

Fund Manager Commentary

As of September 30, 2024

Fund Highlights

- Utilizes a classic value-driven fundamental investment process
- Seeks to identify companies believed to be selling at a discount to their intrinsic value
- Employs five valuation screens that seek to identify attractively priced securities
- Conducts in-depth research and analysis on the securities that pass the valuation screens in an effort to identify leading companies selling at attractive valuations
- Examines financial statements and assesses the company's management team, competitive strategy and its current market position

Market Recap

Style factors were a marginal headwind during the quarter. Within the benchmark, the highest and lowest volatility quintiles underperformed. Within return on equity, the lowest quintile notably outperformed, and the highest quintile also outperformed but to a much lesser extent. Stocks with high dividends outperformed those with low or no yields. Companies with higher balance sheet leverage outperformed those with lower levels of debt financing. Non earners substantially outperformed all other price-to-earnings quintiles. Performance by market capitalization varied across the benchmark index.

Within the benchmark, Communication Services, Real Estate, Financials, and Utilities materially outperformed the overall return for the index. The largest underperformers were Energy, Information Technology (IT), Materials, and Industrials sectors.

Portfolio Review

The Touchstone Small Cap Value Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell 2000® Value Index, for the quarter ended September 30, 2024.

The Fund's stock selection was positive during the quarter, offsetting a negative impact from sector allocation. Six of eleven sectors had positive attribution in the Fund, led by IT, Industrials, and Real Estate. The largest detractors by sector included Consumer Discretionary and Communication Services.

The IT sector was the portfolio's largest contributor to relative performance during the quarter. Harmonic Inc. (HLIT), Lumentum Holdings (LITE), and Viavi Solutions (VIAV). HLIT reported strong results as their cable customers began to implement long-awaited hardware upgrades. LITE reported results that exceeded expectations and showed improved demand for their

optical solutions products as inventory destocking issues appear to be resolved. VIAV outperformed amid signs that network spending in the telecom industry has bottomed, a positive for their array of testing products.

The Real Estate sector also outperformed, driven by the Fund's largest individual contributor Newmark Group (NMRK). A turn in the commercial real estate markets as rates decrease should drive better demand for the real estate service offerings, which would benefit NMRK's business. Agree Realty Corp. also outperformed after posting strong earnings and offering positive commentary around acquisition activity.

Strong selection within banks led to outperformance in the Financials sector. Columbia Banking System moved higher as funding costs and net interest margins stabilized. Management's plans to lower operating expenses should also continue to benefit the bottom line. Pinnacle Financial Partners and Valley National Bancorp also outperformed driven by perceived benefits from the Federal Reserve's (Fed) decision to cut rates.

The Energy sector was a modest contributor driven by our underweight to the sector. Civitas Resources was the portfolio's largest individual detractor. The stock traded lower on the decline in commodity prices along with some cash flow headwinds related to working capital that impacted its valuation. Permian Resources, was another laggard in the quarter, following the price of oil as it moved lower.

Results in the Materials sector were neutral despite a strong contribution from Cabot Corp. The company continues to benefit from strong pricing for its carbon black products that are used to reinforce tires. After several quarters of destocking, its high margin specialty chemicals business returned to growth, improving its sales mix.

(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.**



Integra Life Sciences was the primary driver of underperformance within the Fund's Health Care sector positions. The medical device company continues to experience execution issues related to compliance which has led to reduced earnings expectations.

QuidelOrtho Corp outperformed as investors gained confidence in the CEO's strategy to streamline operations and reduce their debt load.

The Consumer Discretionary sector was among the Fund's largest detractors in the period. Topgolf Callaway Brands is dealing with weak traffic to their TopGolf venues and slowing growth for their golf equipment products. Additionally, their proposed separation of the TopGolf business is expected to take over a year, which is testing investor patience. Gentex Corp., an auto parts manufacturer, reduced their earnings guidance when their largest customer cut production estimates for the year. Lastly, Valvoline Inc. lagged the benchmark during the quarter after reporting lower volumes and increased promotions at its oil change competitors.

As we enter the fourth quarter, our largest relative overweight position is the Industrials sector. We are notably underweight in the Financials and Communication Services sectors. These exposures are driven by the opportunity set we see in each sector. During the quarter we initiated positions in Voya Financial and Installed Building Products. We sold Primerica Inc. and Topgolf Callaway Brands during the quarter.

Outlook and Conclusion

The third quarter has been tumultuous from a headline perspective. The Fed seems to believe inflation has been tamed and has begun to reduce interest rates. China has released a wave of stimulus measures to boost their struggling economy and debt-laden financial system. The conflicts in the Middle East and Ukraine continue to intensify. In the U.S., there have been two attempted assassinations of one presidential candidate while the sitting president stepped away from the election in favor of a new candidate, eschewing the primary process. Consumer spending has remained choppy across the income spectrum. Employment data continues to move in the wrong direction, albeit slowly. Yet the market continues to hum along, ending the quarter at all-time highs.

Amid these market dynamics, we continue to hold fast and invest according to our process. Fundamentally we are looking for quality stocks, trading at a discount, with good risk/reward. We look for companies with strong management teams, high barriers to entry, solid balance sheets, and we continue to rigorously examine downside scenarios for our positions.

We continue to find attractively valued investment opportunities with favorable risk/reward profiles. While we do not believe in making short term projections, we believe these investments will outperform the market longer term.



Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	03/01/11	TVOAX	89155T821	1.53%	1.40%
C Shares	03/01/11	TVOCX	89155T813	5.19%	2.15%
Y Shares	03/01/11	TVOYX	89155T789	1.26%	1.15%
INST Shares	03/01/11	TVOIX	89155T797	1.20%	1.00%
Total Fund Assets	\$217.4 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 1.38% for Class A Shares, 2.13% for Class C Shares, 1.13% for Class Y Shares and 0.98% for Class INST Shares. These expense limitations will remain in effect until at least 01/29/25. Share class availability differs by firm.

Annualized Total Returns

	3Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	9.98%	10.07%	22.07%	5.90%	10.08%	7.16%	8.54%
C Shares	9.76%	9.43%	21.12%	5.10%	9.27%	6.52%	7.93%
Y Shares	10.04%	10.26%	22.33%	6.16%	10.35%	7.43%	8.71%
INST Shares	10.09%	10.37%	22.53%	6.32%	10.54%	7.60%	8.80%
Benchmark	10.15%	9.22%	25.88%	3.77%	9.29%	8.22%	8.18%
Including Max Sales Charge							
A Shares	4.48%	4.57%	15.96%	4.10%	8.96%	6.53%	8.25%
C Shares	8.76%	8.43%	20.12%	5.10%	9.27%	6.52%	7.93%

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 2000® Value Index

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](https://www.touchstoneinvestments.com/mutual-funds).** From time to time, the investment adviser may waive some fees and/or reimburse expenses, which if not waived or reimbursed, will lower performance. Performance by share class will differ due to differences in class expenses. Returns assume reinvestment of all distributions. Returns are not annualized for periods less than one year.

The performance presented for Class A, C, Y and INST Shares combines the performance of a predecessor class of shares (Z Shares). Class Z Shares inception date was 03/04/02. Class Z Shares were merged into Class A Shares on 06/10/11.

Top 10 Equity Holdings of Fund

	(% of Portfolio)		(% of Portfolio)		
1	Encompass Health Corp.	2.2	6	Harmonic Inc.	2.1
2	Wintrust Financial Corp.	2.2	7	Columbia Banking System, Inc.	2.0
3	Newmark Group Inc.	2.1	8	Murphy USA Inc.	2.0
4	ITT Inc.	2.1	9	Clean Harbors, Inc.	2.0
5	Prestige Consumer Healthcare Inc.	2.1	10	Portland General Electric Co.	1.9

Source: BNY Mellon Asset Servicing

The Russell 2000® Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower 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.

The Frank Russell Company (FRC) is the source and owner of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a Touchstone Investments presentation of the data, and FRC is not responsible for the formatting or configuration of this material or for any inaccuracy in the presentation thereof.

A Word About Risk

The Fund invests in equities which are subject to market volatility and loss. The Fund invests in stocks of small-cap companies, which may be subject to more erratic market movements than stocks of larger, more established companies. The Fund invests in value stocks which may not appreciate in value as anticipated or may experience a decline in value. 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. 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. The Fund's investments in other investment companies will be subject to substantially the same risks as those associated with the direct ownership of the securities comprising the portfolios of such investment companies, and the value of the Fund's investment will fluctuate in response to the performance of such portfolios. In addition, if the Fund acquires shares of investment companies, shareholders of the Fund will bear their proportionate share of the fees and expenses of the Fund and, indirectly, the fees and expenses of the investment companies or ETFs. The Fund's service providers are susceptible to cyber security risks that could result in losses to a Fund and its shareholders. Cyber security incidents could affect issuers in which a Fund invests, thereby causing the Fund's investments to lose value. Current and future portfolio holdings are subject to change.

Please consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. The prospectus and the summary prospectus contain this and other information about the Fund. To obtain a prospectus or a summary prospectus, contact your financial professional or download and/or request one at [TouchstoneInvestments.com/resources](https://www.touchstoneinvestments.com/resources) or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

Touchstone Funds are distributed by Touchstone Securities, Inc.

A registered broker-dealer and member FINRA and SIPC

A Member of Western & Southern Financial Group



Touchstone Investments®
DISTINCTIVELY ACTIVE®

800.638.8194 • [TouchstoneInvestments.com](https://www.TouchstoneInvestments.com)

Not FDIC Insured | No Bank Guarantee | May Lose Value