Touchstone Small Company Fund

Sub-Advised by: Fort Washington Investment Advisors, Inc.

U.S. Equity – Small-Cap Core 3Q/2024

Fund Manager Commentary

As of September 30, 2024

Fund Highlights

- Invests primarily in common stocks of small companies
- Research intensive approach focuses on finding high quality companies that are believed to have improving business models, solid management teams, sustainable growth potential and favorable industry dynamics
- Quality companies are those that possess the following traits: consistent earnings, reasonable valuations, low debt levels, solid free cash flows and strong management with a history of good capital allocation

Market Recap

The small cap Russell 2000 Index returns were positive for the quarter ended September 30, 2024. The index started the quarter strong in July, followed by a decline in August, and a slight positive return in September. The benchmark sectors that outperformed for the quarter were Real Estate, Communication Services, Financials, Utilities, and Health Care. The sectors that underperformed for the quarter were Industrials, Materials, Information Technology, Consumer Staples, Consumer Discretionary, and Energy.

Portfolio Review

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

The Fund's top three performing sectors in terms of adding value were Energy, Industrials, and Materials. Stock selection positively contributed to relative performance in all three, while an underweight allocation to Energy was also additive. The Fund's bottom three performing sectors that detracted from relative performance were Information Technology, Communication Services, and Financials. Stock selection was negative in Information Technology and Communication Services, while an underweight allocation to Financials also detracted from relative performance.

Among the top contributors during the quarter were Doximity Inc., Astrana Health Inc. (both Health Care sector), Frontdoor Inc. (Consumer Discretionary sector), Colliers International Group Inc. (Real Estate sector), and Eagle Materials Inc. (Materials sector).

Doximity operates the leading online platform for U.S. medical professionals, with more than 80% of U.S. physicians as members. Pharmaceutical companies and health systems digitally market through the platform to medical professionals. Secular growth in digital marketing combined with strong execution has led to 13% revenue growth and 33% earnings growth for Doximity over the past year and continued investments in innovative solutions point to continued strong earnings growth.

Astrana Health is a provider of technology solutions integrated into a healthcare delivery platform that enables medical professionals to successfully manage value-based care programs. Value-based care programs are gaining share from traditional fee-for-service healthcare. Astrana's long-term experience and execution in this market has allowed them to capture profitable market share while delivering 23% revenue growth and 32% earnings growth over the last year for shareholders.

Frontdoor is a leading provider of home warranty plans in the U.S. The company implemented several dynamic pricing initiatives over the last two years, as well as programs to lower claims costs. The success of these initiatives has driven 54% earnings growth over the last year.

Colliers International is a diversified provider of commercial real estate, investment management, and global engineering services. While the cyclical downturn in commercial real estate capital markets pressured earnings by 24% over the last eighteen months, the stock rallied in the quarter as the market looks forward to the pending cyclical recovery.

Eagle Materials is a manufacturer of quality heavy construction products such as cement and light building materials. The company was a bottom five detractor last quarter due to weather disruptions on short-term earnings. We added to the position and the stock rebounded nicely this quarter as they delivered 15% earnings growth last quarter as the weather normalized. We have owned the stock for several years and the company has tripled earnings since 2019.

The biggest detractors during the quarter were Progyny Inc.

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(Health Care sector), Verint Systems Inc., LiveRamp Holdings Inc. (both Information Technology sector), Pacira Biosciences Inc. (Health Care sector), and DoubleVerify Holdings Inc. (Information Technology sector).

Progyny is the leading provider of fertility benefits management to employers and health plans. Historically, the company has retained 99% of their customers since being founded in 2008. However, this quarter one of their largest clients accounting for over 10% of revenue announced they were leaving Progyny to a competitor. We continue to hold the position and will reevaluate once the company reports new customers signed for 2025. If the company achieves their targets, earnings could still grow over 10% next year despite the large client loss.

Verint is a provider of customer experience software to global enterprises including 85 of the Fortune 100. The stock underperformed in the quarter after reporting lighter than expected new software bookings. Management reiterated their revenue and earnings guidance for the year, which calls for 7% earnings growth. We are monitoring new software bookings trends and continue to hold the position.

LiveRamp operates a pioneering data collaboration software platform where global advertisers can securely share consumer data. Like Verint, the stock sold off after commenting on decelerating new subscription revenue momentum. Management reiterated their target to grow earnings by 20% this year. We are monitoring the new business trends and continue to hold the position.

Pacira Biosciences is a profitable biopharmaceutical manufacturer that focuses on non-opioid pain management. The stock sold off after the FDA surprisingly approved a generic equivalent to their main product, Exparel. This was an investment thesis change and we exited the position.

DoubleVerify is the market leading provider of software that measures brand safety and suitability for global digital advertisers. The stock underperformed due to concerns about decelerating future growth. The company reported a solid second quarter and reiterated their guidance for 17% revenue growth and 40% earnings growth in 2024. We continue to hold the position.

During the quarter, the Fund added positions in Hexcel Corp. (Industrials sector), LivaNova plc (Health Care sector), RingCentral Inc. (Information Technology sector), and Yeti Holdings Inc. (Consumer Discretionary sector).

Hexcel is a global leader in advanced lightweight composites technology primarily focused on the commercial and defense aerospace markets. The increasing adoption of their technology combined with an expected cyclical upswing in commercial aerospace production is expected to drive 10%-12% revenue growth and 25% plus earnings growth annually over the next few years.

LivaNova is a global medical technology company focused on the cardiopulmonary and neuromodulation markets. We believe new product introductions will drive above market high-single digit revenue growth with operational initiatives expanding margins to deliver double digit earnings growth.

RingCentral is a leading provider of cloud business communications software solutions. There was significant adoption of their solutions during the Covid pandemic. However, we believe we are still in the early innings of enterprises moving their communications infrastructure to the cloud and RingCentral is well positioned as the market leader. We expected revenue to grow in the high-single digits and earnings in the double digits over the next few years as they execute against the opportunity.

Yeti designs and markets innovative outdoor consumer products and drinkware. Like RingCentral, the company experienced explosive growth during the Covid pandemic and solidified a market leading position in their categories. We expect global expansion and new product introductions to drive high-single digit top line growth and double-digit earnings growth.

During the quarter, the Fund exited positions in Allegro Microsystems Inc. (Information Technology sector), Crane NXT Co. (Industrials sector), Gentex Corp. (Consumer Discretionary sector), and Pacira Biosciences Inc. (Health Care sector).

Allegro Microsystems develops semiconductor sensing and power solutions for the automotive and industrial markets. While the position delivered a slight gain during our holding period this year, new industry developments led us to conclude the future earnings potential of the company would take longer to materialize and potentially at a lower level.

Crane NXT is an industrial technology company that provides payments and currency solutions. We exited the position because we expected weak demand to persist in their end markets limiting the company's ability to grow earnings over the next one to two years.

Gentex manufactures automatic-dimming automotive mirrors and connected car solutions. We exited the position due to concerns that higher prices and interest rates were likely to lead to lower demand and a reduction in automotive production, which could potentially drive a reduction in the company's expected earnings.

Pacira Biosciences was exited for the reasons cited above as one of the biggest detractors.

Outlook and Conclusion

The economic growth environment remains constructive, though leading indicators point to a decelerating rate of growth in the second half of 2024. Inflation continues to moderate, though this is a double-edged sword as pricing power had a material positive impact on nominal corporate earnings growth post-pandemic. The positive with moderating inflation is short-term interest rates have peaked, and it seems likely a measured reduction in the federal funds target rate will commence this year. Market valuations have fluctuated around interest rate expectations over the last year, but more importantly, the demand environment and corporate earnings generated will drive long-term equity returns.

While the economic growth environment has been strong, small cap earnings have been pressured, as the domestic oriented asset class earnings were an outsized beneficiary of fiscal and monetary stimulus from 2020 to 2022. 2024 small cap earnings are forecast to decline slightly from 2023, then rebound 19% in 2025. We believe this outlook is optimistic but are constructive that the small cap earnings levels have been stabilizing in the second and third quarter. The driver of small cap equity prices over the last year has

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entirely been valuation expansion from 11x to 16x forward earnings. Relative to large cap, small cap valuations remain about a 30% discount compared to their average over the last two decades.

As we look forward, we believe continued economic growth could be supportive of a return to future small cap earnings growth, which is critical to drive future small cap equity returns. Throughout economic and market cycles, we are focused on the consistent execution of our investment philosophy and process with the goal of consistent outperformance combined with deliberate risk management to achieve lower downside volatility.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio Total	Net
A Shares	03/01/93	**SAGWX**	89154Q257	1.19%	1.19%
C Shares	07/09/01	**SSCOX**	89154Q240	2.07%	1.97%
Y Shares	05/04/07	**SIGWX**	89154Q224	0.97%	0.91%
INST Shares	10/30/17	**TICSX**	89154Q166	0.95%	0.81%
R6 Shares	12/31/14	**SSRRX**	89154Q232	0.88%	0.81%
Total Fund Assets	**$1.2 Billion**				

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 1.22% for Class A Shares, 1.95% for Class C Shares, 0.89% for Class Y Shares, 0.79% for Class INST Shares and 0.79% for Class R6 Shares. These expense limitations will remain in effect until at least 10/29/25.

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	9.17%	13.08%	26.40%	5.57%	12.03%	10.42%	10.93%
C Shares	9.00%	12.16%	25.30%	4.71%	11.15%	9.75%	10.33%
Y Shares	9.30%	13.20%	26.74%	5.87%	12.36%	10.73%	11.14%
INST Shares	9.27%	13.33%	26.86%	6.01%	12.47%	10.76%	11.14%
R6 Shares	9.34%	13.24%	26.75%	5.98%	12.44%	10.86%	11.07%
Benchmark	9.27%	11.17%	26.76%	1.84%	9.39%	8.78%	9.04%
Including Max Sales Charge							
A Shares	3.78%	7.50%	20.15%	3.77%	10.87%	9.85%	10.75%
C Shares	8.00%	11.16%	24.30%	4.71%	11.15%	9.75%	10.33%

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® 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.*** *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 C, Y, INST and R6 Shares combines the performance of an older class of shares (Class 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

		(% of Portfolio)
1	CarGurus Inc.	2.4
2	WNS Holdings Ltd.	2.2
3	Globus Medical Inc.	2.1
4	Encompass Health Corp.	2.1
5	Exlservice Holdings Inc.	2.0
6	Option Care Health Inc.	2.0
7	Agree Realty Corp.	1.8
8	KBR, Inc.	1.8
9	COPT Defense Properties	1.7
10	Haemonetics Corp.	1.7

Source: BNY Mellon Asset Servicing

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe.

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.

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 foreign securities 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 a particular industry and/or market sector which may increase the Fund's volatility and magnify its effects on total return. 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.