Touchstone Small Cap Fund

Sub-Advised by: The London Company

U.S. Equities - Small Cap Core 2Q/2026

Fund Manager Commentary

As of 06-30-2026

Fund Highlights

- Utilizes a bottom-up security selection process that screens potential investments against a proprietary quantitative model for return on capital, earnings to value ratio, free cash flow and return on equity
- Looks at a company's corporate governance structure and management incentives to try to ascertain whether or not management's interests are aligned with shareholder interests
- Seeks to identify the sources of a company's competitive advantage as well as what levers management has at its disposal to increase shareholder value
- Seeks to purchase generally profitable, financially stable small-cap companies that consistently generate high returns on unleveraged operating capital, are run by shareholder-oriented management, and are trading at a discount to their private market value

Market Recap

U.S. equities rose during the quarter, reversing their decline at the start of the year. The themes driving performance included a resurgent AI and semiconductor trade, de-escalation of the conflict with Iran, and a shift in Federal Reserve (Fed) rate expectations. The broader market rallied strongly. The 10-year Treasury yield rose modestly, while the yield curve flattened as short-term yields increased more quickly amid a shift from expectations for rate cuts toward the possibility of rate hikes. Turning to market factors, Momentum and Volatility delivered the strongest positive relative returns as investors favored higher-beta, higher-volatility stocks. Value factors were mostly negative, with only stocks that appeared inexpensive based on book value outperforming. Quality and Yield factors detracted from relative returns as the market shifted away from stability, profitability, and total yield. Growth factors were mixed, while Size remained negative.

Portfolio Review

The Touchstone Small Cap Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell 2000® Index, for the quarter ended June 30, 2026.

Both stock selection and sector allocation detracted from relative performance. Information Technology and Health Care posted the strongest benchmark returns, while Energy and Utilities lagged. Strength in high-beta and high-volatility factors, while Quality and Yield were among the weakest factors, created a significant headwind for the Fund. The Fund's lack of exposure to the market's highest-beta cohort accounted for the majority of its relative underperformance.

From a sector perspective, underweight allocations to Energy and Utilities helped relative performance. Overweight allocations to Consumer Staples and Materials detracted.

Among the largest contributors to Fund performance were Qualys, Inc. (Information Technology sector), CTS Corporation (Information Technology sector), and Landstar System, Inc. (Industrials sector).

Qualys was a top contributor as investor sentiment improved across the cybersecurity industry. While concerns about AI disruption weighed on the group earlier in the year, AI is increasingly viewed as strengthening demand for cybersecurity solutions. We continue to view Qualys as a high-quality business with a durable competitive position, supported by its expanding platform and strong product strategy.

CTS Corporation outperformed following strong quarterly results, supported by improving demand across its diversified industrial and transportation end markets. Management continues to execute well on operational initiatives while benefiting from a more favorable demand backdrop. We remain attracted to CTS Corporation's disciplined capital allocation, margin expansion opportunities, and ability to compound earnings over time.

Landstar System, Inc. benefited from improving sentiment that freight conditions are beginning to stabilize following a prolonged downturn. Earnings reflected stronger pricing, disciplined cost management, and the resilience of its asset-light business model. We continue to like Landstar's flexible operating model, strong cash generation, and ability to benefit as freight markets recover.

Among the largest detractors from Fund performance were White Mountains Insurance Group, Ltd. (Financials sector), Vontier Corp. (Information Technology sector), and CCC Intelligent Solutions Holdings, Inc. (Information Technology sector).

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White Mountains Insurance Group lagged during an otherwise uneventful quarter following strong prior-period performance driven by the Bamboo transaction. The shares also benefited less from the broader market rebound after proving relatively defensive earlier in the year. We remain confident in management's disciplined capital allocation and ability to compound book value per share over the long term.

Vontier declined as temporary margin pressure from business mix and higher investment spending overshadowed otherwise solid operating results. We expect several of these headwinds to normalize, while the core convenience retail business continues to benefit from industry consolidation, modernization, and digitalization. We remain confident in Vontier's durable franchises and long-term growth opportunities.

CCC Intelligent Solutions detracted as investor concerns about AI disruption continued to pressure the shares. We believe these concerns overlook the company's deeply embedded platform, proprietary data, and mission-critical role within insurance workflows. Management's conviction is reinforced by meaningful insider buying and an accelerated share repurchase program.

During the quarter, the Fund reduced its positions in Matson, Inc. (Industrials sector) and Murphy USA, Inc. (Consumer Discretionary sector) and initiated a position in McGrath RentCorp (Industrials sector).

The Fund initiated a position in McGrath RentCorp, a leading specialty rental provider of modular buildings, portable storage, and electronic test equipment serving commercial, education, health care, and data center customers through a largely recurring revenue model. We believe the company is well positioned to continue gaining market share, supported by strong returns on invested capital, a conservative balance sheet, and regional scale advantages that create durable competitive barriers. In our view, the market underestimates McGrath RentCorp's resilient cash flow, long-term growth potential, and the additional upside from a recovery in commercial construction.

Outlook and Conclusion

We believe the current environment reinforces the value of the Fund's quality-focused, defensive investment approach. While market leadership may broaden or volatility increase as economic growth, consumer spending, or Fed policy evolve, we remain confident in our holdings and continue to identify attractive opportunities the market may be overlooking. By emphasizing companies with durable competitive advantages, strong free cash flow, conservative balance sheets, and high returns on invested capital, the Fund seeks to deliver attractive long-term risk-adjusted returns while providing downside resilience across market cycles.

Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	09/30/09	**TSFAX**	89155H272	1.53%	1.25%
C Shares	09/30/09	**TSFCX**	89155H264	2.77%	1.95%
Y Shares	09/30/09	**TSFYX**	89155H249	1.18%	1.00%
INST Shares	09/30/09	**TSFIX**	89155H256	1.09%	0.92%

Total Fund Assets $252.8 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 and other expenses, if any) to 1.24% for Class A Shares, 1.94% for Class C Shares, 0.99% for Class Y Shares, and 0.91% for Class INST Shares. These expense limitations will remain in effect until at least 01/29/27.

Share class availability differs by firm.

Annualized Total Returns

	2Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	12.60%	10.20%	14.63%	9.81%	7.37%	7.93%	9.65%
C Shares	12.40%	9.87%	13.85%	9.03%	6.59%	7.15%	8.86%
Y Shares	12.69%	10.34%	14.97%	10.08%	7.64%	8.21%	9.95%
INST Shares	12.68%	10.39%	14.99%	10.17%	7.72%	8.29%	10.04%
Benchmark	21.49%	22.57%	40.78%	18.60%	6.98%	11.62%	11.59%
Including Max Sales Charge							
A Shares	6.97%	4.69%	8.90%	7.95%	6.27%	7.38%	9.32%
C Shares	11.40%	8.87%	12.85%	9.03%	6.59%	7.15%	8.86%

Benchmark - Russell 2000® Index
Max 5% sales charge for Class A Shares and 1% Contingent Deferred Sales Charge for Class C Shares held less than 1 year.

The Russell 2000 Index measures the performance of the small cap segment of the U.S. equity universe. The benchmark index mentioned is an unmanaged statistical composite of stock or bond market performance. Investing in an index is not possible. Index returns do not reflect any fees, expenses or sales charges.

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 advisor 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 combines the performance of the oldest share class from the Fund's inception with the performance since the inception date of each share class.

Top 10 Holdings

		(% of Portfolio)
1	White Mountains Insurance Group Ltd	5.2
2	Acushnet Holdings Corp	5.0
3	Landstar System Inc	4.6
4	Moelis & Co Class A	4.4
5	ACI Worldwide Inc	4.3
6	Gates Industrial Corp PLC	4.0
7	NewMarket Corp	3.9
8	Pricesmart Inc	3.8
9	Matson Inc	3.7
10	BNY Dreyfus Govt Cash Mgmt Instl	3.7

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 Advisor engages a sub-advisor to make investment decisions for the Fund's portfolio; it may be unable to identify and retain a sub-advisor who achieves superior investment returns relative to other similar sub-advisors. 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. A fund that focuses its investments in the securities of a particular market sector is subject to the risk that adverse circumstances will have a greater impact on the fund than a fund that does not focus its investments in a particular sector. 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 or call Touchstone at 800.638.8194. Please read the prospectus and/or summary prospectus carefully before investing.

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