



TSNAX

Very Dangerous Rating

Touchstone Funds Group Trust: Touchstone Sands Capital Select Growth Fund

- [Predictive Ratings](#) are based on the aggregation of our models for the fund's holdings, all of the fund's expenses, & the fund's overall rank.
- Stock-picking ([Portfolio Management](#)) and fund expenses ([Total Annual Costs](#)) drive fund performance.

Investment Recommendation

- We strongly recommend investors avoid TSNAX. We recommend its ETF benchmark IWF.
- We expect the fund to continue underperforming the market on a total return basis.
- TSNAX's Portfolio Management rating does not justify its high Total Annual Costs.

Fund Rankings

- 8th percentile of the 7000+ equity funds we cover.
- 634 out of 638 Large Cap Growth funds.
- All 17 ETFs in the same category rank better.
- See rankings for all US equity funds on our [fund screener](#).

Portfolio Management Rating Details

- TSNAX receives our Dangerous Portfolio Management rating because its aggregate holdings are expected to underperform the aggregate holdings of IWF.
- IWF, TSNAX's benchmark, receives our Attractive rating.
- Our fund analytics are based on aggregating our models and ratings for each fund's holdings.
- Our [top-ranked](#) stock ratings leverage key data from the financial footnotes for unrivaled research quality.

Portfolio Management Rating Breakdown

Quality of Earnings Components: Ratings & Values

Attractive	Economic vs Reported EPS	Positive EE
Attractive	Return on Invested Capital (ROIC)	13%

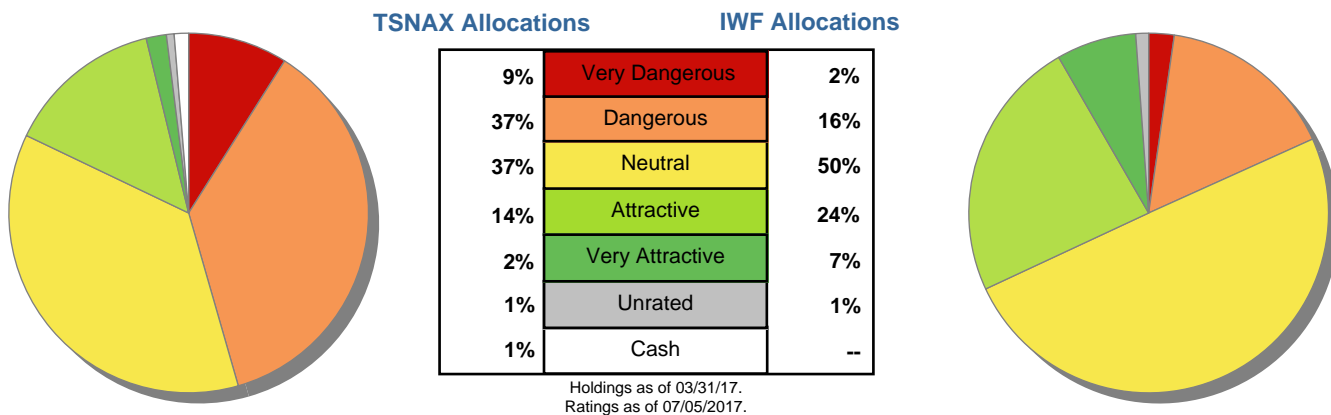
Valuation Components: Ratings & Values

Neutral	Free Cash Flow Yield	-1%
Very Dangerous	Price to Economic Book Value Ratio	5.4
Very Dangerous	Growth Appreciation Period	51 year(s)

Fund Asset Allocation: Rating & Value

Attractive	Cash Allocation	1% cash
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Stock and Cash Rating Allocations vs Benchmark - iShares Trust: iShares Russell 1000 Growth ETF (IWF)



Active Management Commentary

- TSNAX allocates 46% of its value to Dangerous-or-worse-rated stocks while IWF allocates 18%.
- TSNAX allocates 16% of its value to Attractive-or-better-rated stocks while IWF allocates 31%.
- Investors should expect funds with higher Total Annual Costs to allocate more value to Attractive and Very Attractive Stocks and less to Dangerous and Very Dangerous stocks than alternative funds with lower costs.
- Active portfolio management of TSNAX does not add value versus its ETF benchmark IWF.

Return - Annual | Top 5 Holdings | Key Mutual Fund Statistics

Return - Annual	Top 5 Holdings	Key Mutual Fund Statistics
Year to Date 22.4%	Visa Inc	V Net Assets(mm) \$2,395.70
1 Year 24.9%	Facebook Inc	FB NAV \$15.67
3 Year 5.1%	Priceline Group Inc	PCLN Benchmark IWF Manager
5 Year 12.0%	Amazon.com Inc	AMZN # of Holdings 32
Inception 13.0%	Salesforce.Com Inc	CRM Initial Min \$2,500
		Category Large Cap Growth
		Mgmt Co Touchstone Advisors Inc
		Tenure Sands/Sramek/Johnston 2000
		Inception 11/15/2010

Data from Lipper, a Thomson Reuters Company, and New Constructs, LLC.

Details on Total Annual Costs Rating are on page 2.

Total Annual Costs Rating and Ranking

Rating	Total Annual Costs	Fund Universe % Rank	Category Rank
Dangerous	3.51%	12%	582 of 638

This rating reflects all expenses, loads, fees, and transaction costs in a single value that is comparable across all funds.

Total Annual Costs Breakdown

All Cost Types	Annualized Values	
	TSNAX	Benchmark: IWF
Front-End Load	2.19%	--
Expense Ratio	1.21%	0.22%
Back-End Load	0.00%	--
Redemption Fee	0.00%	--
Transaction Costs	0.10%	--
Total Annual Costs	3.51%	0.22%

- To justify its higher Total Annual Costs, TSNAX must outperform its ETF benchmark before all costs by 3.28% annually over 3 years or 1.72% annually over 10 years.
- This analysis assumes a 3-year holding period, the average for all funds.
- Transaction costs are estimated using the fund's annual portfolio turnover ratio of 46%.

Data from Lipper, a Thomson Reuters Company, and New Constructs, LLC.

Overview of Our Predictive Mutual Fund Rating System

New Constructs' [Predictive Fund Ratings](#) enable smarter investing by assessing the key drivers of future fund performance. We start by analyzing every fund holding based on New Constructs' stock ratings, which are regularly featured as among the [best by Barron's](#). Next, we measure and rank the all-in costs of investing in a fund. Finally, we rank the fund compared to all other funds to identify the best and worst funds in the market.

Intuitively, there are two drivers of future fund performance.

- 1) New stock-picking ([Portfolio Management Rating](#)) and
- 2) Fund expenses ([Total Annual Costs Rating](#)) drive investment performance

The figure below details the criteria that drive our Predictive Rating system for funds. The drivers of our predictive rating system are Portfolio Management and Total Annual Costs. The Portfolio Management Rating (details [here](#)) is the same as our Stock Rating (details [here](#)) except that we incorporate Asset Allocation (details [here](#)) in the Portfolio Management Rating. The Total Annual Costs Rating (details [here](#)) captures the all-in cost of being in a fund over a 3-year holding period, the average period for all mutual fund investors.

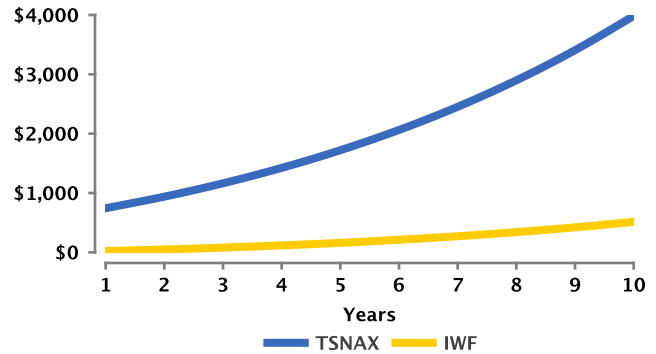
Predictive Rating	Portfolio Management Rating						Total Annual Costs Rating
	Quality of Earnings		Valuation			Asset Allocation	
	Economic vs Reported EPS	Return on Invested Capital (ROIC)	FCF Yield	Price-to-EBV Ratio	Growth Appreciation Period (yrs)	Cash %	
Very Dangerous	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50	> 20%	> 4%
Dangerous	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50	8% < 20%	2% < 4%
Neutral	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20	2.5% < 8%	1% < 2%
Attractive	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10	1% < 2.5%	0.5% < 1%
Very Attractive	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3	< 1%	< 0.5%

Reported Costs vs Benchmark: as of 01/30/2017

	TSNAX	Benchmark: IWF
Front-End Load	5.75%	--
Expense Ratio	1.07%	0.20%
Back-End Load	0.00%	--
Redemption Fee	0.00%	--

Accumulated Total Costs vs Benchmark

Accumulated Total Costs represent the dollar value of costs investors incur during a 10-yr holding period. Assumes a \$10,000 investment and a 10% annual return for the fund and its benchmark.



- 3-year Accumulated Total Costs are \$1,163.72 for TSNAX and \$79.70 for IWF. 10-year Accumulated Total Costs are \$3,984.71 for TSNAX and \$514.10 for IWF.

New Constructs® - Research to Fulfill the Fiduciary Duty of Care

Ratings & screeners on 3000 stocks, 450 ETFs and 7000 mutual funds help you make prudent investment decisions.

New Constructs leverages the latest in machine learning to analyze structured and unstructured financial data with unrivaled speed and accuracy. The firm's forensic accounting experts work alongside engineers to develop proprietary NLP libraries and financial models. Our investment ratings are based on the best fundamental data in the business for stocks, ETFs and mutual funds. Clients include many of the top hedge funds, mutual funds and wealth management firms. David Trainer, the firm's CEO, is regularly featured in the media as a thought leader on the fiduciary duty of care, earnings quality, valuation and investment strategy.

To fulfill the Duty of Care, research should be:

1. **Comprehensive** - All relevant publicly-available (e.g. 10-Ks and 10-Qs) information has been diligently reviewed, including footnotes and the management discussion & analysis (MD&A).
2. **Un-conflicted** - Clients deserve unbiased research.
3. **Transparent** - Advisors should be able to show how the analysis was performed and the data behind it.
4. **Relevant** - Empirical evidence must provide [tangible, quantifiable correlation](#) to stock, ETF or mutual fund performance.

Value Investing 2.0: Diligence Matters: Technology is Key to Value Investing with Scale

Accounting data is only the beginning of fundamental research. It must be translated into economic earnings to truly understand profitability and valuation. This translation requires deep analysis of footnotes and the MD&A, a process that our [robo-analyst technology](#) empowers us to perform for thousands of stocks, ETFs and mutual funds.

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