

Quarterly Commentary

SMALL CAP GROWTH

June 2023

SECOND QUARTER 2023

The second quarter started tentatively as concerns built that the Fed's rate-hiking campaign would tip the U.S. economy into recession. However, those concerns abated after the May FOMC statement set the stage for a June pause which sparked a strong market rally at quarter end. Our benchmark, the Russell 2000 Growth Index, increased 7.1% in Q2 and 13.6% year to date. Disappointingly, the Bridge City Capital Small Cap Growth Composite (Composite) lagged the benchmark, but still posted solid gains, up 4.6% net of fees for the quarter and 8.1% net of fees year to date.

Three main factors negatively impacted the Composite's relative performance in Q2, in order of magnitude: strong performance by unprofitable biotech companies that we did not own, poor performance by banks that we did own, and weakness in one of our larger weightings in Technology. We know that our style of investing in high quality stocks will face headwinds from low quality companies from time to time, but we believe, as evidenced by our long-term track record, that investing in high quality companies will help us outperform over time. We took advantage of attractive valuations in select banks in Q2 to add to our weights in several holdings with this long-term philosophy in mind. A list of top contributors and detractors can be found in the table on page three.

MARKET OUTLOOK

We continue to expect pressure on corporate profitability over the remainder of 2023. Though the Fed paused its tightening campaign amid signs of moderating inflation, jobs data suggests the labor market remains tight. Both banks and borrowers are constrained by higher funding costs and lending standards have become more stringent. Consumer sentiment has been remarkably resilient, but demand for goods and services remains mixed and manufacturing activity has slowed. Europe and China are weak and flaring geopolitical tensions add uncertainty to the outlook. Revenue growth and margin comparisons are expected to ease in the back half of the year for many companies and guidance anticipates some margin recovery with moderating input costs and the achievement of targeted expense cuts. Management teams continue to focus on fortifying their balance sheets and improving cash flows by reigning in excess working capital. We noted a few companies have resumed previously paused share repurchase programs while others have invested selectively via tuck-in acquisitions.

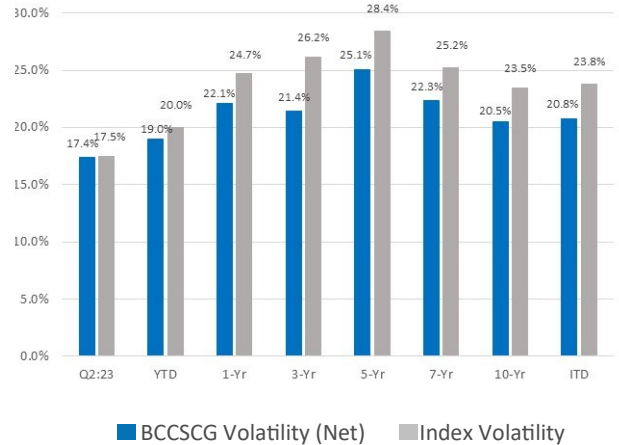
BRIDGE CITY CAPITAL OVERVIEW

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 five-member investment team, consisting of Alex Woodward, Steve Brink, Jim Bradshaw, Sara Hasan and Brant DeMuth, has more than 150 years of combined investment experience.

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

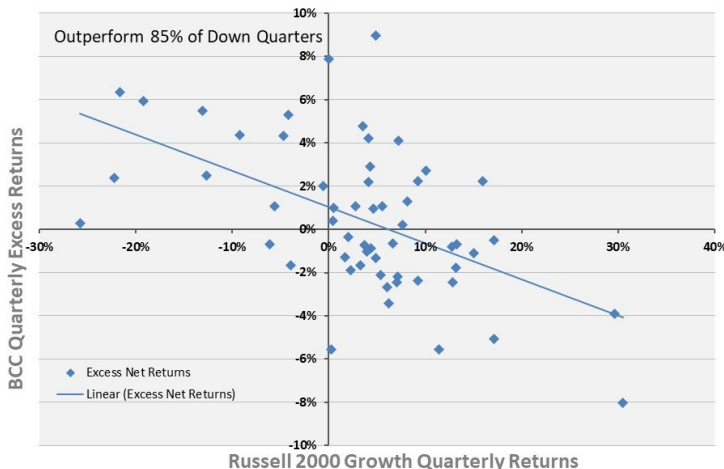
CONSISTENTLY LESS THAN INDEX VOLATILITY

STANDARD DEVIATION OF DAILY RETURNS, ANNUALIZED



STRONG DOWN MARKET PROTECTION

QUARTERLY BCC EXCESS NET RETURN VS. INDEX RETURN



BUSINESS UPDATE & STRATEGY

As we begin our 15th year, we are proud of the long-term track-record of the Composite which has returned over 250 bps of annualized net returns in excess of the benchmark since inception. We've long wanted to be able to offer another vehicle for new clients to access our strategies. To that end, we are excited to announce that we've partnered with M3Sixty Capital, LLC as the sole subadvisor for their M3Sixty Small Cap Growth Fund (Symbol: MCSCX) which launched on June 28, 2023. Separately, we recently welcomed our first institutional client for our Microcap strategy. We look forward to working with our new partners to deliver enviable long-term performance to our mutual clients.

Regardless of the investment vehicle, our focus remains the same, to continue to invest in high quality small-cap growth companies. We remain confident that investing in these companies, with proven track records of growing revenues and earnings, generating healthy returns and free cash flows, using cash in shareholder-friendly ways and maintaining strong balance sheets, has helped us to realize the solid long-term results we have achieved thus far and will continue to help us outperform over time.

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

¹Source: Telemet/Orión.

SMALL CAP GROWTH COMPOSITE: 10-YEAR CALENDAR YEAR PERFORMANCE

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Bridge City Capital SCG Gross	-19.77%	21.18%	20.92%	25.02%	1.32%	16.38%	17.74%	7.33%	7.59%	41.51%
Bridge City Capital SCG Net	-20.11%	20.62%	20.39%	24.53%	0.85%	15.97%	17.19%	6.73%	6.97%	40.70%
Russell 2000® Growth	-26.36%	2.83%	34.63%	28.48%	-9.31%	22.17%	11.32%	-1.38%	5.60%	43.30%
Excess Gross	6.59%	18.35%	-13.71%	-3.46%	10.63%	-5.79%	6.42%	8.71%	1.99%	-1.79%
Excess Net	6.25%	17.79%	-14.24%	-3.95%	10.16%	-6.20%	5.87%	8.11%	1.37%	-2.60%

SMALL CAP GROWTH COMPOSITE: RELATIVE PERFORMANCE

	Q2:2023	YTD	1-YR	3-YR (ANNUALIZED)	5-YR (ANNUALIZED)	7-YR (ANNUALIZED)	10-YR (ANNUALIZED)	INCEPTION (ANNUALIZED)
Bridge City Capital SCG Gross	4.70%	8.32%	11.33%	11.69%	7.57%	11.76%	12.12%	14.97%
Bridge City Capital SCG Net	4.59%	8.12%	10.91%	11.21%	7.10%	11.28%	11.60%	14.35%
Russell 2000® Growth	7.05%	13.55%	18.53%	6.10%	4.22%	9.31%	8.83%	11.77%
Excess Gross	-2.35%	-5.23%	-7.20%	5.59%	3.35%	2.45%	3.29%	3.20%
Excess Net	-2.46%	-5.43%	-7.62%	5.11%	2.88%	1.97%	2.77%	2.58%

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 RISK & EFFICIENCY MEASURES¹

	1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	SINCE INCEPTION
Annualized Alpha	-6.89	6.26	3.73	3.52	4.40	4.59
Beta	1.06	0.83	0.84	0.85	0.83	0.84
Tracking Error	6.17	8.49	7.91	7.09	6.76	6.13
Sharpe Ratio	0.30	0.51	0.28	0.54	0.63	0.81
Sharpe Ratio Benchmark ²	0.72	0.37	0.26	NA	0.50	NA
Information Ratio	-1.17	0.66	0.42	0.35	0.49	0.52
Upside Market Capture	109.55	96.17	90.46	93.80	92.18	92.10
Downside Market Capture	129.62	81.76	86.13	87.61	82.78	82.09

¹Source: eVestment Alliance. Risk & Risk Free Index: Russell 2000 Growth, Citigroup 3-Month T-Bill, Data frequency: monthly, SCG-Gross of Fees. ²Source for Sharpe Ratio Index: FTSE Russell 2000 Growth Index factsheet.

CUMULATIVE NET PERFORMANCE VS. RUSSELL 2000® GROWTH



³Source: FTSE Russell 2000 Growth Index Factsheet as of June 30, 2023.

PORTFOLIO STATISTICS

Top 10 Holdings	SCG Rep Acct
Comfort Systems USA Inc. (FIX)	2.8%
EMCOR Group, Inc. (EME)	2.8%
Ensign Group, Inc. (ENSG)	2.5%
Medpace Holdings Inc. (MEDP)	2.3%
Tetra Tech Inc. (TTEK)	2.1%
Axcelis Technologies Inc. (ACLS)	2.0%
UFP Industries (UFPI)	1.8%
Lemaitre Vascular Inc. (LMAT)	1.8%
Casey's General Stores (CASY)	1.7%
US Physical Therapy (USPH)	1.7%

Represents largest positions based on % of total portfolio value.

ICB Industry Weights	SCG Rep Acct	Index ³
Basic Materials	5.3%	3.5%
Consumer Discretionary	11.5%	12.7%
Consumer Staples	5.3%	3.4%
Energy	5.9%	5.5%
Financials	4.8%	4.9%
Health Care	19.5%	23.0%
Industrials	20.3%	22.2%
Real Estate	2.0%	1.6%
Technology	19.8%	19.4%
Telecommunications	1.5%	1.9%
Utilities	1.0%	2.0%

BCC weights exclude cash of 3.1%

Portfolio Characteristics	SCG Rep Acct	Index
Equity Positions	94	1,089
Weighted Average Market Cap	\$3.8B	\$3.3B
P/E Ex-Neg Earnings	21.5	20.4
Price/Book Value	2.8	4.4
Average Yield	0.98%	0.64%
Annual Turnover (dollars)	12.7%	-
Annual Turnover (names)	7.6%	-

TOP CONTRIBUTORS IN Q2 2023

	AVERAGE WEIGHT ¹	CONTRIBUTION ²
Axcelis Technologies Inc.	1.68	0.58
Medpace Holdings	2.13	0.53
Lemaitre Vascular, Inc.	1.81	0.46
Lithia Motors Inc.	1.40	0.44
ONTO Innovation Inc.	1.57	0.44

TOP DETRACTORS IN Q2 2023

	AVERAGE WEIGHT ¹	CONTRIBUTION ²
Methode Electronics Inc.	2.11	-0.52
Glacier Bancorp Inc.	1.33	-0.31
Dril-Quip Inc.	1.24	-0.26
MillerKnoll, Inc.	0.63	-0.21
Synaptics Inc.	0.72	-0.21

¹Weights are the average position weight of an SCG rep account during the quarter. Positions identified do not represent all securities held, purchased or sold.

²Calculation methodology and a complete list of positions and contributions for the quarter are available upon request. Source: Telemet/Orion. All data as of June 30, 2023.

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 Lake Oswego, Oregon. The firm was formed October 27, 2008 by Alex Woodward and Steve Brink and BCC began managing its small cap growth investment strategy on July 1, 2009. Our five-member investment team consists of Alex Woodward, Steve Brink, Jim Bradshaw, Sara Hasan and Brant DeMuth. On January 1, 2022 BCC began managing a microcap investment strategy.

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 its peers, identifying the highest quality companies 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 January 1, 2009 through December 31, 2022. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

BCC is a SEC registered Investment Adviser, located in Lake Oswego, 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 Client Service at (503) 265-8554, info@bridgcitycap.com.





SMALL CAP GROWTH COMPOSITE
July 1, 2009 through December 31, 2022

Year	BCC Small Cap Growth Composite Gross Return (%)	BCC Small Cap Growth Composite Net Return (%)	Russell 2000 Growth Return (%)	BCC Small Cap Growth Composite 3-Yr Standard Deviation (%) ¹	Russell 2000 Growth 3-Yr Standard Deviation (%)	Number of Portfolios	Internal Dispersion (%) ²	BCC Small Cap Growth Composite Assets (\$ M)	Firm Assets (\$ M)
2022	-19.77	-20.11	-26.36	23.22	26.57	18	0.14	191	201
2021	21.18	20.62	2.83	19.83	23.07	19	0.12	240	247
2020	20.92	20.37	34.63	21.89	25.10	14	0.28	268	271
2019	25.02	24.53	28.48	14.98	16.37	22	0.17	249	251
2018	1.32	0.85	-9.31	14.53	16.46	19	0.00	140	159
2017	16.38	15.97	22.17	12.15	14.59	18	0.10	140	143
2016	17.74	17.19	11.32	13.82	16.67	8	0.06	49	52
2015	7.33	6.73	-1.38	12.44	14.95	5	n/a	17	19
2014	7.59	6.97	5.60	12.06	13.82	4	n/a	15	19
2013	41.51	40.70	43.30	15.36	17.27	5	n/a	16	17
2012	11.74	11.04	14.59	18.19	20.72	5	n/a	11	13
2011	4.05	3.25	-2.91	n/a	n/a	2	n/a	5	6
2010	33.08	31.98	29.08	n/a	n/a	1	n/a	2	2
2009	26.17	25.58	20.75	n/a	n/a	1	n/a	1	1

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The BCCSCG was created on and has an inception date of July 1, 2009. A complete list of composite descriptions is available upon request.

¹ Calculated gross of fees. 3-yr standard deviation not available for periods prior to 2012.

² Calculated gross of fees using asset weighted TWR. Not applicable for periods where composite membership includes 5 or fewer portfolios.

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not presented for 2009 through 2011 because performance data for the three-year period was not available.