

## Fund Manager Commentary

As of March 31, 2025

### Fund Highlights

- Invests primarily in equity securities of non-U.S. companies domiciled in both developed and emerging markets
- Employs an adaptive quantitative investment process, the Dynamic Alpha Stock Selection Model®, to build equity portfolios that adapt to market conditions
- Believes that investor attitudes towards key investment risk change over the course of a market cycle and are a key determinant in explaining security returns
- Primarily invests in a fully transparent portfolio that will generally hold between 100 - 140 names

### Market Recap

Investors repriced risks during the first quarter, beginning with news in January regarding DeepSeek, which drove many artificial intelligence-related equities in the U.S. lower and marked the beginning of the recent growth-to-value reversal. More importantly, the uncertainty coming out of the Trump Administration regarding tariffs, foreign policy, and the country's fiscal path has caused an increase in policy uncertainty, which has rattled U.S. equities. The net result has been an unwind in momentum at the security, sector, and region levels. However, investor preferences within the ACWI ex U.S. space were more stable. During the quarter, low volatility stocks performed well as investors flocked to defensive categories such as staples, healthcare, and traditional utilities, which is consistent with an increase in concerns regarding the economic outlook.

### Portfolio Review

The Touchstone Dynamic International ETF (NAV) outperformed its benchmark, the MSCI ACWI Ex-U.S. Index, for the quarter ended March 31, 2025.

During the quarter, the Fund benefited from its balanced overweight positioning to both growth and value characteristics. Additionally, an overweight towards companies with strong earnings quality profiles and support from the analyst community also added value. However, a tilt towards higher volatility companies hurt performance, as lower volatility stocks were rewarded during this uncertain period. Lastly, a slight underweight to Balance Sheet Risk detracted, as value-oriented sectors of the market, which tend to have higher levels of distress and leverage rallied during the period.

Among the largest stock contributors were Rheinmetall Ag (Industrials, Germany): The company rallied during the quarter

after seeing sales and operating profits rise due to surging European defense spending. An overweight to the company added to performance. Intesa Sanpaolo S.P.A. (Financials, Italy): An overweight to the financial company contributed to performance, as the company beat earnings expectations and announced share buybacks. DNB Bank Asa (Financials, Norway): The Fund benefitted from its overweight to the bank, as shares of the company rallied during the quarter after beating analyst estimates for net interest income.

Among the largest stock detractors were Alibaba Group Holding (Consumer Discretionary, China): The Fund's portfolio was hurt by not owning Alibaba as investors rewarded the company for its efforts to develop its own artificial intelligence capabilities. Novo Nordisk A/S (Health Care, Denmark): The health care company's shares tumbled during the quarter after its new obesity drug disappointed investors again. An overweight to the company detracted from value. Nestle Sa (Consumer Staples, Switzerland): Not holding the security detracted from performance as shares of the consumer staples company rallied after reporting fourth-quarter sales growth that beat expectations.

Overall, the Fund continued to shift into Industrials due to the sector's positive fundamental momentum and earnings quality. Additionally, it shifted out of Health Care during the period due to its softening sentiment.

### Outlook and Conclusion

We continue to monitor investors' outlook of the global economy given the increased uncertainty surrounding tariffs. Globally, investors are focused on defensive value factors, such as low Volatility and Dividend Yield and from a regional perspective within the benchmark, investors have positive views towards Europe and the Emerging Markets.

(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 <https://www.westernsouthern.com/touchstone/etfs/dynamic-international-etf>.**



Touchstone Investments®  
DISTINCTIVELY ACTIVE®

During the first quarter, our Dynamic Alpha Stock Selection Model ("Model") shifted toward higher quality value such as Earnings and Dividend Yield as well as toward lower volatility segments of the markets globally. The Model continues to prefer companies experiencing positive revisions to earnings and sales, as well as those firms whose stock price appreciation is supported by fundamentals.



## Fund Facts

Symbol	Inception Date	CUSIP	Exchange	Annual Fund Operating Expense Ratio	
				Total	Net
TDI	12/08/23	89157W608	Nasdaq	1.19%	0.65%
Total Fund Assets		\$53.2 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 0.65%. These expense limitations will remain in effect until at least 04/29/26.

## Total Returns

	1Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
ETF NAV	7.73%	7.73%	5.99%	6.19%	9.65%	5.11%	5.86%
ETF Market Price	7.99%	7.99%	6.28%	6.24%	9.68%	5.13%	5.87%
Benchmark	5.23%	5.23%	6.09%	4.48%	10.92%	4.98%	12.37%

Benchmark - MSCI ACWI Ex-U.S. Index

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Investing involves risk, principal loss is possible. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. Touchstone ETFs are new and have limited operating history to judge. Shares are bought and sold at market price not net asset value (NAV). Market price returns are based upon the consolidated market price and do not represent the returns you would receive if you traded shares at other times.

## Top 10 Holdings of Fund

	(% of Portfolio)		(% of Portfolio)
1 Intesa Sanpaolo SpA	2.4	6 Taiwan Semiconductor Manufacturing Co. Ltd.	2.1
2 Tencent Holdings Ltd.	2.2	7 Deutsche Telekom AG	2.1
3 Novartis AG	2.2	8 Oversea-Chinese Banking Corp. Ltd.	2.0
4 DNB Bank ASA	2.2	9 Zurich Insurance Group AG	1.9
5 Swiss Re AG	2.2	10 Dreyfus Gov Cash	1.8

Source: BNY Mellon Asset Servicing

The MSCI All Country World Ex-U.S. Index is an unmanaged, capitalization-weighted index composed of companies representative of both developed and emerging markets excluding the United States.

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.

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

## A Word About Risk

The Fund invests in equities which are subject to market volatility and loss. The Fund invests in preferred stocks which are relegated below bonds for payment should the issuer be liquidated. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing their price to decline. The Fund invests in foreign securities, including depositary receipts, such as American Depositary Receipts, Global Depositary Receipts, and European Depositary Receipts, 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. Touchstone exchange-traded funds (ETFs) are actively managed and do not seek to replicate a specific index. ETFs are bought and sold through an exchange at the then current market price, not net asset value (NAV), and are not individually redeemed from the fund. Shares may trade at a premium or discount to their NAV when traded on an exchange. Brokerage commissions will reduce returns. There can be no guarantee that an active market for ETFs will develop or be maintained, or that the ETF's listing will continue or remain unchanged.

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. Financial institutions could suffer losses if interest rates rise or economic conditions deteriorate. The Fund uses proprietary statistical analyses and models to construct the portfolio, models can perform differently than the market as a whole. The Fund may be more or less exposed to a risk factor than its individual holdings. Quantitative models are subject to technical issues which could adversely affect their effectiveness or predictive value.

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. Current and future portfolio holdings are subject to change.

Please consider the investment objectives, risks, charges and expenses of the ETF 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 833.368.7383. Please read the prospectus and/or summary prospectus carefully before investing.

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