

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page



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This brochure provides information about the qualifications and business practices of Hodges Capital Management it is prepared pursuant to regulatory requirements. If you have any questions about the contents of this brochure, please contact us at the phone number or website listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Hodges Capital Management is a registered investment adviser with the SEC under the Investment Advisers Act of 1940 (the "Advisers Act"). However, such registration does not imply a certain level of skill or training. Additional information about Hodges Capital Management is also available on the SEC's website at www.adviserinfo.sec.gov.

Dated: September 29, 2014

Item 2 Material Changes

This Form ADV, Part 2, also known as the “Brochure”, requires disclosure on distinct topics, and answers must be presented in the order of the items in the form, using the headings in the form. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

Summary of Material Changes:

Item 4- Updated: Ownership, Investment Advisory Services to the Hodges Funds, Separately Managed Account Wrap Programs and Assets Under Management

Item 5- Additional Fees and Expenses

Item 8- Foreign Securities Risk

Item 10- Broker Dealer/Investment Advisory Firm Affiliation

Item 12- Directed Brokerage

Item 13- Review of Accounts

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Item 4 Advisory Business

INTRODUCTION

Hodges Capital Management, Inc. is a Registered Investment Advisory firm registered with the U.S. Securities and Exchange Commission (SEC) since January 5, 1990. We are noticed filed in our home state of Texas and various other states which means we are registered to do business in these states. We may conduct business in other states by claiming an exemption from registration. Our registration as an Investment Adviser does not imply any level of skill or training.

We provide oral and written communications that you may use to evaluate us and other advisers, which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship. This Brochure provides information about our qualifications and business practices.

OWNERSHIP

Hodges Capital Management, Inc. was formed as a corporation in Texas in May 1989. Hodges Capital Management, Inc. is a wholly-owned subsidiary of First Dallas Holdings. Craig D. Hodges, Chairman/CEO, owns approximately 12.9% equity stock. First Dallas Holdings majority shareholder is First Dallas Holdings Voting Trust, which Craig Hodges, Camille Hodges Hays and Clark Hodges, trustees, each have 1/3 voting control.

ADVISORY SERVICES OFFERED

Investment Advisory Services in Private Client Managed Accounts:

We provide investment advisory services in separate accounts managed for clients through a Hodges Capital Management investment adviser representative who serves as your principal contact and account manager. Investment adviser representatives take into consideration your particular investment objectives, guidelines and restrictions. Hodges Capital Management has discretion to select which securities to purchase and sell for your account.

Client accounts are managed by an assigned investment adviser representative, who has discretion over the account to make buy and sell decisions for assigned accounts based on the investment adviser representative's judgment of market conditions and the investment merits of specific securities. Generally speaking, Hodges Capital Management's investment adviser representatives operate independent of each other and therefore may place trades before or after trades for other client accounts, including the Hodges Mutual Funds.

Hodges Capital Management offers advisory services in managed accounts on an asset-based fee arrangement only. When considering this type of asset-based account, clients should bear in mind that, under certain circumstances, asset-based accounts may result in higher or lower costs than other types of accounts for comparable services that may be offered elsewhere, such as commission-based fee accounts. Asset-based accounts may result in higher or lower costs than commission-based accounts, for example, in less actively traded accounts or in any account during periods when trading is lighter. On the other hand, asset-based accounts may result in lower costs than commission-based accounts in more actively traded accounts or during periods when trading activity is heavier. Consequently, the total annual cost of an asset-based account versus a commission-based account can vary significantly depending on a number of factors such as account size, amount of trading activity, type of securities purchased or sold, quantities of securities purchased or sold, commission rates and the client's tax situation. Clients with any questions about Hodges Capital Management' asset-based fee arrangement should consult with their Hodges Capital Management investment adviser representative.

Portfolio Management Services in Sponsored Programs and for RIA Clients:

Hodges Capital Management also participates as a portfolio manager of separately managed accounts for programs sponsored by unaffiliated broker-dealer or other financial services firms, also known as "Sponsors". Under these programs, the Sponsor is typically responsible for assisting the client in selecting a portfolio manager to manage the client's account in accordance with a particular risk strategy or style. If Hodges Capital Management is selected as the portfolio manager, Hodges Capital Management then provides discretionary portfolio management of the assets in the account allocated for management in accordance with its strategy or style.

Investment Advisory Services to the Hodges Funds:

Hodges Capital Management also serves as investment adviser to the Hodges Mutual Funds' seven registered open-end investment companies in a series of Professionally Managed Portfolios (the "Trust"). The goal of these Funds is to seek long-term capital appreciation. Hodges Capital Management also furnishes the Hodges Funds with office space and certain administrative services and provides the personnel needed by the Hodges Funds.

Discretionary Management of Advisory Accounts

As an investment adviser, we provide discretionary account management services. For these accounts, you have granted us discretion to buy and sell securities for your account through our investment advisor representative who serves as your principal contact. These investments are determined based upon your investment objectives, risk tolerance, net worth, net income, age, investment time horizon, tax situation and other various suitability factors.

Separately Managed Account Wrap Programs

Certain unaffiliated sponsors have retained Hodges as an investment manager under a number of Wrap Programs. Wrap Program clients typically enter into an investment advisory agreement with the sponsor, and the sponsor enters into a sub-advisory agreement with Hodges to provide portfolio management services to the Wrap Program. In these circumstances, the sponsor is responsible for analyzing the financial needs of each particular Wrap Program client and determining whether Hodges's portfolio management services are suitable for that client.

Wrap Program clients generally do not pay an investment advisory fee directly to Hodges; instead, the sponsor pays Hodges's advisory fee out of the proceeds of the "wrap fee" that the clients pay to the sponsor. With some exceptions, Wrap Program accounts are managed by Hodges in a manner that is generally similar to Separate Managed Accounts. Differences may include limited flexibility of Wrap Program accounts to customize investment guidelines and the further limitation that certain Wrap Program sponsors may not allow their Wrap Program accounts to hold securities issued by the sponsor and certain other restrictions.

ASSETS UNDER MANAGEMENT:

As of July 31, 2014, Hodges Capital Management, Inc. had \$2,290,703,864 in discretionary assets under Management. We do not have non-discretionary accounts.

Item 5 Fees and Compensation

FEE SCHEDULE:**Investment Advisory Services in Private Client Managed Accounts Fee Schedule:**

For investment advisory services to managed accounts, Hodges Capital Management charges an asset-based fee at an annual rate as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>	<u>Institutional AUM</u>	<u>Annual Fee</u>
\$ 500,000 or less	1 ½%	\$ 0-\$25,000,000	7/8 of 1%
\$ 500,001-\$1,000,000	1 ¼%	\$ 25,000,001-\$125,000,000	3/4 of 1%
\$1,000,001-\$3,000,000	1%	\$125,000,001+	5/8 of 1%
\$3,000,001-\$4,999,999	7/8 of 1%		

A portion of the asset-based fees paid to Hodges Capital Management is in turn paid to the particular Hodges Capital Management investment adviser representative managing the account.

Although Hodges Capital Management does not generally consider its advisory fees negotiable, Hodges Capital Management reserves the right in its discretion to negotiate an advisory fee for any particular client that is different from the guidelines set forth in the fee table above.

Hodges Capital Management's advisory fees for managed accounts are charged in arrears either calendar quarterly or semi-annually, as may be selected by the client. Clients may choose to have the fees billed to them or deducted from their managed account. Fees are payable within thirty (30) days of the last day of the billing period. Fees are charged based on the number of days the account is under Hodges Capital Management during the period for any advisory agreement that comes into effect or is terminated mid-period.

Additional Fees and Expenses:

In addition to Hodges Capital Management's advisory fees, clients with managed accounts may also incur or bear other charges by the custodian of their account or by other third parties relating to their account or transactions effected in the account. Such charges may include brokerage commissions or ticket charges, custodial fees, termination fees, postage and processing fees and other transaction or account related fees and charges.

To the extent a client's advisory assets are invested in mutual funds or other funds, the client will also be subject to other fees and charges as a fund shareholder, which is in addition to the advisory fee paid to Hodges Capital Management. Those will include fees and charges imposed on shareholders of the fund or imposed on the fund and borne indirectly by shareholders, such as management fees charged to the fund by the fund's investment adviser, as well as other internal fees and charges, including in some cases 12b-1 fees. Hodges Mutual Funds held in Separately Managed Accounts are not charged advisory fees.

Termination:

If the client was delivered this Part 2A Brochure less than 48 hours prior to entering into an advisory agreement with us the client may terminate the agreement without any penalty within five (5) business days. Thereafter and in any case, an advisory agreement may be terminated by either party at any time upon written notice. Upon notice of termination, the balance (if any) of Hodges Capital Management's earned fees will be charged to the client, any pending trades will be settled and any pending transaction charges will be applied to the account as appropriate. Since advisory fees are not prepaid, it is not anticipated that any refund of fees will be made at the time an advisory agreement is terminated.

Fee Schedule for Investment Advisory Services to the Hodges Mutual Funds:

For our services to the Funds, each of the Hodges Mutual Funds pays Hodges Capital Management a monthly management fee at an annual rate of between 0.65% and 0.85% of the Funds' average daily net assets. Fees and charges paid and borne by the Funds are described in greater detail in the Funds' current effective combined prospectus.

Hodges Capital Management uses a portion of its own resources to pay for various promotional activities relating to the Funds that are undertaken by Hodges Capital Management or its personnel. Hodges Capital Management is reimbursed for a portion of those expenditures out of the 12b-1 marketing fees paid by the Funds to the Funds' distributor, which are in turn paid to Hodges Capital Management as permitted under the Funds' 12b-1 Plan. Reimbursements made to Hodges Capital Management for such expenditures are overseen by the Trustees of the Funds, who regularly receive information about fees paid by the Funds under the Funds' 12b-1 Plan, as well as information about unreimbursed promotional expenditures relating to the Funds made by Hodges Capital Management out of its own resources.

Termination

The Investment Advisory Agreement between Hodges Capital Management and the Professionally Managed Portfolios ("Trust") with respect to the Hodges Mutual Funds shall, unless terminated as provided in the agreement, continue in effect from year to year, but only so long as such continuance is specifically approved at least annually by the Trust's Board of Trustees, including the vote of a majority of the Trustees who are not parties to the agreement or "interested persons" (as defined in the Investment Company Act of 1940) of any such party cast in person at a meeting called for the purpose of voting on such approval, or by the vote of the holders of a "majority" (as so defined) of the outstanding voting securities of the Fund and by such a vote of the Trustees.

The Investment Advisory Agreement may be terminated by Hodges Capital Management at any time

without penalty upon giving the Trust sixty (60) days' written notice (which notice may be waived by the Trust) and may be terminated by the Trust at any time without penalty upon giving Hodges Capital Management sixty (60) days' written notice (which notice may be waived by Hodges Capital Management), provided that such termination by the Trust shall be directed or approved by the vote of a majority of all of its Trustees in office at the time or by the vote of the holders of a majority (as defined in the Investment Company Act of 1940) of the voting securities of the Trust at the time outstanding and entitled to vote. The agreement shall automatically terminate in the event of its assignment (as so defined). Upon termination, fees payable to Hodges Capital Management will be prorated for any partial period as appropriate.

Fees for Portfolio Management Services in Sponsored Programs:

Sponsored programs come in a wide variety of forms and arrangements. Most often, for programs in which Hodges Capital Management participates, the client pays fees to the Sponsor and the Sponsor pays Hodges Capital Management's fee. In addition, clients may or may not be subject to brokerage fees or commissions on the trades affected in their account or subject to other fees or charges from the Sponsor in connection with their account. If the program is a "wrap fee" program, clients will typically pay an all-inclusive (or "wrap") fee to the Sponsor covering the portfolio management services provided by Hodges Capital Management, as well as brokerage, custodial, performance monitoring and/or other services provided by the Sponsor. More specific information about the terms and conditions of each sponsored program, including fees and charges, minimum account size requirements, termination provisions and other pertinent information, appear in program information available from the program Sponsor. In the case of a wrap fee program, this will include the Sponsor's own wrap brochure for that program, which is provided to program clients. Specific wrap programs in which Hodges Capital Management participates are listed on Schedule D to Part 1 of Hodges Capital Management's Form ADV, which can be viewed at www.sec.gov.

Hodges Capital Management's fees for providing portfolio management services in wrap or other sponsored programs are negotiable but are generally based on the number and size of accounts managed. Hodges Capital Management's fees in any given program may be less than the fees it would charge for a similarly sized account outside of the program. Hodges Capital Management may or may not enter into a separate advisory agreement directly with program clients, but most often Hodges Capital Management does not receive direct compensation from them.

Typically, clients in sponsored programs may contact Hodges Capital Management directly concerning their accounts, although client communications may be channeled to or through the Sponsor of the program. In the management of a client's account, Hodges Capital Management may rely on the Sponsor to forward current and accurate client information.

When evaluating any sponsored program, clients should consider a number of factors. In some instances, bundled services provided to clients under a sponsored program may be obtained at a lower aggregate cost if purchased separately or in a different arrangement, depending on the level of the fees, the size of the client's account, the anticipated amount of trading activity in the account, and the client's financial needs.

Clients may be brought to Hodges Capital Management for portfolio management in a sponsored program by another Registered Investment Adviser Firm, who may be acting through or in conjunction with the program Sponsor. Clients may also be referred to Hodges Capital Management by Registered Investment Adviser Firm's for investment advisory services outside of sponsored programs.

General Information:

Hodges Capital Management and its investment adviser representatives perform advisory services for a variety of clients in various types of accounts. At times, a conflict of interest may arise among clients or accounts. The advice given and the action taken with respect to any given advisory client's account may differ from advice given or the timing and nature of action taken with respect to another client's account, even an account with similar investment goals and objectives, due to a wide variety of factors including, for example, the overall profile of the accounts and tax considerations. Clients may have varying performance due to differences in their accounts and transactions in a specific security may not be

accomplished for all client accounts or at the same time or at the same price.

Hodges Capital Management's affiliate, First Dallas Securities, member FINRA/SIPC, provides portfolio management services on a commission-based arrangement to certain types of clients, subject to its own terms, conditions and other requirements. Clients that want more complete information about services offered by First Dallas Securities should consult with their Hodges Capital Management investment advisor representative and obtain and read a copy of First Dallas Securities' Form ADV, Part 2A Brochure.

Limitation of Liability:

Hodges Capital Management's managed account Investment Advisory Agreement contains provisions which may act as a waiver, release or limitation of certain rights the client may have against Hodges Capital Management arising from management of the client's account. The agreement states that Hodges Capital Management is not liable for any loss arising out of any investment decision or for any other act or omission taken with respect to the account, except for any act or omission which constitutes willful misfeasance, bad faith or gross negligence in the performance of its duties, or reckless disregard of its obligations and duties under the Agreement. Federal and state securities laws may impose liabilities under certain circumstances notwithstanding this limitation, and therefore nothing in that provision will waive, release or limit any rights a client may have under those laws or under any other laws that are not permitted to be waived by contract.

Hodges Capital Management's advisory agreement with the Hodges Mutual Funds also provides that Hodges Capital Management will give the Hodges Mutual Funds the benefit of its best judgment and effort in rendering services but will not be liable for any loss sustained by reason of the purchase, sale or retention of any security if made in good faith. This provision may also have the effect of limiting Hodges Capital Management's liability to the Hodges Mutual Funds, although nothing in the agreement may be construed to protect Hodges Capital Management against any liability to the Hodges Mutual Funds or its shareholders by reason of willful misfeasance, bad faith, or gross negligence in the performance of its duties, or by reason of its reckless disregard of obligations and duties under the agreement.

ERISA Accounts, Profit Sharing 401(k), SEP's:

We may also have other retirement accounts which are subject to ERISA rules and regulations. In all cases an "eligible investment advice arrangement" or advisory agreement will be executed with the Client. We will be considered a "fiduciary advisor" and will charge fees to the retirement account.

Item 6 Performance-Based Fees and Side-By-Side Management

We do not charge performance-based fees nor do we provide side-by-side management services.

Item 7 Types of Clients

Client Base:

Our customer base may consist of individuals, institutions, trusts, estates, charitable organizations, corporations and pension and profit sharing plans. These are the types of clients that we service, but we may not have all these types as current clients at any one time.

Conditions for Account Management:

Hodges Capital Management's current internal guidelines call for an account minimum of \$250,000 to establish a managed account. This is a guideline. Hodges Capital Management has accepted accounts that are smaller and reserves the right to do so in the future in its discretion. The minimum account size for accounts Hodges Capital Management manages through unaffiliated Sponsors' wrap fee or other programs varies by program, but are typically not less than \$250,000. Hodges Capital Management has accepted accounts that are smaller and reserves the right to do so in the future in its discretion.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis & Investment Strategies:

We work with you to create an investment strategy to meet your financial objectives. This includes:

- discussion regarding your objectives
- review of existing holdings
- ongoing analysis of client accounts
- advice on best direction for new investments
- updates of specific changes within the market or to particular funds
- periodic monitoring of recommended investments and yearly review

The flexibility of our strategies gives us the ability to best manage investment risks in any investment market. Hodges Capital Management maintains a Research Department that evaluates the investment merits of securities and provides information to investment personnel, who may use the information in managing client accounts for which they have responsibility.

We use Fundamental security analysis methods. In addition to the other sources noted we also use on-line research available from sources such as Bloomberg and www.capitaliq.com.

Fundamental Analysis involves using real data to evaluate a security's value. We perform fundamental analysis on a securities value by looking at economic factors, such as interest rates and the overall state of the economy, information about companies, revenues, earnings, future growth, return on equity, profit margins and other data to determine underlying value and potential for future growth.

Our security analysis information is based on a number of sources including financial newspapers, periodicals, commercially available investment services, company prepared information, general market and financial information, due diligence reviews and specific investment analysis that our clients may request.

Risk of Loss:

There is no guarantee that the advisory services provided by Hodges Capital Management or its investment adviser representatives will result in a client's goals and objectives being met. Investing involves risks, including the risk of loss of principal, and investment decisions made for a client's account may be subject to numerous risks, such as market, interest rate, currency, economic, political and business risks, among others. Past performance is no guarantee of future results. Hodges Capital Management does not guarantee the performance of any client account, either in the absolute or relative to any benchmark or index, and does not guarantee the success of any investment decision or strategy that may be used in managing an account, including the management of risk. You should make every effort to understand the risks involved.

The Principle Risks of Investing include, but are not limited to:

General Risks: You may lose money by investing with us. When you sell your investments, they may be worth less than what you paid for them because the value of investments will fluctuate, reflecting day-to-day changes in market conditions, interest rates and a number of other factors.

Allocation Risk: Our allocation of investments among different asset classes may have a more significant effect on your returns when one of these classes is performing more poorly than others.

Market Risk: Stock and bond markets often trade in random price patterns, and prices can fall over sustained periods of time. The value of the investments we make for you will fluctuate as the financial markets fluctuate. This could result in your account value(s) declining over short or long term periods of time.

Focused and Concentrated Portfolio Risks: We may invest your assets in a smaller number of securities than other broadly diversified investment strategies based on your specific investment objectives. Our approach is often referred to as "focused, concentrated, or non-diversified". Accordingly, the money we

manage for you may have more volatility and is often considered to have more risk than a strategy that invests in a greater number of securities because changes in the value of a single security may have a more significant effect, either negative or positive, on your overall portfolio value. To the extent we invest your assets in fewer securities, or we investment in non-diversified funds that take a focused or concentrated approach, your assets are subject to greater risk of loss if any of those securities become permanently impaired.

Equity Risk: Your investments will be subjected to the risk that stock prices may fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities in your portfolio may fluctuate drastically from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors will contribute to the volatility and risk of your assets.

Special Situation Risk: We may invest your assets in special situations based on your specific investment objectives. Investments in special situations may involve greater risks when compared to other strategies due to a variety of factors. Expected changes may not occur, or transactions may take longer than originally anticipated, resulting in lower returns than contemplated at the time of investment. Additionally, failure to anticipate changes in the circumstances affecting these types of investments may result in permanent loss of capital, where we may be unable to recoup some or all of its investment.

Foreign Securities Risk: We have the ability to invest in foreign securities where warranted but will only trade US dollar denominated securities. Foreign investments involve greater risk in comparison to domestic investments because foreign companies/securities: may have different auditing, accounting, and financial reporting standards; may not be subject to the same degree of regulation as U.S. companies, and may have less publicly available information than U.S. companies; and are often denominated in a currency other than the U.S. dollar.

Currency Risk: Your investments may be subject to currency risk. Currency fluctuations and changes in the exchange rates between foreign currencies and the U.S. dollar could negatively affect the value of your investments in foreign securities.

Interest Rate Risk: Your investments are subject to interest rate risk. Interest rate risk is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise. For example, fixed-income securities with long maturities typically experience a more pronounced change in value when interest rates change.

Credit Risk: Your investments are subject to credit risk. An investments credit quality depends on its ability to pay interest on and repay its debt and other obligations.

Small- to Medium-Capitalization Risk: We may invest your assets in small to medium sized companies. Shares of small to medium sized companies may have more volatile share prices. Furthermore, the securities of small to medium companies often have less market liquidity and their share prices can react with more volatility to changes in the general marketplace.

Prepayment Risk: Your investments may be subject to prepayment risk. Prepayment risk occurs when the issuer of a security can repay principal prior to the security's maturity. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a security can be difficult to predict and result in greater volatility.

Inflation Risk: The value of your assets or income from your investments may be less in the future as inflation decreases the value of your money. As inflation increases, the value (purchasing power) of your assets can decline.

Liquidity Risk: Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing us from selling out of these illiquid securities at an advantageous price.

Item 9 Disciplinary Information

Our firm's affiliate First Dallas Securities, Inc. and an investment advisory representative does have reportable legal disciplinary events that are disclosed on their registration history. Our Firm has disclosed the facts about legal or disciplinary events so that you can determine whether they are material to your evaluation of the integrity of our firm or its advisory agents. We value and endeavor to protect the confidence and trust you place in our Firm and its advisory agents.

In 1997 the Alabama State Securities Board fined First Dallas Securities, Inc. for effecting trades in their state prior to the firm having an approved registration to effect transaction in their state.

In 1999 the Massachusetts Securities Division fined First Dallas Securities, Inc. for effecting trades in their state prior to the firm having an approved registration to effect transaction in their state.

In 2000 the State of Idaho fined First Dallas Securities, Inc. for effecting trades in their state prior to the firm having an approved registration to effect transaction in their state.

In 2008 the Financial Industry Regulatory Authority fined First Dallas Securities, Inc. for violations of member rules in relation to research reports issued. In 2007, First Dallas Securities, Inc. stopped publishing research.

In 2011 the Financial Industry Regulatory Authority fined First Dallas Securities, Inc. for failing to file for approval a material change in ownership or control of the firm.

A full report that reflects the professional background, business practices, and conduct of our firm, affiliated firms and its investment advisory representatives is available through the Financial Industry Regulatory Authority's (FINRA) BrokerCheck system link at www.finra.org/brokercheck or you may request disclosable information under BrokerCheck by calling (800) 289-9999, a toll-free hotline operated by FINRA.

You may also access a full report of our advisory agents through the IARD link at www.adviserinfo.sec.gov. Should you have any technical difficulties with this link you can call 240-386-4848 for further assistance.

The information that appears on these websites is collected from individual investment adviser representatives, investment adviser firm(s), and/or securities regulator(s) as part of the securities industry's registration and licensing process.

Item 10 Other Financial Industry Activities and Affiliations

In addition to providing advisory account services to clients of Hodges Capital Management as an investment adviser, our firm or certain officers and investment adviser employees of our firm are also engaged in other business activities, including:

- securities brokerage activities as a registered broker-dealer or as registered representatives of First Dallas Securities, Inc. member (FINRA/SIPC) as a broker-dealer;
- investment advisory activities as investment adviser representative of First Dallas Securities, Inc. an affiliate of Hodges Capital Management, which acts as investment adviser to the Hodges

Mutual Funds and advisory accounts.

In connection with these other activities, such individuals may receive compensation in addition to the compensation they receive from providing advisory services to clients of our firm, which may pose a conflict of interest.

Broker Dealer/Investment Advisory Firm Affiliation:

First Dallas Holdings. Craig D. Hodges, Chairman/CEO, owns approximately 12.9% equity stock. First Dallas Holdings majority shareholder is First Dallas Holdings Voting Trust, which Craig Hodges, Camille Hodges Hays and Clark Hodges, trustees, each have 1/3 voting control. Accordingly, First Dallas Securities and Hodges Capital Management are deemed to be under common control and therefore related persons.

First Dallas Securities, Inc. (Member FINRA/SIPC) is a registered broker-dealer as well as a SEC registered investment advisory firm. Custody of your accounts for both securities and funds will be maintained at First Clearing Corporation the designated custodian and clearing firm for First Dallas Securities. In its capacity as a broker-dealer, First Dallas Securities may execute trades for accounts advised by Hodges Capital Management.

Some investment adviser representatives of Hodges Capital Management may also be advisory associates and/or registered representatives of First Dallas Securities and may earn commissions in that capacity. In addition, some clients of Hodges Capital Management may also have separate accounts with First Dallas Securities. First Dallas Securities charges commissions on accounts it handles.

Hodges Funds Information:

Hodges Capital Management serves as the investment adviser to the Hodges Fund, the Hodges Small Cap Fund, the Hodges Pure Contrarian Fund, the Hodges Equity Income Fund, Hodges Blue Chip 25 Fund, Hodges Small-Mid Cap Fund and the Hodges Small Intrinsic Value Fund ("the Hodges Mutual Funds" or "the Funds"), each a registered investment company. In addition, various Hodges Capital Management officers and employees are personally invested in the Funds. Accordingly, Hodges Capital Management is deemed to be a related person to the Hodges Mutual Funds. Under certain conditions, Hodges Capital Management may invest advisory clients' assets in shares of the Hodges Mutual Funds, but will not charge any advisory fees on those assets.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Hodges Capital Management's Code of Ethics ("The Code") sets certain standards of conduct for Hodges Capital Management and its personnel and addresses certain conflicts of interest posed by their personal trading. The Code acknowledges that, as an investment adviser, Hodges Capital Management is construed to have a fiduciary relationship with its advisory clients and, as such, owes its clients a duty of care and loyalty. In addition, the Code prohibits Hodges Capital Management employees from engaging in fraudulent conduct and requires employees to conduct activities in a manner that avoids, to the extent possible, actual or potential conflicts of interest with clients. The Code also contains prohibitions against fraud, deceit and manipulation and specific provisions prohibiting conduct commonly known as "insider trading," "self-dealing," "front-running," and "scalping."

The Code also restricts employee personal securities transactions by various means, such as requiring pre-clearance of all personal securities transactions. These restrictions apply to all employees of Hodges Capital Management. The Code also limits acceptance of gifts by employees of Hodges Capital Management, or its affiliate and prohibits investment adviser representatives from serving on the boards of public companies without prior approval of the Compliance Officer.

In order to monitor Hodges Capital Management's compliance with the Code and applicable law, each officer and employee is required to provide Hodges Capital Management with duplicate copies of their securities account statements, which are reviewed by an officer of Hodges Capital Management. In

addition, each officer and employee is required to sign a statement acknowledging that they are subject to the Code and certifying that they are in compliance with all the policies, procedures, provisions and requirements contained in the Code and will remain in compliance with them so long as they are required. Personnel in violation of any Hodges Capital Management firm policy may be subject to disciplinary measures, including dismissal.

This is only a summary description of the Hodges Capital Management Code of Ethics. The entire Code will be made available to you upon request.

Participation or Interest in Client Transactions / Personal Trading:

All securities transactions recommended or traded for the account of an advisory client of Hodges Capital Management may be placed with and executed through Hodges Capital Management's affiliated broker-dealer, First Dallas Securities member FINRA/SIPC. Any Hodges Mutual Funds portfolio transactions placed with and executed through First Dallas Securities are subject to regulatory restrictions and internal policies and procedures adopted by the Hodges Mutual Funds, which are aimed at addressing the conflicts of interest posed by those transactions and are monitored by the Trust's Board of Trustees.

Hodges Capital Management or its investment adviser representatives may recommend to clients or effect transactions for client accounts in securities in which a director, officer or employee of Hodges Capital Management or another related person of Hodges Capital Management may also be invested. This poses a conflict of interest to the extent that transactions in such securities on behalf of Hodges Capital Management clients may advantage such related persons. However, Hodges Capital Management and its investment adviser employees are constrained by fiduciary principles to act in their clients' best interests when managing their accounts. Hodges Capital Management monitors activity in client accounts in an effort to ensure that transactions are appropriate and any such conflicts are resolved in a manner that is fair and equitable to clients.

In addition, Hodges Capital Management may invest clients' assets in shares of the Hodges Mutual Funds, for which Hodges Capital Management serves as investment adviser and in which various Hodges Capital Management officers or employees are invested personally. Hodges Capital Management does not charge an advisory fee on any assets in its clients' managed accounts that are invested in the Hodges Mutual Funds. In addition, Hodges Capital Management is constrained by fiduciary principles to act in its clients' best interests when managing accounts and will invest clients in the Hodges Mutual Funds only when it is suitable to do so.

Under certain circumstances, Hodges Capital Management or persons related to Hodges Capital Management including its officers, directors and employees, are permitted to purchase and sell for their own account securities that may be the same as those recommended to clients for their accounts, subject to a Code of Ethics which covers Hodges Capital Management and its personnel.

Item 12 Brokerage Practices

Brokerage Selection:

Hodges Capital Management has discretion over the selection of broker-dealers to be used and the commission rate to be paid for execution of transactions in managed accounts unless the client has directed brokerage with respect to its account or unless the client's account is treated as a directed brokerage account under the circumstances described under the heading "Directed Brokerage" below. In selecting a broker-dealer for any particular transaction in which it has brokerage discretion, Hodges Capital Management considers a number of factors, which may include but not be limited to the reasonableness of the commissions, the quality of services and execution, and the availability and value of research and brokerage services, which Hodges Capital Management may lawfully and appropriately use in managing accounts. Client account transactions may be placed through First Dallas Securities an affiliate of Hodges Capital Management.

Hodges Capital Management also has discretion over the selection of broker-dealers to be used and the

commission rate to be paid for execution of transactions in the Hodges Mutual Funds. In selecting broker-dealers for Hodges Mutual Fund portfolio transactions, Hodges Capital Management considers factors similar to those used to select broker-dealers for transactions in its managed accounts, as stated above. A more complete description of the factors used to select broker-dealers for the Hodges Mutual Funds transactions can be found in the Hodges Mutual Funds' combined current prospectus and Statement of Additional Information. Subject to best execution, Hodges Mutual Funds' portfolio transactions may be placed through First Dallas Securities, an affiliate of Hodges Capital Management, in accordance with procedures adopted by the Hodges Mutual Funds' Board of Trustees pursuant to the requirements of the Investment Company Act of 1940.

Hodges Capital Management takes steps aimed at ensuring that clients receive best execution and reasonable commission rates upon execution of their trades.

Brokerage for Client Referrals:

Neither our Firm nor our investment advisory representatives receive client referrals from a broker dealer or other third party when recommending to you a broker-dealer for the execution of securities transactions.

Directed Brokerage:

Managed account clients may select a broker-dealer to maintain and custody their assets and may direct Hodges Capital Management to place their trades with that broker-dealer.

In cases of directed brokerage, it is the client's responsibility to negotiate commission rates and other transaction, custodial and related costs with their chosen broker. In that case, Hodges Capital Management is not in a position to, and will not, negotiate such rates and costs. Unless a lower rate has been negotiated by a client, the client should expect that the brokerage firm it chooses to charge client's account commissions based on that brokerage firm's established, non-discounted commission schedule.

Managed account clients who do not have another broker-dealer and wish to custody their assets, or whose original relationship was with Hodges Capital Management affiliate, First Dallas Securities, will typically have their Hodges Capital Management account opened at First Dallas Securities and, in that case, Hodges Capital Management will place most if not all transactions in the account through First Dallas Securities. Hodges Capital Management client accounts may be charged a flat ticket charge or a trading fee by First Dallas Securities. This charge is for certain expenses charged by our custodian. Hodges Capital Management accounts opened at First Dallas Securities will be maintained and held at First Clearing Corp., an unaffiliated registered broker-dealer firm which acts as clearing agent for First Dallas Securities.

Accounts that Hodges Capital Management manages under wrap fee or other sponsored programs will normally be maintained and held at the program Sponsor or at a broker-dealer firm designated by the Sponsor. Unless the client specifies otherwise, Hodges Capital Management will normally cause all transactions for those accounts to be placed with the program Sponsor or the Sponsor's designated broker-dealer. To that extent, accounts under sponsored programs will be treated as directed brokerage accounts.

When Hodges Capital Management effects transactions for an account through a Sponsor that refers or introduces clients to Hodges Capital Management in circumstances where the Sponsor (or its affiliate) would earn commissions or other benefits as a result of trades placed by Hodges Capital Management, a conflict of interest may arise. However, clients are apprised that all transactions for their program accounts will normally be placed with the program Sponsor or the Sponsor's designated broker-dealer. In addition, clients may themselves negotiate with the program Sponsor or its designated broker-dealer for more favorable commission rates and other transaction, custodial and related costs for their account if they so choose. In any case, Hodges Capital Management is constrained by fiduciary principles to act in clients' best interests when managing their accounts.

To the extent a client account is subject to directed brokerage or treated as a directed brokerage account, it may not receive commission rates as low as might be obtained if Hodges Capital Management had full discretion to select other broker-dealers. In addition, the client may not receive best execution for

transactions effected in its account, may not participate in volume discounts obtained through aggregated securities orders and may have its trade executed after the aggregated order and therefore receive less favorable execution.

Use of Affiliated Broker-Dealer:

In the exercise of its brokerage discretion or pursuant to a client's direction, Hodges Capital Management may place transactions in client accounts with its affiliated broker/dealer, First Dallas Securities. Hodges Capital Management client accounts may be charged a flat ticket charge by First Dallas Securities. This charge is for certain expenses charged by our custodian. Ticket charges paid to First Dallas Securities are disclosed to clients and represent a discount from the usual commission it would charge

Placing client brokerage with First Dallas Securities poses a conflict of interest for Hodges Capital Management to the extent such transactions may benefit First Dallas Securities as Hodges Capital Management's affiliate. However, Hodges Capital Management is constrained by fiduciary principles to act in its clients' best interests when managing the account.

Aggregation of Orders and Allocation of Partially Filled Orders:

On occasion, orders for a client's account may be aggregated with orders for other Hodges Capital Management clients for whom the transaction is appropriate, even though accounts are individually managed. Client trades may also be aggregated with trades for affiliate accounts or accounts in which Hodges Capital Management or its related persons has an interest.

Aggregation of orders may give rise to conflicts of interest among the accounts for whom the transaction may be appropriate, and among the accounts actually selected to participate in the transaction, if the order is only partially filled. If more than one price is paid for securities in an aggregated transaction, each client in the transaction will typically receive the average price paid for the block in the aggregated transaction. Orders for the same securities that are not included in the aggregated order may be executed after the aggregated order and may receive a different execution price. If an aggregated order is unable to be filled completely, the filled portion of the transaction will be re-allocated on a random basis.

Soft Dollar Arrangements:

Subject to Section 28(e) of the Securities Exchange Act of 1934 and subject to taking steps to ensure best execution, Hodges Capital Management may pay an unaffiliated broker a commission in excess of that which another broker may have charged for effecting that transaction, in recognition of the value of the research and/or brokerage services provided by that broker. This practice is commonly referred to as "soft dollars." Various types of research and brokerage services may be obtained with soft dollars under Section 28(e) including, among other things, research and analytical information used in the investment decision-making process, which may be either proprietary (created and provided by the broker) or third-party (created by a third-party but provided to Hodges Capital Management by the broker). In selecting a broker providing research or brokerage services to execute client transactions, Hodges Capital Management will make a good faith determination that the amount of the commission charged is reasonable in relation to the value of the research and brokerage services received, viewed either in terms of the specific transaction or Hodges Capital Management's overall responsibility to the accounts over which it exercises investment discretion. From time to time, we may use "cross subsidization".

Currently, Hodges Capital Management has two third-party soft dollar arrangements, under which Hodges Capital Management acquires published research services and an order management system. These arrangements are not affected pursuant to any binding agreement or understanding with any broker regarding a specific dollar amount of commissions to be paid to that broker. However, Hodges Capital Management and/or the broker may prepare and maintain written materials that indicate a specific or minimum amount of commissions that the broker expects to receive for providing the particular service. Hodges Capital Management will then endeavor to direct sufficient commissions to the broker to ensure continued receipt of those research services Hodges Capital Management believes are useful in managing client accounts. Hodges Capital Management may also place trades with other unaffiliated brokers on a case-by-case basis without a soft dollar arrangement.

Currently, only Hodges Mutual Funds commissions are used by Hodges Capital Management to pay for third-party soft dollar services. However, Hodges Capital Management may use the services acquired with soft dollars in managing other client accounts. This poses a conflict of interest among Hodges Capital Management's clients to the extent that clients other than the Hodges Mutual Funds will not bear any of the cost of the soft dollars paid for these services, even though their accounts may benefit from the services obtained with those soft dollars. Soft dollars also pose a conflict of interest between Hodges Capital Management and its clients to the extent that use of a client's commissions to pay for services relieves Hodges Capital Management from having to pay for the cost of those services with "hard dollars" out of its own resources. However, Hodges Capital Management has adopted a Soft Dollar Policy, available upon request, governing its use of soft dollars and monitors its soft dollars practices to ensure that the policy is observed. In addition, Hodges Capital Management's soft dollar practices are fully disclosed to and monitored by the Trustees of the Fund.

Item 13 Review of Accounts

Hodges Capital Management investment adviser representatives conduct reviews of advisory client accounts by selecting a portion of their accounts to review each day. Accounts are reviewed for holdings and potential buying and selling activity in light of the client's investment objectives, guidelines and restrictions. Additional contributions made to an account by the client may also trigger a review of the account for potential investment activity. Hodges Capital Management client accounts are reviewed periodically for various compliance parameters by the Chief Compliance Officer or another Hodges Capital Management officer. These include monitoring daily trading activity, in addition to certain monitoring or reviews conducted quarterly or annually.

The Hodges Fund account is generally monitored daily by Donald W. Hodges and/or Craig Hodges, as co-portfolio managers of the Fund. The Hodges Small Cap Fund, the Hodges Pure Contrarian Fund, the Hodges Equity Income Fund, the Hodges Blue Chip 25 Fund and the Hodges Small-Mid Cap Fund accounts are generally monitored daily by Donald W. Hodges, Craig Hodges, Gary Bradshaw, and/or Eric Marshall, as co-portfolio managers of these Funds. The Hodges Small Intrinsic Value Fund is generally monitored daily by Craig Hodges, Gary Bradshaw, Chris Terry, Derek Maupin and/or Eric Marshall, as co-portfolio managers of this Fund. The daily reviews are conducted to determine whether the Funds' assets are being invested in accordance with applicable objectives, restrictions, guidelines and policies. Reviews are undertaken via daily checks on the status of the Funds' portfolios and are assisted by the receipt of reports from the Funds' administrator concerning portfolio matters. Hodges Capital Management also monitors monthly and quarterly portfolio compliance reports generated by the Funds' third party administrator. Hodges Capital Management may also evaluate various other Fund parameters on a daily, monthly, quarterly or annual basis, as it deems necessary in its discretion as part of its advisory function or as may be requested by the Trustees of the Trust. This may include evaluating such matters as the performance of the Funds, Funds expenses, Funds brokerage placement, commission rates, and other matters.

Managed account clients receive statements for their accounts not less than quarterly directly from the custodian of the accounts. Clients also receive performance reports at least annually from Hodges Capital Management.

For accounts Hodges Capital Management manages in sponsored programs, Hodges Capital Management sends account information to the program Sponsor not less than quarterly. The program Sponsor then provides information to the client in accordance with the Sponsor's own procedures.

For the Hodges Mutual Funds, Hodges Capital Management reports orally or in writing to the Trustees of the Trust not less than quarterly. These reports normally cover any matters of import on the Hodges Mutual Funds pertaining to the investment of the Funds' assets and related matters. Annually, in conjunction with renewal of Hodges Capital Management's Investment Advisory Agreement with the Trust with respect to the Hodges Mutual Funds, more extensive information is provided to the Trustees about Hodges Capital Management and the Hodges Mutual Funds. The Trust also obtains reports on the

Hodges Mutual Funds and its portfolios on a regular basis from other service providers.

Item 14 Client Referrals and Other Compensation

Client Referrals:

Clients may be referred to Hodges Capital Management by other registered investment advisers for investment advisory services either inside or outside of sponsored programs. Hodges Capital Management may pay a portion of its advisory fees to these registered investment advisers who refer clients to Hodges Capital Management. We do not currently have any such arrangements

Other Compensation:

Hodges Capital Management will normally treat sponsored program accounts as directed brokerage accounts and cause all transactions for those accounts to be placed with the program Sponsor or the Sponsor's designated broker-dealer. In any circumstance where the Sponsor (or its affiliate) earns commissions or other benefits as a result of trades placed by Hodges Capital Management this practice could be viewed as directly or indirectly compensating the Sponsor for client referrals. However, Hodges Capital Management does not place transactions with the program Sponsor or its designated broker-dealer for the purpose of compensating the Sponsor but rather to adhere to the client's own direction or expectation under the program and in view of the efficiencies that result from placing trades with the firm where the accounts are deposited. In any case, Hodges Capital Management is constrained by fiduciary principles to act in clients' best interests when managing their accounts.

Item 15 Custody

Your funds and securities will be maintained with a "qualified custodian" as required under Rule 206(4)-2 under the Advisers Act. Custody of client accounts for both securities and funds will be maintained at First Clearing Corporation, member FINRA/SIPC, the clearing agent for Hodges Capital Management or other custodian as directed by the client

Account statements are sent monthly, but at least quarterly, from the qualified custodian, and you should carefully review those statements including comparison to any reports we may send to you.

Item 16 Investment Discretion

Hodges Capital Management, through the Hodges Capital Management investment adviser representative managing a client's advisory account, has discretionary authority to determine the securities to be bought or sold and the amounts of securities to be bought or sold. This authority is limited by the client's stated investment objectives, guidelines and restrictions, and by Hodges Capital Management's fiduciary obligation to act in the client's best interest.

For accounts Hodges Capital Management manages under sponsored programs, Hodges Capital Management's discretion is further limited by any instructions, restrictions or guidelines Hodges Capital Management receives from the program Sponsor or the RIA who brought the client to Hodges Capital Management.

For the Hodges Mutual Funds, Hodges Capital Management's discretion is limited by the terms of the Investment Advisory Agreement between Hodges Capital Management and the Trust relating to the Hodges Mutual Funds, any specific instructions adopted by the Trustees of the Trust, the parameters and restrictions contained in the Hodges Mutual Funds' combined Prospectus and Statement of Additional Information and additional provisions of applicable law. Hodges Capital Management monitors advisory accounts periodically for consistency with these limitations.

Item 17 Voting Client Securities

Proxy Voting Policy:

Private Client Managed Accounts and Sponsored Program Accounts:

Hodges Capital Management generally does not vote proxies on securities held in private client managed accounts and sponsored program accounts. In those cases, Hodges Capital Management is not authorized or obligated to vote proxies for securities held in the account. The client reserves to itself the authority to vote all proxies and Hodges Capital Management is expressly precluded from voting proxies for securities held in the account. Proxies for securities held in the account are sent to the client directly from the custodian or are handled as otherwise agreed between the client and the custodian.

Notwithstanding the general case, when requested by the client and expressly agreed to in the applicable investment advisory agreement, Hodges Capital Management will vote proxies on securities in those accounts. In those cases, Hodges Capital Management will vote proxies in accordance with its Proxy Voting Policies and Procedures (see heading below). Upon request, clients may obtain information about how their securities were voted by contacting Hodges Capital Management at its office: Hodges Capital Management, 2905 Maple Ave., Dallas, TX 75201, telephone: 888-878-4426.

The Hodges Funds:

For the Hodges Mutual Funds, the Board of Trustees of the Trust has adopted Proxy Voting Policies and Procedures, which delegate the responsibility for voting proxies to Hodges Capital Management as the Hodges Mutual Funds' investment adviser, subject to the Board's continuing oversight. The Trust's Proxy Policies require Hodges Capital Management to vote proxies received in a manner consistent with the best interests of the Hodges Mutual Funds and their shareholders. The Trust's Proxy Policies also require Hodges Capital Management to present to the Board, at least annually, Hodges Capital Management's own proxy policies and a record of each proxy voted by Hodges Capital Management on behalf of the Funds, including a report on the resolution of all proxies identified by Hodges Capital Management as involving a conflict of interest.

The Trust files a Form N-PX with the Funds' complete proxy voting record for the 12 months ended June 30th, no later than August 31 of each year. Form N-PX will be available for all Hodges Mutual Funds without charge, upon request, by calling the Funds toll free at 866-811-0224 and on the SEC's website at www.sec.gov.

Hodges Capital Management's Proxy Voting Policies and Procedures:

Hodges Capital Management has adopted its own proxy policies and procedures applicable to voting proxies relating to securities in the accounts of the Hodges Mutual Funds and other accounts where Hodges Capital Management votes proxies. When voting proxies, decisions will be based on what Hodges Capital Management believes to be in the best interest of the client (meaning the Hodges Mutual Funds and its shareholders in the case of the Hodges Mutual Funds). Hodges Capital Management will act in a prudent and diligent manner to achieve the investment objectives and/or to enhance the economic value of the client's account.

Hodges Capital Management considers each proxy proposal individually and makes decisions on a case-by-case basis. Hodges Capital Management's proxy voting guidelines provide no specific inclination as to how proxies will be voted except that votes will be based upon what Hodges Capital Management deems to be in the best interest of the client. The trends in industries/sectors of investments, as well as market conditions, economic environment and strength of management in the companies will also influence how decisions are made.

Hodges Capital Management may abstain from voting proxies if:

- it determines that the value of the client's economic interest or the value of the portfolio holding is indeterminable or insignificant;
- in circumstances where, after doing a cost-benefit analysis, the cost of voting a client's proxy would exceed any anticipated benefits to the client proposal.

Hodges Capital Management also will generally not vote proxies:

- for securities which are no longer held by the client's account;
- for securities where the economic value of the securities in the client's account is less than \$500.

Where a proxy proposal raises a material conflict of interest between Hodges Capital Management's interests and the client's interests, Hodges Capital Management will disclose the conflict to the client (the Hodges Mutual Fund's Board, in the case of the Hodges Mutual Funds) and obtain the client's consent to vote or direct the matter to an independent third party, selected by the client, for a vote determination. If the consent or the independent third parties determination is not received in a timely manner, Hodges Capital Management will abstain from voting the proxy.

Item 18 Financial Information

We do not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Hodges Capital Management does not have any financial condition that is reasonably likely to impair the ability to meet contractual commitments to you and has not been the subject of a bankruptcy proceeding.

Item 19 Requirements for State Registered Advisers

Not Applicable.