Touchstone Securitized Income ETF

Sub-Advised by: Fort Washington Investment Advisors Inc

TSEC

Income - Securitized Bond - Diversified | Actively Managed, Fully Transparent ETF | 3Q/2026

Fund Manager Commentary

As of 09-30-2026

Fund Highlights

- Invests in securitized fixed income securities including residential mortgage backed securities, commercial mortgage-backed securities, asset backed securities and collateralized loan obligations
- Relative value focus emphasizing moderate to high opportunities within securitized products
- May include U.S. Treasury securities, U.S. government agency securities, securities of government-sponsored enterprises, municipal bonds, and cash equivalents including repurchase agreements, commercial paper and variable rate demand notes
- Portfolio invests at least 50% in investment grade debt securities and may invest up to 15% in securities that are non-rated

Market Recap

Economic growth remained resilient during the third quarter, supported by AI and data center investment as well as fiscal stimulus. The labor market also remained resilient, while persistent inflation, tariffs and higher energy prices supported a higher-for-longer interest-rate environment.

Treasury yields moved higher across the curve during the quarter. Credit spreads were relatively stable through most of the period, although some softness emerged late in the quarter as interest-rate volatility increased. Securitized-sector valuations remained tight by historical standards, but dispersion across sectors and individual securities continued to provide opportunities for selective risk taking.

Portfolio Review

The Touchstone Securitized Income ETF (NAV) outperformed its benchmark, the Bloomberg U.S. Aggregate Bond Index, for the quarter ended September 30, 2026.

The primary drivers of relative performance were the ETF's yield advantage and materially shorter duration compared with the benchmark. As Treasury yields rose, the ETF's shorter duration reduced the adverse effect of higher rates and contributed positively to relative performance.

Collateralized loan obligations were the ETF's strongest-performing securitized sector. Strong carry and their floating-rate structure largely insulated these securities from the negative price effect of rising Treasury yields. Asset-backed securities also produced a positive return, as carry and favorable spread performance offset the headwind from higher rates.

Commercial mortgage-backed securities declined modestly but outperformed comparable-duration benchmark securities. Non-agency residential mortgage-backed securities were the weakest-performing sector, reflecting their longer-duration profile, lower carry and wider spreads.

Positioning changes were modest. The ETF increased its allocation to asset-backed securities and reduced its commercial mortgage-backed securities exposure, while allocations to residential mortgage-backed securities, collateralized loan obligations and agency mortgage-backed securities were broadly unchanged. Purchase activity within asset-backed securities focused on whole-business and subprime-auto transactions. Within commercial mortgage-backed securities, the portfolio added mezzanine securities backed by stable properties where the investment team believed pricing provided compensation for the underlying risks.

The ETF maintained meaningful floating-rate exposure and an average credit rating of A- at quarter-end. Given tight broad-market spreads, management continued to emphasize security selection and relative value rather than materially increasing overall portfolio risk.

Outlook and Conclusion

We believe economic growth may remain resilient, supported by AI and data center investment and fiscal stimulus. At the same time, persistent inflation and interest-rate volatility remain key risks, with higher rates and increased volatility contributing to softer spread conditions late in the quarter.

We continue to maintain a quality bias in the portfolio, with duration near the midpoint of its two to four-year operating range. We see selective opportunities in commercial mortgage-backed securities where pricing provides adequate

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compensation and underlying properties remain stable, while recognizing that challenged commercial real estate assets remain a significant fundamental risk. High-quality residential mortgage-backed securities continue to offer spread-duration opportunities, although rate volatility and cash-flow uncertainty require selectivity. Within asset-backed securities, management favors structures where collateral performance and structural protections provide sufficient compensation for consumer-related risks. Selected collateralized loan obligation exposure continues to provide carry, but tight valuations limit the appeal of broadly adding risk.

We believe carry may remain a primary driver of returns, although interest-rate volatility may continue to produce dispersion across fixed-income sectors. A reacceleration in inflation, further increases in Treasury yields, renewed spread volatility, greater commercial real estate stress or deterioration in consumer credit would present risks. Given current valuations, we will continue to emphasize income, quality and downside risk management while selectively adding risk when market volatility creates more favorable opportunities.

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Fund Facts

Symbol	Inception Date	CUSIP	Exchange	Annual Fund Operating Expense Ratio	
				Total	Net
TSEC	07/17/23	89157W707	NYSE Arca	0.69%	0.40%

Total Fund Assets $171.1 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 0.39%. 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	-0.91%	0.87%	2.59%	6.46%	—	6.57%
ETF Market Price	-0.93%	1.10%	2.93%	6.51%	—	6.71%
Benchmark	-3.51%	-2.91%	-1.84%	4.06%	—	2.63%

Benchmark - Bloomberg U.S. Aggregate Bond Index
The Bloomberg U.S. Aggregate Bond Index is an unmanaged index comprised of U.S. investment grade, fixed rate bond market securities including government, government agency, corporate and mortgage backed securities between one and ten years.
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/securitized-income-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.*

A Word About Risk

The Fund invests in fixed-income securities which can experience reduced liquidity during certain market events, lose their value as interest rates rise and are subject to credit risk which is the risk of deterioration in the financial condition of an issuer and/or general economic conditions that can cause the issuer to not make timely payments of principal and interest also causing the securities to decline in value and an investor can lose principal. When interest rates rise, the price of debt securities generally falls. Longer term securities are generally more volatile. The Fund invests in mortgage backed securities and asset backed securities which are subject to the risks of prepayment, defaults, changing interest rates and at times, the financial condition of the issuer. The Fund invests in investment grade debt securities which may be downgraded by an NRSRO to below investment grade status. The Fund invests in non-investment grade debt securities which are considered speculative with respect to the issuers' ability to make timely payments of interest and principal, may lack liquidity and has had more frequent and larger price changes than other debt securities. The Fund invests in U.S. government securities which are neither issued nor guaranteed by the U.S. Treasury and are not guaranteed against price movements due to changing interest rates.

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 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 municipal securities which may be affected by uncertainties in the municipal market related to legislation or litigation involving the taxation of municipal securities or the rights of municipal security holders in the event of bankruptcy and may not be able to meet their obligations. The Fund may experience higher portfolio turnover which may lead to increased fund expenses, lower investment returns and higher short-term capital gains taxable to shareholders. The Fund invests in repurchase agreements which are considered loans by the Fund and may suffer a loss of principal and interest in the event of counterparty defaults. The Fund invests in collateralized loan obligations that have risks that largely depend on the type of underlying collateral and risks may include illiquidity, limited active market, the possibility that distributions from collateral securities will be insufficient to make interest or other payments, the potential for a decline in the quality of the collateral, and can bear the risk of default by the loans. 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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