

Fund Manager Commentary

As of September 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 equity markets were positive during the third quarter of 2024 despite increased market volatility. While stocks struggled in early August on the back of weaker U.S. economic data and rate hikes in Japan, September offered investors optimism. Investor concerns subsided by the end of the quarter and stocks rallied after news of China's extensive stimulus package. Investors have become concerned that the Chinese economy might be mired in a deflationary spiral and past stimulus measures have been inadequate to sustainably reverse this deflationary trend. However, the combination of monetary and fiscal measures announced in September by the Politburo was met with much enthusiasm, resulting in a stunning rally in Chinese equities which materialized over the course of several days. For the quarter, Value outperformed Growth within developed markets, while Growth modestly led among emerging market stocks.

Portfolio Review

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

During the quarter, the Fund was hurt by its positioning towards companies with positive momentum characteristics, as companies with lower momentum outperformed amid the market reversals. Additionally, valuation and earnings-based factors were penalized by market participants in the quarter. As a result, the Fund's portfolio exposure to companies with favorable earning profiles and long-term growth prospects, trading at favorable valuations, held performance back during the period. Investors nonetheless continued to favor higher quality companies with operating skill

and strong management teams, as well as smaller sized firms within the MSCI ACWI ex-U.S. Index, and the portfolio's exposure to these stocks contributed to performance.

The largest contributors to relative performance were: Intesa Sanpaolo S.p.A. (Financials, Italy). During the quarter, an overweight to the Italian Financial company added to performance. The company raised its profit target as higher income from lending and fees boosted earnings past analyst estimates.

Swiss Re Ag (Financials, Switzerland). The Fund benefited from an overweight to Swiss Re Ag. The company beat analyst earnings estimates primarily due to its lower than expected natural catastrophe claims, which have impacted the broader insurance industry.

Inditex (Consumer Discretionary, Spain). An overweight to Inditex added to performance, after the Zara owner beat analyst expectations as other retailers continued to struggle with slower growth in sales.

Largest detractors to relative performance were:

Novo Nordisk A/S (Health Care, Denmark). The Fund's relative performance was hurt by its overweight to the drug maker as the company announced that its diabetes shot Ozempic is likely to be a target for a price cut by the U.S. government.

Meituan (Consumer Discretionary, China). An average underweight to the Chinese consumer company detracted from performance after analysts raised their price targets, as well as a rally in Chinese equity securities following the massive stimulus announcement by the Chinese government. This stock was not held in the Fund's portfolio hence, the underweight.

(continued)

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>.**



Alibaba Group (Consumer Discretionary, China). During the quarter, the Fund's average underweight to the company detracted from performance after its rally due to the massive stimulus announcement by the Chinese government.

Outlook and Conclusion

Overall, the Fund shifted from an overweight to an underweight in Consumer Discretionary amid the bearish view among analysts and the preference for stocks with lower volatility. Additionally, the Fund's strategy shifted into Health Care during the period due to its strong earnings quality and robust secular growth prospects.

Many sources of uncertainty remain entering the fourth quarter. Namely, how will the results of the U.S. presidential election, which has seen candidates Donald Trump and Kamala Harris alternate as favorites to win, impact global equities? Can China dig itself out of its deflation quagmire using a combination of fiscal and monetary policy, and will doing so ignite a rally in export-based equities? Given high levels of uncertainty, the Fund has naturally de-risked during the quarter. As we enter the year's final three months, we remain constructive on high-quality businesses with impressive margins and cash-flow generating capabilities. Additionally, the Firm's model favors secular growth opportunities, while maintaining balance in terms of valuation. Lastly, momentum that is justified by a company's fundamentals remains an important theme going into fourth quarter.

We expect the Fund to continue to embrace companies globally with characteristics favored by investors in the current market environment. Currently, the Fund continues to embrace firms with higher quality attributes and strong growth prospects. Additionally, investors are favoring cash flow-based valuation characteristics and companies with lower risk attributes. We continue to monitor investors' outlook of the global economy and how that will change their preference towards riskier attributes globally.



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	\$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 0.65%. These expense limitations will remain in effect until at least 04/29/25.

Total Returns

	3Q24	YTD	1 Year	3 Year	5 Year	10 Year	Inception
ETF NAV	4.74%	14.49%	27.04%	4.24%	7.08%	5.42%	5.99%
ETF Market Price	4.00%	13.27%	25.60%	3.84%	6.84%	5.30%	5.93%
Benchmark	8.06%	14.21%	25.35%	4.14%	7.59%	5.22%	6.14%

Benchmark - MSCI ACWI Ex-US Index

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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	3.1	6	Novartis AG	2.2
2	Industria de Diseno Textil SA	2.8	7	Zurich Insurance Group AG	2.1
3	Dollarama, Inc.	2.5	8	Tencent Holdings Ltd.	2.0
4	Intesa Sanpaolo SpA	2.4	9	Sea Ltd.	1.8
5	Taiwan Semiconductor Manufacturing Co. Ltd.	2.3	10	Oversea-Chinese Banking Corp. 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 or call Touchstone at 833.368.7383. Please read the prospectus and/or summary prospectus carefully before investing.

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