

Quarterly Commentary

SMALL CAP GROWTH

March 2024

FIRST QUARTER 2024

Equity markets ended the first quarter broadly higher. Our benchmark, the Russell 2000 Growth Index, increased an impressive 7.6%. But like the “magnificent seven” phenomenon experienced in large-cap benchmarks in 2023, our benchmark’s Q1 2024 performance was relatively narrow and only a few names contributed a significant portion of the upside in the period.

The Bridge City Small Cap Growth Composite (Composite) increased 3.8% net of fees in Q1 – a healthy absolute return, but a disappointment from a relative perspective as this was less than the benchmark return for the period. Nearly all the Composite’s relative underperformance resulted from stocks that were not owned. The two largest weightings in the benchmark, SMCI and MSTR, both in Technology, experienced extraordinary appreciation during the quarter. These companies do not have the characteristics that our investment process finds attractive and thus, their absence from the portfolio was a 350+ bp relative performance headwind in Q1.

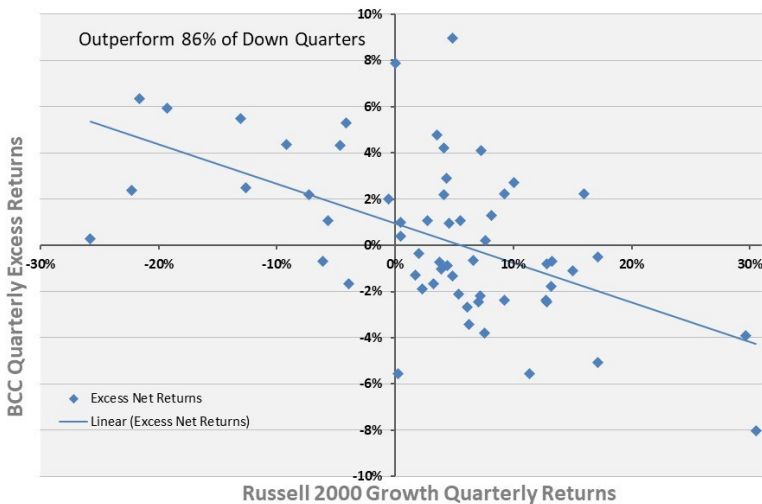
Within the portfolio’s holdings, there was significant underperformance within the Technology sector, primarily because of the companies we didn’t own, and moderate relative weakness within Energy and Consumer Staples. We saw relative strength within Industrials and Health Care. A list of top individual contributors and detractors can be found in the table on page three.

MARKET OUTLOOK

We continue to expect strengthening corporate profitability over the balance of 2024, with modest revenue growth and improved expense leverage. Consumer sentiment has increased with a resilient labor market and softening inflation expectations, bolstered by strong market returns year-to-date. Infrastructure is experiencing secular tailwinds as government investment and reshoring efforts take shape and the AI-related ecosystem appears to be seeing exceptional levels of demand. While we believe some of this AI-related demand is sustainable, we suspect that elevated market expectations may not match reality in some cases. Those industries that have had supply/demand imbalances later in the cycle continue to destock excess inventories, but we anticipate this headwind will abate over the course of the year.

STRONG DOWN MARKET PROTECTION

QUARTERLY BCC EXCESS NET RETURN VS. INDEX RETURN



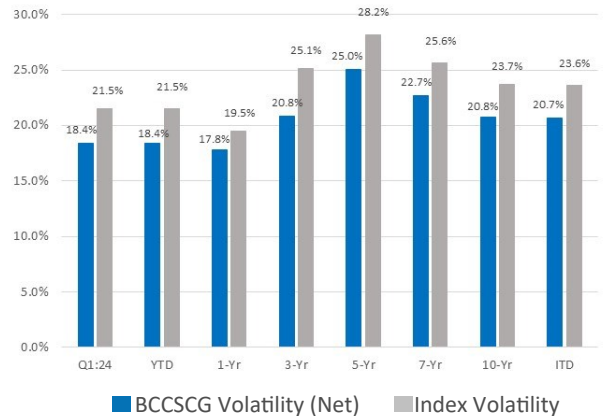
BRIDGE CITY CAPITAL OVERVIEW

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



We expected 2024 equity market returns would be supported by both stronger corporate profitability and a reallocation of cash away from lower-risk assets as the prospects of moderating interest rates makes short duration, income-oriented asset classes comparatively less attractive. With the shift to more dovish monetary policy now in question, follow-through from asset class reallocation might not be linear. Further, rising corporate and consumer debt burdens could become a greater headwind in a higher-for-longer interest rate environment. Geopolitical risks remain high with ongoing conflict in the Middle East and Ukraine and heightened tensions in other regions. The upcoming U.S. election adds incremental uncertainty.

STRATEGY

Bridge City will continue to invest in high quality companies, as identified by our investment process. We believe that these companies, with strong management teams, proven track records of growing revenues and earnings, healthy balance sheets, and that generate and use cash in shareholder-friendly ways, will outperform over time. Despite short term headwinds, we believe this disciplined strategy has helped us achieve the solid long term results we have generated thus far and will continue to help us over the long run.

See full [Compliance Presentation](#) on pages 3 and 4.

¹Source: Telemet/Orion.

SMALL CAP GROWTH COMPOSITE: 10-YEAR CALENDAR YEAR PERFORMANCE

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Bridge City Capital SCG Gross	13.64%	-19.77%	21.18%	20.92%	25.02%	1.32%	16.38%	17.74%	7.33%	7.59%
Bridge City Capital SCG Net	13.21%	-20.11%	20.62%	20.39%	24.53%	0.85%	15.97%	17.19%	6.73%	6.97%
Russell 2000® Growth	18.66%	-26.36%	2.83%	34.63%	28.48%	-9.31%	22.17%	11.32%	-1.38%	5.60%
Excess Gross	-5.02%	6.59%	18.35%	-13.71%	-3.46%	10.63%	-5.79%	6.42%	8.71%	1.99%
Excess Net	-5.45%	6.25%	17.79%	-14.24%	-3.95%	10.16%	-6.20%	5.87%	8.11%	1.37%

SMALL CAP GROWTH COMPOSITE: RELATIVE PERFORMANCE

	Q1:2024	YTD	1-YR	3-YR (ANNUALIZED)	5-YR (ANNUALIZED)	7-YR (ANNUALIZED)	10-YR (ANNUALIZED)	INCEPTION (ANNUALIZED)
Bridge City Capital SCG Gross	3.88%	3.88%	14.12%	0.24%	9.12%	10.25%	10.60%	14.83%
Bridge City Capital SCG Net	3.78%	3.78%	13.66%	-0.18%	8.66%	9.79%	10.10%	14.22%
Russell 2000® Growth	7.58%	7.58%	20.35%	-2.68%	7.38%	8.40%	7.89%	12.02%
Excess Gross	-3.70%	-3.70%	-6.23%	2.92%	1.74%	1.85%	2.71%	2.81%
Excess Net	-3.80%	-3.80%	-6.69%	2.50%	1.28%	1.39%	2.21%	2.20%

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	-4.22	2.55	2.55	2.80	3.64	4.20
Beta	0.94	0.87	0.86	0.85	0.84	0.85
Tracking Error	4.51	7.54	7.64	7.13	6.66	6.08
Sharpe Ratio	0.39	-0.12	0.32	0.41	0.50	0.78
Sharpe Ratio Benchmark ²	0.71	-0.09	0.36	NA	0.43	NA
Information Ratio	-1.38	0.39	0.23	0.26	0.41	0.46
Upside Market Capture	84.90	92.67	88.40	92.31	91.51	91.48
Downside Market Capture	101.47	89.32	87.69	89.15	85.28	83.16

¹Source: eVestment Alliance, other than Sharpe Ratio Benchmark. Risk & Risk Free Index: Russell 2000® Growth, Citigroup 3-Month T-Bill, Data frequency: monthly, SCG-Gross of Fees.

²Source for Sharpe Ratio Benchmark: FTSE Russell 2000® Growth Index factsheet.

CUMULATIVE NET PERFORMANCE VS. RUSSELL 2000® GROWTH



³Shares Russell 2000 Growth ETF proxy for the benchmark index weights. All data as of March 31, 2024. See full [Compliance Presentation](#) on pages 3 and 4.

PORTFOLIO STATISTICS

Top 10 Holdings	SCG Rep Acct
Comfort Systems USA Inc. (FIX)	2.8%
Medpace Holdings Inc. (MEDP)	2.8%
Ensign Group, Inc. (ENSG)	2.7%
Tetra Tech Inc. (TTEK)	2.2%
Coherent Corporation (COHR)	2.0%
Sterling Construction Company (STRL)	1.8%
Performance Food Group Comp. (PFGC)	1.7%
Universal Forest Products, Inc. (UFPI)	1.7%
LeMaitre Vascular, Inc. (LMAT)	1.6%
A10 Networks, Inc. (ATEN)	1.6%

Represents largest positions based on % of total portfolio value.

ICB Industry Weights	SCG Rep Acct	Index ³
Basic Materials	5.3%	3.4%
Consumer Discretionary	14.3%	12.3%
Consumer Staples	3.0%	3.3%
Energy	5.1%	4.7%
Financials	5.9%	5.7%
Health Care	19.6%	20.7%
Industrials	22.5%	21.3%
Real Estate	1.6%	1.5%
Technology	18.2%	24.2%
Telecommunications	0.9%	1.3%
Utilities	1.3%	1.6%

BCC weights exclude cash of 2.3%

Portfolio Characteristics	SCG Rep Acct	Index
Equity Positions	96	1,064
Weighted Average Market Cap	\$4.4B	\$6.6B
P/E Ex-Neg Earnings	26.7	23.7
Price/Book Value	2.7	4.6
Average Yield	0.92%	0.57%
Annual Turnover (dollars)	16.4%	-
Annual Turnover (names)	8.6%	-

TOP CONTRIBUTORS IN Q1 2024

	AVERAGE WEIGHT ¹	CONTRIBUTION ²
Comfort Systems USA, Inc.	2.81	1.24
Medpace Holdings, Inc.	2.77	0.78
Coherent Corporation	1.88	0.58
Sterling Infrastructure	1.54	0.38
Aris Water Solutions	0.56	0.32

TOP DETRACTORS IN Q1 2024

	AVERAGE WEIGHT ¹	CONTRIBUTION ²
Methode Electronics Inc.	1.10	-0.58
Neogen Corporation	1.17	-0.30
YETI Holdings Inc.	0.84	-0.26
Amphastar Pharma Inc.	0.71	-0.24
Ameresco Inc.	0.71	-0.23

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 March 31, 2024.

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.

Bridge City Capital, LLC

COMPLIANCE PRESENTATION



SMALL CAP GROWTH COMPOSITE

July 1, 2009 through December 31, 2023

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)
2023	13.64	13.21	18.66	20.31	21.79	23	0.03	222	265
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

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, 2023. 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 Portland, OR that invests solely in U.S. equity securities. BCC is an independent investment adviser that is not affiliated with any parent company.

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%.

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. Policies for valuing portfolios, calculating performance, and preparing GIPS Reports are available upon request. Returns are presented gross and net of actual management fees and include the reinvestment of all dividends and other income. Our standard fee schedule is 0.85% on the first \$10 million and 0.75% on amounts over \$10 million. Additional information about our fees as well as other information about our business, is contained in our form ADV, Part 2A and available upon request.

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.

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For more information regarding Bridge City Capital, LLC, or for a complete GIPS compliance presentation, please contact Client Service at (503) 265-8554, info@bridgcitycap.com.



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