Touchstone US Large Cap Focused ETF

Sub-Advised by: Fort Washington Investment Advisors, Inc.

LCF

U.S. Equity – Large-Cap Core | Actively Managed, Fully Transparent ETF | 3Q/2024

Fund Manager Commentary

As of September 30, 2024

Fund Highlights

- Invests primarily in issues having a market capitalization above $5 billion at time of purchase
- Distinctive approach is centered on linking valuations with barriers to entry
- Seeks to invest in businesses that are trading below what is believed to be its estimate of the companies' intrinsic value
- Focuses on businesses that are believed to have a sustainable competitive advantage or a high barrier to entry in place
- Concentrated, high conviction portfolio generally holds 25-45 companies

Market Recap

U.S. equities continued higher in the third quarter. September marked the fifth straight month of gains and the 10th advance out of the last 11 months. Federal Reserve (Fed) activity was the primary theme for the quarter, culminating in mid-September with a 50 basis point cut with expectations for more in 2024. The best performing benchmark sectors were Utilities, Real Estate, and Industrials. The worst performing sectors for the benchmark were Energy, Information Technology, and Communication Services.

Portfolio Review

The Touchstone US Large Cap Focused ETF (NAV) outperformed its benchmark, the S&P 500® Index, for the quarter ended September 30, 2024.

Within the Touchstone US Large Cap Focused ETF, the sectors where strategy holdings outperformed the most relative to the benchmark were Real Estate, Health Care, and Consumer Staples. Sectors that lagged the most relative to the benchmark include Consumer Discretionary, Financials, and Industrials. Stock selection contributed to performance for the quarter. Sector allocation detracted primarily due to the zero weighting in Utilities and the overweight to Communication Services.

Three holdings that were among the largest contributors to performance were HCA Healthcare (Health Care sector), Oracle (Information Technology sector), and Jones Lang LaSalle (Real Estate sector). HCA Healthcare saw first quarter earnings beat expectations on both revenues and EBITDA, and the company raised 2024 EBITDA guidance by about 6%. Both volumes and revenue per admission drove the revenue upside, and labor costs continued to be well-controlled. Oracle is seeing very strong demand for its Oracle Cloud Infrastructure services from customers seeking artificial intelligence (AI) training infrastructure. As a result, revenues and profits are growing faster than prior expectations, and management provided strong guidance for future growth. Jones Lang LaSalle outperformed as the outsourcing and leasing segment generated favorable results. The company also benefited from improved investor sentiment toward the real estate sector amidst interest rate changes during the quarter.

The largest detractors from performance included Alphabet (Communication Services sector), Boeing (Industrials sector), and Microsoft (Information Technology sector). Alphabet saw underperformance while growth at YouTube was slower than street expectations in the quarter. Additionally, the DOJ prevailed in its antitrust lawsuit against Google, creating uncertainty around future revenues and profits. We have considered various potential outcomes resulting from the antitrust loss and continue to view Alphabet as undervalued relative to our expectations of future cash flows. Boeing underperformed in the third quarter due to labor disruptions at its primary facility responsible for manufacturing the 737 MAX aircraft. This work stoppage poses a significant risk to the company's production recovery efforts and creates additional pressure on its cash flow. Credit rating agencies have indicated that a prolonged disruption could lead to further credit rating downgrades, potentially compelling Boeing to seek additional capital. Depending on the method of capital raising, this may dilute our projected upside valuations for the stock; however, we believe any downside impact will be limited. Despite these challenges, we continue to see a favorable risk-reward profile for Boeing shares at the current price. Microsoft's reported results and guidance were impacted by weakness in Europe and capacity constraints in delivering AI services to customers. The AI capacity constraints are expected to persist for the next 2 quarters despite substantial increases in capital expenditures, thereby limiting

(continued)

growth in the near-term. We view this as a transient issue and continue to see Microsoft shares as undervalued as the company remains well positioned to grow revenues and profits over the long term.

The Fund had no investments made in international companies during the period. The Fund had no additions or removals during the quarter.

As the quarter came to a close, the Fund had an overweight in Communication Services, Health Care, and Financials sectors, and an underweight in the Consumer Discretionary, Consumer Staples, Information Technology, Real Estate, Energy, and Industrials sectors. The weight in the Materials sector was roughly in line with that of the benchmark. The Fund held no positions in the Utilities sector. Cash holdings ended the quarter at about 3.0%.

Outlook and Conclusion

The U.S. equity market posted another gain in the third quarter with a new leadership group emerging to drive performance. Amidst the Fed's long awaited initial rate cut, small cap and value stocks outperformed. Market breadth improved significantly as the equal-weighted S&P 500 outperformed the S&P 500 by 3.9 percentage points during the quarter. Outside of the July increase in the unemployment rate which raised some recession concerns, economic data released during the quarter broadly suggested healthy growth. U.S. equities reached all-time highs toward the end of the period.

The market performance detailed above reflects investor optimism that the Fed will be able to control inflation without inducing a recession. While the third quarter marked the Fed's first cut, it is important to remember that monetary policy operates with a significant lag. History includes many periods where talk of a soft landing occurs just before recession strikes. Therefore, we keep an open mind and watch employment, housing, manufacturing, and market breadth data among others to continually re-underwrite our view. Consistent with our approach over the past couple of years, we have maintained a high-quality portfolio with a focus on higher return on capital businesses with pricing power. One hundred percent of the portfolio excluding cash remains invested in companies that have moderate to high barriers to entry in our view. We believe disciplined execution of our process will benefit the portfolio and investors over the long term.

Fund Facts

Symbol	Inception Date	CUSIP	Exchange	Annual Fund Operating Expense Ratio Total	Net
LCF	07/27/22	89157W400	Cboe BZX	1.24%	0.70%
Total Fund Assets	$38.4 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 0.69%. These expense limitations will remain in effect until at least 04/29/25.

Total Returns

	3Q24	YTD	1 Year	Inception
ETF NAV	6.27%	18.29%	30.53%	18.37%
ETF Market Price	6.27%	18.23%	30.46%	18.35%
Benchmark	5.89%	22.08%	36.35%	19.81%

Benchmark - The S&P 500® Index is a group of 500 widely held stocks and is commonly regarded to be representative of the large capitalization stock universe.

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/us-large-cap-focused-etf.***

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)
1	Microsoft Corp.	8.8
2	Apple, Inc.	7.6
3	Meta Platforms, Inc.	6.2
4	Alphabet Inc. Class C	5.4
5	Amazon.com Inc.	4.9
6	NVIDIA Corp.	3.9
7	Berkshire Hathaway Inc. Class B	3.3
8	Dreyfus Gov Cash	3.0
9	UnitedHealth Group Inc.	2.9
10	Oracle Corp.	2.8

Source: BNY Mellon Asset Servicing

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 stocks of mid-cap companies which may be subject to more erratic market movements than stocks of larger, more established companies. The Fund is non-diversified, which means that it may invest a greater percentage of its assets in the securities of a limited number of issuers and may be subject to greater risks.

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'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. Current and future portfolio holdings are subject to change. 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.

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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