

Fund Manager Commentary

As of September 30, 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

Global equities extended their rally in third quarter, posting strong gains across developed and emerging markets. Economic growth across developed regions remained subdued but stable, and major central banks paused policy changes during the quarter. The MSCI All Country World Index rose 7.6% in third quarter, with U.S. stocks outperforming international peers as the S&P 500 advanced 8.1% versus a 4.8% gain for MSCI EAFE. Dollar strength modestly weighed on overseas returns. Year-to-date, international markets still lead, with MSCI EAFE outperforming the S&P 500. Emerging markets added to robust gains, with MSCI EM rising 10.6% in third quarter and 27.5% YTD, driven by a 20.7% surge in China. Regional performance was led by Asia, where Japan's market advanced 8.0% while Europe and the UK lagged at 3.6%.

Sector trends favored cyclical areas. Financials and Industrials drove roughly two-thirds of MSCI EAFE's advance, led by Banks and Capital Goods, which together accounted for about 60% of total index gains. Banks continued to benefit from a benign credit backdrop and supportive interest-rate environment. Defensive groups such as Consumer Staples and Health Care underperformed. Turning to market factors, the Value, Yield, Size, Volatility, and Momentum factors were positive contributors during third quarter. Quality factors faced headwinds, while the Growth factor had mixed results.

Portfolio Review

The Touchstone International Equity ETF (NAV) underperformed its benchmark, the MSCI EAFE Index, for the period ended September 30, 2025.

Sector exposure and stock selection were headwinds to relative performance. An underweight to Utilities and Health Care (two weaker performing sectors) helped relative performance. An

underweight to Financials (a better performing sector) and overweight to Consumer Staples (a weaker performing sector) hurt relative performance.

Recent underperformance stemmed primarily from a sharp rebound in banks and deep-value sectors, areas where the Fund's portfolio has limited exposure. Pullbacks among several of the high-quality, structurally advantaged holdings were additional obstacles during the quarter. Our discipline is designed to protect capital during frothy periods and deliver steadier results when the cycle turns.

Among the largest contributors to Fund performance were CRH plc (Ireland, Materials sector), Taiwan Semiconductor Manufacturing Company (Taiwan, Information Technology sector), and ASML Holding NV (Netherlands, Information Technology sector).

CRH plc, a leading construction materials company, was the among the top contributors in the Fund. The company raised guidance after reporting best-in-class volumes and continued margin expansion. CRH remains attractive as a competitively advantaged beneficiary of infrastructure investment and reindustrialization with consistently shareholder friendly capital allocation. Downside protection is underpinned by the company's strong balance sheet, well-aligned management team, and defensive growth profile.

Taiwan Semiconductor Manufacturing Co., the leading semiconductor fabrication company, performed strongly in the quarter as sales performance exceeded expectations, confirming attractive demand fundamentals. The company's dominant competitive position, favorable exposure to structural growth, and current valuation offers attractive upside.

(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/international-equity-etf>.**



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ASML Holding NV is a leading semiconductor equipment company with a dominant position in lithography. During the quarter, the company benefited from leading edge customers reiterating capital expenditure needs and medium-term growth expectations. Sentiment also improved due to inflecting memory demand trends and the U.S. government's investment in Intel. ASML remains attractively positioned to capitalize on its unrivaled competitive position supplying critical equipment to chip manufacturers in a structurally growing end market.

Among the largest detractors from Fund performance were Nintendo Co. Ltd. (Japan, Communication Services sector), London Stock Exchange Group plc (United Kingdom, Financials sector), and SAP SE (Germany, Information Technology sector).

Nintendo was a bottom performer this quarter due to volatility at the beginning of the console cycle, with data points and estimates being updated. It remains a top contributor for the year. We remain attracted to Nintendo's integrated hardware-software model, brand franchises, and the strength of its balance sheet.

London Stock Exchange Group underperformed in quarter as slower growth in recurring revenues, a disappointing report from a peer and general artificial intelligence (AI)-risks weighed on market sentiment. As a leading provider of data, analytics and exchange services to financial market participants, London Stock Exchange in a strong competitive position in a secularly growing market. With the pullback in the share, London Stock Exchange is attractively valued with a capable management team executing well and returning cash to shareholders.

After a strong 2024, SAP underperformed as cloud enterprise software growth slowed in the current quarter. SAP, a leading enterprise software company, has invested heavily to transition its business from on-premise to the cloud which has depressed margins and obfuscated revenue growth trends. SAP is now leveraging those investments leading to higher revenue growth as the drag from licensing revenue declines abate and expanding margins as the company leverages fixed costs. We remain confident in the long-term potential.

During the quarter, we exited our position in Seven & I Holdings (Japan, Consumer Staples sector) and increased our positions in ICON plc (Ireland, Health Care sector), Unilever plc (United Kingdom, Consumer Staples sector), and Universal Music Group NV (Netherlands, Communication Services sector).

We exited Seven & I Holdings Co the corporate parent of the 7-11 convenience stores, after they successfully rejected its Canadian rival Couche-Tard's take-out bid. While we view the valuation as modestly cheap, we do not have high conviction in management's reorganization strategy which includes listing a minority stake in its U.S. subsidiary. We sold and redeployed the capital where we have higher conviction with better risk/reward.

ICON, Unilever, & Universal Music Group were added to as we felt they offered attractive risk/reward opportunities.

Outlook and Conclusion

From an economic perspective, we expect current trends in policy rates to remain accommodative across Europe and the UK. While domestic focused defense and infrastructure spending should provide modest boost to GDP providing boost to certain industries, we expect economic growth to remain subdued. Japan's leadership change could create pressure to slow the normalization in policy rates higher and more stimulative fiscal policies. From a trade perspective, there is a possibility of escalating trade tensions with China creating volatile market conditions.

In terms of equities, international markets added to robust year to date (YTD) gains but the tailwind from the weaker U.S. dollar moderated in the current quarter. International markets are still valued at a discount to the U.S, despite the YTD market moves. We believe this will continue to be supportive of fund flows into international markets. YTD the MSCI EAFE has been led higher by lower quality businesses, and the quality factor has been a laggard. We believe this creates attractive opportunity for our process focusing on high quality companies with downside risk mitigation.



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%
Total Fund Assets		\$102.9 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 0.37%. These expense limitations will remain in effect until at least 04/29/26.

Total Returns

	3Q25	Inception
ETF NAV	-0.83%	5.56%
ETF Market Price	-0.86%	5.92%
Benchmark	4.77%	14.57%

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 BAE Systems PLC	6.1	6 CRH PLC	4.3
2 Nintendo Co. Ltd.	5.8	7 RELX PLC	3.9
3 SAP SE	5.1	8 ASML Holdings NV	3.7
4 Compass Group PLC	4.7	9 Taiwan Semiconductor Manufacturing Co. Ltd.	3.6
5 Safran SA	4.7	10 Allianz SE	3.6

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

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