LKCM AQUINAS
CATHOLIC EQUITY FUND

**LKCM Aquinas Catholic Equity Fund**

Semi-Annual Report
June 30, 2020

**Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the LKCM Funds' shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from the LKCM Funds (if you hold your Fund shares directly with the LKCM Funds) or from your financial intermediary, such as a broker-dealer or bank (if you hold your Fund shares through a financial intermediary). Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.**

**If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. If you hold your Fund shares directly with the LKCM Funds, you may elect to receive shareholder reports and other communications electronically from the LKCM Funds by calling 1-800-423-6369 or, if you hold your Fund shares through a financial intermediary, by contacting your financial intermediary.**

**You may elect to receive all future reports on paper free of charge. If you hold your Fund shares directly with the LKCM Funds, you can inform the LKCM Funds that you wish to continue receiving paper copies of your shareholder reports by calling 1-800-423-6369 or, if you hold your Fund shares through a financial intermediary, contacting your financial intermediary. Your election to receive reports in paper will apply to all of the LKCM Funds you hold directly with LKCM Funds or all of the funds you hold through your financial intermediary, as applicable.**

**Dear Fellow Shareholders:**

We report the following performance information for the LKCM Aquinas Catholic Equity Fund for indicated periods ended June 30, 2020:

| Fund | Inception Date | NAV @ 6/30/20 | Net Expense Ratio*, ** | Gross Expense Ratio** | Six Month Total Return Ended 6/30/20 | One Year Total Return Ended 6/30/20 | Five Year Average Annualized Return Ended 6/30/20 | Ten Year Average Annualized Return Ended 6/30/20 | Avg. Annual Total Return Since Incept.*** |
|---|---|---|---|---|---|---|---|---|---|
| LKCM Aquinas Catholic Equity Fund(1) | 7/11/05 | $14.98 | 1.00% | 1.51% | -0.53% | 6.10% | 8.32% | 11.59% | 7.59% |
| S&P 500® Index(2) | | | | | -3.08% | 7.51% | 10.73% | 13.99% | 8.72% |

*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 Fund imposes a 1.00% redemption fee on shares held less than 30 days. If reflected, the fee would reduce performance shown.*

* Luther King Capital Management Corporation, the Fund's investment adviser, has contractually agreed to waive all or a portion of its management fee and/or reimburse expenses of the Fund to maintain an expense ratio of 1.00% per annum through May 1, 2021. This expense limitation excludes interest, taxes, brokerage commissions, indirect fees and expenses related to investments in other investment companies, including money market funds, and extraordinary expenses. Investment performance, which is based on the net expense ratio, reflects fee waivers, if any, in effect during the relevant period. In the absence of such waivers, total return would be reduced. Investment performance is based upon the net expense ratio. LKCM waived management fees and/or reimbursed expenses for the Fund during the six months ended June 30, 2020.

** Expense ratios above are as reported in the Fund's current prospectus dated May 1, 2020. Expense ratios reported for other periods in the financial highlights of this report may differ.

*** The assets of the Aquinas Value Fund, Aquinas Growth Fund and Aquinas Small-Cap Fund were acquired by the LKCM Aquinas Value Fund, LKCM Aquinas Growth Fund and LKCM Aquinas Small Cap Fund, respectively, on July 11, 2005. Due to the change in adviser and investment technique, performance is being quoted for the period after the merger. The LKCM Aquinas Small Cap Fund and LKCM Aquinas Growth Fund were reorganized into the LKCM Aquinas Value Fund effective upon the close of business on July 29, 2016, after which the LKCM Aquinas Value Fund's name, investment strategies and expenses changed to those of the LKCM Aquinas Catholic Equity Fund. The performance shown prior to August 1, 2016 is that of the LKCM Aquinas Value Fund.

(1) Effective upon the close of business on July 29, 2016, the LKCM Aquinas Small Cap Fund and the LKCM Aquinas Growth Fund reorganized into the LKCM Aquinas Value Fund (the "Reorganizations"). Immediately after the Reorganizations were completed, the LKCM Aquinas Value Fund changed its name to the LKCM Aquinas Catholic Equity Fund and its investment strategies and expenses, including the expense limitation agreement, changed to the investment strategies and expenses, including the expense limitation agreement, of the LKCM Aquinas Catholic Equity Fund. The Fund's performance prior to August 1, 2016 reflects the Fund's prior investment strategies.

(2) The S&P 500® Index is an unmanaged capitalization-weighted index of 500 selected stocks that is generally considered representative of the performance of large capitalization companies in the U.S. stock market.

*Note: The indices defined above are not available for direct investment and the index performance therefore does not include fees, expenses or taxes.*

## 1H2020 Review and Outlook

The COVID-19 pandemic has caused tremendous human and economic hardships both domestically and globally. The measures taken to protect public health have induced a sharp decline in economic activity and a surge in job losses, which has directly impacted consumer spending. Prior to the pandemic, the U.S. recorded the lowest unemployment rate in a half a century, which reversed and soared to a postwar high of approximately 14.7% in April 2020. The disruptions to economic activity resulting from the pandemic materially tightened financial conditions and impaired the flow of credit to households and businesses. The Federal Reserve, in response to tightening financial conditions, quickly lowered its policy interest rate to near zero in March 2020 and took extraordinary measures to bolster the flow of credit to households, businesses, and communities. We believe that financial conditions have improved considerably as a result of this monetary policy response alongside the flow of capital within the economy.

We believe the scale and breadth of the fiscal policy response to the pandemic is equally critical. The potential costs of doing too little include, among other things, lost wages, fewer jobs, and deteriorating job skills. We believe the people most vulnerable to the adverse effects of a recession are those who already faced barriers to economic opportunity, including low-income workers. While the pandemic-induced recession resulted in significant dislocations in the labor market, we believe the degree to which these disruptions are permanent or temporary largely hinges on the appropriate fiscal response. In our view, the U.S. fortunately has the fiscal capacity to undertake large scale spending. We believe that while there are naturally times to be concerned about growing the national debt, as the former chairman of President George W. Bush's Council of Economic Advisers, Gregory Mankiw, recently quipped, "This is not one of them."

In our view, the unprecedented monetary and fiscal response to the pandemic thus far has been sufficient to bolster investor confidence that the recession is likely to be as brief as it is deep. This optimistic level of investor confidence appears evident in the 20.5% appreciation in the S&P 500® Index in the second quarter of 2020. However, we believe it is difficult to recall a time when the general level of uncertainty has been as great as it is today. In our view, this uncertainty is clearly evident in the wide range of economic forecasts across public and private sector economists. We believe the breadth of potential outcomes is driven by the record speed of economic change and policy responses. Additionally, we believe the pandemic is undermining the reliability of certain economic data, particularly survey-based data of businesses and households as noted by the U.S. Bureau of Labor Statistics. Finally, we believe epidemiological outcomes will significantly influence the rate of business reopening, which has a profound impact on economic output. In our view, with the lack of visibility into these fundamental assumptions in economic models, there remains high dispersion and low confidence in traditional economic forecasts.

The pandemic ended the longest economic expansion on record, but the recession that ended it may be the shortest on record. The economy peaked in February 2020 and fell into a severe recession partially as a result of state governors' lockdown orders to impose social distancing. We believe the slow reopening of the economy since mid-May 2020 has already resulted in a large upswing in data series such as gasoline consumption and electricity usage, which are near real-time proxies for economic activity.

We believe the Federal Reserve is trying to ensure that credit continues to flow to households and businesses during this difficult time and that the financial system does not amplify the shock to the economy. In our view, fiscal policies aimed at limiting the permanent damage to the economy have been enacted so that when the pandemic eventually recedes, the economy is positioned to supply goods and services to meet demand. Following a sharp rebound in economic activity from a very low level, we believe the shape of the extended economic recovery will depend a great deal on progress to combat the coronavirus. We believe the Funds have invested in companies that are financially strong and well-positioned to compete once the economy recovers from this economic and health crisis.

**LKCM Aquinas Catholic Equity Fund**

During the six months ended June 30, 2020, the LKCM Aquinas Catholic Equity Fund outperformed its benchmark, the S&P 500® Index, returning -0.53% against the -3.08% return for the benchmark. During the first half of 2020, the Fund benefited from solid stock selection and sector allocation decisions relative to the benchmark. At June 30, 2020, we believe the Fund's investments collectively had an annualized dividend yield of approximately 1.3% based upon our estimates of anticipated dividends from those investments.

During the period, the Fund's relative performance benefited from being overweight the Information Technology sector and underweight the Financials, Utilities and Energy sectors. Stock selection during the period also contributed positively to the Fund's relative performance, particularly in the Information Technology and Industrials sectors, which was partially offset by stock selection in the Energy and Financials sectors.

From a macro perspective, we anticipate that corporate profits for the second quarter of 2020 will decline significantly, improve sequentially thereafter, and be down meaningfully for the full year. We believe this has resulted in traditional valuation measures, such as price-earnings ratios, to appear extended but to date investors appear to have focused on recovery levels of profits and the sustainability of low interest rates. In our view, the commentary from corporate management teams as second quarter earnings are released will be important to the directional movement around stock prices, particularly in the short term.

In the short term, we believe overall corporate profits will be under a great deal of pressure and while we anticipate a sharp recovery during the third quarter of 2020, the magnitude and sustainability of such a recovery is inherently difficult to predict with any high level of confidence. We believe there is little question that despite significant Federal governmental actions to maintain and support the economy, many companies and consumers will not be able to reengage for some time. In our view, this could result in overall corporate profit levels remaining below peak 2019 levels for some time. We believe our conversations with corporate management teams of the Fund's investments have been insightful and left us comfortable with their ability to work through financial issues created by this unique crisis.

In our view, there are challenges to achieving normalized economic growth including, among others, the duration of the virus pandemic, the timing of an effective vaccine and therapeutics, the ability and willingness of the Federal government to continue supporting challenged consumers and industries, and the overall level of consumer confidence. We believe low interest rates levels are currently an important support for the stock market given the high relative historic yields generated from stocks, and in the short-term we do not anticipate higher inflation or interest rates to be a negative factor for investors.

Luther King

J. Luther King, Jr., CFA, CIC
July 29, 2020

The information provided herein represents the opinion of J. Luther King, Jr., CFA, CIC 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 page 7 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. Investments in equity securities are subject to market risks and significant fluctuations in value. 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. These risks are discussed in the Fund's summary and statutory prospectuses. Since the Fund practices socially responsible investing within the framework provided by the United States Conference of Catholic Bishop's Socially Responsible Investing Guidelines, the Fund may forego a profitable investment opportunity or sell a security when it may be disadvantageous to do so.***

Earnings growth is not a measure of future performance.

Yield curve is a line that plots yields (interest rates) of bonds having equal credit quality but differing maturity dates. The slope of the yield curve gives an idea of future interest rate changes and economic activity.

The Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index is an unmanaged market value weighted index measuring both the principal price changes of, and income provided by, the underlying universe of securities that comprise the index. Securities included in the index must meet the following criteria: fixed as opposed to variable rate; remaining maturity of one to ten years; minimum outstanding par value of $250 million; rated investment grade or higher by Moody's Investors Service or equivalent; must be dollar denominated and non-convertible; and must be publicly issued.

Price-earnings ratio is the ratio of a company's share price to the company's earnings per share.

Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

*Investors should consider the investment objective, risks and charges and expenses of the Fund carefully before investing. The Fund's summary prospectus and prospectus contain this and other information about the Fund. Investors can obtain the summary prospectus and the prospectus by calling 1-800-423-6369. The summary prospectus and prospectus should be read carefully before investing in the Fund.*

Quasar Distributors, LLC, distributor.

## LKCM Aquinas Catholic Equity Fund Expense Example — June 30, 2020 (Unaudited)

As a shareholder of the Fund, 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 Fund 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 (1/1/20-6/30/20).

### ACTUAL EXPENSES

The first line of the table below provides information about actual account values and actual expenses. 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. Although the Fund charges 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 (doing business as U.S. Bank Global Fund Services) the Fund's transfer agent. If you request that a redemption be made by wire transfer, currently a $15 fee is charged by the Fund's 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 Fund within 30 days of purchase, unless otherwise determined by the Fund in its discretion. To the extent the Fund invests in shares of other investment companies as part of its investment strategy, you will indirectly bear your proportionate share of any fees and expenses charged by the underlying funds in which the Fund invests in addition to the expenses of the Fund. 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.

### HYPOTHETICAL EXAMPLES FOR COMPARISON PURPOSES

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. 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 Fund 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.

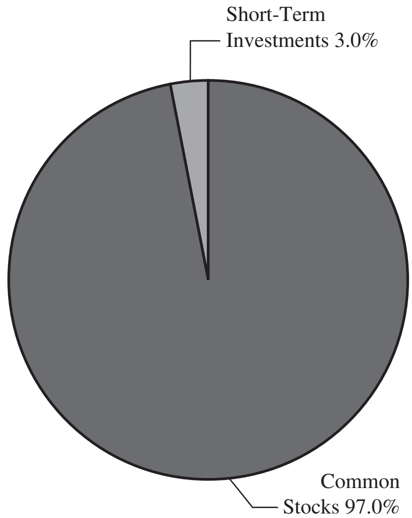
| | LKCM Aquinas Catholic Equity Fund | | |
|---|---|---|---|
| | **Beginning Account Value 1/1/20** | **Ending Account Value 6/30/20** | **Expenses Paid During Period* 1/1/20 – 6/30/20** |
| Actual | $1,000.00 | $ 994.70 | $4.96 |
| Hypothetical (5% return before expense) | $1,000.00 | $1,019.89 | $5.02 |

* *Expenses are equal to the Fund's annualized net expense ratio of 1.00%, multiplied by the average account value over the period, multiplied by 182/366 to reflect the one-half year period.*

## ALLOCATION OF PORTFOLIO HOLDINGS — LKCM Aquinas Catholic Equity Fund — June 30, 2020 (Unaudited)

Percentages represent market value as a percentage of total investments.

**LKCM Aquinas Catholic Equity Fund**



# LKCM Aquinas Catholic Equity Fund
## Schedule of Investments
### June 30, 2020 (Unaudited)

| COMMON STOCKS - 97.2% | Shares | Value |
|---|---|---|
| **Aerospace & Defense - 2.9%** | | |
| Honeywell International, Inc. | 9,000 | $ 1,301,310 |
| **Banks - 7.6%** | | |
| Comerica, Inc. | 20,000 | 762,000 |
| Cullen/Frost Bankers, Inc. | 5,000 | 373,550 |
| Truist Financial Corp. | 32,375 | 1,215,681 |
| Zions Bancorp N.A. | 32,500 | 1,105,000 |
| | | 3,456,231 |
| **Beverages - 5.9%** | | |
| The Coca-Cola Co. | 12,500 | 558,500 |
| Keurig Dr Pepper, Inc. | 22,500 | 639,000 |
| PepsiCo, Inc. | 11,000 | 1,454,860 |
| | | 2,652,360 |
| **Chemicals - 7.4%** | | |
| Air Products & Chemicals, Inc. | 3,000 | 724,380 |
| Corteva, Inc. | 22,500 | 602,775 |
| DuPont de Nemours, Inc. | 8,700 | 462,231 |
| Ecolab, Inc. | 5,000 | 994,750 |
| The Sherwin-Williams Co. | 1,000 | 577,850 |
| | | 3,361,986 |
| **Computers & Peripherals - 4.8%** | | |
| Apple, Inc. | 6,000 | 2,188,800 |
| **Construction Materials - 0.9%** | | |
| Martin Marietta Materials, Inc. | 2,000 | 413,140 |
| **Diversified Telecommunication Services - 1.8%** | | |
| AT&T, Inc. | 27,500 | 831,325 |
| **Electrical Equipment & Instruments - 3.4%** | | |
| Roper Technologies, Inc. | 4,000 | 1,553,040 |
| **Electronic Equipment & Instruments - 4.8%** | | |
| FLIR Systems, Inc. | 24,500 | 993,965 |
| Trimble, Inc. (a) | 27,000 | 1,166,130 |
| | | 2,160,095 |
| **Food Products - 1.1%** | | |
| Mondelez International, Inc. - Class A | 10,000 | 511,300 |
| **Internet & Catalog Retail - 4.3%** | | |
| Amazon.com, Inc. (a) | 700 | 1,931,174 |
| **IT Consulting & Services - 5.8%** | | |
| Broadridge Financial Solutions, Inc. | 5,500 | 694,045 |
| PayPal Holdings, Inc. (a) | 11,000 | 1,916,530 |
| | | 2,610,575 |
| **Machinery - 1.8%** | | |
| Xylem, Inc. | 12,500 | 812,000 |
| **Media & Entertainment - 7.0%** | | |
| Alphabet, Inc. - Class A (a) | 1,600 | 2,268,880 |
| Pinterest, Inc. - Class A (a) | 22,500 | 498,825 |
| The Walt Disney Co. | 3,600 | 401,436 |
| | | 3,169,141 |

| COMMON STOCKS | Shares | Value |
|---|---|---|
| **Multiline Retail - 2.0%** | | |
| Dollar Tree, Inc. (a) | 10,000 | $ 926,800 |
| **Oil & Gas & Consumable Fuels - 0.9%** | | |
| WPX Energy, Inc. (a) | 65,000 | 414,700 |
| **Pharmaceuticals - 7.8%** | | |
| Abbott Laboratories | 17,500 | 1,600,025 |
| Zoetis, Inc. | 14,000 | 1,918,560 |
| | | 3,518,585 |
| **Professional Services - 3.0%** | | |
| Verisk Analytics, Inc. | 8,000 | 1,361,600 |
| **Software - 15.3%** | | |
| Adobe, Inc. (a) | 4,500 | 1,958,895 |
| Microsoft Corp. | 9,000 | 1,831,590 |
| Oracle Corp. | 27,500 | 1,519,925 |
| RealPage, Inc. (a) | 25,000 | 1,625,250 |
| | | 6,935,660 |
| **Software & Services - 4.1%** | | |
| Akamai Technologies, Inc. (a) | 17,500 | 1,874,075 |
| **Specialty Retail - 2.8%** | | |
| The Home Depot, Inc. | 5,000 | 1,252,550 |
| **Textiles, Apparel & Luxury Goods - 1.8%** | | |
| VF Corp. | 13,500 | 822,690 |
| **TOTAL COMMON STOCKS** (Cost $23,210,642) | | 44,059,137 |
| **SHORT-TERM INVESTMENTS - 3.0%** | | |
| **Money Market Funds - 3.0%** | | |
| Invesco Short-Term Investments Trust - Government & Agency Portfolio - Institutional Shares, 0.09% (b) | 1,339,369 | 1,339,369 |
| Morgan Stanley Institutional Liquidity Funds - Government Portfolio - Institutional Shares, 0.05% (b) | 21,486 | 21,486 |
| **TOTAL SHORT-TERM INVESTMENTS** (Cost $1,360,855) | | 1,360,855 |
| **Total Investments - 100.2%** (Cost $24,571,497) | | 45,419,992 |
| Liabilities in Excess of Other Assets - (0.2)% | | (79,679) |
| **TOTAL NET ASSETS - 100.0%** | | $45,340,313 |

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

*Investments are classified by industry pursuant to the Global Industry Classification Standard (GICS®), which was developed by and/or is the exclusive property of Morgan Stanley Capital International, Inc. ("MSCI") and Standard & Poor's 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.

# Statement of Assets and Liabilities
## June 30, 2020 (Unaudited)

| LKCM Aquinas Catholic Equity Fund | |
|---|---|
| **Assets:** | |
| Investments, at value* | $45,419,992 |
| Receivable for Fund shares sold | 2,367 |
| Dividends and interest receivable | 31,026 |
| Other assets | 10,969 |
| Total assets | 45,464,354 |
| **Liabilities:** | |
| Payable for Fund shares redeemed | 5,010 |
| Payable for investment advisory fees (Note B) | 42,539 |
| Payable for distribution expense (Note B) | 32,983 |
| Payable for professional fees | 13,691 |
| Payable for accounting and transfer agent fees and expenses | 9,551 |
| Payable for administrative fees | 6,669 |
| Payable for reports to shareholders | 6,198 |
| Payable for trustees' fees and officer compensation (Note B) | 5,610 |
| Payable for custody fees and expenses | 1,790 |
| Total liabilities | 124,041 |
| **Net Assets** | $45,340,313 |
| **Net Assets Consist of:** | |
| Paid in capital | $21,287,258 |
| Total distributable earnings | 24,053,055 |
| **Net Assets** | $45,340,313 |
| Shares of beneficial interest outstanding (unlimited shares of no par value authorized) | 3,027,453 |
| Net asset value per share (offering and redemption price) | $ 14.98 |
| * Cost of investments | $24,571,497 |

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

## Statement of Operations
## For the Six Months Ended June 30, 2020 (Unaudited)

| | LKCM Aquinas Catholic Equity Fund |
|---|---|
| **Investment Income:** | |
| Dividends | $ 319,650 |
| Interest | 2,992 |
| Total income | 322,642 |
| **Expenses:** | |
| Investment advisory fees (Note B) | 195,633 |
| Accounting and transfer agent fees and expenses | 35,534 |
| Distribution expense (Note B) | 21,737 |
| Administrative fees | 21,033 |
| Trustees' fees and officer compensation (Note B) | 14,649 |
| Federal and state registration | 13,468 |
| Professional fees | 11,757 |
| Reports to shareholders | 8,315 |
| Custody fees and expenses | 2,940 |
| Other | 895 |
| Total expenses | 325,961 |
| Less, expense waiver and/or reimbursement (Note B) | (108,591) |
| Net expenses | 217,370 |
| Net investment income | 105,272 |
| **Realized and Unrealized Gain (Loss) on Investments:** | |
| Net realized gain on investments | 2,969,810 |
| Net change in unrealized appreciation/depreciation on investments | (3,508,649) |
| **Net Realized and Unrealized Loss** | (538,839) |
| **Net Decrease in Net Assets Resulting from Operations** | $ (433,567) |

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

## Statements of Changes in Net Assets

**LKCM Aquinas Catholic Equity Fund**

| | *Six Months Ended June 30, 2020 (Unaudited)* | *Year Ended December 31, 2019* |
|---|---|---|
| **Operations:** | | |
| Net investment income | $ 105,272 | $ 216,703 |
| Net realized gain on investments | 2,969,810 | 5,320,117 |
| Net change in unrealized appreciation/depreciation on investments | (3,508,649) | 7,504,825 |
| Net increase (decrease) in net assets resulting from operations | (433,567) | 13,041,645 |
| **Net Dividends and Distributions to Shareholders:** | — | (4,929,412) |
| **Net decrease in net assets resulting from Fund share transactions (Note C)** | (1,634,251) | (6,036,287) |
| Total increase (decrease) in net assets | (2,067,818) | 2,075,946 |
| **Net Assets:** | | |
| Beginning of period | 47,408,131 | 45,332,185 |
| End of period | $45,340,313 | $47,408,131 |

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

# Financial Highlights

## Selected Data for Each Share of Capital Stock Outstanding

| | LKCM Aquinas Catholic Equity Fund | | | | | |
|---|---|---|---|---|---|---|
| | *Six Months Ended June 30, 2020 (Unaudited)* | *Year Ended December 31, 2019* | *Year Ended December 31, 2018* | *Year Ended December 31, 2017* | *Year Ended December 31, 2016* [(1)] | *Year Ended December 31, 2015* |
| **Net Asset Value – Beginning of Period** | $ 15.06 | $ 12.80 | $ 17.19 | $ 15.40 | $ 15.17 | $ 16.87 |
| Net investment income | 0.03[(2)] | 0.07[(2)] | 0.06[(2)] | 0.05 | 0.04 | 0.03 |
| Net realized and unrealized gain (loss) on investments | (0.11) | 3.92 | (1.46) | 3.16 | 1.41 | (0.56) |
| Total from investment operations | (0.08) | 3.99 | (1.40) | 3.21 | 1.45 | (0.53) |
| Dividends from net investment income | — | (0.08) | (0.07) | (0.05) | (0.04) | (0.04) |
| Distributions from net realized gains | — | (1.65) | (2.92) | (1.37) | (1.18) | (1.13) |
| Total dividends and distributions | — | (1.73) | (2.99) | (1.42) | (1.22) | (1.17) |
| **Net Asset Value – End of Period** | $ 14.98 | $ 15.06 | $ 12.80 | $ 17.19 | $ 15.40 | $ 15.17 |
| **Total Return** | -0.53%[(3)] | 31.16% | -7.96% | 20.79% | 9.52% | -3.28% |
| **Ratios and Supplemental Data:** | | | | | | |
| Net assets, end of period (thousands) | $ 45,340 | $ 47,408 | $ 45,332 | $ 71,058 | $62,997 | $ 44,868 |
| Ratio of expenses to average net assets: | | | | | | |
| Before expense waiver and/or reimbursement | 1.50%[(4)] | 1.51% | 1.44% | 1.43% | 1.66% | 1.55% |
| After expense waiver and/or reimbursement[(5)] | 1.00%[(4)] | 1.00% | 1.00% | 1.00% | 1.23% | 1.50% |
| Ratio of net investment income to average net assets: | | | | | | |
| Before expense waiver and/or reimbursement | (0.02)%[(4)] | (0.05)% | (0.12)% | (0.14)% | (0.15)% | 0.14% |
| After expense waiver and/or reimbursement[(5)] | 0.48%[(4)] | 0.46% | 0.32% | 0.29% | 0.28% | 0.19% |
| Portfolio turnover rate | 12%[(3)] | 12% | 14% | 18% | 18% | 11% |

(1) Effective upon the close of business on July 29, 2016, the LKCM Aquinas Growth Fund and the LKCM Aquinas Small Cap Fund were reorganized into the LKCM Aquinas Value Fund and the Fund was renamed the LKCM Aquinas Catholic Equity Fund. Activity after July 29, 2016 reflects the Funds' combined operations.

(2) Net investment income per share represents net investment income divided by the average shares outstanding throughout the period.

(3) Not annualized.

(4) Annualized.

(5) Effective August 1, 2016, the Fund's investment adviser contractually agreed to lower the expense cap for the Fund from 1.50% to 1.00% of the Fund's average daily net assets and the fees charged under the Fund's Rule 12b-1 plan changed from 0.25% per annum to 0.10% per annum as of August 1, 2016.

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 statutory trust on February 10, 1994 and consists of seven diversified series as of June 30, 2020, one of which is presented herein: the LKCM Aquinas Catholic Equity Fund (the "Fund"). On July 11, 2005, the LKCM Aquinas Funds acquired the assets and assumed the liabilities of the Aquinas Funds. Effective upon the close of business on July 29, 2016, the LKCM Aquinas Small Cap Fund and the LKCM Aquinas Growth Fund reorganized into the LKCM Aquinas Value Fund, which changed its name immediately thereafter to the LKCM Aquinas Catholic Equity Fund and its investment strategies and expenses, including the expense limitation agreement, changed to the investment strategies and expenses, including the expense limitation agreement, of the LKCM Aquinas Catholic Equity Fund. The Fund is subject to expenses pursuant to the Rule 12b-1 plan described in Note B. The Fund charges a 1% redemption fee for redemptions of Fund shares held for less than 30 days, unless otherwise determined by the Fund in its discretion.

The LKCM Aquinas Catholic Equity Fund seeks to maximize long-term capital appreciation, while incorporating Catholic values investing principles in the investment process. The LKCM Aquinas Catholic Equity Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of companies that Luther King Capital Management Corporation (the "Adviser") believes are likely to have above-average growth in revenue and/or earnings, above-average returns on shareholders' equity, potential for above-average capital appreciation, and/or companies the Adviser believes have attractive relative valuations.

The Fund practices socially responsible investing within the framework provided by the United States Conference of Catholic Bishops' Socially Responsible Investment Guidelines (the "Guidelines"). The 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 may conflict with the Guidelines, and/or potentially excluding from the Fund's portfolio 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 Fund for policies on various issues contemplated by the Guidelines. If the 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 Fund in preparation of the financial statements. The Fund is an investment company and, accordingly, follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standards Codification Topic 946, *Investment Companies*.

**1. Security Valuation:** Equity securities listed or traded on a U.S. securities exchange for which market quotations are readily available are valued at the last quoted sale price on the exchange on which the security is primarily traded. Nasdaq Global Market securities are valued at the Nasdaq Official Closing Price ("NOCP"). Unlisted U.S. equity securities and listed U.S. equity securities not traded on a particular valuation date are valued at the mean of the most recent quoted bid and ask price on the relevant exchanges or markets. Equity securities listed on a foreign exchange for which market quotations are readily available are valued at the last quoted sales price on the exchange on which the security is primarily traded. Debt securities are normally valued at the mean of the closing bid and ask price and/or by using a combination of broker quotations or evaluated prices provided by an independent pricing service. Futures and options on futures are valued at the settlement prices established each day on the principal exchange on which they are traded. Forward contracts are valued based on the forward rate using information provided by an independent pricing service. Other assets and securities for which no market or broker quotations or evaluated prices are readily available are valued in good faith at fair value using guidelines approved by the Board of Trustees. The Board of Trustees has established policies and procedures that authorize the Adviser to fair value a security in good faith under certain circumstances. The Fund may use prices provided by independent pricing services to assist in the fair valuation of the Fund's 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. 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. As of June 30, 2020, the Fund's assets carried at fair value were classified as follows:

**LKCM Aquinas Catholic Equity Fund**

| Description | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Common Stocks | $44,059,137 | $ — | $ — | $44,059,137 |
| Money Market Funds | 1,360,855 | — | — | 1,360,855 |
| Total Investments* | $45,419,992 | $ — | $ — | $45,419,992 |

* Additional information regarding the industry classifications of these investments is disclosed in the Schedule of Investments.

**2. Federal Income Taxes:** The Fund has elected to be treated as a "regulated investment company" under Subchapter M of the Internal Revenue Code and the 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 Fund generally intends to declare and pay income dividends and distribute net capital gain, 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 securities of U.S. issuers. 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 in the Trust 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 Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims against the Fund that have not yet occurred. Based on experience, the Fund expects the risk of loss to be remote.

**8. Security Transactions and Investment Income:** 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. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable jurisdiction's tax rules and rates. 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. The Fund may hold the securities of real estate investment trusts ("REITs"). Distributions from such investments may include income, capital gains and return of capital.

**9. Other:** Distributions from net investment income and realized capital gains are determined in accordance with income tax regulations, which may differ from U.S. GAAP. Certain capital accounts in the consolidated financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These permanent differences are primarily due to the varying treatment of income and gain/loss on portfolio securities held by the Fund and have no impact on net assets or NAV per share.

**10. Restricted and Illiquid Securities:** The Fund is permitted to invest in securities that are subject to legal or contractual restrictions on resale including investments considered by the Fund to be illiquid. Restricted securities generally may be resold in transactions exempt from registration. Illiquid investments are investments that the Fund reasonably expects cannot be sold or disposed of in current market conditions within seven calendar days or less in the ordinary course of business without the sale or disposition significantly changing the market value of the investment. 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:** The Adviser serves as the investment adviser to the Fund under an Investment Advisory Agreement (the "Agreement"). The Adviser receives a fee, computed daily and payable quarterly, at the annual rate presented below as applied to the Fund's average daily net assets. The Adviser has contractually agreed to waive all or a portion of its management fee and/or reimburse expenses of the Fund through May 1, 2021 in order to limit the Fund's operating expenses to the annual cap rate identified below. This expense limitation excludes interest, taxes, brokerage commissions, indirect fees and expenses relating to investments in other investment companies, including money market funds, and extraordinary expenses. For the six months ended June 30, 2020, the Adviser waived the following management fees and/or reimbursed expenses to meet its expense cap obligations for the Fund:

| | |
|---|---|
| Annual Management Fee Rate | 0.90% |
| Annual Cap on Expenses | 1.00% |
| Fees Waived and/or Expenses Reimbursed in 2020 | $108,591 |

The Trust reimburses the Adviser for a portion of compensation paid to the Trust's Chief Compliance Officer. This compensation is reported as part of the "Trustees fees and officer compensation" expense on the Statement of Operations.

U.S. Bancorp Fund Services, LLC ("U.S. Bancorp"), doing business as U.S. Bank Global Fund Services, serves as transfer agent and administrator for the Fund and serves as accounting services agent for the Fund. U.S. Bank, N.A. serves as custodian for the Fund.

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

Effective March 31, 2020, Foreside Financial Group, LLC ("Foreside") acquired Quasar, the Fund's distributor, from U.S. Bancorp. As a result of the acquisition, Quasar became a wholly-owned broker-dealer subsidiary of Foreside and is no longer affiliated with U.S. Bancorp. The Board of Trustees of the Fund has approved a new Distribution Agreement to enable Quasar to continue serving as the Fund's distributor.

The Trust has adopted a Rule 12b-1 plan for the Fund, under which the Fund may pay an annualized fee of up to 1.00% of its average daily net assets for distribution and other services. However, the Board of Trustees has currently only authorized an annual fee of 0.10% of the average daily net assets for the Fund. Prior to August 1, 2016, the Fund assessed an annual Rule 12b-1 fee of 0.25% of the average daily net assets for the Fund. For the six months ended June 30, 2020, fees incurred by the Fund pursuant to the 12b-1 Plan were $21,737.

**C. Fund Shares:** At June 30, 2020, there was an unlimited number of shares of beneficial interest, no par value, authorized. The following table summarizes the activity in shares of the Fund:

| | Six Months Ended June 30, 2020 | | Year Ended December 31, 2019 | |
|---|---|---|---|---|
| | **Shares** | **Amount** | **Shares** | **Amount** |
| Shares sold | 50,296 | $ 727,848 | 148,983 | $ 2,264,439 |
| Shares issued to shareholders in reinvestment of distributions | — | — | 316,326 | 4,767,041 |
| Shares redeemed | (171,373) | (2,362,265) | (858,817) | (13,067,846) |
| Redemption fee | | 166 | | 79 |
| Net decrease | (121,077) | $(1,634,251) | (393,508) | $ (6,036,287) |
| **Shares Outstanding:** | | | | |
| Beginning of period | 3,148,530 | | 3,542,038 | |
| End of period | 3,027,453 | | 3,148,530 | |

**D. Security Transactions:** Purchases and sales of investment securities, other than short-term investments, for the Fund for the six months ended June 30, 2020 were as follows:

| Purchases | | Sales | |
|---|---|---|---|
| **U.S. Government** | **Other** | **U.S. Government** | **Other** |
| $ — | $5,208,469 | $ — | $7,512,221 |

**E. Tax Information:** At December 31, 2019, the components of accumulated earnings (losses) on a tax basis for the Fund were as follows:

| | |
|---|---|
| Tax Cost of Investments | $23,131,563 |
| Gross Unrealized Appreciation | $24,486,473 |
| Gross Unrealized Depreciation | (129,329) |
| Net Unrealized Appreciation | $24,357,144 |
| Undistributed Ordinary Income | $ 5,453 |
| Undistributed Long-Term Capital Gain | 124,025 |
| Total Distributable Earnings | $ 129,478 |
| Other Accumulated Losses | $ — |
| Total Accumulated Gains | $24,486,622 |

To the extent the Fund realizes future net capital gains, taxable distributions will be reduced by any unused capital loss carryforwards as permitted by the Internal Revenue Code. At December 31, 2019, the Fund had no capital loss carryforwards.

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

| Six Months Ended June 30, 2020 | | Year Ended December 31, 2019 | |
|---|---|---|---|
| **Ordinary Income** | **Long-Term Capital Gains** | **Ordinary Income** | **Long-Term Capital Gains** |
| $ — | $ — | $216,623 | $4,712,789 |

The Fund designated earnings and profits distributed to shareholders upon the redemption of shares during 2019 in determining undistributed net capital gains as of December 31, 2019.

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 Fund's financial position or results of operations. Tax years that remain open to examination by major tax jurisdictions include tax years ended December 31, 2016 through December 31, 2019. 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, 2019. The Fund is 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 Fund would recognize interest accrued related to unrecognized tax benefits in "interest expense" and penalties in "other expense" on the statement of operations.

**F. Other Matters:** The global outbreak of COVID-19 (commonly referred to as "coronavirus") has disrupted economic markets and the prolonged economic impact is uncertain. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual issuers, are not known. The operational and financial performance of the issuers of securities in which the Fund invests depends on future developments, including the duration and spread of the outbreak, and such uncertainty may in turn adversely affect the value and liquidity of the Fund's investments, impair the Fund's ability to satisfy redemption requests, and negatively impact the Fund's performance.

**G. Subsequent Events:** In preparing these financial statements, management has evaluated the Fund's related events and transactions that occurred subsequent to June 30, 2020 through the date the financial statements were issued and has determined that there were no significant subsequent events requiring recognition or disclosure in the financial statements.

**Availability of Proxy Voting Information:** A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to its portfolio securities, as well as information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, 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 period ended June 30 (as filed with the SEC on Form N-PX) are available without charge, upon request, by calling the Fund toll free at 1-800-423-6369 or by accessing the SEC's website at www.sec.gov.

**Availability of Quarterly Portfolio Schedule:** The Fund files a complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Part F of Form N-PORT. The Fund's Part F of Form N-PORT is available on the SEC's website at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-732-0330. The Fund's Part F of Form N-PORT may also be obtained by calling toll-free 1-800-423-6369.

## RENEWAL OF INVESTMENT ADVISORY AGREEMENT WITH RESPECT TO LKCM AQUINAS CATHOLIC EQUITY FUND

Introduction. At a meeting held on February 25, 2020, 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, on behalf of the LKCM Aquinas Catholic Equity Fund (the "Fund").

In voting to approve the renewal of the Agreement, the Board considered information furnished throughout the year at regularly scheduled Board meetings, as well as information prepared specifically in connection with the annual renewal process. The Board also considered the overall fairness of the Agreement and factors it deemed relevant with respect to the Fund, including, but not limited to: (1) the nature, extent and quality of the services provided to the Fund; (2) the performance of the Fund as compared to a relevant benchmark and peer group of funds compiled by Lipper, Inc. ("Lipper"); (3) the contractual advisory fee rate, actual advisory fee rate and net expense ratio of the Fund and how those compared to a peer group of funds compiled by Broadridge Financial Solutions, Inc. ("Broadridge"); (4) the costs of services provided to the Fund and the profitability of LKCM with respect to such services; (5) the extent to which economies of scale would be realized by LKCM as the Fund grows and whether the fee levels reflect economies of scale for the benefit of investors; and (6) any other benefits derived by LKCM from its relationship with the Fund. The Board did not identify any single factor or item of information as controlling, and each Board member may have accorded different weights to the various factors in reaching his conclusions with respect to the Agreement.

In considering the renewal of the Agreement, the Board requested and considered a broad range of information provided by LKCM, including, but not limited to, reports relating to the Fund's Catholic-values investing mandate, the Fund's performance and expenses, 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 legal duties in considering the renewal of the Agreement. The Board also meets each quarter to review the Fund's performance and expenses and various aspects of the Fund's operations.

Nature, Extent and Quality of Services. The Board reviewed and considered the nature, extent and quality of the advisory services provided by LKCM to the Fund under the Agreement. The Board considered that LKCM was established in 1979 and provides investment management services to private funds, foundations, endowments, pension plans, trusts, estates, high net worth individuals and other clients. The Board recognized that LKCM is responsible for managing the Fund, including identifying investments for the Fund, monitoring the Fund's investment program, executing trades and overseeing the Fund's performance and compliance with applicable rules and regulations and the Fund's investment policies. The Board considered LKCM's financial resources, insurance coverage, culture of compliance and compliance operations that support the Fund. The Board also considered LKCM's representation that it has invested considerable resources into the firm and its personnel to augment investment management and client service. The Board reviewed information regarding the portfolio managers and other key personnel who provide services to the Fund and considered LKCM's representation that the firm historically has experienced low personnel turnover. The Board also considered LKCM's representation that the firm has implemented a compensation structure designed to attract and retain highly qualified investment professionals.

The Board also reviewed the compliance services provided to the Fund by LKCM, including LKCM's oversight of the Fund's day-to-day operations. The Board considered the quality of LKCM's compliance personnel. In addition, the Board considered LKCM's summary of its oversight of the Fund's key service providers. The Board also considered LKCM's description of its best execution practices and noted LKCM's representation that its soft-dollar and commission-sharing arrangements for client transactions (including those for the Fund) comply with the requirements of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Performance of the Fund. The Board considered the performance of the Fund compared to the Fund's benchmark index, the S&P 500 Index ("benchmark"), a peer group of funds compiled by Broadridge and Lipper, and a Lipper peer group index ("Lipper Index") for various time periods ended December 31, 2019. The Board noted that, upon the closing of the reorganizations of the LKCM Aquinas Small Cap Fund and LKCM Aquinas Growth Fund into the Fund (the "Reorganization"), the Fund's name, investment strategies, expenses, benchmark index and Lipper index changed and considered this in reviewing the Fund's longer-term performance against its current benchmark and Lipper Index. The Board also considered LKCM's discussion of the Fund's performance.

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

In considering the comparative performance data, the Board noted that the Fund is managed in accordance with its Catholic-values investing guidelines, which restrict the Fund's investments and generally are not applicable to the benchmark or the funds included in the Lipper Index. The Board noted LKCM's representation that its investment strategy for the Fund focuses on investments in higher quality companies that meet LKCM's stringent investment criteria, and that the Fund pursued a value investing strategy prior to the Reorganization, which had underperformed growth investing strategies during certain periods. The Board also considered certain additional factors cited by LKCM as contributing to or detracting from the Fund's performance during the prior year.

Fees and Expenses. The Board considered the contractual advisory fee rate, effective advisory fee rate (the contractual advisory fee rate net of fee waivers and/or expense reimbursements), total expense ratio and net expense ratio (the total expense ratio, including

Rule 12b-1 fees and non-Rule 12b-1 service fees, after fee waivers and/or expense reimbursements) of the Fund. The Board also considered that LKCM had contractually agreed to continue the current fee waivers and expense caps in effect for the Fund through May 1, 2021.

The Board compared the Fund's contractual advisory fee rate, effective advisory fee rate and net expense ratio to a category of similar funds compiled by Broadridge ("Expense Group") and a broader category comprised of the Fund, the Expense Group and other similar retail funds ("Expense Universe"). The Broadridge reports did not include a comparison of the Fund's contractual advisory fee rate relative to the Expense Universe. For the Expense Group, contractual advisory fee rates were compared at the Fund's asset level. The first quartile in an Expense Group and Expense Universe represents those funds with the lowest fees or expenses.

The Board noted that the Fund's contractual advisory fee rate was in the third quartile of its Expense Group and the Fund's effective advisory fee rate was in the first quartile of its Expense Group and Expense Universe. The Board also considered that the Fund's net expense ratio was in the second quartile of its Expense Group and third quartile of its Expense Universe. In this case, the Fund's contractual advisory fee rate was higher than the median of its Expense Group, its effective advisory fee rate was lower than the median of its Expense Group and Expense Universe and its net expense ratio was lower than the median of its Expense Group and higher than the median of its Expense Universe.

The Board considered that, although the Fund's contractual advisory fee rate was higher than those of its peers, the expense cap arrangements caused the Fund's effective advisory fee rate and overall net expense ratio to be lower than, or in line with, those of its peers.

Costs, Profitability and Economies of Scale. The Board considered LKCM's costs in rendering services to the Fund and the profitability of LKCM. The Board reviewed the fees paid by the Fund to LKCM for the last three calendar years. The Board also reviewed the estimated profit and loss statement provided by LKCM for the past calendar year, before and after any distribution payments made by LKCM. The Board noted that, during the year, LKCM had invested significant resources to cap the Fund's net expense ratio and facilitate the distribution of the Fund. With respect to economies of scale, the Board considered that the Fund generally benefits from a competitive effective advisory fee rate and net expense ratio despite not having reached an asset size at which economies of scale traditionally would be considered to exist. The Board also considered that, while there are no breakpoints in the Fund's advisory fee rate schedule, LKCM waives fees and/or reimburses expenses to maintain the Fund's effective advisory fee rate and net expense ratio at a competitive level.

Benefits Derived by LKCM from Its Relationship with the Fund. The Board requested and considered information regarding the potential fall-out benefits to LKCM from its association with the Fund. The Board noted that LKCM believes that both LKCM and the Fund benefit from LKCM's soft-dollar and commission-sharing arrangements, which enhance the level of research that LKCM performs on the Fund's portfolio companies. The Board also noted that LKCM believes its relationship with the Fund provides an indirect benefit to both parties in the form of enhanced recognition among institutional and other investors, consultants and other members of the financial community. The Board considered the indirect benefits to LKCM of this recognition, in the form of additional clients with separately managed portfolios or subadvisory relationships with other mutual funds, which also may attract additional investors to the Fund.

Conclusion. Based on its evaluation of these and other factors, the Board: (1) concluded that the fees paid to LKCM under the Agreement are fair and reasonable; (2) determined that shareholders would benefit from LKCM's continued management of the Fund; and (3) approved the renewal of the Agreement.

## ANNUAL REPORT REGARDING LIQUIDITY RISK MANAGEMENT PROGRAM

Pursuant to Rule 22e-4 under the Investment Company Act of 1940, as amended (the "Liquidity Rule"), LKCM Funds (the "Trust") has adopted a liquidity risk management program ("Program"). The Program sets forth the Trust's policies and procedures with respect to the management of liquidity risk for the separate series of the Trust (each, a "Fund"). Liquidity risk is generally defined as the risk that a Fund could not meet a request to redeem shares issued by the Fund without significant dilution of the interest of the remaining shareholders of the Fund.

As required by the Liquidity Rule, the Program addresses: (1) the assessment, management and periodic review of each Fund's liquidity risk; (2) the liquidity classification of each Fund's portfolio investments as a highly liquid, moderately liquid, less liquid or illiquid investment; (3) the determination of a highly liquid investment minimum ("HLIM") for a Fund that does not primarily hold highly liquid investments, and procedures to respond to a shortfall in a Fund's HLIM; (4) a limitation on each Fund's investment in illiquid investments of 15% of the Fund's net assets; and (5) redemptions in kind.

The Trust's board of trustees ("Board") has reviewed and approved the Program. The Board has designated Luther King Capital Management Corporation ("LKCM"), the Trust's investment adviser, as the Program administrator ("Administrator") with responsibility for administering the Program.

At a meeting of the Board held on May 19, 2020, the Board reviewed a written report ("Report") from the Administrator addressing the operation of the Program and assessing the adequacy and effectiveness of its implementation, for the period commencing with the Program's partial implementation on June 1, 2019 through March 31, 2020. The Report reflected that each Fund was invested primarily in highly liquid assets and had sufficient cash flows to manage its liquidity requirements. The Report concluded that the Program is adequate and effective in managing the Funds' liquidity risks.

# LKCM FUNDS
# PRIVACY NOTICE

## Our Commitment to Your Privacy

At LKCM Funds, we are committed to safeguarding the confidentiality and privacy of nonpublic personal information about our current and former shareholders. This privacy notice describes the types of nonpublic personal information we collect about you and the sources through which we obtain this information, the purposes for which we obtain and use your nonpublic information, and the policies and procedures we have implemented to protect the privacy of your nonpublic personal information.

## How We Protect Your Nonpublic Personal Information

Protecting your nonpublic personal information is an important priority at LKCM Funds. Accordingly, we have implemented policies and procedures designed to safeguard your nonpublic personal information, such as your tax identification number, account and investment history, account numbers, account balances and nonpublic contact information, from unauthorized access or use. Pursuant to these policies and procedures, we maintain various physical, technological, and administrative safeguards to protect the security and confidentiality of your nonpublic personal information, and we adapt these safeguards to respond to evolving technological and other standards.

We do not disclose nonpublic personal information about you to non-affiliated firms, organizations or individuals except as authorized by you or your representatives or as required or permitted by law. We may disclose nonpublic personal information about you to nonaffiliated third parties, such as custodians, brokers, auditors, accountants, and systems and administrative service providers, in connection with the services we provide to you or on your behalf. When we provide nonpublic personal information about you to nonaffiliated third parties for these purposes, we expect them to safeguard your nonpublic personal information, use your nonpublic personal information only for the intended purposes and otherwise abide by applicable law.

## How We Obtain Your Nonpublic Personal Information

We collect nonpublic personal information about you from various sources, including documents, new account applications and other information that you or your representatives, custodians, attorneys, accountants or similar parties provide to us, communications that we have with you or your representatives, custodians, attorneys, accountants or similar parties, and documents and other information related to your accounts or investment experience with us.

Please do not hesitate to contact Jacob D. Smith, our Chief Compliance Officer, if you have any questions regarding this privacy notice or the measures we have implemented to protect the privacy of your nonpublic personal information.

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