

## Fund Manager Commentary

As of December 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

December capped a strong year for global equities. After the early year “tariff tantrum”, an extraordinary rebound in risk assets propelled the MSCI ACWI Index to finish nearly 23% higher in 2025. Non-U.S. equities led the charge, with MSCI Europe soaring 36% and MSCI Emerging Markets up 34%. Technology was again a defining story. Artificial intelligence (AI)-driven momentum sparked remarkable rallies in South Korea and Taiwan, where semiconductor and memory-chip leaders posted some of the year’s most impressive returns. Commodities also delivered, with precious metals such as gold and silver surging in 2025, adding a powerful tailwind to resource-linked equities. After pausing rate cuts amid tariff uncertainty, the Federal Reserve (Fed) resumed easing in the second half of the year, with three 25 basis points cuts. Globally, most central banks eased significantly, with Japan the main exception. Sustained easing by global central banks could (and outside of the U.S.) continue to, benefit the cyclically exposed (i.e., value) segments of the economy. Within the MSCI ACWI ex U.S. space, value continued to be rewarded, led by the Materials and Utilities sectors.

### Portfolio Review

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

Over the period, TDI’s portfolio benefited from its preference for companies favored by the sell-side analyst community with robust long term growth prospects. Additionally, an overweight to both Cash Flow Value and Balance Sheet Value added to performance, as investors also rewarded valuation characteristics. However, the Fund was penalized for its tilt towards Fundamental Momentum (momentum explained by fundamentals and/or news). Within

industries, an overweight to Pharmaceuticals & Biotech notably contributed to returns, while an underweight to Semiconductors & Semi Equipment detracted.

Stock selection contributed positively to performance through strong results from select Materials and Consumer Discretionary sector holdings. Overweight positions in Barrick Mining Corp and Pan American Silver Corp benefited from rising gold and silver prices, supported by favorable fundamentals, attractive valuations, and positive management execution. An overweight position in Sumitomo Electric Industries Ltd. also contributed, reflecting supportive analyst sentiment and compelling valuation.

Detractors were primarily driven by positioning in select Consumer Discretionary and Information Technology (IT) sector names. An overweight in Sea Ltd detracted as concerns over e-commerce margins weighed on the stock, despite confidence in management and valuation. An underweight in Samsung Electronics Co Ltd and the absence of Advantest Corp during October also held back performance, as both companies rallied on strength in semiconductor demand and continued enthusiasm for AI-related investments.

During the quarter, the Fund increased its allocation to Information Technology, reflecting enhanced earnings quality and more attractive valuations. Conversely, exposure to Industrials was reduced in response to elevated valuations within the sector.

### Outlook and Conclusion

Globally, in regions outside of the U.S., investors maintain their Growth at a Reasonable Price posture with a greater emphasis on valuation. Overall, within the MSCI ACWI ex-U.S. universe, investors have positive views towards North America and Japan.

(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®

Within the MSCI ACWI ex-U.S. universe, our Dynamic Alpha Stock Selection Model® (the ‘Model’) continues to favor large cap stocks with value characteristics along with growth characteristics. A slight preference for large caps remains, as well as for companies returning capital to shareholders via either dividends or share repurchases. Lastly, the Model continues to prefer those businesses delivering high-quality earnings, experiencing positive revisions from the analyst community, and whose closest peers are performing well.

**Fund Facts**

Symbol	Inception Date	CUSIP	Exchange	Annual Fund Operating Expense Ratio	
				Total	Net
TDI	09/30/04	89157W608	Nasdaq	1.19%	0.65%
<b>Total Fund Assets</b>				<b>\$74.9 Million</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 0.65%. These expense limitations will remain in effect until at least 04/29/26.

**Total Returns**

	4Q25	YTD	1 Year	3 Year	5 Year	10 Year	Inception
ETF NAV	5.76%	42.43%	42.43%	21.18%	9.43%	8.61%	7.04%
ETF Market Price	5.47%	42.58%	42.58%	21.18%	9.43%	8.61%	7.04%
Benchmark	5.05%	32.39%	32.39%	17.33%	7.91%	8.41%	20.36%

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 Taiwan Semiconductor Manufacturing Co. Ltd.	3.7	6 Dreyfus Gov Cash	1.9
2 Barrick Mining Corp.	2.7	7 UniCredit SpA	1.9
3 ASML Holdings NV	2.4	8 Banco BPM SpA	1.8
4 Novartis AG	2.2	9 Otsuka Holdings Co. Ltd.	1.7
5 Intesa Sanpaolo SpA	2.0	10 Banco Bilbao Vizcaya Argentaria SA	1.7

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 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](http://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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