



2905 Maple Avenue | Dallas, TX 75201

T: 214.954.1177 | Fax: 214.954.1281

www.hodgescapital.com

IARD # 110080

Hodges Capital Management

Form ADV Part 2A

October 27, 2023

This brochure provides information about the qualifications and business practices of Hodges Capital Management, Inc. 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, Inc. 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, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

We have made several minor edits and updated information on our assets under management. Material changes that have been made to this Form ADV Part 2A, also known as the “Brochure” since our last delivery or posting of the Brochure on the SEC’s public disclosure website (“IAPD”) www.adviserinfo.sec.gov are listed below:

- Item 4, Advisory Business: We changed the names of the following advisory programs to better reflect the Hodges brand and the portfolio type offered:

Hodges Free Style Portfolio- name changed to Hodges Private Client Free Style Portfolios

Hodges Private Client Portfolios – name changed to Hodges Private Client Strategy Portfolios

- Item 4, Advisory Business: We changed the “Trust” for the Hodges Mutual Funds from The Professionally Managed Portfolio Series Trust to The Northern Lights Fund Trust II.
- Item 8, Methods of Analysis, Investment Strategies and Risk of Loss: We included the Hodges Private Client Strategy Portfolios offered along with their investment objective and principal investment strategy.
- Item 13, Review of Accounts: We updated Portfolio Managers responsible for each the Hodges Mutual Funds along with a description of each of the fund’s investment objective and principal investment strategies.

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Item 4: Advisory Business

OWNERSHIP

Hodges Capital Management, Inc. ("Hodges") is a Registered Investment Advisory Firm registered with the U.S. Securities and Exchange Commission ("SEC") since January 5th, 1990. Our registration as an Investment Adviser does not imply any level of skill or training.

Hodges Capital Management, Inc. was formed as a corporation in Texas in May 1989. Hodges Capital Management, Inc. is a wholly owned subsidiary of Hodges Capital Holdings, Inc. Chairman/CEO, Craig D. Hodges, owns approximately 23.7% equity stock. Hodges Capital Holdings' largest shareholder is the Hodges Capital Holdings Voting Trust at 46.9%; of which Craig Hodges, Camille Hodges Hays and Clark Hodges, trustees, each has approximately 1/3 voting control.

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 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 detailed information about services offered by First Dallas Securities should consult their Hodges Capital Management Investment Advisor Representative and obtain a copy of First Dallas Securities' Form ADV Part 2A (Firm Brochure).

LIMITATION OF LIABILITY:

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.

INVESTMENT ADVISORY SERVICES

Hodges Capital Management provides investment management services via three primary divisions: The Hodges Mutual Funds, Direct Clients, and Managed Accounts.

The Hodges Funds

Hodges Capital Management serves as the Investment Adviser to the Hodges Mutual Funds' four registered open-end investment companies in Northern Lights Fund Trust II (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.

Direct Clients

We provide investment advisory services for Hodges Private Clients (direct clients) through two advisory programs. We collaborate with you to determine the best method to invest and manage your account(s). We may recommend one or more ways to manage the investments in your account(s). The two advisory programs are:

Hodges Private Client Free Style Portfolios – a fully discretionary account that is managed by your Hodges Capital Management Investment Adviser Representative, who serves as your principal contact and account manager. The Investment Adviser Representative takes into consideration your particular investment objectives, guidelines and restrictions and constructs a customized Free Style Portfolio that may hold equities, fixed income, cash and cash equivalents, mutual funds, ETFs or option securities. 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, which may adversely affect the trade price for your account. Due to the unique treatment of each client account, there may be instances where one account will not hold the same securities or perform similarly to other Free Style accounts even if they share the same investment goals and objectives.

Hodges Private Client Strategy Portfolios – a fully discretionary account that invests in a portfolio constructed and managed by Hodges Capital Management's Portfolio Management team. The Investment Adviser Representative works with you to tailor the portfolio based on your particular investment objectives, guidelines and restrictions. The Strategy Portfolio may hold equities, ETFs, cash and cash equivalents.

Hodges Capital Management Investment Advisors may function as a Portfolio Manager for one or more of the Hodges Family of Mutual Funds, and in some instances may act as the Portfolio Manager for a model portfolio as well as the Investment Adviser for a client account, depending on the type of client and type of investment selected.

Managed Accounts

SUB-ADVISED ACCOUNTS

Institutional clients can engage Hodges Capital Management to manage all or a portion of their assets on a discretionary basis. The Firm offers model portfolios to institutional clients through a sub-advisory relationship. Pursuant to that relationship, the institutional client is generally responsible for conducting an initial assessment and reviewing the investment needs, goals, objectives, and risk tolerance of the beneficial owner of the assets (or end-client). The institutional client is generally responsible for conducting an initial assessment and reviewing the investment needs, goals, objectives, and risk tolerance of the beneficial owner of the assets (or end-client).

DUAL CONTRACT ACCOUNTS

Unaffiliated Financial Advisors can engage Hodges Capital Management to manage all or a portion of their client's assets on a discretionary basis. Whereas in a Sub-Advised relationship, the Firm contracts solely with an Institution to provide investment management services, a Dual Contract relationship requires the Firm to contract directly with the unaffiliated Financial Advisor and their end client to provide investment management services. The Firm offers model portfolios to dual contract clients through an investment advisory agreement. Pursuant to this relationship, the unaffiliated Financial Advisor is generally responsible for conducting an initial assessment and reviewing the investment needs, goals, objectives, and risk tolerance of the beneficial owner of the assets (or end-client).

GENERAL CONDITIONS

The Firm primarily allocates clients' investment management assets among domestic equity securities. In addition, when we feel it is appropriate or in the client's best interests, the Firm will allocate assets among corporate debt securities, municipal securities, U.S. government securities and investment company securities. When appropriate and desirable, the Firm will also research and offer advice pertaining to other types of investments as needed to meet a client's needs.

All clients are advised to promptly notify the Firm if there are changes in their clients' or their own financial situation or investment objectives, respectively, or if they wish to impose any reasonable restrictions upon the Firm's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., prohibit a portion of their assets from investing in certain individual companies or industries) if, in the Firm's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

WRAP FEE PROGRAMS:

You may receive a recommendation to open an account through HCM for purposes of investing in one of our Firm-sponsored wrap fee advisory programs. HCM is the sponsor and investment adviser that offers and administers the Hodges Private Client Free Style Portfolio and the Hodges Private Client Strategy Portfolio wrap fee programs through Fidelity Brokerage Services LLC. ("Fidelity"). Fidelity is independently owned and operated, and has no affiliation with HCM, and Fidelity does not function as a sponsor of the wrap fee programs. HCM's wrap fee advisory programs are described in detail in our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure").

The Firm also offers investment advice to clients through our participation in "wrap fee" programs. Other brokerage firms ("Sponsors") offer these programs to provide their clients with access to non-affiliated investment advisers. Wrap fee accounts are typically managed in the same manner as other accounts that we manage. If a sponsor's client selects the Firm to manage funds, we receive a portion of the fee charged by the sponsor.

DIFFERENT TYPES OF WRAP FEE PROGRAMS:

Clients can access our strategies and the mutual funds through wrap fee programs (SMA, UMA, or MDP) at Sponsor Firms. The following is a brief description of each type of account and discussion of how they differ from each other with respect to our offerings.

SMA'S:

A separately managed account ("SMA") is an individually managed account offered by Sponsor Firms through one of their Financial Advisors and managed by an independent investment management firm (the "investment manager" or "manager"). These programs typically offer a wide array of investment managers from which the client can choose.

When a client (or a client's Sponsor Firm with discretion) selects an investment manager for an SMA, the client will usually grant the investment manager full discretion (including trading discretion) over the account. With this authority, the manager directs trading activity in the account according to its investment process and securities selection discipline. Trading discretion requires the investment manager to seek best execution for trades executed in the SMA. Each SMA requires its own custodial account. As a result, a client who chooses to invest with multiple managers maintains multiple custodial accounts at the Sponsor Firm – one for each investment manager.

If selected to manage the assets in a client's SMA maintained by a Sponsor Firm, the Firm will provide investment management services on a discretionary basis to that client in accordance with one or more investment strategies selected by the client. For more information about the Firm's trading policies, please see Item 12 of this Brochure.

MDP'S AND UMA'S:

Model delivery platforms ("MDPs") are wrap program accounts for which the Firm only provides a model to the Sponsor Firm. Under these arrangements, the Firm generally provides non-discretionary investment advice in the form of the relevant investment models. The Firm generally does not have discretion, trading or otherwise, over these accounts. These programs are often referred to as Model Delivery Arrangements, Model Manager Sub-Advisory Arrangements, or Model Delivery Platforms. The Firm does not operationally distinguish between MDP accounts and UMA (as defined below).

Unified Managed Accounts ("UMAs") are similar to MDPs, but there are important differences that investors should take the time to understand. A UMA combines all a client's assets into a single account. While an MDP account holds the securities associated with a single investment manager in a unique custodial account at the Sponsor Firm, a UMA typically holds multiple investment strategies in the same custodial account, as well as other investment products, such as mutual funds, individual stocks, or bonds.

In an MDP or UMA account, the investment manager delivers an investment model to the Sponsor Firm and typically does not have trading discretion over the account. Clients should speak to their Financial Advisor about the similarities and differences associated with SMAs, UMAs, and MDP accounts so they fully understand their specific account structure.

PERFORMANCE DIFFERENCES BETWEEN DIRECT CLIENT ACCOUNTS AND SUB-ADVISED ACCOUNTS

While the Firm's Private Clients, SMA, UMA, and MDP accounts utilizing the same investment solutions may perform similarly, there are expected to be performance differences between them. There will be performance differences between UMAs and MDP accounts as compared to Private Clients because the Firm does not have trading discretion over the UMAs and MDP accounts. Additionally, certain sub-advised programs have directed brokerage arrangements, which may result in trades being executed differently for those sub-advised programs than for Private Clients.

ASSETS UNDER MANAGEMENT:

As of July 31, 2023, Hodges Capital Management, Inc. had \$969,195,812, in discretionary assets under management.

Item 5: Fees and Compensation

FEE SCHEDULE:

INVESTMENT ADVISORY SERVICES:

Hodges Capital Management is compensated through an annualized asset-based fee ("advisory fee"), which is paid on a quarterly basis in advance or arrears. Clients invested in a Hodges Free Style Portfolio may choose to have the fees billed to them via an invoice or deducted directly from their account. Clients invested in a Hodges Private Client Portfolio will have the fees deducted directly from their 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 management during the period for any advisory agreement that comes into effect or is terminated mid-period. Although many fees are individually negotiated, the fees typically range from 0.30% (e.g., "model delivery") to 1.50% (individual management). Hodges Capital may also charge a different fee based on the asset class of securities held in an account. The amounts and specific way fees are charged is memorialized in our contract with the Client.

A portion of the asset-based fees paid to Hodges Capital Management is in turn paid to the Hodges Capital Management Investment Adviser Representative responsible for managing the account.

FEES FOR MANAGEMENT DURING PARTIAL QUARTERS OF SERVICE

New accounts that are opened intra-quarter are charged an Advisory fee that is pro-rated for the period of time from when the account is opened until the end of the quarter. Upon termination of an Agreement intra-quarter, any prepaid, unearned Advisory Fees will be promptly refunded, and any earned, unpaid Advisory Fees will be due and payable. For some clients, if a client contributes capital or withdraws assets from their account, equal to or greater than \$50,000.00, on a date other than the first day of a calendar quarter for a contribution or the last day of a calendar quarter for a withdrawal, some accounts will be charged a pro-rated portion of the fees for that calendar quarter.

The agreement between the Firm and the client will continue in effect until terminated by either party pursuant to the terms of the agreement.

FEES FOR 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 as 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, as well as information about unreimbursed promotional expenditures relating to the Funds made by Hodges Capital Management out of its own resources.

TERMINATION WITH RESPECT TO THE HODGES FUNDS:

The Investment Advisory Agreement between Hodges Capital Management and the Northern Lights Fund Trust II P("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 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 effected 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 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.

Typically, clients in Sponsored programs may contact Hodges Capital Management directly concerning their accounts, although client communications are typically channeled to or through the Sponsor of the program. In the management of a client's account, Hodges Capital Management relies 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.

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. Open-ended Mutual Funds held in advisory accounts are not charged advisory fees.

In its capacity as a Broker-Dealer, First Dallas Securities, Inc. may execute trades for accounts advised by Hodges Capital Management. Wells Fargo Clearing Services is the custodian firm used by First Dallas Securities for client accounts. First Dallas Securities is an affiliated Broker-Dealer of Hodges Capital Management, as described in *Item 10: Other Financial Industry Activities and Affiliations*. Due to this business relationship, Wells Fargo Clearing Services shares with First Dallas Securities a portion of the transaction costs and fees you pay to Wells Fargo Clearing Services for certain transactions and services as described in Item 4. As described in Item 4, the compensation First Dallas Securities receives in connection with certain transactions and services is an additional source of revenue to the Firm and defrays First Dallas Securities' costs associated with maintaining and servicing client accounts and includes compensation to the Firm, and presents a conflict of interest because the Firm has a greater incentive to make available, recommend, or make investment decisions regarding investments and services that provide additional compensation to the Firm and over those investments and services that do not.

In general, these revenue sources include a percentage or portion of fees and transaction charges collected by Wells Fargo Clearing Services and shared with First Dallas Securities, such as:

- (1) margin interest charges
- (2) IRA fees
- (3) inactivity fees
- (4) ticket charges (commission equivalents)
- (5) postage & handling fees
- (6) mutual fund 12b-1 trails and/or other fees
- (7) money market interest
- (8) other miscellaneous charges.

Additional details are provided below:

- Transfer Charges: You can be assessed transfer charges on account transactions and other miscellaneous charges by Wells Fargo Clearing Services on account transactions.

- Margin Interest Charges: To the extent margin is available, such accounts must meet certain risk tolerance requirements. When margin is used to buy additional securities, the total value of eligible program assets increases. In addition, you can be charged margin interest on debit balances in your account.
- Mutual Fund 12b-1 Trails: Certain funds in which a client's account may be invested may make payments to broker-dealers, including us, whose clients invest in the fund. Such payments may constitute all or a portion of the front-end load (sales commission imposed at the time of purchase) or back-end load (sales commission deferred until the time of redemption) charged on fund share transactions. Such payments may also consist of on-going 12b-1 fees paid by the fund (sometimes referred to as "trailing fees") pursuant to a 12b-1 distribution plan or pursuant to another arrangement as compensation for distribution or shareholder or administrative services and may be paid out of the fund's assets.
- To the extent a client's assets are invested in funds, the client will also be subject to other fees and charges as a fund shareholder, which are in addition to commissions and other transactions fees and charges paid to us. 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 fee 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.
- Money Market & Bank Sweep Interest: If your account has invested in a mutual fund money market that pays interest or a Bank Sweep vehicle that pays interest, we may receive a portion of the interest paid by our clearing agent which reduces your interest received.
- Other Fees: You may also be charged additional fees for executing certain transactions. Examples include transaction charges, ticket charges or service fee/charges for which we may receive a portion of.
- Miscellaneous Fees: We also reserve the right to charge additional fees to close an account except when your state of residence prohibits an account closing fee. Refer to your agreement for specific fees and additional information.

ACKNOWLEDGEMENT OF FIDUCIARY STATUS:

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice).
- Never put our financial interests ahead of yours when making recommendations (give loyal advice).
- Avoid misleading statements about conflicts of interest, fees, and investments.
- Follow policies and procedures designed to ensure that we give advice that is in your best interest.
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

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 consists of individuals, institutions, trusts, estates, charitable organizations, corporations and pension and profit-sharing plans. We service these types of clients, but we may not have all these types as current clients.

CONDITIONS FOR ACCOUNT MANAGEMENT:

Hodges Capital Management's account minimum varies based on the Advisory Program selected, but typically is \$100,000 to establish a Hodges Private Client Free Style Portfolio account and \$500,000 to establish a Hodges Private Client Strategy Portfolio account. 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 \$100,000. Hodges Capital Management has accepted accounts that are smaller and reserves the right to do so in the future at 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 provides us with an opportunity 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. 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, company visits, and specific investment analysis that our clients may request.

Strategy Portfolios

The following section includes a summary of the investment objectives and principal investment strategies of our Hodges Private Client Strategy Portfolios.

The summaries of the investment objectives and principal investment strategies provided below are necessarily limited and presented for general information purposes in accordance with regulatory requirements. Consequently, these summaries are in all instances qualified and superseded by the descriptions of objectives, strategies and risks, portfolio and other reports, and other communications we provide to you in connection with our management of your portfolio.

Hodges Best Ideas Growth

Investment Objective: The goal of the Hodges Best Ideas Growth Strategy is to seek long-term capital appreciation through timely investments in the common stocks across any market capitalization.

Principal Investment Strategies: The Best Ideas Growth strategy seeks to invest primarily in U.S. small and mid-cap companies but may also hold some large cap companies as well. The strategy invests in a concentrated portfolio of stocks that we deem to be the best ideas of the firm, based on our own research. Key material risks include the risks that stock prices could decline, and that the strategy could underperform its benchmark. The Best Ideas Growth strategy is compared against the S&P 500 Total Return.

Hodges Blue Chip Total Return

Investment Objective: The goal of the Hodges Blue Chip Total Return Portfolio is to seek long-term capital appreciation through investments in large cap blue chip stocks.

Principal Investment Strategies: The Blue-Chip Total Return Strategy invests in large cap blue chip stocks with a focus on a dividend yield. Secondly, the strategy looks to invest in stocks that will also appreciate in value over time. Key material risks include the risks that stock prices could decline, and that the strategy could underperform its benchmark. The Blue-Chip Total Return strategy is compared against the Russell 1000 Index.

Hodges Micro Cap

Investment Objective: The goal of the Hodges Micro Cap Strategy is to seek long-term capital appreciation through primary long-only investments in the common stocks of small/micro capitalization companies.

Principal Investment Strategies: The Micro Cap Strategy's basic investment approach is to make strategic long-term, and to a lesser extent, tactical short-term investments in micro capitalization ("micro-cap") stocks that we feel are undervalued, under followed and/or offer above average growth prospects. The Strategy's investment approach targets a flexible style of both value and growth investments. Key material risks include the risks that stock prices could decline, and that the strategy could underperform its benchmark. The Micro Cap strategy is compared against the Russell Microcap Index.

Hodges Small Cap Core

Investment Objective: The goal of the Hodges Small Cap Core strategy is to seek long-term capital appreciation through primary investments in the common stock of small capitalization companies.

Principal Investment Strategies: The Small Cap Strategy focuses on specific growth and value opportunities within the small cap segment of the market. We seek companies that are poised to benefit from recent industry consolidation, exhibit pricing power, have high barriers to entry, have strong brand awareness, and undervalued earnings prospects. Key material risks include the risks that stock prices could decline, and that the strategy could underperform its benchmark. The Small Cap Core strategy is compared against the Russell 2000 Index.

Hodges Small Cap Focused

Investment Objective: The goal of the Hodges Small Cap Core strategy is to seek long-term capital appreciation through primary investments in the common stock of small capitalization companies.

Principal Investment Strategies: The Small Cap Strategy focuses on specific growth and value opportunities within the small cap segment of the market. We seek companies that are poised to benefit from recent industry consolidation, exhibit pricing power, have high barriers to entry, have strong brand awareness, and undervalued earnings prospects. Key material risks include the risks that stock prices could decline, and that the strategy could underperform its benchmark. The Small Cap Core strategy is compared against the Russell 2000 Index.

Hodges Small Intrinsic Value

Investment Objective: The goal of the Hodges Small Intrinsic Value Strategy is to seek long-term capital appreciation by investing in small cap equities using a deep value approach.

Principal Investment Strategies: The Hodges Small Intrinsic Value Strategy typically seeks companies that have a high amount of intrinsic asset value, low price to book ratios, above average dividend yields, low PE multiples, or the potential for a turnaround in underlying fundamentals. Key material risks include the risks that stock prices could decline, and that the strategy could underperform its benchmark. The Small Intrinsic Value strategy is compared against the Russell 2000 Value Index.

Hodges Funds

We provide investment advisory services to the Hodges Family of Mutual Funds. The following section includes a summary of the investment objectives and principal investment strategies of the Hodges Funds.

The summaries of the investment objectives and principal investment strategies below are necessarily limited and are presented for general informational purposes in accordance with regulatory requirements. Consequently, these summaries are in all instances qualified and superseded by the prospectuses and statements of additional information of the Hodges Funds. Additional information about the investment objectives, investment strategies, risks and other terms of the Hodges Fund, Hodges Blue Chip Equity Income Fund, Hodges Small Cap Fund and the Hodges Intrinsic Value Fund is contained in the prospectus and statement of additional information for these Funds, which can be obtained free of charge by contacting these funds at 886-811-0224 or by visiting hodgescapital.com/mutual-funds.

Hodges Fund

Investment Objective: The investment objective of the Hodges Fund is long-term capital appreciation.

Principal Investment Strategies: The Hodges Fund invests in common stocks of companies of any size market capitalization - small, medium or large. The Hodges Fund's portfolio managers invest in both growth and value companies. In selecting investments, the Adviser can also invest where it is deemed appropriate in companies having special situations and whose shares are out of favor but appear to have prospects for above-average growth and recovery over an extended period of time. Special situations refer to circumstances where companies face significant stress which may cause stock values to depreciate below expected thresholds. Companies having special situations include, but are not limited to, companies that are experiencing management changes, financial distress, corporate restructurings, government inquiries, or are especially susceptible to the negative impact of market conditions. The benchmark for the Hodges Fund is the S&P 500.

Hodges Blue Chip Equity Income Fund

Investment Objective: The primary investment objective of the Hodges Blue Chip Equity Income Fund (the "Blue Chip Equity Income Fund") is to generate income and long-term capital appreciation.

Principal Investment Strategies: Under normal market conditions, the Blue-Chip Equity Income Fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in large capitalization income producing equity securities. The Fund invests primarily in the stocks of large capitalization companies. The Blue-Chip Equity Income Fund defines large capitalization companies as companies whose market capitalizations, at the time of purchase, are within the range of market capitalization of companies constituting the S&P 500® Index. As of June 30, 2023, the market capitalization of companies in the S&P 500® Index ranged from \$3.6 billion to \$3.05 trillion. The Adviser selects investments using a "bottom-up" approach, which is largely driven by internal research, and means that the Adviser looks at companies one at a time to determine if a company is an attractive investment opportunity and if it is consistent with the Fund's investment policies. The benchmark for the Hodges Blue Chip Equity Income Fund is the Russell 1000 Index.

Hodges Small Cap Fund

Investment Objective: The primary investment objective of the Hodges Small Cap Fund (the "Small Cap Fund") is to long-term capital appreciation.

Principal Investment Strategies: Under normal market conditions, the Small Cap Fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in the stocks of small capitalization ("small cap") companies. The Small Cap Fund defines small cap companies as those whose market capitalization, at the time of purchase, are consistent with the market capitalizations of companies in the Russell 2000® Index. As of the last reconstitution date, April 28, 2023, the market capitalization of companies in the Russell 2000® Index ranged from \$159.5 million to \$6.0 billion. The Adviser seeks to buy securities of companies that it believes are undervalued, under-followed and/or offer above-average growth prospects. The remaining 20% of the Fund's net assets may be invested in the stocks of micro, mid and/or large capitalization companies, U.S. government securities and other investment companies, including exchange-traded funds ("ETFs"). The benchmark for the Hodges Small Cap Fund is the Russell 2000 Index.

Hodges Intrinsic Value Fund

Investment Objective: The investment objective of the Hodges Small Intrinsic Value Fund (the “Small Intrinsic Value Fund”) is long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES THE SMALL INTRINSIC VALUE FUND EMPLOYS A VALUE STRATEGY AND INVESTS, UNDER NORMAL MARKET CONDITIONS, AT LEAST 80% OF ITS NET ASSETS (PLUS ANY BORROWINGS FOR INVESTMENT PURPOSES) IN COMMON AND PREFERRED STOCKS OF SMALL CAPITALIZATION (“SMALL CAP”) COMPANIES. THE SMALL INTRINSIC VALUE FUND DEFINES SMALL CAP COMPANIES AS THOSE WHOSE MARKET CAPITALIZATION, AT THE TIME OF PURCHASE, ARE CONSISTENT WITH THE MARKET CAPITALIZATIONS OF COMPANIES IN THE RUSSELL 2000® VALUE INDEX. AS OF THE LAST RECONSTITUTION DATE, APRIL 28, 2023, THE MARKET CAPITALIZATION OF COMPANIES IN THE RUSSELL 2000® VALUE INDEX RANGED FROM \$159.5 MILLION TO \$6 BILLION. THE SMALL INTRINSIC VALUE FUND WILL INVEST IN COMPANIES WHERE THE ADVISER BELIEVES THEIR MARKET PRICES DO NOT REFLECT THEIR TRUE VALUES. THE FUND WILL TYPICALLY SEEK TO INVEST IN COMPANIES THAT HAVE A HIGH AMOUNT OF INTRINSIC ASSET VALUE, LOW VALUATION MULTIPLES, OR THE POTENTIAL FOR A TURNAROUND IN UNDERLYING REVENUE, EARNINGS AND/OR CASH FLOW. UP TO 20% OF THE SMALL INTRINSIC VALUE FUND’S NET ASSETS MAY BE INVESTED IN THE STOCKS OF MICRO, MID AND/OR LARGE CAPITALIZATION COMPANIES, U.S. GOVERNMENT SECURITIES AND OTHER INVESTMENT COMPANIES, INCLUDING EXCHANGE TRADED FUNDS (“ETFs”). THE BENCHMARK INDEX FOR THE HODGES SMALL INTRINSIC VALUE FUND IS THE RUSSELL 2000 AND THE RUSSELL 2000 VALUE. **RISK OF LOSS:**

Investing in securities involves risk of loss that clients should be prepared to bear. 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.

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.

SMALL-TO-MEDIUM-CAPITALIZATION RISK:

We may invest your assets in small to medium sized companies. Investing in securities of smaller companies including micro-cap, small-cap, medium-cap and less seasoned companies may be speculative and volatile and involve greater risks than are customarily associated with larger companies. Small to mid-sized companies may be

subject to greater market risk and have less trading liquidity than larger companies. They may also have limited product lines, markets, or financial resources. 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.

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. short- or long-term 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.

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.

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.

FOREIGN SECURITIES RISK:

We have the ability to invest in foreign securities where warranted but will only trade U.S. 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.

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:

This is the risk that the value of your assets or income will 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.

FUTURES AND OPTIONS RISKS:

Futures and options may be more volatile than direct investments in the securities underlying the futures and options, may not correlate perfectly to the underlying securities, may involve additional costs, and may be illiquid. Futures and options also may involve the use of leverage which could result in losses greater than if futures or options had not been used. Futures and options are also subject to the risk that the other party to the transaction may default on its obligation.

MARGIN RISK:

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. Please Note: To the extent that a client authorizes the use of margin, and margin is thereafter employed in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin may correspondingly increase the management fee payable. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

Item 9: Disciplinary Information

Our Firm's affiliate First Dallas Securities, Inc. and some Investment Advisory Representatives have reportable legal or 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.

A full report that reflects the professional background, business practices, and conduct of our Firm 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) 289-999, a toll-free hotline operated by FINRA.

You may also access a full report of our advisory agents through 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 security regulator(s) as part of the security 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 member of FINRA & SIPC as a Broker-Dealer.
- Investment advisory activities as Investment Adviser Representatives 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. To mitigate this conflict, Hodges performs regular suitability reviews of accounts to ensure a client account is invested in line with their stated goals and objectives.

BROKER-DEALER/INVESTMENT ADVISORY FIRM AFFILIATION:

First Dallas Securities, Inc. and Hodges Capital Management are both wholly owned subsidiaries of Hodges Capital Holdings. Accordingly, First Dallas Securities, Inc. and Hodges Capital Management, Inc. 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 Registered Investment Advisory Firm with the Securities and Exchange Commission. Custody of your accounts for both securities and funds will be maintained at Wells Fargo Clearing Services, LLC, the designated custodian and clearing Firm for First Dallas Securities. In its capacity as a Broker-Dealer, First Dallas Securities, Inc. 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, Inc. First Dallas Securities, Inc. charges commissions on accounts it handles.

HODGES MUTUAL FUNDS INFORMATION:

Hodges Capital Management serves as the Investment Adviser to the Hodges Fund, the Hodges Small Cap Fund, the Hodges Blue Chip Equity Income 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 or that treats clients fairly in the event of conflicts. 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 employees to submit requests of personal security transactions via My Compliance Office prior to placing a trade. These restrictions apply to access persons, which is all employees of Hodges Capital Management, with the exception of clerical or ministerial staff. The Code also limits acceptance of gifts and entertainment by employees of the Hodges Capital Management or its affiliates and prohibits Investment Adviser Representatives from serving on the boards of public companies without prior approval by the Compliance Officer.

To monitor Hodges Capital Management’s compliance with the Code and applicable laws, each officer and employee is required to provide Hodges Capital Management with access to their securities account data feeds or statements, which is reviewed by Compliance. In addition, each officer and employee are 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 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 of 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 and its Investment Adviser employees are constrained by fiduciary principles to act in their clients' best interest when managing their accounts. Hodges Capital Management monitors activity in employee and client accounts 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 mitigates this conflict by not charging an advisory fee on the amount invested in the Hodges Mutual Funds. In addition, Hodges Capital Management is constrained by fiduciary principals to act in its clients' best interests when managing accounts. Hodges Capital Management monitors activity in employee and client accounts to ensure that transactions are appropriate and will invest clients in the Hodges Mutual Funds only when it is suitable to do so.

Under certain circumstances, Hodges Capital Management or related persons 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. All transactions involving related persons are subject to the firm's Code of Ethics procedures which applies to firm accounts and 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 advisory 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, resulting in agency trades. See Use of Affiliated Broker below for more details.

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 Fund 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:

Advisory 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.

Clients investing in Hodges Private Client Free Style Portfolio or Hodges Private Client Strategy Portfolio under wrap programs sponsored by Hodges Capital Management will have their account(s) custodied with National Financial Services LLC and use Fidelity Brokerage Services LLC as their Broker-Dealer. Hodges Capital Management will place most if not all transactions in the account through Fidelity Brokerage Services.

Clients investing in a Hodges Private Client Free Style Portfolio or Hodges Private Client Strategy Portfolio who do not wish to custody at National Financial Services, do not have another broker dealer relationship or whose original relationship was with Hodges Capital Management's affiliate, First Dallas Securities, will have their 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 Private Client Free Style Portfolio and Hodges Private Client Strategy Portfolio client accounts may be charged a flat ticket charge or a trading fee by First Dallas Securities. This charge is for certain processing expenses incurred with your transaction, some of which are charged by our custodian. Hodges Private Client Free Style Portfolio and Hodges Private Client Strategy Portfolio accounts opened at First Dallas Securities will be maintained and held at Wells Fargo Clearing Services, LLC, 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. To mitigate this conflict, 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's Hodges Private Client Free Style Portfolio or Hodges Private Client Strategy Portfolio accounts with its affiliated Broker-Dealer, First Dallas Securities. Hodges Private Client Free Style Portfolio and Hodges Private Client Strategy Portfolio client accounts may be charged a flat ticket charge by First Dallas Securities. This charge is for certain processing expenses incurred with your transaction, some of which are 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. Hodges Capital Management is constrained by fiduciary principles to act in its clients' best interests when managing the account.

For advisory clients custodied at First Clearing, clients pay a ticket charge to First Clearing for trades executed through First Clearing. Through an agreement between First Dallas and First Clearing, First Dallas maintains a portion of that ticket charge. This creates a conflict of interest because Hodges has an incentive to recommend First Clearing as the Custodian due to the affiliation between Hodges, First Dallas and First Clearing. To mitigate this conflict, Hodges discloses the conflict to clients and allows clients to select their custodians. In addition, best execution reviews will include an analysis of the price and commission reasonableness of advisory clients whose trades are placed with First Dallas to oversee this conflict.

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 have 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 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 receive a different execution price which may adversely affect the order for your account. If an aggregated order is unable to be filled completely, the filled portion of the transaction will be allocated on a random basis, which could result in your order not being filled.

INITIAL PUBLIC OFFERING (IPO) POLICY:

Hodges Capital Management does not allocate initial public offering ("IPO") securities or secondary offerings to Hodges Private Client Free Style Portfolio accounts, Hodges Private Client Strategy Portfolio accounts, Sub-advised or dual contract accounts due to size limitations and operational considerations. However, we do participate in IPO or secondary offerings for the Hodges Mutual Funds in which we serve as the Investment Adviser, so long as the investment complies with the Fund's prospectus and investment strategy.

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 utilizes soft dollar commissions to pay for research and other 28(e) eligible services. 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. Clients with trades incurring soft dollar charges may pay for research and other services that benefit clients who do not pay for soft dollars through their trades.

Currently, Hodges Capital Management has one third-party soft dollar arrangement, under which Hodges Capital Management acquires published research services and an order management system. This arrangement is 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, Hodges Mutual Funds and select institutional account 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 Funds.

Item 13: Review of Accounts

CLIENT ACCOUNTS

Hodges Capital Management Investment Adviser Representatives conduct reviews of advisory client accounts by selecting a portion of their accounts to review on a rotational basis. 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 monitored and reviewed periodically for various compliance parameters by the Compliance Department or another Hodges Capital Management officer. These reviews include monitoring trading activity, in addition to other account monitoring conducted on a quarterly or annually basis.

Advisory clients receive account statements 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 at least annually. The program Sponsor then provides information to the client in accordance with the Sponsor's own procedures.

HODGES MUTUAL FUNDS

The Hodges Fund is monitored by Craig Hodges and/or Eric Marshall, as co-portfolio managers of the Fund. The Hodges Small Cap Fund is monitored by Craig Hodges, Eric Marshall and/or Gary Bradshaw as co-portfolio managers of the Fund. The Hodges Blue Chip Equity Income Fund is monitored by Craig Hodges, and/or Gary Bradshaw as co-portfolio managers of the Fund. , The Hodges Small Intrinsic Value Fund is monitored by Eric Marshall, Chris Terry, and/or Derek Maupin, as co-portfolio managers of this Fund.

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 to determine whether the Funds' assets are being invested in accordance with applicable objectives, restrictions, guidelines and policies and will utilize monthly and quarterly portfolio compliance reports generated internally and 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.

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.

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.

As discussed in Item 12, Brokerage Practices, for trades effected through First Dallas Securities, First Dallas Securities may retain a portion of the trading ticket charges and handling fees charged by First Clearing to the client.

Item 15: Custody

Hodges is deemed to have limited custody because, at the direction of clients, we may directly debit fees from client accounts. Your funds and securities will be maintained with a “qualified custodian” as required under Rule 206(4)-2 under the Advisers Act.

Account statements are typically sent monthly, but at least quarterly from the 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 Representatives 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 Managements’ 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 Registered Investment Adviser 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:

Hodges Capital Management generally does not vote proxies on securities held in private client 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 will be 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.

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 utilize the services of a third-party for administrative purposes only. Hodges Capital Management will not use a third-party for proxy recommendations.

Hodges Capital Management may abstain from voting proxies if:

- It determines that the value of the client's economic interest or 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 interest and the client's interest, Hodges Capital Management will disclose the conflict to the client, (the Hodges Mutual Fund 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 party's 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 or 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