

## Fund Manager Commentary

As of March 31, 2025

### Fund Highlights

- The Fund targets high quality, competitively advantaged companies exhibiting the key drivers of downside risk mitigation: consistently high and improving returns on capital and strong balance sheets
- The Fund invests in companies trading at attractive discounts to intrinsic value as determined by the sub-adviser's proprietary Balance Sheet Optimization valuation process in an effort to reduce forecast risk
- The Fund invests in 25-40 high-conviction companies with a long-term ownership mindset resulting in high active share and low turnover

### Market Recap

Coming off a weak fourth quarter, international equities were a beneficiary of the correction in U.S. market, a weaker U.S. Dollar, and a rotation that produced a strong wave that lifted all boats during the first quarter of 2025. The sharp index gains were powered by lower-quality businesses—led by international banks, which traded near decade-high valuations. The best performing sectors in the index were Energy, Financials, Utilities, and Communication Services. Consumer Discretionary and Information Technology were the only two sectors with negative returns during the quarter.

### Portfolio Review

The Touchstone International Equity ETF (NAV) underperformed its benchmark, the MSCI EAFE Index, for the period from March 3 to March 31, 2025.

Both sector exposure and stock selection were headwinds during the period. An underweight to Financials was the largest detractor during the period. A zero weight in Utilities and Energy also detracted. An overweight to Consumer Staples was the biggest tailwind during the period.

Three of the largest contributors to relative performance were AerCap Holdings NV (Industrials sector, Netherlands), Relx plc (Industrials sector, UK), and Roche Holding AG (Health Care sector, Switzerland).

Three of the largest detractors to relative performance were CRH plc (Materials sector, United States), Nintendo Co Ltd. (Communication Services sector, Japan), and CIE Financiere Richemont (Consumer Discretionary sector, Switzerland)

### Outlook and Conclusion

The MSCI EAFE Index enters the remainder of 2025 with cautious optimism following a strong first quarter, but implementation of new U.S.-China tariffs has introduced fresh uncertainty. While European and Japanese markets continue to benefit from easing inflation, supportive central bank policy, and improving consumer sentiment, the trade tensions could dampen global growth and weigh on export-driven economies. Despite these headwinds, the index retains tailwinds from attractive relative valuations, strong performance in defensive sectors, and investor rotation into value-oriented international equities. Currency volatility and geopolitical risks remain key factors to watch, but the EAFE region may continue offering diversification benefits amid shifting global dynamics.

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/international-equity-etf>.**



## Fund Facts

Symbol	Inception Date	CUSIP	Exchange	Annual Fund Operating Expense Ratio	
				Total	Net
TLCI	03/03/25	89157W871	NYSE Arca	1.00%	0.37%
<b>Total Fund Assets</b>		<b>\$15.7 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 0.37%. These expense limitations will remain in effect until at least 04/29/26.

## Total Returns

	Inception
ETF NAV	-3.40%
ETF Market Price	-2.48%
Benchmark	-2.17%

Benchmark – MSCI EAFE 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.

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.

## Top 10 Holdings of Fund

	(% of Portfolio)		(% of Portfolio)
1 SAP SE	5.6	6 London Stock Exchange Group	3.9
2 Compass Group PLC	5.1	7 Philip Morris International	3.9
3 Nintendo Co. Ltd.	5.0	8 Safran SA	3.8
4 BAE Systems PLC	4.9	9 AerCap Holdings NV	3.7
5 RELX PLC	4.5	10 Willis Towers Watson PLC	3.7

Source: BNY Mellon Asset Servicing

The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance excluding the U.S. and Canada.

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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 stocks of large-cap companies which may be unable to respond quickly to new competitive challenges. 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 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 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. Banks and financial services companies could suffer losses if interest rates rise or economic conditions deteriorate.

The Fund may focus its investments in specific sectors and therefore is subject to the risk that adverse circumstances will have greater impact on the fund than on the fund that does not do so. 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 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.

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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