Touchstone Sands Capital Emerging Markets ex-China Growth ETF

TEMX

Sub-Advised by: Sands Capital Management, LLC

Emerging Markets - Large Cap Growth | Actively Managed, Fully Transparent ETF | 2Q/2026

Fund Manager Commentary

As of 06-30-2026

Fund Highlights

- Invests in stocks from companies in emerging and frontier markets excluding China and Hong Kong
- Looks for businesses with strong growth potential in revenue or earnings
- Concentrated, conviction weighted portfolio typically holds 25 to 45 companies chosen through in-depth, company by company research

Market Recap

Emerging market equities rebounded sharply during the second quarter of 2026, with the MSCI Emerging Markets Index posting its strongest quarterly advance since 2009 and outperforming U.S. and developed market equities for the sixth consecutive quarter. Index returns were again driven primarily by businesses tied to AI infrastructure, as semiconductor- and hardware-related companies accounted for the vast majority of the index's advance. Continued demand for compute capacity and ongoing capital investment by large technology companies reinforced investor confidence in businesses benefiting from semiconductor, memory, and hardware demand.

The macroeconomic backdrop also improved during the quarter. Cooling tensions between the United States and Iran, including a cease-fire and renewed negotiations, eased concerns about a broader regional conflict and contributed to a decline in oil prices from their earlier highs. Korea and Taiwan led market performance, while India generated its first double-digit quarterly return since mid-2024. China, Brazil, and Indonesia lagged, and Consumer Discretionary was the weakest-performing sector as market leadership remained narrow despite the broad advance in emerging market equities.

Portfolio Review

The Touchstone Sands Capital Emerging Markets ex-China Growth ETF (NAV) outperformed its benchmark, the MSCI Emerging Markets Index, for the quarter ended June 30, 2026.

The ETF delivered its strongest quarter of absolute and relative performance since inception, driven primarily by holdings benefiting from AI infrastructure investment. Relative performance benefited from the ETF's zero allocation to China and strong stock selection in Korea. From a sector perspective, Information Technology and Industrials were the largest contributors to relative performance, while Consumer Staples and Health Care detracted. Overall, Korea and the ETF's zero weighting in China were the largest country-level contributors to relative results, while Brazil and Argentina detracted. Despite the strong quarter, the ETF ended the period trading at approximately 13 times forward earnings, representing one of its lowest valuation premiums relative to the benchmark.

Among the top contributors to absolute performance were Samsung Electronics Co., Ltd. (South Korea, Information Technology sector), SK hynix Inc. (South Korea, Information Technology sector), Taiwan Semiconductor Manufacturing Co. Ltd. (Taiwan, Information Technology sector), SK Square Co., Ltd. (South Korea, Information Technology sector), and MediaTek Inc. (Taiwan, Information Technology sector). Samsung Electronics, SK hynix, and SK Square benefited from broadening shortages across both high-bandwidth memory and conventional memory products as AI inference and agentic AI workloads continued to drive demand while supply remained constrained. These dynamics supported significant pricing increases and stronger earnings expectations across the memory industry.

Among the top detractors from absolute performance were Raia Drogasil S.A. (Brazil, Consumer Staples sector), Nu Holdings Ltd. (Brazil, Financials sector), Bank Central Asia Tbk PT (Indonesia, Financials sector), Hyosung Heavy Industries Corp. (South Korea, Industrials sector), and Dino Polska S.A. (Poland, Consumer Staples sector). Raia Drogasil declined as investors focused on slower near-term growth comparisons and a weaker Brazilian consumer environment despite the company's defensive business model. Nu Holdings weakened following higher-than-expected loan loss provisions, while Bank Central Asia faced slower loan growth amid elevated energy prices and continued uncertainty surrounding Indonesian equities.

During the quarter, the ETF continued to broaden its exposure to AI infrastructure by adding businesses with exposure to semiconductor interconnection, power infrastructure, and testing equipment. New positions included BTG Pactual S.A. (Brazil, Financials sector), BBB Foods Inc. (Mexico, Consumer Staples

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sector), Chroma ATE Inc. (Taiwan, Information Technology sector), Hyosung Heavy Industries Corp. (South Korea, Industrials sector), Lion Finance Group plc (Georgia, Financials sector), and SK Square Co., Ltd. (South Korea, Information Technology sector). The ETF exited positions in ASML Holding N.V. (Netherlands, Information Technology sector) and Britannia Industries Ltd. (India, Consumer Staples sector).

Outlook and Conclusion

The investment team believes the opportunity set for growth investors continues to evolve as technological innovation and geopolitical developments reshape sources of durable earnings growth. The ETF remains focused on identifying businesses capable of sustaining above-average earnings growth through structural competitive advantages while adapting portfolio positioning as new opportunities emerge. Although AI infrastructure remains an important investment theme, the team continues to seek businesses with differentiated, company-specific earnings drivers that can provide balance across market cycles.

The investment team believes the ETF is well positioned for investors with a long-term investment horizon. The portfolio maintains meaningful exposure to businesses benefiting from AI-related infrastructure investment while continuing to identify opportunities beyond AI that offer durable earnings growth. In the team's view, the combination of high expected earnings growth and historically attractive valuation levels provides a favorable long-term investment backdrop for the ETF.

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Fund Facts

Symbol	Inception Date	CUSIP	Exchange	Annual Fund Operating Expense Ratio: Total	Annual Fund Operating Expense Ratio: Net
TEMX	02/24/25	89157W889	Cboe BZX	2.72%	0.80%

Total Fund Assets $13.4 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 and other expenses, if any) to 0.79%. These expense limitations will remain in effect until at least 04/29/27.

Annualized Total Returns

	2Q26	YTD	1 Year	3 Year	5 Year	Inception
ETF NAV	34.16%	29.49%	38.36%	—	—	38.68%
ETF Market Price	30.09%	31.79%	43.28%	—	—	39.03%
Benchmark	24.05%	23.85%	43.51%	—	—	39.42%

Benchmark - MSCI Emerging Markets Index
The MSCI Emerging Markets Index is a free float adjusted market capitalization index that is designed to measure equity market performance of emerging markets.
The benchmark index mentioned is an unmanaged statistical composite of stock or bond market performance. Investing in an index is not possible. Index returns do not reflect any fees, expenses or sales charges.

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/sands-capital-emerging-markets-ex-china-growth-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. Investing involves risk, principal loss is possible. ETFs may trade at a premium or discount to their net asset value. Market price returns are based on the consolidated market price and do not represent the returns you would receive if you traded shares at other times.*
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Top 10 Holdings

		(% of Portfolio)
1	Samsung Electronics Co Ltd	13.6
2	Taiwan Semiconductor Manufacturing Co Ltd	10.2
3	SK Hynix Inc	8.4
4	Taiwan Semiconductor Manufacturing Co Ltd ADR	4.6
5	SK Square	4.5
6	Delta Electronics Inc	3.5
7	Bajaj Finance Ltd	3.1
8	MercadoLibre Inc	3.0
9	Nu Holdings Ltd Ordinary Shares Class A	3.0
10	Kaspi.kz JSC ADS	2.7

Not FDIC Insured | No Bank Guarantee | May Lose Value

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 small- and mid-cap companies, which may be subject to more erratic market movements than stocks of larger, more established companies. 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 may invest in equity-related securities to gain exposure to issuers in certain emerging or frontier market countries. These securities entail both counterparty risk and liquidity risk.

The Fund invests in foreign, emerging and frontier markets securities, and 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 risks associated with investing in foreign markets are magnified in emerging markets, and in frontier markets due to their smaller and less developed economies. The Fund invests in growth stocks which may be more volatile than investing in other stocks and may underperform when value investing is in favor.

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. The sub-advisor considers ESG factors that it deems relevant or additive along with other material factors. The ESG criteria may cause the Fund to forgo opportunities to buy certain securities and/or gain exposure to certain industries, sectors, regions and countries. The Fund may be required to sell a security when it could be disadvantageous to do so.

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. 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 subadvisors. 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. 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.

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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