Touchstone Sands Capital US Select Growth ETF

Sub-Advised by: Sands Capital Management, LLC

TSEL

U.S. Equity - Large Cap Growth | Actively Managed, Fully Transparent ETF | 3Q/2026

Fund Manager Commentary

As of 09-30-2026

Fund Highlights

Invests primarily in common stocks of U.S. companies that have above average potential for revenue or earnings growth

Emphasizes investments in large and mid capitalization growth companies

Identifies leading companies with dramatic wealth creation potential focusing on key investment criteria

The Fund will typically own between 25 and 35 companies

Market Recap

U.S. large-cap growth equities, as measured by the Russell 1000 Growth Index, advanced during a volatile third quarter as investors weighed strong corporate earnings against mounting macroeconomic pressures and questions about the durability of the AI infrastructure buildout. The period began with a sharp reversal among many of the market's strongest-performing AI infrastructure businesses before leadership broadened toward companies whose growth is more directly tied to AI adoption and monetization. Later in the quarter, rising oil prices and higher bond yields weighed further on growth equities.

Much of the volatility reflected concerns surrounding the sustainability of AI capital spending despite generally supportive fundamental data from companies across the ecosystem. Advances in lower-cost AI models, questions regarding hyperscaler capacity, crowded positioning, and elevated momentum pressured AI infrastructure businesses following a strong first half of the year. At the same time, improvements in model capability and efficiency lowered the cost of inference and expanded potential AI applications, shifting investor attention toward software, cybersecurity, and data infrastructure companies that may benefit from greater AI usage and monetization.

Corporate earnings and economic data remained generally supportive, although macroeconomic pressures intensified. Earnings growth broadened beyond the largest technology companies, while rising oil prices amid escalating geopolitical tensions renewed inflation concerns and pushed sovereign bond yields higher. The U.S. 10-year Treasury yield rose during the quarter, while the Federal Reserve increased its target range for the federal funds rate by 25 basis points.

Portfolio Review

The Touchstone Sands Capital US Select Growth ETF (NAV) underperformed its benchmark, the Russell 1000 Growth Index, for the quarter ended September 30, 2026.

Investment results reflected the broad reversal in market leadership during the quarter. The ETF's AI infrastructure holdings were among the largest detractors, with weakness particularly pronounced among memory suppliers and semiconductor capital equipment providers. These declines were largely offset by a recovery in consumer internet and vertical software holdings that had lagged during the first half of the year. As sentiment toward AI infrastructure weakened, investor attention shifted toward businesses positioned to benefit from broader AI adoption and usage. Data infrastructure and cybersecurity holdings also benefited as investors increasingly recognized the potential for AI applications and agentic workloads to increase demand for secure connectivity, observability, and data infrastructure.

Among the top detractors from absolute performance were Carpenter Technology Corp. (Industrials sector), Micron Technology, Inc. (Information Technology sector), Seagate Technology Holdings plc (Information Technology sector), SanDisk Corp. (Information Technology sector), and Lam Research Corp. (Information Technology sector). Carpenter Technology declined amid concerns that higher oil prices could weigh on aerospace aftermarket demand and after results fell modestly short of expectations in certain areas. Micron Technology, Seagate Technology, and Lam Research were affected by a reassessment of the memory industry's growth trajectory following significant upward earnings revisions and strong share-price performance. The investment team believes AI-related demand may remain supportive while monitoring the potential for additional memory supply from China.

During the quarter, we initiated a position in Advanced Micro Devices, Inc. (Information Technology sector) and exited

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Ultragenyx Pharmaceutical Inc. (Health Care sector) and Nu Holdings Ltd. (Financials sector). We believe Advanced Micro Devices may benefit from demand for high-performance computing and AI semiconductor solutions as customers seek supplier diversity, open standards, and cost-effective alternatives. Ultragenyx was sold after a phase 3 clinical trial fell short of expectations and we concluded that the balance of potential upside relative to downside risk had become less favorable. Nu Holdings was sold as we reallocated capital toward AI infrastructure beneficiaries and other growth opportunities in the concentrated portfolio.

We also shifted toward a more balanced allocation between AI infrastructure suppliers and the cloud providers purchasing that infrastructure. This reflected improving cloud operating results, including continued revenue acceleration and stable or expanding margins, as well as evidence that compute capacity remains constrained and capital spending is supported by visible customer demand and growing backlogs.

Outlook and Conclusion

We remain focused on navigating the technology transformation enabled by AI while maintaining balance across the portfolio. The ETF is diversified among companies that provide essential AI infrastructure, businesses positioned to use AI to strengthen existing operations or create new products and services, and companies with distinct long-term growth drivers that are less dependent on near-term AI trends. The ETF's portfolio AI exposure spans three principal themes: AI hardware and power, AI infrastructure and models, and AI usage.

We believe the AI opportunity is broadening rather than simply shifting from infrastructure toward applications. Improving model capabilities and declining inference costs are expanding the range of economically viable use cases, while rising AI usage continues to require investment in compute, memory, networking, and power. At the same time, competition from lower-cost models, changes in model architecture, and new sources of infrastructure supply could affect where bottlenecks emerge and how economics accrue across the AI ecosystem.

We maintain exposure to selected infrastructure suppliers where we believe valuations may not fully reflect the durability of demand, while increasing exposure to cloud providers whose operating results indicate improving AI monetization and opportunities to deploy additional capital. We also maintain exposure to software and consumer businesses where proprietary data, scaled distribution, and embedded customer relationships may allow AI to strengthen existing competitive advantages and create new sources of growth. We continue to test our investment theses against operating results, reassess valuations as evidence changes, and direct capital toward businesses where we believe long-term growth prospects may not be fully reflected in valuations.

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Fund Facts

Symbol	Inception Date	CUSIP	Exchange	Annual Fund Operating Expense Ratio	
				Total	Net
TSEL	12/31/24	89157W806	Nasdaq	0.96%	0.67%

Total Fund Assets $82.3 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 and other expenses, if any) to 0.67%. These expense limitations will remain in effect until at least 04/29/27.

Annualized Total Returns

	3Q26	YTD	1 Year	3 Year	5 Year	Inception
ETF NAV	0.35%	4.65%	-1.62%	—	—	10.26%
ETF Market Price	0.40%	4.60%	-1.69%	—	—	10.29%
Benchmark	0.92%	6.30%	7.50%	—	—	14.32%

Benchmark - Russell 1000® Growth Index

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

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/sands-capital-us-select-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)			*(% of Portfolio)*
1	NVIDIA Corp	10.7	6	SanDisk Corp Ordinary Shares	4.5
2	Alphabet Inc Class A	8.3	7	Lam Research Corp	4.0
3	Microsoft Corp	6.1	8	Quanta Services Inc	4.0
4	Meta Platforms Inc Class A	6.1	9	Micron Technology Inc	4.0
5	Seagate Technology Holdings PLC	5.2	10	BNY Dreyfus Govt Cash Mgmt Instl	3.9

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 dividend-paying companies. There is no guarantee that the companies in which the Fund invests will declare dividends in the future or that dividends, if declared, will remain at current levels or increase over time. Securities that pay dividends may be sensitive to changes in interest rates, and as interest rates rise or fall, the prices of such securities may fall.

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 value stocks which may not appreciate in value as anticipated or may experience a decline in 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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