LKCM AQUINAS
CATHOLIC EQUITY FUND

**LKCM Aquinas Catholic Equity Fund**

Annual Report
December 31, 2017

**Dear Fellow Shareholders:**

We report the following performance information for the LKCM Aquinas Catholic Equity Fund for the indicated periods ended December 31, 2017:

| Funds | Inception Dates | NAV @ 12/31/17 | Net Expense Ratio*, ** | Gross Expense Ratio** | One Year Total Return Ended 12/31/17 | Five Year Average Annualized Return Ended 12/31/17 | Ten Year Average Annualized Return Ended 12/31/17 | Avg. Annual Total Return Since Incept.*** |
|---|---|---|---|---|---|---|---|---|
| LKCM Aquinas Catholic Equity Fund(1) | 7/11/05 | $17.19 | 1.00% | 1.44% | 20.79% | 11.92% | 6.79% | 7.59% |
| S&P 500® Index(2) | | | | | 21.83% | 15.79% | 8.50% | 8.81% |

*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 the expense ratio designated in the Fund's current prospectus through May 1, 2018. 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. Investment performance 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 fiscal year ended December 31, 2017.

** Expense ratios above are as of May 1, 2017, as reported in the Fund's current prospectus. 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. As further described below, 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.*

**2017 Review**

A year ago investors were attempting to understand the implications of President-elect Donald Trump's agenda of tax reform, lighter regulation, and infrastructure spending to spur economic growth and create jobs. Initial investor optimism eroded in March as the failure to repeal and replace Obamacare, a Republican-controlled Congress' multi-year objective, cast doubt on the potential for the White House to accomplish other legislative agenda items, chiefly tax reform. Despite the legislative set back, three interest rate hikes by the Federal Reserve Board, and trade policy concerns, healthy corporate profit growth following two years of stagnation propelled the equity market to a record high in 2017. The S&P 500® Index rose 21.83% for the year ended December 31, 2017, driven by higher earnings growth and expanded earnings multiples. The market advance was broad-based and persistent. Nine of the eleven equity market sectors recorded a positive return for the year, led by the Information Technology sector. In addition, the S&P 500® Index rose during each month of the year – a first for the index. We believe the strong equity market performance reflected the continued improvement of economic data, particularly related to manufacturing, housing, and jobs.

Despite significant strength in broad equity market indices over the past year, we believe equity market internals were less impressive. First, the S&P 500® Index, which is market-capitalization weighted, outperformed the S&P 500® Equal Weight Index, an equal-weighted version of the S&P 500® Index, by 2.9% during the year. We believe this market characteristic is often associated with undistinguished market performance. Second, the performance of small capitalization stocks, as measured by the Russell 2000® Index, trailed the S&P 500® Index, which is generally comprised of large capitalization stocks, by approximately 7.2% for the year. We believe the performance of the equity market in 2017 was also remarkable for its lack of daily volatility. There were only seven trading days in 2017 when the S&P 500® Index changed by greater than 1% but less than 2%. Moreover, the last year in which the equity markets, as measured by the S&P 500® Index, recorded no daily moves greater than 2% was 2005.

Turning to interest rates, after a roller-coaster year the yield on the 10-Year Treasury closed 2017 at 2.41%, a mere 0.04% less than where the yield began the year. The peak in yield on the 10-Year Treasury during 2017 of 2.63% occurred in March, two days prior to the third interest rate increase by the Federal Reserve Board for this tightening cycle. It appeared that jobs data was improving and investors began discounting the potential for rising inflation and further interest rate hikes by the Federal Reserve Board. The peak in the 10-Year Treasury yield coincided with investor concern regarding the White House agenda following the failure of Congress and the Administration to revamp health care regulation. In addition, geopolitical tension with regard to Syria and North Korea was rising and the U.S. dollar continued to weaken. On the heels of the 0.25% interest rate increase by the Federal Reserve Board in March, the Federal Reserve Board raised rates an additional 0.25% in June and December. The short end of the yield curve rose dramatically, partially in reaction to an increased pace of interest rate hikes. The yield on the 2-Year Treasury reached a nine-year high by late October and finished the year yielding 1.89%. The result was a dramatic flattening of the yield curve, or the difference in yields between the 2-Year Treasury and the 10-Year Treasury. In our view, a flattening of the yield curve has historically been viewed as a harbinger of slowing economic growth and rising recession risk. We believe that this traditional reading of a flattening yield curve is less applicable in today's environment where long yields are weighed down by ultra-low global bond yields, particularly in the Eurozone. Finally, due to the sharp rise in the 2-Year Treasury yield during 2017 we believe it is competitive with the dividend yield on the S&P 500® Index for the first time since 2008.

In our view, the current expansion is likely to continue as fiscal stimulus in the form of lower tax rates and the probability of infrastructure spending should propel economic growth into the second half of 2019. We believe if the economy were to post two consecutive quarters of economic contraction, it would likely be the result of overly tight monetary policy or the ever possible exogenous shock to the economy caused by a geopolitical event. We believe such risks are unlikely to occur, but the possibility remains. We believe it is much more likely that the Federal Reserve Board accelerates its pace of interest rate hikes in 2018 in response to rising inflation.

**2018 Outlook**

The prior year ended with passage of the most sweeping tax reform legislation in over 30 years. We believe the permanent reduction in the corporate tax rate to 21% from the highest 35% bracket will have significant, though uneven, implications for corporations. We are mindful of a corporation's effective tax rate, which represents the amount corporations actually pay in taxes as a share of their pre-tax income. Historically, the effective tax rate could be materially less than the highest statutory tax rate of 35%. This paradox was especially true of multinational companies owing to the peculiar nature of our nation's approach to the taxation of foreign earnings of domestic companies.

We believe the reduction in the corporate tax rate is a clear near-term tailwind for corporate earnings and we have upgraded our outlook for the equity market in 2018. We also believe it would be unusual for the equity market to decline during a year in which we anticipate corporate profits to rise at a mid-teen growth rate. While optimistic about the prospects for economic growth and the equity market, we believe the timing of the tax cuts paradoxically increases the risk of shortening the current business cycle. In the past, Congress has used tax cuts to revive economic growth following recessions. The recent tax cut, in contrast, arrives in year nine of economic growth and amidst what we believe are clear signs of strengthening manufacturing, better housing data, tightening labor conditions, rising energy prices, and a falling U.S. dollar. We believe real economic growth should accelerate from the 2% level recorded in recent years to closer to 3% for 2018. Such a move could ignite inflationary pressures thereby prompting the Federal Reserve Board to quicken its pace of interest rate hikes and bring about the familiar close of a business cycle through an overtightening of monetary policy. We believe inflationary readings will be key data to monitor in 2018 for signs the Federal Reserve may accelerate monetary tightening.

We anticipate that Gross Domestic Product, or GDP, growth will accelerate in 2018 driven in part by higher personal consumption, which represents almost 70% of GDP. We believe most workers should see an increase in their payroll check this year because of the new tax legislation. This incremental consumer income is arriving at a time when the personal savings rate of 2.9% of personal disposable income is near a decade low level. Americans were saving an average of 6.0% of personal disposable income as recently as the fourth quarter of 2015. We believe real GDP growth could potentially rise to 3% for 2018 and corporate profits could grow between 15% and 18% year-over-year, which would indicate the economy is set to receive a near-term dose of fiscal stimulus. We believe it would be unusual for equity prices to perform poorly against this economic backdrop although we would not be surprised if the equity market retraced 5% to 10%, or greater, at some point within the next year as we believe the equity market is historically overdue for a correction.

**LKCM Aquinas Catholic Equity Fund**

The LKCM Aquinas Catholic Fund advanced 20.79% for the year ended December 31, 2017 compared to the 21.83% return for the Fund's benchmark, the S&P 500® Index. The Fund finished the year very strong with an 8.40% return for the fourth quarter of 2017, well above the S&P 500® Index return of 6.64% for the quarter. The Fund benefited from solid sector allocation decisions throughout the year relative to the benchmark, which was offset slightly by stock selection decisions relative to the benchmark. For 2017, the Fund's relative performance benefited from an overweight position in the Information Technology and Materials sectors and an underweight position in the Real Estate, Telecom, Utilities, and Consumer Staples sectors, while the Fund's overweight position in the Energy sector detracted from relative performance. Stock selection in the Industrials and Energy sectors contributed to the Fund's relative performance, while stock selection in the Financials and Consumer Discretionary sectors detracted from the Fund's relative performance.

The equity market trended higher as the year progressed, following the expectation of an improving economy with strong earnings gains as evidenced by the outperformance of the highly economically sensitive Information Technology and Materials sectors and the limited positive performance from the Consumer Staples, Telecom and Utilities sectors. We believe our emphasis on companies that pay higher effective tax rates, and which should therefore benefit from the passing of the recent tax legislation, also proved beneficial to the Fund's performance.

Entering 2018, we believe the Fund is well-positioned given its intended emphasis on companies that have financial flexibility resulting from solid balance sheets and which we believe should benefit from an improved operating environment expected from the anticipated economic lift resulting from the recent tax legislation. We believe that many of the Fund's portfolio holdings should also benefit from the repatriation of cash formerly held overseas in response to the recent tax legislation.

Our outlook is for continued global growth, which we believe will drive strong corporate earnings, likely higher interest rate levels, and possibly increased inflation. We expect that anticipated corporate earnings increases will likely offset any compression in price-earnings multiples. In the event corporate earnings gains do not develop as we expect or inflation causes interest rates to increase more than we expect, we believe the stock market advance may pause or even reverse somewhat pending more clarity around economic growth.

J. Luther King, Jr., CFA, CIC
February 3, 2018

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 pages 9-10 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. 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.***

Price/earnings ratio is the market price of a company share divided by the earnings per share of the company.

Dividend yield is a dividend expressed as a percentage of current share price.

The Russell 2000® Index is an unmanaged index consisting of the 2,000 smallest companies in the Russell 3000® Index.

The S&P 500® Equal Weight Index is the equal-weight version of the S&P 500® Index. It has the same constituents as the capitalization weighted S&P 500® Index, but each company is allocated a fixed weight of 0.2 percent quarterly.

Must be preceded or accompanied by a prospectus.

Quasar Distributors, LLC, distributor.

## PERFORMANCE:

The following information illustrates the historical performance of LKCM Aquinas Catholic Equity Fund as of December 31, 2017 compared to the Fund's benchmark and peer group indices.

**Performance data quoted represents past performance; past performance does not guarantee future results. The graph and table reflect the reinvestment of dividends and other distributions, if any, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. 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 their 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. Returns would have been lower if LKCM had not waived a portion of its management fee and/or reimbursed certain expenses of the Fund. Please see Note B to the Notes to the Financial Statements for specific information regarding management fee waiver and/or expense reimbursement arrangements for the Fund.**

An index is an unmanaged portfolio and does not trade or incur any expenses. The Lipper Large-Cap Core Funds Index, however, does reflect the fees and expenses borne by the Funds included in that index. One can not invest in an unmanaged index.

**AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2017)(1)**

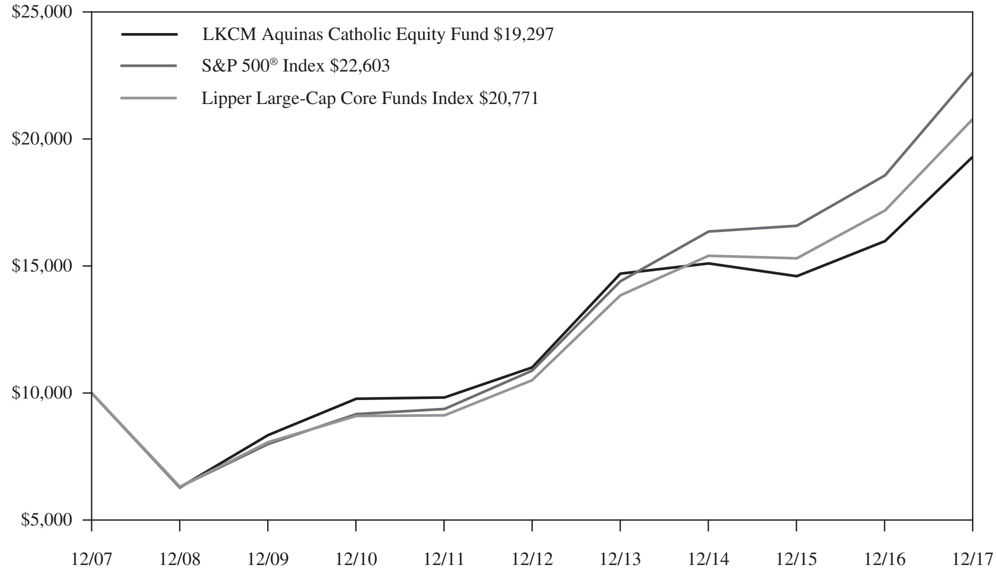
| | Past 1 Year | Past 5 Years(2) | Past 10 Years(2) | Since Inception(2)(3) |
|---|---|---|---|---|
| **LKCM Aquinas Catholic Equity Fund** | 20.79% | 11.92% | 6.79% | 7.59% |
| S&P 500® Index | 21.83% | 15.79% | 8.50% | 8.81% |
| Lipper Large-Cap Core Funds Index | 20.90% | 14.63% | 7.58% | 8.22% |

(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"). At the time the Reorganizations were completed, the LKCM Aquinas Value Fund changed its name to the LKCM Aquinas Catholic Equity Fund ("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 Equity Fund. The Fund's performance prior to August 1, 2016 reflects the Fund's prior investment strategies.

(2) Annualized.

(3) 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. At the time of the reorganization, the Adviser also changed from Aquinas Investment Advisers, Inc. to Luther King Capital Management Corporation. Due to the change in adviser and investment technique, performance is being quoted for the period after the merger. As stated above, the LKCM Aquinas Growth Fund and LKCM Aquinas Small-Cap 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 Equity Fund. The performance shown prior to August 1, 2016, is that of the LKCM Aquinas Value Fund.

**A HYPOTHETICAL $10,000 INVESTMENT IN LKCM AQUINAS CATHOLIC EQUITY FUND**
**(for the ten years ended December 31, 2017)**




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.

The Lipper Large-Cap Core Funds Index is an unmanaged index generally considered representative of large cap core mutual funds tracked by Lipper, Inc.

## LKCM Aquinas Catholic Equity Fund Expense Example — December 31, 2017

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 (7/1/17 - 12/31/17).

### 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, 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

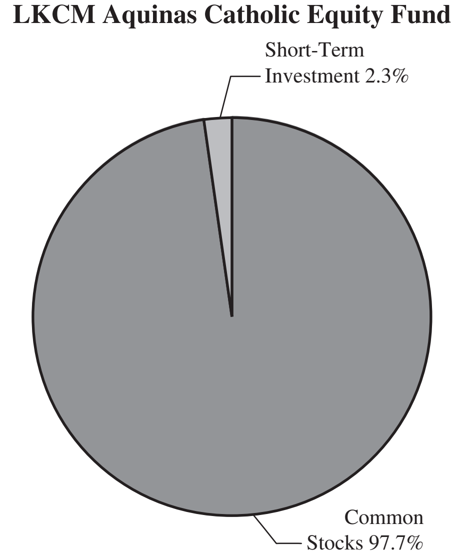
The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses 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 7/1/17 | Ending Account Value 12/31/17 | Expenses Paid During Period* 7/1/17–12/31/17 |
| Actual | $1,000.00 | $1,111.20 | $5.32 |
| Hypothetical (5% return before expense) | $1,000.00 | $1,020.16 | $5.09 |

* *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 184/365 to reflect the one-half year period.*

## ALLOCATION OF PORTFOLIO HOLDINGS — LKCM Aquinas Catholic Equity Fund — December 31, 2017

Percentages represent market value as a percentage of total investments.



## SCHEDULE OF INVESTMENTS

### December 31, 2017

| COMMON STOCKS - 98.9% | Shares | Value |
|---|---|---|
| **Aerospace & Defense - 3.2%** | | |
| Honeywell International Inc. | 15,000 | $ 2,300,400 |
| **Auto Components - 1.8%** | | |
| The Goodyear Tire & Rubber Company | 40,000 | 1,292,400 |
| **Banks - 10.1%** | | |
| Comerica Incorporated | 20,000 | 1,736,200 |
| Cullen/Frost Bankers, Inc. | 10,000 | 946,500 |
| SunTrust Banks, Inc. | 33,000 | 2,131,470 |
| Zions Bancorporation | 46,000 | 2,338,180 |
| | | 7,152,350 |
| **Beverages - 1.9%** | | |
| PepsiCo, Inc. | 11,000 | 1,319,120 |
| **Chemicals - 4.7%** | | |
| DowDuPont Inc. | 17,500 | 1,246,350 |
| Ecolab Inc. | 8,500 | 1,140,530 |
| FMC Corporation | 10,000 | 946,600 |
| | | 3,333,480 |
| **Computers & Peripherals - 2.5%** | | |
| Apple Inc. | 10,500 | 1,776,915 |
| **Construction Materials - 2.0%** | | |
| Martin Marietta Materials, Inc. | 6,500 | 1,436,760 |
| **Containers & Packaging - 0.4%** | | |
| Ball Corporation | 8,500 | 321,725 |
| **Diversified Financials - 1.5%** | | |
| JPMorgan Chase & Co. | 10,000 | 1,069,400 |
| **Electrical Equipment & Instruments - 3.3%** | | |
| Roper Technologies, Inc. | 9,000 | 2,331,000 |
| **Electronic Equipment & Instruments - 3.1%** | | |
| FLIR Systems, Inc. | 24,500 | 1,142,190 |
| Trimble Navigation Limited (a) | 27,000 | 1,097,280 |
| | | 2,239,470 |
| **Energy Equipment & Services - 2.7%** | | |
| Halliburton Company | 21,500 | 1,050,705 |
| Schlumberger Limited (b) | 12,400 | 835,636 |
| | | 1,886,341 |
| **Food Products - 2.6%** | | |
| The Kraft Heinz Company | 9,700 | 754,272 |
| Mondelez International Inc. - Class A | 25,000 | 1,070,000 |
| | | 1,824,272 |
| **Health Care Equipment & Supplies - 1.9%** | | |
| DENTSPLY SIRONA Inc. | 20,000 | 1,316,600 |
| **Household Durables - 1.5%** | | |
| Whirlpool Corporation | 6,500 | 1,096,160 |
| **Household Products - 1.1%** | | |
| Colgate-Palmolive Company | 10,000 | 754,500 |

| COMMON STOCKS | Shares | Value |
|---|---|---|
| **Insurance - 5.0%** | | |
| MetLife, Inc. | 32,500 | $ 1,643,200 |
| Prudential Financial, Inc. | 16,700 | 1,920,166 |
| | | 3,563,366 |
| **Internet & Catalog Retail - 2.5%** | | |
| Amazon.com, Inc. (a) | 1,500 | 1,754,205 |
| **Internet Software & Services - 9.9%** | | |
| Akamai Technologies, Inc. (a) | 35,000 | 2,276,400 |
| Alphabet, Inc. - Class A (a) | 2,200 | 2,317,480 |
| Alphabet, Inc. - Class C (a) | 802 | 839,213 |
| Facebook, Inc. - Class A (a) | 9,000 | 1,588,140 |
| | | 7,021,233 |
| **IT Consulting & Services - 5.4%** | | |
| Alliance Data Systems Corporation | 4,500 | 1,140,660 |
| PayPal Holdings, Inc. (a) | 36,500 | 2,687,130 |
| | | 3,827,790 |
| **Machinery - 1.5%** | | |
| Barnes Group Inc. | 10,000 | 632,700 |
| Illinois Tool Works Inc. | 2,500 | 417,125 |
| | | 1,049,825 |
| **Media - 1.1%** | | |
| Viacom Inc. - Class B | 25,000 | 770,250 |
| **Multiline Retail - 2.2%** | | |
| Burlington Stores, Inc. (a) | 1,615 | 198,693 |
| Dollar Tree, Inc. (a) | 10,000 | 1,073,100 |
| Kohl's Corporation | 5,500 | 298,265 |
| | | 1,570,058 |
| **Oil & Gas & Consumable Fuels - 8.2%** | | |
| Cabot Oil & Gas Corporation | 40,000 | 1,144,000 |
| Chevron Corporation | 7,000 | 876,330 |
| ConocoPhillips | 17,500 | 960,575 |
| EOG Resources, Inc. | 13,000 | 1,402,830 |
| Occidental Petroleum Corporation | 20,000 | 1,473,200 |
| | | 5,856,935 |
| **Pharmaceuticals - 3.6%** | | |
| Abbott Laboratories | 22,500 | 1,284,075 |
| Zoetis Inc. | 17,500 | 1,260,700 |
| | | 2,544,775 |
| **Professional Services - 1.5%** | | |
| Verisk Analytics, Inc. (a) | 11,000 | 1,056,000 |
| **Software - 8.5%** | | |
| Adobe Systems Incorporated (a) | 13,000 | 2,278,120 |
| Microsoft Corporation | 13,625 | 1,165,483 |
| Oracle Corporation | 27,500 | 1,300,200 |
| RealPage, Inc. (a) | 30,000 | 1,329,000 |
| | | 6,072,803 |

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

| COMMON STOCKS | Shares | Value |
|---|---|---|
| **Specialty Retail - 5.2%** | | |
| The Home Depot, Inc. | 9,000 | $ 1,705,770 |
| Party City Holdco Inc. (a) | 55,000 | 767,250 |
| Tiffany & Co. | 12,000 | 1,247,400 |
| | | 3,720,420 |
| **TOTAL COMMON STOCKS** | | |
| (Cost $39,568,024) | | 70,258,553 |

| SHORT-TERM INVESTMENTS - 2.3% | Shares | Value |
|---|---|---|
| **Money Market Funds - 2.3%** | | |
| Invesco Short-Term Investments Trust - Government & Agency Portfolio - Institutional Shares, 1.21% (c) | 1,650,623 | 1,650,623 |
| **TOTAL SHORT-TERM INVESTMENTS** | | |
| (Cost $1,650,623) | | 1,650,623 |
| **Total Investments - 101.2%** | | |
| (Cost $41,218,647) | | 71,909,176 |
| Liabilities in Excess of Other Assets - (1.2)% | | (851,672) |
| **TOTAL NET ASSETS - 100.0%** | | $71,057,504 |

(a) Non-income producing security.
(b) Security issued by non-U.S. incorporated company.
(c) 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
## December 31, 2017

| LKCM Aquinas Catholic Equity Fund | |
|---|---|
| **Assets:** | |
| Investments, at value* | $71,909,176 |
| Receivable for Fund shares sold | 41,389 |
| Dividends and interest receivable | 49,872 |
| Other assets | 16,717 |
| Total assets | 72,017,154 |
| **Liabilities:** | |
| Payable for Fund shares redeemed | 799,795 |
| Payable for investment advisory fees (Note B) | 80,547 |
| Payable for distribution expense (Note B) | 29,652 |
| Payable for Trustees' fees | 1,742 |
| Payable for custody fees and expenses | 1,170 |
| Accrued expenses and other liabilities | 46,744 |
| Total liabilities | 959,650 |
| **Net Assets** | $71,057,504 |
| **Net Assets Consist of:** | |
| Paid in capital | $40,309,956 |
| Accumulated net investment income | 11,597 |
| Accumulated net realized gain on securities | 45,422 |
| Net unrealized appreciation on investments | 30,690,529 |
| **Net Assets** | $71,057,504 |
| **Net Assets** | $71,057,504 |
| Shares of beneficial interest outstanding (unlimited shares of no par value authorized) | 4,134,669 |
| Net asset value per share (offering and redemption price) | $ 17.19 |
| * Cost of Investments | $41,218,647 |

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

# Statement of Operations

## For the Year Ended December 31, 2017

| | LKCM Aquinas Catholic Equity Fund |
|---|---|
| **Investment Income:** | |
| Dividends | $ 816,994 |
| Interest | 10,665 |
| Total income | 827,659 |
| **Expenses:** | |
| Investment advisory fees (Note B) | 579,021 |
| Distribution expense (Note B) | 64,336 |
| Accounting and transfer agent fees and expenses | 81,435 |
| Administrative fees | 53,240 |
| Federal and state registration | 29,102 |
| Reports to shareholders | 38,111 |
| Professional fees | 27,879 |
| Trustees' fees | 15,294 |
| Custody fees and expenses | 7,516 |
| Other | 25,756 |
| Total expenses | 921,690 |
| Less, expense waiver and/or reimbursement (Note B) | (278,333) |
| Net expenses | 643,357 |
| Net investment income | 184,302 |
| **Realized and Unrealized Gain on Investments:** | |
| Net realized gain on investments | 5,621,042 |
| Net change in unrealized appreciation/depreciation on investments | 6,425,935 |
| **Net Realized and Unrealized Gain on Investments** | 12,046,977 |
| **Net Increase in Net Assets Resulting from Operations** | $12,231,279 |

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

# Statements of Changes in Net Assets

**LKCM Aquinas Catholic Equity Fund**

| | *Year Ended December 31, 2017* | *Year Ended December 31, 2016* |
|---|---|---|
| **Operations:** | | |
| Net investment income | $ 184,302 | $ 141,476 |
| Net realized gain on investments | 5,621,042 | 6,453,107 |
| Net change in unrealized appreciation/depreciation on investments | 6,425,935 | (2,295,797) |
| Net increase in net assets resulting from operations | 12,231,279 | 4,298,786 |
| **Dividends and Distributions to Shareholders:** | | |
| Net investment income | (177,185) | (143,116) |
| Net realized gain on investments | (5,325,615) | (4,515,471) |
| | (5,502,800) | (4,658,587) |
| **Net increase in net assets resulting from Fund share transactions (Note C)** | 1,331,772 | 18,489,064 |
| Total increase in net assets | 8,060,251 | 18,129,263 |
| **Net Assets:** | | |
| Beginning of period | 62,997,253 | 44,867,990 |
| End of period* | $71,057,504 | $62,997,253 |
| * Including accumulated net investment income of | $ 11,597 | $ 4,480 |

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 | | | | |
|---|---|---|---|---|---|
| | *Year Ended December 31, 2017* | *Year Ended December 31, 2016*[1] | *Year Ended December 31, 2015* | *Year Ended December 31, 2014* | *Year Ended December 31, 2013* |
| **Net Asset Value – Beginning of Period** | $ 15.40 | $ 15.17 | $ 16.87 | $ 17.99 | $ 14.18 |
| Net investment income | 0.05 | 0.04 | 0.03 | 0.17[2] | 0.04[3] |
| Net realized and unrealized gain (loss) on investments | 3.16 | 1.41 | (0.56) | 0.34 | 4.72 |
| Total from investment operations | 3.21 | 1.45 | (0.53) | 0.51 | 4.76 |
| Dividends from net investment income | (0.05) | (0.04) | (0.04) | (0.19) | (0.04) |
| Distributions from net realized gains | (1.37) | (1.18) | (1.13) | (1.44) | (0.91) |
| Total dividends and distributions | (1.42) | (1.22) | (1.17) | (1.63) | (0.95) |
| **Net Asset Value – End of Period** | $ 17.19 | $ 15.40 | $ 15.17 | $ 16.87 | $ 17.99 |
| **Total Return** | 20.79% | 9.52% | -3.28% | 2.73% | 33.60% |
| **Ratios and Supplemental Data:** | | | | | |
| Net assets, end of period (thousands) | $ 71,058 | $ 62,997 | $ 44,868 | $52,652 | $ 59,061 |
| Ratio of expenses to average net assets: | | | | | |
| Before expense waiver and/or reimbursement | 1.43% | 1.66% | 1.55% | 1.49% | 1.52% |
| After expense waiver and/or reimbursement [4] | 1.00% | 1.23% | 1.50% | 1.49% | 1.50% |
| Ratio of net investment income to average net assets: | | | | | |
| Before expense waiver and/or reimbursement | (0.14)% | (0.15)% | 0.14% | 0.95% | 0.21% |
| After expense waiver and/or reimbursement [4] | 0.29% | 0.28% | 0.19% | 0.95% | 0.23% |
| Portfolio turnover rate | 18% | 18% | 11% | 23% | 9% |

(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) Net investment income per share is calculated using the ending balance of accumulated net investment income prior to considerations of adjustments for permanent book and tax differences.

(4) 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 consisted of six diversified series as of December 31, 2017, 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 Investing 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. securities and listed U.S. 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. Other assets and securities for which no market or broker quotations or evaluated prices are readily available (including restricted securities) are valued in good faith at fair value using guidelines approved by the Board of Trustees. The Board has adopted specific guidelines and procedures for valuing portfolio securities and delegated their implementation to the Adviser. The guidelines and procedures authorize the Adviser to make determinations regarding the fair value of a portfolio security and to report such determinations to the Board of Trustees. 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 December 31, 2017, 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 | $70,258,553 | $ — | $ — | $70,258,553 |
| Money Market Fund | 1,650,623 | — | — | 1,650,623 |
| Total Investments* | $71,909,176 | $ — | $ — | $71,909,176 |

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

There were no transfers into or out of Level 1, Level 2 or Level 3 fair value measurements during the reporting period. Transfers between levels are recognized at the end of the reporting period.

**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 pay dividends and distribute 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 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:** 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.

Accordingly, at December 31, 2017, reclassifications were recorded as follows for the Fund:

| | |
|---|---|
| Accumulated net realized gain | ($495,871) |
| Paid in capital | 495,871 |

**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 cannot be sold or disposed of within seven days in the ordinary course of business at approximately the prices at which they are valued. 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.

**11. Recent Accounting Pronouncements:** In October 2016, the U.S. Securities and Exchange Commission adopted new rules and amended existing rules (together, "final rules") intended to modernize the reporting and disclosure of information by registered investment companies. In part, the final rules amend Regulation S-X and require standardized, enhanced disclosure about derivatives in investment company financial statements, as well as other amendments. The compliance date for the final rules was August 1, 2017. These updates have no impact on the Fund's net assets or results of operations.

In March 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-08 which changes the amortization period for a callable debt security from the maturity date to the earliest call date. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. These changes will have no impact on the financial statements.

**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, 2018 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 year ended December 31, 2017, 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 2017 | $278,333 |

U.S. Bancorp Fund Services, LLC 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, the Trust's principal underwriter.

The Trust has adopted a Rule 12b-1 plan for the LKCM Aquinas Catholic Equity Fund, under which the Fund may pay an annualized rate 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 fee of 0.25% of the average daily net assets for the Fund. For the year ended December 31, 2017, fees incurred by the Fund pursuant to the 12b-1 Plan were $64,336.

**C. Fund Shares:** At December 31, 2017, 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:

| | Year Ended December 31, 2017 | | Year Ended December 31, 2016 | |
|---|---|---|---|---|
| | **Shares** | **Amount** | **Shares** | **Amount** |
| Shares sold | 574,803 | $ 10,003,218 | 351,526 | $ 5,532,178 |
| Proceeds from reorganization | — | — | 2,009,091 | 32,242,631 |
| Shares issued to shareholders in reinvestment of distributions | 300,904 | 5,193,603 | 276,810 | 4,282,251 |
| Shares redeemed | (830,500) | (13,865,336) | (1,505,175) | (23,568,183) |
| Redemption fee | | 287 | | 187 |
| Net increase | 45,207 | $ 1,331,772 | 1,132,252 | $ 18,489,064 |
| **Shares Outstanding:** | | | | |
| Beginning of period | 4,089,462 | | 2,957,210 | |
| End of period | 4,134,669 | | 4,089,462 | |

**D. Security Transactions:** Purchases and sales of investment securities, other than short-term investments, for the Fund for the year ended December 31, 2017 were as follows:

| Purchases | | Sales | |
|---|---|---|---|
| **U.S. Government** | **Other** | **U.S. Government** | **Other** |
| $ — | $11,666,698 | $ — | $16,380,499 |

**E. Tax Information:** At December 31, 2017, the components of accumulated earnings (losses) on a tax basis for the Fund were as follows:

| | |
|---|---|
| Cost of Investments | $41,218,647 |
| Gross Unrealized Appreciation | $31,044,333 |
| Gross Unrealized Depreciation | (353,804) |
| Net Unrealized Appreciation | $30,690,529 |
| Undistributed Ordinary Income | 11,597 |
| Undistributed Long-Term Capital Gain | 45,422 |
| Total Distributable Earnings | $ 57,019 |
| Total Accumulated Gains | $30,747,548 |

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

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. The Fund currently has no capital loss carryforwards.

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

| Year Ended December 31, 2017 | | Year Ended December 31, 2016 | |
|---|---|---|---|
| Ordinary Income | Long-Term Capital Gains | Ordinary Income | Long-Term Capital Gains |
| $177,185 | $5,325,615 | $256,303 | $4,402,284 |

The Fund designated as long-term capital gain dividend, pursuant to Internal Revenue Code Section 852(b)(3), the amount necessary to reduce earnings and profits of the Fund related to net capital gain to zero for the tax years ended December 31, 2017 and 2016. The Fund designated earnings and profits distributed to shareholders upon the redemption of shares during 2017 and 2016 in determining undistributed net capital gains as of December 31, 2017 and 2016.

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, 2014 through December 31, 2017. 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, 2017. 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. Subsequent Events:** In preparing these financial statements, the Trust has evaluated events after December 31, 2017 and determined that there were no significant subsequent events that would require adjustment to or additional disclosure in these financial statements.

To the shareholders and Board of Trustees of LKCM Funds

**Opinion on the Financial Statements and Financial Highlights**

We have audited the accompanying statement of assets and liabilities, including the schedule of investments of LKCM Aquinas Catholic Equity Fund, one of the series constituting the LKCM Funds (the "Fund"), as of December 31, 2017, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2017, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2017, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

Deloitte & Touche LLP

Milwaukee, Wisconsin
February 27, 2018

We have served as the auditor of one or more LKCM Funds since 2007.

**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 is 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 Fund's Form N-Q is available without charge upon request on the SEC's website (http://www.sec.gov) and is also available by calling 1-800-423-6369. You can also review and copy the Fund's Form N-Q by 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).

### Information about the Fund's Trustees and Officers:

The business and affairs of the Fund are managed under the direction of the Fund's Board of Trustees. Information pertaining to the Trustees of the Fund is set forth below. The Statement of Additional Information includes additional information about the Fund's Trustees and officers and is available, without charge, upon request by calling 1-800-423-6369.

| Name, Address and Age | Position(s) Held with the Trust | Term of Office & Length of Time Served[1] | Principal Occupation During Past Five Years | Number of Portfolios in Fund Complex Overseen by Trustee | Other Directorships Held by Trustee |
|---|---|---|---|---|---|
| **Disinterested Trustees:** | | | | | |
| H. Kirk Downey<br>301 Commerce Street<br>Suite 1600<br>Fort Worth, TX 76102<br>Year of Birth: 1942 | Chairman of the Board of Trustees<br><br>Trustee | Since 2005<br><br>Since 1994 | President and CEO, Texas Systems, LLC and CEO, Texas learning systems LLC since 1999 (education companies); Dean, M.J. Neeley School of Business, Texas Christian University Business School from 1987 to 1999. | 6 | AZZ Incorporated |
| Earle A. Shields, Jr.<br>301 Commerce Street<br>Suite 1600<br>Fort Worth, TX 76102<br>Year of Birth: 1920 | Trustee | Since 1994 | Consultant; formerly Consultant for NASDAQ Corp. and Vice President, Merrill Lynch & Co., Inc. | 6 | None |
| Richard J. Howell<br>301 Commerce Street<br>Suite 1600<br>Fort Worth, TX 76102<br>Year of Birth: 1942 | Trustee<br><br>Chairman of the Audit and Compliance Committee | Since 2005<br><br>Since 2008 | CPA; Adjunct Faculty at SMU Cox School of Business from 2004 to 2009; Consulting Services, since 2002; Audit Partner, Arthur Andersen LLP from 1974 to 2002. | 6 | Red Robin Gourmet Burgers, Inc. |
| Larry J. Lockwood<br>301 Commerce Street<br>Suite 1600<br>Fort Worth, TX 76102<br>Year of Birth: 1953 | Trustee | Since 2013 | C.R. Williams Professor of Finance, Stan Block Endowed Chair in Finance, Department of Finance, Neeley School of Business, Texas Christian University since 1994. | 6 | None |
| **Interested Trustees:** | | | | | |
| J. Luther King, Jr.[2]<br>301 Commerce Street<br>Suite 1600<br>Fort Worth, TX 76102<br>Year of Birth: 1940 | Trustee, President and Chief Executive Officer | Since 1994 | Chairman, President and Director, Luther King Capital Management Corporation since 1979. | 6 | Tyler Technologies, Inc. |
| Steve R. Purvis[2]<br>301 Commerce Street<br>Suite 1600<br>Fort Worth, TX 76102<br>Year of Birth: 1964 | Trustee<br><br>Vice President | Since 2013<br><br>Since 2000 | Principal, Luther King Capital Management Corporation since 2004, Vice President and Portfolio Manager, Luther King Capital Management Corporation since 1996. | 6 | AZZ Incorporated |

(1) Each Trustee holds office during the lifetime of the Trust until that individual resigns, retires or is otherwise removed or replaced.

(2) Messrs. King and Purvis are each considered an "interested person" of the Trust (as defined in the 1940 Act) because of their affiliation with the Adviser.

## Information about the Fund's Trustees and Officers, Continued

| Name, Address and Age | Position(s) Held with the Trust | Term of Office & Length of Time Served | Principal Occupation During Past Five Years |
|---|---|---|---|
| **Principal Officers:** | | | |
| J. Luther King, Jr.[1]<br>301 Commerce Street<br>Suite 1600<br>Fort Worth, TX 76102<br>Year of Birth: 1940 | Trustee, President and Chief Executive Officer | Since 1994 | Chairman, President and Director, Luther King Capital Management Corporation since 1979. |
| Steven R. Purvis[1]<br>301 Commerce Street<br>Suite 1600<br>Fort Worth, TX 76102<br>Year of Birth: 1964 | Trustee<br><br>Vice President | Since 2013<br><br>Since 2000 | Principal, Luther King Capital Management Corporation since 2004, Vice President and Portfolio Manager, Luther King Capital Management Corporation since 1996. |
| Paul W. Greenwell<br>301 Commerce Street<br>Suite 1600<br>Fort Worth, TX 76102<br>Year of Birth: 1950 | Vice President | Since 1996 | Principal, Luther King Capital Management Corporation since 1986, Vice President and Portfolio Manager, Luther King Capital Management Corporation since 1983. |
| Richard Lenart<br>301 Commerce Street<br>Suite 1600<br>Fort Worth, TX 76102<br>Year of Birth: 1966 | Secretary and Treasurer | Since 2006 | Luther King Capital Management Corporation since 2005. |
| Jacob D. Smith<br>301 Commerce Street<br>Suite 1600<br>Fort Worth, TX 76102<br>Year of Birth: 1974 | Chief Financial Officer<br><br>Chief Compliance Officer | Since 2010<br><br>Since 2006 | General Counsel and Chief Compliance Officer, Luther King Capital Management Corporation since 2006; Principal, Luther King Capital Management Corporation since 2013. |

[1] Messrs. King and Purvis are each considered an "interested person" of the Trust (as defined in the 1940 Act) because of their affiliation with the Adviser.

# 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 policies and procedures we have implemented to protect the privacy of your nonpublic personal information as well as the sources through which we may obtain nonpublic personal information about you.

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. 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 outside 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 the measures we have implemented to protect the privacy of your nonpublic personal information.

U.S. Bancorp Fund Services, LLC
P.O. Box 701
Milwaukee, WI 53201-0701

**LKCM FUNDS**
**P.O. Box 701**
**Milwaukee, WI 53201-0701**



**Investment Adviser**

Luther King Capital Management Corporation
301 Commerce Street, Suite 1600
Fort Worth, TX 76102

**Administrator, Transfer Agent, Dividend Paying Agent & Shareholder Servicing Agent**

U.S. Bancorp Fund Services, LLC
P.O. Box 701
Milwaukee, WI 53201-0701

**Custodian**

U.S. Bank, N.A.
1555 N. River Center Drive, Suite 302
Milwaukee, WI 53212

**Independent Registered Public Accounting Firm**

Deloitte & Touche LLP
555 E. Wells St., Suite 1400
Milwaukee, WI 53202

**Distributor**

Quasar Distributors, LLC
777 East Wisconsin Avenue, Floor 6
Milwaukee, WI 53202