

Fund Manager Commentary

As of September 30, 2025

Fund Highlights

- Invests primarily in issuers having a market capitalization above \$5 billion at time of purchase
- Distinctive approach is centered on linking valuations with barriers to entry
- Seeks to invest in businesses that are trading below what is believed to be its estimate of the companies' intrinsic value
- Focuses on businesses that are believed to have a sustainable competitive advantage or a high barrier to entry in place
- Concentrated, high conviction portfolio generally holds 25-45 companies

Market Recap

The Federal Reserve (Fed) delivered its first rate cut in September, signaling the possibility of two more this year and another in early 2026. Optimism over easing monetary policy, economic resilience, and strong earnings growth fueled risk appetite, driving the Russell 1000 up 8% for the quarter. Market attention centered on shifting Fed policy expectations despite ongoing uncertainty around tariffs, geopolitics, and Fed independence. The best-performing sectors within the Russell 1000 Index were Information Technology (IT), Communication Services, and Consumer Discretionary, while Consumer Staples, Real Estate, and Financials lagged.

Portfolio Review

The Touchstone US Large Cap Focused ETF (NAV) underperformed its benchmark, the S&P 500 Index, for the quarter ended September 30, 2025.

Within the Touchstone US Large Cap Focused ETF, the sectors where Fund holdings outperformed the most relative to the benchmark were Real Estate, and Health Care. Sectors that lagged the most relative to the benchmark include Consumer Discretionary, Consumer Staples, and Materials. Stock selection detracted from performance for the period while sector allocation contributed during the quarter.

The three holdings that contributed the most to performance were Oracle Corp. (IT sector), Alphabet Inc. (Communication Services sector), and Johnson & Johnson (Health Care sector).

Oracle continues to see 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 very strong guidance for future growth. Alphabet outperformed in the quarter as the market has gained confidence in the

competitiveness of the company's AI products and services. Additionally, remedies recommended by the judge in the antitrust lawsuit brought against the company by the DOJ significantly lowered the odds of some dire outcomes feared by the market. Johnson & Johnson (J&J) had a strong second quarter, especially in its Pharmaceuticals business, where strength across multiple products is allowing J&J to grow through the patent expiration of its blockbuster immunology drug, Stelara. We continue to see upside in the shares, as long-term sales forecasts have increased due to better near-term trends and pipeline progress.

Among the holdings that detracted the most from performance included Philip Morris International Inc. (Consumer Staples sector), Meta Platforms Inc. (Communication Services sector), and Salesforce Inc. (IT sector).

Philip Morris reported a strong quarter, raising its full-year earnings and organic sales guidance. However, weakness in Zyn (nicotine pouch) shipments caused the stock to underperform in the quarter. Zyn remains a key growth driver for Philip Morris, contributing approximately 7% of total revenue and 9% of profit. We remain confident in the long growth runway for Zyn and expect strong sales going forward. Meta's stock underperformed despite strong quarterly results as the company is materially ramping up investments in AI capabilities to stave off competition from firms such as OpenAI. Salesforce reported strong quarterly results, but the stock underperformed as the market remains concerned about the impact of AI technologies on the company's business. We continue to view Salesforce as well positioned to bring AI capabilities to the CRM market as the company's systems benefit from direct access to customer data, giving it an advantage in creating competitive AI solutions for customers.

LPL Financial Holding Inc. (Financial sector) was added to the Fund and SLB (Energy sector) was removed from the Fund during the course of the quarter.

(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/us-large-cap-focused-etf>.**



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As the quarter came to a close, the Fund had an overweight in Communication Services, Health Care, IT, and Financials sectors, and an underweight in the Consumer Discretionary, Consumer Staples, Energy, Industrials, Materials, and Real Estate sectors. The Fund held no positions in the Utilities sector.

Outlook and Conclusion

Trade policy continues to be a source of uncertainty for investors. Questions remain around tariff details/mechanics, durability of rates for various countries or industries, and even the legality of tariffs utilizing International Emergency Economic Powers Act (IEEPA) authority. The Supreme Court agreed to hear oral arguments on IEEPA authority in early November.

While economic growth has slowed since last year, expectations for 2026 have started to improve. Full expensing for manufacturing structures, R&D, and equipment investment was made law by the Big, Beautiful Bill in July, which should boost capital expenditure over the coming quarters. Consumer spending remains resilient, though increasingly driven by higher income cohorts. However, soft employment data shows that the economy is just marginally adding jobs.

We continue to monitor employment, housing, manufacturing, and market breadth data, among others, to continually reassess our views. Consistent with the last few years, we maintain a high-quality portfolio with a focus on higher return on investment businesses with pricing power. One hundred percent of the portfolio (excluding cash) remains invested in companies we see as having moderate or high barriers to entry. We believe disciplined execution of our process will benefit the Fund through periods of volatility and over the long term.



Fund Facts

Symbol	Inception Date	CUSIP	Exchange	Annual Fund Operating Expense Ratio	
				Total	Net
LCF	07/27/22	89157W400	Cboe BZX	1.29%	0.56%
Total Fund Assets		\$52.7 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 0.55%. These expense limitations will remain in effect until at least 04/29/26.

Total Returns

	3Q25	YTD	1 Year	3 Year	Inception
ETF NAV	7.04%	13.94%	16.36%	23.30%	17.73%
ETF Market Price	7.12%	13.70%	16.59%	23.32%	17.79%
Benchmark	8.12%	14.83%	17.60%	24.94%	19.12%

Benchmark - S&P 500® 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)		(% of Portfolio)
1 Microsoft Corp.	9.4	6 Amazon.com Inc.	5.3
2 Apple, Inc.	7.3	7 Oracle Corp.	3.7
3 Meta Platforms, Inc.	6.9	8 Dreyfus Gov Cash	3.7
4 Alphabet Inc. Class C	6.8	9 Bank of America Corp.	3.1
5 NVIDIA Corp.	6.4	10 Goldman Sachs Group Inc.	2.6

Source: BNY Mellon Asset Servicing

The S&P 500® Index is a group of 500 widely held stocks and is commonly regarded to be representative of the large capitalization stock universe.

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 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 stocks of mid-cap companies which may be subject to more erratic market movements than stocks of larger, more established companies. The Fund is non-diversified, which means that it may invest a greater percentage of its assets in the securities of a limited number of issuers and may be subject to greater risks.

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. Current and future portfolio holdings are subject to change. 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.

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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