

## Fund Manager Commentary

As of December 31, 2025

### 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

Volatility during the quarter was significantly lower than the first three quarters of the year, which witnessed the Russell 2000 Index experience a bear market decline of 22% from the start of the year to the April 8 lows. Then, the Russell 2000 rallied 50% to the mid-December high. We believe the small cap rally was driven by relief that tariff rates were lowered and did not impact the economy and corporate earnings as originally feared; the “One Big Beautiful Bill” provided fiscal stimulus and removed policy uncertainty, and the U.S. Federal Reserve provided monetary stimulus through lower interest rate targets and expectations. All of this provided a more favorable backdrop for small cap earnings.

The benchmark sectors that outperformed during the quarter were Health Care, Communication Services, Materials, and Real Estate. The benchmark sectors that underperformed for the quarter were Consumer Staples, Information Technology (IT), Consumer Discretionary, Industrials, Utilities, Financials, and Energy.

### 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, 2025.

The Fund’s top three performing sectors in terms of adding value were IT and Industrials, both driven by stock selection, and Consumer Staples, due to an underweight allocation. The Fund’s bottom three performing sectors that detracted from relative performance were Health Care, Consumer Discretionary, and Materials, due primarily to weak stock performance.

Performance was driven by strong gains across Health Care and IT holdings. Haemonetics Corp. (Health Care sector) rebounded sharply following better-than-expected growth in its plasma business, validating our decision to add on prior weakness given durable growth catalysts. Tower Semiconductor Ltd. and Ciena

Corp. (both IT sector) also posted outsized returns as accelerating artificial intelligence infrastructure investment fueled demand for silicon photonics and optical networking equipment. Additional contributions came from Globus Medical Inc. (Health Care sector), where operational improvements led to stronger earnings growth, and Progyny Inc. (Health Care sector), which benefited from improving utilization trends and strong client additions that enhanced long-term growth visibility.

Detractors were largely driven by company-specific execution issues and valuation resets. Stride Inc. (Consumer Discretionary sector) declined following disruptions tied to a software platform transition that impacted enrollment growth, though the position is being closely monitored. Doximity Inc. and Certara Inc. (both Health Care sector) sold off amid investor concerns over biopharma marketing and spending visibility in 2026, prompting us to add at more attractive valuations given intact fundamentals. Commvault Systems Inc. (IT sector) declined as reported decelerating subscription growth led to valuation compression despite continued strength in underlying recurring revenue. Grand Canyon Education Inc. (Consumer Discretionary sector) also declined amid broader weakness in education services stocks, despite reporting strong results, and was added on weakness.

During the quarter, the Fund initiated positions in Franklin Electric Co. Inc. (Industrials sector), LCI Industries Inc. (Consumer Discretionary sector), Q2 Holdings Inc. (IT sector), Tidewater Inc. (Energy sector), Waystar Holding Corp. (Health Care sector), and Zeta Global Holdings Corp. (IT sector), reflecting opportunities across various sectors. The portfolio exited CSG Systems International Inc. (IT sector) following the announcement of its acquisition.

*(continued)*

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





## Outlook and Conclusion

Small cap and large cap 2026 earnings are both expected to increase 15%. Small cap relative valuations to large cap hit a 25-year low in mid-November, and while modestly off the low remain at a 30% discount. We have been writing for three years the small cap vs. large cap performance was driven primarily by fundamentals, i.e., significantly better relative large cap earnings growth. With earnings growth now on par and with discounted valuation, the small cap risk/reward is the most favorable it has been in several years.

Small cap price returns in 2025 were driven by non-earners (+31%); low quality (lowest quintile ROE +25%); and high beta (top quintile +20%). This happens in market environments like we experienced from the April lows. We believe that the fourth quarter market environment could reflect a return to fundamentals driving equity returns. In our view, that type of market environment is favorable to the Fund, which invests only in profitable small cap stocks with above average quality and below average volatility. We continue to execute our investment process consistently, identify compelling new investments, manage risk, and target the consistent risk/return profile the Fund has delivered since inception.



**Fund Facts**

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	03/01/93	SAGWX	89154Q257	1.15%	1.15%
C Shares	07/09/01	SSCOX	89154Q240	2.02%	1.96%
Y Shares	05/04/07	SIGWX	89154Q224	0.93%	0.90%
INST Shares	10/30/17	TICSX	89154Q166	0.92%	0.80%
R6 Shares	12/31/14	SSRRX	89154Q232	0.84%	0.80%
<b>Total Fund Assets</b>	<b>\$1.4 Billion</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 1.22% 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 10/29/26.

Share class availability differs by firm.

**Annualized Total Returns**

	4Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	2.52%	9.55%	9.55%	12.82%	8.60%	10.69%	10.81%
C Shares	2.44%	8.74%	8.74%	11.94%	7.76%	10.05%	10.23%
Y Shares	2.71%	9.81%	9.81%	13.16%	8.92%	11.01%	11.02%
INST Shares	2.70%	9.92%	9.92%	13.23%	9.04%	11.05%	11.02%
R6 Shares	2.83%	9.98%	9.98%	13.29%	9.03%	11.13%	10.96%
Benchmark	2.19%	12.81%	12.81%	13.73%	6.09%	9.62%	9.09%
Including Max Sales Charge							
A Shares	-2.66%	4.15%	4.15%	10.94%	7.48%	10.13%	10.64%
C Shares	1.47%	7.74%	7.74%	11.94%	7.76%	10.05%	10.23%

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® Index

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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.

**Top 10 Equity Holdings of Fund**

	(% of Portfolio)		(% of Portfolio)
1 Haemonetics Corp.	3.0	6 RingCentral Inc.	2.0
2 Progyny Inc.	2.5	7 F.N.B. Corp.	1.9
3 Option Care Health Inc.	2.4	8 Ameris Bancorp	1.8
4 Liveramp Holdings Inc.	2.2	9 LivaNova PLC	1.6
5 CarGurus Inc.	2.1	10 Exlservice Holdings Inc.	1.6

Source: BNY Mellon Asset Servicing

The 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 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. Current and future portfolio holdings are subject to change. 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](http://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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