Fund Manager Commentary

As of March 31, 2023

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

Within the benchmark, the Russell 2000® Value Index, high beta[1] was the dominant factor with the two highest quintiles outperforming the two lowest. Most other factors were muddled during the quarter with price-to-earnings valuation, return on equity, and sales growth exhibiting minimal predictive power. Size was the other factor that outperformed, which benefited active managers when compared to the index. The two smallest market cap quintiles noticeably underperformed as did companies with the lowest foreign sales.

Within the index, Information Technology, Consumer Discretionary, Materials, and Industrials sectors all materially outperformed the overall benchmark return. The largest underperformers were Financials and Health Care sectors.

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, 2023.

We tend to favor higher quality stocks with defensive attributes, which may lag when the market moves rapidly higher, so the Fund's outperformance in a beta-driven market was encouraging. However, we, like many others experienced some collateral damage in regional banks amid the collapse of Silicon Valley Bank Financial Group (SVB). Five of eleven sectors had positive attribution in the Fund's portfolio, including Industrials, Materials, Health Care, and Consumer Staples sectors. The largest detractors by sector included Consumer Discretionary, Energy, and Financials sectors.

The Industrials sector was the portfolio's largest contributor, benefitting from both good stock selection and an overweight allocation relative to the benchmark. Clean Harbors was a notable outperformer.

Conversely, the Fund's Financials sector allocation provided the largest relative performance detraction. Given the aforementioned bank failures, this deserves a more in-depth discussion. Silicon Valley Bank (SVB), a regional lender with a concentration in the technology and venture capital industries, experienced a classic bank run and was closed by the FDIC on March 10. As interest rates increased, the value of their liquid assets (treasuries and government backed mortgage-backed securities) lost value. When the bank experienced an increase in withdrawals, they were forced to sell these assets at a loss, affecting their capital ratios. SVB failed to adequately manage their duration risks, had a large percentage of their deposits over the FDIC deposit limit of $250K, and had a more concentrated deposit base, which left them more susceptible as investors worried about the safety of their funds.

The market's reaction was to sell any stocks that had a modicum of similar risk, so any banking franchises with high percentages of uninsured deposits or exposure to technology/venture capital saw significant price pressure. The FDIC closed Signature Bank the following weekend due to upheaval in the bank's cryptocurrency deposit base and subsequent withdrawal activity following the closure of Silvergate Capital (SI). The FDIC also announced they would make uninsured depositors whole at the failed banks, but not for other banks suffering from depositor questions. While there have been no further bank failures, the entire industry remains fragile despite measures taken by the U.S. Federal Reserve Board (Fed) to provide emergency liquidity.

(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 Fund did not have exposure to SI or SVB, though suffered collateral damage in holdings Western Alliance Bancorp, First Interstate BancSystem Inc., PacWest Bancorp, and BankUnited Inc. Our underweight to the Financials sector and, more specifically, the Bank Industry, helped to mitigate the impact of these detractors. While each company had their own idiosyncrasies, these banks were attractive investment opportunities because of their low-operating-cost business models that generated above average returns with less credit risk. Their business models did not rely on significant branch networks with consumer deposits and instead were driven by larger banking relationships with commercial deposits. The deposits from these relationships were sometimes large and well in excess of the FDIC's insured deposit limit resulting in greater efficiencies for the bank. This model has been chased by other banking institutions for decades. In hindsight, higher interest rates exposed a flaw in the business model in terms of liquidity risk that was not fully appreciated. In periods of panic, large depositors can leave, and quickly. As the bank run became apparent at SVB, we rapidly addressed increased risk in the portfolio. We exited the positions in PacWest Bancorp and Western Alliance Bancorp on the day of the SVB failure and exited BankUnited Inc. prior to quarter-end. We also initiated positions in a handful of banks with low uninsured deposit ratios, limited office exposure, and diversified deposit bases that we felt were overly punished in the turmoil.

It is clear that the full effects of these events have not yet been felt. We expect that earnings power will be under pressure as banks deal with higher deposit costs, capital requirements, greater regulatory costs, and increased liquidity needs. With the rate impacts to fixed income securities, many banks have inadequate levels of capital. We remain focused on understanding the risk profile of all the companies in our portfolio and capitalizing on opportunities created by volatility. Banks stable enough to slog through to the other side, but that are undergoing a transitory negative event, fit precisely within our process.

At the onset of the second quarter, the Fund's largest relative overweight positions are in the Industrials, Consumer Staples, and Materials sectors. The Fund is notably underweight in Financials and Real Estate. These exposures are driven by the opportunity set we see in each sector, though there have been some sector classification shifts following the mid quarter methodology change by Global Industry Classification Standard. During the quarter we initiated positions in City Holding Co. (Financials sector), Civitas Resources Inc. (Energy sector), First American Financial Corp. (Financials sector), Hanover Insurance Group Inc. (Financials sector), National Bank Holdings Corp. (Financials sector), and Valley National Bancorp (Financials sector) We exited our positions in Altra Industrial Motion Corp. (Industrials sector), BankUnited Inc. (Financials sector), Helmerich & Payne Inc. (Energy sector), Kelly Services Inc. (Industrials sector), Hillenbrand Inc. (Industrials sector), PacWest Bancorp (Financials sector), Select Energy Services Inc. (Energy sector), and Western Alliance Bancorp (Financials sector). In each case we found better risk/reward opportunities in other holdings. Lastly, Umpqua Holdings Corp. officially merged with Columbia Banking System Inc. (both Financials sector) during the quarter in an all-stock deal, and we continued or ownership through Columbia.

Outlook and Conclusion

In the first 90 days of the year, the market experienced a euphoric beta-driven rally followed by bank runs and widespread weakness in the Financials sector. Inflation results and expectations continue to be higher than what the Fed wants. The market's expectations for a rate cut seem to be at odds with communication from Fed officials. March's banking issues are ongoing and with looming credit concerns, bank lending is likely to dry up. The rescue sale of Credit Suisse Group AG to UBS Group AG shook up Europe and whether the contagion will be limited to Switzerland remains to be seen. The reopening of China likely added some fuel to the early quarter rally, but indications point to a more subdued impact than expected. The consumer environment continues to be volatile and excess savings are on the decline. Higher income consumers showed signs of slower spending during the banking crisis. Lower income consumers continue to feel the effects of inflation, now compounded by lower Supplemental Nutrition Assistance Program benefits and higher gas prices following the announced production cuts by Organization of the Petroleum Exporting Countries. Earnings estimates continue to creep lower with many companies pointing toward better second half results. Despite this confluence of issues, the market has been resilient, if subdued. It is possible that the increase in ETF and retail assets have muted the impact of a weaker economic outlook for now.

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 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.

As of March 31, 2023, Clean Harbor Inc. made up 1.83%, First Interstate BancSystem Inc. made up 1.71%, City Holding Co. made up 0.70%, Civitas Resources Inc. made up 1.04%, First American Financial Corp. made up 1.05%, Hanover Insurance Group Inc. made up 1.10%, National Bank Holdings Corp. made up 0.49%, Valley National Bancorp made up 1.08%, Columbia Banking System Inc. made up 1.73%, and Silicon Valley Bank, Signature Bank, Credit Suisse Group AG and UBS Group AG made up 0.00% of the Touchstone Small Cap Value Fund. Current and future portfolio holdings are subject to change.

[1]Beta is a measure of the volatility of a fund relative to its benchmark.

Fund Facts *(As of 03/31/23)*

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio* Total	Net
A Shares	03/01/11	**TVOAX**	89155T821	1.57%	1.38%
C Shares	03/01/11	**TVOCX**	89155T813	4.21%	2.13%
Y Shares	03/01/11	**TVOYX**	89155T789	1.27%	1.13%
INST Shares	03/01/11	**TVOIX**	89155T797	1.26%	0.98%
Total Fund Assets	**$126.4 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 01/29/24.*

Share class availability differs by firm.

Annualized Total Returns** *(As of 03/31/23)*

	1Q23	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	0.13%	0.13%	-4.87%	22.93%	6.10%	6.47%	8.18%
C Shares	-0.07%	-0.07%	-5.59%	22.03%	5.31%	5.84%	7.54%
Y Shares	0.22%	0.22%	-4.59%	23.24%	6.37%	6.74%	8.35%
INST Shares	0.25%	0.25%	-4.47%	23.48%	6.55%	6.91%	8.44%
Benchmark^	-0.66%	-0.66%	-12.96%	21.01%	4.55%	7.22%	7.60%
Including Max Sales Charge							
A Shares	-4.89%	-4.89%	-9.63%	20.84%	4.84%	5.85%	7.88%
C Shares	-1.07%	-1.07%	-6.53%	22.03%	5.31%	5.84%	7.54%

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[1]

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 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.***

[1]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.

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, including ETFs, 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. 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.