

Fund Manager Commentary

As of September 30, 2025

Fund Highlights

- Primarily invests in income producing securities including corporate debt securities, mortgage related securities, asset-backed securities, government securities (both U.S. government securities and foreign sovereign debt), and preferred stocks
- Expanded opportunity set provides the flexibility to react to market dislocations
- Broadly diversified by sector, resulting in multiple sources of return potential and low correlation to traditional asset classes
- Duration management is used as a risk mitigation tool; seeks to avoid taking large duration positions due to the difficulty in predicting interest rates
- Active management and security selection are focused on building a high conviction portfolio

Market Recap

The U.S. Federal Reserve (Fed) delivered its first rate cut of the year in September. Softening employment reports, including negative revisions, provided evidence of downside risk to the labor market which prompted the Fed to engage in a 25-basis point “risk management” cut. In addition, the Fed adjusted their expectations for the path of rates, forecasting two more cuts this year and one in 2026, in spite of slight increases in growth and inflation forecasts. This rate adjustment, and forward guidance, continues to ease financial conditions for the economy despite lingering uncertainty.

Trade policy continues to be a primary source of uncertainty for investors. While the White House has announced a handful of deals and frameworks for deals, there are still a lot of details that remain unknown, especially related to China. In addition to tariff mechanics, questions remain around the legality of certain tariffs that utilized International Emergency Economic Powers Act authority. The U.S. Trade Court ruled these tariffs illegal, but the White House appeal sent the case to the Supreme Court which agreed to hear oral arguments in early November.

While economic growth has slowed since last year, expectations for 2026 have started to improve. Full expensing for manufacturing structures, research & development, and equipment investment was made law by the Big, Beautiful Bill in July which should boost capital expenditures over the coming quarters. Consumer spending remains largely resilient, driven by higher income cohorts. However, weaker employment data shows that the economy is just marginally adding jobs, presenting an environment that could cause a rise in the unemployment rate.

Despite lingering uncertainty around trade, geopolitics, and monetary policy, the S&P 500 continued to make new highs. In a

similar fashion, credit spreads tightened further and are at levels tight of historical averages. Due to increasing expectations for rate cuts, and benign long term inflation expectations, and longer rates declined.

Portfolio Review

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

Sector allocation was the largest contributor to relative outperformance due primarily to the overweight allocation to high yield corporates, emerging market debt, and non-credit sectors. These sectors outperformed as spreads tightened and risk assets moved higher over the quarter.

Interest rate positioning had a neutral impact to relative performance during the quarter. Interest rates declined over the quarter and the curve steepened as investors increased their expectations for rate cuts. While the Fund was managed with shorter duration than the benchmark in a period where interest rates moved lower, tactical duration management contributed positively, offsetting the underperformance from being shorter duration over the quarter.

Security selection was a slight detractor from relative performance due to underperformance in emerging market debt and securitized which was only partially offset by outperformance within investment grade corporates. Within securitized, an underweight to agency passthroughs detracted from relative performance. Underperformance within emerging market debt was due to an overweight position in Latin American corporates.

(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/strategic-income-etf>.**



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The Fund did not materially adjust sector allocations over the quarter as we maintained a focus on finding issuers with compelling bottom-up narratives. The Fund was positioned with less duration than the benchmark and averaged 5.1 years over the quarter, compared to 6.1 for the benchmark. Interest rates declined over the quarter as investors increased their expectations for rate cuts amid labor market weakness. The Fund's portfolio opportunistically adjusted duration positioning which contributed positively to relative performance and offset the negative impact of being shorter duration than the index as interest rates declined over the quarter. Overall interest rate management had a neutral impact to relative performance.

Outlook and Conclusion

Current valuations are back to levels that are tight relative to history. Incorporating our macroeconomic outlook and elevated uncertainty, the Fund is positioned with a modest overweight risk posture and an ability to add risk as opportunities arise. Sector positioning reflects current valuations, relative value, and opportunities within each sector. The Fund's notable change to sector allocations was the increase to high yield corporates in April, and subsequent reduction in Treasuries. Other sector allocations were mostly unchanged during the quarter. Exposure to investment grade credit was maintained over the quarter. The sector continues to favor positions lower in the capital structure within high quality financials and is selectively adding to bottom-up opportunities on attractive relative value, including targeting investments at the front and intermediate part of the curve.

The Fund's allocation to securitized products was largely unchanged over the quarter. We continue to favor non-agency exposure and is overweight risk within asset-backed securities, collateralized loan obligations and commercial mortgage-backed securities. In addition, the Fund added marginally to discount non-agency residential mortgage-backed securities given attractive upside return potential.

The Fund maintained its exposure to emerging markets debt which is toward the lower end of the Fund's historical range. The sector is primarily invested in compelling bottom-up narratives within the below-investment grade segment. Latin America is the largest exposure within the sector.

High yield exposure was increased in April due to attractive relative value as spreads widened following tariff announcements. However, spreads are back to levels that are tight relative to history and the Fund is opportunistically reducing exposure. The high yield allocation is broadly diversified by sector, favoring quality, and is positioned for an opportunity to add more risk at more attractive spreads.

The yield curve steepened over the quarter and the Fund is targeting a largely neutral curve positioning. However, we expect further opportunities for tactical adjustments as volatility remains elevated and investors adjust their expectations for future rate cuts amid new economic data.

The Fund is positioned to navigate the current environment of elevated uncertainty and more moderate economic growth. We believe a modest overweight to credit sectors is prudent given valuations are tight of historical medians and uncertainty exists

from trade policy, geopolitical tension, and pending court decisions on executive authority. While growth forecasts for 2026 have been slowly improving, recent labor market weakness presents downside risk to economic growth. If the economic landscape remains stable, the Fund is positioned to benefit from additional spread risk relative to the benchmark. However, if economic growth slows materially, the Fund is positioned to add exposure opportunistically as risk assets would likely experience further weakness. Additionally, we believe positive security selection can benefit the Fund across different market environments and tactical duration management allows the Fund to take advantage of elevated interest rate volatility.



Fund Facts

Symbol	Inception Date	CUSIP	Exchange	Annual Fund Operating Expense Ratio	
				Total	Net
SIO	07/21/22	89157W202	NYSE Arca	0.88%	0.50%
Total Fund Assets		\$213.3 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

	3Q25	YTD	1 Year	3 Year	Inception
ETF NAV	2.21%	7.63%	5.44%	8.81%	6.81%
ETF Market Price	2.13%	7.56%	5.31%	8.77%	6.90%
Benchmark	2.03%	6.13%	2.88%	4.93%	2.72%

Benchmark - Bloomberg U.S. Aggregate Bond Index

Yield

Touchstone Strategic Income ETF	
30-Day SEC Yield	4.92%
30-Day Unsubsidized SEC Yield	4.61%

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/strategic-income-etf>.** From time to time, the investment advisor 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.

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.

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.

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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Not FDIC Insured | No Bank Guarantee | May Lose Value

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 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 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 an NRSRO to below investment grade status. 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 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'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 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 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 emerging markets securities which are more likely to experience turmoil or rapid changes in market or economic conditions than developed countries. The Fund invests in sovereign debt securities which are issued by foreign governments whose respective economies could have an important effect on their ability or willingness to service their debt which could affect the value of the securities. The Fund invests in derivatives such as futures contracts. Derivatives can be highly volatile, illiquid and difficult to value, subject to counterparty and leverage risks and there is risk that changes in the value of a derivative held by the Fund will not correlate with the Fund's other investments. Gains or losses from speculative positions in a derivative may be much greater than the original cost and potential losses may be substantial. The Fund invests in mortgage dollar rolls which involve increased risk and volatility, as the securities the Fund is required to repurchase may be worth less than the securities that the Fund originally held. 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. Current and future portfolio holdings are subject to change.



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