2025 Q1
Quarterly Commentary

Texas Capital
ETF & FUNDS MANAGEMENT

Portfolio Management Team: Carlos Pena, CFA, CAIA
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TXS Texas Equity Index ETF

Equities started the year with elevated optimism as investors focused on the prospects of lower taxes, lower rates and deregulation from the new administration. Optimism quickly shifted as tariff threats became policy. Throughout the first quarter, U.S. equities aggressively repriced to reflect the uncertain economic environment. The Texas Capital Texas Equity Index ETF (NYSE Arca: TXS) was not immune to tariff headlines and policy, returning -3.43% for the quarter.

The best-performing sectors included communication services, healthcare and energy. Communication services led sector performance with a 16.93% return over the quarter. Within the sector, AT&T, Nexstar Media Group and AST Spacemobile were the best performers. AT&T was the top contributor to sector returns, driven by strong 4Q24 earnings and upbeat 2025 targets. Within Healthcare, Agilon Health Inc., McKesson Corp. and Enhabit Inc. were the best performers. The biggest contributor to healthcare sector performance came from the largest sector holding, McKesson Corp., returning 18.22% and contributing +28bps to sector return. Investors have buoyed healthcare stocks throughout the year as they look for relief from volatility in the market.

TOP 10 HOLDINGS

1	Tenet Healthcare Corp.	5.1%
2	Crowdstrike Holdings Inc.	4.6%
3	McKesson Corp.	4.1%
4	Tesla Inc.	4.0%
5	Charles Schwab Corp. (The)	4.0%
6	Waste Management Inc.	3.8%
7	Digital Realty Trust Inc.	3.5%
8	Crown Castle Inc.	3.3%
9	Exxon Mobile Corp.	2.9%
10	CBRE Group Inc.	2.7%
	% in Top 10	38.0%

Alternatively, the worst-performing sectors during the quarter included consumer discretionary, materials and industrials. Consumer discretionary returned -21.17%; the main source of underperformance came from Dave & Buster's Entertainment, Target Hospitality Corp. and Tesla. The auto manufacturer and largest sector holding, Tesla Inc., was the third worst performer but largest detractor of sector performance. The company announced deliveries decreased by 13%, the lowest in nearly three years, within the first three months of the year.

Within the materials sector, United States Lime & Mineral Inc. (USLM), Celanese Corp. and Westlake Corp. were the worst performers. United States Lime & Mineral Inc. plays a key role in the construction industry as it produces lime and limestone products used in various construction processes. USLM declined -33.38% during the quarter, as tariff policy uncertainty dampened momentum and the outlook for construction, as well as the materials sector as a whole.

TXS outperformed the Syntax US Midcap 800 (-3.43% vs -3.51%) and the S&P 500 (-3.43% vs -4.27%) during the period. Sector diversification buoyed TXS through the most recent market volatility. TXS weights sectors according to the contribution to Texas GDP; relative to the S&P 500, TXS has much less exposure to information technology (9% vs 31%), which was one of the worst-performing sectors during the quarter. Overall, TXS benefitted from continued Texas economic strength, performing better than broad market indices during the first quarter, as measured by the Syntax US Midcap 800 and S&P 500 index.

	6Mo	1Yr	QTD	YTD	Inception*
NAV	0.54%	11.56%	-3.43%	-3.43%	15.14%
MARKET PRICE	0.64%	11.55%	-3.34%	-3.34%	15.19%
TEXAS CAPITAL TEXAS EQUITY INDEX (UNDERLYING INDEX)	0.82%	12.00%	-3.27%	-3.27%	15.64%
SYNTAX US MIDCAP 800	-2.98%	2.05%	-3.51%	-3.51%	8.96%

**ETF Inception Date 7/12/2023*

Gross Expense Ratio: 0.49%

Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. Returns for periods less than one year are cumulative. Unlike mutual funds, shares of ETFs are not individually redeemable directly with the ETF. Shares of ETFs are bought and sold at market price, which may be higher or lower than the net asset value (NAV). Current performance may be lower or higher than the performance data quoted. Investors may obtain performance data current to the most recent month-end by calling 844.822.3837.

Texas Capital
ETF & FUNDS MANAGEMENT

TXSS Texas Small Cap Equity Index ETF

During the first quarter, U.S. small-cap stocks were hit by uncertainty surrounding tariff policy, with most sectors ending the period with negative returns. The Texas Capital Texas SmallCap Equity Index ETF (Nasdaq: TXSS), returned -7.15% during the period.

The best-performing sectors included financials, real estate and healthcare. Financials led sector performance with a -2.68% return over the quarter. Within the sector, Mr. Cooper Group Inc. led financials with a return of 24.57% after Rocket Companies Inc. announced it was acquiring Mr. Cooper Group Inc. Firstcash Holdings Inc. contributed the most to sector return due to higher weight within the sector and returned 16.52% during the quarter. The company announced a positive 2025 outlook given the continued growth in pawn receivables. Real estate returned -2.91% for the quarter. NETSTREIT Corp. contributed most to sector return, returning 13.56% over the quarter. As treasury yields dropped, interest rate-sensitive sectors like real estate caught a bid as investors rotated out of technology and all other sectors and looked for safe havens.

TOP 10 HOLDINGS		
1	Howard Hughes Co.	7.2%
2	Insperity Inc.	3.4%
3	DNow Inc.	3.2%
4	Kirby Corp.	2.5%
5	Netstreit Corp.	2.5%
6	Addus Homecare	2.4%
7	Group 1 Automotive	2.3%
8	Rush Enterprises	2.0%
9	Vital Farms Inc.	1.9%
10	DXP Enterprises	1.9%
	% in Top 10	29.4%

Alternatively, the worst-performing sectors included utilities, information technology and materials. The utilities sector returned -89.15% with the sole holding of Sunnova Energy International. Renewable energy stocks sold off after the U.S. presidential election, as the new administration promised to increase fossil fuel production and undo the green agenda. Sunnova is exploring restructuring options and is not expected to remain eligible for index inclusion.

Within the information technology sector, Digital Turbine fared well, returning 60.65% during the quarter. The company revised its full-year 2025 sales higher and announced better-than-expected profits. Within the sector, Applied Optoelectronics Inc., Core Scientific Inc. and TSS Inc. were the worst performers. Core Scientific was the second-worst performing name within the sector but detracted the most from performance due to its weight and -48.47% return over the period. Core Scientific has been transforming from a bitcoin miner to AI infrastructure, positioning itself as a leader in high performance computing hosting. While the shift offers a more predictable revenue stream than bitcoin mining, Deepseek's announcement earlier in the quarter drove the decline in Core Scientific's share price over concerns for future computing demand.

TXSS fared better, returning -7.15% compared to the broader market Syntax US SmallCap 2000 return of -10.77%. Sector diversification buoyed TXSS through the most recent market volatility. TXSS weights sectors by contribution to the Texas GDP. Relative to the Syntax US SmallCap 2000, TXSS has much less exposure to information technology (5% vs 13%), which was one of the worst-performing sectors during the quarter. Overall, TXSS benefitted from continued Texas economic strength, performing better than the broader market during the first quarter, as measured by the Syntax US SmallCap 2000 index.

	6Mo	1Yr	QTD	YTD	Inception*
NAV	-6.92%	-0.55%	-7.15%	-7.15%	2.94%
MARKET PRICE	-6.95%	-0.58%	-7.22%	-7.22%	2.94%
TEXAS SMALL CAP EQUITY INDEX (UNDERLYING INDEX)	-6.37%	0.19%	-6.94%	-6.94%	3.67%
SYNTAX US SMALLCAP 2000	-8.65%	-4.46%	-10.77%	-10.77%	-0.13%

**ETF Inception Date 12/20/2023*

Gross Expense Ratio: 0.49%

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OILT Texas Oil Index ETF

During the first quarter, the Texas Capital Texas Oil Index ETF (NYSE Arca: OILT) returned 0.93%. The best-performing companies include TotalEnergies SE, Chevron Corp. and BP P.L.C.

TotalEnergies returned 20.29% over the period, as the company announced an agreement with Cyprus and Egypt to process and liquify natural gas for export to European markets. The largest contribution to performance came from ExxonMobil due to the company's overall weight within OILT and return of 11.58%. During the quarter, the U.S. Department of Energy approved a request to extend the deadline for the Golden Pass LNG Texas project to be in service by 2026 to 2029.

Generally, the sector experienced increased volatility during the quarter, as the sector navigates supply, demand and tariff policy headwinds. The energy market remains well supplied but is not well in demand. Supply is set to increase, with OPEC+ announcing it would start to unwind production cuts in April, and the U.S. is forecasted to be the largest source of supply growth this year.

TOP 10 HOLDINGS		
1	Diamondback Energy	8.4%
2	ExxonMobil Corp.	8.4%
3	ConocoPhillips	8.4%
4	Occidental Pete	8.3%
5	EOG Resources	6.8%
6	APA Corporation	4.9%
7	Chevron Corp.	4.8%
8	Devon Energy Co.	4.4%
9	Ovintiv Inc.	4.2%
10	Vital Energy Inc.	4.1%
	% in Top 10	62.8%

On the demand side, escalating trade tensions have increased concerns of economic slowdown, with tariffs increasing the price businesses and consumers pay for goods and services. An economic slowdown would ultimately impact energy demand at the same time as production might be increased by OPEC+ and the U.S. Growing supply with unchanged or reduced demand will continue to pressure energy prices and act as a headwind for the sector. As tariff policy continues to be defined, the disparity may begin to balance out and become supportive of energy prices.

	6Mo	1Yr	QTD	YTD	Inception*
NAV	2.58%	-10.37%	0.93%	0.93%	1.86%
MARKET PRICE	3.12%	-10.43%	1.10%	1.10%	2.12%
ALERIAN TEXAS WEIGHTED OIL & GAS INDEX	2.82%	-10.26%	1.16%	1.16%	2.00%

**ETF Inception Date 12/20/2023*

Gross Expense Ratio: 0.35%

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Definition(s):

Basis Point (bps): a unit of measure used to indicate percentage changes in financial instruments, making it possible to communicate small variations in financial variables. One basis point is equal to 1/100th of 1%.

Net Asset Value (NAV): the market value of a mutual fund or ETF's total assets, minus liabilities, divided by the number of shares outstanding.

Market Price: determined by the midpoint between the bid/offer prices as of the closing time of the New York Stock Exchange (typically 4:00PM EST) on business days.

Disclosures:

Investors should carefully consider the investment objectives, risks and charges of the fund before investing. The prospectus contains this information and other information about the fund, and it should be read carefully before investing. Investors can obtain a copy of the prospectus by calling 844.TCB.ETFS (844.822.3837).

The Syntax US MidCap 800 Index float market cap-weights the 201st-1000th largest public U.S. companies as ranked by their float market caps, subject to rank buffers and liquidity screens. **The Syntax US SmallCap 2000 Index** float market cap-weights the 1001st–3000th largest public U.S. companies as ranked by their float market caps, subject to rank buffers and liquidity screens. Companies are defined as U.S. according to Syntax's proprietary country classification methodology considering regulatory filings, currencies of accounting and distribution and tax havens. The **Alerian Texas Weighted Oil and Gas Index** is composed of energy companies that extract oil and gas within the state of Texas. The index is weighted based on the total economic value of oil and gas extracted by each company from within Texas subject to a maximum 10% constraint. Index performance does not represent actual fund or portfolio performance and such performance does not reflect the actual investment experience of any investor. An investor cannot invest directly in an index. Neither the underlying Index nor the benchmark indexes charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. In addition, the results actual investors might have achieved would have differed from those shown because of differences in the timing, amounts of their investments and fees and expenses associated with an investment in a portfolio invested in accordance with an index. None of the Syntax Indices or the benchmark indices portrayed herein charge management fees or incur brokerage expenses, and no such fees or expenses were deducted from the performance shown; provided, however, that the returns of any investment portfolio invested in accordance with such indices would be net of such fees and expenses. Additionally, none of these indices lend securities, and no revenues from securities lending were added to the performance shown.

Performance shown is unaudited and subject to revision. This commentary may include forward-looking statements, which are based on our expectations and projections as of the date made. Past returns are not necessarily predictive of future returns.

Diversification does not ensure a profit or guarantee against a loss.

Investment and Market Risk. As with all investments, an investment in the Fund is subject to investment risk. Investors in the Fund could lose money, including the possible loss of the entire principal amount of an investment, over short or prolonged periods of time.

Index Tracking Risk. There is no guarantee that the Fund will achieve a high degree of correlation to the Index and therefore achieve its investment objective. The Fund may have difficulty achieving its investment objective due to fees, expenses (including rebalancing expenses), and other transaction costs related to the normal operation of the Fund. These costs that may be incurred by the Fund are not incurred by the Index, which may make it more difficult for the Fund to track the Index.

Geographic Concentration Risk. Because the Fund and the Index will invest only in issuers headquartered in a particular geographic region, the Fund's performance is expected to be closely tied to various factors such as social, financial, economic and political conditions within that region. Events that negatively affect that region may cause the value of the Fund's shares to decrease, in some cases significantly. As a result, the Fund may be more volatile than more geographically diverse funds.

Small Capitalization Companies Risk. Investments in securities of small-cap companies may be riskier, more volatile and more vulnerable to economic, market and industry changes than investments in larger, more established companies. As a result, share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term. Small-cap companies often have less predictable earnings, more limited product lines, markets, distribution channels or financial resources, and the management of such companies may be dependent on one or a few key people. The equity securities of small-cap companies are generally less liquid than the equity securities of larger companies.

Energy Sector Risk. Companies operating in the energy sector are subject to risks including, but not limited to, economic growth, worldwide demand, political instability in the regions that the companies operate, government regulation stipulating rates charged by utilities, interest rate sensitivity, oil price volatility, energy conservation, environmental policies, depletion of resources and the cost of providing the specific utility services and other factors that they cannot control.

Oil and Gas Companies Risk. Oil and gas companies develop and produce crude oil and natural gas and provide drilling and other energy resources production and distribution related services. Stock prices for these types of companies are affected by supply and demand both for their specific product or service and for energy products in general. The price of oil and gas, exploration and production spending, government regulation, world events and economic conditions will likewise affect the performance of these companies. Correspondingly, securities of oil and gas companies are subject to swift price and supply fluctuations caused by events relating to international politics, energy conservation, the success of exploration projects and tax and other governmental regulatory policies. Weak demand for the companies' products or services or for energy products and services in general, as well as negative developments in these and other areas, would adversely impact the performance of the Fund. Oil and gas exploration and production can be significantly affected by natural disasters as well as changes in exchange rates.

There are risks involved with investing in ETFs, including possible loss of money. Shares are not actively managed and are subject to risks similar to those of stocks, including those regarding short selling and margin maintenance requirements. Ordinary brokerage commissions apply. The Fund's return may not match the return of the Underlying Index. The Fund is subject to certain other risks. Please see the current prospectus for more information regarding the risk associated with an investment in the Fund.

Texas Capital Bank Wealth Management Services, Inc. d/b/a Texas Capital Bank Private Wealth Advisors ("PWA"), a wholly owned subsidiary of Texas Capital Bank serves as investment adviser to Texas Capital Funds Trust (a Delaware statutory trust formed in 2023 and registered as an open-end management investment company under the Investment Company Act of 1940) for its funds (the "Funds") and is paid a fee for its services. Shares of the Funds are not deposits or obligations of, or guaranteed or endorsed by, Texas Capital Bank or its affiliates. The Funds are not insured by the FDIC or any other government agency.

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