Touchstone International Equity ETF

Sub-Advised by: The London Company

TLCI

International - Large Cap Core | Actively Managed, Fully Transparent ETF | 3Q/2026

Fund Manager Commentary

As of 09-30-2026

Fund Highlights

- The Fund targets high quality, competitively advantaged companies exhibiting the key drivers of downside risk mitigation: consistently high and improving returns on capital and strong balance sheets
- The Fund invests in companies trading at attractive discounts to intrinsic value as determined by the sub-adviser's proprietary Balance Sheet Optimization valuation process in an effort to reduce forecast risk
- The Fund invests in 25-40 high-conviction companies with a long-term ownership mindset resulting in high active share and low turnover

Market Recap

Global equity markets posted modest gains in the third quarter, but the strong momentum of the second quarter faded as higher energy prices and tighter monetary policy returned to the forefront. Progress toward a lasting resolution of the conflict in the Middle East stalled, pushing oil prices higher. At the same time, the AI and semiconductor trade that powered the prior quarter's rally paused after a strong run. The MSCI EAFE Index returned 0.8% for the quarter and again trailed the U.S. market, with wide divergence across regions. Japan advanced in U.S. dollar terms, aided by a stronger yen, while Europe declined. Emerging markets also declined after a strong prior quarter, as weakness in Korea more than offset gains in China.

Renewed energy-driven inflation reinforced a hawkish shift among developed-market central banks. The Federal Reserve (Fed) raised rates in September, while the European Central Bank (ECB) paused in July before raising rates again in September. The Bank of Japan also raised its policy rate, and the Bank of England held rates steady while several members voted for an increase. China continued to present a mixed economic picture, as industrial output improved but retail sales remained subdued, fixed-asset investment declined and the property market remained weak.

Within the MSCI EAFE Index, sector leadership rotated sharply. Energy, Communication Services and Financials led, with Financials benefiting from higher interest rates. Information Technology lagged as the AI and semiconductor trade paused following its strong prior-quarter advance. Rate-sensitive and defensive areas, including Utilities, Real Estate, Consumer Staples and Health Care, also declined. From a factor perspective, Value and Yield contributed positively, while Size, Volatility and Momentum were headwinds. Growth and Quality produced mixed results.

Portfolio Review

The Touchstone International Equity ETF (NAV) underperformed its benchmark, the MSCI EAFE Index, for the quarter ended September 30, 2026.

Index returns were unusually narrow, with Banks and Energy accounting for more than the index's gain. The ETF held no positions in either industry group. Banks benefited from rising interest rates, while Energy advanced alongside crude oil as progress toward a resolution in the Middle East stalled. Returns in both areas tend to be driven more by interest rates and commodity prices than by the durable, company-specific competitive advantages sought by the sub-advisor.

Sector exposure detracted from relative performance. An underweight in Financials and the absence of Energy exposure outweighed the benefit of having no exposure to Utilities and Real Estate. An overweight in Communication Services contributed positively, while an overweight in Consumer Staples detracted. Stock selection also detracted, most notably in Materials, Communication Services, Consumer Discretionary and Industrials, more than offsetting positive selection in Information Technology, Consumer Staples and Health Care.

Among the top contributors were SAP SE (Germany; Information Technology sector), Nintendo Co., Ltd. (Japan; Communication Services sector) and The Magnum Ice Cream Company N.V. (Netherlands; Consumer Staples sector). SAP recovered after earlier weakness tied to concerns about AI disruption, as second-quarter results demonstrated continued execution and supported the sub-advisor's on-premises-to-cloud conversion thesis. Nintendo benefited as results exceeded expectations, with resilient demand and support from software and digital sales. The Magnum Ice Cream Company also contributed to relative performance.

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Among the top detractors were Universal Music Group N.V. (Netherlands; Communication Services sector), CRH plc (Ireland; Materials sector) and DSV A/S (Denmark; Industrials sector). Universal Music Group declined after second-quarter results missed expectations due to elevated costs and muted subscription growth, while concerns about AI disruption remained an overhang. CRH detracted despite reporting record second-quarter results, earnings above expectations and reaffirmed full-year guidance, as concerns about cost inflation, subdued residential demand and uncertain infrastructure spending weighed on the construction materials industry. DSV detracted amid concerns about potential earnings revisions associated with the integration of DB Schenker. The sub-advisor believes temporary integration costs may be obscuring the combined company's longer-term margin opportunity.

During the quarter, the ETF initiated a position in DSV A/S (Denmark; Industrials sector). DSV is a global freight forwarder with an asset-light model and positions across air and sea freight, European road freight and contract logistics. The sub-advisor believes the market may be underestimating the earnings potential of the DB Schenker integration as temporary costs distract from the opportunity for margin expansion. The ETF also trimmed Taiwan Semiconductor Manufacturing Company Limited (Taiwan; Information Technology sector), ASML Holding N.V. (Netherlands; Information Technology sector) and Safran SA (France; Industrials sector) to reallocate capital to opportunities with more favorable risk and return characteristics.

Outlook and Conclusion

Looking ahead, the policy response described last quarter has developed into a broader tightening cycle. Progress toward a resolution in the Middle East has stalled, energy prices remain elevated, and central banks across developed markets, including the Fed, ECB and Bank of Japan, are raising rates. Inflation remains above target in the United States, Europe and the United Kingdom. Growth has been more resilient than many expected, but tighter financial conditions and higher energy costs may weigh on consumers and businesses over time. We believe volatility may continue as markets adjust to what appears to be a later stage of the business cycle.

Market leadership has shifted sharply this year, moving from energy and defensive companies at the outbreak of the conflict, to AI and semiconductor companies as tensions eased, and back to energy and banks during the third quarter. These rotations have been driven largely by macroeconomic factors such as interest rates and commodity prices rather than company fundamentals, and index returns have been concentrated in a narrow set of industries. Share-price weakness in several businesses whose fundamentals remain intact has created opportunities for the our bottom-up process.

We remain focused on long-term fundamentals and assume modest economic growth when selecting companies from the bottom up. We continue to identify international businesses with pricing power, durable cash flows and strong balance sheets that trade at reasonable valuations. Although the timing of a shift in market leadership is uncertain, portfolio construction is expected to continue emphasizing quality, durable competitive advantages and management teams whose interests are aligned with shareholders.

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Fund Facts

Symbol	Inception Date	CUSIP	Exchange	Annual Fund Operating Expense Ratio	
				Total	Net
TLCI	03/03/25	89157W871	NYSE Arca	1.01%	0.37%

Total Fund Assets $108.8 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 0.37%. These expense limitations will remain in effect until at least 04/29/2027.

Annualized Total Returns

	3Q26	YTD	1 Year	3 Year	5 Year	Inception
ETF NAV	-1.90%	1.09%	0.53%	—	—	3.84%
ETF Market Price	-2.21%	0.97%	0.03%	—	—	3.73%
Benchmark	0.81%	10.33%	15.69%	—	—	19.56%

Benchmark - MSCI EAFE Index

The MSCI EAFE Index is a free-float adjusted market capitalization index that is designed to measure developed market equity performance excluding the U.S. and Canada.

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.touchstoneinvestments.com/etfs/international-equity-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	Taiwan Semiconductor Manufacturing Co Ltd ADR	5.1
2	InterContinental Hotels Group PLC	4.3
3	Icon PLC	4.3
4	Philip Morris International Inc	4.2
5	Roche Holding AG Ordinary Shares new	4.1
6	Compass Group PLC	4.1
7	SAP SE	4.0
8	Allianz SE	4.0
9	Safran SA	4.0
10	The Magnum Ice Cream Co NV	3.6

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 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 foreign securities, including 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 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. Banks and financial services companies could suffer losses if interest rates rise or economic conditions deteriorate.

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 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.

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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