

QUARTERLY COMMENTARY

SMALL CAP GROWTH

December 2016

4TH QUARTER 2016

Small Cap Growth Composite Performance

The equity markets showed strong performance for the quarter ended December 31, particularly our benchmark, the Russell 2000 Growth Index. After a 9.2% gain in the previous quarter, the Index followed up with a 3.6% gain this quarter, ending the year with a gain of 11.3%. With the exception of Health Care, all of the major sectors were up for the quarter, with Materials and Producer Durables both up almost 10%.

The Bridge City Small Cap Growth Composite fared even better in the 4th quarter, advancing a strong 8.4% gross of fees and 8.3% net of fees. As a result, the composite outpaced the benchmark by 4.8% gross of fees and 4.7% net of fees. The Composite had a very strong 2016, as the performance table below illustrates, soundly beating the benchmark, on both a gross and net basis.

As you might expect given our strong absolute and relative performance for the quarter, we had many investments that performed extremely well. The attached table illustrates the top five (and bottom five) contributors during the period. While not shown, those investments had an average return of 22.4% for the quarter.

Taking a broader perspective, we would like to draw attention to our longer term performance. As the performance table indicates, Bridge City has done a remarkable job of beating the benchmark over all time periods shown. Of particular note is our performance over the past two years, where we have pummeled the benchmark by an annualized 7.6% gross of fees and 7.1% net of fees. We are quite proud of our longer term results, and hope you are as well.

Market Outlook

As is customary at the start of each year, Bridge City offers its view about the equity markets for the coming year, but first we will critique our 2016 views. To summarize, we had expected modest earnings growth and stable to declining P/E multiple expansion, resulting in modest, but positive returns. Through October that forecast looked very good, as our benchmark was nominally positive for the year. However, after the Presidential election, the equity markets rallied hard through the end of the year. Our benchmark, as noted above, gained 11.3%.

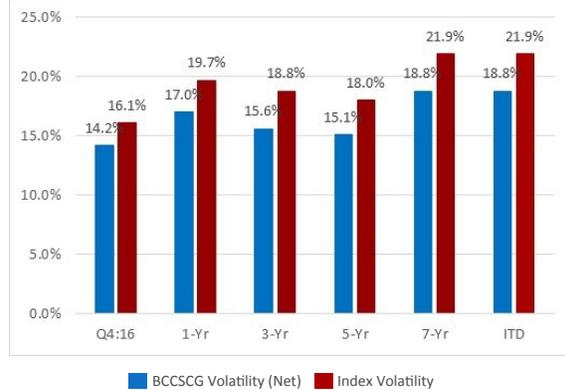
Our 2017 forecast is similar to last year. On the back of better economic growth, we would not be surprised to see corporate earnings grow a bit faster in 2017 vs 2016. However, we are hard

BRIDGE CITY CAPITAL OVERVIEW

Bridge City Capital, LLC (BCC) focuses on small cap growth companies with proven track records, strong financial characteristics and above average growth prospects at attractive valuations, using our disciplined, repeatable investment process that scores companies on Quality, Growth & Profitability, Financial Strength and Valuation. Our 3-member investment team has 80+ years of combined investment experience.

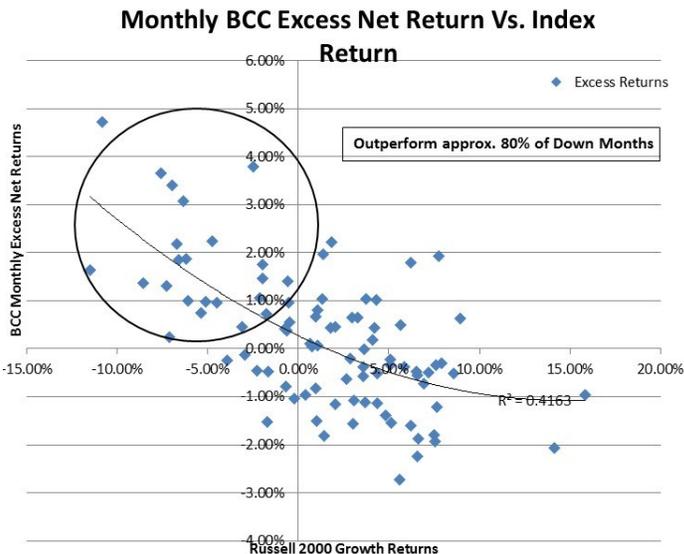
Additional information about BCC and its Small Cap Growth investment strategy is available at www.bridgcitycap.com or by contacting Client Service at info@bridgcitycap.com.

CONSISTENT LOWER VOLATILITY



(Standard deviation of BCCSG daily net returns, annualized)

STRONG DOWN MARKET PROTECTION



See [Important Disclosure](#) information on page 3.

pressed to see how P/E multiples can continue to increase, particularly with interest rates set to rise further. In fact, we would not be surprised to see multiples contract, and view that as the big wild card. Net net, we expect another year of modest gains, with a bias to the downside. Further, we would not be surprised to see increased volatility, in part due to the unconventional style of our incoming President. Who would have thought we would have to pay attention to "Tweetconomics"?

Strategy

Whatever the returns are for 2017 and beyond, our focus remains the same, continue to invest in high quality small cap growth companies. These companies have a proven track record of growing revenues and earnings, generating healthy returns and free cash flow, using cash in shareholder friendly ways and maintaining strong balance sheets. We believe that investing in these types of companies has helped us achieve the solid long term results we have generated thus far and will continue to help us outperform over the long run.

Steve Brink
Chief Investment Officer

SMALL CAP GROWTH COMPOSITE—NET OF FEE PERFORMANCE

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | ANNUAL |
|------|--------|--------|-------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|
| 2016 | -6.11% | -0.30% | 6.45% | -0.51% | 2.05% | 0.10% | 6.07% | 1.12% | -0.38% | -4.33% | 9.58% | 3.32% | 17.19% |
| 2015 | -2.81% | 6.71% | 2.17% | -3.15% | 2.55% | 2.32% | -0.56% | -3.93% | -3.24% | 6.16% | 3.64% | -2.54% | 6.73% |
| 2014 | -3.26% | 3.45% | 1.34% | -4.15% | 0.15% | 4.60% | -5.06% | 2.86% | -4.60% | 8.00% | 0.75% | 3.62% | 6.97% |
| 2013 | 4.33% | 1.87% | 4.88% | -1.45% | 4.72% | -0.24% | 5.63% | -0.19% | 6.23% | 4.04% | 4.29% | 0.89% | 40.70% |
| 2012 | 5.69% | 3.93% | 2.48% | -2.12% | -6.88% | 3.62% | -1.01% | 3.22% | 1.43% | -2.65% | 0.81% | 2.68% | 11.04% |
| 2011 | 0.84% | 5.50% | 4.79% | 3.03% | -0.48% | -1.09% | -4.16% | -7.21% | -9.87% | 14.90% | 0.43% | -1.26% | 3.25% |
| 2010 | -3.52% | 3.84% | 7.63% | 4.63% | -4.76% | -4.52% | 4.74% | -5.99% | 12.08% | 5.31% | 3.22% | 7.24% | 31.98% |
| 2009 | - | - | - | - | - | - | 9.67% | 1.64% | 6.01% | -3.54% | 2.01% | 8.05% | - |

SMALL CAP GROWTH COMPOSITE—RELATIVE PERFORMANCE

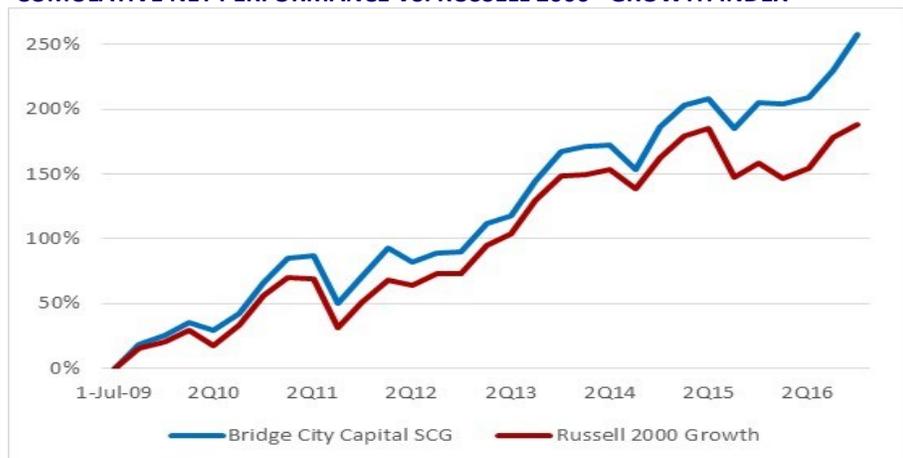
| | Q4:2016 | 1-YR | 2-YR (ANNUALIZED) | 3-YR (ANNUALIZED) | 5-YR (ANNUALIZED) | 7-YR (ANNUALIZED) | INCEPTION (ANNUALIZED) |
|-------------------------------|---------|--------|----------------------|----------------------|----------------------|----------------------|---------------------------|
| Bridge City Capital SCG Gross | 8.42% | 17.74% | 12.42% | 10.79% | 16.54% | 16.87% | 19.29% |
| Bridge City Capital SCG Net | 8.31% | 17.19% | 11.84% | 10.19% | 15.89% | 16.13% | 18.53% |
| Russell 2000® Growth | 3.57% | 11.32% | 4.78% | 5.05% | 13.74% | 13.23% | 15.15% |
| Excess Gross | 4.85% | 6.42% | 7.64% | 5.74% | 2.80% | 3.64% | 4.14% |
| Excess Net | 4.74% | 5.87% | 7.06% | 5.14% | 2.15% | 2.90% | 3.38% |

BRIDGE CITY CAPITAL SMALL CAP GROWTH

- Long-only, U.S. equity small cap growth manager
- Benchmark: Russell 2000® Growth Index
- Fully invested
- Diversified 65-100 stock portfolio
- Target sector neutral, +/- the greater of 20% of the weight of the defined sectors of the Russell 2000 Growth Index, or +/- 3 absolute percentage points from the defined sector weights within the index

SMALL CAP GROWTH NET PERFORMANCE ANALYSIS¹

| RISK & EFFICIENCY MEASURES | 1-YEAR | 3-YEAR | 5-YEAR | 7-YEAR | SINCE INCEPTION |
|----------------------------|--------|--------|--------|--------|--------------------|
| Annualized Alpha | 7.71 | 5.88 | 4.58 | 4.64 | 5.30 |
| Beta | 0.77 | 0.78 | 0.79 | 0.83 | 0.83 |
| Tracking Error | 6.31 | 5.88 | 5.24 | 4.94 | 5.00 |
| Sharpe Ratio | 1.10 | 0.72 | 1.22 | 1.03 | 1.17 |
| Information Ratio | 0.93 | 0.87 | 0.41 | 0.59 | 0.68 |
| Upside Market Capture | 87.91 | 88.52 | 87.63 | 88.78 | 90.06 |
| Downside Market Capture | 64.22 | 72.23 | 75.15 | 77.49 | 76.60 |

CUMULATIVE NET PERFORMANCE VS. RUSSELL 2000® GROWTH INDEX


¹ Source: eVestment Alliance. Performance measures net of fees. All data as of December 31, 2016. See [Important Disclosure](#) information on page 3.

PORTFOLIO STATISTICS

AS OF DECEMBER 31, 2016

Top 10 Holdings

| | |
|---------------------------------|-------|
| EMCOR Group, Inc.. (EME) | 2.73% |
| Masimo Corporation (MASI) | 2.16% |
| Hexcel Corporation (HXL) | 2.09% |
| Diodes Incorporated (DIOD) | 2.08% |
| Ensign Group, Inc. (ENSG) | 2.06% |
| Herman Miller Inc. (MLHR) | 1.96% |
| Jack in the Box Inc. (JACK) | 1.90% |
| US Physical Therapy Inc. (USPH) | 1.80% |
| j2 Global Inc. (JCOM) | 1.76% |
| Lithia Motors, Inc.. (LAD) | 1.73% |

Represents largest positions based on % of total portfolio value.

Sector Weights

| | |
|------------------------|--------|
| Consumer Discretionary | 17.49% |
| Consumer Staples | 3.65% |
| Financial/REIT | 9.65% |
| Health Care | 19.62% |
| Materials & Processing | 9.57% |
| Energy | 0.46% |
| Producer Durables | 14.58% |
| Technology | 19.29% |
| Utilities | 1.76% |

Weights exclude cash of 3.93%

Portfolio Characteristics

| | BCC | Index |
|-----------------------------|----------|----------|
| Equity Positions | 87 | 1,177 |
| Weighted Average Market Cap | \$2.203B | \$2.191B |
| P/E FY1 | 20.2 | 21.6 |
| Average Price/Book Value | 3.7 | 4.1 |
| Average Yield | 0.93% | 0.83% |
| Annual Turnover (dollars) | 17% | - |
| Annual Turnover (names) | 17% | - |

TOP CONTRIBUTORS IN Q4 2016

| | AVERAGE WEIGHT ² | CONTRIBUTION ³ |
|----------------------------|-----------------------------|---------------------------|
| EMCOR Group, Inc. | 2.69% | 0.53% |
| Ultra Clean Holdings, Inc. | 1.03% | 0.41% |
| Herman Miller, Inc. | 1.88% | 0.38% |
| Diodes Incorporated | 1.94% | 0.38% |
| J2 Global, Inc. | 1.68% | 0.38% |

TOP DETRACTORS IN Q4 2016

| | AVERAGE WEIGHT ² | CONTRIBUTION ³ |
|-------------------------------|-----------------------------|---------------------------|
| Impax Laboratories, Inc. | 0.76% | -0.54% |
| Syntel, Inc. | 1.07% | -0.43% |
| Tupperware Brands Corporation | 1.00% | -0.22% |
| Natus Medical Incorporated | 1.86% | -0.20% |
| Boise Cascade Co. | 0.96% | -0.17% |

²Weights are the average position weight during the quarter. Positions identified do not represent all securities held, purchased or sold.

³Calculation methodology and a complete list of positions and contributions for the quarter are available upon request. Source: FactSet. All data as of December 31, 2016.

ABOUT BRIDGE CITY CAPITAL, LLC

Bridge City Capital, LLC (BCC) is an Oregon Limited Liability Company and a SEC registered investment advisory firm, headquartered in Portland, Oregon. The firm was formed October 27, 2008 by Alex Woodward and Steve Brink and began managing its small cap growth investment strategy on July 1, 2009. BCC has been focused exclusively on managing small cap growth assets since its inception.

INVESTMENT PHILOSOPHY AND RESEARCH PROCESS

Investment Philosophy: A focus on quality companies with proven track records, strong financial characteristics and above average growth prospects at attractive valuations will lead to strong relative returns over the long run.

Research Process: The BCC investment process numerically scores every investment against specific quantitative and qualitative criteria measuring a company's Quality, Financial Strength and Growth and Profitability. We also assign a Valuation score based on an internally developed future earnings projection. Our process scores a company's relative attractiveness against their peers, identifying the highest quality company's at attractive valuations.

DISCLOSURES

Bridge City Capital, LLC (BCC) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. BCC has been independently verified for the periods of July 1, 2009 through December 31, 2015. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

BCC is a SEC registered Investment Adviser, located in Portland, OR, that invests solely in U.S. equity securities. BCC is an independent investment adviser that is not affiliated with any parent company. Policies for valuing portfolios, calculating performance and preparing compliance presentations are available upon request.

The BCC Small Cap Growth Composite (BCCSCG) includes fully discretionary client accounts invested in small cap growth equity securities with market capitalizations similar to those found within the Russell 2000 Growth Index. The account minimum for this composite is \$1 million. The benchmark for the BCCSCG is the Russell 2000 Growth Index, which is rebalanced annually. BCC maintains a significant cash flow policy of 10%.

Specific holdings, industry sector weightings, investment returns, and other portfolio characteristics will vary. Clients should rely on the quarterly reports provided by BCC for information relating to a specific account. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. The data is current as of date listed, and is subject to change without notice. There is no assurance that any securities discussed herein will remain in the account's portfolio at the time you receive this report or that securities sold have not been repurchased.

Past performance is not indicative of future results. Investments in securities involve the risk of loss. All returns greater than one year are annualized. The U.S. Dollar is the currency used to express performance and valuation. Returns are presented gross and net of actual management fees and include the reinvestment of all dividends and other income. Our standard fee schedule as well as additional information about our business, is contained in our Form ADV, Part 2A and available upon request.

Information contained herein was obtained from sources believed to be reliable but accuracy cannot be guaranteed.

For more information regarding Bridge City Capital, LLC, our Small Cap Growth Composite or for a complete GIPS compliance presentation, please contact David Kiser, (503) 265-8554, kiser@bridgecitycap.com.

