



# LKCM AQUINAS CATHOLIC EQUITY FUND

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## LKCM Aquinas Catholic Equity Fund

### Annual Report December 31, 2019

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 1-800-688-LKCM 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 1-800-688-LKCM 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 December 31, 2019:

<u>Fund</u>	<u>Inception Date</u>	<u>NAV @ 12/31/19</u>	<u>Net Expense Ratio*, **</u>	<u>Gross Expense Ratio**</u>	<u>One Year Total Return Ended 12/31/19</u>	<u>Five Year Average Annualized Return Ended 12/31/19</u>	<u>Ten Year Average Annualized Return Ended 12/31/19</u>	<u>Avg. Annual Total Return Since Incept.***</u>
LKCM Aquinas Catholic Equity Fund <sup>(1)</sup>	7/11/05	\$15.06	1.00%	1.44%	31.16%	9.08%	10.83%	7.90%
S&P 500 <sup>®</sup> Index <sup>(2)</sup>					31.49%	11.70%	13.56%	9.26%

*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, 2020. 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 fiscal year ended December 31, 2019.

\*\* Expense ratios above are as reported in the Fund's current prospectus dated May 1, 2019. 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<sup>®</sup> 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.*

## 2019 Review

The longest U.S. economic expansion on record, now in its eleventh year, also remains sluggish compared to other post-war expansions. We believe this lack of robust growth has contributed to the longevity of the current U.S. economic expansion. We believe that in order for the economy to grow above trend, aside from the immediate aftermath of a recession, consumers, businesses, and government must employ credit to pull forward consumption. Such action often results in a cycle of rising debt burdens which typically crest just as the business cycle turns down, often driven by the Federal Reserve acting to dampen inflation by raising interest rates. In our view, the consumer, in particular, has been quite disciplined regarding leverage and savings during this expansion, which has contributed to both its moderate pace and sustainability.

However, moderate economic growth of around 2.0% per year after inflation can lead to the perception that growth is relatively fragile. Investors spent a good portion of 2019 on recession watch as traditional warning signs, such as an inverted yield curve, slowing job gains, and contracting manufacturing activity, suggested an elevated risk of a recession. Weakness in many other global economies also reinforced these perceived recessionary concerns. Fortunately, weaker economic growth amid rising trade tensions spurred policymakers around the world into action as central banks lowered interest rates, reinstated quantitative easing, quickened the pace of money supply growth, and expanded fiscal spending.

The Federal Reserve then surprised markets in the first quarter of 2019 with a large and unexpected reversal in monetary policy. At the Federal Reserve's first interest rate policy meeting of the year and only six weeks into 2019, the Federal Reserve signaled that it would refrain from further interest rate increases for the foreseeable future and suspend its balance sheet reduction at some point during the year. In our view, several factors appeared to contribute to the abrupt change in the course for monetary policy, including the decline in global equity markets following the December 2018 interest rate hike, declining inflation expectations, and the impact of trade tensions on global growth. We believe the sharp dovish tilt in monetary policy, combined with significant equity valuation compression during December 2018, set the stage for valuation expansion as monetary conditions eased and trade tensions moderated as 2019 progressed. We believe this confluence of events and other factors contributed to the strong performance of the markets during 2019, as measured by the 31.49% and 6.80% advances for the S&P 500<sup>®</sup> Index and the Bloomberg Barclays Intermediate Government/Credit Bond Index, respectively, for the year ended December 31, 2019.

Finally, the U.S. economy achieved a unique milestone as we closed the decade. We believe the history of recessions in the U.S. illustrates that they are a natural, though painful, part of the business cycle. The National Bureau of Economic Research marks the beginning of the first business cycle of record during the fourth quarter of 1854. In every decade since the 1850s, the U.S. economy has experienced a recession, which is generally defined as two consecutive quarters of contracting U.S. Gross Domestic Product (GDP). However, 2019 brought to a close the only decade over the past 165 years in which the U.S. economy did not experience a recession.

## **2020 Outlook**

We believe the domestic economic outlook has become incrementally positive, as the slump in manufacturing appears to be bottoming, labor markets remain robust, monetary policy remains accommodative, and some political uncertainties appear to have diminished. Personal consumption represents roughly 70% of the U.S. economy, and the consumer remains healthy in our view. The U.S. economy created a surprisingly strong 266,000 new jobs in November 2019, aided in part by the return to work of 49,000 striking General Motors employees. Labor market strength also appears evident in the most recent November 2019 unemployment rate of 3.5%, the lowest since December 1969. We believe that tight labor markets are supportive of higher wages, which grew by 3.1% in November 2019 compared with a year earlier. The lowest paid U.S. workers appeared to be the recipients of the biggest raises as earnings for nonsupervisory workers grew by 3.7% from a year earlier, and this trend could continue in our view. Twenty-two states have ushered in higher minimum wage levels around the beginning of 2020. Only seven of these increases appear to relate to inflation adjustments, the balance of which are the result of state legislative actions or ballot initiatives passed by voters. We believe this will impact an estimated 6.8 million workers with increases ranging from a \$0.10 per hour inflation-related adjustment in Florida to a \$1.50 per hour increase in New Mexico and Washington. We believe that these strong labor conditions have helped lift consumer confidence back to recent highs.

The U.S. dollar finished 2019 little changed from the beginning of the year; however, we believe that it could face three potential headwinds over the coming year. First, rising global bond yields have generally narrowed the excess yield spread offered by owning U.S. bonds, potentially resulting in a decrease in demand for U.S. dollars by foreign investors. Second, we believe the U.S. dollar has historically been a counter-cyclical currency, meaning that it weakens as the economic growth between the U.S. and the rest of the world narrows. In our view, the heart of the European economy, Germany's large manufacturing base, has been particularly hard hit over the past year as auto manufacturing firms, still reeling from emissions scandals, have been heavily impacted by declining auto exports to China and significant retooling costs to develop more electric vehicles. However, we believe that European economic growth, aided by recent easing of monetary policy by the European Central Bank, should stabilize and show signs of recovery in the coming years. Finally, the U.S. dollar generally is sensitive to changes in inflation expectations, which fell from mid-2018 through the early part of the fourth quarter of 2019. We believe that if inflation expectations were to lift slightly from depressed levels in light of easing monetary policy, the U.S. dollar could weaken, and any weakening in the U.S. dollar would likely help boost corporate earnings of domestic companies with foreign sales.

For 2020, the U.S. presidential election features prominently in the year ahead. As the election approaches, investors will parse unexpected developments, which likely will be rapidly reflected in market prices. One simple result could be higher volatility as November 2020 approaches, particularly if risk to the status quo is perceived to rise. Historically, the electorate has viewed the U.S. presidential election through the prism of the economy. Since Woodrow Wilson's second term in 1916, in all twelve cases when the incumbent presidents avoided a recession two years before seeking another term, they went on to win reelection. Conversely, in the six instances when a recession occurred in the two year run-up to a re-election year, the incumbent lost with one exception, Calvin Coolidge, who won the election in 1924 as the incumbent after the passing of President Harding.

In summary, our projected outlook for 2020 is for the economy to continue to expand around 2% in real terms, aided by easing monetary policy as well as healthy consumption which we expect to be supported by continued strength in the labor market and real wage growth. The trade tension fever may have finally broken, which we believe should be positive for business confidence, a component of capital spending plans by businesses. As always, a market correction, generally defined as a decline of approximately 10% in the value of the equity markets, could occur at any time in our view. However, we believe a bear market, generally defined as a decline of greater than 20% in the value of the equity markets, appears less likely without an accompanying recession. We believe there is a low probability of this risk, absent a severe exogenous shock to the U.S. economy. The November 2020 elections will rightly capture the attention of investors, and there is considerable time for developments to occur in the interim.

## **LKCM Aquinas Catholic Equity Fund**

During the year ended December 31, 2019, the LKCM Aquinas Catholic Equity Fund returned 31.16% against the 31.49% return for the Fund's benchmark, the S&P 500<sup>®</sup> Index. During the year the Fund's relative performance benefited from sector allocation decisions, which was slightly offset by stock selection decisions. The Fund's relative performance benefited from being overweight in the Information Technology sector and underweight in the Healthcare sector. The Fund also benefited from stock selection in the Healthcare and Materials sectors relative to the benchmark, although the Fund's stock selection in the Information Technology and Energy sectors detracted from relative performance.

As the Fund enters 2020, we continue to emphasize portfolio companies for the Fund that we believe will benefit from lower tax rates and where continued dividend increases and share repurchases appear likely. Additionally, we expect that many of the portfolio companies held by the Fund should continue to benefit from repatriation of cash formerly held by those portfolio companies overseas.

We believe a significant portion of the profits of portfolio companies held by the Fund are generated from overseas operations, and we expect those portfolio companies will continue to benefit from strengthening overseas economies, particularly if the U.S. dollar weakens.



J. Luther King, Jr., CFA, CIC  
January 28, 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 9 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.

*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.

## PERFORMANCE:

The following information illustrates the historical performance of the LKCM Aquinas Catholic Equity Fund as of December 31, 2019 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, 2019)<sup>(1)</sup>

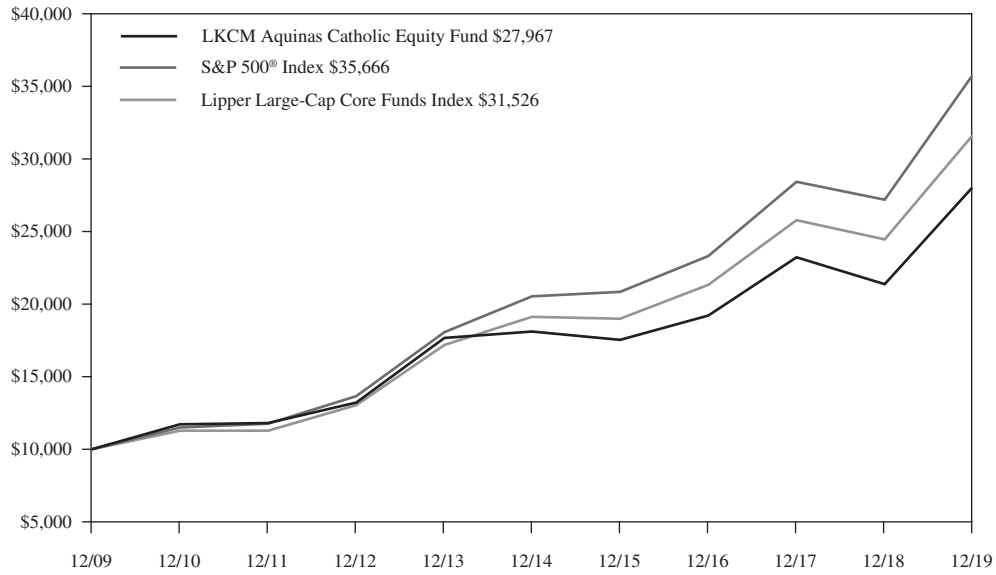
	Past 1 Year	Past 5 Years <sup>(2)</sup>	Past 10 Years <sup>(2)</sup>	Since Inception <sup>(2)(3)</sup>
<b>LKCM Aquinas Catholic Equity Fund</b>	31.16%	9.08%	10.83%	7.90%
S&P 500® Index	31.49%	11.70%	13.56%	9.26%
Lipper Large-Cap Core Funds Index	29.00%	10.54%	12.17%	8.43%

<sup>(1)</sup> 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 ("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 Fund. The Fund's performance prior to August 1, 2016 reflects the Fund's prior investment strategies.

<sup>(2)</sup> Annualized.

<sup>(3)</sup> 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 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, 2019)**



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, 2019

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 (7/1/19-12/31/19).

### 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.

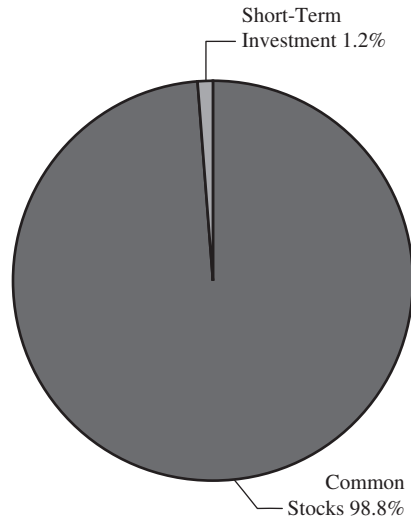
	LKCM Aquinas Catholic Equity Fund		
	Beginning Account Value 7/1/19	Ending Account Value 12/31/19	Expenses Paid During Period* 7/1/19 – 12/31/19
Actual .....	\$1,000.00	\$1,066.60	\$5.21
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,020.16	\$5.09

\* 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, 2019**

Percentages represent market value as a percentage of total investments.

**LKCM Aquinas Catholic Equity Fund**





**LKCM AQUINAS CATHOLIC EQUITY FUND**

**SCHEDULE OF INVESTMENTS**

**December 31, 2019**

<b>COMMON STOCKS - 98.9%</b>	<b>Shares</b>	<b>Value</b>	<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Aerospace &amp; Defense - 3.7%</b>			<b>Professional Services - 3.5%</b>		
Honeywell International, Inc.	10,000	\$1,770,000	Verisk Analytics, Inc.	11,000	\$ 1,642,740
<b>Banks - 11.2%</b>			<b>Software - 13.5%</b>		
Comerica, Inc.	18,000	1,291,500	Adobe, Inc. (a)	5,800	1,912,898
Cullen/Frost Bankers, Inc.	5,000	488,900	Microsoft Corp.	10,000	1,577,000
Truist Financial Corp.	32,375	1,823,360	Oracle Corp.	27,500	1,456,950
Zions Bancorp N.A.	32,500	1,687,400	RealPage, Inc. (a)	27,500	1,478,125
		<u>5,291,160</u>			<u>6,424,973</u>
<b>Beverages - 3.2%</b>			<b>Software &amp; Services - 3.8%</b>		
PepsiCo, Inc.	11,000	1,503,370	Akamai Technologies, Inc. (a)	21,000	1,813,980
<b>Chemicals - 6.4%</b>			<b>Specialty Retail - 4.9%</b>		
Corteva, Inc.	22,500	665,100	The Home Depot, Inc.	5,500	1,201,090
Ecolab, Inc.	6,500	1,254,435	Tiffany & Co.	8,500	1,136,025
The Sherwin-Williams Co.	1,900	1,108,726			<u>2,337,115</u>
		<u>3,028,261</u>	<b>Textiles, Apparel &amp; Luxury Goods - 2.8%</b>		
<b>Computers &amp; Peripherals - 4.9%</b>			VF Corp.	13,500	1,345,410
Apple, Inc.	8,000	2,349,200	<b>TOTAL COMMON STOCKS</b>		
<b>Construction Materials - 1.8%</b>			(Cost \$22,544,641)		<u>46,901,785</u>
Martin Marietta Materials, Inc.	3,000	838,920	<b>SHORT-TERM INVESTMENT - 1.3%</b>		
<b>Diversified Telecommunication Services - 2.3%</b>			<b>Money Market Fund - 1.3%</b>		
AT&T, Inc.	27,500	1,074,700	Invesco Short-Term Investments Trust -		
<b>Electrical Equipment &amp; Instruments - 3.4%</b>			Government & Agency Portfolio -		
Roper Technologies, Inc.	4,500	1,594,035	Institutional Shares, 1.51% (b)	586,922	586,922
<b>Electronic Equipment &amp; Instruments - 5.1%</b>			<b>TOTAL SHORT-TERM INVESTMENT</b>		
FLIR Systems, Inc.	24,500	1,275,715	(Cost \$586,922)		<u>586,922</u>
Trimble, Inc. (a)	27,000	1,125,630	<b>Total Investments - 100.2%</b>		
		<u>2,401,345</u>	(Cost \$23,131,563)		47,488,707
<b>Food Products - 1.7%</b>			Liabilities in Excess of Other Assets - (0.2)%		(80,576)
Mondelez International, Inc. - Class A	15,000	826,200	<b>TOTAL NET ASSETS - 100.0%</b>		<u>\$47,408,131</u>
<b>Internet &amp; Catalog Retail - 3.1%</b>					
Amazon.com, Inc. (a)	800	1,478,272			
<b>IT Consulting &amp; Services - 3.0%</b>					
PayPal Holdings, Inc. (a)	13,000	1,406,210			
<b>Machinery - 3.0%</b>					
Stanley Black & Decker, Inc.	8,500	1,408,790			
<b>Media &amp; Entertainment - 4.5%</b>					
Alphabet, Inc. - Class A (a)	1,600	2,143,024			
<b>Multiline Retail - 2.0%</b>					
Dollar Tree, Inc. (a)	10,000	940,500			
<b>Oil &amp; Gas &amp; Consumable Fuels - 3.0%</b>					
Occidental Petroleum Corp.	18,000	741,780			
WPX Energy, Inc. (a)	50,000	687,000			
		<u>1,428,780</u>			
<b>Pharmaceuticals - 8.1%</b>					
Abbott Laboratories	20,000	1,737,200			
Zoetis, Inc.	16,000	2,117,600			
		<u>3,854,800</u>			

(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**

**December 31, 2019**

**LKCM Aquinas Catholic Equity Fund**

<b>Assets:</b>	
Investments, at value* .....	\$47,488,707
Receivable for Fund shares sold .....	998
Dividends and interest receivable .....	51,816
Other assets .....	6,338
Total assets .....	47,547,859
<b>Liabilities:</b>	
Payable for Fund shares redeemed .....	2,395
Payable for investment advisory fees (Note B) .....	51,177
Payable for distribution expense (Note B) .....	44,285
Payable for accounting and transfer agent fees and expenses .....	12,710
Payable for professional fees .....	10,660
Payable for reports to shareholders .....	8,692
Payable for administrative fees .....	6,899
Payable for trustees' fees and officer compensation (Note B) .....	1,881
Payable for custody fees and expenses .....	1,029
Total liabilities .....	139,728
<b>Net Assets</b> .....	\$47,408,131
<b>Net Assets Consist of:</b>	
Paid in capital .....	\$22,921,509
Total distributable earnings .....	24,486,622
<b>Net Assets</b> .....	\$47,408,131
Shares of beneficial interest outstanding (unlimited shares of no par value authorized) .....	3,148,530
Net asset value per share (offering and redemption price) .....	\$ 15.06
* Cost of investments .....	\$23,131,563

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

**STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2019**

**LKCM Aquinas Catholic Equity Fund**

**Investment Income:**

Dividends .....	\$ 681,594
Interest .....	11,183
Total income .....	692,777

**Expenses:**

Investment advisory fees (Note B) .....	428,466
Accounting and transfer agent fees and expenses .....	74,955
Distribution expense (Note B) .....	47,607
Administrative fees .....	41,278
Trustees' fees and officer compensation (Note B) .....	33,771
Federal and state registration .....	36,712
Reports to shareholders .....	19,081
Professional fees .....	26,318
Custody fees and expenses .....	8,594
Other .....	2,146
Total expenses .....	718,928
Less, expense waiver and/or reimbursement (Note B) .....	(242,854)
Net expenses .....	476,074
Net investment income .....	216,703

**Realized and Unrealized Gain on Investments:**

Net realized gain on investments .....	5,320,117
Net change in unrealized appreciation/depreciation on investments .....	7,504,825

**Net Realized and Unrealized Gain on Investments** ..... 12,824,942

**Net Increase in Net Assets Resulting from Operations** ..... \$13,041,645

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

# STATEMENTS OF CHANGES IN NET ASSETS

## LKCM Aquinas Catholic Equity Fund

	<i>Year Ended December 31, 2019</i>	<i>Year Ended December 31, 2018</i>
<b>Operations:</b>		
Net investment income .....	\$ 216,703	\$ 198,745
Net realized gain on investments .....	5,320,117	10,664,201
Net change in unrealized appreciation/depreciation on investments .....	7,504,825	(13,838,210)
Net increase (decrease) in net assets resulting from operations .....	<u>13,041,645</u>	<u>(2,975,264)</u>
<b>Net Dividends and Distributions to Shareholders:</b> .....	(4,929,412)	(8,749,323)
<b>Net decrease in net assets resulting from Fund share transactions (Note C)</b> .....	<u>(6,036,287)</u>	<u>(14,000,732)</u>
Total increase (decrease) in net assets .....	2,075,946	(25,725,319)
<b>Net Assets:</b>		
Beginning of period .....	45,332,185	71,057,504
End of period .....	<u>\$47,408,131</u>	<u>\$ 45,332,185</u>

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

## FINANCIAL HIGHLIGHTS

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

	LKCM Aquinas Catholic Equity Fund				
	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016 <sup>(1)</sup>	Year Ended December 31, 2015
<b>Net Asset Value – Beginning of Period</b> .....	\$ 12.80	\$ 17.19	\$ 15.40	\$ 15.17	\$ 16.87
Net investment income .....	0.07 <sup>(2)</sup>	0.06 <sup>(2)</sup>	0.05	0.04	0.03
Net realized and unrealized gain (loss) on investments .....	3.92	(1.46)	3.16	1.41	(0.56)
Total from investment operations .....	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)
<b>Net Asset Value – End of Period</b> .....	<u>\$ 15.06</u>	<u>\$ 12.80</u>	<u>\$ 17.19</u>	<u>\$ 15.40</u>	<u>\$ 15.17</u>
<b>Total Return</b> .....	31.16%	-7.96%	20.79%	9.52%	-3.28%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands) .....	\$ 47,408	\$ 45,332	\$ 71,058	\$ 62,997	\$ 44,868
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement .....	1.51%	1.44%	1.43%	1.66%	1.55%
After expense waiver and/or reimbursement <sup>(3)</sup> .....	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 .....	(0.05)%	(0.12)%	(0.14)%	(0.15)%	0.14%
After expense waiver and/or reimbursement <sup>(3)</sup> .....	0.46%	0.32%	0.29%	0.28%	0.19%
Portfolio turnover rate .....	12%	14%	18%	18%	11%

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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 December 31, 2019, 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 December 31, 2019, the Fund’s assets carried at fair value were classified as follows:

**LKCM Aquinas Catholic Equity Fund**

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$46,901,785	\$ —	\$ —	\$46,901,785
Money Market Fund	586,922	—	—	586,922
Total Investments*	<u>\$47,488,707</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$47,488,707</u>

\* 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.

Accordingly, at December 31, 2019, reclassifications were recorded as follows for the Fund:

Accumulated net realized gain	(\$455,690)
Paid in capital	455,690

**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.

**11. Recent Accounting Pronouncements:** In March 2017, the Financial Accounting Standards Board (“FASB”) issued ASU 2017-08, *Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities* (“ASU 2017-08”). The amendments in the ASU 2017-08 shorten the amortization period for certain callable debt securities, held at a premium, to be amortized to the earliest call date. The ASU 2017-08 does not require an accounting change for securities held at a discount; which continues to be amortized to maturity. The ASU 2017-08 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018. Effective, January 1, 2019, the Fund adopted ASU 2017-08, and the adoption had no impact on the financial statements.

In August 2018, FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”). The primary focus of ASU 2018-13 is to improve the effectiveness of the disclosure requirements for fair value measurements. The changes affect all companies that are required to include fair value measurement disclosures. In general, the amendments in ASU 2018-13 are effective for all entities for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt the removed or modified disclosures upon the issuance of ASU 2018-13 and may delay adoption of the additional disclosures, which are required for public companies only, until their effective date. Management has evaluated ASU 2018-13 and has adopted the relevant provisions of the disclosure framework.

**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, 2020 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, 2019, 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 2019	\$242,854

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, 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, the Trust’s principal underwriter.

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 year ended December 31, 2019, fees incurred by the Fund pursuant to the 12b-1 Plan were \$47,607.

**C. Fund Shares:** At December 31, 2019, 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, 2019		Year Ended December 31, 2018	
	Shares	Amount	Shares	Amount
Shares sold	148,983	\$ 2,264,439	278,894	\$ 4,917,666
Shares issued to shareholders in reinvestment of distributions	316,326	4,767,041	650,427	8,240,906
Shares redeemed	(858,817)	(13,067,846)	(1,521,952)	(27,160,652)
Redemption fee		79		1,348
Net decrease	(393,508)	\$ (6,036,287)	(592,631)	\$ (14,000,732)
<b>Shares Outstanding:</b>				
Beginning of period	3,542,038		4,134,669	
End of period	3,148,530		3,542,038	



**D. Security Transactions:** Purchases and sales of investment securities, other than short-term investments, for the Fund for the year ended December 31, 2019 were as follows:

<u>Purchases</u>		<u>Sales</u>	
<u>U.S. Government</u>	<u>Other</u>	<u>U.S. Government</u>	<u>Other</u>
\$ —	\$5,685,765	\$ —	\$17,134,974

**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	<u>\$23,131,563</u>
Gross Unrealized Appreciation	\$24,486,473
Gross Unrealized Depreciation	<u>(129,329)</u>
Net Unrealized Appreciation	<u>\$24,357,144</u>
Undistributed Ordinary Income	\$ 5,453
Undistributed Long-Term Capital Gain	<u>124,025</u>
Total Distributable Earnings	<u>\$ 129,478</u>
Other Accumulated Losses	\$ —
Total Accumulated Gains	<u>\$24,486,622</u>

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:

<u>Year Ended December 31, 2019</u>		<u>Year Ended December 31, 2018</u>	
<u>Ordinary Income</u>	<u>Long-Term Capital Gains</u>	<u>Ordinary Income</u>	<u>Long-Term Capital Gains</u>
\$216,623	\$4,712,789	\$204,969	\$8,544,354

The Fund designated earnings and profits distributed to shareholders upon the redemption of shares during 2019 and 2018 in determining undistributed net capital gains as of December 31, 2019 and 2018.

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. Subsequent Events:** In preparing these financial statements, management has evaluated the Fund's related events and transactions that occurred subsequent to December 31, 2019 through the date the financial statements were issued. Other than as disclosed below, management has determined that there were no significant subsequent events requiring recognition or disclosure in the financial statements.

On November 25, 2019, U.S. Bancorp, the parent company of Quasar Distributors, LLC ("Quasar"), the Fund's distributor, announced that it had signed a purchase agreement to sell Quasar to Foreside Financial Group, LLC ("Foreside") such that Quasar will become a wholly-owned broker-dealer subsidiary of Foreside. The transaction is expected to close by the end of March 2020. Quasar will remain the Fund's distributor at the close of the transaction, subject to approval of the Board of Trustees of the Funds.

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, 2019, 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, 2019, 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, 2019, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

*Deloitte & Touche LLP*

Milwaukee, Wisconsin  
February 25, 2020

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

# LKCM AQUINAS CATHOLIC EQUITY FUND

## ADDITIONAL INFORMATION

December 31, 2019

**Tax Information:** For the fiscal year ended December 31, 2019, certain dividends paid by the Fund may be subject to a maximum tax rate of 23.8%, as provided for by the Jobs & Growth Tax Relief Reconciliation Act of 2003. The percentage of dividends declared from ordinary income designated as qualified dividend income was 100.00%

For corporate shareholders, the percentage of ordinary income distributions qualifying for the corporate dividends received deduction for the fiscal year ended December 31, 2019 was 100.00%.

**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](http://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). Beginning June 1, 2020, monthly portfolio disclosures will be filed quarterly with the SEC on Form N-PORT, with quarter-end disclosures being made public 60 days after the end of each fiscal quarter.

## 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 <sup>(1)</sup>	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
<b>Independent Trustees:</b>					
H. Kirk Downey 301 Commerce Street Suite 1600 Fort Worth, TX 76102 Year of Birth: 1942	Chairman of the Board of Trustees  Trustee	Since 2005  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.	7	None
Richard J. Howell 301 Commerce Street Suite 1600 Fort Worth, TX 76102 Year of Birth: 1942	Trustee  Chairman of the Audit and Compliance Committee	Since 2005  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.	7	None
Larry J. Lockwood 301 Commerce Street Suite 1600 Fort Worth, TX 76102 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.	7	None
<b>Interested Trustees:</b>					
J. Luther King, Jr. <sup>(2)</sup> 301 Commerce Street Suite 1600 Fort Worth, TX 76102 Year of Birth: 1940	Trustee, President and Chief Executive Officer	Since 1994	Chairman, President and Director, Luther King Capital Management Corporation since 1979.	7	Tyler Technologies, Inc.
Steven R. Purvis <sup>(2)</sup> 301 Commerce Street Suite 1600 Fort Worth, TX 76102 Year of Birth: 1964	Trustee  Vice President	Since 2013  Since 2000	Principal, Luther King Capital Management Corporation since 2004, Vice President and Portfolio Manager, Luther King Capital Management Corporation since 1996.	7	AZZ Incorporated

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

<sup>(2)</sup> 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
<b>Principal Officers:</b>			
J. Luther King, Jr. <sup>(1)</sup> 301 Commerce Street Suite 1600 Fort Worth, TX 76102 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 <sup>(1)</sup> 301 Commerce Street Suite 1600 Fort Worth, TX 76102 Year of Birth: 1964	Trustee  Vice President	Since 2013	Principal, Luther King Capital Management Corporation since 2004, Vice President and Portfolio Manager, Luther King Capital Management Corporation since 1996.
Paul W. Greenwell 301 Commerce Street Suite 1600 Fort Worth, TX 76102 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 301 Commerce Street Suite 1600 Fort Worth, TX 76102 Year of Birth: 1966	Secretary and Treasurer	Since 2006	Luther King Capital Management Corporation since 2005.
Jacob D. Smith 301 Commerce Street Suite 1600 Fort Worth, TX 76102 Year of Birth: 1974	Chief Financial Officer	Since 2010	General Counsel and Chief Compliance Officer, Luther King Capital Management Corporation since 2006; Principal, Luther King Capital Management Corporation since 2013.
	Chief Compliance Officer	Since 2006	

<sup>(1)</sup> 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 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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U.S. Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, WI 53201-0701

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

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**Officers and Trustees**

J. Luther King, Jr., CFA, CIC  
Trustee, President and Chief Executive  
Officer

H. Kirk Downey  
Chairman of the Board

Richard Lenart  
Secretary & Treasurer

Paul W. Greenwell  
Vice President

Richard J. Howell  
Trustee

Jacob D. Smith  
Chief Financial Officer  
Chief Compliance Officer

Steven R. Purvis, CFA  
Trustee, Vice President

Larry J. Lockwood  
Trustee

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**Investment Adviser**

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

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**Administrator, Transfer Agent, Dividend**

**Paying Agent & Shareholder Servicing Agent**

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

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**Custodian**

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

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**Independent Registered Public Accounting Firm**

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

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**Distributor**

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

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