Manager's Commentary

Fourth Quarter 2019

"I've never made a dime predicting economic activity." - Warren Buffett

U.S. stocks finished the year on an impressive uptick in fourth quarter, posting a remarkable gain in 2019 of more than 30% for the S&P 500 Index. Despite global economic worries surrounding a looming "trade war" with China, uncertainty of Brexit, and U.S. impeachment hearings, equity markets climbed a wall of worries through much of 2019 to result in the longest bull market in U.S. history. All of the five Hodges Funds experienced solid returns in 2019. Although every bull market seems unique, the market's advance over the past year was met with a fair amount of skepticism, which rendered net outflows from equity funds. Year-end fund flow data from Morningstar revealed that U.S. equity funds (both mutual funds and ETFs) experienced net outflows of $73 billion in 2019, which included $58 billion in July and August. Bond funds on the other hand saw positive net inflows during every month of 2019. As many investors favored bond funds and cash over stocks in 2019, positive gains were supported by higher U.S. corporate earnings, potential of a global economic recovery, tame interest rates, and robust stock buyback programs. Most importantly, the expectations for earnings growth among many U.S. corporations materialized in the second half of 2019. In response to future growth and low rates, equity multiples are up considerably from a year ago with the S&P 500 ending the year at 18.3X forward earnings estimates according to FactSet compared to a five-year average of 16.7X. Although it is important to point out that much of the multiple explanation in 2019 occurred in the top 20 largest stocks within the S&P 500, the inverse of the current PE multiple is an earnings yield of 5.5%, compared to the 10-year treasury yield of 1.9% at the end of the year. If earnings expectations materialize in the year ahead and interest rates remain stable, we believe the relationship between the earnings yield on stocks and rates indicates that the potential reward outweighs the underlying risk associated with holding stock. With this in mind, the investment team at Hodges Capital Management has positioned our portfolios to potentially benefit from broader economic growth and earnings improvement across a wide number of sectors.

Looking into 2020, it is sobering to consider that the current U.S. economic expansion is now the longest in postwar history. However, we believe the fundamental backdrop for credit and inventory levels do not suggest that we are in imminent danger of a recession in 2020. We acknowledge that at some point every strong economy and business cycle experiences an eventual slow down, just as every bear market in history has been followed by a bull market. The big question heading into 2020 is "What expectations for future earnings are already priced into individual stock prices?" We believe the higher PE multiples in most stocks today compared to a year ago reflect the expectation for earnings growth in 2020 above levels experienced in 2019. Although not true for every company, we see the potential for solid earnings growth for many of the companies in our portfolios in the year ahead. During the past year, the research team at Hodges Capital Management continued to rigorously gather and analyze firsthand information from a broad scope of publicly traded companies, which involved making more than 2,000 contacts across more than 1,000 public companies. Here are a few worthwhile observations. First, most management teams seem cautiously optimistic regarding the prospects for demand growth, pricing power, margin improvement and earnings in the year ahead. Second, balance sheets are generally carrying more debt than a couple of years ago but seem manageable across most corporations with average cash as a percentage of total assets amounting to 4.6% according to data provided by Strategas Research. Dividend payout ratios for the S&P 500 still have room to increase and are now 36.8%, which is below the historical average of 48.5% going back to 1935. Lastly, we do not see the typical signals (such as a significant increase in inventories or overbuilding of manufacturing capacity) that would signal a coming recession in 2020. However, we do see some inflationary cost pressures for certain industries, which are consistent with the latter stages of an economic cycle. Given the significant expansion in forward PE multiples during 2019 for the broader market, we would be surprised to see the PE multiple for the average U.S. stock further expand in 2020. As a result, we see gains in 2020 being supported by earnings growth and stable multiples for most of the economically sensitive sectors of the market.

While we are encouraged with the opportunities in the year ahead, we know 2020 will not be without its own unique challenges and we would not be surprised to see volatility arise throughout the year as we near the November elections in the U.S. During periods of increased volatility, we have historically found bargains as we rigorously look for investments in well-run businesses that control their own destiny by relying on ingenuity and well-calculated business decisions. Investors in the Hodges Funds can be assured that we are not changing our core investing discipline, which is designed to seek out quality companies running great businesses with excellent management teams that are trading at reasonable prices. Furthermore, we see 2020 as an ideal environment for active portfolio managers to carefully select individual stocks that we believe can generate long-term value for shareholders.

Returns (Retail Class) as of 12/31/2019:	4Q 2019	1 Year*	3 Year*	5 Year*	10 Year*	Since Inception*
Hodges Small Cap Fund (12/18/07)	4.44%	16.73%	2.20%	2.50%	11.45%	8.11%
Russell 2000® Index	9.94%	25.52%	8.59%	8.23%	11.83%	8.83%
Hodges Fund (10/9/92)	4.16%	23.02%	-2.68%	2.67%	8.88%	8.93%
S&P 500® Index	9.07%	31.49%	15.27%	11.70%	13.56%	10.13%
Hodges Small Intrinsic Value Fund (12/26/13)	8.37%	29.42%	2.86%	5.27%	n/a	6.30%
Russell 2000® Value Index	8.49%	22.39%	4.77%	6.99%	n/a	6.53%
Russell 2000® Index	9.94%	25.52%	8.59%	8.23%	n/a	7.67%
Hodges Small Mid-Cap Fund (12/26/13)	3.77%	22.34%	1.98%	5.18%	n/a	5.34%
Russell 2500® Index	8.54%	27.77%	10.33%	8.93%	n/a	8.67%
Hodges Blue Chip Equity Income Fund (12/26/13)	7.12%	30.69%	13.89%	10.30%	11.21%	11.35%
Russell 1000® Value Return	9.04%	31.43%	15.05%	11.48%	13.54%	13.92%

*Average Annualized

	HDPSX	HDPMX	HDSVX	HDSMX	HDPBX
Gross Expense Ratio	1.29%	1.34%	1.50%	1.92%	1.48%
Net Expense Ratio		1.18%**	1.29%**	1.40%**	1.30%**

**The Advisor has contractually agreed to reduce its fees until at least July 31, 2020.

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Funds may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 866-811-0224. The Funds impose a 1.00% redemption fee on shares held for thirty days or less (60 days or less for Institutional Class shares). Performance data quoted does not reflect the redemption fee. If reflected, total returns would be reduced.

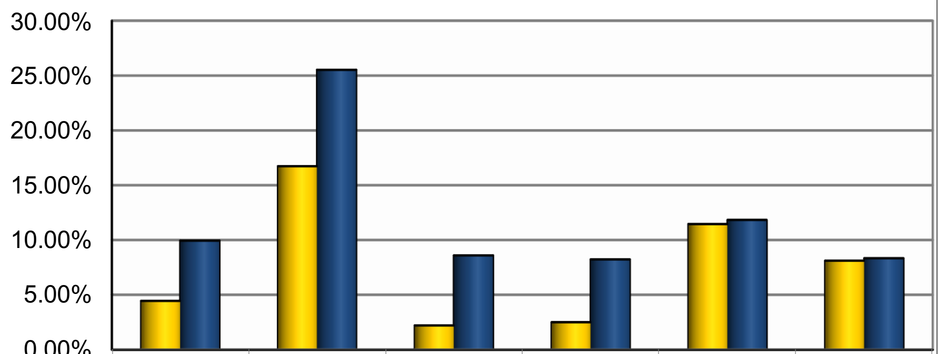
Hodges Small Cap Fund (HDPSX)

The Hodges Small Cap Fund experienced a gain of 4.44% in the final quarter of the 2019 to end the year up 16.73%, which compared to gains in the Russell 2000 Index of 9.94% and 25.52%, respectively. Disappointing relative performance in the most recent quarter reflected weakness in many of the Fund’s consumer and energy related names. Although small caps in general have lagged larger cap stocks in recent years, we view the current risk reward for holding small cap stocks as attractive and expect this segment of the market to potentially generate above average relative risk adjusted returns in the year ahead.

The Hodges Small Cap Fund remains well diversified across industrials, transportation, financial services, technology, and consumer-related names, which we believe can contribute to the Fund's long-term performance. The Fund has recently taken profits in several stocks that appeared fairly valued relative to their underlying fundamentals and established several new positions that we view as having an attractive risk/reward profile. The total number of stocks held in the Fund at the end of the year was 47 compared to 50 at the beginning of this year. Top ten holdings at the end of the quarter represented 32.22% of the Fund's holdings and included Brunswick Corp. (BC), Century Communities Inc. (CCS), Cleveland-Cliffs Inc. (CLF), Commercial Metals Co. (CMC), Eagle Materials Inc. (EXP), Exact Sciences Corp. (EXAS), Hilltop Holdings Inc. (HTH), NCR Corp. (NCR), Texas Pacific Land Trust (TPL), and YETI Holdings Inc. (YETI).

Hodges Small Cap Fund vs Russell 2000 Index

As of 12/31/2019



	3 Months	1 Year	3 Year	5 Year	10 Year	Since Inception
Hodges Small Cap	4.44%	16.73%	2.20%	2.50%	11.45%	8.11%
Russell 2000 Index	9.94%	25.52%	8.59%	8.23%	11.83%	8.33%

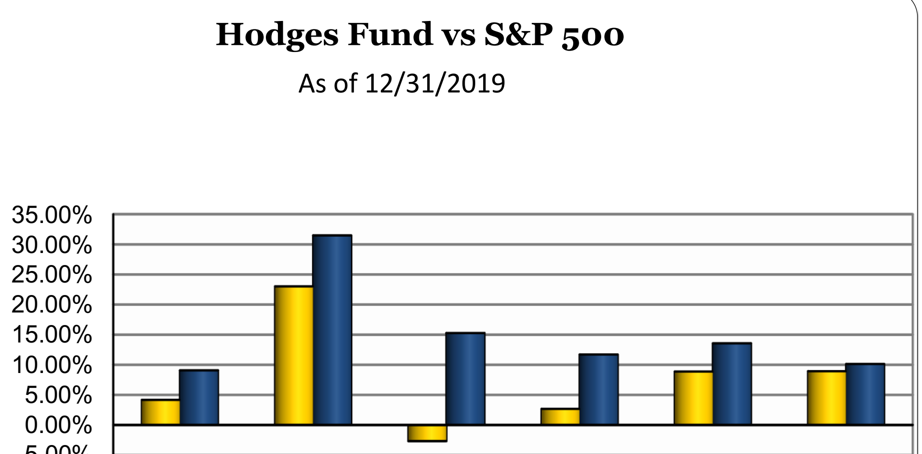
Inception: 12/18/2007 Annualized

Hodges Fund (HDPMX)

The Hodges Fund's fourth quarter 2019 return amounted to a gain of 4.16% compared to a gain of 9.07% for the S&P 500 Index. As a result, the Fund’s total return amounted to 23.02% in 2019, compared to 31.49% for the S&P 500 Index. Although the fund generated a healthy absolute return in 2019, disappointing relative performance compared to the S&P 500 index was largely attributed to the Fund’s lack of exposure to the largest weighted positions in the

S&P 500, which may have disproportionately fueled the Index's strong performance. For example, the top five companies in the S&P 500 made up 18% of the Index's total capitalization according to Morgan Stanley. These top five stocks include Apple (AAPL), Microsoft (MSFT), Alphabet (GOOG), Amazon (AMZN), and Facebook (FB). Such a concentration in the S&P 500's top five stocks is historically unprecedented, including the 1999-2000 technology bubble. Furthermore, the top weighting stocks in the S&P outperformed the broader market in 2019, as passive investing in exchange traded funds (EFTs) continued to gain momentum and consequently may have created a crowding effect in the S&P's most concentrated positions.

While we are making no excuses for the Fund's 23.02% return over the past year, the Hodges Fund remains focused on investments where we have the highest conviction based on fundamentals. The number of positions held in the Fund at the end of the recent quarter was 34. During the final calendar quarter of 2019, we repositioned the portfolio to take advantage of what we view as oversold conditions in industrials, information technology, financial, as well as healthcare. Top ten holdings at the end of the quarter represented 43.62% of the Fund's holdings and included American Airlines Group (AAL), Cleveland-Cliffs Inc. (CLF), Commercial Metals Co. (CMC), Eagle Materials Inc. (EXP), Exact Sciences Corp. (EXAS), GOGO Inc. (GOGO), Matador Resources Co. (MTDR), Micron Technology Inc. (MU), NCR Corp. (NCR), and Texas Pacific Land Trust (TPL).

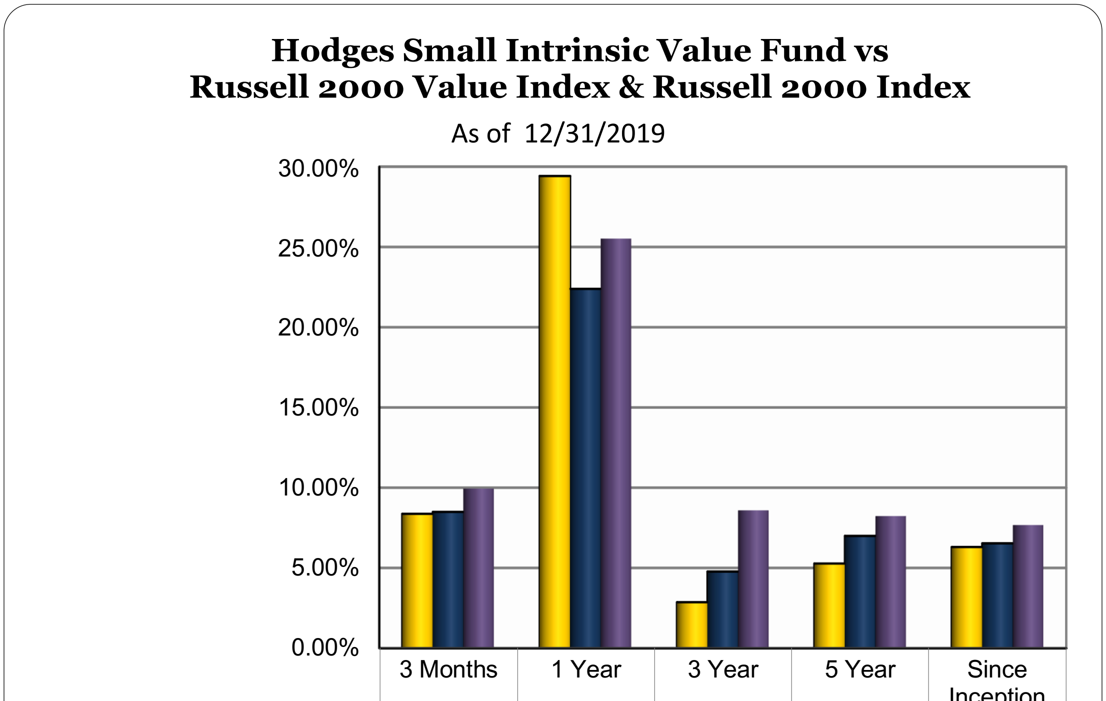


	3 Months	1 Year	3 Year	5 Year	10 Year	Since Inception
Hodges Fund	4.16%	23.02%	-2.68%	2.67%	8.88%	8.93%
S&P 500 Index	9.07%	31.49%	15.27%	11.70%	13.56%	10.13%

Inception: 10/09/1992 Annualized

<u>Hodges Small Intrinsic Value Fund (HDSVX)</u>

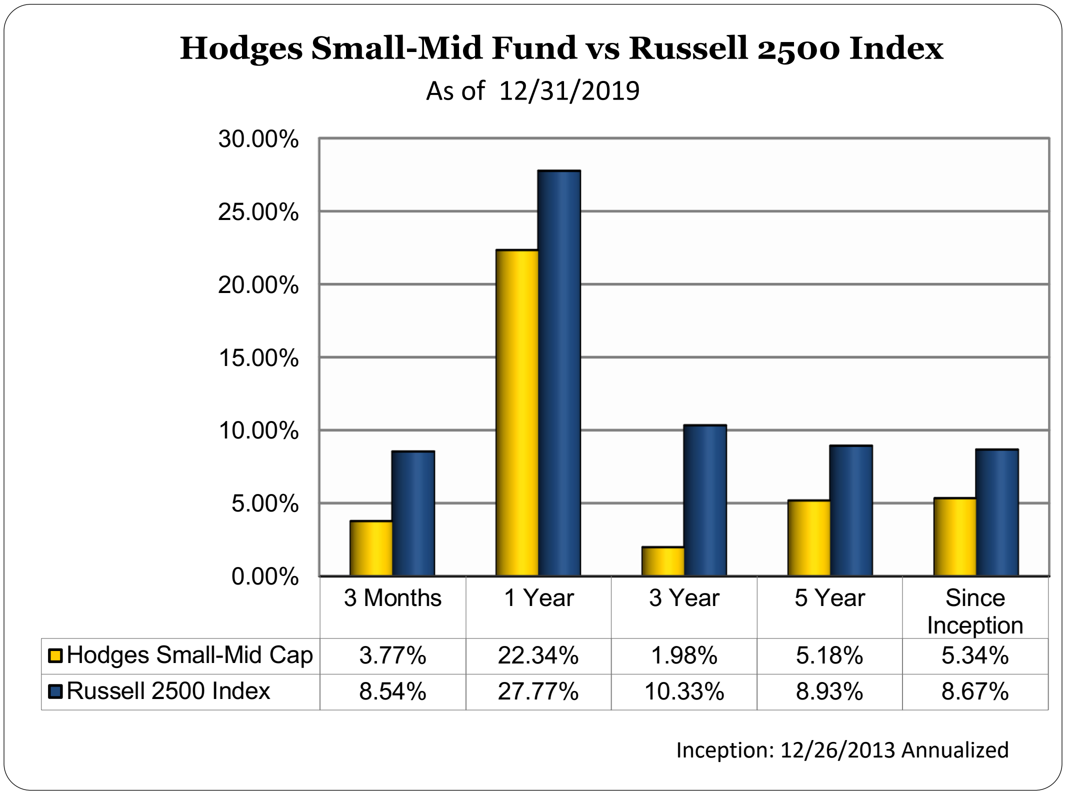
The Hodges Small Intrinsic Value Fund experienced a gain of 8.37% in the December quarter of 2019 compared to a gain of 8.49% for its benchmark, the Russell 2000 Value Index. The full year return amounted to 29.42% compared to a 22.39% return of the Russell 2000 Value. The Fund's strong relative performance in 2019 was positively impacted by the Fund's consumer discretionary, energy, and industrial stocks, which reflected the benefits of individual stock selection. The top ten holdings at year end represented 36.27% of the Fund's holdings and included Brunswick Corp. (BC), Commercial Metals Company (CMC), Eagle Materials Inc. (EXP), Caleres Inc. (CAL), Capstead Mortgage Corp. (CMO), Delta Apparel Inc. (DLA), Hilltop Holdings Inc. (HTH), NCR Corp. (NCR), Parsley Energy Inc. (PE), and Triumph Bancorp Inc. (TBK).



	3 Months	1 Year	3 Year	5 Year	Since Inception
Hodges Small Intrinsic Value	8.37%	29.42%	2.86%	5.27%	6.30%
Russell 2000 Value Index	8.49%	22.39%	4.77%	6.99%	6.53%
Russell 2000 Index	9.94%	25.52%	8.59%	8.23%	7.67%

Hodges Small-Mid Cap Fund (HDSMX)

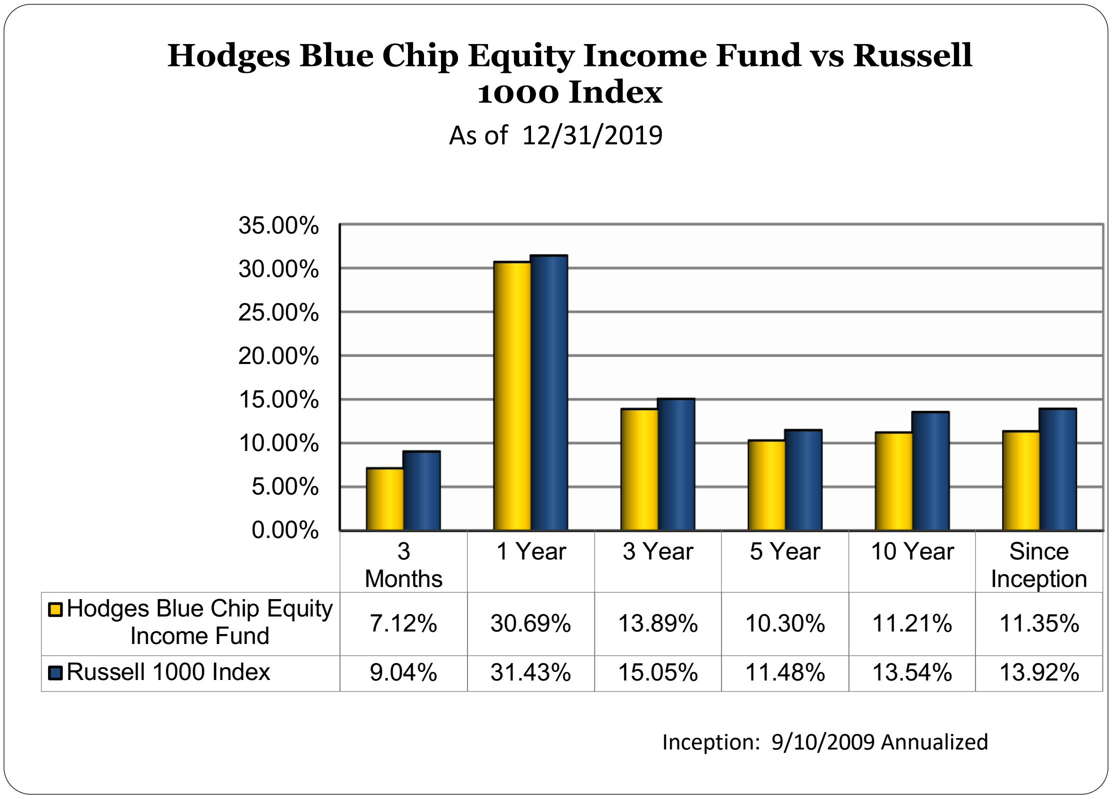
For the fourth quarter of 2019, the Hodges Small-Mid Cap Fund experienced return of 3.77% compared to a return of 8.54% for the Russell 2500. For the full year, the Fund experienced a gain of 22.34% compared to 27.77% for the Russell 2500. The Fund's unfavorable relative performance in the final quarter of the year was attributed to disappointing performance in a handful of consumer related names. Two of the biggest detractors in the Fund during the final quarter of the year were Waitr Holdings (WTRH) and Conn's (CONN), which fell 73.32% and 34.31%, respectively. Top ten holdings at the end of the year represented 43.25% of the Fund's holdings and included Alaska Air Group Inc. (ALK), Commercial Metals Co. (CMC), Continental Resources Inc. (CLR), Eagle Materials Inc. (EXP), Kirby Corp. (KEX), LGI Homes Inc. (LGIH), ON Semiconductor Corp. (ON), Owens Corning (OC), Tandem Diabetes Care Inc. (TNDM) and WPX Energy Inc. (WPX).



	3 Months	1 Year	3 Year	5 Year	Since Inception
Hodges Small-Mid Cap	3.77%	22.34%	1.98%	5.18%	5.34%
Russell 2500 Index	8.54%	27.77%	10.33%	8.93%	8.67%

Hodges Blue Chip Equity Income Fund (HDPBX)

The Hodges Blue Chip Equity Income Fund was up 7.12% in the fourth quarter of 2019 compared to a gain of 9.04% for the Russell 1000 Index. For the year, the fund experienced a total return of 30.69% compared to a 31.43% return for the Russell 1000 Index. Although large cap growth stocks have made an impressive move over the past twelve months, we still see the current investing landscape as offering plenty of attractive high-quality dividend-paying stocks with solid upside potential, as well as dividend income as a result of corporate profits supporting the ability of companies to pay out dividends. The Blue Chip Equity Income Fund remains well diversified in companies that we believe can generate above average income and total returns on a risk adjusted basis. Top ten holdings at the end of the quarter represented 50.58% of the Fund's holdings and included ABBVIE Inc. (ABBV), Amazon.com Inc. (AMZN), Apple Inc. (AAPL), Boeing Co. (BA), CVS Health Corp. (CVS), Home Depot Inc. (HD), JPMorgan Chase & Co. (JPM), Lowes Co. (LOW), Microsoft Corp. (MSFT), and Walt Disney Co. (DIS).



	3 Months	1 Year	3 Year	5 Year	10 Year	Since Inception
Hodges Blue Chip Equity Income Fund	7.12%	30.69%	13.89%	10.30%	11.21%	11.35%
Russell 1000 Index	9.04%	31.43%	15.05%	11.48%	13.54%	13.92%

In conclusion, we remain optimistic regarding the long-term investment opportunities surrounding the Hodges Mutual Funds. By offering five distinct mutual fund strategies that cover most major segments of the domestic equity market, we can serve the diverse needs of most financial advisors and individual investors. Our entire investment team of portfolio managers, analysts, and traders are rigorously studying companies, meeting with management teams, observing trends, and attempting to navigate today's volatile financial markets. Feel free to contact us directly if we can address any specific questions.

The above discussion is based on the opinions of Eric Marshall, CFA, and is subject to change. It is not intended to be a forecast of future events, a guarantee of future results, and is not a recommendation to buy or sell any security. Portfolio composition and company ownership in the Hodges Funds are subject to daily change.

The fund’s investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the Hodges Funds, and it may be obtained by calling 866-811-0224, or visiting www.hodgesmutualfunds.com. Read it carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. Options and future contracts have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates. These risks may be greater than risks associated with more traditional investments. Short sales of securities involve the risk that losses may exceed the original amount invested. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer term debt securities. Investments in small and medium capitalization companies involve additional risks such as limited liquidity and greater volatility. Funds that are non-diversified are more exposed to individual stock volatility than a diversified fund. Investments in companies that demonstrate special situations

or turnarounds, meaning companies that have experienced significant business problems but are believed to have favorable prospects for recovery, involve greater risk.

Value investing carries the risk that the market will not recognize a security's inherent value for a long time, or that a stock judged to be undervalued may be appropriately priced or overvalued.

Diversification does not assure a profit or protect against a loss in a declining market.

Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

The S&P 500 Index is a broad-based unmanaged index of 500 stocks that is widely recognized as representative of the equity market in general. The Russell 1000 Index is a subset of the Russell 3000 Index and consists of the 1,000 largest companies comprising over 90% of the total market capitalization of all listed stocks. The Russell 2000 Index consists of the smallest 2,000 companies in a group of 3,000 U.S. companies in the Russell 3000 Index, as ranked by market capitalization. The Russell 2500 Index consists of the smallest 2,500 companies in a group of 3,000 U.S. companies in the Russell 3000 Index, as ranked by market capitalization. The Russell 3000 Index is a stock index consisting of the 3000 largest publicly listed companies, representing about 98% of the total capitalization of the entire U.S. stock market. You cannot invest directly in an index. The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect value characteristics.

Cash Flow: A revenue or expense stream that changes a cash account over a given period.

Price/earnings (P/E): The most common measure of how expensive a stock is.

Earnings Growth is not a measure of the Fund's future performance.

Forward Earnings Yield: The same earnings per share for the projected 12-month period divided by the current market price per share.

Hodges Capital Management is the Advisor to the Hodges Funds.

Hodges Funds are distributed by Quasar Distributors LLC.