



**LKCM Aquinas Value Fund**  
**LKCM Aquinas Growth Fund**  
**LKCM Aquinas Small Cap Fund**

Semi-Annual Report  
June 30, 2011

## Dear Fellow Shareholders:

We report the following performance information for the LKCM Aquinas Funds:

<u>Funds</u>	<u>Inception Dates</u>	<u>NAV @ 6/30/11</u>	<u>Net Expense Ratio*,**</u>	<u>Gross Expense Ratio**</u>	<u>Six Month Total Return Ended 6/30/11</u>	<u>One Year Total Return Ended 6/30/11</u>	<u>Five Year Average Annualized Return Ended 6/30/11</u>	<u>Avg. Annual Total Return Since Incept.***</u>
LKCM Aquinas Value Fund	7/11/05	\$13.35	1.50%	1.57%	5.28%	32.90%	4.44%	4.86%
Russell 1000 Value Index <sup>(1)</sup>					5.92%	28.94%	1.15%	2.63%
LKCM Aquinas Growth Fund	7/11/05	\$17.74	1.50%	1.64%	6.80%	35.73%	5.32%	3.81%
Russell 1000 Growth Index <sup>(2)</sup>					6.83%	35.01%	5.33%	5.12%
LKCM Aquinas Small Cap Fund	7/11/05	\$ 8.16	1.50%	3.27%	15.42%	57.23%	5.88%	6.81%
Russell 2000 Index <sup>(3)</sup>					6.21%	37.41%	4.08%	5.17%

*Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-423-6369. The Funds impose a 1.00% redemption fee on shares held less than 30 days. If reflected, the fee would reduce performance shown.*

\* Excludes acquired fund fees and expenses. The Adviser has contractually agreed to waive all or a portion of its management fee and/or reimburse the Fund to maintain designated expense ratios through April 30, 2012. Investment performance reflects fee waivers, if any, in effect. In the absence of such waivers, total return would be reduced. Investment performance is based upon the net expense ratio.

\*\* Expense ratios above are as of December 31, 2010, the Funds' prior fiscal year end, as reported in the Funds' most recent prospectus. Expense ratios reported for other periods in the financial highlights of this report may differ.

\*\*\* On July 11, 2005, the Aquinas Funds merged into the LKCM Aquinas Funds. Due to the change in adviser and investment technique, performance is being quoted for the period after the merger.

<sup>(1)</sup> The Russell 1000 Value Index is an unmanaged index which measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

<sup>(2)</sup> The Russell 1000 Growth Index is an unmanaged index which measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

<sup>(3)</sup> The Russell 2000 Index is an unmanaged index which measures the performance of the 2000 smallest companies in the Russell 3000 Index.

*Note: These indices defined above are not available for direct investment.*

## Catholic Values Investing

The LKCM Aquinas Funds practice socially responsible investing within the framework provided by the United States Conference of Catholic Bishop's ("USCCB") Socially Responsible Investing Guidelines. The LKCM Aquinas Funds follow these guidelines by using an approach that focuses on Catholic values screening of portfolio companies, proactive dialogue with those companies whose practices conflict with the guidelines, and potential exclusion of those companies that are unwilling to alter their practices over a reasonable period of time. We exclude a number of companies from possible investment that do not meet our standards for Catholic values investing. We monitor portfolio companies selected for the LKCM Aquinas Funds for policies on various issues set out in the USCCB guidelines. If investments are made in companies whose policies are inconsistent with the USCCB guidelines, we may attempt to influence the company's policies through proactive dialogue and other efforts.

## Economic Review and Outlook

The equity market, as measured by the Standard & Poor's 500 Index, advanced 6.0% during the first half of 2011. Investors appear to be increasingly concerned about the impact of lackluster job growth, instability in home prices, the slowing Chinese economy and potential European debt restructuring. Furthermore, the global supply chain for manufacturing components was materially interrupted by the tragic events in Japan during the first half of 2011.

In response to the general slowdown in economic growth, the upward trend in jobs growth appears to have slowed. Concern over jobs and the rate of economic growth are a common refrain from last spring when the equity market retreated in the face of weaker data, only to recover in the fall of last year. Investors again appear to be focused on the financial health of consumers, an integral part of sustaining further economic growth. The vital signs currently present a mixed view of the state of the consumer.

Retail sales growth has slowed over the past months; however, this has been somewhat offset by recent improvement in consumer expectations. One of the challenges is that real incomes have been squeezed by the rapid rise in food and energy prices, from which some relief may be on the horizon. Although consumer net wealth increased in the first quarter of 2011 with the rally in equity prices, the recent

pullback in equity prices and continued falling home prices are weighing heavily on consumer net wealth. Although households have made progress in reducing their debt burdens over the past couple of years, the debt to income ratio remains close to 120%, suggesting further deleveraging is likely ahead.

We believe corporate profitability remains strong. Furthermore, corporate balance sheets appear to be in good shape and hold liquidity. Overall confidence on the part of consumers and businesses remains imperative to sustaining the economic expansion.

The growth rate of the economy slowed during the second quarter of 2011. While many observers, including Fed Chairman Bernanke, are calling for a second half pickup in activity, we believe the discussion of the appropriate policy response to slowing growth, stubborn unemployment and inflation concerns will continue.

Prior to the 2001 recession, the root cause of most recessions appeared to be excess aggregate demand fueling inflation. The last two recessions, however, have been driven by oversupply and the threat of deflation. Thus, the Fed has pursued a monetary policy course intent on defeating deflation at all costs. While policy tools such as the purchase of treasury notes, referred to as quantitative easing, were part of the solution to prevent deflation, it came with a price. The price in this case was a sustained weak dollar and sharp rise in commodity prices. As the second round of quantitative easing came to a conclusion, various Fed governors intimated that the threshold for a third round of quantitative easing was quite high. In fact, Fed Chairman Bernanke recently commented that “monetary policy cannot be a panacea” for all the economy’s woes. (<http://www.federalreserve.gov/newsevents/speech/bernanke20110607a.htm>)

We believe we are likely to witness a transition in the overall focal point of policy from monetary to fiscal in upcoming periods. The Fed went to extraordinary measures to prevent deflation, yet seems ill positioned currently to respond to its twin mandates of maximizing employment and price stability. With regard to price stability, the core consumer price inflation has continued to increase during the year. As a result, the concern in many corridors has shifted to inflation, but given excess capacity residing in the economy, our stance remains balanced on the threat of significant near-term inflation.

The Fed’s charge of maximizing employment appears much more daunting relative to the mandate to maintain price stability at the moment. There are two dimensions to full employment – the rate of job creation and the percent of the work force that would like to work but is not employed. Putting aside discouraged job seekers, the bottom line is job creation. There are six million fewer jobs in the U.S. since the beginning of 2007, as measured by nonfarm payrolls, and relatively few jobs have been created this year.

It is difficult to fully dissect the employment situation as there are both secular and cyclical forces at work. From a secular standpoint, there has been a steady decline in manufacturing jobs in the U.S. over the years. Over the last decade, the U.S. lost approximately 5.6 million manufacturing jobs. The secular shift of goods seeking cheaper labor was driven in part by China joining the World Trade Organization in 2001 at the general time when developing world economies were recovering from a decade-long economic crisis. The 4.3 million non-manufacturing jobs created in the last decade offset some of the manufacturing employment loss during the prior decade, but still left a net loss of 1.3 million jobs. From a cyclical perspective, housing contributed materially to job creation. The decline of housing starts from a high of 2.3 million units annually in January 2006 to approximately 0.5 million units annualized at the end of the first half of 2011 speaks to the construction jobs lost during this period, approximately 1.6 million of which were lost during the recession and an additional 0.4 million of which were lost since the end of the recession. Auto manufacturing has also played a significant part with a loss of approximately 332,000 jobs during the recession, which has been somewhat offset by a recovery of approximately 42,000 jobs post-recession.

The Fed is simply in a difficult position to address the weakness in employment. Quantitative easing was an attempt to both prevent deflation and boost consumer confidence through the wealth effect of rising prices of risk assets, including equities. While the equity market rose immediately following both the announcement of the first and second rounds of quantitative easing, there has not been a halo effect of consumer confidence driving employment. A significant change is likely to occur as the focal point of policy shifts from monetary to fiscal policy. The White House is certainly aware the 2012 election is a referendum on the incumbent and, by extension, jobs. We have already seen trial balloons floated by the administration regarding a payroll tax holiday for employers and employees.

Our view is that the economic recovery, although tepid and uneven, is likely to be sustained. There have been a number of transitory factors in recent months including tragic events in Japan, a dip in Defense spending and bad weather creating noise in the economic data. We believe some of these factors are in the process of reversing, including gasoline prices, and should prove less of a burden in the second half of the year. Although the list of risks to current economic expansion remains long, it is our view that many of these risks are reflected in the equity markets. While investor appetite for risk has clearly waned, we believe it can be reignited by the prospects of better than expected economic growth, which may appear in the second half the year. A decline in gasoline prices, an end to supply-chain disruptions in Japan, less deleveraging and the prospect for modest improvement in the labor market could prove to be a more favorable economic backdrop.

### LKCM Aquinas Small Cap Fund

The LKCM Aquinas Small Cap Fund outperformed the Russell 2000 Index during the six months ended June 30, 2011. The Fund's performance benefited significantly from stock selection, while sector allocation decisions for the Fund were a slight drag on performance. Stock selection in the Consumer Discretionary, Industrials, Information Technology and Financials sectors was especially rewarding. The Fund's underweight position in the Financials sector added to the Fund's performance, but weakness in other areas, especially the Fund's overweight allocation in Industrials, a sector that underperformed the benchmark, detracted from the Fund's overall results. Three of the Fund's portfolio companies were acquired during the second quarter of 2011. We believe that the Fund benefited from the markets renewed interest in higher quality companies and in our opinion this trend should continue going forward.

	<b>Total Return Six Months Ended June 30, 2011</b>
LKCM Aquinas Small Cap Fund	15.42%
Russell 2000 Index	6.21%

### LKCM Aquinas Growth Fund

The LKCM Aquinas Growth Fund performed in line with its benchmark, the Russell 1000 Growth Index, during the six months ended June 30, 2011. The Fund's performance benefited from stock selection in the Information Technology and Energy sectors and an overweight position in the Energy sector. Stock selection in the Consumer Discretionary and Industrial sectors detracted from the Fund's performance.

	<b>Total Return Six Months Ended June 30, 2011</b>
LKCM Aquinas Growth Fund	6.80%
Russell 1000 Growth Index	6.83%

### LKCM Aquinas Value Fund

The LKCM Aquinas Value Fund underperformed its benchmark, the Russell 1000 Value Index, during the six months ended June 30, 2011. The Fund's performance benefited from overweight positions in the Consumer Discretionary, Industrials and Energy sectors, while an overweight position in the Information Technology sector and an underweight position in the Healthcare sector detracted from the Fund's performance. Stock selection within the Information Technology, Financials and Energy sectors improved the Fund's performance during the first half of 2011, while stock selection in the Consumer Discretionary, Industrials, and Materials sectors detracted from the Fund's performance.

	<b>Total Return Six Months Ended June 30, 2011</b>
LKCM Aquinas Value Fund	5.28%
Russell 1000 Value Index	5.92%



J. Luther King, Jr.  
July 11, 2011

The information provided herein represents the opinion of J. Luther King, Jr. and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

Please refer to the Schedule of Investments found on pages 8-13 of the report for more information on Fund holdings. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any securities.

*Mutual fund investing involves risk. Principal loss is possible. Past performance is not a guarantee of future results. Small and medium capitalization funds typically carry additional risks, since smaller companies generally have a higher risk of failure, and, historically, their stocks have experienced a greater degree of market volatility than stocks on average. Since the Funds practice socially responsible investing within the framework provided by the United States Conference of Catholic Bishop's socially responsible investment guidelines, the Funds may forego a profitable investment opportunity or sell a security when it may be disadvantageous to do so.*

The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. You cannot invest directly in an index.

Must be preceded or accompanied by a prospectus.

Quasar Distributors, LLC, distributor.

## LKCM Aquinas Funds Expense Example — June 30, 2011 (Unaudited)

As a shareholder of the Funds, you incur two types of costs: (1) transaction costs, including redemption fees; and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (1/1/11-6/30/11).

### ACTUAL EXPENSES

The first line of the tables below provides information about actual account values and actual expenses. Although the Funds charge no sales load, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, the Funds' transfer agent. If you request that a redemption be made by wire transfer, currently a \$15 fee is charged by the Funds' transfer agent. You will be charged a redemption fee equal to 1.00% of the net amount of the redemption if you redeem your shares of the LKCM Aquinas Value, Aquinas Growth and Aquinas Small Cap Funds within 30 days of purchase. To the extent the Funds invest in shares of other investment companies as part of their investment strategies, you will indirectly bear your proportionate share of any fees and expenses charged by the underlying funds in which the Funds invest in addition to the expenses of the Funds. Actual expenses of the underlying funds are expected to vary among the various underlying funds. These expenses are not included in the example below. The example below includes management fees, registration fees and other expenses. However, the example below does not include portfolio trading commissions and related expenses and other extraordinary expenses as determined under generally accepted accounting principles. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

### HYPOTHETICAL EXAMPLES FOR COMPARISON PURPOSES

The second line of the tables below provides information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratios and an assumed rate of return of 5% per year before expenses, which are not the Funds' actual returns. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as redemption fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactions costs were included, your costs would have been higher.

	LKCM Aquinas Value Fund		
	Beginning Account Value	Ending Account Value	Expenses Paid During Period*
	1/1/11	6/30/11	1/1/11 – 6/30/11
Actual .....	\$1,000.00	\$1,052.80	\$7.63
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,017.36	\$7.50

\* Expenses are equal to the Fund's annualized net expense ratio of 1.50%, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

	LKCM Aquinas Growth Fund		
	Beginning Account Value	Ending Account Value	Expenses Paid During Period*
	1/1/11	6/30/11	1/1/11 – 6/30/11
Actual .....	\$1,000.00	\$1,068.00	\$7.69
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,017.36	\$7.50

\* Expenses are equal to the Fund's annualized net expense ratio of 1.50%, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

LKCM Aquinas Small Cap Fund		
Beginning Account Value 1/1/11	Ending Account Value 6/30/11	Expenses Paid During Period* 1/1/11 – 6/30/11

Actual .....  
Hypothetical (5% return before expense) .....

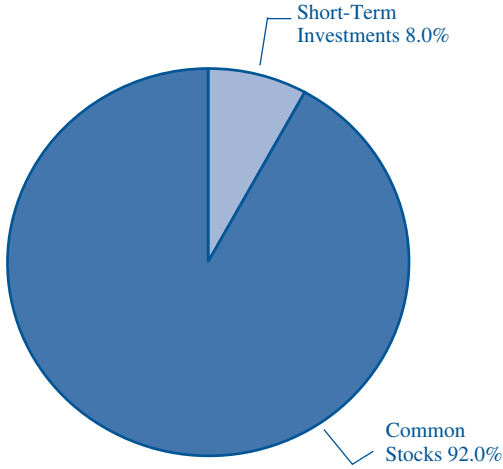
\$1,000.00	\$1,154.20	\$8.01
\$1,000.00	\$1,017.36	\$7.50

\* Expenses are equal to the Fund's annualized net expense ratio of 1.50%, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

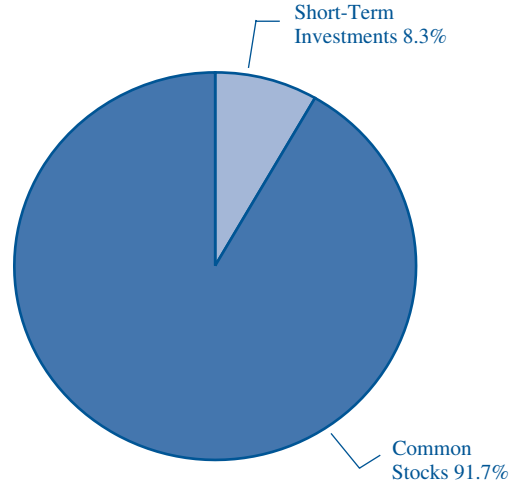
**ALLOCATION OF PORTFOLIO HOLDINGS — LKCM Aquinas Funds — June 30, 2011 (Unaudited)**

Percentages represent market value as a percentage of total investments.

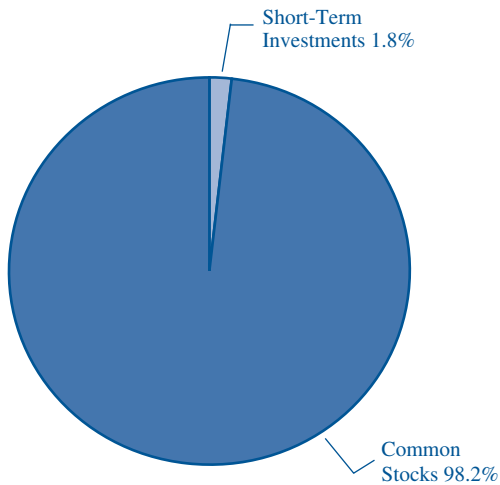
**LKCM Aquinas Value Fund**



**LKCM Aquinas Growth Fund**



**LKCM Aquinas Small Cap Fund**



**LKCM AQUINAS VALUE FUND**

**SCHEDULE OF INVESTMENTS**

**June 30, 2011 (Unaudited)**

<b>COMMON STOCKS - 92.1%</b>	<b>Shares</b>	<b>Value</b>	<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Aerospace &amp; Defense - 1.7%</b>			<b>Electrical Equipment &amp; Instruments - 3.0%</b>		
Honeywell International Inc.	12,000	\$ 715,080	Emerson Electric Co.	8,000	\$ 450,000
<b>Air Freight &amp; Logistics - 1.5%</b>			Roper Industries, Inc.	10,400	866,320
C.H. Robinson Worldwide, Inc.	8,500	670,140	<u>1,316,320</u>		
<b>Banks - 5.8%</b>			<b>Electronic Equipment &amp; Instruments - 1.8%</b>		
BOK Financial Corporation	20,000	1,095,400	National Instruments Corporation	26,250	779,362
Glacier Bancorp, Inc.	42,500	572,900	<b>Energy Equipment &amp; Services - 3.0%</b>		
Wells Fargo & Company	30,000	841,800	Nabors Industries Ltd. (a) (b)	6,800	167,552
<u>2,510,100</u>			Noble Corporation (b)	10,000	394,100
<b>Beverages - 2.4%</b>			Schlumberger Limited (b)	8,400	725,760
The Coca-Cola Company	10,000	672,900	<u>1,287,412</u>		
PepsiCo, Inc.	5,000	352,150	<b>Food &amp; Drug Retailing - 2.9%</b>		
<u>1,025,050</u>			CVS Caremark Corporation	15,000	563,700
<b>Building Products - 0.8%</b>			The Kroger Co.	27,500	682,000
Masco Corporation	27,500	330,825	<u>1,245,700</u>		
<b>Capital Markets - 2.4%</b>			<b>Health Care Equipment &amp; Supplies - 3.1%</b>		
Lazard Ltd. - Class A (b)	27,500	1,020,250	Covidien plc (b)	12,500	665,375
<b>Chemicals - 4.5%</b>			DENTSPLY International Inc.	17,500	666,400
FMC Corporation	10,000	860,200	<u>1,331,775</u>		
Monsanto Company	10,500	761,670	<b>Industrial Power Producers &amp; Energy Traders - 1.7%</b>		
Praxair, Inc.	3,000	325,170	Duke Energy Corporation	40,000	753,200
<u>1,947,040</u>			<b>Insurance - 4.0%</b>		
<b>Commercial Services &amp; Supplies - 3.8%</b>			HCC Insurance Holdings, Inc.	30,000	945,000
Robert Half International, Inc.	32,500	878,475	Prudential Financial, Inc.	12,500	794,875
Waste Management, Inc.	20,000	745,400	<u>1,739,875</u>		
<u>1,623,875</u>			<b>IT Consulting &amp; Services - 3.2%</b>		
<b>Communications Equipment - 2.2%</b>			Accenture plc - Class A (b)	10,000	604,200
Brocade Communications Systems, Inc. (a)	85,000	549,100	Western Union Company	40,000	801,200
Cisco Systems, Inc.	25,000	390,250	<u>1,405,400</u>		
<u>939,350</u>			<b>Machinery - 1.8%</b>		
<b>Computers &amp; Peripherals - 4.1%</b>			Danaher Corporation	15,000	794,850
EMC Corporation (a)	40,000	1,102,000	<b>Media - 2.0%</b>		
International Business Machines Corporation	4,020	689,631	Cinemark Holdings, Inc.	42,500	880,175
<u>1,791,631</u>			<b>Multiline Retail - 1.4%</b>		
<b>Construction &amp; Engineering - 1.3%</b>			Kohl's Corporation	12,500	625,125
Jacobs Engineering Group, Inc. (a)	13,500	583,875	<b>Oil &amp; Gas &amp; Consumable Fuels - 12.0%</b>		
<u>583,875</u>			Cabot Oil & Gas Corporation	10,000	663,100
<b>Distributors - 2.4%</b>			ConocoPhillips	6,000	451,140
LKQ Corporation (a)	40,000	1,043,600	Denbury Resources Inc. (a)	35,000	700,000
<u>1,043,600</u>			EXCO Resources, Inc.	37,500	661,875
<b>Diversified Financial Services - 1.9%</b>			Exxon Mobil Corporation	4,000	325,520
JPMorgan Chase & Co.	20,000	818,800	Peabody Energy Corporation	12,500	736,375
<u>818,800</u>			SM Energy Company	12,500	918,500
<b>Diversified Telecommunication Services - 2.9%</b>			The Williams Companies, Inc.	25,000	756,250
AT&T Inc.	25,000	785,250	<u>5,212,760</u>		
Verizon Communications Inc.	12,500	465,375			
<u>1,250,625</u>					

The accompanying notes are an integral part of these financial statements.

**LKCM AQUINAS VALUE FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**June 30, 2011 (Unaudited)**

COMMON STOCKS	Shares	Value
<b>Paper &amp; Forest Products - 1.6%</b>		
Louisiana-Pacific Corporation (a)	85,000	\$ 691,900
<b>Personal Products - 2.3%</b>		
Avon Products, Inc.	35,000	980,000
<b>Software - 6.1%</b>		
Adobe Systems Incorporated (a)	27,500	864,875
Nuance Communications, Inc. (a)	40,000	858,800
Oracle Corporation	27,500	905,025
		<u>2,628,700</u>
<b>Specialty Retail - 4.5%</b>		
Foot Locker, Inc.	25,000	594,000
The Home Depot, Inc.	12,800	463,616
PetSmart, Inc.	10,000	453,700
RadioShack Corporation	32,500	432,575
		<u>1,943,891</u>
<b>TOTAL COMMON STOCKS</b>		
(Cost \$30,717,319)		<u>39,886,686</u>
<b>SHORT-TERM INVESTMENTS - 8.0%</b>		
<b>Money Market Funds (c) - 8.0%</b>		
Dreyfus Government Cash Management Fund - Institutional Shares, 0.00%	1,264,400	1,264,400
Federated Government Obligations Fund - Institutional Shares, 0.01%	1,265,337	1,265,337
The Treasury Portfolio - Institutional Shares, 0.02%	940,766	940,766
		<u>3,470,503</u>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		
(Cost \$3,470,503)		<u>3,470,503</u>
<b>Total Investments - 100.1%</b>		
(Cost \$34,187,822)		43,357,189
Liabilities in Excess of Other Assets - (0.1)%		(52,068)
<b>TOTAL NET ASSETS - 100.0%</b>		
		<u>\$43,305,121</u>

(a) Non-income producing security.

(b) U.S. Dollar-denominated foreign security.

(c) The rate quoted is the annualized seven-day yield of the fund at period end.

The Global Industry Classification Standard (GICS<sup>®</sup>) was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC ("S&P"). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.

The accompanying notes are an integral part of these financial statements.

**LKCM AQUINAS GROWTH FUND**

**SCHEDULE OF INVESTMENTS**

**June 30, 2011 (Unaudited)**

<b>COMMON STOCKS - 92.2%</b>	<b>Shares</b>	<b>Value</b>	<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Aerospace &amp; Defense - 3.4%</b>			<b>Household Durables - 2.2%</b>		
The Boeing Company	7,000	\$ 517,510	Williams-Sonoma, Inc.	20,000	\$ 729,800
Rockwell Collins, Inc.	10,000	616,900	<b>Household Products - 3.5%</b>		
		<u>1,134,410</u>	Colgate-Palmolive Company	6,000	524,460
<b>Air Freight &amp; Logistics - 3.7%</b>			The Procter & Gamble Company	10,000	635,700
C.H. Robinson Worldwide, Inc.	7,000	551,880			<u>1,160,160</u>
FedEx Corp.	7,000	663,950	<b>Insurance - 2.3%</b>		
		<u>1,215,830</u>	Prudential Financial, Inc.	12,000	763,080
<b>Beverages - 2.0%</b>			<b>Internet Catalog &amp; Retail - 1.8%</b>		
The Coca-Cola Company	10,000	672,900	Amazon.com, Inc. (a)	3,000	613,470
<b>Chemicals - 4.3%</b>			<b>Internet Software &amp; Services - 0.8%</b>		
FMC Corporation	10,000	860,200	Google Inc. - Class A (a)	500	253,190
Monsanto Company	8,000	580,320	<b>Machinery - 2.5%</b>		
		<u>1,440,520</u>	Danaher Corporation	16,000	847,840
<b>Computers &amp; Peripherals - 9.1%</b>			<b>Metals &amp; Mining - 1.5%</b>		
Apple Inc. (a)	2,500	839,175	Reliance Steel & Aluminum Co.	10,000	496,500
EMC Corporation (a)	30,000	826,500	<b>Oil &amp; Gas &amp; Consumable Fuels - 10.4%</b>		
International Business Machines Corporation	5,000	857,750	Brigham Exploration Company (a)	20,000	598,600
NetApp, Inc. (a)	10,000	527,800	Cabot Oil & Gas Corporation	13,000	862,030
		<u>3,051,225</u>	Pioneer Natural Resources Company	8,000	716,560
<b>Construction &amp; Engineering - 1.8%</b>			Range Resources Corporation	10,000	555,000
Foster Wheeler AG (a) (b)	20,000	607,600	SM Energy Company	10,000	734,800
<b>Consumer Finance - 1.6%</b>					<u>3,466,990</u>
American Express Company	10,000	517,000	<b>Personal Products - 1.0%</b>		
<b>Electrical Equipment &amp; Instruments - 3.7%</b>			Avon Products, Inc.	12,000	336,000
AMETEK, Inc.	9,000	404,100	<b>Semiconductor Equipment</b>		
Emerson Electric Co.	15,000	843,750	<b>&amp; Products - 1.9%</b>		
		<u>1,247,850</u>	Cirrus Logic, Inc. (a)	40,000	636,000
<b>Electronic Equipment &amp; Instruments - 2.9%</b>			<b>Software - 14.1%</b>		
National Instruments Corporation	18,000	534,420	Adobe Systems Incorporated (a)	15,000	471,750
Trimble Navigation Limited (a)	11,000	436,040	ANSYS, Inc. (a)	10,000	546,700
		<u>970,460</u>	Aspen Technology, Inc. (a)	30,000	515,400
<b>Energy Equipment &amp; Services - 3.5%</b>			Citrix Systems, Inc. (a)	7,000	560,000
Dril-Quip, Inc. (a)	8,000	542,640	Nuance Communications, Inc. (a)	18,000	386,460
National Oilwell Varco Inc.	8,000	625,680	Oracle Corporation	20,000	658,200
		<u>1,168,320</u>	Pegasystems Inc.	15,000	698,250
<b>Food &amp; Drug Retailing - 2.4%</b>			TIBCO Software Inc. (a)	30,000	870,600
Costco Wholesale Corporation	10,000	812,400			<u>4,707,360</u>
<b>Health Care Equipment &amp; Supplies - 2.1%</b>			<b>Specialty Retail - 5.0%</b>		
Covidien plc (b)	13,000	691,990	Dick's Sporting Goods, Inc. (a)	13,000	499,850
<b>Health Care Providers &amp; Services - 3.0%</b>			Guess?, Inc.	10,000	420,600
Allscripts Healthcare Solutions, Inc. (a)	30,000	582,600	Tractor Supply Company	11,000	735,680
Express Scripts, Inc. (a)	8,000	431,840			<u>1,656,130</u>
		<u>1,014,440</u>	<b>TOTAL COMMON STOCKS</b>		
<b>Hotels, Restaurants &amp; Leisure - 1.7%</b>			(Cost \$21,676,235)		<u>30,775,915</u>
Carnival Corporation (b)	15,000	564,450			

The accompanying notes are an integral part of these financial statements.

**LKCM AQUINAS GROWTH FUND****SCHEDULE OF INVESTMENTS, CONTINUED****June 30, 2011 (Unaudited)**

<b>SHORT-TERM INVESTMENTS - 8.3%</b>	<b>Shares</b>	<b>Value</b>
<b>Money Market Funds (c) - 8.3%</b>		
Dreyfus Government Cash Management Fund - Institutional Shares, 0.00%	948,124	\$ 948,124
Federated Government Obligations Fund - Institutional Shares, 0.01%	956,609	956,609
The Treasury Portfolio - Institutional Shares, 0.02%	878,845	<u>878,845</u>
<b>TOTAL SHORT-TERM INVESTMENTS</b> (Cost \$2,783,578)		<u>2,783,578</u>
<b>Total Investments - 100.5%</b> (Cost \$24,459,813)		33,559,493
Liabilities in Excess of Other Assets - (0.5)%		<u>(179,003)</u>
<b>TOTAL NET ASSETS - 100.0%</b>		<u>\$33,380,490</u>

- (a) Non-income producing security.
- (b) U.S. Dollar-denominated foreign security.
- (c) The rate quoted is the annualized seven-day yield of the fund at period end.

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**LKCM AQUINAS SMALL CAP FUND**
**SCHEDULE OF INVESTMENTS**
**June 30, 2011 (Unaudited)**

<b>COMMON STOCKS - 94.2%</b>	<b>Shares</b>	<b>Value</b>	<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Aerospace &amp; Defense - 1.5%</b>			<b>Electronic Equipment &amp; Instruments - 2.8%</b>		
Hexcel Corporation (a)	8,425	\$ 184,423	Anixter International Inc.	1,800	\$ 117,612
<b>Air Freight &amp; Logistics - 1.2%</b>			National Instruments Corporation	4,575	135,832
UTI Worldwide, Inc. (b)	7,700	151,613	Rofin-Sinar Technologies, Inc. (a)	2,550	87,082
<b>Auto Components - 1.2%</b>					340,526
Group 1 Automotive, Inc.	3,600	148,248	<b>Energy Equipment &amp; Services - 3.1%</b>		
<b>Banks - 4.7%</b>			Atwood Oceanics, Inc. (a)	2,875	126,874
Glacier Bancorp, Inc.	7,125	96,045	CARBO Ceramics Inc.	950	154,803
Home Bancshares Inc.	4,025	95,151	Dril-Quip, Inc. (a)	1,375	93,266
Prosperity Bancshares, Inc.	2,850	124,887			374,943
Texas Capital Bancshares, Inc. (a)	6,000	154,980	<b>Food &amp; Drug Retailing - 1.1%</b>		
Umpqua Holdings Corporation	8,825	102,105	Ruddick Corporation	3,125	136,063
		573,168	<b>Food Products - 0.5%</b>		
<b>Biotechnology - 1.4%</b>			SunOpta Inc. (a) (b)	8,000	56,880
PAREXEL International Corporation (a)	7,075	166,687	<b>Health Care Equipment &amp; Supplies - 3.3%</b>		
<b>Capital Markets - 1.1%</b>			DexCom Inc. (a)	2,025	29,342
Evercore Partners, Inc. - Class A	3,875	129,115	MWI Veterinary Supply, Inc. (a)	2,425	195,867
<b>Chemicals - 1.8%</b>			Zoll Medical Corporation (a)	3,050	172,813
Calgon Carbon Corporation (a)	5,150	87,550			398,023
Cytec Industries Inc.	2,375	135,826	<b>Health Care Providers &amp; Services - 3.7%</b>		
		223,376	Computer Programs and Systems, Inc.	2,075	131,721
<b>Commercial Services &amp; Supplies - 3.6%</b>			HMS Holdings Corporation (a)	2,025	155,662
Insperty, Inc.	5,775	170,998	PSS World Medical, Inc. (a)	6,000	168,060
Interface, Inc. - Class A	8,775	169,971			455,443
Mobile Mini, Inc. (a)	4,525	95,885	<b>Hotels, Restaurants &amp; Leisure - 1.0%</b>		
		436,854	BJ's Restaurants, Inc. (a)	2,350	123,046
<b>Communications Equipment - 3.1%</b>			<b>Household Durables - 0.9%</b>		
Arris Group Inc. (a)	5,900	68,499	Tempur-Pedic International Inc. (a)	1,575	106,817
Brocade Communications Systems, Inc. (a)	25,275	163,276	<b>Industrial Conglomerates - 0.9%</b>		
NICE Systems Limited - ADR (a) (b)	4,100	149,076	Raven Industries, Inc.	1,875	104,456
		380,851	<b>Insurance - 1.2%</b>		
<b>Consumer Finance - 3.1%</b>			AmTrust Financial Services, Inc.	6,275	142,944
Cash America International, Inc.	3,175	183,737	<b>Internet Software &amp; Services - 3.8%</b>		
First Cash Financial Services, Inc. (a)	4,700	197,353	The Active Network, Inc. (a)	5,000	88,000
		381,090	Digital River, Inc. (a)	4,150	133,464
<b>Containers &amp; Packaging - 1.0%</b>			LivePerson, Inc. (a)	10,150	143,521
Silgan Holdings Inc.	3,000	122,910	LogMeIn, Inc. (a)	2,525	97,389
<b>Distributors - 1.0%</b>					462,374
LKQ Corporation (a)	4,800	125,232	<b>Leisure Equipment &amp; Products - 1.2%</b>		
<b>Diversified Consumer Services - 1.3%</b>			Brunswick Corporation	7,000	142,800
American Public Education Inc. (a)	3,475	154,672			
<b>Electrical Equipment &amp; Instruments - 2.9%</b>					
Franklin Electric Co., Inc.	2,825	132,634			
II-VI, Incorporated (a)	3,850	98,560			
Woodward Inc.	3,400	118,524			
		349,718			

The accompanying notes are an integral part of these financial statements.

**LKCM AQUINAS SMALL CAP FUND**

**SCHEDULE OF INVESTMENTS, CONTINUED**

**June 30, 2011 (Unaudited)**

<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Machinery - 9.5%</b>		
Actuant Corporation - Class A	5,150	\$ 138,174
Albany International Corporation - Class A	3,650	96,324
Astec Industries, Inc. (a)	3,950	146,071
CIRCOR International, Inc.	3,075	131,702
CLARCOR Inc.	2,900	137,112
EnPro Industries, Inc. (a)	3,350	161,035
Harsco Corporation	3,575	116,545
The Middleby Corporation (a)	1,475	138,709
Westport Innovations Inc. (a) (b)	4,100	98,482
		1,164,154
<b>Marine - 1.1%</b>		
Kirby Corporation (a)	2,325	131,758
<b>Media - 2.8%</b>		
Cinemark Holdings, Inc.	7,475	154,807
Live Nation Inc. (a)	9,400	107,818
National CineMedia, Inc.	4,900	82,859
		345,484
<b>Metals &amp; Mining - 3.1%</b>		
Carpenter Technology Corporation	3,775	217,742
Haynes International, Inc.	2,650	164,115
		381,857
<b>Oil &amp; Gas &amp; Consumable Fuels - 7.0%</b>		
Approach Resources Inc. (a)	6,400	145,088
Brigham Exploration Company (a)	4,025	120,468
Gulfport Energy Corporation (a)	3,575	106,142
Oasis Petroleum Inc. (a)	4,375	129,850
Rosetta Resources, Inc. (a)	4,150	213,891
SM Energy Company	1,875	137,775
		853,214
<b>Pharmaceuticals - 0.7%</b>		
Endo Pharmaceuticals Holdings Inc. (a)	2,275	91,387
<b>Real Estate Investment Trusts - 0.9%</b>		
Potlatch Corporation	3,100	109,337
<b>Software - 5.5%</b>		
Aspen Technology, Inc. (a)	8,950	153,761
MicroStrategy Incorporated - Class A (a)	1,125	183,015
Pegasystems Inc.	4,325	201,329
TIBCO Software Inc. (a)	4,500	130,590
		668,695
<b>Specialty Retail - 6.4%</b>		
DSW Inc. - Class A (a)	3,754	189,990
Hibbett Sports Inc. (a)	4,650	189,301
Monro Muffler Brake, Inc.	3,375	125,854
Tractor Supply Company	1,950	130,416
Ulta Salon, Cosmetics & Fragrance, Inc. (a)	2,200	142,076
		777,637

<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Textiles, Apparel &amp; Luxury Goods - 2.4%</b>		
Crocs, Inc. (a)	7,800	\$ 200,850
The Warnaco Group, Inc. (a)	1,875	97,969
		298,819
<b>Trading Companies &amp; Distributors - 1.5%</b>		
WESCO International, Inc. (a)	3,300	178,497
<b>Wireless Telecommunication Services - 0.9%</b>		
Leap Wireless International, Inc. (a)	6,825	110,770
<b>TOTAL COMMON STOCKS</b>		
		(Cost \$9,116,937)
<b>11,483,880</b>		
<b>SHORT-TERM INVESTMENTS - 1.7%</b>		
<b>Money Market Funds (c) - 1.7%</b>		
Federated Government Obligations Fund - Institutional Shares, 0.01%	214,462	214,462
<b>TOTAL SHORT-TERM INVESTMENTS</b>		
		(Cost \$214,462)
<b>214,462</b>		
<b>Total Investments - 95.9%</b>		
		(Cost \$9,331,399)
<b>11,698,342</b>		
<b>Other Assets in Excess of Liabilities - 4.1%</b>		
		496,730
<b>TOTAL NET ASSETS - 100.0%</b>		
		<b>\$12,195,072</b>

ADR American Depository Receipt

(a) Non-income producing security.

(b) U.S. Dollar-denominated foreign security.

(c) The rate quoted is the annualized seven-day yield of the fund at period end.

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**STATEMENT OF ASSETS AND LIABILITIES**

**June 30, 2011 (Unaudited)**

	LKCM Aquinas Value Fund	LKCM Aquinas Growth Fund	LKCM Aquinas Small Cap Fund
<b>Assets:</b>			
Investments, at value *	\$43,357,189	\$33,559,493	\$11,698,342
Cash	19,795	17,501	14,290
Dividends and interest receivable	16,313	11,720	3,457
Receivable for fund shares sold	148,708	3,344	513,684
Other assets	14,707	14,893	12,919
Total assets	<u>43,556,712</u>	<u>33,606,951</u>	<u>12,242,692</u>
<b>Liabilities:</b>			
Payable for investment advisory fees	94,064	64,692	2,318
Payable for fund shares redeemed	7,648	11,882	—
Distribution expense payable	97,490	100,723	9,771
Accrued expenses and other liabilities	52,389	49,164	35,531
Total liabilities	<u>251,591</u>	<u>226,461</u>	<u>47,620</u>
<b>Net assets</b>	<u>\$43,305,121</u>	<u>\$33,380,490</u>	<u>\$12,195,072</u>
<b>Net assets consist of:</b>			
Paid in capital	\$33,955,833	\$23,574,178	\$ 9,736,674
Undistributed net investment income	8,955	—	—
Accumulated net realized gain on securities	170,966	706,632	91,455
Net unrealized appreciation on investments	9,169,367	9,099,680	2,366,943
<b>Net assets</b>	<u>\$43,305,121</u>	<u>\$33,380,490</u>	<u>\$12,195,072</u>
<b>Net assets</b>	\$43,305,121	\$33,380,490	\$12,195,072
Shares of beneficial interest outstanding (unlimited shares of no par value authorized)	3,244,627	1,881,181	1,493,811
Net asset value per share (offering and redemption price)	<u>\$ 13.35</u>	<u>\$ 17.74</u>	<u>\$ 8.16</u>
* Cost of Investments	<u>\$34,187,822</u>	<u>\$24,459,813</u>	<u>\$ 9,331,399</u>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF OPERATIONS**

**For the six months ended June 30, 2011 (Unaudited)**

	LKCM Aquinas Value Fund	LKCM Aquinas Growth Fund	LKCM Aquinas Small Cap Fund
<b>Investment Income:</b>			
Dividends * .....	\$ 313,812	\$ 132,508	\$ 26,886
Interest .....	92	72	31
Total income .....	<u>313,904</u>	<u>132,580</u>	<u>26,917</u>
<b>Expenses:</b>			
Investment advisory fees .....	189,984	143,985	49,200
Distribution expense (Note B) .....	52,773	39,996	12,300
Accounting and transfer agent fees and expenses .....	31,830	30,593	21,685
Administrative fees .....	19,131	14,242	11,118
Federal and state registration .....	13,616	12,335	11,252
Professional fees .....	6,355	5,467	2,785
Reports to shareholders .....	3,218	3,328	543
Trustees' fees .....	2,564	2,132	412
Custody fees and expenses .....	2,403	1,941	12,723
Other .....	3,761	3,208	674
Total expenses .....	<u>325,635</u>	<u>257,227</u>	<u>122,692</u>
Less, expense waiver and/or reimbursement (Note B) .....	<u>(8,995)</u>	<u>(17,252)</u>	<u>(48,892)</u>
Net expenses .....	<u>316,640</u>	<u>239,975</u>	<u>73,800</u>
Net investment loss .....	<u>(2,736)</u>	<u>(107,395)</u>	<u>(46,883)</u>
<b>Realized and Unrealized Gain on Investments:</b>			
Net realized gain on investments .....	1,043,275	1,045,015	502,903
Net change in unrealized appreciation/depreciation on investments .....	944,880	1,168,921	784,943
<b>Net Realized and Unrealized Gain on Investments</b> .....	<u>1,988,155</u>	<u>2,213,936</u>	<u>1,287,846</u>
<b>Net Increase in Net Assets Resulting from Operations</b> .....	<u>\$1,985,419</u>	<u>\$2,106,541</u>	<u>\$1,240,963</u>
* Net of foreign taxes withheld .....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 62</u>

The accompanying notes are an integral part of these financial statements.

## STATEMENTS OF CHANGES IN NET ASSETS

	LKCM Aquinas Value Fund		LKCM Aquinas Growth Fund	
	<i>Six Months Ended June 30, 2011 (Unaudited)</i>	<i>Year Ended December 31, 2010</i>	<i>Six Months Ended June 30, 2011 (Unaudited)</i>	<i>Year Ended December 31, 2010</i>
<b>Operations:</b>				
Net investment income (loss) .....	\$ (2,736)	\$ 4,893	\$ (107,395)	\$ (152,937)
Net realized gain on investments .....	1,043,275	2,400,892	1,045,015	3,577,347
Net change in unrealized appreciation/depreciation on investments .....	<u>944,880</u>	<u>3,607,759</u>	<u>1,168,921</u>	<u>1,283,366</u>
Net increase in net assets resulting from operations .....	<u>1,985,419</u>	<u>6,013,544</u>	<u>2,106,541</u>	<u>4,707,776</u>
<b>Dividends and Distributions to Shareholders:</b>				
Net investment income .....	<u>—</u>	<u>(18,215)</u>	<u>—</u>	<u>—</u>
<b>Net increase (decrease) in net assets from Fund share transactions (Note C) .....</b>	<u>2,966,095</u>	<u>(4,178,206)</u>	<u>174,857</u>	<u>(7,679,841)</u>
Total increase (decrease) in net assets .....	4,951,514	1,817,123	2,281,398	(2,972,065)
<b>Net Assets:</b>				
Beginning of period .....	<u>38,353,607</u>	<u>36,536,484</u>	<u>31,099,092</u>	<u>34,071,157</u>
End of period * .....	<u>\$43,305,121</u>	<u>\$38,353,607</u>	<u>\$33,380,490</u>	<u>\$31,099,092</u>
* Including undistributed net investment income of .....	<u>\$ 8,955</u>	<u>\$ 11,691</u>	<u>\$ —</u>	<u>\$ —</u>

	LKCM Aquinas Small Cap Fund	
	<i>Six Months Ended June 30, 2011 (Unaudited)</i>	<i>Year Ended December 31, 2010</i>
<b>Operations:</b>		
Net investment loss .....	\$ (46,883)	\$ (50,067)
Net realized gain on investments .....	502,903	736,556
Net change in unrealized appreciation/depreciation on investments .....	<u>784,943</u>	<u>916,908</u>
Net increase in net assets resulting from operations .....	<u>1,240,963</u>	<u>1,603,397</u>
<b>Net increase (decrease) in net assets from Fund share transactions (Note C) .....</b>	<u>4,449,328</u>	<u>(363,310)</u>
Total increase in net assets .....	5,690,291	1,240,087
<b>Net Assets:</b>		
Beginning of period .....	<u>6,504,781</u>	<u>5,264,694</u>
End of period * .....	<u>\$12,195,072</u>	<u>\$6,504,781</u>
* Including undistributed net investment income of .....	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral part of these financial statements.

## FINANCIAL HIGHLIGHTS

### SELECTED DATA FOR EACH SHARE OF CAPITAL STOCK OUTSTANDING

LKCM Aquinas Value Fund						
	Six Months Ended June 30, 2011 (Unaudited)	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
<b>Net Asset Value - Beginning of Period</b>	\$ 12.68	\$ 10.82	\$ 8.15	\$ 13.07	\$ 13.71	\$ 12.24
Net investment income (loss)	(0.00) <sup>(1)(2)</sup>	0.00 <sup>(1)</sup>	0.02	0.04	0.10	0.07
Net realized and unrealized gain (loss) on investments	0.67	1.87	2.67	(4.92)	1.01	1.95
Total from investment operations	0.67	1.87	2.69	(4.88)	1.11	2.02
Dividends from net investment income	—	(0.01)	(0.02)	(0.04)	(0.10)	(0.11)
Distributions from net realized gains	—	—	—	—	(1.65)	(0.44)
Total dividends and distributions	—	(0.01)	(0.02)	(0.04)	(1.75)	(0.55)
<b>Net Asset Value - End of Period</b>	<u>\$ 13.35</u>	<u>\$ 12.68</u>	<u>\$ 10.82</u>	<u>\$ 8.15</u>	<u>\$ 13.07</u>	<u>\$ 13.71</u>
<b>Total Return</b>	5.28% <sup>(3)</sup>	17.25%	32.94%	(37.34)%	8.05%	16.51%
<b>Ratios and Supplemental Data:</b>						
Net assets, end of period (thousands)	\$43,305	\$38,354	\$36,536	\$25,184	\$37,436	\$39,826
Ratio of expenses to average net assets:						
Before expense waiver and/or reimbursement	1.54% <sup>(4)</sup>	1.57%	1.65%	1.58%	1.49%	1.49%
After expense waiver and/or reimbursement	1.50% <sup>(4)</sup>	1.50%	1.50%	1.50%	1.49%	1.49%
Ratio of net investment income (loss) to average net assets:						
Before expense waiver and/or reimbursement	(0.05)% <sup>(4)</sup>	(0.06)%	0.04%	0.28%	0.65%	0.44%
After expense waiver and/or reimbursement	(0.01)% <sup>(4)</sup>	0.01%	0.19%	0.36%	0.65%	0.44%
Portfolio turnover rate	9%	31%	29%	70%	62%	47%

<sup>(1)</sup> Amount is less than \$0.005.

<sup>(2)</sup> Net investment loss per share represents net investment loss divided by the average shares outstanding throughout the period.

<sup>(3)</sup> Not annualized.

<sup>(4)</sup> Annualized.

LKCM Aquinas Growth Fund						
	Six Months Ended June 30, 2011 (Unaudited)	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
<b>Net Asset Value - Beginning of Period</b>	\$ 16.61	\$ 14.25	\$ 10.96	\$ 16.38	\$ 15.45	\$ 15.61
Net investment income (loss)	(0.06) <sup>(1)</sup>	(0.08) <sup>(1)</sup>	(0.04) <sup>(1)</sup>	(0.05) <sup>(1)</sup>	0.01	(0.06) <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments	1.19	2.44	3.33	(5.37)	1.97	0.03
Total from investment operations	1.13	2.36	3.29	(5.42)	1.98	(0.03)
Dividends from net investment income	—	—	—	(0.00) <sup>(2)</sup>	(0.01)	—
Distributions from net realized gains	—	—	—	—	(1.04)	(0.13)
Total dividends and distributions	—	—	—	(0.00) <sup>(2)</sup>	(1.05)	(0.13)
<b>Net Asset Value - End of Period</b>	<u>\$ 17.74</u>	<u>\$ 16.61</u>	<u>\$ 14.25</u>	<u>\$ 10.96</u>	<u>\$ 16.38</u>	<u>\$ 15.45</u>
<b>Total Return</b>	6.80% <sup>(3)</sup>	16.56%	30.02%	(33.07)%	12.75%	(0.22)%
<b>Ratios and Supplemental Data:</b>						
Net assets, end of period (thousands)	\$33,380	\$31,099	\$34,071	\$26,944	\$42,073	\$58,997
Ratio of expenses to average net assets:						
Before expense waiver and/or reimbursement	1.61% <sup>(4)</sup>	1.63%	1.66%	1.56%	1.47%	1.46%
After expense waiver and/or reimbursement	1.50% <sup>(4)</sup>	1.50%	1.50%	1.50%	1.47%	1.46%
Ratio of net investment income (loss) to average net assets:						
Before expense waiver and/or reimbursement	(0.78)% <sup>(4)</sup>	(0.65)%	(0.46)%	(0.40)%	0.06%	(0.36)%
After expense waiver and/or reimbursement	(0.67)% <sup>(4)</sup>	(0.52)%	(0.30)%	(0.34)%	0.06%	(0.36)%
Portfolio turnover rate	19%	46%	47%	67%	40%	73%

<sup>(1)</sup> Net investment loss per share is calculated using the ending balance of undistributed net investment loss prior to considerations of adjustments for permanent book and tax differences.

<sup>(2)</sup> Less than \$(0.005).

<sup>(3)</sup> Not annualized.

<sup>(4)</sup> Annualized.

The accompanying notes are an integral part of these financial statements.

## FINANCIAL HIGHLIGHTS

### SELECTED DATA FOR EACH SHARE OF CAPITAL STOCK OUTSTANDING

	LKCM Aquinas Small Cap Fund					
	<i>Six Months Ended June 30, 2011 (Unaudited)</i>	<i>Year Ended December 31, 2010</i>	<i>Year Ended December 31, 2009</i>	<i>Year Ended December 31, 2008</i>	<i>Year Ended December 31, 2007</i>	<i>Year Ended December 31, 2006</i>
<b>Net Asset Value - Beginning of Period</b> .....	\$ 7.07	\$ 5.25	\$ 4.03	\$ 6.47	\$ 6.58	\$ 5.82
Net investment loss .....	(0.04) <sup>(2)</sup>	(0.05) <sup>(1)</sup>	(0.04) <sup>(2)</sup>	(0.04) <sup>(2)</sup>	(0.03) <sup>(1)</sup>	(0.04) <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments .....	1.13	1.87	1.26	(2.40)	0.04	0.80
Total from investment operations .....	1.09	1.82	1.22	(2.44)	0.01	0.76
Distributions from net realized gains .....	—	—	—	(0.00) <sup>(3)</sup>	(0.12)	—
<b>Net Asset Value - End of Period</b> .....	<u>\$ 8.16</u>	<u>\$ 7.07</u>	<u>\$ 5.25</u>	<u>\$ 4.03</u>	<u>\$ 6.47</u>	<u>\$ 6.58</u>
<b>Total Return</b> .....	15.42% <sup>(4)</sup>	34.67%	30.27%	(37.64)%	0.08%	13.06%
<b>Ratios and Supplemental Data:</b>						
Net assets, end of period (thousands) .....	\$12,195	\$6,505	\$5,265	\$3,403	\$10,790	\$10,957
Ratio of expenses to average net assets:						
Before expense waiver and/or reimbursement .....	2.49% <sup>(5)</sup>	3.26%	3.68%	2.91%	2.18%	2.32%
After expense waiver and/or reimbursement .....	1.50% <sup>(5)</sup>	1.50%	1.50%	1.50%	1.50%	1.50%
Ratio of net investment loss to average net assets:						
Before expense waiver and/or reimbursement .....	(1.94)% <sup>(5)</sup>	(2.70)%	(3.03)%	(2.11)%	(1.18)%	(1.53)%
After expense waiver and/or reimbursement .....	(0.95)% <sup>(5)</sup>	(0.94)%	(0.85)%	(0.70)%	(0.50)%	(0.71)%
Portfolio turnover rate .....	31%	84%	66%	91%	66%	91%

<sup>(1)</sup> Net investment loss per share is calculated using the ending balance of undistributed net investment loss prior to considerations of adjustments for permanent book and tax differences.

<sup>(2)</sup> Net investment loss per share represents net investment loss divided by the average shares outstanding throughout the period.

<sup>(3)</sup> Less than \$(0.005).

<sup>(4)</sup> Not annualized.

<sup>(5)</sup> Annualized.

The accompanying notes are an integral part of these financial statements.

**A. Organization and Significant Accounting Policies:** LKCM Funds (the “Trust”) is registered under the Investment Company Act of 1940 (“1940 Act”) as an open-end, management investment company. The Trust was organized as a Delaware business trust on February 10, 1994 and consists of nine diversified series of shares, three of which are the LKCM Aquinas Value, LKCM Aquinas Growth and LKCM Aquinas Small Cap Funds (collectively, the “Funds”) and are reported here. On July 11, 2005, the Funds acquired the assets and assumed the liabilities of the Aquinas Funds. The LKCM Aquinas Value, LKCM Aquinas Growth and LKCM Aquinas Small Cap Funds are subject to expenses pursuant to the Rule 12b-1 plan described in Note B. Each Fund charges a 1% redemption fee for redemptions on Fund shares held for less than 30 days.

The LKCM Aquinas Value Fund seeks to maximize long-term capital appreciation, while incorporating Catholic values investing principles in the investment process. The LKCM Aquinas Value Fund seeks to achieve its investment objective by investing under normal circumstances in equity securities of companies that Luther King Capital Management Corporation (the “Adviser”) believes to be undervalued relative to a company’s earnings. The LKCM Aquinas Growth Fund seeks to maximize long-term capital appreciation, while incorporating Catholic values investing principles in the investment process. The LKCM Aquinas Growth Fund seeks to achieve its investment objective by investing under normal circumstances in equity securities of companies that the Adviser believes generally have above-average growth in revenue and/or earnings, above-average returns on shareholders’ equity, underleveraged balance sheets and potential for above-average capital appreciation. The LKCM Aquinas Small Cap Fund seeks to maximize long-term capital appreciation, while incorporating Catholic values investing principles in the investment process. The LKCM Aquinas Small Cap Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets in equity securities of smaller companies (those with market capitalizations at the time of investment between \$400 million and \$2.5 billion) that the Adviser believes are likely to have above-average growth in revenue and/or earnings and potential for above-average capital appreciation.

The LKCM Aquinas Funds practice socially responsible investing within the framework provided by the United States Conference of Catholic Bishops’ Socially Responsible Investing Guidelines (“Guidelines”). Each Fund’s investment approach incorporates the Guidelines through a combination of screening portfolio companies based on criteria set forth in the Guidelines, dialogue with companies whose policies and practices conflict with the Guidelines, and potentially excluding from the Fund’s portfolios the securities of those companies that are unwilling to alter their policies and practices over a reasonable period of time. The Adviser monitors companies selected for the Funds for policies on various issues contemplated by the Guidelines. If a Fund invests in a company whose policies and practices are inconsistent with the Guidelines, the Adviser may attempt to influence the company, sell the company’s securities or otherwise exclude future investments in such company.

The following is a summary of significant accounting policies followed by the Funds in preparation of the financial statements.

**1. Security Valuation:** Securities listed on a U.S. securities exchange for which market quotations are readily available are valued at the last quoted sale price, taken from the exchange where the security is primarily traded. Nasdaq National Market securities are valued at the Nasdaq Official Closing Price (“NOCP”). Unlisted U.S. securities and listed U.S. securities not traded on the valuation date for which market quotations are readily available are valued at the mean of the most recent quoted bid and asked price. Securities listed on a foreign exchange for which market quotations are readily available are valued at the last quoted sales price available before the time when assets are valued. Debt securities (other than obligations having a maturity of 60 days or less) are normally valued at the mean of bid and ask price and/or by using a combination of daily quotes or matrix evaluations provided by an independent pricing service. Debt securities purchased with remaining maturities of 60 days or less are valued at amortized cost which approximates fair value. Other assets and securities for which no quotations are readily available (including restricted securities) are valued in good faith at fair value using methods determined by the Board of Trustees. The Board has adopted specific procedures for valuing portfolio securities and delegated the implementation of these procedures to the Adviser. The procedures authorize the Adviser to make all determinations regarding the fair value of a portfolio security and to report such determinations to the Board of Trustees. The Funds may also use independent pricing services to assist in pricing portfolio securities.

The Trust has adopted accounting standards which establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion of changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management has determined that these standards have no material impact on the Funds’ financial statements. The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. These standards state that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized in the three broad levels listed below.

Level 1 - Quoted unadjusted prices for identical instruments in active markets to which the Trust has access at the date of measurement.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.

Level 3 - Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Trust's own assumptions that market participants would use to price the asset or liability based on the best available information.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Funds' net assets as of June 30, 2011:

**LKCM Aquinas Value Fund**

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$39,886,686	\$ —	\$ —	\$39,886,686
Money Market Funds	3,470,503	—	—	3,470,503
Total Investments*	<u>\$43,357,189</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$43,357,189</u>

**LKCM Aquinas Growth Fund**

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$30,775,915	\$ —	\$ —	\$30,775,915
Money Market Funds	2,783,578	—	—	2,783,578
Total Investments*	<u>\$33,559,493</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$33,559,493</u>

**LKCM Aquinas Small Cap Fund**

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$11,483,880	\$ —	\$ —	\$11,483,880
Money Market Funds	214,462	—	—	214,462
Total Investments*	<u>\$11,698,342</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$11,698,342</u>

\* Additional information regarding the industry and/or geographical classifications of these investments is disclosed in the Schedule of Investments.

In January 2010, FASB issued Accounting Standards Update No. 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 requires new disclosures regarding transfers in and out of Levels 1 and 2 (effective for interim and annual periods beginning after December 15, 2009), as well as additional details regarding Level 3 transaction activity (effective for interim and annual periods beginning after December 15, 2010). There were no significant transfers into or out of Level 1, Level 2 or Level 3 fair value measurements during the reporting period, as compared to their classification from the previous annual report.

In May 2011, the FASB issued ASU No. 2011-04 "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements" in GAAP and the International Financial Reporting Standards ("IFRSs"). ASU No. 2011-04 amends FASB ASC Topic 820, Fair Value Measurements and Disclosures, to establish common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and IFRSs. ASU No. 2011-04 is effective for fiscal years beginning after December 15, 2011 and for interim periods within those fiscal years. Management is currently evaluating the impact these amendments may have on the Fund's financial statements.

In March 2008, the Trust adopted an accounting standard involving disclosures of derivatives and hedging activities that is effective for fiscal years beginning after November 15, 2008. The standard is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity's results of operations and financial position. The standard does not have any impact on the Funds' financial disclosures because the Funds have not maintained any positions in derivative instruments or engaged in hedging activities during the six months ended June 30, 2011.

In preparing these financial statements, the Trust has evaluated events after June 30, 2011 and determined that there were no significant subsequent events that would require adjustment to or additional disclosure in these financial statements.

**2. Federal Income Taxes:** The Funds have elected to be treated as “regulated investment companies” under Subchapter M of the Internal Revenue Code and each Fund intends to distribute all of its investment company net taxable income and net capital gains to shareholders. Therefore, no federal income tax provision is recorded.

**3. Distributions to Shareholders:** The LKCM Aquinas Value, LKCM Aquinas Growth and LKCM Aquinas Small Cap Funds generally intend to pay dividends and net capital gain distributions, if any, at least on an annual basis.

**4. Foreign Securities:** Investing in securities of foreign companies and foreign governments involves special risks and considerations not typically associated with investing in U.S. companies and securities of the U.S. government. These risks include devaluation of currencies and future adverse political and economic developments. Moreover, securities of many foreign companies and foreign governments and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies and securities of the U.S. government.

**5. Expense Allocation:** Expenses incurred by the Funds are allocated among the Funds based upon (i) relative average net assets, (ii) a specific identification basis as incurred, or (iii) evenly among the Funds, depending on the nature of the expense.

**6. Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**7. Guarantees and Indemnifications:** In the normal course of business, the Funds enter into contracts with service providers that contain general indemnification clauses. The Funds’ maximum exposure under these arrangements is unknown as this would involve future claims against the Funds that have not yet occurred. Based on experience, the Funds expect the risk of loss to be remote.

**8. Other:** Security and shareholder transactions are recorded on the trade date. Realized gains and losses on sales of investments are calculated on the identified cost basis. Dividend income and dividends and distributions to shareholders are recorded on the ex-dividend date. Interest income is recognized on the accrual basis. All discounts and premiums are amortized based on the effective interest method for tax and financial reporting purposes.

Generally accepted accounting principles require that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share.

**9. Restricted and Illiquid Securities:** The Funds are permitted to invest in securities that are subject to legal or contractual restrictions on resale or are illiquid. Restricted securities generally may be resold in transactions exempt from registration. A security may be considered illiquid if it lacks a readily available market or if its valuation has not changed for a certain period of time. Disposal of these securities may involve time-consuming negotiations and expense, and prompt sale at the current valuation may be difficult.

**B. Investment Advisory and Other Agreements:** Luther King Capital Management Corporation serves as the investment adviser to the Funds under an Investment Advisory Agreement (the “Agreement”). The Adviser receives a fee, computed daily and payable quarterly, at the annual rates presented below as applied to each Fund’s average daily net assets. The Adviser has contractually agreed to waive all or a portion of its management fee and/or reimburse the Funds through April 30, 2012 in order to limit each Fund’s operating expenses to the annual cap rates identified below. For the six months ended June 30, 2011, the Adviser reimbursed the following expenses:

	<u>LKCM Aquinas Value Fund</u>	<u>LKCM Aquinas Growth Fund</u>	<u>LKCM Aquinas Small Cap Fund</u>
Annual Advisory Rate	0.90%	0.90%	1.00%
Annual Cap on Expenses	1.50%	1.50%	1.50%
Expenses Reimbursed in 2011	\$8,995	\$17,252	\$48,892

U.S. Bancorp Fund Services, LLC serves as transfer agent and administrator for the Trust and serves as accounting services agent for the Funds. U.S. Bank, N.A. serves as custodian for the Funds.

Distribution services are performed pursuant to a distribution contract with Quasar Distributors, LLC, the Trust’s principal underwriter.

The LKCM Funds have adopted a Rule 12b-1 plan for the LKCM Aquinas Value, LKCM Aquinas Growth and LKCM Aquinas Small Cap Funds, under which each Fund may pay up to 1.00% of its average daily net assets for distribution and other services. However, the Board of Trustees has currently only authorized a fee of 0.25% of the average daily net assets for the LKCM Aquinas Value, LKCM Aquinas Growth and LKCM Aquinas Small Cap Funds. For the six months ended June 30, 2011, fees accrued by the LKCM Aquinas Value, LKCM Aquinas Growth and LKCM Aquinas Small Cap Funds pursuant to the 12b-1 Plan were \$52,773, \$39,996 and \$12,300, respectively.

**C. Fund Shares:** At June 30, 2011, there was an unlimited number of shares of beneficial interest, no par value, authorized. The following table summarizes the activity in shares of each Fund:

**LKCM Aquinas Value Fund**

	Six Months Ended June 30, 2011		Year Ended December 31, 2010	
	Shares	Amount	Shares	Amount
Shares sold	564,467	\$ 7,516,806	766,470	\$ 8,583,299
Shares issued to shareholders in reinvestment of distributions	—	—	1,184	15,033
Shares redeemed	(344,215)	(4,551,012)	(1,120,562)	(12,776,756)
Redemption fee		301		218
Net increase (decrease)	220,252	<u>\$ 2,966,095</u>	(352,908)	<u>\$ (4,178,206)</u>
<b>Shares Outstanding:</b>				
Beginning of period	3,024,375		3,377,283	
End of period	<u>3,244,627</u>		<u>3,024,375</u>	

**LKCM Aquinas Growth Fund**

	Six Months Ended June 30, 2011		Year Ended December 31, 2010	
	Shares	Amount	Shares	Amount
Shares sold	146,313	\$ 2,542,262	223,140	\$ 3,260,822
Shares redeemed	(137,551)	(2,367,667)	(741,027)	(10,940,760)
Redemption fee		262		97
Net increase (decrease)	8,762	<u>\$ 174,857</u>	(517,887)	<u>\$ (7,679,841)</u>
<b>Shares Outstanding:</b>				
Beginning of period	1,872,419		2,390,306	
End of period	<u>1,881,181</u>		<u>1,872,419</u>	

**LKCM Aquinas Small Cap Fund**

	Six Months Ended June 30, 2011		Year Ended December 31, 2010	
	Shares	Amount	Shares	Amount
Shares sold	1,127,124	\$ 8,613,462	419,940	\$ 2,518,238
Shares redeemed	(553,884)	(4,165,228)	(501,793)	(2,881,559)
Redemption fee		1,094		11
Net increase (decrease)	573,240	<u>\$ 4,449,328</u>	(81,853)	<u>\$ (363,310)</u>
<b>Shares Outstanding:</b>				
Beginning of period	920,571		1,002,424	
End of period	<u>1,493,811</u>		<u>920,571</u>	

**D. Security Transactions:** Purchases and sales of investment securities, other than short-term investments, for the six months ended June 30, 2011 were as follows:

	Purchases		Sales	
	U.S. Government	Other	U.S. Government	Other
LKCM Aquinas Value Fund	\$ —	\$3,814,875	\$ —	\$3,641,398
LKCM Aquinas Growth Fund	—	5,960,020	—	6,633,857
LKCM Aquinas Small Cap Fund	—	7,056,413	—	2,923,571

**E. Tax Information:** At December 31, 2010, the components of accumulated earnings (losses) on a tax basis were as follows:

	<u>LKCM Aquinas Value Fund</u>	<u>LKCM Aquinas Growth Fund</u>	<u>LKCM Aquinas Small Cap Fund</u>
Cost of Investments	\$30,173,798	\$23,275,498	\$ 5,053,552
Gross Unrealized Appreciation	\$ 8,697,748	\$ 8,028,195	\$ 1,617,496
Gross Unrealized Depreciation	(461,570)	(97,436)	(53,137)
Net Unrealized Appreciation	<u>\$ 8,236,178</u>	<u>\$ 7,930,759</u>	<u>\$ 1,564,359</u>
Undistributed Ordinary Income	\$ —	\$ —	\$ —
Undistributed Long-Term Capital Gain	—	—	—
Total Distributable Earnings	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Other Accumulated Losses	<u>\$ (872,309)</u>	<u>\$ (338,383)</u>	<u>\$ (393,807)</u>
Total Accumulated Gains	<u>\$ 7,363,869</u>	<u>\$ 7,592,376</u>	<u>\$ 1,170,552</u>

The difference between book-basis and tax-basis unrealized appreciation is attributable primarily to the tax deferral of losses on wash sales and partnership adjustments.

At December 31, 2010 the accumulated capital loss carryforwards were as follows:

	<u>LKCM Aquinas Value Fund</u>	<u>LKCM Aquinas Growth Fund</u>	<u>LKCM Aquinas Small Cap Fund</u>
Expiring in 2017	<u>\$872,309</u>	<u>\$338,383</u>	<u>\$393,807</u>

To the extent the Funds realize future net capital gains, taxable distributions will be reduced by any unused capital loss carryforwards as permitted by the Internal Revenue Code. During the year ended December 31, 2010, the LKCM Aquinas Value, LKCM Aquinas Growth Fund and LKCM Aquinas Small Cap Fund utilized capital loss carryforwards of \$1,857,731, \$3,577,347 and \$674,032, respectively.

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the “RIC Act”) was enacted. The RIC Act modernizes several of the federal income and excise tax provisions related to regulated investment companies (“RICs”). Under the RIC Act, new capital losses may be carried forward indefinitely, with the character of the original loss retained. The RIC Act also contains simplification provisions, which are aimed at preventing disqualification of a RIC for inadvertent failures to comply with asset diversification and/or qualifying income tests. The RIC Act exempts RICs from the preferential dividend rule and repealed the 60-day designation requirement for certain types of pay-through income and gains. In addition, the RIC Act contains provisions aimed at preserving the character of distributions made by a fiscal year RIC during the portion of its taxable year ending after October 31 or December 31. Except for the simplification provisions related to RIC qualification, the RIC Act is effective for taxable years beginning after December 22, 2010. Management is currently evaluating the implications of the RIC Act, if any, and the impact on the Funds’ financial statements is currently being assessed.

The tax components of dividends paid during the periods shown below were as follows:

	<u>Six Months Ended June 30, 2011</u>		<u>Year Ended December 31, 2010</u>	
	<u>Ordinary Income</u>	<u>Long-Term Capital Gain</u>	<u>Ordinary Income</u>	<u>Long-Term Capital Gain</u>
LKCM Aquinas Value Fund	\$ —	—	\$ 18,215	—
LKCM Aquinas Growth Fund	—	—	—	—
LKCM Aquinas Small Cap Fund	—	—	—	—

The Trust has adopted financial reporting rules regarding recognition and measurement of tax positions taken or expected to be taken on a tax return. The Trust has reviewed all open tax years and major jurisdictions and concluded that there is no impact on the Funds’ financial position or results of operations. Tax years that remain open to examination by major tax jurisdictions include tax years ended December 31, 2007 through December 31, 2010. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on tax returns as of December 31, 2010. The Funds are also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. If applicable, the Funds would recognize interest accrued related to unrecognized tax benefits in “interest expenses” and penalties in “other expenses” on the statement of operations.

June 30, 2011

**Availability of Proxy Voting Information:** A description of the policies and procedures that the Funds use to determine how to vote proxies relating to their portfolio securities, as well as the proxy voting record, is available without charge, upon request, by calling toll-free 1-800-423-6369 or on the SEC website at <http://www.sec.gov>. The actual voting records relating to portfolio securities during the twelve month periods ended June 30 (as filed with the SEC on Form N-PX) are available without charge, upon request, by calling the Funds toll free at 1-800-423-6369 or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

**Availability of Quarterly Portfolio Schedule:** The Funds' are required to file complete schedules of portfolio holdings with the SEC for the first and third fiscal quarters on Form N-Q. Once filed, the Funds' Form N-Q is available without charge upon request on the SEC's website (<http://www.sec.gov>) and may be available by calling 1-800-423-6369. You can also obtain copies of Form N-Q by (i) visiting the SEC's Public Reference Room in Washington, DC (information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330); (ii) sending your request and a duplicating fee to the SEC's Public Reference Room, Washington, DC 20549; or (iii) sending your request electronically to [publicinfosec.gov](mailto:publicinfosec.gov).

#### RENEWAL OF INVESTMENT ADVISORY AGREEMENT WITH RESPECT TO LKCM AQUINAS FUNDS

**Introduction.** At a meeting held on February 22, 2011, the Board of Trustees of LKCM Funds, including the independent Trustees (the "Board"), approved the renewal of the Investment Advisory Agreement (the "Agreement") between Luther King Capital Management Corporation ("LKCM") and LKCM Funds (the "Trust"), on behalf of the LKCM Aquinas Small Cap Fund, LKCM Aquinas Value Fund and LKCM Aquinas Growth Fund (each, an "Aquinas Fund" and collectively, the "Aquinas Funds").

In voting to approve the renewal of the Agreement, the Board considered the overall fairness of the Agreement and factors it deemed relevant with respect to each Aquinas Fund including, but not limited to: (1) the nature, extent and quality of the services provided to each Aquinas Fund; (2) the performance of each Aquinas Fund as compared to a relevant benchmark and other similar funds; (3) the level of the fees and the overall expenses of each Aquinas Fund and how those compared to other similar funds and other institutional accounts; (4) the costs of services provided to the Aquinas Funds and the profitability of LKCM; and (5) the effect of, as applicable, the growth or decline of fund assets on the advisory fee (i.e., economies of scale) and whether the fee levels reflect economies of scale for the benefit of investors. The Board did not identify any single factor or item of information as all-important or controlling.

In considering the approval of the Agreement, the Board considered a broad range of information provided by LKCM, including, but not limited to, reports relating to the Aquinas Funds' socially responsible investing mandate, each Aquinas Fund's performance and expenses, information on other clients, certain portfolio compliance policies and the background and experience of the portfolio managers. In addition, the Board considered a memorandum from its legal counsel regarding the Board's fiduciary duties in considering the renewal of the Agreement. The Board also meets each quarter to review various aspects of the Aquinas Funds.

**Nature, Extent and Quality of Services.** The Board reviewed and considered the nature, extent and quality of the advisory services provided by LKCM to each Aquinas Fund under the Agreement. The Board considered that LKCM has provided investment management services to individuals, foundations, endowments and corporations since 1979 and these long-standing relationships have been responsible for a significant portion of the assets in the Aquinas Funds. The Board noted that each Aquinas Fund is managed in accordance with its socially responsible investing guidelines. The Board also noted LKCM's representation that its financial condition does not raise concerns that it would be unable to continue to provide the same scope and quality of services to the Aquinas Funds, or impair its ability to meet its expense reimbursement obligations to the Aquinas Funds. The Board considered that LKCM has reinvested considerable resources into the firm and its personnel to augment investment management and client service. The Board also reviewed and considered the qualifications of the portfolio managers and other key personnel who provide services to each Aquinas Fund. LKCM also represented that the firm offers an attractive compensation structure designed to attract and retain highly qualified investment professionals. The Board determined that the portfolio managers at LKCM are well-qualified by education, training and experience to manage the Aquinas Funds in an efficient and professional manner.

In addition, the Board considered LKCM's best execution practices. The Board also noted LKCM's representation that its soft dollar and commission sharing arrangements for client transactions (including those for the Aquinas Funds) comply with the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

**Performance of the Aquinas Funds.** The Board considered the performance of each Aquinas Fund compared to a benchmark index ("Benchmark") and peer group of funds compiled by Lipper, Inc. ("Lipper Index") for various periods ended December 31, 2010. In considering this comparative data, the Board noted that each Aquinas Fund is managed in accordance with its socially responsible investing guidelines, which generally are not applicable to funds included in the respective Lipper Indexes.

The Board noted that the Aquinas Value Fund outperformed its Benchmark and the Lipper Index for all periods presented.

The Board noted that the Aquinas Growth Fund outperformed its Benchmark for the three-year period, but underperformed its Benchmark for the one-year, five-year and since inception periods. The Board also noted that the Aquinas Growth Fund outperformed the Lipper Index for the one-year, three-year and five-year periods, but underperformed the Lipper Index for the since inception period.

The Board noted that the Aquinas Small Cap Fund outperformed its Benchmark for the one-year, three-year and since inception periods, but underperformed its Benchmark for the five-year period. The Board also noted that the Aquinas Small Cap Fund outperformed the Lipper Index for the one-year and three-year periods, but underperformed the Lipper Index for the five-year and since inception periods.

**Fees and Expenses.** The Board considered the advisory fee rates and the total expense ratios of each Aquinas Fund relative to similar funds and LKCM's other institutional accounts. The Board also considered that LKCM contractually agreed to continue its fee waivers and expense caps for each Aquinas Fund's 2011 fiscal year. The Board noted that the fee rates for the Aquinas Funds may be higher than other similar funds due to the additional services LKCM provides in managing the Aquinas Funds in accordance with the socially responsible investing framework provided by the United States Conference of Catholic Bishops. The Board compared the contractual advisory fee rate and the total expense ratio (after fee waivers and/or expense reimbursements) of each Aquinas Fund to a category of similar funds compiled by Lipper, Inc. ("Lipper Category"). The first quartile in the Lipper Category represents those funds with the lowest fees or expenses.

In this regard, the Board noted that the contractual advisory fee rate and the total expense ratio for the Aquinas Small Cap Fund were in the third quartile and second quartile of the Lipper Category, respectively. In this case, the advisory fee rate was higher than the average of the Lipper Category and the total expense ratio was lower than the average of the Lipper Category.

The Board noted that the contractual advisory fee rate and the total expense ratio for the Aquinas Value Fund were in the fourth quartile and third quartile of the Lipper Category, respectively. In this case, the advisory fee rate and the total expense ratio were both higher than the average of the Lipper Category.

The Board noted that the contractual advisory fee rate and the total expense ratio for the Aquinas Growth Fund were in the fourth quartile and third quartile of the Lipper Category, respectively. In this case, the advisory fee rate and the total expense ratio were both higher than the average of the Lipper Category.

The Board considered the advisory fee rates charged by LKCM to the other mutual funds it subadvises and LKCM's other separately managed accounts. The Board noted that the fee rates charged by LKCM to the Funds and clients with separately managed accounts differ primarily as a result of the greater compliance costs and other expenses incurred by LKCM in managing the Funds. In addition, the Board considered that there are additional expenses incurred by LKCM in managing the Aquinas Funds due to their mandate for socially responsible investing and that the Lipper Category may not account for these additional expenses. The Board also considered the fee rate to be charged by LKCM as subadviser to other mutual funds. The Board noted LKCM's representation that the subadvisory fee rates charged to these other funds are lower than the advisory fee rates charged to the Aquinas Funds due to the different obligations that LKCM has serving as subadviser (rather than the investment adviser) to these funds.

**Costs, Profitability and Economies of Scale.** The Board considered the costs to operate the Aquinas Funds and the profitability of LKCM. The Board noted LKCM's representation that it is well capitalized and that its investment philosophy does not require investments in derivatives or other high risk instruments. The Board reviewed the fees paid by each Aquinas Fund to LKCM for the last three calendar years. The Board also reviewed the profit and loss statement provided by LKCM on a fund-by-fund basis. In this regard, the Board noted that LKCM made a profit on the Aquinas Value and Aquinas Growth Funds, but did not make a profit on the Aquinas Small Cap Fund.

With respect to economies of scale, the Board considered that the asset levels in the Aquinas Funds are relatively low. Based on these asset levels, the Board noted that LKCM believes that further economies of scale likely cannot be achieved until assets increase in the Aquinas Funds.

**Conclusion.** Based on its evaluation of these and other factors, the Board concluded with respect to each Aquinas Fund that (1) each Aquinas Fund was reasonably likely to benefit from the nature, quality and extent of services provided by LKCM; (2) each Aquinas Fund's performance was satisfactory in light of all the factors considered by the Board; (3) the profits, where applicable, and fees payable to LKCM were reasonable in the context of all the factors considered by the Board; and (4) the current advisory fee rate structure provides Aquinas Fund shareholders with reasonable benefits associated with economies of scale based on the asset levels in the Aquinas Funds. In light of these conclusions, the Board determined, in its business judgment, to renew the Agreement with respect to each Aquinas Fund.

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## **LKCM FUNDS PRIVACY NOTICE**

### Our Commitment to Your Privacy

At LKCM Funds, we are committed to safeguarding the confidentiality and privacy of personal information about our shareholders. This privacy notice describes the policies and procedures we have implemented to protect the privacy of your personal information as well as the sources through which we may obtain personal information about you.

### How We Protect Your Personal Information

Protecting your personal information is an important priority at LKCM Funds. Accordingly, we have implemented policies and procedures designed to safeguard your personal information from unauthorized access. Pursuant to these policies and procedures, we maintain various physical, electronic, and procedural safeguards to protect the security and confidentiality of your personal information, and we adapt these safeguards to respond to evolving technological and other standards.

In addition, we do not disclose any nonpublic personal information about you to nonaffiliated third parties, except as required or permitted by law or as necessary for us to carry out our responsibilities in providing services to you.

### How We Obtain Your Personal Information

We collect nonpublic personal information about you from the following sources:

- Information provided by you or your representatives, whether through documentation that you or your representatives provide to us, through discussions that you or your representatives have with us, or otherwise; and
- Information arising from your account experience with us.

Please do not hesitate to contact our Chief Compliance Officer if you have any questions regarding the measures we have implemented to protect the privacy of your personal information.

Not a Part of the Semi-Annual Report.

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