

Fund Manager Commentary

As of March 31, 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 created a less muddled backdrop for the Fund in the quarter, when compared to recent history. Within the benchmark, the performance of larger market capitalizations outperformed stocks with smaller capitalizations. Companies with the highest volatility outperformed those with low volatility. Within return-on-equity quintiles, the highest and lowest quintiles outperformed. Stocks with low or no dividends outperformed those with higher yields. Within price to earnings quintiles, the highest valuation quintile and non-earners underperformed most significantly while cheaper quintiles performed better.

Within the benchmark, Energy, Health Care, Industrials, and Materials sectors materially outperformed the overall return for the benchmark. The largest underperformers were Communication Services, Consumer Staples, and Utilities.

Portfolio Review

The Touchstone Small Cap Value Fund (Class A Shares Load Waived) outperformed its benchmark, the Russell 2000® Value Index, for the quarter ended March 31, 2024.

The Fund's relative outperformance came from a mixture of stock selection and sector allocation. Seven of eleven sectors had positive attribution to the Fund's portfolio, led by Industrials, Consumer Discretionary, and Financials. The largest detractors by sector included Health Care and Materials.

Strong stock selection drove outperformance within the Industrials sector. EMCOR Group, an engineering and construction company, reported strong results leading to margin and multiple expansion. Masonite International outperformed after the announcement of the company's pending acquisition by Owens Corning. Machinery company Gates Industrial offered constructive

long-term targets and highlighted better near-term trends during their investor day. BWX Technologies outperformed as their solutions for small modular reactors continue to gain traction for non-Naval nuclear uses. Azek Holdings also reported strong results; composite decking continues to gain share from wood alternatives and their material costs have continued to decline. Huron Consulting was the only notable detractor within the sector. Huron Consulting saw revenue growth return to long-term averages after a period of strong top-line results.

The Consumer Discretionary sector outperformed during the quarter driven by effective stock selection. The largest contributor was convenience store operator Murphy USA. The company continues to execute well, maintaining strong fuel margins while returning excess cash flow to shareholders through buybacks.

Insurance company Primerica was the largest contributor within the Financials sector. The company's quarter surpassed expectations and the continued recruitment of new sales personnel helps to build confidence in their growth plans. A trio of banks, however, were notable headwinds to performance. Columbia Banking System was the portfolio's largest detractor. Higher rates are lifting deposit pricing and squeezing margins resulting in subpar guidance for 2024. Valley National Bancorp declined in sympathy with their credit issues at New York Community Bancorp, a holding we do not own in the portfolio. Valley National Bancorp has historically performed much better than peers on credit related issues and we continue to have confidence in the position. Independent Bank Corp declined amid investor fears around deposit repricing and the resulting margin impact.

(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.**



The Energy sector was a modest contributor, driven by strong stock selection. Permian Resources outperformed during the period as synergies from their merger with Earthstone Energy and the rising price of oil both benefited the exploration & production company.

Lumentum Holdings was the largest detractor in the Information Technology (IT) sector. The optical solutions company continues to work through an industry wide inventory correction. Viavi Solutions is also facing broad-based softness in the telecom industry as demand for their testing products remains depressed.

The Materials sector lagged in the quarter. The recent merger of Livent and Allkem resulted in a new company, Arcadium. The stock underperformed as the shareholder base consolidated and lithium prices experienced an accelerated decline before stabilizing late in the quarter.

The Fund's underweight to biotechnology stocks was a relative performance detractor during the quarter. Biotech has grown over time to become a significant portion of the benchmark, although outcomes are typically too binary to fit within our process. However, among the contributors within the Health Care sector allocation, Encompass Healthcare, an outpatient services company, reported stronger than expected volumes and moderating wage pressure, driving margin expansion. Also, Prestige Consumer Healthcare rebounded after a soft fourth quarter, reporting strong results and raising their fiscal year guidance. QuidelOrtho Corp was a detractor to relative performance. The medical testing company experienced lower flu and COVID-related volumes resulting in reduced guidance for the year and the resignation of the CEO. Integra LifeSciences is also undergoing a CEO transition and missed street estimates as they recover from manufacturing issues at an important production facility.

As we enter the second quarter, the Fund's largest relative overweight positions are in the Industrials and Consumer Staples sectors. We are notably underweight in Financials, Energy, and Real Estate sectors. These exposures are driven by the opportunity set we see in each sector. During the quarter we initiated positions in Gentex (Consumer Discretionary sector) and Rogers Corp (IT sector). We did not exit any position during the quarter.

Outlook and Conclusion

The market continues to be opaque with abundant cross currents. Expectations for lower interest rates have stalled as inflation continues to persist in certain areas of the economy. The health of the consumer continues to be variable with shifts in purchasing behavior across the income spectrum and for many an increasing reliance on credit. Past election cycles have resulted in tentative consumer spending patterns and given the current political situation, expecting something similar to occur is practical. The coming wave of debt refinancing in the office real estate market has some investors worried about tangential effects on the financial system. Elevated debt levels are proving to be an outsized burden for many companies given higher interest rates, but it is also reasonable to assume the market has seen peak rates this cycle. Labor availability is improving but there are signs capital spending and commercial construction are coming headwinds. The Federal Reserve continues to play a critical role, balancing between stemming inflation and stopping the economy.

Amid these market dynamics, we continue to hold 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	\$169.8 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

	1Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	4.43%	4.43%	14.90%	5.49%	9.39%	5.80%	8.48%
C Shares	4.21%	4.21%	14.04%	4.71%	8.57%	5.17%	7.86%
Y Shares	4.49%	4.49%	15.16%	5.77%	9.66%	6.07%	8.65%
INST Shares	4.50%	4.50%	15.33%	5.93%	9.84%	6.23%	8.74%
Benchmark	2.90%	2.90%	18.75%	2.22%	8.17%	6.87%	8.08%
Including Max Sales Charge							
A Shares	-0.79%	-0.79%	9.16%	3.71%	8.27%	5.18%	8.19%
C Shares	3.21%	3.21%	13.04%	4.71%	8.57%	5.17%	7.86%

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

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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	Murphy USA Inc.	2.3	6	Encompass Health Corp.	2.0
2	Prestige Consumer Healthcare Inc.	2.2	7	Harmonic Inc.	2.0
3	Wintrust Financial Corp.	2.2	8	Primerica, Inc.	2.0
4	Permian Resources Corp.	2.1	9	Standex International Corp.	1.8
5	ITT Inc.	2.0	10	Portland General Electric Co.	1.8

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.

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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.

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