

June 30, 2020

## Customer Relationship Summary

Helping you make an informed decision

Form CRS

### Introduction

*First Dallas Securities, Inc. (“FDS”) is a registered broker-dealer and member of Financial Industry Regulatory Authority (“FINRA”) and Securities Investors Protection Corporation (“SIPC”). FDS offers both brokerage and investment advisory services through our affiliate Hodges Capital Management, Inc. (“HCM”), a federally registered investment advisor with the Securities and Exchange Commission.*

*Brokerage and investment advisory services fees differ, and it is important for you to understand these differences. Free and simple tools are available for you to use at [Investor.gov/CRS](https://www.investor.gov/crs), a website maintained by the SEC. These tools can provide you with educational materials about broker-dealers, investment advisers, and investing.*

*This relationship summary provides information that helps you make an informed decision about whether or not to invest with us and will answer the following questions:*

- *What investment services and advice can you provide me?*
- *What fees will I pay?*
- *What are your legal obligations to me when providing recommendations as my broker-dealer, or when acting as my investment adviser? How else does the firm make money and what conflicts of interest do you have?*
- *How do your financial professionals make money?*
- *Do you or your financial professionals have legal or disciplinary history?*
- *Where can I find additional information?*

### 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.**

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

We offer brokerage and advisory services to retail investors. The principal services offered through First Dallas Securities (“FDS”), First Dallas Securities, Inc (“FDSI”) and Hodges Capital Management (“HCM”) are described below.

### Brokerage Services ■

Principal services offered through our broker-dealer (FDS) consist of brokerage services which include buying and selling securities such as mutual funds, stocks and bonds. In our capacity as broker-dealer, we will execute trades based on your instructions and will charge a commission on any purchases or sells made within your account. From time to time, or at your request, we may make recommendations but the ultimate decision on the investments is yours. We do not monitor your brokerage account but will send you monthly statements so that you can review your account.

### Investment Advisory Services ■

Principal services offered through HCM and FDSI consist of advisory services to retail investors in separately managed accounts. These accounts are discretionary which means we make investment decisions, on your behalf, based on the investment objectives and needs you provided to us at account opening. In this capacity we charge a fee based on assets under management and monitor your investments while making decisions in your best interest. There are no material limitations when investing with us and you can terminate your advisory agreement with us at any time. We also act as a sub advised manager and participate in some third-party wrap fee programs.

For accounts managed through FDSI in our capacity as investment advisor, we charge a commission on transactions affected in your account; FDSI accounts are not charged a fee based on the assets under management.

**Additional information about services, monitoring, investment authority, account minimums and other requirements for opening or holding the account are referenced in “Part 2A of Form ADV” for advisory services and “REG BI Disclosure” for brokerage services, both which are located at <https://hodgescapital.com/about/advisory-disclosures>.**

## What fees will I pay?

Fees paid for brokerage services will differ from fees charged to you for advisory services. However, you will pay fees and costs whether you make or lose money on your investments and will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

### Brokerage Services Fees ■

Principal fees and costs associated with retail investors are transaction-based fees or commissions. 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, IRA fees, inactivity fees, transaction and handling and other miscellaneous charges may also be assessed on a periodic basis.

### Conversation Corner

Questions you might wish to ask when considering our services:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

### Conversation Corner

Questions you might wish to ask when considering our services:

- 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?

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

## Investment Advisory Services ■

*Principal fees and costs retail investors will incur for investment advisory services are through an annualized asset-based fee (“advisory fee”), which is paid on a periodic basis (quarterly or semi-annually) in advance or arrears. Clients may choose to have the fees billed to them via an invoice or deducted directly from the account. Although some fees are individually negotiated, the amount you will pay us is based on the value of your advisory account. You will pay a fee if there are no transactions in your account and even if you lose money on your investment. It is important to note that on asset-based fees, the more assets there are in your account, the more a retail investor will pay, therefore the firm may have an incentive to encourage the increase of assets from the clients.*

## Other Fees and Costs

*Other fees and costs associated with investment advisory services offered by HCM can include other 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 other 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.*

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

## Standard of Conduct

*When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates 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 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.*

### Conversation Corner

**Questions you might wish to ask when considering our services:**

- *How might your conflicts of interest affect me, and how will you address them?*

## Examples of Ways We Make Money and Conflicts of Interest

*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.*

*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 <https://hodgescapital.com/about/advisory-disclosures>.*

## How do your financial professionals make money?

*Financial professionals are compensated through the services offered in your account. This compensation is based upon a percentage of advisory fees or commission. The amount varies based on production level, industry experience and tenure with the firm. The compensation paid to the professional increases or decreases based on the compensation paid to the Firm.*

*For additional detailed information regarding fees, please reference <https://hodgescapital.com/about/advisory-disclosures>.*

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

Yes. Please see [www.investor.gov/CRS](http://www.investor.gov/CRS) for a free and simple search tool to research the background and experience of us and our financial professionals.

### Conversation Corner

#### Questions you might wish to ask when considering our services

- 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? Whom can I talk to if I have concerns about how this person is treating me?

## 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/disclosures.com> or by calling 888-878-4426.*

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).