

Fund Manager Commentary

As of December 31, 2020

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 posted its highest quarterly return quarter in history. The improving economic outlook over the course of the fourth quarter continued to drive market returns. Furthermore, developments on the political front, including Biden winning the Presidency were positively received by equity markets due to an expectation of additional accommodative fiscal policy. Lastly, the FDA authorization for emergency use for two COVID-19 vaccinations drove market appreciation on the hope for a return to a pre-COVID-19 pandemic way of life. Collectively, improving economic activity, the election results, and vaccine developments resulted in materially higher future earnings' expectations and equity valuations.

From a sector perspective, Energy, Materials, Information Technology and Financials outperformed the overall small-cap market. Communication Services, Health Care, and Industrials were broadly in-line. Consumer Discretionary, Consumer Staples, Real Estate, and Utilities underperformed the overall small-cap market.

Portfolio Review

The Touchstone Small Company Fund (Class A Shares Load-Waived) outperformed its benchmark, the Russell 2000® Index, for the quarter ended December 31, 2020.

The Fund's largest exposure at the end of the second quarter was its combined positions in the Information Technology and Communications Services sectors, which we collectively call "Technology." Among the Fund's contributors from the Information Technology sector were 8x8 Inc., Onto Innovation Inc. and Cerence Inc. 8X8 Inc., a provider of Unified Communications as a Service (UCaaS), contributed due to benefiting from the secular shift of communications to the cloud and expectations that work-from-home trends will persist post

pandemic. Additionally, the stock reacted positively to the announcement of a new CEO, who formerly was an executive at the industry leader. Onto Innovation, a manufacturer of semiconductor capital equipment, contributed after a strong outlook for growth and profitability for the fourth quarter and positive views on 2021. The company benefited from overall expected industry demand growth, but more importantly its product portfolio is levered to secular technology shifts within the overall industry demand environment. Cerence is a provider of software to the automotive industry that powers voice interactions between automobiles, drivers and passengers, and the connected digital world. We believe the stock appreciated due to increasing investor understanding of its dominant market share and visibility into long-term secular growth well above auto industry sales. This was highlighted by the announcement of the largest contracts in the company's history with major global auto manufacturers.

Among the Fund's detractors were Cogent Communications Holdings Inc. (Communication Services sector) and Aspen Technology Inc. (Information Technology sector). Cogent Communications is a provider of internet access services and data transport through its fiber optic network to corporations and over-the-top (OTT) providers such as Netflix Inc. We believe work-from-home's threat to its corporate office customer base was the primary reason for its underperformance, and secondarily defensive yield stocks lagged in the fourth quarter. We believe Aspen Technology, a provider of critical software to global corporations in process industries for engineering, manufacturing, and supply chain management, detracted due to delayed filings of its 10K and 10Q and quarterly bookings growth being below expectations. Subsequently, SEC filings have been completed and we believe bookings growth will accelerate. There were no new Technology positions added to the Fund nor did we exit any in the fourth quarter.

(continued)

◊ Fort Washington is a member of Western & Southern Financial Group

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://www.TouchstoneInvestments.com/mutual-funds).**



Health Care was the Fund's second largest allocation, which was consistent with last quarter. The Fund added one new portfolio position in the fourth quarter. The overall allocation to Industrials increased and was driven by the addition of three new portfolio positions and no exits during the quarter.

Among the Fund's contributors from the Financials sector were Western Alliance Bancorp and Evercore Inc. Western Alliance Bancorp, a regional bank and national business line lender, outperformed materially due to lower than expected loan loss provisions and a better than expected loan growth and margin outlook. Evercore Inc., the largest independent investment bank, outperformed due to accelerating mergers and acquisitions activity, a robust equity capital markets environment, and market share gains.

Among the stocks that detracted from the Real Estate sector were Corporate Office Properties Trust, Healthcare Realty Trust Inc., and Stag Industrial Inc. Each company has stable to improving future earnings expectations and there are no company-specific challenges. We believe the performance was industry-related - all three are defensive, yield driven Real Estate Investment Trusts (REITs) that underperformed in the small-cap rally and rotation into cyclical industries.

At the end of the quarter, the Fund was overweight to Information Technology, Industrials, Consumer Discretionary, Health Care and Communication Services. The Fund was underweight to Financials and Real Estate. The Fund had no exposure to the Materials, Consumer Staples, Energy and Utilities sectors.

Outlook and Conclusion

We remain focused on executing our fundamental stock selection and portfolio management process. We believe that stocks experience a four-stage investment cycle and our research process is focused on the dynamics that apply to each stage of the investment cycle. We believe that excess returns and lower volatility are driven by the ability to successfully identify a stock's current stage and the potential for it to transition to a different stage of its investment cycle, thus seeking to capture upside potential and mitigating downside risk.

As of December 31, 2020, 8x8 Inc. made up 1.14%, Onto Innovation Inc. made up 2.26%, Cerence Inc. made up 1.00%, Cogent Communications Holdings Inc. made up 1.06%, Aspen Technology Inc. made up 1.08%, Western Alliance Bancorp made up 1.14%, Evercore Inc. made up 1.11%, Corporate Office Properties Trust made up 2.39%, Healthcare Realty Trust Inc. made up 1.58%, Stag Industrial Inc. made up 1.59% and Netflix Inc. made up 0.00% of the Touchstone Small Company Fund. Current and future portfolio holdings are subject to change.



Fund Facts (As of 12/31/20)

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio*	
				Total	Net
A Shares	03/01/93	SAGWX	89154Q257	1.25%	1.23%
C Shares	07/09/01	SSCOX	89154Q240	2.08%	1.96%
Y Shares	05/04/07	SIGWX	89154Q224	0.99%	0.90%
INST Shares	10/30/17	TICSX	89154Q166	1.14%	0.80%
R6 Shares	12/31/14	SSRRX	89154Q232	0.89%	0.80%
Total Fund Assets	\$865.3 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 1.22% 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 10/29/21.

Share class availability differs by firm.

Annualized Total Returns** (As of 12/31/20)

Class	4Q20	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	35.30%	17.58%	17.58%	9.32%	12.81%	11.40%	11.21%
C Shares	35.09%	16.77%	16.77%	8.47%	12.01%	10.75%	10.52%
Y Shares	35.32%	17.86%	17.86%	9.60%	13.13%	11.75%	11.40%
INST Shares	35.39%	17.90%	17.90%	9.57%	13.09%	11.71%	11.38%
R6 Shares	35.63%	17.86%	17.86%	9.71%	13.28%	11.69%	11.31%
Benchmark [^]	31.37%	19.96%	19.96%	10.25%	13.26%	11.20%	9.64%
Including Max Sales Charge							
A Shares	28.54%	11.77%	11.77%	7.17%	11.67%	10.83%	11.01%
C Shares	34.09%	15.77%	15.77%	8.47%	12.01%	10.75%	10.52%

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[®] Index¹

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**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.

¹The 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.

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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 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 affecting the financial markets, such as a health crisis, 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. Current and future portfolio holdings are subject to risk. 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.

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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