Touchstone US Large Cap Focused ETF

LCF

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

U.S. Equity – Large Cap Core | Actively Managed, Fully Transparent ETF | 4Q/2025

Fund Manager Commentary

As of December 31, 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

U.S. equities were higher for a third straight quarter to end the year. Despite the government shutdown and a spike in job cuts, underlying growth remained resilient amid the Federal Reserve (Fed) completing a third rate cut in December and corporate profits exceeding expectations. The best performing benchmark sectors Health Care, Communication Services, and Financials. The worst performing sectors for the benchmark were Real Estate, Utilities, and Consumer Staples.

Portfolio Review

The Touchstone US Large Cap Focused ETF (NAV) outperformed its benchmark, the S&P 500 Index, for the quarter ended December 31, 2025.

Within the Touchstone US Large Cap Focused ETF, the sectors where Fund holdings outperformed the most relative to the benchmark were Financials, Consumer Discretionary and Communication Services. Sectors that lagged the most relative to the benchmark include Health Care, Information Technology, and Industrials. Stock selection detracted from performance for the period, particularly within Information Technology and Health Care sectors. This was offset by contribution from sector allocation, primarily due to the overweight in Communication Services and the zero weight in Utilities.

The three holdings that contributed the most to performance were Alphabet Inc. (Communication Services sector), Applied Materials Inc. (Information Technology sector), and Markel Group Inc. (Financials sector).

Alphabet outperformed in the quarter as the market has gained confidence in the competitiveness of the company's artificial intelligence (AI) products and services. The company's Gemini 3 AI models launched in the quarter and surpassed rivals such as OpenAI's GPT models on popular benchmarks. 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. Applied Materials' stock outperformed as shortages in supply of semiconductor chips, including memory, are raising the market's expectations of a material increase in orders for the firm's equipment. Markel's stock outperformed in fourth quarter, driven by a combination of factors. Most importantly, the company reported third quarter underwriting results that were better than expectations. Additionally, the 2025 storm season passed without a significant U.S. loss for insurers. Given this and the stock's underperformance during calendar third quarter, we view fourth quarter stock performance as somewhat of a "catch up" though underwriting improvements continue to make slower albeit steady progress.

The holdings that detracted the most from performance included Oracle Corp. (Information Technology sector), Meta Platforms Inc. (Communication Services sector), and Microsoft Corp. (Information Technology sector).

Oracle's stock underperformed as concerns arose about the company's financial capacity to deliver on its large AI backlog. Admittedly, low external visibility into the nuances of large customer and supplier contracts can cause the stock to be volatile. However, we view Oracle as a well-run company and expect management to remain financially disciplined. At Meta, management significantly raised investments in the pursuit of AI capabilities, causing the stock to sell off as cash flows come under pressure. Microsoft's stock has been weak as investors grapple with the competitiveness of OpenAI's GPT models given Microsoft's reliance on OpenAI's technologies for its AI capabilities.

DuPont de Nemours (Materials sector) was removed from the portfolio 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 strategy had an overweight in Communication Services, Financials, and Health Care sectors, and an underweight in the Information Technology, Consumer Discretionary, Materials, Consumer Staples, Industrials, Energy, and Real Estate sectors. The Fund held no positions in the Utilities sector. Cash holdings ended the quarter at less than three percent.

Outlook and Conclusion

With an additional 50 basis points of Fed rate cuts easing financial conditions, and market fundamentals remaining healthy, the S&P 500 reached new highs again in fourth quarter, posting a 2.7% gain for the quarter.

The U.S. economy has remained resilient in recent quarters. The primary drivers of growth have been resilient personal consumption, supported by higher income households, alongside continued massive investment in artificial intelligence infrastructure. Following stronger-than-expected 4.3% GDP growth in third quarter, the economy is projected to see a modest slowdown in fourth quarter, largely due to a temporary drag from the U.S. government shutdown, with growth normalizing in first quarter 2026. Investors are also looking to tax policy as a potential tailwind, as accelerated depreciation should boost capital expenditures and individual tax cuts should support consumer spending.

Earnings beats and positive revisions supported the market in the quarter, with S&P 500 earnings increasing 13.5% year over year in third quarter vs the 7.9% expected at the end of September. A continued pickup in mergers and acquisitions activity was also a positive for market sentiment.

The Fed built on its September rate cut by delivering two additional 25 basis point reductions at the final meetings of the year, with a weakening employment picture prompting the FOMC to move policy closer to neutral. December commentary was received as more balanced (less hawkish) than expected. Trade developments, recently a source of uncertainty, were positive on balance, with the U.S. and China agreeing to extend their trade truce for a year.

Potential concerns include a softening labor market, consumer cautiousness and affordability issues (largely impacting the lower end of the income spectrum thus far), housing market weakness, and lingering concerns over trade/tariffs and international relations. Concerns about future Fed independence remain in the background as well.

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 Fund's 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 portfolio 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	$54.9 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 0.55%. These expense limitations will remain in effect until at least 04/29/26.

Total Returns

	4Q25	YTD	1 Year	3 Year	Inception
ETF NAV	2.68%	17.00%	17.00%	21.26%	17.23%
ETF Market Price	2.63%	16.69%	16.69%	21.32%	17.27%
Benchmark	2.66%	17.88%	17.88%	23.01%	18.50%

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)
1	Microsoft Corp.	8.6
2	Alphabet Inc. Class C	8.6
3	Apple, Inc.	7.5
4	NVIDIA Corp.	7.0
5	Meta Platforms, Inc.	6.1

		(% of Portfolio)
6	Amazon.com Inc.	5.5
7	Bank of America Corp.	3.2
8	Dreyfus Gov Cash	2.8
9	Oracle Corp.	2.5
10	Goldman Sachs Group Inc.	2.4

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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