



**LKCM AQUINAS
CATHOLIC EQUITY FUND**

LKCM AQUINAS CATHOLIC EQUITY FUND

Financial Statements and Other Information
June 30, 2025

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LKCM AQUINAS CATHOLIC EQUITY FUND
SCHEDULE OF INVESTMENTS
June 30, 2025 (Unaudited)

	Shares	Value		Shares	Value
COMMON STOCKS - 98.1%					
Aerospace & Defense - 2.5%			Interactive Media & Services - 4.0%		
L3Harris Technologies, Inc.	6,000	\$ 1,505,040	Alphabet, Inc. - Class A - Class A	14,000	\$ 2,467,220
Banks - 0.8%			Leisure Products - 1.3%		
Cullen/Frost Bankers, Inc.	4,000	514,160	Mattel, Inc. ^(a)	40,000	788,800
Beverages - 3.5%			Machinery - 3.3%		
Keurig Dr Pepper, Inc.	25,000	826,500	Chart Industries, Inc. ^(a)	2,700	444,555
PepsiCo, Inc.	10,000	1,320,400	IDEX Corp.	5,300	930,521
		2,146,900	Illinois Tool Works Inc.	2,500	618,125
Broadline Retail - 2.9%					1,993,201
Amazon.com, Inc. ^(a)	8,000	1,755,120	Marine Transportation - 1.5%		
Capital Markets - 3.6%			Kirby Corp. ^(a)	8,000	907,280
Charles Schwab Corp.	10,000	912,400	Oil, Gas & Consumable Fuels - 6.7%		
Intercontinental Exchange, Inc.	7,000	1,284,290	Devon Energy Corp.	25,000	795,250
		2,196,690	Diamondback Energy Inc.	5,000	687,000
Chemicals - 10.4%			Expand Energy Corp.	8,500	993,990
Corteva, Inc.	22,500	1,676,925	Kinder Morgan, Inc.	27,500	808,500
DuPont de Nemours, Inc.	10,000	685,900	Permian Resources Corp.	60,000	817,200
Ecolab, Inc.	5,000	1,347,200			4,101,940
Linde PLC	2,000	938,360	Pharmaceuticals - 2.6%		
Sherwin-Williams Co.	5,000	1,716,800	Zoetis, Inc.	10,000	1,559,500
		6,365,185	Professional Services - 4.5%		
Construction Materials - 1.8%			Broadridge Financial Solutions, Inc.	5,500	1,336,665
Martin Marietta Materials, Inc.	2,000	1,097,920	Verisk Analytics, Inc.	4,500	1,401,750
Electric Utilities - 1.6%					2,738,415
Constellation Energy Corp.	3,100	1,000,556	Semiconductors & Semiconductor		
Electronic Equipment, Instruments & Components - 5.6%			Equipment - 4.8%		
Teledyne Technologies, Inc. ^(a)	3,000	1,536,930	NVIDIA Corp.	18,500	2,922,815
Trimble, Inc. ^(a)	25,000	1,899,500	Software - 16.2%		
		3,436,430	Adobe, Inc. ^(a)	3,700	1,431,456
Financial Services - 1.6%			Microsoft Corp.	6,300	3,133,683
Fiserv, Inc. ^(a)	5,500	948,255	Oracle Corp.	14,000	3,060,820
Food Products - 1.1%			Roper Technologies, Inc.	4,000	2,267,360
Kraft Heinz Co.	25,000	645,500			9,893,319
Health Care Equipment & Supplies - 5.5%			Specialty Retail - 4.4%		
Alcon AG	13,500	1,191,780	Academy Sports & Outdoors, Inc.	27,500	1,232,275
Stryker Corp.	5,500	2,175,965	Home Depot, Inc.	4,000	1,466,560
		3,367,745			2,698,835
Household Durables - 1.5%			Technology Hardware, Storage & Peripherals - 2.7%		
Whirlpool Corporation	9,300	943,206	Apple Inc.	8,000	1,641,360
Independent Power and Renewable Electricity Producers - 2.1%			Textiles, Apparel & Luxury Goods - 1.6%		
Clearway Energy, Inc. - Class C	40,000	1,280,000	Ralph Lauren Corp.	3,500	959,980
			TOTAL COMMON STOCKS		
			(Cost \$29,711,274)		59,875,372

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

LKCM AQUINAS CATHOLIC EQUITY FUND
SCHEDULE OF INVESTMENTS
June 30, 2025 (Unaudited) (Continued)

	<u>Shares</u>	<u>Value</u>
SHORT-TERM INVESTMENTS - 2.1%		
Money Market Funds - 2.1%		
Invesco Short-Term Investments Trust -		
Government & Agency Portfolio -		
Institutional Shares - Class		
Institutional, 4.26% ^(b)	1,308,303	<u>\$ 1,308,303</u>
TOTAL SHORT-TERM INVESTMENTS		
(Cost \$1,308,303)		<u>1,308,303</u>
TOTAL INVESTMENTS - 100.2%		
(Cost \$31,019,577)		\$61,183,675
Liabilities in Excess of		
Other Assets - (0.2)%		<u>(98,539)</u>
TOTAL NET ASSETS - 100.0%		<u><u>\$61,085,136</u></u>

Percentages are stated as a percent of net assets.

The Global Industry Classification Standard ("GICS[®]") was developed by and/or is the exclusive property of MSCI, 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. Bank Global Fund Services.

PLC - Public Limited Company

^(a) Non-income producing security.

^(b) The rate shown represents the 7-day annualized effective yield as of June 30, 2025.

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

LKCM AQUINAS CATHOLIC EQUITY FUND
STATEMENT OF ASSETS AND LIABILITIES
June 30, 2025 (Unaudited)

ASSETS

Investments, at value*	\$61,183,675
Dividends and interest receivable	34,545
Receivable for Fund shares sold	8,218
Prepaid trustees' fees and officer compensation (Note B)	2,994
Prepaid expenses and other assets.	<u>27,746</u>
Total assets	<u>61,257,178</u>

LIABILITIES

Payable for investment advisory fees	70,506
Payable for distribution expense	27,582
Payable for administrative fees	14,738
Payable for accounting and transfer agent fees and expenses.	14,912
Payable for professional fees	12,489
Payable for custody fees and expenses	1,506
Payable for Fund shares redeemed	30,291
Accrued expenses and other liabilities	<u>18</u>
Total liabilities	<u>172,042</u>

Commitments and Contingencies (Note A)

NET ASSETS **\$61,085,136**

Net Assets Consist of:

Paid-in capital	\$27,871,847
Total distributable earnings	<u>33,213,289</u>
Net assets	<u>\$61,085,136</u>

Shares of beneficial interest outstanding (unlimited shares of no par value authorized) 3,338,621

Net asset value per share (offering and redemption price) \$ 18.30

* Cost of Investments \$31,019,577

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

LKCM AQUINAS CATHOLIC EQUITY FUND
STATEMENT OF OPERATIONS
Six Months Ended June 30, 2025 (Unaudited)

INVESTMENT INCOME:

Dividends*	\$ 403,438
Interest.	<u>16,643</u>
Total investment income	<u>420,081</u>

EXPENSES:

Investment advisory fees (Note B)	262,759
Administrative fees	39,159
Accounting and transfer agent fees and expenses.	47,874
Distribution expense (Note B)	29,195
Professional fees	11,889
Trustees' fees and officer compensation (Note B)	8,617
Federal and state registration	9,988
Custody fees and expenses	3,735
Reports to shareholders	1,500
Other	<u>1,023</u>
Total expenses	415,739
Less, expense waiver and/or reimbursement (Note B)	<u>(123,784)</u>
Net expenses	<u>291,955</u>
Net investment income (loss)	<u>128,126</u>

REALIZED AND UNREALIZED GAIN (LOSS):

Net realized gain (loss) on:	
Investments	\$2,886,011
Net change in unrealized appreciation (depreciation) on:	
Investments	<u>(647,517)</u>
Net realized and unrealized gain (loss)	<u>2,238,494</u>

NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS. **\$2,366,620**

* Net of foreign taxes withheld and/or issuance fees \$ 717

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

LKCM AQUINAS CATHOLIC EQUITY FUND
STATEMENTS OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2025 (Unaudited)	Year Ended December 31, 2024
OPERATIONS:		
Net investment income	\$ 128,126	\$ 178,517
Net realized gain	2,886,011	4,380,108
Net change in unrealized appreciation	<u>(647,517)</u>	<u>2,743,520</u>
Net increase in net assets resulting from operations	<u>2,366,620</u>	<u>7,302,145</u>
NET DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS	<u>—</u>	<u>(4,426,034)</u>
Net increase (decrease) in net assets from fund share transactions	<u>(1,390,779)</u>	<u>(989,966)</u>
Total increase in net assets	<u>975,841</u>	<u>1,886,145</u>
NET ASSETS:		
Beginning of period	60,109,295	58,223,150
End of period	<u>\$61,085,136</u>	<u>\$60,109,295</u>

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

LKCM AQUINAS CATHOLIC EQUITY FUND
FINANCIAL HIGHLIGHTS

Selected data for each share of capital stock outstanding

	Six Months Ended June 30, 2025 (Unaudited)	Year Ended December 31				
		2024	2023	2022	2021	2020
Net asset value, beginning of period	\$ 17.59	\$ 16.73	\$ 15.05	\$ 19.52	\$ 17.53	\$ 15.06
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income (loss).	0.04 ⁽¹⁾	0.05 ⁽¹⁾	0.12 ⁽¹⁾	0.17 ⁽¹⁾	0.05 ⁽¹⁾	0.06 ⁽¹⁾
Net realized and unrealized gains (losses). . . .	0.67	2.20	2.00	(3.72)	4.40	3.59
Total from investment operations	0.71	2.25	2.12	(3.55)	4.45	3.65
LESS DISTRIBUTIONS:						
From net investment income	—	(0.05)	(0.12)	(0.18)	(0.05)	(0.06)
From realized capital gains	—	(1.34)	(0.32)	(0.74)	(2.41)	(1.12)
Total distributions.	—	(1.39)	(0.44)	(0.92)	(2.46)	(1.18)
Redemption fees.	0.00 ⁽²⁾	0.00 ⁽²⁾	0.00 ⁽²⁾	—	—	—
Net asset value, end of period	\$ 18.30	\$ 17.59	\$ 16.73	\$ 15.05	\$ 19.52	\$ 17.53
Total return	4.04% ⁽⁴⁾	13.37%	14.07%	−18.17%	25.34%	24.28%
RATIOS AND SUPPLEMENTAL DATA:						
Net assets, end of period (\$000's)	\$61,085	\$60,109	\$58,223	\$50,083	\$63,916	\$53,862
Ratio of expenses to average net assets:						
Before expense waiver and/or reimbursement	1.42% ⁽³⁾	1.47%	1.53%	1.45%	1.40%	1.48%
After expense waiver and/or reimbursement	1.00% ⁽³⁾	1.00%	1.00%	1.00%	1.00%	1.00%
Ratio of net investment income (loss) to average net assets:						
Before expense waiver and/or reimbursement	0.01% ⁽³⁾	(0.17)%	0.24%	0.57%	(0.15)%	(0.12)%
After expense waiver and/or reimbursement	0.44% ⁽³⁾	0.30%	0.77%	1.02%	0.25%	0.36%
Portfolio turnover rate.	6% ⁽⁴⁾	11%	16%	23%	18%	17%

⁽¹⁾ Net investment income (loss) per share represents net investment loss divided by the average shares outstanding throughout the period.

⁽²⁾ Amount rounds to less than \$0.005 per share.

⁽³⁾ Annualized.

⁽⁴⁾ Not annualized.

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

A. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

LKCM Funds (the “Trust”) is registered under the Investment Company Act of 1940 (“1940 Act”) as an open-end, management investment company. The Trust was organized as a Delaware statutory trust on February 10, 1994 and consists of seven diversified series as of June 30, 2025, one of which is presented herein: the LKCM Aquinas Catholic Equity Fund (the “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 contracts and options on futures contracts 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 by the Adviser in good faith at fair value. Rule 2a-5 under the Investment Company Act of 1940 (the “Valuation Rule”) establishes requirements for determining fair value in good faith for purposes of the 1940 Act, including related oversight and reporting requirements. The Valuation Rule also defines when market quotations are “readily available” for purposes of the 1940 Act, the threshold for determining whether a security must be fair valued. In many cases, fixed-income and foreign securities are not considered to have a “readily available market quotation” under the Valuation Rule. Accordingly, such securities typically are fair valued. The Valuation Rule permits the Fund’s board to designate the Fund’s primary investment adviser as “valuation designee” to perform the Fund’s fair value determinations subject to board oversight and certain reporting and other requirements intended to ensure that the registered investment company’s board receives the information it needs to oversee the investment adviser’s fair value determinations. The Board has designated the Adviser as valuation designee under the

LKCM AQUINAS CATHOLIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 (Unaudited) (Continued)

Valuation Rule to perform fair value functions in accordance with the requirements of the Valuation Rule. The Adviser may value securities at fair value in good faith pursuant to the Adviser's and the Fund's procedures. The Adviser may use prices provided by independent pricing services to assist in the fair valuation of the Fund's portfolio securities.

The Trust has adopted accounting standards which establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion of changes in valuation techniques and related inputs during the period. These standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is organized into three levels based upon the assumptions (referred to as "inputs") used in pricing the asset or liability. These standards state that "observable inputs" reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and "unobservable inputs" reflect an entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. These inputs are summarized in the three broad levels listed below.

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

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

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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. As of June 30, 2025, 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	\$59,875,372	\$ —	\$ —	\$59,875,372
Short-Term Investment	1,308,303	—	—	1,308,303
Total Investments*	<u>\$61,183,675</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$61,183,675</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.
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. *Segment Reporting:* During the reporting period, the Funds adopted FASB Accounting Standards Update 2023-07, Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures ("ASU 2023-07"). Adoption of the new standard impacted financial statement disclosures only and did not affect each Fund's financial position or the results of its operations. An operating segment is defined in Topic 280 as a component of a public entity that engages in business activities from which it may recognize revenues and incur expenses, has operating results that are regularly reviewed by the public entity's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and has discrete financial information available. The Trust's principal executive officer and principal financial officer act as the CODM. Each Fund within the Trust represents a single operating segment, as the CODM monitors the operating results of each Fund as a whole and each Fund's long-term strategic asset allocation is pre-determined in accordance with the terms of its prospectus, based on

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June 30, 2025 (Unaudited) (Continued)

a defined investment strategy which is executed by each Fund’s portfolio managers as a team. The financial information in the form of a Fund’s total returns, expense ratios, changes in net assets resulting from operations, subscriptions and redemptions and profitability to the advisor, which are used by the CODM to assess the segment’s performance versus each Fund’s comparative benchmarks and peers to make resource allocation decisions for each Fund’s single segment, is consistent with that presented within each Fund’s financial statements. Segment assets are reflected on the accompanying statement of assets and liabilities as “total assets” and significant segment expenses are listed on the accompanying statement of operations.

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, 2026 in order to limit the Fund’s operating expenses to the annual cap rate presented below. This expense limitation excludes interest, taxes, brokerage commissions, indirect fees and expenses relating to investments in other investment companies, including money market funds, and extraordinary expenses.

For the six months ended June 30, 2025, the Adviser waived the following management fees and/or reimbursed expenses to meet its expense cap obligations:

	<u>LKCM Aquinas Catholic Equity Fund</u>
Annual Management Fee Rate	0.90%
Annual Cap on Expenses	<u>1.00%</u>
Fees Waived and/or Expenses Reimbursed in 2025	<u>\$(123,784)</u>

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

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

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

The Trust has adopted a Distribution Plan pursuant to Rule 12b-1 under the 1940 Act 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.

LKCM AQUINAS CATHOLIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 (Unaudited) (Continued)

C. FUND SHARES

At June 30, 2025, there was an unlimited number of shares of beneficial interest, no par value, authorized for the Fund. The following table summarizes the activity in shares of the Fund:

	Six Months Ended June 30, 2025		Year Ended December 31, 2024	
	Shares	Amount	Shares	Amount
Shares sold	42,534	\$ 719,480	94,402	\$ 1,689,787
Shares issued to shareholders in reinvestment of distributions	—	—	233,056	4,136,741
Shares redeemed	(121,302)	(2,110,267)	(390,153)	(6,816,546)
Redemption fee		8		52
Net increase	<u>(78,769)</u>	<u>\$(1,390,779)</u>	<u>(62,695)</u>	<u>\$ (989,966)</u>
Shares Outstanding:				
Beginning of period	<u>3,417,390</u>		<u>3,480,085</u>	
End of period	<u><u>3,338,621</u></u>		<u><u>3,417,390</u></u>	

D. SECURITY TRANSACTIONS

Purchases and sales of investment securities, other than short-term investments, for the Fund for the period ended June 30, 2025 were as follows:

Purchases		Sales	
U.S. Government	Other	U.S. Government	Other
\$ —	\$3,565,352	\$ —	\$5,785,247

E. TAX INFORMATION

At December 31, 2024, the components of accumulated earnings (losses) on a tax basis for the Fund were as follows:

Tax cost	<u>\$29,389,180</u>
Gross unrealized appreciation	\$31,215,615
Gross unrealized depreciation	<u>(404,000)</u>
Net unrealized appreciation	<u>\$30,811,615</u>
Undistributed ordinary income	35,054
Undistributed long-term capital gain	<u>—</u>
Distributable earnings	<u>\$ 35,054</u>
Other accumulated losses	<u>—</u>
Total distributable earnings	<u><u>\$30,846,669</u></u>

At December 31, 2024, the Fund deferred, on a tax basis, no post-October capital losses.

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, 2024, the Fund had no capital loss carryforwards.

LKCM AQUINAS CATHOLIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025 (Unaudited) (Continued)

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

	<u>Year Ended December 31, 2024</u>		<u>Year Ended December 31, 2023</u>	
	<u>Ordinary Income</u>	<u>Long-Term Capital Gains</u>	<u>Ordinary Income</u>	<u>Long-Term Capital Gains</u>
LKCM Aquinas Catholic Equity Fund.	\$153,095	\$4,272,939	\$416,560	\$1,078,666

The Fund designated earnings and profits distributed to shareholders upon the redemption of shares during 2024 and 2023 in determining undistributed net capital gains as of December 31, 2024 and 2023, respectively.

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, 2021 through December 31, 2024. 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, 2024. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. If applicable, the Fund would recognize interest accrued related to unrecognized tax benefits in "interest expense" and penalties in "other expense" on the statement of operations.

F. OTHER MATTERS

Investing in the Funds involves risks and the potential loss of all or a portion of your investment. Each Fund is subject to the risk that the securities markets will move down, sometimes rapidly and unpredictably, based on overall economic conditions and other factors, which may negatively affect the Fund's performance. Factors that affect markets in general, including geopolitical, regulatory, market and economic developments and other developments that impact specific economic sectors, industries, companies, and segments of the market, could adversely impact the Fund's investments and lead to a decline in the value of your investment in a Fund. Geopolitical and other events, including wars, such as between Russia and Ukraine and in the Middle East tensions and other conflicts between nations, terrorism, economic uncertainty, trade disputes, pandemics, public health crises, natural disasters and related events have led, and in the future may continue to lead, to instability in world economies and markets generally and reduced liquidity in equity, credit, and fixed income markets. In addition, policy changes by the U.S. Government, the U.S. Federal Reserve and/or foreign governments, such as changes in interest rates, and political events within the U.S. and abroad may cause increased volatility in financial markets, affect investor and consumer confidence, and adversely impact the broader financial markets and economy, perhaps suddenly and to a significant degree. Market disruptions have caused, and may continue to cause, broad changes in market value, negative public perceptions concerning these developments, and adverse investor sentiment or publicity. The foregoing may adversely affect, among other things, the value and liquidity of a Fund's investments, a Fund's ability to satisfy redemption requests, a Fund's financial and operational performance, and/or the value of your investment in a Fund.

G. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated the Fund's related events and transactions that occurred subsequent to June 30, 2025 through the date the financial statements were issued and has determined that there were no significant subsequent events requiring recognition or disclosure in the financial statements.

LKCM AQUINAS CATHOLIC EQUITY FUND
ADDITIONAL INFORMATION

The below information is required disclosure from N-CSR

Item 8. Changes in and Disagreements with Accountants for Open-End Investment Companies.

There were no changes in or disagreements with accountants during the period covered by this report.

Item 9. Proxy Disclosure for Open-End Investment Companies.

There were no matters submitted to a vote of shareholders during the period covered by this report.

Item 10. Remuneration Paid to Trustees, Officers, and Others of Open-End Investment Companies.

Information regarding remuneration paid by the Registrant to its directors, officers and affiliated persons is included in the financial statements filed under Item 7 of this Form N-CSR.

Item 11. Statement Regarding Basis for Approval of Investment Advisory Contract.

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

Introduction. At a meeting held on February 25, 2025, the Board of Trustees of LKCM Funds, including the independent Trustees (the “Board”), approved the renewal of the Investment Advisory Agreement (the “Agreement”) between Luther King Capital Management Corporation (“LKCM”) and LKCM Funds, on behalf of the LKCM Aquinas Catholic Equity Fund (the “Fund”).

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

In considering the renewal of the Agreement, the Board requested and considered a broad range of information provided by LKCM, including, but not limited to, the Fund’s Catholic values investing mandate, reports relating to the Fund’s performance and expenses, certain portfolio compliance policies and the background and experience of the portfolio managers. In addition, the Board considered a memorandum from its legal counsel regarding the Board’s legal duties in considering the renewal of the Agreement. The Board also considered that it meets each quarter to review, among other matters, the Fund’s performance and expenses and various aspects of the Fund’s operations.

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

LKCM AQUINAS CATHOLIC EQUITY FUND

ADDITIONAL INFORMATION (Continued)

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

Performance of the Fund. The Board considered the performance of the Fund compared to the S&P 500 Index, peer groups of funds compiled by Broadridge and Lipper, and a Lipper peer group index ("Lipper Index") for various time periods ended December 31, 2024. The Board considered that, in 2016, upon the closing of the reorganizations of the LKCM Aquinas Small Cap Fund and LKCM Aquinas Growth Fund into the Fund (the "Reorganization"), the Fund's name, investment strategies, expenses, benchmark index and Lipper index changed, and the Board considered this in reviewing the Fund's longer-term performance against its current benchmark and Lipper Index. The Board also considered LKCM's discussion of the Fund's performance.

The Board considered that the Fund underperformed the S&P 500 Index and its Lipper Index for the one-year, three-year, five-year, ten-year and since-inception periods. In considering the comparative performance data, the Board considered that the Fund is managed in accordance with its Catholic values investing guidelines, which restrict the Fund's investments and generally are not applicable to the S&P 500 Index or the funds included in the Lipper Index. The Board considered LKCM's representation that the Fund's stringent investment criteria and certain additional factors cited by LKCM had contributed to or detracted from the Fund's performance during the prior year.

Fees and Expenses. The Board considered the contractual advisory fee rate, actual advisory fee rate (the contractual advisory fee rate net of fee waivers and/or expense reimbursements), total expense ratio (including Rule 12b-1 fees and non-Rule 12b-1 service fees) and net expense ratio (the total expense ratio, including Rule 12b-1 fees and non-Rule 12b-1 service fees, after fee waivers and/or expense reimbursements) of the Fund. The Board also considered that LKCM had implemented fee waivers and expense caps for the Fund through May 1, 2025, and that LKCM was proposing to continue the current contractual fee waiver through May 1, 2026.

The Board considered a comparison of the Fund's contractual advisory fee rate, actual advisory fee rate and net expense ratio to a category of similar funds compiled by Broadridge ("Expense Group"). The Board also considered comparisons of the actual advisory fee rate and net expense ratio to a broader category comprised of the Fund, the Expense Group and other similar retail funds ("Expense Universe"). The contractual advisory fee rate was compared to the Expense Group at the Fund's asset level. Although advisory fees for Broadridge comparison purposes typically reflect combined advisory and administration fees, advisory fee comparisons did not include the Fund's administrative expenses because the Fund pays separate investment advisory fees to LKCM and administration fees to a third-party administrator. The first quartile in an Expense Group and Expense Universe represents those funds with the lowest fees or expenses.

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

The Board considered that, although the Fund's contractual advisory fee rate was higher than those of its peers, the expense cap arrangements caused the Fund's actual advisory fee rate to be lower than that of its peers.

Costs, Profitability and Economies of Scale. The Board considered LKCM's costs in rendering services to the Fund and the profitability of LKCM. The Board considered the fees paid by the Fund to LKCM for the last three calendar years net of fee waivers and reimbursed expenses. The Board also considered the estimated profit and loss analysis provided by LKCM for the past calendar year, before and after any distribution payments made by LKCM. The Board noted that, during the year, LKCM had capped the Fund's net expense ratio. With respect to economies of scale, the Board considered that the Fund generally benefits from a competitive effective advisory fee rate and net expense ratio despite not having reached an asset size at which economies of scale traditionally would be considered to exist. The

LKCM AQUINAS CATHOLIC EQUITY FUND
ADDITIONAL INFORMATION (Continued)

Board also considered that, while there are no breakpoints in the Fund's advisory fee rate schedule, LKCM waives fees and/or reimburses expenses to maintain the Fund's effective advisory fee rate and net expense ratio at a competitive level.

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

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