

Fund Manager Commentary

As of December 31, 2024

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 was positive for the quarter ended December 31, 2024, despite volatile monthly returns. The sectors that outperformed for the quarter were Information Technology, Consumer Staples, Industrials, Financials, and Communication Services. The sectors that underperformed for the quarter were Consumer Discretionary, Energy, Utilities, Materials, Real Estate, and Health Care.

Portfolio Review

The Touchstone Small Company Fund (Class A Shares, Load Waived) underperformed its benchmark, the Russell 2000 Index, for the quarter ended December 31, 2024.

The Fund's top three performing sectors in terms of adding value were Communication Services, Health Care, and Consumer Discretionary. Stock selection positively contributed to relative performance in all three. The Fund's bottom three performing sectors that detracted from relative performance were Industrials, Consumer Staples, and Materials. Stock selection detracted in Industrials and Materials, while an underweight allocation to Consumer Staples negatively impacted relative performance.

Among the Fund's top contributors for the quarter were Stride, Inc. (Consumer Discretionary sector), CarGurus, Inc. (Consumer Discretionary sector), Ciena Corp. (Information Technology sector), ExlService Holdings, Inc. (Information Technology sector), and Globus Medical, Inc. (Health Care sector).

Stride is the leading provider of virtual education services in the United States for K-12 schools and students. Strong demand and execution drove record enrollments in the current school year, driving expected earnings growth of 40%.

CarGurus operates the leading digital automotive marketplace platform for buying and selling vehicles. New product innovations and pricing initiatives are driving record revenue per dealer and generated 38% earnings growth over the last year.

Ciena is the global leading provider of optical networking products to communication service and cloud providers. The investment in data centers and artificial intelligence (AI) applications is expected to fuel accelerated network traffic growth and lifted the company's long-term growth target from 6%-8% to 8%-11%.

ExlService is a leading data analytics and digital operations and solutions company. The secular trend of business process management outsourcing and AI applications are driving consistent low double digit top line and mid-teen bottom line growth.

Globus Medical is a medical device company primarily focused on the spine market with an innovative portfolio of products. The company successfully integrated the acquisition of Nuvasive and delivered 30% earnings growth in 2024.

Among the Fund's top detractors for the quarter were Option Care Health, Inc. (Health Care sector), Crocs, Inc. (Consumer Discretionary sector), Onto Innovation, Inc. (Information Technology sector), Astrana Health, Inc. (Health Care sector), and CACI International, Inc. (Information Technology sector).

Option Care Health is the largest provider of home and alternate site infusion therapy services. The stock underperformed due to uncertainty on the earnings impact from a large, branded drug they administer, Stelara, facing Medicare reimbursement cuts and biosimilar competition. We believe the Stelara uncertainty will clear in the first quarter of 2025.

Crocs is a global footwear company that markets under the Crocs and HeyDude brands. The Crocs brand is experiencing a slowdown in North America, while HeyDude is going through a

(continued)

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major turnaround effort, which combined are creating an uncertain earnings outlook in 2025. We believe while the Crocs brand growth has slowed, it is still growing with industry-leading margins and cash flows, and a compelling valuation, and we continue to hold the position.

Onto Innovation is a cutting-edge semiconductor capital equipment manufacturer focused on process control and inspection. While fundamentals are strong, illustrated by 20% revenue and 30% earnings growth in 2024, the stock has suffered from industry multiple contraction along with other semiconductor companies more recently. We remain confident in the fundamental outlook.

Astrana Health is a provider of technology solutions that enable medical professionals to successfully manage value-based care programs. While the company was on track to achieve its annual earnings targets, a combination of industry headwinds and a negative reaction to the company's acquisition strategy caused the stock to underperform. We were also concerned about the acquisition strategy and exited the position.

CACI International provides defense, security, and information technology solutions and services principally to the United States government. The market reacted negatively to uncertainty related to the Department of Government Efficiency (DOGE) initiatives and its impact on government spending. We continue to hold the position and believe its mission critical defense and security solutions fall outside the focus of DOGE.

During the quarter, the Fund added Nextracker, Inc. (Information Technology sector). Nextracker is the global leader providing solar tracking systems and software for the utility-scale solar market. We believe long-term demand for utility-scale solar power generation is strong, and the company's investments in engineering and technology will sustain its leading market share. The administration change created near-term policy uncertainty, and we believe a compelling valuation to initiate a position.

During the quarter, the Fund sold Astrana Health, Ashland, Inc. (Materials sector), Teradata Corp. (Information Technology sector), and Oxford Industries, Inc. (Consumer Discretionary sector).

Ashland manufactures additives and specialty chemicals for the life science, personal care, and industrial markets. We exited the position due to industry demand and competitive challenges, as well as operational execution issues to achieve financial targets.

Teradata is a data management and analytics software provider. We exited the position due to the secular shift of data warehouse software to the cloud and an increasingly competitive environment compared to their legacy on premise market.

Oxford Industries is an apparel company with brands such as Tommy Bahama, Lilly Pulitzer, and Johnny Was. We exited the position due to concerns that weaker industry demand and profit margins pressures would persist into the foreseeable future.

Outlook and Conclusion

As we look to 2025, there are reasons for optimism for small cap stocks. The incoming Administration's "America First" agenda could benefit the more domestic oriented small caps. Additionally, a less onerous regulatory environment could be a tailwind for smaller companies, and lead to increased merger and acquisition activity for small caps as acquisition targets. Extending and/or additional tax cuts and lower interest rates also disproportionately benefit small caps. Taken together, there is potential for the fundamental backdrop to be more conducive to small cap earnings growth in 2025, compared to the prior two years. In addition, small caps offer better relative value than large caps. Small cap stocks historically have traded at parity to at times a premium to large caps, but over the last three years have been trading at a 30% discount. The potential improvement in earnings growth and convergence in valuation present a case to add small cap exposure or rebalance from large cap to small cap equities.



Fund Facts

Class	Inception Date	Symbol	CUSIP	Annual Fund Operating Expense Ratio	
				Total	Net
A Shares	03/01/93	SAGWX	89154Q257	1.19%	1.19%
C Shares	07/09/01	SSCOX	89154Q240	2.07%	1.97%
Y Shares	05/04/07	SIGWX	89154Q224	0.97%	0.91%
INST Shares	10/30/17	TICSX	89154Q166	0.95%	0.81%
R6 Shares	12/31/14	SSRRX	89154Q232	0.88%	0.81%
Total Fund Assets	\$1.2 Billion				

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 10/29/25.

Share class availability differs by firm.

Annualized Total Returns

	4Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
Excluding Max Sales Charge							
A Shares	0.18%	13.29%	13.29%	3.83%	10.15%	9.50%	10.85%
C Shares	0.02%	12.18%	12.18%	3.04%	9.30%	8.85%	10.25%
Y Shares	0.32%	13.56%	13.56%	4.12%	10.48%	9.82%	11.06%
INST Shares	0.32%	13.70%	13.70%	4.22%	10.58%	9.85%	11.05%
R6 Shares	0.35%	13.64%	13.64%	4.25%	10.55%	9.96%	10.99%
Benchmark	0.33%	11.54%	11.54%	1.24%	7.40%	7.82%	8.98%
Including Max Sales Charge							
A Shares	-4.80%	7.69%	7.69%	2.04%	9.04%	8.94%	10.67%
C Shares	-0.93%	11.18%	11.18%	3.04%	9.30%	8.85%	10.25%

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	WNS Holdings Ltd.	2.5	6	Exlservice Holdings Inc.	2.0
2	CarGurus Inc.	2.5	7	Encompass Health Corp.	2.0
3	Globus Medical Inc.	2.4	8	Progyny Inc.	1.8
4	KBR, Inc.	2.3	9	Liveramp Holdings Inc.	1.7
5	Stride Inc.	2.2	10	Tower Semiconductor Ltd.	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 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.

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://www.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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