2026 Q3
Quarterly Commentary

Texas Capital
ETF & FUNDS MANAGEMENT

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TXS Texas Equity Index ETF

During the third quarter, equity markets navigated a challenging environment shaped by two dominant macroeconomic forces: rising interest rates and elevated energy prices stemming from the ongoing conflict in Iran. The 30-year Treasury yield reached 5.63% on September 30th, its highest level since 2004, while the 10-year treasury approached 5.29%, weighing on sectors sensitive to interest rates. Meanwhile, WTI crude oil prices rose 31.85% during the quarter, supported by a global fuel shortage. Against this backdrop, the Texas Equity Index ETF (TXSE: TXS) delivered a return of 2.29% for the quarter, slightly lagging with the S&P 500's return of 2.52%. While headline index-level returns were similar, the composition of performance differed materially. TXS' 20% allocation to Energy, compared to approximately 4% in the S&P 500, provided meaningful support in an environment where oil-driven revenue surged across the refining and midstream sub-sectors. Conversely, the Technology sector, which represents a larger share of the S&P 500, faced headwinds from a sharp semiconductor selloff in July as concerns mounted that AI-related capital spending was becoming harder to sustain.

TOP 10 HOLDINGS*

1	Crowdstrike Holdings Inc.	8.2%
2	McKesson Corp.	4.8%
3	Digital Realty Trust Inc.	4.5%
4	Charles Schwab Corp.	4.4%
5	Tenet Healthcare Corp.	3.9%
6	Tesla Inc.	3.9%
7	Waste Management Inc.	3.4%
8	GameStop Corp.	3.2%
9	Cheniere Energy Inc.	2.7%
10	CBRE Group Inc.	2.6%
	% in Top 10	41.6%

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

For TXS, Healthcare led all sectors with a 28.4% return, while Energy advanced 6.1%, making them the two strongest-performing sectors during the quarter. Healthcare's outperformance was driven by strong earnings results and raised full-year guidance across the portfolio's genomics and diagnostics holdings, which reported record test volumes and beat revenue estimates. Natera Inc. (NTRA) gained 49.6% after reporting its highest-ever sequential increase in test volume and raising its full-year revenue outlook, while Caris Life Sciences (CAI) gained 63.4%, further amplifying the sector's contribution. Energy's gains were underpinned by elevated crude prices and record refining margins as Iran-related supply disruptions tightened global fuel markets. CVR Energy (CVI) gained 78.5%, reporting net sales of $2.74 billion and refinery throughput of 212,965 barrels per day. HF Sinclair (DINO) gained 48.8%, reporting adjusted earnings per share (EPS) of $5.31 versus the $4.49 consensus estimate and authorizing a new $1.5 billion share repurchase program.

Partially offsetting these performances, Utilities declined 15.8% and Communications fell 14.0%, making them the two weakest-performing sectors in the portfolio. Utilities faced the most acute headwind, with Fervo Energy (FRVO) declining 53.3% after significant valuation cuts to its geothermal projects, and NRG Energy (NRG) falling 31.8% after missing Q2 EPS estimates and issuing below consensus full-year guidance. Communications were further weighed down by company-specific earnings disappointments, with iHeartMedia (IHRT) declining 51.7% after issuing Q3 adjusted EBITDA guidance below consensus, and AST SpaceMobile (ASTS) falling 31.6% following a Q2 earnings miss and operational setbacks, including launch delays.

Overall, TXS' performance during the third quarter reflected the resilience of the Texas economy's core industries, particularly energy and healthcare, in an environment of elevated rates and commodity price strength. While TXS' return was broadly in line with the S&P 500 at the index level, the underlying sector composition and individual stock dynamics demonstrated the differentiated exposure that a Texas-focused portfolio provides relative to traditional market-cap weighted benchmarks.

	6Mo	1Yr	QTD	YTD	Inception*
NAV	9.73%	12.78%	2.29%	16.10%	17.68%
MARKET PRICE	10.44%	13.36%	2.92%	16.63%	17.86%
TEXAS CAPITAL TEXAS EQUITY INDEX (UNDERLYING INDEX)	9.97%	13.15%	2.45%	16.37%	18.20%
SYNTAX US MIDCAP 800	8.04%	9.20%	-4.18%	8.00%	12.05%

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.

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OILT Texas Oil Index ETF

During the third quarter, the Iran conflict continued to reshape global energy markets, sustaining elevated crude prices and tightening supply conditions that persisted throughout the period. WTI crude rose 31.8% during the quarter, settling at $90.42 per barrel. While the prospect of diplomatic progress emerged late in the quarter, including a reported Iranian proposal to reopen the Strait of Hormuz and revive nuclear talks, a deal failed to materialize, continuing risk of extended disruptions to regional oil flows and sustained price pressure. Against this backdrop, the Texas Capital Texas Oil & Gas Index ETF (TXSE: OILT) returned 13.35% for the quarter, as exploration and production companies benefited from higher commodity prices driving improved cash flows and earnings.

As the nation's leading oil and gas producer, Texas remained central to the global supply response. U.S. crude exports, sourced primarily from Texas, continued to serve as a strategic substitute for disrupted Middle Eastern supply. Because Texas production occurs entirely outside the conflict zone, portfolio companies are well positioned to benefit from higher global prices without facing the same geopolitical risks. Top contributors to OILT reflected the strength of the broader energy rally. Repsol SA (REPYY) led performance with a 38.33% gain, supported by strong cash generation in the elevated price environment and a strong balance sheet. Crescent Energy (CRGY) was the second-best performer, gaining 37.40%, benefiting from its Permian and Eagle Ford exposure as oil-weighted E&P companies captured the full benefit of the crude price surge.

TOP 10 HOLDINGS*

1	ExxonMobil Holdings Corp.	7.7%
2	ConocoPhillips	7.2%
3	Occidental Petroleum Corp.	7.1%
4	Diamondback Energy Inc.	7.0%
5	EOG Resources Inc.	6.1%
6	Crescent Energy Co.	5.0%
7	APA Corp.	4.7%
8	Chevron Corp.	4.7%
9	Devon Energy Corp.	4.7%
10	SM Energy Co.	4.6%
	% in Top 10	58.8%

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

Conversely, Comstock Resources (CRK) was the weakest performer in the index, declining 16.08%. The underperformance was primarily driven by the company's natural gas-weighted portfolio, which left it structurally disadvantaged relative to oil-weighted peers during a quarter defined by surging crude prices. Comstock announced a positive strategic development in September, signing a letter of intent with Azerbaijan's state energy company SOCAR for a $1.65 billion investment in its Haynesville shale assets. However, the announcement was more than offset by headwinds from weak natural gas prices.

Overall, the energy sector's strong third quarter performance was driven by improving fundamentals, with higher oil prices supporting earnings growth, margin expansion, and balance sheet strengthening amid ongoing geopolitical uncertainty. Energy markets appear likely to remain sensitive to developments in the Middle East, and even in a de-escalation scenario, prices may not return to 2025 levels if persistent geopolitical risk continues to support a premium in energy prices.

	6Mo	1Yr	QTD	YTD	Inception*
NAV	-6.42%	35.37%	13.35%	35.19%	10.74%
MARKET PRICE	-6.55%	35.41%	13.51%	35.28%	10.77%
ALERIAN TEXAS WEIGHTED OIL & GAS INDEX	-6.42%	36.30%	13.52%	36.03%	11.17%

**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.

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Definition(s):

Earnings Per Share (EPS): A measure of a company's profitability, calculated by dividing net income by the number of outstanding shares of common stock. Higher EPS generally indicates stronger earnings performance.

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 Texas Stock Exchange (typically 3:00 p.m. CT) 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. 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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