2025 Q2
Quarterly Commentary

Texas Capital
ETF & FUNDS MANAGEMENT

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TXS Texas Equity Index ETF

Tarriff-related headlines continued to drive markets during the second quarter, in addition to geopolitical tensions in the Middle East. The quarter kicked off with trade policy in focus as broad market indices sold off in response to larger than expected reciprocal tariff announcements. U.S. equities recovered throughout the quarter as the administration delayed tariff imposition and implemented a 90-day opportunity for negotiation. As markets recovered from trade policy announcements, rising tensions in the Middle East renewed uncertainty for markets. Despite these headwinds, the Texas Capital Equity Index ETF (NYSE Arca: TXS) returned 10.96% for the quarter.

The best-performing sectors included utilities and information technology. Utilities led the sector with a 37.21% return over the quarter. Within the sector, NRG Energy Inc was the top contributor to sector returns, driven by the strategic acquisition of natural gas-fired power plants, expanding its footprint and positioning the company to take share of AI-driven demand. Information technology returned 37.20%; Digital Turbine Inc and Applied Digital Corp were the best performers. The biggest contributor to information technology performance came from the largest sector holding, CrowdStrike Holdings Inc, returning 44.45% and contributing +210bps to sector return. In general, information technology names were back in favor with investors, in a reversal from the first quarter, as sentiment rebounded for growth stocks.

TOP 10 HOLDINGS*		
1	Crowdstrike Holdings, Inc.	5.3%
2	Tesla, Inc.	4.7%
3	Tenet Healthcare Corp.	4.7%
4	Charles Schwab Corp.	4.2%
5	Digital Realty Trust, Inc.	4.2%
6	Mckesson Corp.	4.2%
7	Waste Management, Inc.	3.7%
8	Crown Castle Inc.	3.2%
9	CBRE Group, Inc.	2.8%
10	Gamestop Corp.	2.7%
	% in Top 10	39.6%

**Current and future portfolio holdings are subject to change and risk.*

Alternatively, the worst-performing sectors during the quarter included energy and materials. Energy was the worst-performing sector, with a return of -8.17%; the main source of underperformance came from weaker fundamental factors like lower oil and gas prices, abundant supply and muted demand due to uncertainties. Materials lagged with a -7.55% return over the quarter. The sector is often viewed to be more sensitive to economic cycles and sentiment than other sectors. Tariffs and global economic uncertainty thus continued to dampen demand and outlook for the sector.

TXS outperformed the Syntax US Midcap 800 (10.96% vs. 7.47%) and the S&P 500 (10.96% vs. 10.94%) during the period. Sector diversification buoyed TXS through the most recent market volatility, where TXS saw less of a drawdown for the month after April 2 relative to broader market indices like the S&P 500. Overall, TXS benefited from Texas's economic strength, with nine of the 11 sectors returning a positive return over the quarter. TXS' diversified exposure continued to perform better than broad market indices during the second quarter, as measured by the Syntax US Midcap 800 and S&P 500 index.

	6Mo	1Yr	QTD	YTD	Inception*
NAV	7.16%	19.64%	10.96%	7.16%	19.24%
MARKET PRICE	7.25%	19.79%	10.96%	7.25%	19.27%
TEXAS CAPITAL TEXAS EQUITY INDEX (UNDERLYING INDEX)	7.57%	20.25%	11.21%	7.57%	19.83%
SYNTAX US MIDCAP 800	3.69%	13.92%	7.47%	3.69%	11.80%

**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.

TXSS Texas Small Cap Equity Index ETF

Tarriff-related headlines continued to drive markets during the second quarter, compounded by geopolitical tensions in the Middle East. The quarter kicked off with tariff announcements in focus as broad market indices sold off in response to larger than expected reciprocal tariffs. U.S. equities recovered throughout the quarter as the administration softened its trade policy and implemented a 90-day opportunity for negotiation. As markets recovered from the unexpected trade policy announcements, rising tensions in the Middle East renewed uncertainty for markets. Small cap equities are often more sensitive to shifts in trade policy and economic conditions relative to their larger market cap peers. The Texas Capital Texas Small Cap Equity Index ETF (Nasdaq: TXSS) returned 3.26% during the period.

The best-performing sectors included technology and consumer staples. Information technology led sector performance with a 33.37% return over the quarter. Within the sector, TSS Inc. led with a return of 267.26% after the company reported better than expected revenue and EPS for the first quarter. Consumer staples returned 24.99% over the period. Vital Farms led the sector with a 26.42% return after the company boosted the full-year outlook driven by investments in its supply chain and farm network.

TOP 10 HOLDINGS*

1	Howard Hughes Holdings, Inc.	7.4%
2	Group 1 Automotive, Inc.	2.9%
3	DNow, Inc.	2.7%
4	Netstreit Corp.	2.5%
5	Hess Midstream LP	2.5%
6	Vital Farms, Inc.	2.3%
7	Concentra Group Holdings Parent, Inc.	2.1%
8	Alkami Technology, Inc.	2.1%
9	Insperity, Inc.	2.1%
10	MRC Global, Inc.	2.0%
	% in Top 10	28.6%

**Current and future portfolio holdings are subject to change and risk.*

Alternatively, the worst-performing sectors included utilities and energy. The utilities sector returned -39.38% due to the sole sector holding, Sunnova Energy International. Renewable energy stocks sold off as the administration promised to increase fossil fuel production and rescind prior industry support. Sunnova explored restructuring options and ultimately declared bankruptcy in June. As a result of this deterioration the fund exited the position in April, prior to the company declaring bankruptcy. Energy returned -6.26% as the sector faced weaker fundamental factors like lower oil and gas prices, abundant supply and muted demand. Overall, TXSS benefited from Texas's diversified economic exposure, with six of the 11 sectors returning a positive return over the quarter.

	6Mo	1Yr	QTD	YTD	Inception*
NAV	-4.12%	4.20%	3.26%	-4.12%	4.62%
MARKET PRICE	-4.34%	4.08%	3.10%	-4.34%	4.52%
TEXAS SMALL CAP EQUITY INDEX (UNDERLYING INDEX)	-3.79%	5.02%	3.39%	-3.79%	5.33%
SYNTAX US SMALLCAP 2000	-3.73%	8.51%	7.89%	-3.73%	4.98%

**ETF Inception Date 12/20/2023*

Gross Expense Ratio: 0.49%

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OILT Texas Oil Index ETF

The quarter kicked off with tariff policy in focus. Equities and commodities sold off in response to the larger than expected reciprocal tariff announcement. U.S. equities recovered throughout the quarter as the administration softened its trade policy stance and implemented a 90-day opportunity for negotiation. As markets recovered from the trade policy announcements, rising tensions in the Middle East added to global uncertainty for markets. The announcements led to speculation of a global slowdown, resulting in weaker fundamentals for the sector due to expectations for lackluster demand and abundant supply. During the period, the Texas Capital Texas Oil Index ETF (NYSE Arca: OILT) returned -10.97%.

Despite broader weakness in energy, companies operating in Texas benefit from lower operating costs, proximity to infrastructure and, importantly, a favorable regulatory environment that may not be available to producers outside of Texas.

TOP 10 HOLDINGS*		
1	Exxon Mobil Corp.	8.6%
2	ConocoPhillips	8.3%
3	Occidental Petroleum Corp.	8.2%
4	Diamondback Energy, Inc.	8.0%
5	EOG Resources, Inc.	7.3%
6	Chevron Corp.	5.0%
7	APA Corp.	4.5%
8	Devon Energy Corp.	4.1%
9	Permian Resources Corp.	4.1%
10	SM Energy Co.	3.9%
	% in Top 10	62.2%

**Current and future portfolio holdings are subject to change and risk.*

The best-performing companies included Comstock Resources and Osaka Gas. Comstock Resources returned 36.04% over the period as the company announced better than expected first quarter results, driven by higher natural gas prices. Gas prices have been a bright spot within the energy sector, offering some relief to sector performance. Osaka Gas returned 13.05%; the company announced better than expected full-year guidance and a larger share buyback.

Energy continues to face complex macroeconomic headwinds, with lower oil prices and lower profit margins posing challenges. Trade tensions may continue, adding to concerns of a global economic slowdown, with tariffs increasing the price businesses and consumers pay for goods and services. As trade deals are announced, demand for oil could increase as global sentiment improves, shifting from a headwind to a tailwind for the sector.

	6Mo	1Yr	QTD	YTD	Inception*
NAV	-10.14%	-17.09%	-10.97%	-10.14%	-5.88%
MARKET PRICE	-10.20%	-17.23%	-11.18%	-10.20%	-5.83%
ALERIAN TEXAS WEIGHTED OIL & GAS INDEX	-9.97%	-16.96%	-11.00%	-9.97%	-5.79%

**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 and offer prices as of the closing time of the New York Stock Exchange (typically 4:00 p.m. ET) 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 and 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,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.

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