Touchstone Dynamic International ETF

Sub-Advised by: Los Angeles Capital Management LLC

TDI

International Equity - Large Cap Core | Actively Managed, Fully Transparent ETF | 2Q/2026

Fund Manager Commentary

As of 06-30-2026

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

The second quarter of 2026 saw a sharp rotation toward Growth equities, driven by accelerating enthusiasm for AI, strong corporate earnings, and easing geopolitical tensions following the April ceasefire in the Middle East. Reduced energy price concerns, resilient economic growth, and stable Federal Reserve (Fed) policy expectations supported a broad equity rally that expanded beyond mega-cap Information Technology (IT) companies into more cyclical sectors by quarter-end.

Growth outperformed Value across both large cap and small cap equities, led by the IT sector as AI-related companies, semiconductors, and AI infrastructure beneficiaries posted strong gains. The AI investment cycle continued to drive capital spending and earnings growth while expanding beyond technology into Banking, Health Care, Logistics, Utilities, and Energy. Consumer Discretionary also benefited from stronger consumer activity and a rotation away from the more defensive Utilities and Consumer Staples sectors. Energy was the weakest-performing sector as oil prices declined and investor preference shifted away from commodity-linked investments. Despite lingering uncertainty, resilient earnings and continued AI-driven investment supported broad equity gains throughout the quarter.

Portfolio Review

The Touchstone Dynamic International ETF (NAV) underperformed its benchmark, the MSCI ACWI Ex-U.S. Index for the quarter ended June 30, 2026.

Over the quarter, the Fund was hurt by its underweight to stocks with unsupported momentum that rallied, its quality bias as investors favored higher-risk assets, and its tilt toward balance sheet value. These headwinds were partially offset by exposure to higher business risk (Volatility), an overweight to companies with stronger Cash Flow Value, and a preference for firms with favorable analyst sentiment and attractive long-term growth prospects. At the industry level, an overweight to Semiconductors & Semiconductor Equipment contributed positively, while an overweight to Energy detracted.

The largest contributors were SK hynix Inc (IT, South Korea), Lenovo Group Limited (IT, China), and Delta Electronics (IT, Taiwan). SK Hynix benefited from strong management execution and attractive valuations, Lenovo from positive fundamental momentum and favorable analyst revisions, and Delta Electronics from efficient management and strong fundamental momentum.

The largest detractors were MediaTek Inc (IT, Taiwan), Equinor ASA (Energy, Norway), and TIM S.A. (Communication Services, Brazil). The Fund did not own MediaTek because of its unfavorable valuation and neutral analyst outlook, but the stock rallied alongside other semiconductor companies. Overweight positions in Equinor and TIM detracted despite favorable valuations, with Equinor also supported by positive analyst sentiment and TIM benefiting from strong management execution.

During the quarter, the Fund increased its Energy exposure to capitalize on attractive valuations and improving earnings expectations, while reducing Materials to a benchmark weight as fundamental and peer momentum weakened.

Outlook and Conclusion

Outside the U.S., investors continue to favor valuation over earnings growth, although Japan remains an exception with a preference for companies exhibiting strong long-term growth prospects and higher volatility. Across the MSCI ACWI ex-U.S. universe, investor sentiment remains constructive toward Emerging Markets.

Looking ahead, the Model continues to favor high-quality businesses while maintaining a GARP (Growth at a Reasonable Price) discipline with a selective valuation bias amid an uncertain rate environment. It also retains a preference for large cap companies with positive analyst earnings revisions and strong institutional investor sentiment.

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Fund Facts

Symbol	Inception Date	CUSIP	Exchange	Annual Fund Operating Expense Ratio Total	Net
TDI	12/09/05	89157W608	Nasdaq	1.04%	0.65%

Total Fund Assets $360.5 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 and other expenses, if any) to 0.65%. These expense limitations will remain in effect until at least 04/29/27.

Annualized Total Returns

	2Q26	YTD	1 Year	3 Year	5 Year	10 Year	Inception
ETF NAV	10.52%	15.07%	33.16%	23.45%	11.25%	10.10%	7.20%
ETF Market Price	8.94%	16.14%	34.71%	23.83%	11.45%	10.20%	7.25%
Benchmark	14.49%	13.68%	27.66%	18.82%	8.79%	9.93%	22.08%

Benchmark - MSCI ACWI Ex-U.S. Index
The MSCI ACWI ex-U.S. Index is an unmanaged, capitalization weighted index composed of companies representing both developed and emerging markets excluding the U.S.
The benchmark index mentioned is an unmanaged statistical composite of stock or bond market performance. Investing in an index is not possible. Index returns do not reflect any fees, expenses or sales charges.

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.*** *From time to time, the investment advisor may waive some fees and/or reimburse expenses, which if not waived or reimbursed, will lower performance. Returns assume reinvestment of all distributions. Returns are not annualized for periods less than one year. Investing involves risk, principal loss is possible. ETFs may trade at a premium or discount to their net asset value. Market price returns are based on the consolidated market price and do not represent the returns you would receive if you traded shares at other times.*
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Top 10 Holdings

		(% of Portfolio)
1	Taiwan Semiconductor Manufacturing Co Ltd	6.3
2	ASML Holding NV	3.6
3	Samsung Electronics Co Ltd	3.0
4	BNY Dreyfus Govt Cash Mgmt Instl	2.8
5	SK Hynix Inc	2.4
6	Banco BPM SpA	1.8
7	Rolls-Royce Holdings PLC	1.8
8	UniCredit SpA	1.8
9	AIA Group Ltd	1.6
10	TIM SA Ordinary Shares	1.4

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.

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. 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 or call Touchstone at 833.368.7383. Please read the prospectus and/or summary prospectus carefully before investing.

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