hostage to the region's sanctions against Russia and an energy policy, which tries desperately to ignore the laws of physics. There has been some political backlash to these anti-growth policies and in Germany fiscal reality even intervened recently to force the government to suspend subsidies for electric vehicles. We should expect further radicalization of politics as traditional parties fail to address the practical concerns of voters. Note the busy election calendar around the world in 2024 and anticipate more surprises, exemplified by the election to the presidency in Argentina last month of Javier Milei, a doctrinaire libertarian with a plan to radically shrink the size of government and abolish the central bank.

A recent visit to Japan confirms that the yen is as cheap in real terms as at any time in the past 50 years. This is of course in part a reflection of Japanese authorities' continued obsession with trying to fight deflation and the resulting super low interest rates across the yield curve there. We also see the weak yen resulting from continued low labor productivity growth in Japan relative to the rest of the world. Although there are increasing hopes for Japan to normalize policy this year, we are doubtful, given the crushing level of sovereign debt there, though we recognize the risk of snapback rallies in the currency from such an oversold level.

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China is still early in its post-growth adjustment process. Debt-fueled overinvestment has created implicit losses which must necessarily be realized over time, and managing the timing as well as which sectors must absorb these losses will be a difficult political task in the coming years. Nonetheless, China remains an economic behemoth and we would point out that it recently has become both the world's largest domestic market for as well as the largest exporter of automobiles, with an emphasis on electric vehicles.

The geopolitical situation looked set to stabilize a few months ago, with the increasing realization in the U.S. and Europe that settling the dispute in Ukraine will require compromises that would not have been considered a year ago. Moreover, while the West seems increasingly less likely to continue funding the war there, violence has sadly now once again erupted in the Middle East as well, leading to significant loss of life and property, as well as disruptions in global trade. The risk that the current conflict spreads to involve other regional players remains uncomfortably high, in our view.

Despite the substantial macroeconomic and political risks currently facing global markets, stocks are no better than fairly priced in our opinion. We continue to see some relative value in defensive sectors such as Health Care and Consumer Staples, as well as in Energy and some niche Industrials, including business services. We also continue to like the insurance characteristics of gold miners, which have substantially underperformed the metal as it tested new highs in recent weeks. As we enter what we believe could be a politically and economically volatile year, we remain as ever focused on identifying high quality businesses with strong balance sheets, emphasizing hitting singles and doubles rather than swinging for the fences.



Fund Facts (As of 12/31/23)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	03/01/93	SWRLX	89154Q216	1.45%	1.37%
C Shares	05/04/98	SWFCX	89154Q190	2.81%	2.00%
Y Shares	08/27/07	SIIEX	89154Q182	1.24%	1.00%
INST Shares	10/30/17	TOIIX	89154Q158	1.24%	0.90%
Total Fund Assets	\$116.3 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 1.36% for Class A Shares, 1.99% for Class C Shares, 0.99% for Class Y Shares and 0.89% for Class INST Shares. These expense limitations will remain in effect until at least 10/29/24. Share class availability differs by firm.

Annualized Total Returns (As of 12/31/23)

	4Q23	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	10.46%	17.62%	17.62%	2.86%	7.14%	4.00%	6.54%
C Shares	10.24%	16.89%	16.89%	2.21%	6.23%	3.08%	6.01%
Y Shares	10.56%	18.07%	18.07%	3.24%	7.52%	4.37%	6.76%
INST Shares	10.54%	18.15%	18.15%	3.34%	7.60%	4.42%	6.76%
Benchmark	10.42%	18.24%	18.24%	4.02%	8.16%	4.28%	5.93%
Including Max Sales Charge							
A Shares	4.95%	11.70%	11.70%	1.12%	6.04%	3.47%	6.36%
C Shares	9.24%	15.89%	15.89%	2.21%	6.23%	3.08%	6.01%

Benchmark - MSCI EAFE Index

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

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The performance presented for Class C, Y, and INST Shares combines the performance of an older class of shares (A Shares) from the Fund's inception, 03/01/93, with the performance since the inception date of each share class.

Top 10 Equity Holdings of Fund (As of 12/31/23)

	(% of Portfolio)		(% of Portfolio)		
1	Convatec Group Plc	4.4	6	Nestle SA	3.0
2	Medtronic PLC	3.8	7	PagSeguro Digital Ltd.	2.9
3	Cie Gnrl des Etblsmnts Michelin SCA	3.4	8	Jcdecaux SE	2.8
4	TotalEnergies SE	3.4	9	Galaxy Entertainment Group Ltd.	2.8
5	Novartis AG	3.0	10	Barrick Gold Corp.	2.8

Source: BNY Mellon Asset Servicing

The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance excluding the U.S. and Canada.

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.

A Word About Risk

The Fund invests in equities which are subject to market volatility and loss. The Fund invests in foreign and emerging 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 due to their smaller economies. 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](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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