

Sands Capital Management, LLC — Why We Own



Sands Capital Management is pleased to present its best ideas portfolio of the companies within the Fund that are considered dominant businesses in their respective industries and are believed to have above average potential for growth over the long term.

Note: Information in this report is current as of June 30, 2026. The views expressed represent the opinions of Sands Capital Management and are not intended as a forecast, a guarantee of future results, investment recommendations or an offer to buy or sell any security. There is no assurance that the securities discussed will remain in the portfolio or that securities sold have not been repurchased. You should not assume that any investment is or will be profitable.

Touchstone Sands Capital International Growth Equity Fund	
TPYAX	A Shares
TPYCX	C Shares
TPYYX	Y Shares
TPYIX	INST Shares
TPYRX	R6 Shares

FINANCIALS



3i Group plc is a London-based private equity firm with a significant stake in Action, Europe's largest non-food discount retailer. This stake forms the cornerstone of our investment case. Action operates more than 3,000 stores across 12 countries and delivers strong unit economics, with store paybacks typically under one year. We believe the company can more than double its footprint in Europe over the next decade, with longer-term potential to expand beyond the continent. Action embodies the key traits we seek in discount retail: a differentiated value proposition, agile buying, efficient logistics, an assortment that drives repeat shopping, and a strong, enduring culture. Its healthy margin profile and consistent cash generation are underpinned by highly productive, low-cost stores, strong merchandise margins, and robust supply chain capabilities. Beyond Action, we expect modest value creation from the rest of 3i's portfolio. Select investments—such as Royal Sanders and EBG—are large and promising enough to contribute to long-term growth potential. Importantly, 3i invests solely from its own balance sheet, which in our view insulates the firm from the private equity industry's cyclical risks and enables disciplined capital deployment.

INDUSTRIALS



Addtech AB is a collection of over 140 niche industrial businesses focused on sustainable, technically complex solutions. Our investment case for Addtech is based on a structural acceleration in organic sales, the company's ability to identify and acquire attractively priced acquisition targets, and the successful integration of those targets into the broader Addtech platform. The company is pivoting toward businesses within faster-growing, sustainability-focused end markets, including batteries, renewables, and recycling, which should organically raise its overall growth profile. Addtech aims to acquire and integrate between 15 and 20 businesses annually, and we estimate that there are enough targets to enable Addtech to do so for at least the next 10 years. Addtech typically targets the market-share leaders in niches that are characterized by low customer pricing sensitivity, given the mission-critical nature of supplied components. The acquisition targets also typically feature low disruption risk, due to their small sizes. Addtech's merger and acquisition platform has over 20 years of integration experience, and its overall decentralized operating nature reduces the integration risk often inherent in M&A-heavy business models.

FINANCIALS



Adyen NV operates a worldwide payment platform that is a novel piece of commerce infrastructure powering the global internet economy. The company simplifies the operational burden of cross-border transactions by offering a single point of integration for retailers to get paid anywhere in the world, across any channel—effectively serving as a bridge between retailers and payment networks/methods. Cross-border ecommerce is a massive and growing market, and Adyen's platform is a key enabler and accelerant of its growth. We believe the value proposition is clear for retailers—better conversion results in more revenue, and less fraud and increased localization results in lower costs—and Adyen takes a small toll on every transaction. The business' technology—in addition to its regulatory/operational infrastructure and partner ecosystem—provides a wide competitive moat, in our view, which is strengthened by the virtuous cycle of share gains, more data, and better risk decisions and performance. Over our five-year investment horizon, we expect Adyen's commission-based revenue model and largely fixed cost structure will enable it to benefit from growing market volumes while delivering healthy profitability.

CONSUMER STAPLES



Ajinomoto Co. Inc. is the world's largest producer of amino acids by market share. Although best known as the creator of monosodium glutamate (MSG), Ajinomoto's amino acids address a variety of use cases beyond seasonings, including IV drips, vitamins, feedstock, semiconductors, and regenerative medicines. Ajinomoto is a strong fit for our criteria, with market leadership, economies of scale, a sticky customer base that designs in Ajinomoto solutions, and low-cost but mission-critical products. Ajinomoto uses its huge library of amino acids science, research and development, and execution ability to create segments with diverse earnings drivers. Ajinomoto Build-up Film (ABF)—an essential material for leading-edge semiconductor manufacturing—is a key driver of Ajinomoto's growth trajectory, in our view. Ajinomoto has a near-monopolistic position in ABF production and should benefit from growing semiconductor demand and the need for more computing power in consumer devices. Over the longer term, biopharmaceutical use cases could provide upside to our growth and margin estimates. Ajinomoto is the global market-share leader in high-end medical-use amino acids, which are critical to growing fields such as gene therapy.

HEALTH CARE



Argenx SE is a Belgian biopharmaceutical company developing targeted antibody therapies for autoimmune diseases. The company focuses on diseases that are underserved by existing treatments—areas where pricing tends to be resilient and competition limited. Its lead product, Vyvgart, is approved in two rare neurological conditions and remains early in its market penetration, reaching only 10% to 20% of eligible patients. Adoption continues to grow, supported by the drug's favorable safety profile, convenient administration, and first-mover advantage. Vyvgart also has the potential to reach a much broader patient population. It is being studied in multiple Phase 3 trials, and early data suggest it could become a "pipeline in a product" by expanding into additional indications. Vyvgart benefits from strong payer coverage and is used chronically in responding patients, supporting a recurring, annuity-like revenue stream. Beyond Vyvgart, argenx is advancing a second late-stage candidate, further diversifying its therapeutic portfolio and revenue potential. Led by a management team with a strong track record of scientific and commercial execution, we believe argenx is well positioned to drive meaningful earnings growth and deliver strong free cash flow over time.

INFORMATION TECHNOLOGY



Arm Holdings is a leading designer of leading-edge semiconductors. The crux of our investment case is that Arm stands to benefit from rising central processing unit (CPU) demand driven by agentic AI. While graphical processing units (GPUs) are optimized for token generation through model inference and training, CPUs are better suited for agentic workflows such as scheduling, memory management, and tool execution. CPUs effectively function as the operating system for agentic AI workflows. We expect agentic AI adoption to drive an inflection in CPU demand, increasing Arm's CPU royalties from approximately 10 percent of revenue in 2026 to more than 30 percent by 2031. Arm's energy-efficient architecture provides what we view as a competitive advantage in selling AI CPUs to cloud hyperscaler customers while also helping preserve its more than 90 percent share within smartphones. SoftBank's majority ownership of Arm could provide additional upside potential, as SoftBank seeks to expand AI adoption across its broader investment ecosystem using Arm-based chips.

INFORMATION TECHNOLOGY



ASML Holding NV is the world's largest vendor of semiconductor production equipment by revenue. It is a global market-leading supplier of lithography equipment, which uses concentrated light to imprint circuit patterns onto silicon wafers. Extreme ultraviolet (EUV) lithography systems—a critical manufacturing component for the world's most advanced, or leading-edge, microchips—are ASML's primary product by revenue and what we expect to be its biggest growth driver. EUV systems print the most intricate layers on microchips using a wavelength of just 13.5 nanometers, and ASML is the world's sole provider of this technology. We expect unit and pricing growth of ASML's EUV systems to be driven by the increased manufacturing complexity of semiconductors, given the growing computing power demanded by data centers, connected devices, personal computers, and other use cases. We view ASML as a toll taker on an open-ended growth opportunity, as the proliferation of artificial intelligence drives demand for chips that require ASML's exclusive technology.

FINANCIALS



Bajaj Finance Ltd. is a leading Indian nonbank financial services company. Over the past decade, Bajaj has leveraged its position as India's largest consumer durables lender to become a diversified provider of financial services for over 70 million customers. We believe the key growth drivers for Bajaj over the medium to long term are 1) growing its customer base and distribution footprint deeper into India, 2) expanding the range of financial products and services it offers, and 3) digitally transforming the business' operations. We view India's financial services industry as one of the most attractive secular growth opportunities globally. The country's massive, young, and increasingly urbanized and affluent population remains underserved relative to other emerging markets. The Indian government has recognized this need and has built a more digitalized financial system to encourage financial inclusion. Bajaj Finance is among the best-positioned businesses, in our view, to benefit from the digitalization of finance in India, given the digital evolution of its business model. Looking ahead, we expect its digital capabilities to continue to drive engagement and distribution across its product suite, which includes payments, personal loans, mortgages, investments, and insurance.

COMMUNICATION SERVICES



CTS Eventim AG & Co. is the leading event ticketing business in Europe by market share. Its marketplace connects fragmented buyers and sellers within a secular growth category (live entertainment). Market share in Eventim's core central European markets is high, sustained by two-sided network effects. Promoters list their tickets with Eventim to access dense consumer demand, while Eventim's supply density reinforces its consumer position. We view the live entertainment segment as a secular growth category driven by both expansion in ticket volumes and pricing. Beyond category growth, we expect Eventim to benefit from improving unit economics with the ongoing adoption of online and mobile tickets, as well as international expansion outside of its core central European markets.

CONSUMER STAPLES



Dino Polska SA is a leading Polish supermarket chain. We expect Dino to benefit from the continued consolidation and formalization of Poland's retail food industry. The business is the third-largest food retailer in Poland by market share, and it sets itself apart by its rural store footprint, vertical integration, and focus on fresh and locally sourced food. Dino's vertically integrated business model has enabled the business to scale to 2,000 stores across rural Poland while maintaining a consistent customer experience and product quality. For example, our research indicates that Dino's locally sourced fresh meat counter is a key traffic driver and is recognized nationally for its quality and value. The company owns its stores' land and operates its own construction company, which helps avoid delays and quality issues. Land ownership also eliminates rental costs, resulting in higher store operating margins than for its peers. Over our investment horizon, we expect Dino to nearly double its store count, with scale gains gradually improving its overall profitability.

CONSUMER DISCRETIONARY



Dollarama Inc. is Canada's largest small-box discount retailer by revenue. The company sells general merchandise, consumables, and seasonal/novelty items at prices ranging from \$1 to \$5. Discount retailing is a resilient growth niche, in our view, given its relative insulation from the economic cycle and from ecommerce disruption. We view Canada's market backdrop as especially appealing, given the lack of competition from large U.S.-based retailers, favorable population growth dynamics, and less income disparity than in the United States, making discount retail formats relevant to more of the population. Within this attractive space, Dollarama features many of what we view as the ideal attributes of other discount models we admire globally, including logistics capabilities, scale buying, low fixed price points, direct sourcing, private label, no-frills store formats, and a "treasure hunt" buyer experience. We expect these attributes to enable Dollarama to grow its share of overall Canadian retail spending while continuing to generate industry-leading margins.

HEALTH CARE



EssilorLuxottica SA 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 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.

CONSUMER DISCRETIONARY



Ferrari NV is the iconic producer of high-performance luxury cars. 80% of its revenue is derived from car sales, with the balance attributable to aftermarket parts and service, Formula One revenue sharing, and the company's "lifestyle" business (e.g., merchandise, licensing, etc.). We view the business as a duration grower with limited recession-driven earnings risk, given its focus on high and ultra-high-net-worth customers. Over our investment horizon, we expect steady single-digit volume and pricing growth, with modest margin expansion driven by pricing, mix (e.g., more electric vehicles and special models), and operating leverage at higher production volumes. Ferrari has embraced the transition to electrification, creating several critically acclaimed models that use powertrain electrification to boost driver experience and performance beyond what's possible with internal combustion engines alone. By 2030, Ferrari expects EVs and hybrids to account for more than 50% of its sales volumes. We expect the company to deliver low- to mid-teens annual earnings growth if it can preserve its brand power amid a profitable transition to hybrid and EVs while exerting capital discipline.

CONSUMER DISCRETIONARY



Flutter Entertainment plc is the world's leading sports-betting and gaming business by revenue. The business operates a multichannel global portfolio of 15 brands in the sports and gaming industries. Our research indicates that iGaming—which includes online sports betting and casino games—is a secular growth industry capable of producing mid-teens annualized growth over the next five years. The United States is the largest growth opportunity, and we believe Flutter's U.S. operation, FanDuel, should primarily drive earnings growth as the industry grows and rationalizes. After four years of investment and expansion in the United States, FanDuel finally became profitable in 2023. We believe this will act as an inflection point for the business' margins, with expanding contributions from the state operations where FanDuel began operating earliest. Importantly, we believe profitability is sustainable and that FanDuel will remain the market leader. High fixed and regulatory costs create significant hurdles for new entrants and Flutter's scale allows it to absorb costs, thus defending margins. We expect Flutter's scale, deep brand portfolio, and product innovation will cement its leadership as sports-betting legalization continues to expand within the United States.

COMMUNICATION SERVICES



Formula One holds exclusive commercial rights to the FIA World Championship, a premier international auto racing league. In our view, the business is essentially a licensing stream on the Formula One brand and is the most direct way to invest in the secular growth of sports rights. Formula One is an extremely durable asset, in our view, with a 70-year track record and more than 400 million fans globally. The business is asset light and highly cash generative, with host cities paying for rights and all infrastructure and operational expenses. Liberty Media acquired the business in 2017 and is in the process of making several operational changes. We view Formula One as an undermonetized asset today. Our investment case hinges on three key improvement opportunities: 1) expanding media rights and fan base monetization to be in line with other sports leagues, 2) growing sponsorship relationships and opportunities, and 3) enhancing the fan experience through rule changes to make races more competitive.

HEALTH CARE



Galderma Group AG is a leading Switzerland-based dermatology company that sells facial injectables, skin care products, and pharmaceutical-grade drugs. Nearly 90% of its revenue comes from products that patients pay for directly, which helps insulate the business from insurance-related pricing pressures and government reimbursement risks. The company's strong brand reputation, combined with a commercial strategy that emphasizes high-touch service for dermatologists, reinforces its leadership in this regulated market. In the United States, Galderma has continued to gain injectable market share by launching longer-lasting neurotoxins and deepening physician relationships. At the same time, its prescription therapeutics business is showing promise, led by Nemluvio, a new treatment for chronic skin conditions that has already delivered encouraging results. Looking ahead, Galderma is well-positioned to expand margins as high-growth, high-margin products scale and efficiencies from its recent spinout take hold. With steady growth in the broader dermatology market—especially in aesthetic treatments—the company's specialized focus and global reach provide a clear path, in our view, for long-term, above-average earnings growth.

FINANCIALS



HDFC Bank Ltd. is India's largest private-sector bank, with a customer base of approximately 80 million. Spanning every Indian geography, HDFC Bank's retail footprint of nearly 5,000 branches has contributed to its leading position in every major retail-lending segment, including auto loans, credit cards, and personal loans. Corporate lending accounts for approximately half of HDFC Bank's loan book, and most loans are made to high-quality blue chip and middle-market companies. Outside of lending activities, the bank is a major distributor and provider of other financial products and services, such as insurance, asset management, and corporate finance. Growth is further supported by what we believe is a secular shift underway in India; while state-owned banks have historically dominated the corporate-lending market, they are becoming increasingly burdened by impaired assets. We expect private-sector banks to double their loan market share at the expense of public-sector banks over the next decade, and believe that HDFC Bank is positioned well to benefit from this shift.

INFORMATION TECHNOLOGY



Hexagon AB is a leading provider of integrated hardware and software tools that create digital reality solutions. The company's hardware captures the physical world and its software transforms the data into digital formats that can boost efficiency, productivity, quality, and safety. The applicability of Hexagon's tools is widespread, with use cases including manufacturing intelligence, asset lifecycle intelligence, geosystems, autonomous solutions, and safety infrastructure. A growing proportion of its sales is derived from recurring revenue, and its continued transition to more software and services could drive higher recurring revenue and improved earnings quality. Switching costs for Hexagon's solutions are high, further entrenching the company among its customer base. Importantly, its growth relies more on productivity and quality improvements than it does on end-market growth or capacity expansion, which we believe relatively insulates the business from cyclical downturns. Beyond organic growth, M&A activity is another driver for Hexagon, with an average of 10 transactions completed annually from 2014 to 2023.

INFORMATION TECHNOLOGY



Keyence Corp. is a leading designer of high-end factory automation sensors and sensor systems. Based in Japan, Keyence sells to more than 300,000 customers in over 110 countries through direct sales. The company's products allow businesses to automate their manufacturing processes, resulting in cheaper, faster, and more accurate production. Although automation has historically been limited to the automotive and consumer electronics industries, we expect it will expand to any industry requiring complex processes and/or inspection. This expansion will likely be enabled by next-generation automation technologies, including 3D vision and machine learning. Within this massive and rapidly growing market, Keyence is viewed as a leader, due to its highly trained direct salesforce, diverse product line, innovative R&D efforts, and product quality. We expect the company to maintain its leadership position as it expands into new industries, solutions, and applications over the next decade, resulting in sustained above-average earnings growth.

CONSUMER DISCRETIONARY



Lenskart Solutions is India's largest eyewear retailer by market share. The business is a technology-driven, vertically integrated retailer that designs, manufactures, and sells prescription eyeglasses, sunglasses, and contact lenses. With more than 2,000 stores across over 400 cities, Lenskart is already among India's largest formal retailers, yet we believe a long growth runway remains. The company has more than twice the market share of its next-largest competitor but still accounts for less than 10 percent of the total market. We view India's optical retail industry as highly attractive, with low prescription eyewear penetration supporting double-digit annualized growth potential. Demand is relatively nondiscretionary, margins are high, and there is significant room for consolidation given the long tail of informal retailers. Over our investment horizon, we expect Lenskart's growth to be driven by new store openings, increased eye testing, and premiumization, while margin expansion should benefit from operating leverage and higher same-store sales growth. Smart glasses are not part of our base case, but broader adoption could provide meaningful upside over time.

CONSUMER DISCRETIONARY



MercadoLibre Inc. is the largest ecommerce and fintech ecosystem in Latin America by market share. The company's mission is to democratize access to commerce and financial services, serving over 100 million annual unique ecommerce customers and more than 60 million monthly active fintech users. Ecommerce penetration in Latin America remains well below that of other regions, and we expect MercadoLibre to be the primary beneficiary of this long-term growth opportunity. The business' market share in Brazil went from 26% in 2021 to over 40% in 2024, and we expect it to eclipse 50% over the next decade. The business' logistics infrastructure is a key competitive advantage, in our view, enhancing the value proposition for both buyers and sellers. Advertising has emerged as a key margin driver for MercadoLibre, given the size of its user base, high incremental profit contribution, and low penetration relative to other ecommerce platforms globally. Beyond ecommerce, MercadoLibre aims to provide the leading digital banking experience in Latin America. Alongside its digital payment platform, the company offers asset management, credit, insurance, and offline payment processing, expanding its role as a comprehensive financial services provider in the region.

FINANCIALS



Nu Holdings Ltd. operates Nubank, a digital financial services platform that serves over 100 million customers in Latin America. Nubank began as an online credit-card issuer in Brazil and now offers a full suite of financial services to over 40% of the country's adult population. The Latin American financial services industry is ripe for disruption, in our view, given a highly underbanked population and low customer satisfaction scores for the incumbent banks. Nubank's competitive advantages, in our view, stem from its combination of lower costs than traditional banks, high brand trust, and prudent credit underwriting capabilities. We believe this combination enables a superior user experience, supporting low-cost customer acquisition and retention. While customer acquisition will continue to be a growth driver, particularly in Colombia and Mexico, we expect user-base monetization—and thus margin expansion—to be the primary driver of potential incremental profit.

CONSUMER DISCRETIONARY



On Holding AG is an emerging premium global sportswear brand, rooted in innovation, design, and sustainability. The company aspires to become the most premium brand in the category and is a direct beneficiary of two powerful secular trends: the growing preference for sport-infused, casual apparel and the shift toward premium products. Founded in Zurich by a former Ironman competitor, On initially focused on running footwear. Its first major innovation—patented cloud soles—helped drive strong adoption among athletes. In less than 15 years, On has become one of the 10 largest sports footwear brands globally by market share. Running remains the company's core business, but On has expanded into other footwear categories such as tennis and trail, as well as into apparel. We expect On to continue gaining share in the fragmented global sports footwear—and eventually broader sportswear—market. Its premium brand perception is a key differentiator, supporting structurally higher margins through elevated pricing power and limited discounting.

HEALTH CARE



Pro Medicus Limited is a leading healthcare IT provider specializing in imaging and radiology software. Its flagship product, the Visage 7 suite, is redefining the standard of care, in our view, and is used by more than 50% of the top-rated hospitals in the United States. Visage 7 is the only cloud-native picture archiving and communication system (PACS), requiring no upfront capital expenditure—unlike traditional, on-premise PACS. The software enables radiologists to interpret images quickly and allows hospitals to increase reimbursement dollars, as they are paid per image. Visage 7 commands twice the price of competitors, wins approximately 80% of RFPs, and has maintained 100% renewal rate at higher prices. Hospitals have seen increased revenues and cost savings, radiologists have gained speed and accuracy, and patients have experienced better care. Secular demand is supported by a growing shortage of radiologists and rising imaging volumes. Pro Medicus has delivered a high return on investment for customers, integrates with and receives revenue from all AI models, and has been highly profitable. It also enjoys strong brand loyalty among radiologists. Our investment case centers on Pro Medicus expanding beyond academic systems, upselling additional modules, and expanding its market into cardiology.

INFORMATION TECHNOLOGY



Samsung Electronics Co., Ltd. is one of the world's largest diversified technology businesses. We believe Samsung is approaching an inflection point in its earnings trajectory. As one of the world's leading producers of memory chips, the company is positioned to become a critical supplier of high-bandwidth memory (HBM) for artificial intelligence applications. We expect customer announcements from notable customers such as Tesla and Apple to eventually help Samsung's foundry business reach breakeven after years of losses. In mobile, Samsung's yearslong decline in global market share may slow and potentially reverse. In the premium market segment, the company has an opportunity to gain share from Apple, which faces its own AI challenges. In the mass market segment, Samsung has strengthened its position through its operating system ecosystem, while geopolitical considerations may discourage emerging-market consumers from purchasing Chinese devices. Additional drivers include edge AI use cases and adoption of new form factors such as foldable phones. Samsung's national importance further reinforces its long-term opportunity. As South Korea develops sovereign AI capabilities, Samsung is likely to be favored over foreign competitors to partner with local AI companies. Over time, we believe the company could evolve from being primarily a memory supplier to becoming a platform partner for startups building foundational models and a leading logic supplier for South Korea's sovereign AI ecosystem.

CONSUMER DISCRETIONARY



Sea Ltd. is an internet business in Southeast Asia that operates leading platforms for video games, ecommerce, and digital financial services. Sea's core geographic market benefits from several secular trends—including above-average economic growth, young demographics, and low digital adoption levels—that we believe will underpin strong growth for its core businesses. The Garena gaming franchise is the region's top game publisher in terms of revenue and users and is also a leading esports promoter. We expect profits generated from Garena will support Sea's future growth engines of ecommerce (Shopee) and digital financial services (Monee). Shopee is the leading ecommerce platform in Southeast Asia and Taiwan by market share, and is one of the most-downloaded shopping apps globally. We expect continued penetration of retail sales in Southeast Asia, expansion into new geographies such as Latin America, and higher monetization to be key growth drivers. Shopee's integration with Monee—which provides services such as payment processing, installment loans, and seller loans—can further monetize Sea's massive and growing user base.

INFORMATION TECHNOLOGY



Shopify Inc. is the leading global ecommerce platform enabling the next generation of retail. Shopify, which is used by merchants in more than 175 countries, is 20 times larger than its next-largest competitor in terms of customers and revenue. The company has built what it calls a retail operating system that provides its merchant customers with tools to manage their everyday businesses, such as distributing marketing materials, designing digital storefronts, accepting payments, managing inventory, fulfilling orders, and providing easy access to financing. These tools are complemented by an ecosystem of more than 30,000 partners, which has enabled even the smallest direct-to-consumer brands to compete with the largest online players. This has helped democratize ecommerce. We believe this novel model has created a powerful “flywheel effect” where Shopify has been able to continually increase sales volumes flowing through the platform, which has enabled rapid platform innovation that attracts more merchants and ultimately increases sales volumes further.

INDUSTRIALS



Siemens Energy is a leading global supplier of gas turbines and grid equipment. Gas turbines are emerging as the preferred technology for powering data centers and providing dispatchable baseload capacity to grid systems undergoing energy transition. Their combination of reliability, competitive cost, and relatively lower emissions supports their role in stabilizing power systems. We believe power demand tied to AI will continue to rise as countries beyond the United States build AI infrastructure and as new generative AI applications, including video and agentic systems, require more compute-intensive workloads. Against this backdrop, we expect the United States to face constrained power capacity for the remainder of the decade and likely beyond. Lengthy grid interconnection queues and political sensitivity around electricity costs are pushing data centers and large industrial users toward onsite generation, where turbines offer footprint efficiency and dispatchability. We believe leading turbine manufacturers, which together hold roughly 90 percent share in this concentrated market, will manage supply and pricing carefully. As AI-related orders convert from backlog to revenue, we see potential for meaningful margin expansion. Over the next several years, we expect Siemens Energy to also benefit from large U.S. high-voltage direct current transmission projects, higher-margin gas aftermarket activity, and progress in restructuring its wind business.

INFORMATION TECHNOLOGY



SK hynix, Inc. is the world’s largest dedicated producer of memory chips. The business benefits from the increasing demand for computational power and data storage, driven by the rise of artificial intelligence (AI) and high-performance computing. The memory chip industry has consolidated into an oligopoly led by three companies. While SK hynix isn’t the overall market-share leader, it is the only company with an exclusive focus on memory chips, and we believe it stands to benefit most from the growth of high-bandwidth memory (HBM). HBM is essential for AI servers and graphical processing units (GPUs). SK hynix is the world’s leading HBM designer in terms of market share, and our research indicates that the business’ chips outperform competitors in terms of yield, data speed, and heat dissipation. The company’s partnership with the world’s largest GPU designers, semiconductor fabricators, and equipment manufacturers further reinforce its leadership position. These relationships, along with SK hynix’s technology advancements, position the company to capitalize on the increasing demand for high-performance memory solutions, in our view.

COMMUNICATION SERVICES



Spotify Technology SA is the world’s largest subscription streaming audio service by market share. Recorded music has seen significant distribution shifts—from vinyl to cassette to CDs—over the past 50 years. Today, streaming accounts for the bulk of industry revenue, and we view streaming as the natural end-state, given the consumer value proposition and balance of power between artists and labels. Within streaming, Spotify has outsized market share and user engagement. This has resulted in relatively inelastic demand and, in turn, pricing power. We ultimately view the addressable market as anyone with internet access globally. Unlike with video streaming, consumers tend to subscribe to only a single audio streaming service. Spotify’s leadership position has become further entrenched with music labels’ growing dependence on streaming revenue. Over our five-year horizon, we expect gross margin improvement from advertising and partnership agreements with labels, with operating margin improvement also driven by cost discipline.

HEALTH CARE



Stevanato Group SPA is a leading provider of injectable drug containment and delivery solutions to biopharmaceutical manufacturers. Over the past few decades, Stevanato has transformed itself from a domestically focused specialty glassware manufacturer into a global provider of biologic primary packaging solutions. This is an oligopolistic industry characterized by high regulatory, technical, and financial barriers to entry. As the market-share leader in the high-value ready-to-use (RTU) injectables packaging market, Stevanato benefits from several secular tailwinds, including 1) the shift from chemical/oral to biologic/injectable drugs; 2) the uptake of RTU technologies with improved convenience, safety, and regulatory compliance; 3) growing drug complexity driving the need for better efficiency, cost, and speed to market; and 4) the adoption of new biologic drug classes using RTU technology (e.g., obesity, diabetes, mRNA, biosimilars, Alzheimer's). Stevanato is in a capacity expansion cycle that it expects to taper in the coming years, which should help drive sustained margin expansion, free-cash-flow generation, and return on invested capital as capacity utilization increases and its product mix shifts toward high-margin RTU solutions.

INFORMATION TECHNOLOGY



Taiwan Semiconductor Manufacturing is the world's largest producer of leading-edge logic chips by market share. TSMC is the only large-scale, customer-dedicated foundry capable of producing leading-edge chips, which are the most advanced chips available in terms of computing power. Its leadership position has been cemented by several factors, including its high-quality manufacturing process, ongoing investments in innovation, collaborative relationships with a wide ecosystem of partners, and position as the sole foundry at scale that does not compete with its customers by manufacturing its own designs. Our research suggests that its leadership position is only going to strengthen, given the manufacturing and operational challenges of its only two competitors. We view TSMC as a primary beneficiary of the proliferation of artificial intelligence (AI), given its chokepoint position in the value chain for AI chips. Beyond AI, we also view TSMC's growth potential as underpinned by compute demand for other use cases, including those requiring trailing-edge logic chips.

CONSUMER DISCRETIONARY



Titan Co. Ltd. is India's largest specialty-jewelry retailer, by store count and market share. The company sells jewelry, watches, and eyewear at branded stores catering to both high-end and mass-market consumers. India's jewelry market is massive—with the country accounting for roughly one-quarter of global gold demand—and remains highly fragmented. We expect organized players to increasingly take share from informal operators, given shifting consumer preferences and growing regulatory pressures. Titan will be a beneficiary, in our view, given its nationwide footprint of over 1,900 stores and its highly visible brand. In addition to Tanishq, India's leading jewelry brand, Titan also owns Sonata, India's best-selling watch brand. Weddings provide an additional growth opportunity for Titan, given the importance of traditional gold jewelry gifting, and the country's young and increasingly wealthy population.

INDUSTRIALS



VAT Group AD is the dominant provider of vacuum valves for semiconductor and industrial manufacturing processes. It has over 70% market share and is the sole supplier to the top three semiconductor manufacturers. Vacuum valves are a mission-critical component of the semiconductor manufacturing process as they control the flow of gas onto wafers, and tend to be specifically designed into new manufacturing equipment. In addition to the economies of scale enabled by VAT's global capabilities, the company also possesses the industry's largest research and development (R&D) team. As manufacturing processes become more sophisticated, we believe R&D capabilities will become even more important, which should further entrench VAT's existing leadership position. We expect continued strong demand for memory and logic chips and for semi-equipment manufacturing tools as emerging technology trends proliferate and as chip complexity continues to increase.

INDUSTRIALS



WEG SA is one of the world's largest manufacturers of electric equipment. The Brazil-based business' vision is to provide complete and efficient solutions for the entire electrification value chain, from power generation to consumption. The business is highly diversified, with over half of its revenue derived outside Brazil. Its product base spans industrial equipment, green energy, commercial motors, and paints/varnishes. Demand for WEG's products is underpinned by several secular trends—including energy efficiency, electric mobility, and industry automation—and its diversification across geographies and end markets should continue to enable durable growth. Vertical integration is a key competitive advantage, in our view, driving cost advantages and quality control. Its brand reputation and maintenance network are also key selling points. Historically, 50% of WEG's sales came from products that didn't exist five years earlier, and we expect continued innovation across a diversified product and customer base will continue to drive sustainable, above-average growth over the next decade.

There is no guarantee that the Fund will continue to hold any one particular security or stay invested in any one particular sector. Holdings are subject to change. The information presented here may not contain the full holdings for the Fund listed. For complete information please visit TouchstoneInvestments.com.

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.

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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