

Fund Manager Commentary

As of June 30, 2024

Fund Highlights

- Invests primarily in equity securities of non-U.S. companies domiciled in both developed and emerging markets
- Employs an adaptive quantitative investment process, the Dynamic Alpha Stock Selection Model[®], to build equity portfolios that adapt to market conditions
- Believes that investor attitudes towards key investment risk change over the course of a market cycle and are a key determinant in explaining security returns
- Primarily invests in a fully transparent portfolio that will generally hold between 100 - 140 names

Market Recap

Global non-U.S. equities modestly advanced in the second quarter, rebounding from a pullback in April, as long-term rates steadied and inflation moderated. Emerging markets notably outpaced their developed market counterparts during the period, led by equities in Turkey and Taiwan. India also advanced during the quarter, despite suffering a sharp decline on Prime Minister Modi's less than convincing election win. In Europe, French equities fell on political uncertainty as Emmanuel Macron's centrist party suffered a considerable setback. According to Bloomberg, countries representing 40% of the world's population will elect new leaders in 2024, contributing to uncertainty in the second half of year.

Portfolio Review

The Touchstone Dynamic International ETF (NAV) underperformed its benchmark, the MSCI ACWI Ex-U.S. Index, for the quarter ended June 30, 2024.

Over the period, the Fund largely benefited from its preference for higher quality companies with organic growth and strong management teams. Positioning towards companies with positive momentum characteristics and favorable analyst views also contributed positively to return. Valuation within the global equity market was also rewarded and on a sector level, Financials and Utilities both fared well. As a result, exposure to Balance Sheet Value and Cash Flow Value also added to return. Market participants continued to reward size during the quarter and the portfolio's modest exposure to smaller firms within the benchmark held performance back during the period.

Among the positive contributors to relative performance during the quarter were Novo Nordisk A/S (Health Care sector, Denmark). The portfolio's overweight to Novo Nordisk was once again a top contributor to return. The health care company

continues to see strong demand for its obesity and diabetes drugs and announced plans to build another U.S. factory to increase production. The company is attractively valued given its growth prospects and has robust management characteristics. MS&AD Insurance Group Holdings (Financials sector, Japan). An overweight to the Japanese financial firm added to performance during period, as the company planned to sell cross-shareholdings in other companies, which would result in additional profits.

Among the detractors to relative performance during the quarter were Honda Motor (Consumer Discretionary sector, Japan). The Fund was negatively impacted by its overweight to the Japanese carmaker, as the stock declined during the period. Additionally, the analyst community became less bullish on the company. Genmab As (Health Care sector, Denmark); an average overweight to Genmab As detracted from performance as the company had negative performance during the period after analysts assessed data on its new drug. Mazda Motor Corp (Consumer Discretionary sector, Japan), during the period the Fund's average overweight to the company detracted from performance. The company showed declines in its growth potential, as well as its fundamentally based momentum.

Overall, the Fund's portfolio reduced its weight to Information Technology, particularly within the Software & Services industry, as it looked for valuation opportunities elsewhere. Additionally, the Fund shifted into Communication Services during the quarter due to its strong earnings quality and robust long term growth prospects.

Outlook and Conclusion

We continue to closely monitor investor preferences globally. Entering the third quarter, the Fund is maintaining its high-quality posture, while becoming more constructive on larger firms

(continued)

[†]Fort Washington is a member of Western & Southern Financial Group

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/dynamic-international-etf>.**



globally. Outside of Japan, our Dynamic Alpha model is modestly cautious on leverage, as long rates continue to remain stubbornly high. A preference for profitable structural growth opportunities remains, but with careful consideration for valuations. We expect the Fund to continue to embrace companies globally with characteristics investors are rewarding. Currently, the Fund is embracing firms with higher quality attributes and strong growth prospects. We are monitoring investors' outlook on the global economy and how preferences may change towards riskier attributes.



Fund Facts

Symbol	Inception Date	CUSIP	Exchange	Annual Fund Operating Expense Ratio	
				Total	Net
TDI	12/08/23	89157W608	Nasdaq	1.79%	0.65%
Total Fund Assets	\$55.3 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 "AFFE," and other expenses, if any) to 0.65%. These expense limitations will remain in effect until at least 04/29/25.

Total Returns

	2Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
ETF NAV	0.89%	9.31%	17.73%	2.16%	6.22%	4.76%	5.82%
ETF Market Price	0.58%	8.91%	17.21%	2.01%	6.13%	4.71%	5.80%
Benchmark	0.96%	5.69%	11.62%	0.46%	5.55%	3.84%	5.80%

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/dynamic-international-etf>.

From time to time, the investment adviser 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. 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.

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.

Top 10 Holdings of Fund

	(% of Portfolio)		(% of Portfolio)		
1	Novo Nordisk A/S	3.9	6	Intesa Sanpaolo SpA	2.2
2	ASML Holding NV	3.8	7	Novartis AG	2.2
3	Industria de Diseno Textil SA	2.5	8	Dreyfus Gov Cash	2.0
4	Dollarama, Inc.	2.3	9	Zurich Insurance Group AG	1.9
5	Taiwan Semiconductor Manufacturing Co. Ltd.	2.3	10	Tencent Holdings Ltd.	1.7

A Word About Risk

The Fund invests in equities which are subject to market volatility and loss. 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 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. 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 Adviser engages a sub-adviser to make investment decisions for the Fund's portfolio; it may be unable to identify and retain a sub-adviser who achieves superior investment returns relative to other similar sub-advisers. 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 uses proprietary statistical analyses and models to construct the portfolio, models can perform differently than the market as a whole. The Fund may be more or less exposed to a risk factor than its individual holdings. Quantitative models are subject to technical issues which could adversely affect their effectiveness or predictive value.

The Fund's investments in other investment companies will be subject to substantially the same risks as those associated with the direct ownership of the securities comprising the portfolios of such investment companies, and the value of the Fund's investment will fluctuate in response to the performance of such portfolios. In addition, if the Fund acquires shares of investment companies, shareholders of the Fund will bear their proportionate share of the fees and expenses of the Fund and, indirectly, the fees and expenses of the investment companies or ETFs. 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](https://www.touchstoneinvestments.com/resources) or call Touchstone at 833.368.7383. Please read the prospectus and/or summary prospectus carefully before investing.

Touchstone ETFs are distributed by **Foreside Fund Services, LLC**

A registered broker-dealer and member FINRA

Touchstone is a member of Western & Southern Financial Group

Not FDIC Insured | No Bank Guarantee | May Lose Value

