HODGES CAPITAL

Hodges Funds Commentary

First Quarter 2022

"Don't avoid risk; assess risk." -Don Hodges

Volatility once again returned to U.S. stocks in the First Quarter of 2022, as global economic uncertainty arose from inflationary pressures, supply chain challenges, and the Russian invasion of Ukraine. Despite eye-popping inflation numbers and the likelihood of several interest rate increases this year, the S&P 500 Index posted a modest loss of 4.6% in the recent quarter. We are pleased to report that all four of the Hodges Funds beat their respective benchmarks during the recent quarter. Performance in the recent quarter reflected the continued shift in market leadership that seemed to favor fundamental investing and rewarded individual stock selection.

Today, we face an entirely different market environment than just a few months ago. The ongoing earnings recovery that appeared to be building momentum at the end of last year now seems more uncertain due to a jagged global economic reopening, a likely recession in Europe, continued supply chain headwinds, significant commodity inflation, and higher interest rates. We believe active portfolio management becomes essential to navigate quickly changing business conditions across many sectors in this environment. Furthermore, prevailing inflation and higher interest rates favored stocks with solid balance sheets and whose underlying assets can produce stable cash flow and earnings. Specific sectors such as materials, agriculture, and energy have recently benefited from the commodities boom, while consumer discretionary and homebuilders have seen meaningful corrections in the past few months.
Furthermore, it is important to note that higher interest rates create a headwind for PE (price/earnings) multiples for stocks. According to the most recent data published by FactSet, the S&P 500 is trading at approximately 19.5X forward earnings estimates compared to 21.2X at the beginning of the year and the five-year average of 18.6X. Although PE multiples have contracted for some growth stocks, the inverse of the S&P 500 quarter-end PE multiple is an earnings yield of 5.13%, which was still well above the rising 10-year Treasury yield of 2.33% at quarter-end. Although many industries hardest hit by the pandemic have experienced a meaningful recovery, we still see opportunities for earnings improvement in the balance of the year. We acknowledge that some businesses are more likely to experience difficulties associated with rising commodity prices, higher interest rates, and curtailed consumer discretionary spending. However, such challenges can result in new investment opportunities. With this in mind, the Hodges Capital Management investment team has positioned our portfolios to benefit from shifting economic trends and secular and structural changes across different industries.

To fight inflation, the Federal Reserve has signaled plans to decrease liquidity over the next 12 months through fewer asset purchases and additional increases in the Fed funds rate. In recent months, capital markets have started to price in this reality, resulting in lower PE multiples for stocks and lower bond prices. As we have mentioned, we spend little time predicting interest rates, foreign currency fluctuations, or future commodity prices. However, we pay close attention to prices and, more importantly, the pricing power that our portfolio companies exhibit within the goods and services they produce. For many businesses, inflation and logistical challenges will adversely impact profit margins and revenues in the months ahead. Companies that exhibit pricing power and a low threat from substitute products can often pass on higher costs and see profit margins benefit from an inflationary environment. As a result, we are overweighting our portfolios with both growth and value stocks that can pass on higher prices, maintain/improve margins, and inflate their earnings in the year ahead.

Recent geopolitical turmoil and cost pressures have broken Wallstreet's crystal ball, which never worked anyway. Investor sentiment is now far less bullish than it was three months ago. Specific sectors of U.S. stocks such as housing, transportation, retail, semiconductors, and other cyclicals have priced in a meaningful slowdown in the months ahead. Recent fund flows into equities and overall cash levels do not indicate that investors are far from the point of euphoria, which we believe creates the ideal condition for active portfolio management. The big question in the coming months is: What will investors be willing to pay for future earnings in a rising interest rate environment, and what earnings expectations are priced into individual stock prices? We believe the PE multiple for the broader market has no room to expand if interest rates continue their ascent. However, this is not true for every stock, as we see the potential to unlock value for many under-the-radar companies in our portfolios.

We are using the current period of increased volatility to find bargains 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 investment discipline, designed to seek out quality companies running great businesses with excellent management teams trading at reasonable prices. Furthermore, we see this 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 03/31/2022:

	1Q22	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Incept
Hodges Small Cap Fund						
(HDPSX) *12/18/2007*	-4.00%	1.12%	15.20%	10.79%	10.84%	10.00%
Russell 2000® Return Index	-7.53%	-5.79%	11.74%	9.74%	11.04%	8.80%
Hodges Fund						
(HDPMX) *10/09/1992*	-3.90%	2.70%	16.00%	8.36%	12.52%	9.99%
S&P 500® Index	-4.60%	15.65%	18.92%	15.99%	14.64%	10.72%
Small Intrinsic Value Fund						
(HDSVX) *12/26/2013*	-0.11%	12.56%	20.60%	11.35%	-	10.11%
Russell 2000® Value Return Index	-2.40%	3.32%	12.73%	8.57%	-	8.19%
Russell 2000® Index	-7.53%	-5.79%	11.74%	9.74%	-	8.66%
Blue Chip Equity Income Fund						
(HDPBX) *09/10/2009*	-0.63%	17.59%	18.04%	14.56%	13.37%	12.34%
Russell 1000® Index	-5.13%	13.27%	18.71%	15.82%	14.53%	14.64%

Average Annualized	HDPSX	HDPMX	HDSVX	HDPBX
Gross Expense Ratio	1.40%	1.41%	2.48%	1.64%
Net Expense Ratio	1.35%*	1.17%*	1.29%*	1.30%*

*The Advisor has contractually agreed to reduce its fees at least until July 31, 2023. This figure excludes Acquired Fund Fees and Expenses, interest, taxes, and extraordinary expenses. The Advisor is permitted, with Board approval, to be reimbursed for fee reduction and/or expense payments made in the prior three years from the date the fees were waived and/or expenses were paid. Please see prospectus for details.

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. The 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.

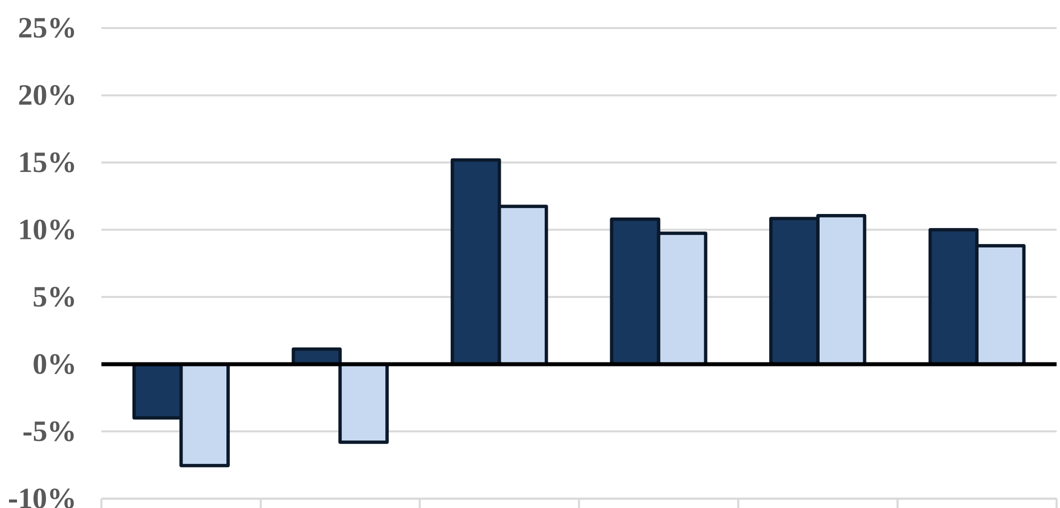
Hodges Small Cap Fund (HDPSX)

The return for the Hodges Small Cap Fund amounted to a loss of 4.00% in the first quarter of 2022 compared to a loss of 7.53% for the Russell 2000 Index. As of March 31, 2022, the Fund's one-year return amounted to gains of 1.12% compared to a loss of 5.79% for the Russell 2000 Index during the same period. Several of the Fund's energy and material names contributed to relative outperformance in the most recent quarter. Although small-caps underperformed large-cap stocks in the recent quarter, we view the current risk-reward for holding quality small-cap stocks as attractive. While small-cap stocks tend to experience greater volatility during market turmoil, we expect this segment to generate above-average relative risk-adjusted returns over the long term.

The Hodges Small Cap Fund remains well diversified across industrials, transportation, financial services, technology, and consumer-related names, which we expect to contribute to the Fund's long-term performance. The Fund recently took profits in several stocks that appeared overvalued relative to their underlying fundamentals and established several new positions with an attractive risk/reward profile. The total number of stocks held in the Fund was reduced from 51 to 47 during the recent quarter. The top ten holdings amounted to 39.56% of the Fund's holdings and included Commercial Metals Company (CMC), Texas Pacific Land Corporation (TPL), SM Energy Co (SM), Cleveland-Cliffs Inc. (CLF), Matador Resources Company (MTDR), Eagle Materials, Inc. (EXP), Silicon Motion Technology Corporation (SIMO), Boyd Gaming Corporation (BYD), Pacira BioSciences, Inc. (PCRX), and Vista Outdoor Inc. (VSTO).

Hodges Small Cap Fund vs Russell 2000 Return Index

As of 03/31/2022



	1Q22	1 Year	3 Year	5 Year	10 Year	Since Inception
Hodges Small Cap Fund	-4.00%	1.12%	15.20%	10.79%	10.84%	10.00%
Russell 2000 Return Index	-7.53%	-5.79%	11.74%	9.74%	11.04%	8.80%

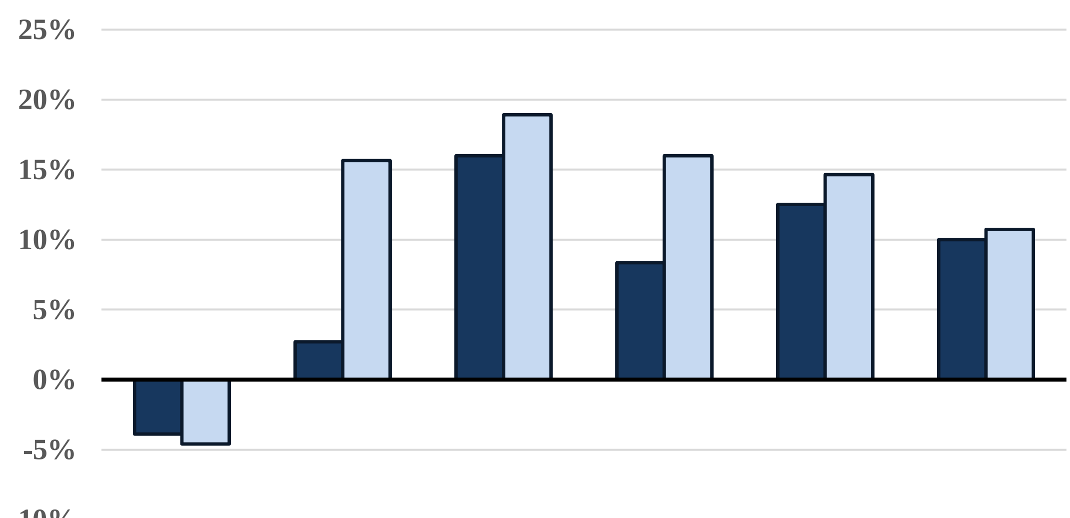
Inception: 12/18/2007 Annualized

Hodges Fund (HDPMX)

The Hodges Fund's first-quarter 2022 return amounted to a loss of 3.90% compared to a loss of 4.60% for the S&P 500 Index. Furthermore, the Fund's total return for the trailing twelve months ending March 31, 2022, amounted to 2.70%, compared to 15.65% for the S&P 500 Index. In the recent quarter, improved relative performance was attributed to individual stock selection among several consumer discretionary, energy, and material stocks. Furthermore, the Hodges Fund’s turnover has recently picked up to take advantage of volatile market conditions. We have upgraded many portfolio holdings into companies that we expect to generate above-average returns over the next twelve to eighteen months.

While we are encouraged with the Fund's performance over the past year, the Hodges Fund's portfolio managers remain laser-focused on investments where we have the highest conviction based on fundamentals and relative valuations. The number of positions held in the Fund at the end of the recent quarter increased to 43 from 38 positions at the beginning of the quarter. On March 31, 2022, the top ten holdings represented 41.39% of the Fund's holdings. They included Cleveland-Cliffs Inc. (CLF), Matador Resources Company (MTDR), Texas Pacific Land Corporation (TPL), Freeport-McMoRan Inc (FCX), Chesapeake Energy Corporation (CHK), Callaway Golf Company (ELY), Uber Technologies, Inc. (UBER), ON Semiconductor Corporation (ON), Commercial Metals Company (CMC), and Frontier Group Holdings Inc (ULCC).

Hodges Fund
vs
S&P 500 Index
As of 03/31/2022



	1Q22	1 Year	3 Year	5 Year	10 Year	Since Inception
Hodges Fund	-3.90%	2.70%	16.00%	8.36%	12.52%	9.99%
S&P 500 Index	-4.60%	15.65%	18.92%	15.99%	14.64%	10.72%

Inception: 09/10/2009 Annualized

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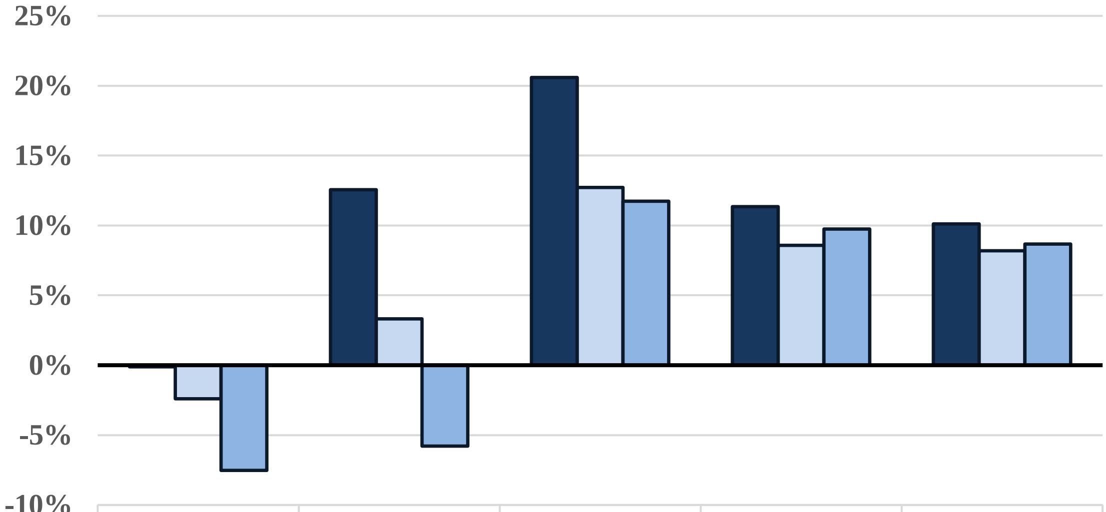
The Hodges Small Intrinsic Value Fund experienced a loss of 0.11% in the first quarter of 2022 compared to a loss of 2.40% for its benchmark, the Russell 2000 Value Index. The return for the last 12 months amounted to 12.56% compared to a 3.32% return for the Russell 2000 Value Index. The Fund's solid relative performance over the quarter was attributed to several of the Fund's energy and industrial stocks. The top ten holdings at year-end represented 37.76% of the Fund's holdings and included Cleveland-Cliffs Inc. (CLF), Stratus Properties Inc. (STRS), Oasis Petroleum Inc. (OAS), Commercial Metals Company (CMC), Horace Mann Educators Corporation (HMN), Vista Outdoor Inc. (VSTO), HighPeak Energy, Inc. (HPK), Comstock Resources Inc (CRK), and Builders FirstSource, Inc. (BLDR).

Hodges Small Intrinsic Value
vs
Russell 2000 Value Return Index & Russell 2000 Index

As of 03/31/2022



	1Q22	1 Year	3 Year	5 Year	Since Inception
Hodges Small Intrinsic Value Fund	-0.11%	12.56%	20.60%	11.35%	10.11%
Russell 2000 Value Return Index	-2.40%	3.32%	12.73%	8.57%	8.19%
Russell 2000 Index	-7.53%	-5.79%	11.74%	9.74%	8.66%

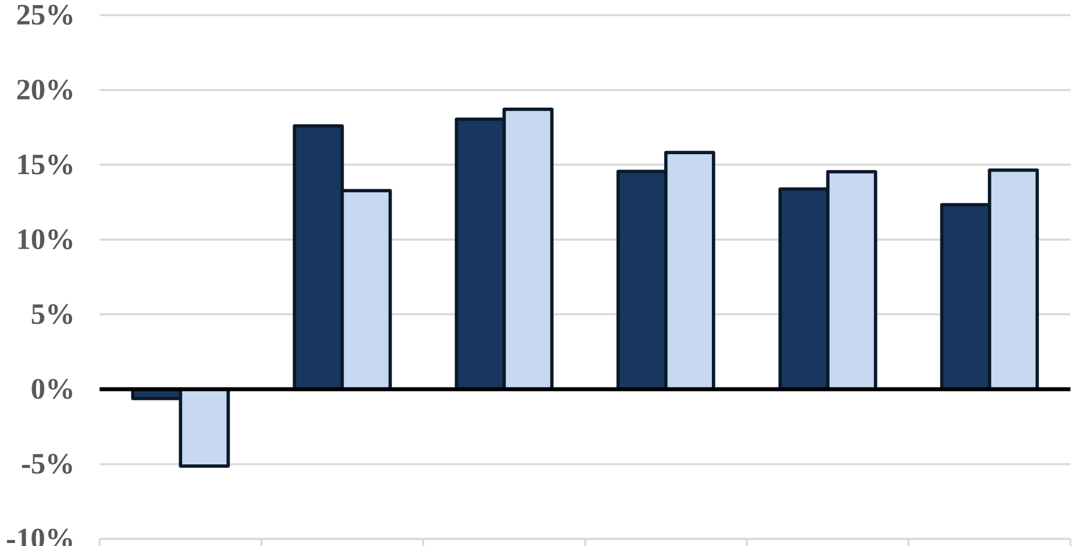
Inception: 12/26/2013 Annualized

<u>Hodges Blue Chip Equity Income Fund (HDPBX)</u>

The Hodges Blue Chip Equity Income Fund was down 0.63% in the March quarter of 2022 compared to a loss of 5.13% for the Russell 1000 Index. The Fund experienced a total return of 17.59% compared to a 13.27% return for the Russell 1000 Index for the 12 months ending March 31, 2022. Positive relative performance in the recent quarter was attributed to stock selection among a handful of the energy and technology names. Although large-cap stocks have made an impressive move in recent years, we still see the current investing landscape as offering plenty of attractive, high-quality dividend-paying stocks with solid upside potential. We also expect stable corporate profits to support potential dividend increases in the months ahead. 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. The top ten holdings at the end of the quarter represented 48.77% of the Fund's holdings and included Microsoft Corporation (MSFT), Apple Inc. (AAPL), Amazon.com, Inc. (AMZN), Exxon Mobil Corporation (XOM), Deere & Company (DE), Union Pacific Corporation (UNP), Eli Lilly And Co (LLY), Texas Instruments Incorporated (TXN), NVIDIA Corporation (NVDA), and ONEOK, Inc. (OKE).

Hodges Blue Chip Equity Income Fund
vs
Russell 1000 Index

As of 03/31/2022



	1Q22	1 Year	3 Year	5 Year	10 Year	Since Inception
Hodges Blue Chip Equity Income Fund	-0.63%	17.59%	18.04%	14.56%	13.37%	12.34%
Russell 1000 Index	-5.13%	13.27%	18.71%	15.82%	14.53%	14.64%

Inception: 09/10/2009 Annualized

In conclusion, we remain optimistic regarding the long-term investment opportunities surrounding the Hodges Mutual Funds. By offering four distinct mutual fund strategies covering most segments of the domestic equity market, we can serve most financial advisors' and individual investors' diverse needs. Our entire investment team is rigorously studying companies, meeting with management teams, observing trends, and navigating today's ever-changing 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.

Hodges Capital Management is the Advisor to the Hodges Funds.

Hodges Funds are distributed by Quasar Distributors LLC.