Touchstone Dividend Select ETF





U.S. Equity – Large Cap Value

Actively Managed, Fully Transparent ETF

2Q/2025

Fund Manager Commentary

As of June 30, 2025

Fund Highlights

- Dividend-focused strategy invests primarily in U.S. large capitalization companies that:
 - Historically paid consistent, growing dividends
 - Have sustainable competitive advantages, which have the potential to support reliable, growing dividends with reasonable valuations
- · Seeks to invest in businesses that trade at reasonable valuations compared to their intrinsic value
- Focuses on businesses that are believed to have a sustainable competitive advantage or a high barrier to entry in place

Market Recap

The uncertainty that unsettled investors in the first quarter extended into the second. Escalating tariff policies peaked on April 2nd—dubbed Liberation Day—with the announcement of reciprocal tariffs on all trading partners. A brief reprieve followed a week later, which helped ease market fears and lowered the chances of an immediate growth shock. However, it did little to clarify the outlook for consumers and businesses planning spending, capital expenditures, or hiring.

Despite softening sentiment, economic fundamentals remained resilient. Retail sales continued to grow, albeit with volatility driven by tariff-related front-running. The labor market held steady, with ongoing job creation and real wage growth. However, a rising personal savings rate suggested that consumers are preparing for potential policy shocks. Housing remained a persistent drag, as affordability challenges, driven by high mortgage rates and elevated home prices, continued to weigh on the sector.

Looking ahead, growth expectations for 2025 and 2026 have been revised downward due to continued uncertainty. Should this uncertainty persist, it may begin to reflect in weaker economic data. However, the recent passage of the reconciliation package, "One Big Beautiful Bill," is likely to provide a modest boost to economic activity in the short term, via extended tax cuts and incentives for capital expenditures through accelerated depreciation.

Markets were volatile but ended the second quarter cautiously optimistic. The S&P 500 Index briefly entered bear market territory mid-quarter but rebounded to close at all-time highs. Following outperformance in the first quarter, value stocks returned a modest 3.8%, underperforming growth stocks return of 17.8%.

Portfolio Review

The Touchstone Dividend Select ETF (NAV) outperformed its benchmark, the Russell 1000 Value Index for the quarter ended June 30, 2025.

Security selection and sector allocation were both positive contributors to relative performance during the period. The dividend orientation of the strategy was a negative for the quarter as above average dividend paying stocks underperformed below average dividend paying stocks.

Selection within Information Technology and Financials was the primary driver of positive security selection during the quarter. Selection within Industrials and Health Care was the largest detractor to security selection. An overweight to Information Technology was the primary contributor to positive sector allocation.

The largest individual contributors to relative performance were overweight positions in Broadcom Inc., Microsoft Corp., Oracle Corp., KLA Corp. (all Information Technology sector), and an underweight to Berkshire Hathaway Inc. (Financials sector).

Oracle is seeing very strong demand for its Oracle Cloud Infrastructure services from customers seeking artificial intelligence (AI) training infrastructure. As a result, revenues and profits are growing faster than prior expectations, and management provided strong guidance for future growth.

Microsoft's shares outperformed as its Azure cloud computing business delivered growth that was above expectations. Management also noted that the company remains capacity constrained in meeting demand for its AI services, which bodes well for sustained growth. Given Microsoft's strong competitive positioning in both cloud infrastructure and AI services, we believe the company is poised to deliver strong results going forward.

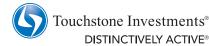
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Performance data quoted represents past performance, which is no guarantee of future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less 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 https://

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Broadcom outperformed in the second quarter, driven by strong investor enthusiasm around its growing exposure to AI infrastructure and robust performance in its core semiconductor and software businesses. The company reported solid earnings and raised guidance, highlighting accelerating demand for custom AI chips and networking solutions that support hyperscale data centers. Additionally, the successful integration of its VMware acquisition contributed to revenue diversification and margin expansion, reinforcing confidence in Broadcom's long-term growth trajectory. This combination of AI-driven tailwinds, operational execution, and strategic positioning helped propel the stock's strong relative performance.

The largest detractors from performance were overweight exposures to Becton, Dickinson and Co. (Health Care sector), Apple Inc. (Information Technology sector), Alexandria Real Estate Equities Inc. (Real Estate sector), PepsiCo Inc. (Consumer Staples sector) and an underweight to JPMorgan Chase and Co. (Financials sector).

Becton Dickinson had a disappointing quarter from an organic sales growth perspective, with mostly market-driven issues impacting multiple businesses – namely, funding headwinds in biosciences globally and tougher pricing in China – plus a slower sales ramp for Bactec blood culture testing, following a supply disruption. The company guided to a reacceleration in the second half of the year, but the market is skeptical, as management has struggled to forecast its businesses of late. Additionally, there was continued concern that the planned separation of the company's life sciences business was poorly timed, given current market issues. We understand the concerns about the second half of the year, and the frustration around guidance (and execution, to a degree), but still see Becton as a long-term mid-single-digit grower, and the shares as undervalued.

Alexandria Real Estate underperformed in the second quarter primarily due to ongoing headwinds in the life sciences real estate sector, including elevated interest rates and sluggish tenant demand recovery. While the company maintains a high-quality portfolio in premier innovation hubs, its significant exposure to the Boston market became a point of concern following political developments—specifically, the Trump administration's move to restrict federal funding to institutions like Harvard. This has added a layer of uncertainty for Alexandria's tenants and leasing outlook in the region, contributing to investor caution and further pressure on the stock's valuation.

Apple underperformed in the second quarter amid concerns over slowing iPhone sales, particularly in China, where increased competition and regulatory scrutiny weighed on consumer demand. Investor sentiment was further dampened by a lack of near-term catalysts, as the company's product refresh cycle remains in a lull ahead of expected hardware and AI-related updates later in the year. Additionally, questions around the pace and scale of Apple's generative AI integration into its ecosystem led to uncertainty about its ability to participate meaningfully in the broader tech-driven growth narrative. These headwinds collectively contributed to the stock's relative weakness during the quarter.

The Fund added one new name during the quarter: JPMorgan Chase & Co. The Fund sold one name during the quarter: Micron Technology Inc. JPMorgan Chase & Co. was added to the

portfolio due to its strong franchise value, durable competitive advantages, and solid balance sheet. Its wide moat is supported by high switching costs, broad product bundling, and economies of scale—particularly in deposit gathering, retail banking distribution, and digital investments. The firm's scale enables industry-leading profitability and reinvestment capacity, as reflected in dominant positions across deposits, credit cards, and investment banking. With an above average yield of 2.4%, low payout ratios and solid historical growth support dividend quality. JPMorgan remains well-managed under Jamie Dimon and continues to benefit from strategic positioning through past financial disruptions.

We exited our position in Micron due to rising geopolitical and substitution risks, particularly tied to the escalating U.S.-China trade tensions. As a key supplier of memory chips, Micron faces growing uncertainty around its access to the Chinese market, which accounts for a significant portion of global semiconductor demand. Recent retaliatory actions and regulatory scrutiny from China, including restrictions on Micron products, have heightened concerns about long-term revenue disruption. Moreover, the risk of substitution by local Chinese competitors has increased as the country accelerates efforts to build a self-sufficient semiconductor ecosystem. In light of these challenges and the broader tariff-driven market volatility, we viewed the risk-reward profile as no longer favorable.

There were no material sector changes during the quarter. Information Technology remains the largest sector overweight, while Financials, Energy, and Industrials are the largest underweights.

Outlook and Conclusion

Uncertainty around trade policy, combined with slow progress on trade deals, is both dampening growth forecasts and amplifying inflation concerns. This backdrop creates uncertainty for market participants as well as the real economy. Consequently, we expect U.S. growth to stay positive but run below its recent trend, with risks skewed to the downside.

Although one and two year inflation expectations have risen over the past twelve months, longer-term forecasts remain largely grounded as investors anticipate the effects on inflation to be short lived. Service inflation should remain stable over the coming months, but tariff overhang creates uncertainty around goods inflation. We believe tariff-induced inflation would likely prove temporary, meaning overall inflation should stay in-check over a longer horizon as growth remains sluggish and services continue cooling. Against this backdrop, economic indicators arguably pave the way for policy easing, but tariff uncertainty is prompting the Federal Open Market Committee to proceed cautiously.

Consumer and investor sentiment are weaker than at the beginning of the year, but the employment picture remains largely balanced. The ratio of job openings per unemployed is around pre-pandemic levels and the unemployment rate is at a historically low 4.1%. As a result, the overall consumer remains on solid footing especially when considering the growth in household net worth due to home prices and investment portfolios. However, higher home prices along with high mortgage rates have kept housing sluggish and we expect that to continue as rates remain high.

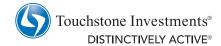
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Despite a solid fundamental backdrop to begin the year, there are still downside risks to U.S. growth due to ambiguity around trade policy, a restrictive federal funds rate, and geopolitical tensions. While uncertainty may linger, the ultimate impact on the U.S. economy remains unclear.

We remain constructive on U.S. equities but acknowledge nearterm headwinds exist and aggregate market valuations do not fully compensate for such. Following the material outperformance of growth-oriented stocks, dividend strategies are a compelling option as earnings begin to converge while the valuation discount remains at historically attractive levels. Dividend strategies have the potential to provide both capital appreciation and a growing stream of income while also providing downside protection through lower volatility during times of distress.





Fund Facts

Annual Fund Operating Expense Ratio

Symbol	Inception Date	CUSIP	Exchange	Total	Net
DVND	08/02/22	89157W103	NYSE Arca	1.17%	0.50%
Total Fund A	Assets \$36.5 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 "AFFE," and other expenses, if any) to 0.49%. These expense limitations will remain in effect until at least 04/29/26.

Total Returns

	2Q25	YTD	1 Year	Inception
ETF NAV	6.39%	8.61%	14.26%	12.49%
ETF Market Price	6.42%	8.67%	14.29%	12.52%
Benchmark	3.79%	6.00%	13.70%	11.10%

Benchmark - Russell 1000® Value 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)
1	Microsoft Corp.	5.1
2	Dreyfus Gov Cash	4.0
3	Broadcom Inc.	3.6
4	Oracle Corp.	2.4
5	Bank of America Corp.	2.4
So	urce: BNY Mellon Asset Servicing	

 6
 Wells Fargo & Co.
 2.3

 7
 Goldman Sachs Group Inc.
 2.3

 8
 Cisco Systems Inc.
 2.2

 9
 International Business Machines Corp.
 2.1

 10
 KLA Corp.
 2.1

The Russell 1000° Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

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 large-cap companies which may be unable to respond quickly to new competitive challenges. The Fund invests in dividend-paying companies. There is no guarantee that the companies in which the Fund invests will declare dividends in the future or that dividends, if declared, will remain at current levels or increase over time. Securities that pay dividends may be sensitive to changes in interest rates, and as interest rates rise or fall, the prices of such securities may fall.

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's service providers are susceptible to cyber security risks that could result in losses to a Fund and its shareholders. Cyber security incidents could affect issuers in which a Fund invests, thereby causing the Fund's investments to lose value. The Fund invests in value a sonticipated or may experience a decline in value. 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 Touchstonelnvestments.com/resources or call Touchstone at 833.368.7383. Please read the prospectus and/or summary prospectus carefully before investing.

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