

# Hodges Small Cap Core

FOURTH QUARTER 2023 | FACT SHEET



## About Our Firm

- Founded in 1989 and based in Dallas, Texas
- Don and Craig Hodges founded Hodges Capital Management based on the idea that proprietary, bottom-up research of publicly traded companies is what drives results for clients
- Today, our clients can leverage our years of deep dive research on the fundamentals of small and mid cap companies, a part of the market that is traditionally overlooked by Wall Street
- \$1.5 Billion AUM (Hodges Capital Holdings Corp as of 12/31/2023)

## What makes Hodges Capital distinct?

- Family and employee owned and operated
- In-depth, proprietary research on publicly traded companies
- Private equity approach to investing in publicly traded companies
- Investment team interacts with company management teams over 2,000 times a year
- Each portfolio is actively managed with a bottom-up, fundamental approach
- 26 years average Portfolio Manager experience with the Hodges

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## 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.

Strategy Characteristics <sup>1</sup>		Investment Performance (%)						
			QTR	1 Year	3 Year	5 Year	10 Year	Since Incep
Inception Date <sup>2</sup>	Jan 1, 2011							
# of Holdings	40-60	Hodges Small Cap Core (gross)	8.44%	16.29%	12.33%	14.88%	8.25%	11.72%
Typical Cash Weight	< 10%	Hodges Small Cap Core (net)	8.04%	14.56%	10.66%	13.17%	6.64%	10.05%
Inv. Vehicle	Sep. Account	Russell 2000 Index	14.03%	16.94%	2.23%	9.97%	7.16%	9.06%
Active Share	96.08%							
Benchmark	Russell 2000							
Dividend Yield	1.46%							
Trailing PE	24.6x							
Avg Market Cap	\$5.00 Billion							
			Annual Year-End Returns (%)					
			YTD	2022	2021	2020	2019	2018
		Hodges Small Cap Core (gross)	16.29%	-11.56%	37.83%	19.44%	18.17%	-14.69
		Hodges Small Cap Core (net)	14.56%	-12.88%	35.78%	17.67%	16.41%	-15.96%
		Russell 2000 Index	16.94%	-20.44%	14.82%	19.96%	25.52%	-11.01%

## Principal Investment Strategy

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.

### Portfolio Manager

- Craig D. Hodges
- Portfolio Manager since inception
- CEO / CIO
- Co-Founded Hodges Capital Management in 1989



### Portfolio Manager

- Eric J. Marshall, CFA
- Portfolio Manager since inception
- Director of Research
- Joined Hodges Capital Management in 1997



### Portfolio Manager

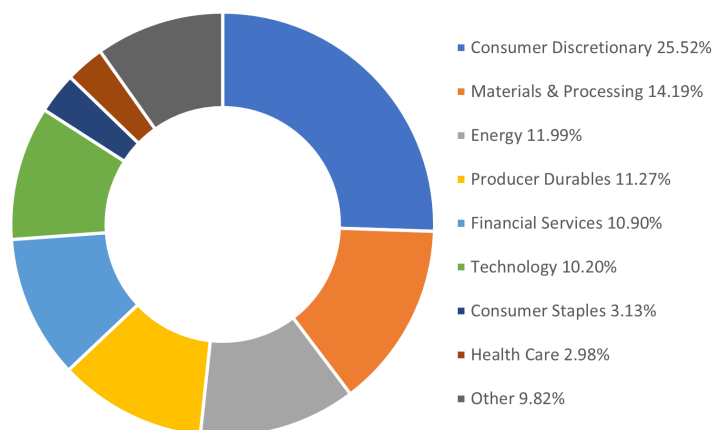
- Gary M. Bradshaw
- Portfolio Manager since inception
- Vice President
- Joined Hodges Capital Management in 1990



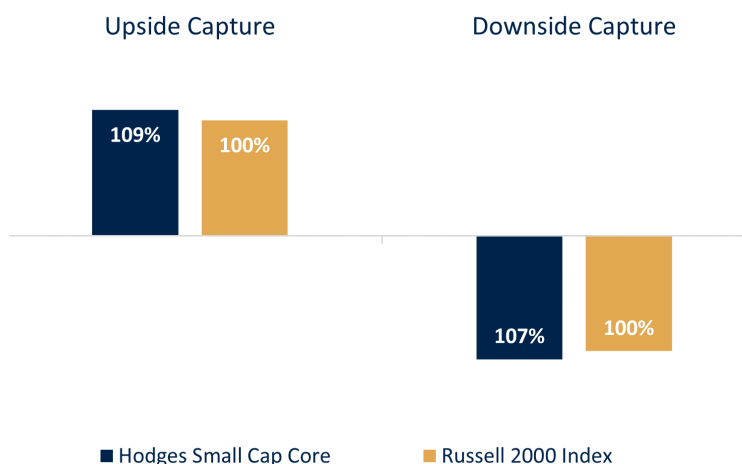
**Top 10 Holdings<sup>1</sup>**

Ticker	Security	(%)
MTDR	MATADOR RSOUCES	5.68%
EXP	EAGLE MATERIALS	4.63%
SM	SM ENERGY	3.98%
WIRE	ENCORE WIRE	3.90%
CLF	CLEVELAND CLIFFS	3.79%
ELF	ELF BEAUTY	3.09%
KE	KIMBALL ELECTRONICS	3.08%
TPL	TEXAS PACIFIC LAND CORP	3.05%
TMHC	TAYLOR MORRISON HOME	3.05%
HTH	HILLTOP HOLDINGS	2.92%

**Distribution by Sector<sup>1</sup>**



**5 Year Upside-Downside Market Capture**



**Risk/Reward Statistics<sup>3</sup>**

Beta	1.11
Standard Deviation	22.83%
R-Squared	0.89
Alpha	0.08%

Hodges Capital Management, Inc. ("HCM") is an Investment Advisory Firm registered with the Securities and Exchange Commission ("SEC"), is a wholly owned subsidiary of Hodges Capital Holdings and serves as investment advisor to the Hodges Funds. HCM is affiliated with First Dallas Securities, Inc, a broker-dealer, and investment advisor registered with the SEC.

This presentation does not constitute an offering of any security, product, service, or fund. No investment strategy can guarantee performance results. Past performance is no guarantee of future results. All investments are subject to investment risk, including loss of principal invested.

This presentation is provided without regard to the specific investment objectives, financial situation or particular needs of any specific recipient and does not contain investment recommendations. This publication is also designed to provide general information about economics, asset classes and strategies. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon and risk tolerance. Not all asset classes and strategies will be suitable for all investors.

<sup>1</sup>Data represented in the charts is derived from a representative account of the composite as of the period end date. Source Clearwater Analytics.

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<sup>2</sup>Hodges claims compliance with the Global Investment Performance Standards (GIPS®) for periods 2016 forward. Periods of performance prior to this were linked to produce annualized returns to satisfy the SEC Marketing Rule.

<sup>3</sup>Data represented is net of fees.

The currency used to express performance is USD. Gross-of-fee returns are reduced by trading costs. Net- of-fee returns are calculated using a model fee of 1.5%. The model fee was calculated by reducing gross returns by the maximum fee charged to any account for the respective period. The firm's full list of composite descriptions and broad distribution pooled funds are available upon request. To receive a GIPS Report and/or our firm's list of composite/pooled fund descriptions please email your request to operations@hodgescapital.com

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Benchmark: 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.