

## Fund Manager Commentary

As of June 30, 2025

### 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

During the second quarter, market conditions posed challenges for the Fund's investment approach. High volatility stocks significantly outpaced their more defensive counterparts, and the smallest companies by market capitalization outperformed larger names within the small-cap universe. Stocks with lower return on equity led the market, and companies with minimal balance sheet leverage generally performed better than those with higher leverage. Non-earners outpaced more profitable companies, and businesses with higher foreign sales exposure outperformed those more domestically focused.

At the sector level, leadership came from Information Technology, Materials, Communication Services, and Industrials. Conversely, Consumer Staples, Real Estate, Energy, Utilities, and Health Care underperformed the broader benchmark.

### 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 June 30, 2025.

The Fund underperformed its benchmark during the quarter, with relative weakness concentrated in June despite outperformance earlier in the period. Stock selection was the sole driver of underperformance, which more than offset a modest benefit from allocation decisions.

The Industrials sector was the largest contributor to relative performance. Several holdings in the machinery and commercial services areas were standouts. Gates Industrial Corp. plc advanced on resilient demand and a cost advantage over competitors facing tariff pressures. CACI International Inc. rose as concerns tied to government contracting volatility eased. Regal Rexnord Corp.

posted strong results, supported by robust demand for motion control products. Clean Harbors, Inc. also rallied, with signs of improving performance in its oil recycling operations.

Real Estate contributed, primarily due to the Fund's underweight to the sector. However, National Storage Affiliates Trust declined after posting disappointing results, with concerns about rising mortgage rates and affordability weighing on expectations for the typically strong summer season.

In Financials, performance was mixed. Columbia Banking System, Inc. declined following the announcement of its acquisition of Pacific Premier Bank, with investor concerns centered on commercial real estate exposure and the integration of prior acquisitions.

The Consumer Staples sector detracted modestly, driven by weakness in Treehouse Foods, Inc. The company faced softer demand as inflation and macroeconomic uncertainty continued to pressure consumer behavior.

Information Technology was a modest detractor overall, though select holdings added meaningfully to returns. Lumentum Holdings Inc. advanced following strong quarterly results and raised guidance tied to increasing demand from artificial intelligence (AI) and cloud datacenter growth. Silicon Laboratories Inc. also rose after positive management commentary and a broader rebound in semiconductor stocks.

Energy detracted from results, led by Civitas Resources, Inc., which lowered production guidance and showed no progress in strengthening its balance sheet during the quarter.

Health Care also weighed on relative performance. Integra LifeSciences Holdings Corp. declined sharply after reducing guidance amid tariff concerns and ongoing challenges tied to a

(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](https://TouchstoneInvestments.com/mutual-funds).**



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product recall. Encompass Health Corp., however, was a bright spot, continuing to grow capacity and execute effectively in its inpatient rehabilitation business.

The Materials sector was the Fund's largest detractor. The absence of exposure to metals and mining companies, which performed well, was a headwind. Additionally, Cabot Corporation declined after cutting guidance for 2025, citing uneven demand in the tire industry due to tariff and trade pressures.

Heading into the third quarter, the Fund's largest relative overweight remains in Industrials. Sector positioning continues to reflect the opportunity set and valuation discipline, alongside adjustments from the recent Russell Index rebalancing.

### Outlook and Conclusion

Although markets rebounded from the volatility surrounding Liberation Day, uncertainty remains regarding the path of the economy and equity markets. Inflation is still elevated, and the long-term impact of recently imposed tariffs remains unclear. Business investment has slowed amid shifting policy, and the consumer environment remains bifurcated, higher-income households have resumed activity, while lower-income groups continue to feel financial strain. Housing and automotive markets are sluggish, affected by high interest rates and subdued confidence.

Monetary policy continues to be a critical swing factor, with any potential action by the U.S. Federal Reserve likely to influence sentiment and asset prices. On a global scale, geopolitical risks and policy uncertainty remain key macro variables.

Despite these headwinds, the Fund remains anchored in a bottom-up investment process that emphasizes quality, value, and risk-adjusted return potential. The Fund's portfolio companies are selected for their strong management teams, defensible business models, healthy balance sheets, and attractive valuations, with careful attention paid to downside risk.



## Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	03/01/11	TVOAX	89155T821	1.49%	1.35%
C Shares	03/01/11	TVOCX	89155T813	5.28%	2.00%
Y Shares	03/01/11	TVOYX	89155T789	1.21%	1.10%
INST Shares	03/01/11	TVOIX	89155T797	1.13%	0.94%
<b>Total Fund Assets</b>		<b>\$179.0 Million</b>			

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 1.34% for Class A Shares, 1.99% for Class C Shares, 1.09% for Class Y Shares and 0.93% for Class INST Shares. These expense limitations will remain in effect until at least 06/29/26. Share class availability differs by firm.

## Annualized Total Returns

	2Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	3.58%	-1.74%	7.64%	8.20%	13.33%	5.84%	8.15%
C Shares	3.40%	-2.05%	6.89%	7.41%	12.50%	5.21%	7.57%
Y Shares	3.64%	-1.62%	7.91%	8.47%	13.62%	6.10%	8.33%
INST Shares	3.68%	-1.54%	8.08%	8.64%	13.81%	6.26%	8.42%
Benchmark	4.97%	-3.16%	5.54%	7.45%	12.47%	6.72%	7.71%
Including Max Sales Charge							
A Shares	-1.61%	-6.65%	2.26%	6.37%	12.17%	5.21%	7.88%
C Shares	2.40%	-3.03%	5.89%	7.41%	12.50%	5.21%	7.57%

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 Lumentum Holdings Inc.	2.9	6 Huron Consulting Group Inc.	2.0
2 Wintrust Financial Corp.	2.5	7 First Horizon Corp.	2.0
3 Encompass Health Corp.	2.3	8 Pinnacle Financial Partners Inc.	1.9
4 Gates Industrial Corp. PLC	2.2	9 Newmark Group Inc.	1.9
5 Prestige Consumer Healthcare Inc.	2.2	10 Enpro Inc.	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.

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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://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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