Touchstone Securitized Income ETF

Sub-Advised by: Fort Washington Investment Advisors, Inc.



Income – Short Term Bond

Actively Managed, Fully Transparent ETF

2Q/2025

Fund Manager Commentary

As of June 30, 2025

Fund Highlights

- Invests in securitized fixed income securities including residential mortgage backed securities, commercial mortgage-backed securities, asset backed securities and collateralized loan obligations
- · Relative value focus emphasizing moderate to high opportunities within securitized products
- May include U.S. Treasury securities, U.S. government agency securities, securities of government-sponsored enterprises, municipal bonds, and cash equivalents including repurchase agreements, commercial paper and variable rate demand notes

Market Recap

The uncertainty that began unsettling investors in the first quarter extended into the second quarter. Escalating tariff policy peaked with the announcement of reciprocal tariffs for all trading partners on April 2nd (nicknamed Liberation Day) before a reprieve was announced just a week later. While this delay provided markets relief and lowered the odds of an immediate shock to growth, it did little to clarify the outlook for consumers and business trying to plan spending, capital expenditure, or hiring.

Despite a notable softening in sentiment, hard economic data has held up so far. Retail sales have continued to grow, despite some volatility tied to tariff front-running. The labor market remains largely balanced with the U.S. adding jobs and consumers experiencing real wage growth. However, we've also seen a rising personal savings rate as consumers brace for potential policy shocks. Meanwhile, housing remains a persistent drag due to extremely challenging affordability as mortgage rates and home prices stay high.

Looking ahead, growth expectations for 2025 and 2026 are lower than they began the year due to elevated uncertainty. If uncertainty persists, we expect that to manifest in weaker hard economic data. However, the U.S. economy is likely to experience a marginal boost to activity as Congress passed the reconciliation package: One Big, Beautiful Bill. In the short term the bill supports growth through individual tax cuts as well as encouraging capital expenditure through accelerated depreciation.

Markets took a volatile path through the quarter but ended the quarter appearing cautiously optimistic. The S&P 500 briefly entered bear market territory from its' mid-February highs but ended the quarter at an all-time high. Credit spreads experienced a similar move, widening initially before tightening meaningfully through the rest of the quarter, ending well tight of historical

averages. Despite growing U.S. fiscal concerns, the 10-year treasury ended the quarter at 4.23% after briefly touching 4.60%, largely unchanged from the prior quarter.

Portfolio Review

The Touchstone Securitized Income ETF (NAV) outperformed its benchmark, the Bloomberg U.S. Aggregate Bond Index, for the quarter ended June 30, 2025.

Rates drove about one third of the second quarter outperformance despite TSEC's duration that was 3.5 years shorter than the index (2.6 years vs. the Bloomberg Aggregate at 6.1 years). The rate component of outperformance was driven by curve steepening – TSEC had less exposure to longer key rate maturities than the Aggregate and short to intermediate maturities rallied while the long end sold off. The remainder of the outperformance was due to the significant yield advantage vs. the index and tighter spreads across the securitized sectors in which the strategy invests.

Commercial mortgage backed securities (CMBS) and collateralized loan obligations (CLO) were TSEC's top performing sectors. CMBS outperformed comparable duration treasuries by 121 basis points (bps) in second quarter while CLOs outperformed by 78bps. Non-agency residential mortgage backed securities (RMBS) outperformed by 41bps and asset backed securities (ABS) by 30bps. CMBS and CLOs benefitted from the greater carry offered by floating rate securities (with the inverted yield curve) as well as spread tightening.

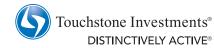
CMBS continues to be the asset class with the most risk and opportunity. While CMBS primary market spreads have seen improvement from the wides set in late 2023, price discovery in the sector Is ongoing.

(continued)

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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://www.westernsouthern.com/touchstone/etfs/securitized-income-etf.



Sector changes were relatively modest with ABS exposure increasing and CMBS lower due to maturities and sale of an Arated conduit CMBS bond that had performed well. CLO and RMBS exposure did not change materially. Cash was high at the end of the quarter, and we will look to reduce that early in third quarter.

CLO spreads are in the tightest decile relative to history but still warrant a significant weighting due to their floating rate coupons, our higher for longer view on rates, and the attractive spreads on a relative basis vs. other securitized products. RMBS, despite tighter spreads than in TSEC's other sectors due to the up-in-quality bias, offer the best upside in securitized products with spreads in the 50-60 percentile compared to history and are among the cheapest sources of spread duration. ABS and CMBS are being sourced in the 3–4 year average life range at spreads in the 250-300bps context.

CMBS presented some of the most compelling value during the quarter and several opportunistic purchases were made averaging 1.1 year spread duration and +373 spread over Treasuries.

Outlook and Conclusion

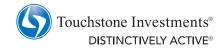
Uncertainty around trade policy and slow progress on trade deals are weighing on growth forecasts and fueling short-term inflation concerns, though long-term expectations remain anchored. While service inflation is expected to stay stable, tariff-related volatility creates uncertainty for goods inflation, which is likely to be temporary. Slower growth and cooling inflation support a case for policy easing, but the Federal Reserve (Fed) is proceeding cautiously. Despite weaker sentiment, the labor market remains balanced with low unemployment and solid household net worth, though high mortgage rates and elevated home prices are keeping housing activity subdued. Overall, the growth picture remains modestly positive, but risks remain tilted to the downside.

The ETF has had a strong quality bias and spreads have returned to tighter-than-average levels, but we believe fundamentals in each of the ETF's broad sectors – ABS, CMBS, RMBS and CLO – remain supportive of valuations. Consumer fundamentals have weakened in the lower income cohorts due to the impact of inflation but remain sound overall as shown by delinquency trends in both ABS and RMBS. CMBS remains the most challenged sector, but the market is working through problem assets (properties) and there is a clear delineation between winners and losers in the space.

After selling off to median levels (or wider) in April, valuations have returned to the second quartile for the broad swath of securitized assets. CLOs (top decile) and high quality RMBS (around median) are the exceptions. We would categorize spreads as slightly tighter than fair but supported by solid fundamentals and positive sentiment. Markets have calmed and while the prospects for the economy have improved, we will maintain our quality bias with risk/reward skewed to the downside and stay within our 2–3-year duration operating range.

TSEC is a short duration strategy that generates most of its return through income. Given that we expect short-term rates to remain elevated through 2025, the floating rate exposure should continue to produce relatively high income for the ETF. With a slow

growth/manageable inflation scenario being most likely, we expect spreads to remain reasonably well-behaved and the Fed to eventually lower short-term rates. The eventual bull steepening of the front-end of the yield curve, combined with lower spread volatility has the potential to produce meaningful price upside. The ETF also has several positions in opportunistic CMBS with significant upside potential, but likely further down the road when rates eventually decline, providing support to the commercial real estate markets. The quality bias in the ETF should help buffer downside in the event inflation remains elevated, or accelerates, and volatility comes back into the markets.





Fund Facts

Annual Fund Operating Expense Ratio

Symbol	Inception Date	CUSIP	Exchange	Total	Net
TSEC	07/17/23	89157W707	NYSE Arca	0.73%	0.41%
Total Fund A	ssets \$114.0 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 0.39%. These expense limitations will remain in effect until at least 04/29/26.

Total Returns

	2Q25	YTD	1 Year	Inception
ETF NAV	1.93%	3.83%	7.47%	8.56%
ETF Market Price	1.30%	3.19%	6.79%	8.35%
Benchmark	1.21%	4.02%	6.08%	4.27%

Benchmark - Bloomberg U.S. Aggregate Bond Index

Yield

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av SEC Viold	5.07%

30 Day See Held	5.07 /0
30-Day Unsubsidized SEC Yield	4.77%
Unsubsidized is calculated without expense waivers. The 30-Day SEC Yield is calculated by dividing the net investment inco	me per share (as

Unsubsidized is calculated without expense waivers. **The 30-Day SEC Yield** is calculated by dividing the net investment income per share (as defined by industry regulations) earned by a fund over a 30-day period by the maximum public offering price. This number is then annualized. **The 30-Day SEC Yield** reflects the rate at which a fund is earning income on its current portfolio of securities and does not necessarily reflect income actually earned and distributed by a fund and, therefore, may not be correlated with a fund's past distributions actually paid to shareholders.

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/securitized-income-etf. From time to time, the investment adviser 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. 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 Bloomberg U.S. Aggregate Bond Index is an unmanaged index comprised of U.S. investment grade, fixed rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and ten years.

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.

A Word About Risk

The Fund invests in fixed-income securities which can experience reduced liquidity during certain market events, lose their value as interest rates rise and are subject to credit risk which is the risk of deterioration in the financial condition of an issuer and/or general economic conditions that can cause the issuer to not make timely payments of principal and interest also causing the securities to decline in value and an investor can lose principal. When interest rates rise, the price of debt securities generally falls. Longer term securities are generally more volatile. The Fund invests in mortgage backed securities and asset-backed securities which are subject to the risks of prepayment, defaults, changing interest rates and at times, the financial condition of the issuer. The Fund invests in investment grade debt securities which may be downgraded by a Nationally Recognized Statistical Rating Organization (NRSRO) to below investment grade status. The Fund invests in non-investment grade debt securities which are considered speculative with respect to the issuers' ability to make timely payments of interest and principal, may lack liquidity and has had more frequent and larger price changes than other debt securities. The Fund invests in U.S. government securities which are neither issued nor guaranteed by the U.S. Treasury and are not guaranteed against price movements due to changing interest rates.

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 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 municipal securities which may be affected by uncertainties in the municipal market related to legislation or litigation involving the taxation of municipal securities or the rights of municipal security holders in the event of bankruptcy and may not be able to meet their obligations. The Fund may experience higher portfolio turnover which may lead to increased fund expenses, lower investment returns and higher short-term capital gains taxable to shareholders. The Fund invests in repurchase agreements which are considered loans by the Fund and may suffer a loss of principal and interest in the event of counterparty defaults. The Fund invests in Collateralized Loan Obligations (CLOs) that have risks that largely depend on the type of underlying collateral and risks may include illiquidity, limited active market, the possibility that distributions from collateral securities will be insufficient to make interest or other payments, the potential for a decline in the quality of the collateral, and can bear the risk of default by the loans. 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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