

# Client Relationship Summary

Form CRS

Helping you make an informed decision

February 18, 2022

First Dallas Securities, Inc. (“FDS”) is a registered broker-dealer, a federally registered investment advisor with the Securities and Exchange Commission, a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”). FDS offers both brokerage and investment advisory services. Hodges Capital Management, Inc. (“HCM”), is a federally registered investment advisor with the Securities and Exchange Commission. HCM offers investment advisory services and may offer securities trades and custody services through FDS as an affiliated broker-dealer. You can access free and simple tools to research firms and financial professionals at [investor.gov/CRS](http://investor.gov/CRS), which provides educational materials about broker-dealers, investment advisers and investing. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. This Client Relationship Summary (Form CRS) provides a summary of the types of services we provide and how you pay.

We offer both brokerage and investment advisory services. You choose how you want to work with us:

Work with your dedicated First Dallas Registered Representative in a non-discretionary brokerage account relationship for a per trade commission.

Obtain the advice of a dedicated First Dallas Financial Advisor in an investment advisory brokerage account with certain discretionary and related fiduciary services for a per trade charge.

Obtain the advice of a dedicated Hodges Capital Financial Advisor in an investment advisory program to access certain discretionary and related fiduciary services for an annual asset-based fee.

This Form CRS provides an overview of our primary programs. Access supplemental materials by clicking on the links below or visiting [firstdallas.com/disclosures/](http://firstdallas.com/disclosures/) or [hodgescapital.com/about/advisory-disclosures](http://hodgescapital.com/about/advisory-disclosures) or [www.hodgesprivateclient.com/regulatory-disclosures](http://www.hodgesprivateclient.com/regulatory-disclosures).

## What investment services and advice can you provide me?

### BROKERAGE SERVICES

In a brokerage account (Account), you pay commissions and other sales fees on a per transaction basis. We may recommend investments to you, but you make the final decision to buy, sell or hold them.

From time to time, we may voluntarily review the holdings in your Account; however, for purposes of Regulation Best Interest, **we do not provide an ongoing monitoring service or monitor your Account** and Regulation Best Interest does not require us to do so. There are no account minimums.

Our brokerage services provide you:

- Investment recommendations and responses to your trade instructions and other requests.

- Trade execution for purchases and sales of securities and custody of Account assets.
- Margin lending (borrowing against the securities in your Account).
- Access to various account types
- Access to a cash sweep program where uninvested cash in your Account is “swept” into bank deposit accounts affiliated with us or into money market mutual funds.
- Cash management services including direct deposit, check-writing, debit cards, electronic funds transfer

#### Terms to know

- A broker-dealer is a firm that acts as an intermediary between buyers and sellers of securities for which they will usually receive a commission and may purchase or sell those securities in/out of their own account.
- An investment adviser is generally any person or group that provides investment advice or conducts securities analysis in exchange for a fee.

## INVESTMENT ADVISORY SERVICES

We offer several investment advisory services to retail investors. Each program is described below.

When you enroll in one of our investment advisory programs, we act as your investment adviser in providing discretionary investment services as described in that investment advisory program's client agreement. These services include investment advice and guidance, brokerage and custody services.

In all investment advisory programs, you grant us the authority to make investment and trading decisions for your account on your behalf (discretion). This discretion is triggered when you grant it to us and remains in effect until you revoke it. **We provide ongoing monitoring for an account enrolled in an investment advisory program.**

Our investment advisory programs for retail investors are:

**First Dallas Securities Free Style Portfolios** (FSP). FSP is a fully discretionary account that is managed by your First Dallas Securities Investment Adviser Representative (IAR), who serves as your principal contact and account manager. The IAR takes into consideration your particular investment objectives, guidelines and restrictions and constructs a customized portfolio that may hold equities, fixed income, cash and cash equivalents, mutual funds, ETFs or option securities. The FSP charges a per trade commission for managing your customized portfolio. Your portfolio may hold different securities than other FSPs managed by your IAR for other clients. The minimum account size is \$100,000.

**Hodges Capital Management Free Style Portfolios** (HFSP). HFSP is a fully discretionary account that is managed by your Hodges Capital Management's Investment Adviser Representative (IAR), who serves as your principal contact and account manager. The IAR takes into consideration your particular investment objectives, guidelines and restrictions and constructs a customized portfolio that may hold equities, fixed income, cash and cash equivalents, mutual funds, ETFs or option securities. The HFSP charges an annual asset-based fee for managing your customized portfolio; this fee is the same regardless of trading activity. Your portfolio may hold different securities than other FSPs managed by your IAR for other clients. The minimum account size is \$100,000.

**Hodges Private Client Portfolios** (HPC). HPC is a fully discretionary account that invests in a portfolio constructed and managed by Hodges Capital Management's Portfolio Management team. An Investment Adviser Representative works with you to select a portfolio based on your particular investment objectives, guidelines and restrictions. HPC may hold equities, ETFs, cash and cash equivalents. The HPC charges an annual asset-based fee for managing your customized portfolio; this fee is the same regardless of

trading activity. The minimum account size is \$500,000.

**Ask Your Financial Advisor:** •Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service or both types of services? Why or why not? •How will you choose investments to recommend? •What is your relevant experience, including your licenses, education, and other qualifications and what do they mean?

## What fees will I pay?

### FEES IN AN BROKERAGE ACCOUNT

You will pay a fee for each transaction in a brokerage account (for example, commissions, markups, markdowns, or sales charges). This can be a direct payment from you or, for certain investment products, the product sponsor or the manager will pay the fees and costs to us based on the value of your investment. The amount of commissions will vary based on the size, price and type of each transaction but not the value of your account.

Other fees, such as those charged for margin interest, wire fees, check fees, transfer fees, termination fees, redemption fees, IRA fees, inactivity fees, transaction and handling and other miscellaneous charges may also be assessed on a periodic basis.

**The more trades that you make in your brokerage account, the more we and/or your Advisor get paid, giving us a financial incentive to encourage transactions in your account.**

Additional information concerning fees for brokerage services can be found at <https://www.firstdallas.com/>.

### FEES IN AN IA PROGRAM-ENROLLED ACCOUNT

You pay us a fee that covers investment advisory services and trade execution. The fees vary by program and are listed below:

**FSP:** A per trade commission fee based on First Dallas Securities' published commission schedule. The commission amount will vary based on the size, price and type of each trade.

**HFSP & HPC:** A customized annual rate agreed with your Advisor (max 1.50% for HFSP; max 1.25% for HPC) for fiduciary services. The fee is typically deducted directly from the account.

Fees are paid on a quarterly basis. The relevant investment advisory agreement provides more detail about the applicable fee and the transactional costs you may incur.

Other fees, such as those charged for wire fees, check fees, transfer fees, termination fees, redemption fees, IRA fees, inactivity fees, transaction and handling and other

miscellaneous charges may also be assessed on a periodic basis.

**The more assets there are in your IA Program-enrolled account, the more you will pay in fees, giving us a financial incentive to encourage you to increase the assets in your account.**

#### **ADDITIONAL FEE INFORMATION**

We, or your Advisor, may discount or waive certain transaction fees and charges based on your circumstances.

Other fees and costs associated with investment advisory services offered by HCM or FDS can include charges by the custodian or other third parties, such as termination and liquidation fees, account transfer fees, custodial and processing handling fees.

To the extent a client's advisory assets are invested in mutual funds and other investments, the client can also be subject to fees and charges as a fund shareholder, including fees and charges imposed on shareholders of the fund or imposed on the fund and borne indirectly by shareholders, such as management fees as well as other internal fees and charges, including in some cases 12b-1 fees.

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments overtime. Please make sure you understand what fees and costs you're paying.**

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

#### **STANDARD OF CONDUCT AND CONFLICTS OF INTEREST**

**When we provide you with a recommendation as your broker-dealer or act as your investment adviser**, we have to act in your best interest and not put our interest ahead of yours. At the same time, the ways we and our affiliates make money create some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means:

In our capacity as a broker-dealer, First Dallas Securities 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 and due to this business relationship, Wells Fargo Clearing Services shares with First Dallas Securities a portion of the transaction costs and fees you pay them for certain transactions. The compensation First Dallas Securities

#### **Ask Your Financial Advisor:**

•Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me? •How might your conflicts of interest affect me and how will you address them?

receives is an additional source of revenue 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 can include a percentage or portion of fees and transaction charges collected by Wells Fargo Clearing Services and shared with First Dallas Securities, such as: margin interest, IRA fees, inactivity fees, ticket charges, handling fees, mutual fund 12b-1 trails, money market interest and other miscellaneous charges.

#### **How do your financial professionals make money?**

#### **BROKERAGE COMPENSATION**

Your Advisor is primarily compensated based on a percentage of the revenue they generate from our services, such as commissions and other types of transaction fees and service charges related to transactions in your Account. The percentage increases as the level of revenue the Advisor generates increases.

#### **INVESTMENT ADVISORY COMPENSATION**

In an advisory account, your Advisor receives a percentage of the revenue they generate from our services, such as the annualized fee rate, ticket charges and other types of service charges. The percentage the Advisor receives does not change based on the level of revenue the Advisor generates.

#### **OTHER COMPENSATION INFORMATION**

Certain products have higher transaction fees and service charges than other products. An Advisor will receive more compensation for selling certain products over other products.

Certain revenue sources can include a percentage or portion of fees and transaction charges collected by Wells Fargo Clearing Services and shared with First Dallas Securities, such as: margin interest, IRA fees, inactivity fees, ticket charges, handling fees, mutual fund 12b-1 trails, money market interest and other miscellaneous charges.

We offer proprietary products through the Hodges Family of mutual funds. In this capacity, we manage the Funds as well as invest our clients in the Funds. The compensation received creates a conflict of interest as we have a greater

incentive to make available, recommend, or make investment decisions regarding investments in the Hodges Funds over other investments that are not proprietary.

We also offer sweep programs for uninvested cash which creates a conflict of interest because we have an incentive for you to maintain otherwise uninvested cash in your account with Wells Fargo Clearing Services affiliated banks where they can use such deposits to generate additional revenue in which we are also compensated.

Please see additional information about the sweep program and other potential conflicts of interest found in our Reg BI disclosure document or by visiting our websites at <https://hodgescapital.com/about/advisory-disclosures> or <https://www.firstdallas.com/disclosures/> or <https://www.hodgesprivateclient.com/regulatory-disclosures>

The nature of compensation payments that Advisors receive presents a conflict of interest. For brokerage services, the conflict arises based on the type and frequency of transactions in your Account. For advisory programs, the conflict arises based on the compensation we make due to your enrollment in a fee- based program and the fee that you agree to.

### Do you or your financial professionals have legal or disciplinary history?

Yes. Please visit [Investor.gov](http://Investor.gov) for a free and simple tool to search us and our financial professionals.

### Where can I find additional information?

For additional information about our services, you can always ask your financial representative for more information and request a copy of this relationship summary or other disclosure documents by visiting <https://hodgescapital.com/about/advisory-disclosures> or <https://www.firstdallas.com/disclosures/> or <https://www.hodgesprivateclient.com/regulatory-disclosures>

A full report that reflects the professional background, business practices, and conduct of our Firm and its representatives is available at [www.investor.gov/CRS](http://www.investor.gov/CRS), or through the Financial Industry Regulatory Authority's (FINRA) BrokerCheck system link at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

You may also access a full report of our advisory agents through IARD link at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

For a copy of [Best Interest Disclosure Statement](#), go to <https://www.firstdallas.com/disclosures/> or obtain a paper copy from an Advisor free of charge. We will provide you with additional transaction information through other documents such as trade confirmations, prospectuses, offering materials and account statements.

**Ask Your Financial Advisor:** •As a financial professional, do you have any disciplinary history? For what type of conduct? •Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? •Who can I talk to if I have concerns about how this person is treating me?