2025 Q3
Quarterly Commentary

Texas Capital
ETF & FUNDS MANAGEMENT

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

During the third quarter, US equities posted a second straight positive quarter. Performance was driven by AI optimism, economic resilience and lower rates. Strong revenue, company performance, a flurry of strategic corporate investments and increased industry growth expectations all contributed to the optimism surrounding AI. In addition, the economy continued to show signs of strength with GDP increasing modestly, labor market data running near full employment and increasing consumer spending. The Federal Reserve lowered its policy rate by 25 basis points during the period, describing the cut as insurance against potential downside risks in the labor market. Despite the rationale, further easing by the Fed contributed to a risk on sentiment that drove equity valuations higher. The combination of accommodative Fed policy, AI growth narratives and economic resilience created a supportive environment for risk assets. For its part, the Texas Capital Texas Equity Index ETF (NYSE Arca: TXS) returned 5.87% during the period, reflecting overall strength across Texas-based equities.

TOP 10 HOLDINGS*		
1	Tesla, Inc.	5.7%
2	Crowdstrike Holdings, Inc.	5.4%
3	Tenet Healthcare Corp.	4.8%
4	McKesson Corp.	4.4%
5	Digital Realty Trust, Inc.	4.2%
6	Charles Schwab Corp.	4.0%
7	Waste Management, Inc.	3.7%
8	CBRE Group, Inc.	3.3%
9	Gamestop Corp.	3.0%
10	Crown Castle, Inc..	3.0%
	% in Top 10	41.4%

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

The best-performing sectors included consumer discretionary and industrials. Consumer discretionary led sector performance with a 10.73% return over the quarter. Within the sector, Sally Beauty Holdings was the top performer, driven by strong earnings and a higher annual adjusted operating margin target. Industrials returned 9.20% as the market shifted attention to the infrastructure investment needed to support the AI boom and datacenter construction, which is expected to be a $9 trillion opportunity over the next 10 years. Within the sector, Ceco Environmental was the best performer with an impressive return of 80.85% during the period. The company exceeded consensus estimates for the second quarter and raised its revenue outlook for the full year, buoyed by a record backlog and strong industrial demand.

Alternatively, the worst-performing sectors during the quarter include communication services and real estate. Communication services, the only sector in the red, was the worst performing sector with a return of -0.33%; the main source of underperformance came from competitive pressures increasing price competition. Real estate also lagged with a 0.61% return over the quarter. Within the sector, company specific fundamentals contributed to weak overall performance.

TXS performed in line with the Syntax US MidCap 800 (5.87% vs 6.02%) during the period. Overall, TXS benefited from Texas' economic strength, with 10 of 11 sectors posting a positive return over the quarter.

	6Mo	1Yr	QTD	YTD	Inception*
NAV	17.48%	18.12%	5.87%	13.45%	19.95%
MARKET PRICE	17.40%	18.15%	5.81%	13.49%	19.95%
TEXAS CAPITAL TEXAS EQUITY INDEX (UNDERLYING INDEX)	17.91%	18.88%	6.03%	14.06%	20.55%
SYNTAX US MIDCAP 800	13.94%	10.54%	6.02%	9.94%	13.36%

**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 third quarter, small cap equities outperformed their large cap counterparts. The relative outperformance can be partly attributed to easier monetary policy as the Federal Reserve cuts rates, valuation discount compression and interest rate sensitivity. Small caps rallied in response to the Federal Reserves' decision to cut interest rates by 25bps in September. Historically, rate cuts have disproportionately benefited small caps relative to larger peers, particularly when a recession is not imminent. Despite strong quarterly performance, small caps are trading at the deepest discount to large caps since 2008 as measured by forward price-to-sales ratio. Further easing by the Fed could be a catalyst for small caps to close the valuation gap with large cap equities, as small caps are more sensitive to interest rate changes and tend to benefit more from lower borrowing costs. The Texas Capital Texas Small Cap Equity Index ETF (Nasdaq: TXSS) returned 6.54% during the period.

TOP 10 HOLDINGS*		
1	Howard Hughes Holdings, Inc.	7.7%
2	Netstreit Corp.	3.0%
3	Concentra Group Holdings Parent, Inc.	2.6%
4	Dnow, Inc.	2.4%
5	DXP Enterprises, Inc.	2.4%
6	Addus HomeCare Corp.	2.3%
7	Group 1 Automotive, Inc.	2.2%
8	Vital Farms, Inc.	2.2%
9	Biglari Holdings, Inc.	2.1%
10	Excelerate Energy, Inc.	2.1%
	% in Top 10	29.0%

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

The best-performing sectors include industrials and real estate. Industrials returned 15.80% as the market shifted attention to the infrastructure investment needed to support the AI boom and datacenter construction, which is expected to be a $9 trillion opportunity over the next 10 years. Within the sector, Ceco Environmental was the best performer with an impressive return of 80.85% during the period. The company exceeded consensus estimates for the second quarter and raised its revenue outlook for the full year, buoyed by a record backlog and strong industrial demand. Real estate returned 13.62% over the period, with Forestar Group leading the sector with a 32.95% return. Despite missing earnings due to affordability constraints and weaker consumer confidence, the company reiterated full year revenue guidance, citing higher average selling prices.

Alternatively, the worst-performing sectors included information technology and healthcare, returning -4.95% and -.08% respectively. Within TXSS, both sectors underperformed due to company specific headlines.

Overall, TXSS benefitted from Texas' diversified economic exposure, with nine of 11 sectors posting a positive return over the quarter as drivers of growth and innovation. As the Fed continues to ease monetary policy, small caps could offer attractive growth opportunities.

	6Mo	1Yr	QTD	YTD	Inception*
NAV	10.02%	2.41%	6.54%	2.15%	7.72%
MARKET PRICE	9.98%	2.33%	6.67%	2.04%	7.70%
TEXAS SMALL CAP EQUITY INDEX (UNDERLYING INDEX)	10.34%	3.30%	6.72%	2.68%	8.45%
SYNTAX US SMALLCAP 2000	20.36%	9.95%	11.56%	7.40%	10.87%

**ETF Inception Date 12.20.2023*

Gross Expense Ratio: 0.49%

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OILT Texas Oil Index ETF

TOP 10 HOLDINGS*		
1	Diamondback Energy, Inc.	8.6%
2	Occidental Petroleum Corp	8.6%
3	Exxon Mobil Corp..	8.4%
4	ConocoPhillips	8.3%
5	EOG Resources, Inc.	6.5%
6	APA Corp.	5.1%
7	Chevron Corp.	4.7%
8	Devon Energy Corp.	4.3%
9	Vital Energy, Inc.	4.1%
10	Crescent Energy Co.	4.1%
	% in Top 10	62.7%

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

The energy sector delivered solid performance during the third quarter, despite several headwinds facing the sector. Performance was driven by resilient demand for oil and gas and record LNG exports. Supply concerns continued to weigh on investor sentiment as the market anticipated OPEC unwinding a second round of output cuts more than a year ahead of schedule, adding to the supply glut. The Texas Capital Texas Oil & Gas Index ETF (NYSE Arca: OILT) returned 7.62% during the period.

Within OILT, Ring Energy, APA Corporation and Baytex Energy Group were the best performers during the period. Ring Energy returned 37.28% after announcing better than expected earnings and reaffirming its full year guidance. The strong results were driven by cost reductions, specifically efforts to reduce operating costs. APA Corporation returned 34.52%, driven by improved cashflows, aggressive debt reduction and operational efficiency gains. APA also collected long-standing receivables from Egypt, with the country paying an additional $1 billion in overdue payments. Baytex Energy returned 31.93% following strong earnings and unconfirmed reports that the company planned to pursue a strategic asset sale to streamline operations.

Out of the 28 producers in OILT, seven were negative for the quarter, including Comstock Resources, Coterra Energy and EOG Resources. Comstock Resources declined -28.33% during the quarter after reporting lower-than-expected EBITDAX, which reflects earnings before interest, tax, depreciation, amortization, and exploration expenses Similarly, Coterra Energy returned -5.96% after the company reported lower EBITDAX, free cash flow and cash flow from operations. EOG Resources returned -5.49% despite posting strong Q2 results, with underperformance attributed, in part, to lower capital expenditure guidance than analysts expected.

OILT overcame structural challenges to deliver strong quarterly performance. However, headwinds remain and are likely to pose risks in the near term. That said, substantial improvement in balance sheets and spending discipline may provide an opportunity for selective outperformance within the sector. Companies within OILT operate in Texas and may benefit from geological advantages, operational efficiencies and access to infrastructure that often gives producers an advantage relative to producers in other areas.

	6Mo	1Yr	QTD	YTD	Inception*
NAV	-4.19%	-1.72%	7.62%	-3.29%	-1.07%
MARKET PRICE	-4.45%	-1.47%	7.57%	-3.40%	-1.05%
ALERIAN TEXAS WEIGHTED OIL & GAS INDEX	-3.97%	-1.26%	7.90%	-2.85%	-0.85%

**ETF Inception Date 12.20.2023*

Gross Expense Ratio: 0.35%

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.

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 1/100 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 201–1000 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 1001–3000 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.

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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