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# **LKCM FUNDS**

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**LKCM Small Cap Equity Fund**  
**LKCM Small-Mid Cap Equity Fund**  
**LKCM Equity Fund**  
**LKCM Balanced Fund**  
**LKCM Fixed Income Fund**

Annual Report  
December 31, 2017

## Dear Fellow Shareholders:

We report the following performance information for the LKCM Funds for the indicated periods ended December 31, 2017:

Funds	Inception Dates	NAV @ 12/31/17	Net Expense Ratio*, **	Gross Expense Ratio**	One Year Total Return Ended 12/31/17	Five Year Average Annualized Return Ended 12/31/17	Ten Year Average Annualized Return Ended 12/31/17	Avg. Annual Total Return Since Incept.
LKCM Equity Fund - Institutional Class	1/3/96	\$26.02	0.80%	0.98%	21.69%	12.76%	8.31%	8.65%
S&P 500® Index <sup>(1)</sup>					21.83%	15.79%	8.50%	8.90%
LKCM Small Cap Equity Fund - Institutional Class	7/14/94	\$18.44	1.00%	1.05%	17.04%	9.59%	6.88%	10.47%
Russell 2000® Index <sup>(2)</sup>					14.65%	14.12%	8.71%	9.60%
LKCM Small Cap Equity Fund - Adviser Class	6/5/03	\$17.13	1.25%	1.30%	16.70%	9.31%	6.61%	9.27%
Russell 2000® Index <sup>(2)</sup>					14.65%	14.12%	8.71%	10.13%
LKCM Small-Mid Cap Equity Fund - Institutional Class	5/2/11	\$10.60	1.02%	1.25%	24.13%	9.67%	N/A	6.64%
Russell 2500® Index <sup>(3)</sup>					16.81%	14.33%	N/A	11.00%
LKCM Balanced Fund	12/30/97	\$22.18	0.81%	1.04%	12.88%	10.28%	7.47%	6.64%
S&P 500® Index <sup>(1)</sup>					21.83%	15.79%	8.50%	7.19%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index <sup>(4)</sup>					2.14%	1.50%	3.32%	4.54%
LKCM Fixed Income Fund	12/30/97	\$10.68	0.51%	0.79%	2.15%	1.49%	3.63%	4.34%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index <sup>(4)</sup>					2.14%	1.50%	3.32%	4.54%

*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 Funds may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-688-LKCM. The Funds impose 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 Funds' investment adviser, has contractually agreed to waive all or a portion of its management fee and/or reimburse expenses of each Fund to maintain the expense ratios designated in the Funds' current prospectus through May 1, 2018. 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 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 each Fund during the fiscal year ended December 31, 2017.

\*\* Expense ratios above are as of May 1, 2017, as reported in the Funds' current prospectus. Expense ratios reported for other periods in the financial highlights of this report may differ.

(1) 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.

(2) The Russell 2000® Index is an unmanaged index which measures the performance of the 2,000 smallest companies in the Russell 3000® Index.

(3) The Russell 2500® Index is an unmanaged index which measures the performance of the 2,500 smallest companies in the Russell 3000® Index.

(4) 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.

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

## 2017 Review

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

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

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

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

## **2018 Outlook**

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

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

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

## **LKCM Equity Fund**

The LKCM Equity Fund posted a return of 21.69% for the year ended December 31, 2017 compared to a return of 21.83% for the S&P 500® Index, the Fund's benchmark. The Fund generated solid performance results from stock selection in the Industrials, Healthcare and Financials sectors relative to the benchmark, although stock selection in the Information Technology and Energy sectors underperformed relative to the benchmark. The Fund benefited from an underweight position in the Telecommunications, Utilities and Real Estate sectors

relative to the benchmark, which was offset by the Fund's overweight position in the Energy and Information Technology sectors. We remain committed to our investment strategy and stock selection process for the Fund, and we believe the Fund is well positioned for 2018 with a portfolio of companies that we believe are high quality, have solid balance sheets, are reasonably valued, and otherwise meet our stringent investment criteria.

### **LKCM Small Cap Equity Fund**

The LKCM Small Cap Equity Fund—Institutional Class returned 17.04% for the year ended December 31, 2017 and outperformed its benchmark, the Russell 2000<sup>®</sup> Index, which returned 14.65% for the year. For 2017, stock selection was responsible for the vast majority of the Fund's relative outperformance although sector allocation decisions for the Fund were also positive and contributed to the Fund's relative performance. Stock selection in the Consumer Discretionary, Industrials and Materials sectors was strong and contributed significantly to the Fund's outperformance relative to the benchmark. Stock selection in the Healthcare sector was the biggest detractor to the Fund's relative performance. The Fund's overweight position in the Energy sector was also a drag on the Fund's relative performance, especially during the first part of the year. The Fund also benefited during the year from a tilt toward growth companies and underweight positions in those sectors more sensitive to interest rates. The Fund further benefited during the year from five portfolio companies being acquired and four portfolio companies graduating out of our small cap investment strategy due to market appreciation. We continue to remain confident in our strategy of investing in companies that we believe are high quality and competitively advantaged and otherwise meet our stringent investment criteria.

### **LKCM Balanced Fund**

The LKCM Balanced Fund advanced 12.88% for the year ended December 31, 2017 versus the 21.83% return for the S&P 500<sup>®</sup> Index and the 2.14% return for the Bloomberg Barclays Intermediate Government/Credit Bond Index. While generating significant absolute returns, the Fund's equity portfolio lagged the performance of the S&P 500<sup>®</sup> Index. The Fund benefited from strong stock selection in the Healthcare and Financials sectors relative to the benchmark, while stock selection in the Consumer Discretionary and Information Technology sectors detracted from the Fund's relative performance. We believe the Fund's equity portfolio is well-positioned for a gradual lift in interest rates, with relatively low exposure to interest rate sensitive sectors like Real Estate and Utilities. The Fund's fixed income portfolio slightly outperformed the Bloomberg Barclays Intermediate Government/Credit Bond Index during the year. The Fund's fixed income portfolio remains focused on high quality intermediate maturity bonds, which serves the dual objective of generating income and moderating the overall risk level of the Fund's total portfolio.

### **LKCM Fixed Income Fund**

The LKCM Fixed Income Fund advanced 2.15% for the year ended December 31, 2017 compared to 2.14% for the Fund's benchmark, the Bloomberg Barclays Intermediate Government/Credit Bond Index. The Fund's overweight position in corporate bonds relative to the benchmark, specifically BBB rated corporate bonds and those in the Healthcare, Capital Goods and Information Technology sectors, were additive to the Fund's relative performance as credit spreads tightened. Floating rate and U.S. Government agency step-up fixed income securities were also additive to the Fund's relative performance as short-term interest rates rose and the yield curve flattened as the Federal Reserve Board tightened monetary policy. The Fund's underweight position in the U.S. Government sector also benefitted the Fund's relative performance as U.S. Treasuries and U.S. Government agency fixed income securities underperformed their lower quality counterparts in the corporate bond sector. The Fund's defensive duration posture of approximately 3.2 years, versus 4.0 years for the benchmark, detracted from the Fund's relative performance as the yield curve flattened and longer duration issues outperformed their shorter duration counterparts. The Fund remains largely focused on short-to-intermediate investment grade corporate bonds with strong underlying credit fundamentals in an effort to mitigate interest rate and credit risk as expectations for inflation and growth increase.

### **LKCM Small-Mid Cap Equity Fund**

The LKCM Small-Mid Cap Equity Fund returned 24.13% for the year ended December 31, 2017 and outperformed its benchmark, the Russell 2500<sup>®</sup> Index, which returned 16.81% for the year. For 2017, stock selection was responsible for the vast majority of the Fund's relative outperformance although sector allocation decisions for the Fund were also positive and contributed to the Fund's relative performance. Stock selection in the Financials, Consumer Discretionary, Healthcare, Information Technology and Materials sectors was strong and contributed significantly to the Fund's outperformance relative to the benchmark. The Fund's overweight position in the Energy sector was a drag on the Fund's relative performance, especially during the first part of the year. The Fund also benefited during the year from a tilt toward growth companies and underweight positions in those sectors more sensitive to interest rates. The Fund further benefited during the year from three portfolio companies being acquired and three portfolio companies graduating out of our small-mid cap investment strategy due to market appreciation. We continue to remain confident in our strategy of investing in companies that we believe are high quality and competitively advantaged and otherwise meet our stringent investment criteria



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

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

Please refer to the Schedule of Investments found on pages 16-28 of the report for more information on Fund holdings. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any securities.

*Mutual fund investing involves risk. Principal loss is possible. Past performance is not a guarantee of future results. Small and medium capitalization funds typically carry additional risks, since smaller companies generally have a higher risk of failure, and, historically, their stocks have experienced a greater degree of market volatility than stocks on average. Investments in debt securities typically decrease in value when interest rates rise. This risk is greater for longer-term debt securities. Investments in mortgage backed securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. These risks are discussed in the Funds' summary and statutory prospectuses.*

**Earnings growth is not a measure of future performance.**

Duration is a commonly used measure of the potential volatility of the price of a debt security, or the aggregate market value of a portfolio of debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration.

Spread is the percentage point difference between yields of various classes of bonds compared to treasury bonds.

BBB refers to bond ratings. Bond ratings are grades given to bonds that indicate their credit quality as determined by private independent rating services such as Standard & Poor's, Moody's and Fitch. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade.

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

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

Investment grade is a level of credit rating regarded as carrying a relatively low level of risk to investors.

Must be preceded or accompanied by a prospectus.

Quasar Distributors, LLC, distributor.

**PERFORMANCE:**

The following information illustrates the historical performance of the LKCM Small Cap Equity Fund as of December 31, 2017 compared to the Fund’s representative 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 1-800-688-LKCM. 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 Small-Cap Core Funds Index, however, does reflect the fees and expenses borne by the Funds included in that index. One can not invest in an unmanaged index.

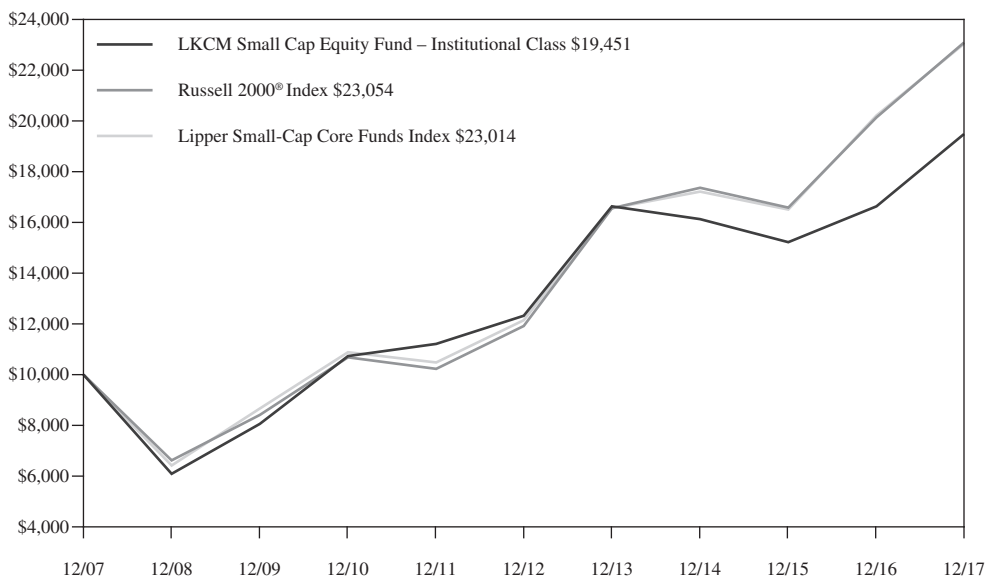
**AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2017)**

	Past 1 Year	Past 5 Years <sup>(1)</sup>	Past 10 Years <sup>(1)</sup>	Since Inception <sup>(1)(2)</sup>
<b>LKCM Small Cap Equity Fund – Institutional Class</b>	17.04%	9.59%	6.88%	10.47%
Russell 2000® Index	14.65%	14.12%	8.71%	9.60%
Lipper Small-Cap Core Funds Index	13.95%	13.64%	8.69%	10.41%

<sup>(1)</sup> Annualized.

<sup>(2)</sup> July 14, 1994

**A HYPOTHETICAL \$10,000 INVESTMENT IN LKCM SMALL CAP EQUITY FUND – INSTITUTIONAL CLASS (for the ten years ended December 31, 2017)**



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

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

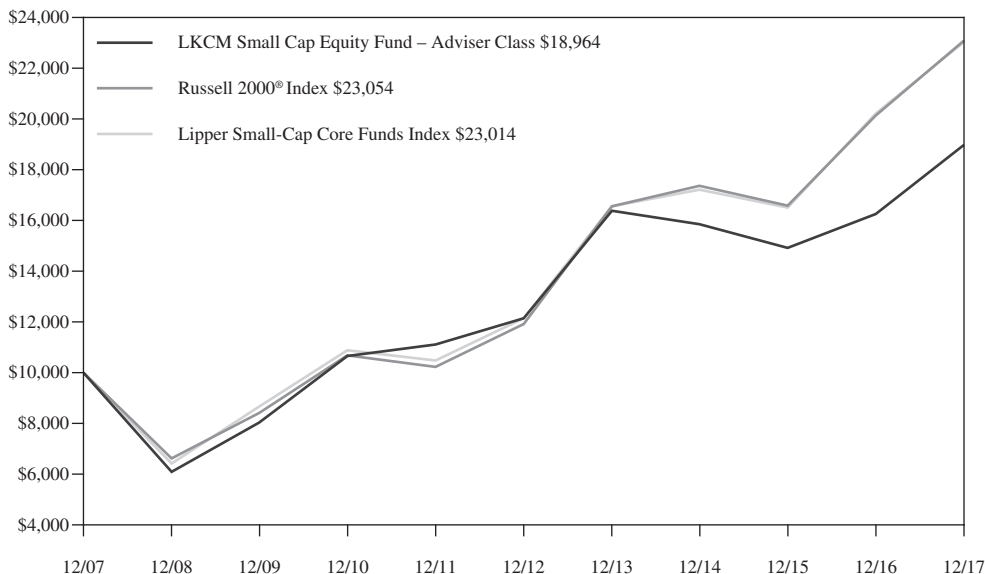
**AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2017)**

	<b>Past 1 Year</b>	<b>Past 5 Years<sup>(1)</sup></b>	<b>Past 10 Years<sup>(1)</sup></b>	<b>Since Inception<sup>(1)(2)</sup></b>
<b>LKCM Small Cap Equity Fund – Adviser Class</b>	16.70%	9.31%	6.61%	9.27%
Russell 2000® Index	14.65%	14.12%	8.71%	10.13%
Lipper Small-Cap Core Funds Index	13.95%	13.64%	8.69%	10.49%

<sup>(1)</sup> Annualized.

<sup>(2)</sup> June 5, 2003

**A HYPOTHETICAL \$10,000 INVESTMENT IN LKCM SMALL CAP EQUITY FUND – ADVISER CLASS  
(for the ten years ended December 31, 2017)**



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

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

## PERFORMANCE:

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

**Performance data quoted represents past performance; past performance does not guarantee future results. The graph and table reflect the reinvestment of dividends and other distributions, if any, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-688-LKCM. 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.**

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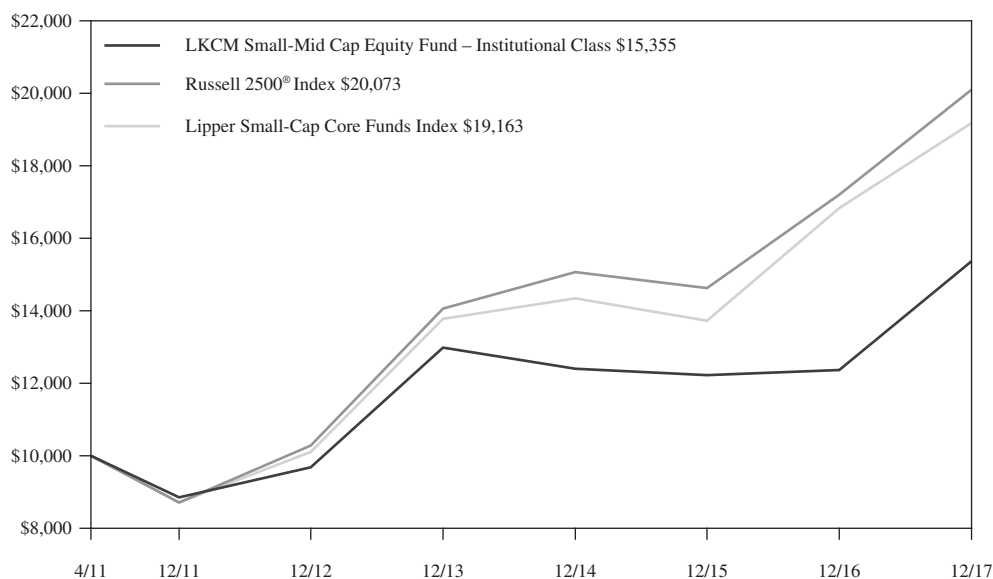
### AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2017)

	Past 1 Year	Past 5 Years <sup>(1)</sup>	Since Inception <sup>(1)(2)</sup>
<b>LKCM Small-Mid Cap Equity Fund – Institutional Class</b>	24.13%	9.67%	6.64%
Russell 2500® Index	16.81%	14.33%	11.00%
Lipper Small-Cap Core Funds Index	13.95%	13.64%	10.24%

<sup>(1)</sup> Annualized.

<sup>(2)</sup> May 2, 2011

### A HYPOTHETICAL \$10,000 INVESTMENT IN LKCM SMALL-MID CAP EQUITY FUND – INSTITUTIONAL CLASS (for the period from May 2, 2011 to December 31, 2017)



The Russell 2500® Index is an unmanaged index consisting of the 2,500 smallest companies in the Russell 3000® Index.

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



## PERFORMANCE:

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

**Performance data quoted represents past performance; past performance does not guarantee future results. The graph and table reflect the reinvestment of dividends and other distributions, if any, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-688-LKCM. 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.**

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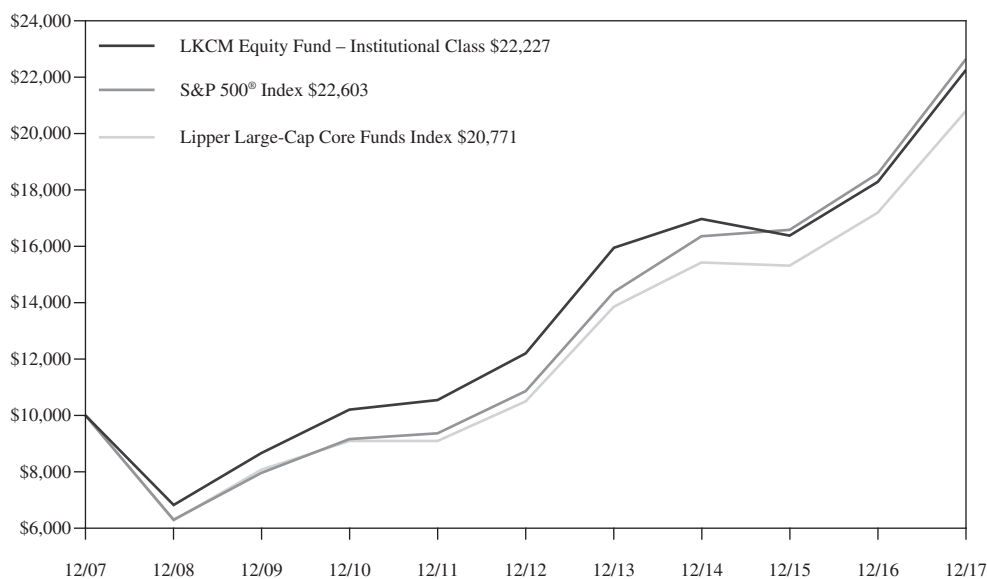
### AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2017)

	Past 1 Year	Past 5 Years <sup>(1)</sup>	Past 10 Years <sup>(1)</sup>	Since Inception <sup>(1)(2)</sup>
<b>LKCM Equity Fund – Institutional Class</b>	21.69%	12.76%	8.31%	8.65%
S&P 500® Index	21.83%	15.79%	8.50%	8.90%
Lipper Large-Cap Core Funds Index	20.90%	14.63%	7.58%	7.93%

<sup>(1)</sup> Annualized.

<sup>(2)</sup> January 3, 1996

### A HYPOTHETICAL \$10,000 INVESTMENT IN LKCM EQUITY FUND – INSTITUTIONAL CLASS (for the ten years ended December 31, 2017)



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

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

**PERFORMANCE:**

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

Performance data quoted represents past performance; past performance does not guarantee future results. The graph and table reflect the reinvestment of dividends and other distributions, if any, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-688-LKCM. 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.

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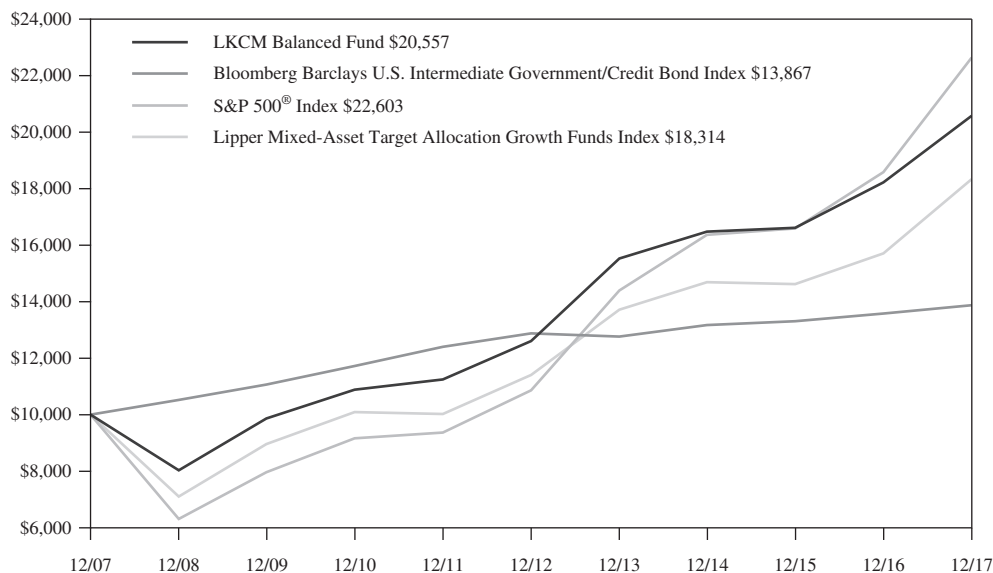
**AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2017)**

	Past 1 Year	Past 5 Years <sup>(1)</sup>	Past 10 Years <sup>(1)</sup>	Since Inception <sup>(1)(2)</sup>
<b>LKCM Balanced Fund</b>	12.88%	10.28%	7.47%	6.64%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index	2.14%	1.50%	3.32%	4.54%
S&P 500® Index	21.83%	15.79%	8.50%	7.19%
Lipper Mixed-Asset Target Allocation Growth Funds Index	16.67%	9.96%	6.24%	6.44%

<sup>(1)</sup> Annualized.

<sup>(2)</sup> December 30, 1997

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



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.

The Lipper Mixed-Asset Target Allocation Growth Funds Index is an unmanaged index generally considered representative of mutual funds tracked by Lipper, Inc. that, by portfolio practice, maintain a mix of between 60%-80% equity securities, with the remainder invested in bonds, cash and cash equivalents.

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.

## PERFORMANCE:

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

**Performance data quoted represents past performance; past performance does not guarantee future results. The graph and table reflect the reinvestment of dividends and other distributions, if any, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-688-LKCM. 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 Short Intermediate Investment-Grade Debt Funds Index, however, does reflect the fees and expenses borne by the Funds included in that index. One can not invest in an unmanaged index.

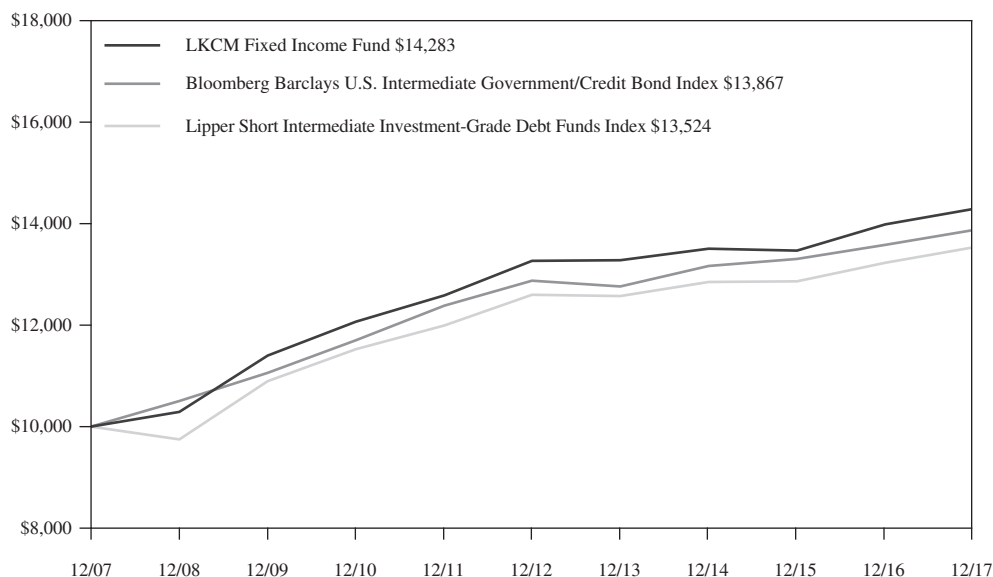
### AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2017)

	Past 1 Year	Past 5 Years <sup>(1)</sup>	Past 10 Years <sup>(1)</sup>	Since Inception <sup>(1)(2)</sup>
<b>LKCM Fixed Income Fund</b>	2.15%	1.49%	3.63%	4.34%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index	2.14%	1.50%	3.32%	4.54%
Lipper Short Intermediate Investment-Grade Debt Funds Index	2.25%	1.44%	3.06%	4.01%

<sup>(1)</sup> Annualized.

<sup>(2)</sup> December 30, 1997

### A HYPOTHETICAL \$10,000 INVESTMENT IN LKCM FIXED INCOME FUND (for the ten years ended December 31, 2017)



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.

The Lipper Short Intermediate Investment-Grade Debt Funds Index is an unmanaged index generally considered representative of short intermediate investment grade mutual funds tracked by Lipper, Inc.

## LKCM Funds Expense Example — December 31, 2017

As a shareholder of the Funds, you incur two types of costs: (1) transaction costs, including redemption fees; and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (7/1/17-12/31/17).

### ACTUAL EXPENSES

The first line of the tables 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 Funds charge no sales load, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, the Funds’ transfer agent. If you request that a redemption be made by wire transfer, currently a \$15.00 fee is charged by the Funds’ transfer agent. You will be charged a redemption fee equal to 1.00% of the net amount of the redemption if you redeem your shares of the LKCM Small Cap Equity, Small-Mid Cap Equity, Equity, Balanced and Fixed Income Funds within 30 days of purchase, unless otherwise determined by the Funds in their discretion. To the extent the Funds invest in shares of other investment companies as part of their investment strategies, you will indirectly bear your proportionate share of any fees and expenses charged by the underlying funds in which the Funds invest in addition to the expenses of the Funds. Actual expenses of the underlying funds are expected to vary among the various underlying funds. These expenses are not included in the example below. The example below includes management fees, registration fees and other expenses. However, the example below does not include portfolio trading commissions and related expenses and other extraordinary expenses as determined under generally accepted accounting principles.

### HYPOTHETICAL EXAMPLES FOR COMPARISON PURPOSES

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

	<b>LKCM Small Cap Equity Fund – Institutional Class</b>		
	<b>Beginning Account Value 7/1/17</b>	<b>Ending Account Value 12/31/17</b>	<b>Expenses Paid During Period* 7/1/17–12/31/17</b>
Actual .....	\$1,000.00	\$1,093.10	\$5.28
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.

	<b>LKCM Small Cap Equity Fund – Adviser Class</b>		
	<b>Beginning Account Value 7/1/17</b>	<b>Ending Account Value 12/31/17</b>	<b>Expenses Paid During Period* 7/1/17–12/31/17</b>
Actual .....	\$1,000.00	\$1,090.80	\$6.59
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,018.90	\$6.36

\* Expenses are equal to the Fund’s annualized net expense ratio of 1.25%, multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

	<b>LKCM Small-Mid Cap Equity Fund</b>		
	<b>Beginning Account Value 7/1/17</b>	<b>Ending Account Value 12/31/17</b>	<b>Expenses Paid During Period* 7/1/17–12/31/17</b>
Actual .....	\$1,000.00	\$1,151.00	\$5.42
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.

**LKCM Equity Fund**

	<u>Beginning Account Value 7/1/17</u>	<u>Ending Account Value 12/31/17</u>	<u>Expenses Paid During Period* 7/1/17–12/31/17</u>
Actual .....	\$1,000.00	\$1,103.20	\$4.24
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,021.17	\$4.08

\* Expenses are equal to the Fund's annualized net expense ratio of 0.80%, multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

**LKCM Balanced Fund**

	<u>Beginning Account Value 7/1/17</u>	<u>Ending Account Value 12/31/17</u>	<u>Expenses Paid During Period* 7/1/17–12/31/17</u>
Actual .....	\$1,000.00	\$1,063.90	\$4.16
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,021.17	\$4.08

\* Expenses are equal to the Fund's annualized net expense ratio of 0.80%, multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

**LKCM Fixed Income Fund**

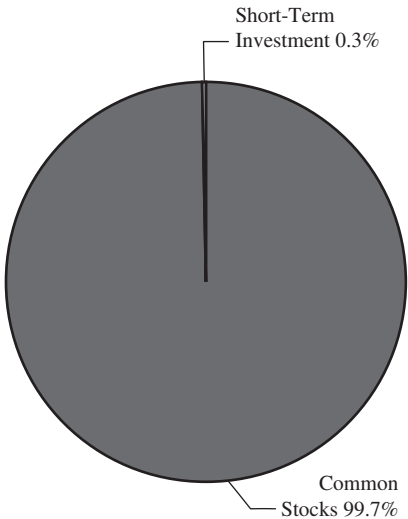
	<u>Beginning Account Value 7/1/17</u>	<u>Ending Account Value 12/31/17</u>	<u>Expenses Paid During Period* 7/1/17–12/31/17</u>
Actual .....	\$1,000.00	\$1,005.40	\$2.53
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,022.68	\$2.55

\* Expenses are equal to the Fund's annualized net expense ratio of 0.50%, multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

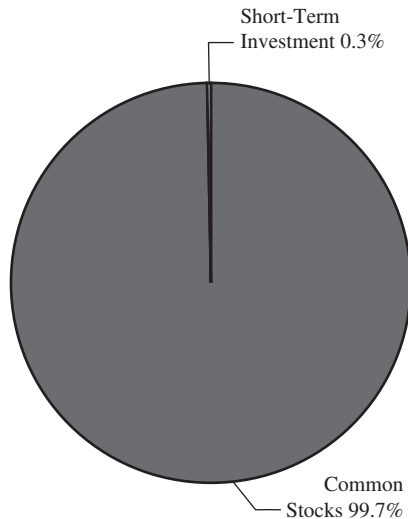
**ALLOCATION OF PORTFOLIO HOLDINGS — LKCM Funds — December 31, 2017**

Percentages represent market value as a percentage of total investments.

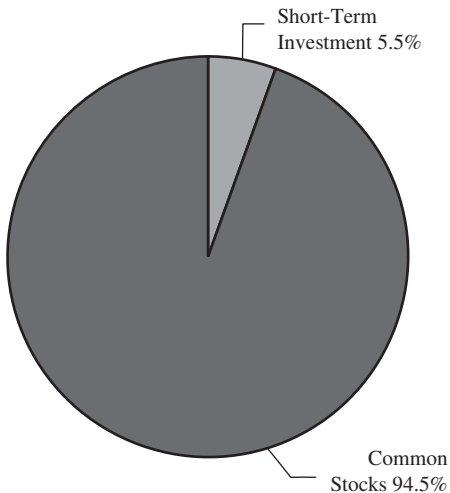
**LKCM Small Cap Equity Fund**



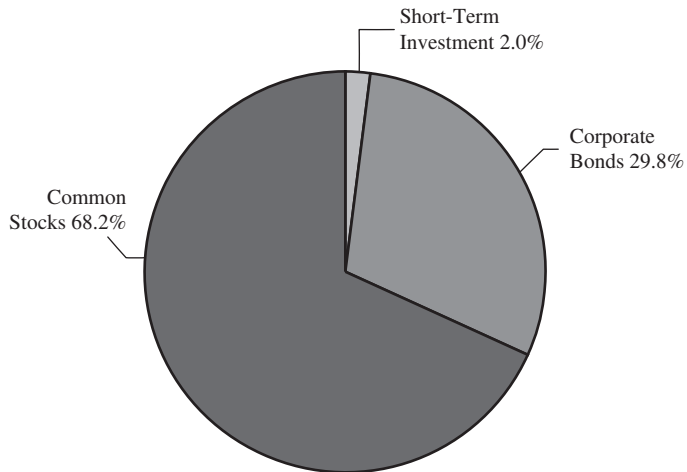
**LKCM Small-Mid Cap Equity Fund**



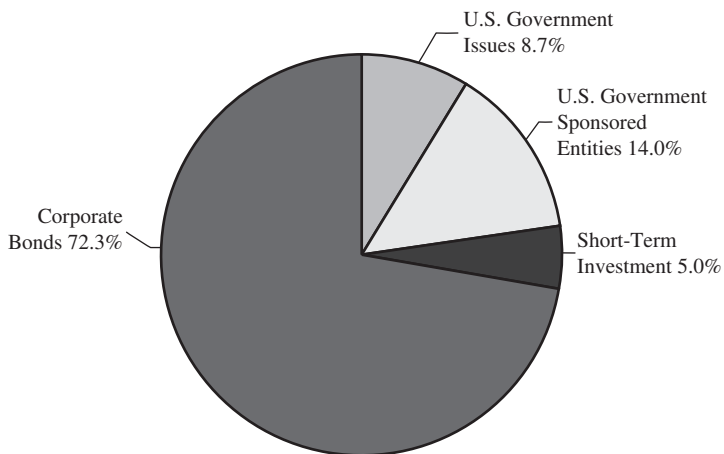
**LKCM Equity Fund**



**LKCM Balanced Fund**



**LKCM Fixed Income Fund**



**LKCM SMALL CAP EQUITY FUND**

**SCHEDULE OF INVESTMENTS**

**December 31, 2017**

<b>COMMON STOCKS - 99.9%</b>	<b>Shares</b>	<b>Value</b>	<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Aerospace &amp; Defense - 2.8%</b>			<b>Electronic Equipment &amp; Instruments - 1.9%</b>		
Hexcel Corporation	26,855	\$ 1,660,982	Littelfuse, Inc.	10,505	\$ 2,078,099
Mercury Systems, Inc. (a)	76,950	3,951,382	Mesa Laboratories, Inc.	14,535	1,806,701
		5,612,364			3,884,800
<b>Banks - 10.8%</b>			<b>Energy Equipment &amp; Services - 0.3%</b>		
BancorpSouth Bank	104,014	3,271,240	Mammoth Energy Services, Inc. (a)	30,000	588,900
Cadence Bancorporation (a)	103,310	2,801,767	<b>Food &amp; Drug Retailing - 0.6%</b>		
CBTX, Inc.	51,540	1,528,676	Sprouts Farmers Market, Inc. (a)	48,280	1,175,618
Glacier Bancorp, Inc.	56,265	2,216,278	<b>Food Products - 0.3%</b>		
Green Bancorp, Inc. (a)	84,060	1,706,418	Hostess Brands, Inc. (a)	47,695	706,363
Hanmi Financial Corporation	82,490	2,503,572	<b>Health Care Equipment &amp; Supplies - 4.8%</b>		
LegacyTexas Financial Group, Inc.	50,575	2,134,771	Canter Medical Corp.	37,890	3,897,744
Pinnacle Financial Partners, Inc.	49,125	3,256,988	K2M Group Holdings Inc. (a)	18,575	334,350
Seacoast Banking Corporation of Florida (a)	91,935	2,317,681	PRA Health Sciences, Inc. (a)	58,662	5,342,349
		21,737,391	STAAR Surgical Company (a)	10,000	155,000
<b>Biotechnology - 3.6%</b>					9,729,443
Charles River Laboratories International, Inc. (a)	36,135	3,954,976	<b>Health Care Providers &amp; Services - 3.7%</b>		
Neogen Corporation (a)	39,353	3,235,210	HealthEquity, Inc. (a)	56,305	2,627,191
		7,190,186	Omniceil, Inc. (a)	54,275	2,632,338
<b>Building Products - 5.1%</b>			U.S. Physical Therapy, Inc.	30,140	2,176,108
American Woodmark Corporation (a)	17,140	2,232,485			7,435,637
Builders FirstSource, Inc. (a)	165,195	3,599,599	<b>Hotel, Restaurants &amp; Leisure - 1.1%</b>		
CSW Industrials, Inc. (a)	35,200	1,617,440	Planet Fitness, Inc. - Class A (a)	62,410	2,161,258
PGT, Inc. (a)	165,056	2,781,194	<b>Insurance - 0.7%</b>		
		10,230,718	Trupanion, Inc. (a)	47,955	1,403,643
<b>Capital Markets - 1.2%</b>			<b>Internet &amp; Catalog Retail - 1.7%</b>		
BGC Partners Inc - Class A	155,585	2,350,889	Nutrisystem, Inc.	66,005	3,471,863
<b>Chemicals - 3.2%</b>			<b>Internet Software &amp; Services - 6.4%</b>		
Ferro Corporation (a)	103,545	2,442,627	Carbonite Inc. (a)	46,815	1,175,056
Ferroglobe PLC (a) (b)	214,125	3,468,825	Coupa Software Incorporated (a)	55,000	1,717,100
GCP Applied Technologies Inc. (a)	20,000	638,000	Euronet Worldwide, Inc. (a)	36,470	3,073,327
		6,549,452	New Relic, Inc. (a)	77,070	4,452,334
<b>Commercial Services &amp; Supplies - 1.8%</b>			The Trade Desk, Inc. - Class A (a)	29,750	1,360,468
Healthcare Services Group, Inc.	70,315	3,707,007	Twilio Inc. - Class A (a)	45,540	1,074,744
<b>Communication Equipment - 1.7%</b>					12,853,029
Alarm.com Holdings, Inc. (a)	50,175	1,894,106	<b>IT Consulting &amp; Services - 1.6%</b>		
Finisar Corporation (a)	15,000	305,250	Axiom Corporation (a)	65,871	1,815,405
Infinera Corporation (a)	221,830	1,404,184	FireEye, Inc. (a)	106,820	1,516,844
		3,603,540			3,332,249
<b>Construction &amp; Engineering - 2.6%</b>			<b>Leisure Equipment &amp; Products - 1.2%</b>		
EMCOR Group, Inc.	39,285	3,211,548	Pool Corporation	18,670	2,420,566
MasTec Inc. (a)	41,485	2,030,691	<b>Machinery - 5.7%</b>		
		5,242,239	John Bean Technologies Corporation	31,250	3,462,500
<b>Construction Materials - 1.6%</b>			Kennametal Inc.	85,760	4,151,641
Summit Materials, Inc. - Class A (a)	104,294	3,279,003	Lindsay Corporation	25,815	2,276,883
<b>Consumer Finance - 2.6%</b>			Watts Water Technologies, Inc. - Class A	20,465	1,554,317
First Cash Financial Services, Inc.	76,425	5,154,866			11,445,341

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



**LKCM SMALL CAP EQUITY FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2017**

COMMON STOCKS	Shares	Value	COMMON STOCKS	Shares	Value
<b>Marine - 0.9%</b>			<b>Trading Companies &amp; Distributors - 4.3%</b>		
Kirby Corporation (a)	26,500	\$ 1,770,200	MSC Industrial Direct Co., Inc. - Class A	18,040	\$ 1,743,746
<b>Metals &amp; Mining - 1.5%</b>			Textainer Group Holdings Limited (a) (b)	162,925	3,502,888
Carpenter Technology Corporation	59,375	3,027,531	Triton International Limited of Bermuda (b)	88,985	3,332,488
<b>Multiline Retail - 3.3%</b>					8,579,122
Five Below, Inc. (a)	23,170	1,536,634	<b>TOTAL COMMON STOCKS</b>		<b>201,560,754</b>
Ollie's Bargain Outlet Holdings, Inc. (a)	94,380	5,025,735	(Cost \$134,630,193)		
		6,562,369			
<b>Oil &amp; Gas &amp; Consumable Fuels - 3.6%</b>			<b>SHORT-TERM INVESTMENTS - 0.3%</b>		
Matador Resources Company (a)	50,000	1,556,500	<b>Money Market Funds - 0.3%</b>		
Oasis Petroleum Inc. (a)	150,000	1,261,500	Invesco Short-Term Investments Trust -		
PDC Energy, Inc. (a)	19,405	1,000,134	Government & Agency Portfolio -		
WPX Energy Inc. (a)	244,055	3,433,854	Institutional Shares, 1.21% (c)	579,421	579,421
		7,251,988	<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>579,421</b>
<b>Pharmaceuticals - 0.9%</b>			(Cost \$579,421)		
Cambrex Corp. (a)	38,535	1,849,680	<b>Total Investments - 100.2%</b>		<b>202,140,175</b>
<b>Real Estate Investment Trusts - 3.5%</b>			(Cost \$135,209,614)		<b>(477,695)</b>
First Industrial Realty Trust, Inc.	90,400	2,844,888	Liabilities in Excess of Other Assets - (0.2)%		
Life Storage, Inc.	25,000	2,226,750	<b>TOTAL NET ASSETS - 100.0%</b>		<b>\$201,662,480</b>
Outfront Media Inc.	2,850	66,120			
Stag Industrial, Inc.	72,840	1,990,717			
		7,128,475			
<b>Road &amp; Rail - 1.4%</b>					
Genesee & Wyoming Inc. - Class A (a)	36,400	2,865,772			
<b>Semiconductor Equipment &amp; Products - 0.6%</b>					
Lattice Semiconductor Corporation (a)	5,000	28,900			
Rambus Inc. (a)	76,690	1,090,532			
		1,119,432			
<b>Software - 7.3%</b>					
ACI Worldwide, Inc. (a)	100,060	2,268,360			
Callidus Software, Inc. (a)	50,535	1,447,828			
Envestnet, Inc. (a)	71,081	3,543,388			
Fair Isaac Corporation	16,220	2,484,904			
Manhattan Associates, Inc. (a)	11,145	552,123			
Proofpoint, Inc. (a)	24,635	2,187,834			
RealPage, Inc. (a)	40,900	1,811,870			
SecureWorks Corp. - Class A (a)	47,196	418,629			
		14,714,936			
<b>Textiles, Apparel &amp; Luxury Goods - 2.7%</b>					
Columbia Sportswear Company	40,996	2,946,793			
Oxford Industries, Inc.	34,485	2,592,927			
		5,539,720			
<b>Thrifts &amp; Mortgage Finance - 2.9%</b>					
Banc of California, Inc.	124,125	2,563,181			
Home BancShares Inc.	142,881	3,321,983			
		5,885,164			

- (a) Non-income producing security.  
(b) Security issued by non-U.S. incorporated company.  
(c) The rate quoted is the annualized seven-day yield of the fund at period end.

*Investments are classified by industry pursuant to the Global Industry Classification Standard (GICS®), which was developed by and/or is the exclusive property of Morgan Stanley Capital International, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

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

**LKCM SMALL-MID CAP EQUITY FUND**
**SCHEDULE OF INVESTMENTS**
**December 31, 2017**

<b>COMMON STOCKS - 100.0%</b>	<b>Shares</b>	<b>Value</b>	<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Aerospace &amp; Defense - 3.6%</b>			<b>Internet Software &amp; Services - 3.2%</b>		
HEICO Corporation	3,878	\$ 365,889	Akamai Technologies, Inc. (a)	5,290	\$ 344,062
Mercury Systems, Inc. (a)	6,310	324,019	Euronet Worldwide, Inc. (a)	3,320	279,776
		<u>689,908</u>			<u>623,838</u>
<b>Banks - 6.2%</b>			<b>IT Consulting &amp; Services - 1.1%</b>		
LegacyTexas Financial Group, Inc.	8,370	353,298	Axiom Corporation (a)	7,500	206,700
Pinnacle Financial Partners, Inc.	4,475	296,692			
SVB Financial Group (a)	2,340	547,022	<b>Leisure Equipment &amp; Products - 3.1%</b>		
		<u>1,197,012</u>	Polaris Industries Inc.	2,885	357,711
			Pool Corporation	1,855	240,501
					<u>598,212</u>
<b>Biotechnology - 1.9%</b>			<b>Machinery - 3.7%</b>		
Charles River Laboratories International, Inc. (a)	3,430	375,413	John Bean Technologies Corporation	3,325	368,410
			Kennametal Inc.	7,375	357,024
					<u>725,434</u>
<b>Building Products - 3.5%</b>			<b>Marine - 1.1%</b>		
Builders FirstSource, Inc. (a)	18,115	394,726	Kirby Corporation (a)	3,310	221,108
Fortune Brands Home & Security Inc.	4,135	282,999			
		<u>677,725</u>	<b>Metals &amp; Mining - 1.8%</b>		
			Reliance Steel & Aluminum Co.	4,080	350,023
<b>Capital Markets - 3.9%</b>					
Lazard Ltd - Class A (b)	7,660	402,150	<b>Multiline Retail - 2.0%</b>		
SEI Investments Company	5,040	362,174	Ollie's Bargain Outlet Holdings, Inc. (a)	7,445	396,446
		<u>764,324</u>			
<b>Chemicals - 7.3%</b>			<b>Oil &amp; Gas &amp; Consumable Fuels - 6.7%</b>		
CF Industries Holdings, Inc.	8,775	373,288	Diamondback Energy Inc. (a)	2,685	338,981
FMC Corporation	7,380	698,591	Matador Resources Company (a)	8,640	268,963
Ferroglobe PLC (a) (b)	21,295	344,979	Parsley Energy, Inc. - Class A (a)	10,175	299,552
		<u>1,416,858</u>	WPX Energy Inc. (a)	28,125	395,719
					<u>1,303,215</u>
<b>Commercial Services &amp; Supplies - 1.7%</b>			<b>Real Estate Investment Trusts - 3.8%</b>		
Healthcare Services Group, Inc.	6,074	320,221	CyrusOne Inc.	4,965	295,567
			First Industrial Realty Trust, Inc.	7,405	233,035
<b>Consumer Finance - 3.3%</b>			Life Storage, Inc.	2,370	211,096
First Cash Financial Services, Inc.	9,350	630,658			<u>739,698</u>
			<b>Road &amp; Rail - 1.9%</b>		
<b>Diversified Financials - 2.4%</b>			Genesee & Wyoming Inc. - Class A (a)	4,770	375,542
MSCI Inc.	3,620	458,075			
			<b>Software - 9.5%</b>		
<b>Electronic Equipment &amp; Instruments - 6.6%</b>			Investnet, Inc. (a)	6,070	302,590
FLIR Systems, Inc.	7,500	349,650	Fair Isaac Corporation	2,300	352,360
Littelfuse, Inc.	1,710	338,272	Fortinet Inc. (a)	7,315	319,592
Trimble Navigation Limited (a)	14,550	591,312	Guidewire Software Inc. (a)	4,770	354,220
		<u>1,279,234</u>	Take-Two Interactive Software, Inc. (a)	4,655	511,026
					<u>1,839,788</u>
<b>Food Products - 1.5%</b>			<b>Specialty Retail - 1.6%</b>		
Snyder's-Lance, Inc.	5,690	284,955	Tiffany & Co.	2,990	310,811
<b>Health Care Equipment &amp; Supplies - 5.6%</b>			<b>Textiles, Apparel &amp; Luxury Goods - 3.5%</b>		
Cantel Medical Corp.	4,070	418,681	Columbia Sportswear Company	3,900	280,332
PRA Health Sciences, Inc. (a)	7,295	664,356	Michael Kors Holdings Limited (a) (b)	6,455	406,342
		<u>1,083,037</u>			<u>686,674</u>
<b>Health Care Providers &amp; Services - 1.4%</b>			<b>Thrifts &amp; Mortgage Finance - 1.3%</b>		
HealthEquity, Inc. (a)	5,725	267,129	Home BancShares Inc.	10,575	245,869
<b>Internet &amp; Catalog Retail - 2.1%</b>					
Nutrisystem, Inc.	7,800	410,280			

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

**LKCM SMALL-MID CAP EQUITY FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**

**December 31, 2017**

COMMON STOCKS	Shares	Value
<b>Trading Companies &amp; Distributors - 4.7%</b>		
MSC Industrial Direct Co., Inc. - Class A	2,465	\$ 238,267
Triton International Limited of Bermuda (b)	8,305	311,022
Watsco, Inc.	2,065	351,133
		<u>900,422</u>
<b>TOTAL COMMON STOCKS</b>		<u>19,378,609</u>
(Cost \$13,859,024)		
<b>SHORT-TERM INVESTMENTS - 0.3%</b>		
<b>Money Market Funds - 0.3%</b>		
Invesco Short-Term Investments Trust - Government & Agency Portfolio - Institutional Shares, 1.21% (c)	56,384	56,384
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<u>56,384</u>
(Cost \$56,384)		
<b>Total Investments - 100.3%</b>		19,434,993
(Cost \$13,915,408)		
Liabilities in Excess of Other Assets - (0.3)%		(56,877)
<b>TOTAL NET ASSETS - 100.0%</b>		<u><u>\$19,378,116</u></u>

(a) Non-income producing security.

(b) Security issued by non-U.S. incorporated company.

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

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

**LKCM EQUITY FUND**  
**SCHEDULE OF INVESTMENTS**  
**December 31, 2017**

<b>COMMON STOCKS - 94.3%</b>	<b>Shares</b>	<b>Value</b>	<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Aerospace &amp; Defense - 2.7%</b>			<b>Household Products - 1.8%</b>		
Honeywell International Inc.	60,000	\$ 9,201,600	Kimberly-Clark Corporation	50,000	\$ 6,033,000
<b>Banks - 9.1%</b>			<b>Internet &amp; Catalog Retail - 2.8%</b>		
Bank of America Corporation	385,000	11,365,200	Amazon.com, Inc. (a)	8,000	9,355,760
Comerica Incorporated	126,000	10,938,060	<b>Internet Software &amp; Services - 5.7%</b>		
Cullen/Frost Bankers, Inc.	65,000	6,152,250	Akamai Technologies, Inc. (a)	90,000	5,853,600
Glacier Bancorp, Inc.	60,000	2,363,400	Alphabet, Inc. - Class A (a)	7,000	7,373,800
		30,818,910	Facebook, Inc. - Class A (a)	35,000	6,176,100
<b>Beverages - 2.6%</b>					19,403,500
The Coca-Cola Company	65,000	2,982,200	<b>IT Consulting &amp; Services - 1.6%</b>		
PepsiCo, Inc.	49,000	5,876,080	PayPal Holdings, Inc. (a)	75,000	5,521,500
		8,858,280	<b>Machinery - 5.2%</b>		
<b>Biotechnology - 2.0%</b>			Generac Holdings, Inc. (a)	108,000	5,348,160
Amgen Inc.	40,000	6,956,000	The Toro Company	74,000	4,827,020
<b>Chemicals - 7.0%</b>			Valmont Industries, Inc.	45,000	7,463,250
DowDuPont Inc.	83,330	5,934,763			17,638,430
Ecolab Inc.	30,000	4,025,400	<b>Marine - 0.9%</b>		
FMC Corporation	80,000	7,572,800	Kirby Corporation (a)	45,000	3,006,000
Monsanto Company	55,000	6,422,900	<b>Media - 1.9%</b>		
		23,955,863	Time Warner Inc.	70,000	6,402,900
<b>Commercial Services &amp; Supplies - 2.0%</b>			<b>Oil &amp; Gas &amp; Consumable Fuels - 7.4%</b>		
Waste Connections, Inc. (b)	97,500	6,916,650	Cabot Oil & Gas Corporation	170,000	4,862,000
<b>Communication Equipment - 0.7%</b>			ConocoPhillips	62,000	3,403,180
Alarm.com Holdings, Inc. (a)	62,000	2,340,500	EOG Resources, Inc.	65,000	7,014,150
<b>Computers &amp; Peripherals - 2.1%</b>			Occidental Petroleum Corporation	100,000	7,366,000
Apple Inc.	42,500	7,192,275	Range Resources Corporation	140,000	2,388,400
<b>Construction Materials - 1.3%</b>					25,033,730
Martin Marietta Materials, Inc.	20,000	4,420,800	<b>Personal Products - 1.1%</b>		
<b>Containers &amp; Packaging - 1.6%</b>			The Estee Lauder Companies Inc. - Class A	30,000	3,817,200
Ball Corporation	140,000	5,299,000	<b>Pharmaceuticals - 7.1%</b>		
<b>Diversified Financials - 3.2%</b>			AbbVie Inc.	65,000	6,286,150
JPMorgan Chase & Co.	102,000	10,907,880	Johnson & Johnson	38,000	5,309,360
<b>Electrical Equipment &amp; Instruments - 2.9%</b>			Merck & Co., Inc.	80,000	4,501,600
Franklin Electric Co., Inc.	85,000	3,901,500	Pfizer Inc.	115,000	4,165,300
Roper Technologies, Inc.	23,000	5,957,000	Zoetis Inc.	53,500	3,854,140
		9,858,500			24,116,550
<b>Electronic Equipment &amp; Instruments - 2.9%</b>			<b>Road &amp; Rail - 1.2%</b>		
Littelfuse, Inc.	18,000	3,560,760	Kansas City Southern	40,000	4,208,800
National Instruments Corporation	55,000	2,289,650	<b>Software - 4.8%</b>		
Trimble Navigation Limited (a)	100,000	4,064,000	Adobe Systems Incorporated (a)	45,000	7,885,800
		9,914,410	Microsoft Corporation	100,000	8,554,000
<b>Health Care Equipment &amp; Supplies - 6.4%</b>					16,439,800
Danaher Corporation	75,000	6,961,500	<b>Specialty Retail - 3.1%</b>		
PerkinElmer, Inc.	100,000	7,312,000	The Home Depot, Inc.	40,000	7,581,200
Thermo Fisher Scientific Inc.	40,000	7,595,200	Tiffany & Co.	30,000	3,118,500
		21,868,700			10,699,700
<b>Household Durables - 1.0%</b>					
Newell Brands, Inc.	113,817	3,516,945			

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

**LKCM EQUITY FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2017**

COMMON STOCKS	Shares	Value
<b>Textiles, Apparel &amp; Luxury Goods - 2.2%</b>		
V.F. Corporation	100,000	\$ 7,400,000
<b>TOTAL COMMON STOCKS</b>		<u>321,103,183</u>
(Cost \$179,643,028)		
<b>SHORT-TERM INVESTMENTS - 5.5%</b>		
<b>Money Market Funds - 5.5%</b>		
Invesco Short-Term Investments Trust - Government & Agency Portfolio - Institutional Shares, 1.21% (c)	18,734,415	18,734,415
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<u>18,734,415</u>
(Cost \$18,734,415)		
<b>Total Investments - 99.8%</b>		339,837,598
(Cost \$198,377,443)		
Other Assets in Excess of Liabilities - 0.2%		763,756
<b>TOTAL NET ASSETS - 100.0%</b>		<u>\$340,601,354</u>

- (a) Non-income producing security.  
(b) Security issued by non-U.S. incorporated company.  
(c) The rate quoted is the annualized seven-day yield of the fund at period end.

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**LKCM BALANCED FUND**  
**SCHEDULE OF INVESTMENTS**  
**December 31, 2017**

COMMON STOCKS - 66.9%	Shares	Value	COMMON STOCKS	Shares	Value
<b>Aerospace &amp; Defense - 1.6%</b>			<b>Electronic Equipment &amp; Instruments - 1.3%</b>		
Honeywell International Inc.	5,100	\$ 782,136	National Instruments Corporation	7,500	\$ 312,225
Rockwell Collins, Inc.	4,300	583,166	Trimble Navigation Limited (a)	18,200	739,648
		<u>1,365,302</u>			<u>1,051,873</u>
<b>Banks - 5.9%</b>			<b>Food &amp; Drug Retailing - 1.5%</b>		
Bank of America Corporation	38,500	1,136,520	Walgreens Boots Alliance, Inc.	11,400	827,868
Comerica Incorporated	10,100	876,781	Wal-Mart Stores, Inc.	4,100	404,875
Cullen/Frost Bankers, Inc.	5,900	558,435			<u>1,232,743</u>
SunTrust Banks, Inc.	11,500	742,785	<b>Food Products - 1.6%</b>		
Wells Fargo & Company	12,471	756,616	Hormel Foods Corporation	13,900	505,821
Zions Bancorporation	17,500	889,525	Mondelez International Inc. - Class A	19,800	847,440
		<u>4,960,662</u>			<u>1,353,261</u>
<b>Beverages - 1.8%</b>			<b>Health Care Equipment &amp; Supplies - 3.7%</b>		
The Coca-Cola Company	17,600	807,488	Danaher Corporation	9,600	891,072
PepsiCo, Inc.	5,800	695,536	Medtronic, PLC (b)	7,600	613,700
		<u>1,503,024</u>	PerkinElmer, Inc.	11,600	848,192
<b>Biotechnology - 1.7%</b>			Thermo Fisher Scientific, Inc.	3,700	702,556
Celgene Corporation (a)	6,700	699,212			<u>3,055,520</u>
Charles River Laboratories International, Inc. (a)	6,800	744,260	<b>Household Durables - 1.4%</b>		
		<u>1,443,472</u>	Newell Brands, Inc.	15,509	479,228
<b>Capital Markets - 1.3%</b>			Whirlpool Corporation	3,900	657,696
SEI Investments Company	14,500	1,041,970			<u>1,136,924</u>
<b>Chemicals - 6.8%</b>			<b>Household Products - 2.4%</b>		
Air Products and Chemicals, Inc.	5,100	836,808	Colgate-Palmolive Company	11,600	875,220
DowDuPont Inc.	16,076	1,144,933	Kimberly-Clark Corporation	6,600	796,356
Ecolab Inc.	4,800	644,064	The Procter & Gamble Company	3,500	321,580
FMC Corporation	11,200	1,060,192			<u>1,993,156</u>
GCP Applied Technologies Inc. (a)	16,000	510,400	<b>Industrial Conglomerates - 0.3%</b>		
Monsanto Company	5,600	653,968	General Electric Company	13,700	239,065
Praxair, Inc.	5,500	850,740	<b>Insurance - 0.5%</b>		
		<u>5,701,105</u>	MetLife, Inc.	8,000	404,480
<b>Commercial Services &amp; Supplies - 0.8%</b>			<b>Internet &amp; Catalog Retail - 1.8%</b>		
Waste Management, Inc.	7,900	681,770	Amazon.com, Inc. (a)	700	818,629
<b>Computers &amp; Peripherals - 1.5%</b>			Expedia, Inc.	5,500	658,735
Apple Inc.	7,150	1,209,994			<u>1,477,364</u>
<b>Construction Materials - 1.0%</b>			<b>Internet Software &amp; Services - 2.9%</b>		
Martin Marietta Materials, Inc.	3,900	862,056	Akamai Technologies, Inc. (a)	12,500	813,000
<b>Containers &amp; Packaging - 0.4%</b>			Alphabet, Inc. - Class A (a)	250	263,350
Ball Corporation	8,800	333,080	Alphabet, Inc. - Class C (a)	500	523,200
<b>Diversified Financials - 2.1%</b>			Facebook, Inc. - Class A (a)	4,600	811,716
JPMorgan Chase & Co.	8,400	898,296			<u>2,411,266</u>
Moody's Corporation	6,000	885,660	<b>IT Consulting &amp; Services - 2.6%</b>		
		<u>1,783,956</u>	Alliance Data Systems Corporation	2,800	709,744
<b>Diversified Telecommunication Services - 0.9%</b>			PayPal Holdings, Inc. (a)	11,400	839,268
AT&T Inc.	8,232	320,060	Visa Inc. - Class A	5,600	638,512
Verizon Communications Inc.	8,641	457,368			<u>2,187,524</u>
		<u>777,428</u>	<b>Machinery - 0.8%</b>		
			Fortive Corporation	9,100	658,385

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



**LKCM BALANCED FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2017**

<b>CORPORATE BONDS</b>	<b>Principal Amount</b>	<b>Value</b>	<b>CORPORATE BONDS</b>	<b>Principal Amount</b>	<b>Value</b>
<b>Communications Equipment - 1.0%, Continued</b>			<b>Food &amp; Drug Retailing - 1.9%, Continued</b>		
QUALCOMM Incorporated 2.250%, 05/20/2020	\$ 350,000	\$ 347,421	Walgreens Boots Alliance, Inc.: 3.300%, 11/18/2021	\$ 325,000	\$ 330,712
		871,997	Callable 09/18/2021		
<b>Computers &amp; Peripherals - 1.0%</b>			3.800%, 11/18/2024	250,000	255,686
Apple Inc. 2.850%, 05/06/2021	500,000	508,264	Callable 08/18/2024		1,550,342
International Business Machines Corporation 2.250%, 02/19/2021	350,000	349,138	<b>Health Care Equipment &amp; Supplies - 1.6%</b>		
		857,402	Danaher Corporation 2.400%, 09/15/2020	400,000	401,660
<b>Consumer Finance - 0.4%</b>			Callable 08/15/2020		
American Express Credit Corporation 2.600%, 09/14/2020			Medtronic, Inc. 2.500%, 03/15/2020	300,000	301,872
Callable 08/14/2020	300,000	301,632	Thermo Fisher Scientific, Inc. 3.150%, 01/15/2023		
<b>Diversified Financials - 0.8%</b>			Callable 10/15/2022	600,000	608,167
JPMorgan Chase & Co.: 2.400%, 06/07/2021					1,311,699
Callable 05/07/2021	400,000	398,048	<b>Hotels, Restaurants &amp; Leisure - 0.4%</b>		
3.375%, 05/01/2023	225,000	228,870	McDonald's Corporation: 2.750%, 12/09/2020		
		626,918	Callable 11/09/2020	200,000	202,213
<b>Diversified Telecommunication Services - 1.4%</b>			3.625%, 05/20/2021	100,000	103,828
AT&T Inc. 2.450%, 06/30/2020					306,041
Callable 05/30/2020	725,000	724,642	<b>Household Durables - 0.9%</b>		
Verizon Communications Inc.: 3.000%, 11/01/2021			Newell Brands, Inc.: 2.150%, 10/15/2018	400,000	400,444
Callable 09/01/2021	250,000	253,013	3.150%, 04/01/2021		
2.450%, 11/01/2022			Callable 03/01/2021	350,000	354,181
Callable 08/01/2022	200,000	196,266			754,625
		1,173,921	<b>Industrial Conglomerates - 0.6%</b>		
<b>Electrical Equipment &amp; Instruments - 1.4%</b>			General Electric Company 2.700%, 10/09/2022	500,000	499,568
Emerson Electric Co.: 2.625%, 02/15/2023			<b>Insurance - 0.5%</b>		
Callable 11/15/2022	400,000	399,302	Berkshire Hathaway Inc. 2.200%, 03/15/2021		
3.150%, 06/01/2025			Callable 02/15/2021	425,000	423,862
Callable 03/01/2025	200,000	203,297	<b>Internet &amp; Catalog Retail - 0.6%</b>		
Rockwell Automation Inc. 2.050%, 03/01/2020			Amazon.com, Inc. 3.300%, 12/05/2021		
Callable 02/01/2020	288,000	286,122	Callable 10/05/2021	495,000	511,630
Roper Technologies, Inc. 2.800%, 12/15/2021			<b>Internet Software &amp; Services - 0.3%</b>		
Callable 11/15/2021	300,000	300,802	Alphabet, Inc. 3.375%, 02/25/2024	200,000	208,673
		1,189,523	<b>Media - 0.8%</b>		
<b>Food &amp; Drug Retailing - 1.9%</b>			The Walt Disney Company 2.300%, 02/12/2021	420,000	419,621
Costco Wholesale Corporation 2.250%, 02/15/2022	400,000	397,994	Time Warner Inc. 3.400%, 06/15/2022	250,000	255,159
CVS Health Corporation: 2.250%, 12/05/2018					674,780
Callable 11/05/2018	175,000	175,268			
2.125%, 06/01/2021					
Callable 05/01/2021	400,000	390,682			

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**LKCM BALANCED FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2017**

CORPORATE BONDS	Principal Amount	Value	CORPORATE BONDS	Principal Amount	Value
<b>Oil &amp; Gas &amp; Consumable Fuels - 3.9%</b>			<b>Software - 1.2%</b>		
Chevron Corporation 2.411%, 03/03/2022 Callable 01/03/2022	\$ 500,000	\$ 499,787	Microsoft Corporation 2.375%, 02/12/2022 Callable 01/12/2022	\$ 400,000	\$ 399,584
ConocoPhillips Company 2.400%, 12/15/2022 Callable 09/15/2022	490,000	484,865	Oracle Corporation: 2.375%, 01/15/2019 2.800%, 07/08/2021	125,000 425,000	125,541 431,465
Enterprise Products Operating LLC 2.850%, 04/15/2021 Callable 03/15/2021	500,000	504,555			<u>956,590</u>
EOG Resources, Inc.: 2.450%, 04/01/2020 Callable 03/01/2020	200,000	200,677	<b>Specialty Retail - 0.7%</b> The Home Depot, Inc.: 2.000%, 06/15/2019 Callable 05/15/2019	325,000	325,203
2.625%, 03/15/2023 Callable 12/15/2022	300,000	296,916	2.625%, 06/01/2022 Callable 05/01/2022	290,000	291,796
Exxon Mobil Corporation 2.222%, 03/01/2021 Callable 02/01/2021	325,000	324,420			<u>616,999</u>
Kinder Morgan Energy Partners, L.P. 3.950%, 09/01/2022 Callable 06/01/2022	400,000	413,226	<b>TOTAL CORPORATE BONDS</b> (Cost \$24,492,396)		<u>24,342,579</u>
Occidental Petroleum Corporation 2.600%, 04/15/2022 Callable 03/15/2022	500,000	501,374			
		<u>3,225,820</u>	<b>SHORT-TERM INVESTMENT - 1.9%</b>	<b>Shares</b>	
<b>Pharmaceuticals - 1.6%</b>			<b>Money Market Funds - 1.9%</b>		
Abbott Laboratories: 2.000%, 03/15/2020 3.400%, 11/30/2023 Callable 09/30/2023	250,000 350,000	248,066 356,518	Invesco Short-Term Investments Trust - Government & Agency Portfolio - Institutional Shares, 1.21% (c)	1,606,121	1,606,121
AbbVie Inc.: 2.000%, 11/06/2018 2.500%, 05/14/2020 Callable 04/14/2020	134,000 425,000	133,971 426,545			
Merck & Co., Inc. 2.350%, 02/10/2022	195,000	194,852	<b>TOTAL SHORT-TERM INVESTMENT</b> (Cost \$1,606,121)		<u>1,606,121</u>
		<u>1,359,952</u>	<b>Total Investments - 98.0%</b> (Cost \$63,909,700)		81,747,667
<b>Real Estate Investment Trusts - 0.6%</b>			Other Assets in Excess of Liabilities - 2.0%		<u>1,682,046</u>
American Tower Corporation: 3.400%, 02/15/2019 2.800%, 06/01/2020 Callable 05/01/2020	400,000 100,000	404,643 100,679	<b>TOTAL NET ASSETS - 100.0%</b>		<u><u>\$83,429,713</u></u>
		<u>505,322</u>			
<b>Road &amp; Rail - 0.7%</b>			(a) Non-income producing security.		
Burlington Northern Santa Fe, LLC 3.000%, 03/15/2023 Callable 12/15/2022	600,000	611,681	(b) Security issued by non-U.S. incorporated company.		
			(c) The rate quoted is the annualized seven-day yield of the fund at period end.		
<b>Semiconductor Equipment &amp; Products - 0.6%</b>			<i>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 &amp; Poor's Financial Services LLC ("S&amp;P"). GICS is a service mark of MSCI and S&amp;P and has been licensed for use by U.S. Bancorp Fund Services, LLC.</i>		
Texas Instruments Incorporated 2.750%, 03/12/2021 Callable 02/12/2021	470,000	476,432			

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**LKCM FIXED INCOME FUND**

**SCHEDULE OF INVESTMENTS**

**December 31, 2017**

	Principal Amount	Value		Principal Amount	Value
<b>CORPORATE BONDS - 71.8%</b>			<b>CORPORATE BONDS</b>		
<b>Aerospace &amp; Defense - 0.8%</b>			<b>Computers &amp; Peripherals - 1.3%</b>		
Rockwell Collins, Inc. 3.700%, 12/15/2023 Callable 09/15/2023	\$1,750,000	\$ 1,817,436	Apple Inc. 2.400%, 05/03/2023	\$3,250,000	\$ 3,218,955
<b>Air Freight &amp; Logistics - 1.0%</b>			<b>Consumer Finance - 3.4%</b>		
FedEx Corp. 3.250%, 04/01/2026 Callable 01/01/2026	2,500,000	2,523,477	American Express Company: 2.036% (3 Month LIBOR USD + 0.590%), 05/22/2018 (a) 3.000%, 10/30/2024 Callable 09/29/2024	3,533,000	3,537,811
<b>Banks - 6.5%</b>			American Express Credit Corporation 2.375%, 05/26/2020 Callable 04/25/2020	2,000,000	1,999,745
Bank of America Corporation: 2.728% (3 Month LIBOR USD + 1.070%), 03/22/2018 (a) 2.625%, 10/19/2020	2,000,000	2,003,834		3,000,000	2,997,565
BB&T Corporation 2.158% (3 Month LIBOR USD + 0.570%), 06/15/2020 (a)	2,600,000	2,622,885			8,535,121
Comerica Incorporated 2.125%, 05/23/2019 Callable 04/23/2019	2,000,000	2,012,135	<b>Consumer Services - 1.0%</b>		
Wells Fargo & Company: 1.993% (3 Month LIBOR USD + 0.630%), 04/23/2018 (a) 2.125%, 04/22/2019 4.125%, 08/15/2023	1,000,000	996,256	The Western Union Company 3.650%, 08/22/2018	2,500,000	2,522,842
		16,249,471	<b>Containers &amp; Packaging - 2.2%</b>		
<b>Beverages - 1.8%</b>			Ball Corporation: 5.000%, 03/15/2022 5.250%, 07/01/2025	2,000,000	2,142,500
Anheuser-Busch InBev Finance Inc. 1.900%, 02/01/2019	4,537,000	4,528,794		3,000,000	3,273,750
<b>Biotechnology - 4.1%</b>					5,416,250
Amgen Inc. 2.200%, 05/22/2019 Callable 04/22/2019	5,312,000	5,314,777	<b>Diversified Financials - 3.4%</b>		
Celgene Corporation 3.625%, 05/15/2024 Callable 02/15/2024	4,750,000	4,891,783	JPMorgan Chase & Co.: 2.267% (3 Month LIBOR USD + 0.900%), 01/25/2018 (a) 3.375%, 05/01/2023 2.700%, 05/18/2023 Callable 03/18/2023	3,000,000	3,001,464
		10,206,560		2,000,000	2,034,404
<b>Capital Markets - 2.4%</b>				3,500,000	3,479,647
Morgan Stanley (a): 2.647% (3 Month LIBOR USD + 1.280%), 04/25/2018 2.215% (3 Month LIBOR USD + 0.850%), 01/24/2019	2,500,000	2,508,282	<b>Diversified Telecommunication Services - 6.7%</b>		
	3,500,000	3,518,791	AT&T Inc.: 2.372% (3 Month LIBOR USD + 0.910%), 11/27/2018 (a) 2.375%, 11/27/2018 2.206% (3 Month LIBOR USD + 0.670%), 03/11/2019 (a)	3,000,000	3,018,319
		6,027,073		4,500,000	4,514,793
<b>Chemicals - 1.5%</b>			CenturyLink, Inc.: 6.150%, 09/15/2019 5.800%, 03/15/2022	1,500,000	1,507,810
Ecolab Inc.: 1.550%, 01/12/2018 2.375%, 08/10/2022 Callable 07/10/2022	2,725,000	2,724,714	Verizon Communications Inc.: 3.324% (3 Month LIBOR USD + 1.750%), 09/14/2018 (a) 2.450%, 11/01/2022 Callable 08/01/2022	1,402,000	1,454,575
	1,000,000	989,884		2,500,000	2,457,875
		3,714,598		2,000,000	2,022,165
<b>Communications Equipment - 0.3%</b>			<b>Electrical Equipment &amp; Instruments - 3.0%</b>		
Cisco Systems, Inc. 4.950%, 02/15/2019	700,000	722,823	Emerson Electric Co.: 2.625%, 12/01/2021 Callable 11/01/2021 3.150%, 06/01/2025 Callable 03/01/2025	950,000	958,286
				5,000,000	5,082,423

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

**LKCM FIXED INCOME FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2017**

CORPORATE BONDS	Principal Amount	Value	CORPORATE BONDS	Principal Amount	Value
<b>Electrical Equipment &amp; Instruments - 3.0%, Continued</b>			<b>Multiline Retail - 1.9%</b>		
Rockwell Automation, Inc. 2.875%, 03/01/2025 Callable 12/01/2024	\$1,440,000	\$ 1,421,382	Family Dollar Stores, Inc. 5.000%, 02/01/2021	\$4,500,000	\$ 4,792,500
		<u>7,462,091</u>	<b>Oil &amp; Gas &amp; Consumable Fuels - 6.8%</b>		
<b>Food &amp; Drug Retailing - 2.7%</b>			Chevron Corporation 2.411%, 03/03/2022 Callable 01/03/2022	1,450,000	1,449,383
CVS Health Corporation 4.125%, 05/15/2021 Callable 02/15/2021	2,000,000	2,079,559	Enterprise Products Operating LLC: 1.650%, 05/07/2018 3.750%, 02/15/2025 Callable 11/15/2024	1,250,000	1,248,440
Walgreens Boots Alliance, Inc. 3.800%, 11/18/2024 Callable 08/18/2024	4,375,000	4,474,502	Kinder Morgan Energy Partners, L.P. 4.250%, 09/01/2024 Callable 06/01/2024	2,000,000	2,065,305
		<u>6,554,061</u>	Occidental Petroleum Corporation 2.600%, 04/15/2022 Callable 03/15/2022	3,125,000	3,133,586
<b>Health Care Equipment &amp; Supplies - 6.3%</b>			Range Resources Corporation 5.000%, 08/15/2022 Callable 05/15/2022	5,850,000	5,850,000
Danaher Corporation: 2.400%, 09/15/2020 Callable 08/15/2020	2,000,000	2,008,300			<u>16,858,103</u>
3.350%, 09/15/2025 Callable 06/15/2025	5,500,000	5,691,059	<b>Pharmaceuticals - 0.4%</b>		
PerkinElmer, Inc. 5.000%, 11/15/2021 Callable 08/15/2021	1,094,000	1,180,451	Allergan, Inc. 1.350%, 03/15/2018	1,017,000	1,015,765
Thermo Fisher Scientific, Inc.: 4.150%, 02/01/2024 Callable 11/01/2023	4,500,000	4,779,581	<b>Real Estate Investment Trusts - 3.7%</b>		
2.950%, 09/19/2026 Callable 06/19/2026	2,000,000	1,947,117	American Tower Corporation: 3.400%, 02/15/2019	1,585,000	1,603,397
		<u>15,606,508</u>	5.050%, 09/01/2020	1,250,000	1,326,185
<b>Household Durables - 1.3%</b>			3.500%, 01/31/2023	3,500,000	3,582,897
Newell Brands, Inc. 3.150%, 04/01/2021 Callable 03/01/2021	3,150,000	3,187,626	5.000%, 02/15/2024	2,500,000	2,742,049
					<u>9,254,528</u>
<b>Household Products - 0.4%</b>			<b>Road &amp; Rail - 3.0%</b>		
The Procter & Gamble Company 8.000%, 09/01/2024	775,000	1,006,456	Burlington Northern Santa Fe, LLC 3.000%, 03/15/2023 Callable 12/15/2022	3,300,000	3,364,244
<b>Industrial Conglomerates - 0.4%</b>			Union Pacific Corporation 2.250%, 06/19/2020 Callable 05/19/2020	4,125,000	4,131,583
General Electric Company 2.100%, 12/11/2019	1,050,000	1,047,306			<u>7,495,827</u>
<b>Internet &amp; Catalog Retail - 2.8%</b>			<b>Software &amp; Services - 1.0%</b>		
Amazon.com, Inc.: 2.600%, 12/05/2019 Callable 11/05/2019	2,000,000	2,021,311	Sabre GLBL Inc. (b) 5.375%, 04/15/2023 Callable 04/15/2018	2,500,000	2,587,500
2.500%, 11/29/2022 Callable 08/29/2022	5,000,000	5,003,173	<b>Specialty Retail - 0.5%</b>		
		<u>7,024,484</u>	O'Reilly Automotive, Inc. 4.875%, 01/14/2021 Callable 10/14/2020	1,128,000	1,198,621
<b>Internet Software &amp; Services - 1.2%</b>			<b>TOTAL CORPORATE BONDS</b>		
Alphabet, Inc. 3.375%, 02/25/2024	2,850,000	2,973,583	(Cost \$177,745,377)		<u>178,756,736</u>

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

**LKCM FIXED INCOME FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2017**

U.S. GOVERNMENT ISSUES - 8.6%	Principal Amount	Value	U.S. GOVERNMENT SPONSORED ENTITIES	Principal Amount	Value
<b>U.S. Treasury Inflation Indexed Bonds - 1.5%</b>			<b>Freddie Mac - 7.7%, Continued</b>		
0.625%, 01/15/2024	\$3,699,990	\$ 3,765,883	2.000%, 05/23/2031 (c) Callable 1/23/2018	\$2,500,000	\$ 2,428,845
<b>U.S. Treasury Notes - 7.1%</b>					19,254,732
1.000%, 03/15/2018	1,000,000	999,318	<b>TOTAL U.S. GOVERNMENT SPONSORED ENTITIES</b>		
1.000%, 08/15/2018	2,000,000	1,992,148	(Cost \$35,058,580)		34,642,685
1.250%, 10/31/2019	2,000,000	1,977,812			
2.000%, 07/31/2020	2,000,000	2,003,633	<b>SHORT-TERM INVESTMENTS - 5.0%</b>		
2.000%, 02/15/2023	2,000,000	1,979,844	<b>Corporate Bonds - 4.1%</b>		
2.000%, 02/15/2025	3,000,000	2,933,145	AbbVie Inc.		
2.000%, 08/15/2025	2,000,000	1,950,195	1.800%, 05/14/2018	1,500,000	1,499,402
1.625%, 02/15/2026	4,000,000	3,778,203	Bank of America Corporation		
		17,614,298	2.050%, 12/07/2018	5,000,000	4,999,255
<b>TOTAL U.S. GOVERNMENT ISSUES</b>		21,380,181	Enterprise Products Operating LLC		
(Cost \$21,730,785)			1.650%, 05/07/2018	370,000	369,538
			Roper Technologies, Inc.		
<b>U.S. GOVERNMENT SPONSORED ENTITIES - 13.9%</b>			2.050%, 10/01/2018	1,250,000	1,250,098
<b>Fannie Mae - 2.3%</b>			Thermo Fisher Scientific, Inc.		
1.500%, 07/28/2021 (c) Callable 1/28/2018	2,000,000	1,992,206	2.150%, 12/14/2018	2,000,000	2,003,213
1.000%, 10/26/2021 (c) Callable 1/26/2018	1,040,000	1,028,135			10,121,506
1.500%, 05/17/2024 (c) Callable 2/17/2018	2,800,000	2,756,709			
		5,777,050			
<b>Federal Home Loan Banks - 3.9%</b>			<b>Shares</b>		
1.000%, 01/30/2019 (c) Callable 01/30/2018	2,000,000	1,999,112	<b>Money Market Funds - 0.9%</b>		
1.550%, 10/19/2020 (c) Callable 10/19/2018	2,500,000	2,478,710	Invesco Short-Term Investments Trust - Government & Agency Portfolio - Institutional Shares, 1.21% (d)	2,340,220	2,340,220
1.625%, 08/15/2022 (c) Callable 02/15/2018	2,500,000	2,487,300	<b>TOTAL SHORT-TERM INVESTMENTS</b>		
2.000%, 08/24/2022 Callable 08/24/2018	2,700,000	2,645,781	(Cost \$12,434,532)		12,461,726
		9,610,903	<b>Total Investments - 99.3%</b>		
<b>Freddie Mac - 7.7%</b>			(Cost \$246,969,274)		247,241,328
1.375%, 08/25/2021 (c) Callable 2/25/2018	1,650,000	1,619,294	Other Assets in Excess of Liabilities - 0.7%		1,734,476
1.500%, 08/25/2021 (c) Callable 2/25/2018	1,600,000	1,557,819	<b>TOTAL NET ASSETS - 100.0%</b>		\$248,975,804
2.375%, 01/13/2022	2,000,000	2,019,142			
2.200%, 07/27/2022 Callable 7/25/2018	1,225,000	1,212,614			
1.625%, 09/29/2022 (c) Callable 3/29/2018	2,500,000	2,477,675			
2.000%, 12/14/2022 Callable 12/14/2018	2,000,000	1,996,996			
1.250%, 06/30/2023 (c) Callable 3/30/2018	1,500,000	1,480,939			
1.000%, 10/27/2023 (c) Callable 1/27/2018	4,500,000	4,461,408			

- (a) Floating rate.  
(b) Rule 144A security. Resale to the public may require registration or may extend only to qualified institutional buyers. The fair market value of the Rule 144A securities was \$2,587,500 representing 1.0% of the Fund's total net assets.  
(c) Step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate as of period end.  
(d) The rate quoted is the annualized seven-day yield of the fund at period end.

*Investments are classified by industry pursuant to the Global Industry Classification Standard (GICS®), which was developed by and/or is the exclusive property of Morgan Stanley Capital International, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.*

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

**STATEMENT OF ASSETS AND LIABILITIES**

**December 31, 2017**

	<b>LKCM Small Cap Equity Fund</b>	<b>LKCM Small-Mid Cap Equity Fund</b>	<b>LKCM Equity Fund</b>	<b>LKCM Balanced Fund</b>	<b>LKCM Fixed Income Fund</b>
<b>Assets:</b>					
Investments, at value*	\$202,140,175	\$19,434,993	\$339,837,598	\$81,747,667	\$247,241,328
Cash	105,724	—	—	8,881	9,375
Receivable for Fund shares sold	70,570	2,850	979,171	1,594,470	335,926
Dividends and interest receivable	62,888	8,367	364,050	205,201	1,714,215
Receivable for investment advisory fees (Note B)	—	1,542	—	—	—
Other assets	32,022	8,261	30,461	10,597	28,038
<b>Total assets</b>	<u>202,411,379</u>	<u>19,456,013</u>	<u>341,211,280</u>	<u>83,566,816</u>	<u>249,328,882</u>
<b>Liabilities:</b>					
Payable for Fund shares redeemed	297,403	47,213	37,153	3,400	123,209
Payable for investment advisory fees (Note B)	338,736	—	433,381	88,552	121,432
Payable for accounting and transfer agent fees and expenses	33,957	13,802	31,797	15,206	26,280
Payable for professional fees	28,961	6,883	36,437	11,960	28,681
Payable for administrative fees	28,769	6,822	45,154	11,067	34,029
Payable for trustees' fees	6,578	660	8,757	1,954	6,714
Payable for custody fees and expenses	3,993	1,049	5,446	1,480	4,296
Payable for distribution expense (Note B)	1,720	—	—	—	—
Accrued expenses and other liabilities	8,782	1,468	11,801	3,484	8,437
<b>Total liabilities</b>	<u>748,899</u>	<u>77,897</u>	<u>609,926</u>	<u>137,103</u>	<u>353,078</u>
<b>Net assets</b>	<u>\$201,662,480</u>	<u>\$19,378,116</u>	<u>\$340,601,354</u>	<u>\$83,429,713</u>	<u>\$248,975,804</u>
<b>Net assets consist of:</b>					
Paid in capital	\$134,737,599	\$13,665,290	\$199,157,927	\$65,585,307	\$248,703,750
Accumulated net investment income	—	—	6,125	6,439	—
Accumulated net realized gain (loss) on investments	(5,680)	193,241	(22,853)	—	—
Net unrealized appreciation on investments	66,930,561	5,519,585	141,460,155	17,837,967	272,054
<b>Net assets</b>	<u>\$201,662,480</u>	<u>\$19,378,116</u>	<u>\$340,601,354</u>	<u>\$83,429,713</u>	<u>\$248,975,804</u>
<b>INSTITUTIONAL CLASS</b>					
Net assets	\$201,138,688	\$19,378,116	\$340,601,354	\$83,429,713	\$248,975,804
Shares of beneficial interest outstanding (unlimited shares of no par value authorized)	10,909,110	1,828,651	13,091,599	3,761,634	23,313,111
Net asset value per share (offering and redemption price)	<u>\$ 18.44</u>	<u>\$ 10.60</u>	<u>\$ 26.02</u>	<u>\$ 22.18</u>	<u>\$ 10.68</u>
<b>ADVISER CLASS**</b>					
Net assets	\$ 523,792				
Shares of beneficial interest outstanding (unlimited shares of no par value authorized)	30,573				
Net asset value per share (offering and redemption price)	<u>\$ 17.13</u>				
* Cost of Investments	<u>\$135,209,614</u>	<u>\$13,915,408</u>	<u>\$198,377,443</u>	<u>\$63,909,700</u>	<u>\$246,969,274</u>

\*\* Currently, Adviser Class shares are authorized only for the Small Cap Equity, Small-Mid Cap Equity and Equity Funds and are offered only by the Small Cap Equity Fund.

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

**STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2017**

	LKCM Small Cap Equity Fund	LKCM Small-Mid Cap Equity Fund	LKCM Equity Fund	LKCM Balanced Fund	LKCM Fixed Income Fund
<b>Investment Income:</b>					
Dividends*	\$ 1,885,401	\$ 160,437	\$ 4,596,310	\$ 789,250	\$ 31
Interest	21,122	3,995	110,348	507,460	5,890,718
Total income	<u>1,906,523</u>	<u>164,432</u>	<u>4,706,658</u>	<u>1,296,710</u>	<u>5,890,749</u>
<b>Expenses:</b>					
Investment advisory fees (Note B)	1,742,893	150,338	2,219,100	482,451	1,196,135
Distribution expense – Adviser Class (Note B)	2,580	—	—	—	—
Accounting and transfer agent fees and expenses	226,049	84,359	234,511	98,016	190,992
Administrative fees	183,328	39,834	257,020	62,077	193,029
Trustees’ fees	95,835	13,758	78,301	16,293	60,784
Professional fees	90,406	11,834	116,884	30,946	89,382
Federal and state registration	65,754	34,746	48,885	23,194	47,100
Custody fees and expenses	32,366	6,609	32,646	8,493	24,884
Reports to shareholders	18,420	2,531	20,444	6,245	14,003
Other	100,985	9,321	128,451	30,272	95,095
Total expenses	2,558,616	353,330	3,136,242	757,987	1,911,404
Less, expense waiver and/or reimbursement (Note B)	(232,179)	(152,879)	(600,128)	(164,201)	(715,269)
Net expenses	<u>2,326,437</u>	<u>200,451</u>	<u>2,536,114</u>	<u>593,786</u>	<u>1,196,135</u>
Net investment income (loss)	<u>(419,914)</u>	<u>(36,019)</u>	<u>2,170,544</u>	<u>702,924</u>	<u>4,694,614</u>
<b>Realized and Unrealized Gain (Loss) on Investments:</b>					
Net realized gain on investments	41,104,589	2,497,041	13,289,318	2,549,252	231,170
Net change in unrealized appreciation/depreciation on investments	(4,585,084)	1,824,006	46,722,416	5,751,978	144,349
<b>Net realized and unrealized gain on investments</b>	<u>36,519,505</u>	<u>4,321,047</u>	<u>60,011,734</u>	<u>8,301,230</u>	<u>375,519</u>
<b>Net Increase in Net Assets Resulting from Operations</b>	<u>\$36,099,591</u>	<u>\$4,285,028</u>	<u>\$62,182,278</u>	<u>\$9,004,154</u>	<u>\$5,070,133</u>
* Net of foreign taxes withheld	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,313</u>	<u>\$ —</u>	<u>\$ —</u>

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

## STATEMENTS OF CHANGES IN NET ASSETS

	LKCM Small Cap Equity Fund		LKCM Small-Mid Cap Equity Fund	
	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>
<b>Operations:</b>				
Net investment loss . . . . .	\$ (419,914)	\$ (598,113)	\$ (36,019)	\$ (334,381)
Net realized gain on investments . . . . .	41,104,589	70,583,659	2,497,041	11,090,117
Net change in unrealized appreciation/depreciation on investments . . . . .	(4,585,084)	(39,738,947)	1,824,006	(46,140,964)
Net increase (decrease) in net assets resulting from operations . . .	<u>36,099,591</u>	<u>30,246,599</u>	<u>4,285,028</u>	<u>(35,385,228)</u>
<b>Dividends and Distributions to   Institutional Class Shareholders:</b>				
Net realized gain on investments . . . . .	(33,953,609)	(38,274,319)	(2,141,026)	(3,253,405)
<b>Dividends and Distributions   to Adviser Class Shareholders:</b>				
Net realized gain on investments . . . . .	(91,957)	(394,215)		
<b>Net decrease in net assets resulting from   Fund share transactions (Note C) . . . . .</b>	<u>(83,606,173)</u>	<u>(285,382,856)</u>	<u>(3,184,769)</u>	<u>(272,896,350)</u>
Total decrease in net assets . . . . .	(81,552,148)	(293,804,791)	(1,040,767)	(311,534,983)
<b>Net Assets:</b>				
Beginning of period . . . . .	283,214,628	577,019,419	20,418,883	331,953,866
End of period* . . . . .	<u>\$201,662,480</u>	<u>\$ 283,214,628</u>	<u>\$19,378,116</u>	<u>\$ 20,418,883</u>

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

## STATEMENTS OF CHANGES IN NET ASSETS

	LKCM Equity Fund		LKCM Balanced Fund	
	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>
<b>Operations:</b>				
Net investment income .....	\$ 2,170,544	\$ 2,366,551	\$ 702,924	\$ 480,955
Net realized gain on investments .....	13,289,318	17,224,785	2,549,252	2,620,580
Net change in unrealized appreciation/depreciation on investments .....	46,722,416	9,232,988	5,751,978	1,723,988
Net increase in net assets resulting from operations .....	<u>62,182,278</u>	<u>28,824,324</u>	<u>9,004,154</u>	<u>4,825,523</u>
<b>Dividends and Distributions to Shareholders:</b>				
Net investment income .....	(2,175,595)	(2,355,272)	(700,479)	(477,045)
Net realized gain on investments .....	(13,688,012)	(15,387,855)	(2,524,332)	(2,493,726)
	<u>(15,863,607)</u>	<u>(17,743,127)</u>	<u>(3,224,811)</u>	<u>(2,970,771)</u>
<b>Net increase (decrease) in net assets resulting from   from Fund share transactions (Note C) .....</b>	<u>7,774,360</u>	<u>(5,772,597)</u>	<u>14,458,317</u>	<u>22,184,169</u>
Total increase in net assets .....	54,093,031	5,308,600	20,237,660	24,038,921
<b>Net Assets:</b>				
Beginning of period .....	<u>286,508,323</u>	<u>281,199,723</u>	<u>63,192,053</u>	<u>39,153,132</u>
End of period* .....	<u>\$340,601,354</u>	<u>\$286,508,323</u>	<u>\$83,429,713</u>	<u>\$63,192,053</u>
* Including accumulated net investment income of .....	<u>\$ 6,125</u>	<u>\$ 11,279</u>	<u>\$ 6,439</u>	<u>\$ 3,994</u>

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



## STATEMENTS OF CHANGES IN NET ASSETS

	LKCM Fixed Income Fund	
	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>
<b>Operations:</b>		
Net investment income .....	\$ 4,694,614	\$ 4,580,895
Net realized gain on investments .....	231,170	332,465
Net change in unrealized appreciation/depreciation on investments .....	144,349	2,637,335
Net increase in net assets resulting from operations .....	<u>5,070,133</u>	<u>7,550,695</u>
<b>Dividends and Distributions to Shareholders:</b>		
Net investment income .....	(4,704,142)	(4,585,763)
Net realized gain on investments .....	(239,922)	(93,558)
	<u>(4,944,064)</u>	<u>(4,679,321)</u>
<b>Net increase in net assets resulting from   Fund share transactions (Note C) .....</b>	<u>21,987,467</u>	<u>25,150,031</u>
Total increase in net assets .....	22,113,536	28,021,405
<b>Net Assets:</b>		
Beginning of period .....	226,862,268	198,840,863
End of period* .....	<u>\$248,975,804</u>	<u>\$226,862,268</u>

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

**FINANCIAL HIGHLIGHTS**  
**SELECTED DATA FOR EACH SHARE OF CAPITAL STOCK OUTSTANDING**

<b>LKCM Small Cap Equity Fund – Institutional Class</b>					
	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>
<b>Net Asset Value – Beginning of Period</b> .....	\$ 18.82	\$ 19.86	\$ 24.05	\$ 28.33	\$ 22.69
Net investment income (loss) .....	(0.04) <sup>(1)</sup>	(0.03) <sup>(1)</sup>	0.01	(0.06) <sup>(1)</sup>	(0.06) <sup>(2)</sup>
Net realized and unrealized gain (loss) on investments .....	3.27	1.88	(1.29)	(0.77)	8.02
Total from investment operations .....	3.23	1.85	(1.28)	(0.83)	7.96
Dividends from net investment income .....	—	—	(0.01)	—	—
Distributions from net realized gains .....	(3.61)	(2.89)	(2.90)	(3.45)	(2.32)
Total dividends and distributions .....	(3.61)	(2.89)	(2.91)	(3.45)	(2.32)
<b>Net Asset Value – End of Period</b> .....	<u>\$ 18.44</u>	<u>\$ 18.82</u>	<u>\$ 19.86</u>	<u>\$ 24.05</u>	<u>\$ 28.33</u>
<b>Total Return</b> .....	17.04%	9.27%	-5.58%	-3.11%	35.11%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands) .....	\$201,139	\$281,790	\$568,421	\$840,631	\$1,047,607
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement .....	1.10%	1.05% <sup>(4)</sup>	0.97%	0.94%	0.95%
After expense waiver and/or reimbursement .....	1.00%	1.00%	0.97%	0.94%	0.95%
Ratio of net investment income (loss) to average net assets:					
Before expense waiver and/or reimbursement .....	(0.28)%	(0.18)% <sup>(4)</sup>	0.05%	(0.21)%	(0.23)%
After expense waiver and/or reimbursement .....	(0.18)%	(0.13)%	0.05%	(0.21)%	(0.23)%
Portfolio turnover rate <sup>(3)</sup> .....	42%	50%	62%	60%	47%

- (1) Net investment income (loss) per share represents net investment income (loss) divided by the average shares outstanding throughout the period.
- (2) Net investment loss per share is calculated using the ending balance of undistributed net investment loss prior to considerations of adjustments for permanent book and tax differences.
- (3) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.
- (4) The ratio has been adjusted from the previously reported amount of 0.95% for the ratio of expenses to average net assets before expense waiver and/or reimbursement and (0.08%) for the ratio of net investment income (loss) to average net assets before expense waiver and/or reimbursement due to an immaterial error.

<b>LKCM Small Cap Equity Fund – Adviser Class</b>					
	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>
<b>Net Asset Value – Beginning of Period</b> .....	\$ 17.76	\$ 18.93	\$ 23.11	\$ 27.43	\$ 22.07
Net investment loss .....	(0.08) <sup>(1)</sup>	(0.07) <sup>(1)</sup>	(0.05)	(0.12) <sup>(1)</sup>	(0.13) <sup>(2)</sup>
Net realized and unrealized gain (loss) on investments .....	3.06	1.79	(1.23)	(0.75)	7.81
Total from investment operations .....	2.98	1.72	(1.28)	(0.87)	7.68
Distributions from net realized gains .....	(3.61)	(2.89)	(2.90)	(3.45)	(2.32)
<b>Net Asset Value – End of Period</b> .....	<u>\$ 17.13</u>	<u>\$ 17.76</u>	<u>\$ 18.93</u>	<u>\$ 23.11</u>	<u>\$ 27.43</u>
<b>Total Return</b> .....	16.70%	8.99%	-5.81%	-3.35%	34.81%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands) .....	\$ 524	\$ 1,425	\$ 8,598	\$ 14,665	\$ 41,153
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement .....	1.35%	1.30% <sup>(4)</sup>	1.22%	1.19%	1.20%
After expense waiver and/or reimbursement .....	1.25%	1.25%	1.22%	1.19%	1.20%
Ratio of net investment loss to average net assets:					
Before expense waiver and/or reimbursement .....	(0.53)%	(0.43)% <sup>(4)</sup>	(0.20)%	(0.46)%	(0.48)%
After expense waiver and/or reimbursement .....	(0.43)%	(0.38)%	(0.20)%	(0.46)%	(0.48)%
Portfolio turnover rate <sup>(3)</sup> .....	42%	50%	62%	60%	47%

- (1) Net investment loss per share represents net investment income (loss) divided by the average shares outstanding throughout the period.
- (2) Net investment loss per share is calculated using the ending balance of undistributed net investment loss prior to considerations of adjustments for permanent book and tax differences.
- (3) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.
- (4) The ratio has been adjusted from the previously reported amount of 1.20% for the ratio of expenses to average net assets before expense waiver and/or reimbursement and (0.33%) for the ratio of net investment income (loss) to average net assets before expense waiver and/or reimbursement due to an immaterial error.

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

**FINANCIAL HIGHLIGHTS**  
**SELECTED DATA FOR EACH SHARE OF CAPITAL STOCK OUTSTANDING**

<b>LKCM Small-Mid Cap Equity Fund</b>					
	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>
<b>Net Asset Value – Beginning of Period</b> .....	\$ 9.56	\$ 11.15	\$ 12.10	\$ 12.97	\$ 9.68
Net investment loss .....	(0.01) <sup>(1)</sup>	(0.05) <sup>(1)</sup>	(0.06) <sup>(2)</sup>	(0.08) <sup>(1)</sup>	(0.06) <sup>(2)</sup>
Net realized and unrealized gain (loss) on investments .....	2.32	0.19	(0.10)	(0.48)	3.35
Total from investment operations .....	2.31	0.14	(0.16)	(0.56)	3.29
Distributions from net realized gains .....	(1.27)	(1.73)	(0.79)	(0.31)	—
<b>Net Asset Value – End of Period</b> .....	<u>\$ 10.60</u>	<u>\$ 9.56</u>	<u>\$ 11.15</u>	<u>\$ 12.10</u>	<u>\$ 12.97</u>
<b>Total Return</b> .....	24.13%	1.17%	-1.41%	-4.39%	33.99%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands) .....	\$ 19,378	\$ 20,419	\$331,954	\$391,668	\$366,423
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement .....	1.76%	1.23%	1.14%	1.20%	1.18%
After expense waiver and/or reimbursement .....	1.00%	1.00%	1.00%	1.00%	1.00%
Ratio of net investment loss to average net assets:					
Before expense waiver and/or reimbursement .....	(0.94)%	(0.68)%	(0.63)%	(0.82)%	(0.77)%
After expense waiver and/or reimbursement .....	(0.18)%	(0.45)%	(0.49)%	(0.62)%	(0.59)%
Portfolio turnover rate .....	63%	80%	70%	72%	49%

<sup>(1)</sup> Net investment loss per share represents net investment loss divided by the average shares outstanding throughout the period.

<sup>(2)</sup> Net investment loss per share is calculated using the ending balance of undistributed net investment loss prior to considerations of adjustments for permanent book and tax differences.

<b>LKCM Equity Fund</b>					
	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013<sup>(1)</sup></i>
<b>Net Asset Value – Beginning of Period</b> .....	\$ 22.42	\$ 21.40	\$ 22.81	\$ 22.44	\$ 17.62
Net investment income .....	0.17	0.19 <sup>(2)</sup>	0.18 <sup>(2)</sup>	0.17 <sup>(3)</sup>	0.14 <sup>(2)</sup>
Net realized and unrealized gain (loss) on investments .....	4.69	2.32	(0.98)	1.28	5.27
Total from investment operations .....	4.86	2.51	(0.80)	1.45	5.41
Dividends from net investment income .....	(0.17)	(0.20)	(0.20)	(0.16)	(0.12)
Distributions from net realized gains .....	(1.09)	(1.29)	(0.41)	(0.92)	(0.47)
Total dividends and distributions .....	(1.26)	(1.49)	(0.61)	(1.08)	(0.59)
<b>Net Asset Value – End of Period</b> .....	<u>\$ 26.02</u>	<u>\$ 22.42</u>	<u>\$ 21.40</u>	<u>\$ 22.81</u>	<u>\$ 22.44</u>
<b>Total Return</b> .....	21.69%	11.66%	-3.54%	6.40%	30.74%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands) .....	\$340,601	\$286,508	\$281,200	\$333,692	\$323,932
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement .....	0.99%	0.98%	0.93%	0.92%	0.93%
After expense waiver and/or reimbursement .....	0.80%	0.80%	0.80%	0.80%	0.80%
Ratio of net investment income to average net assets:					
Before expense waiver and/or reimbursement .....	0.50%	0.69%	0.68%	0.59%	0.53%
After expense waiver and/or reimbursement .....	0.69%	0.87%	0.81%	0.71%	0.66%
Portfolio turnover rate .....	11%	16%	13%	14%	17%

<sup>(1)</sup> On May 10, 2013, the Armstrong Fund was reorganized into the LKCM Equity Fund. Activity after May 10, 2013 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> Net investment income per share is calculated using the ending balance of undistributed net investment income prior to considerations of adjustments for permanent book and tax differences.

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

**FINANCIAL HIGHLIGHTS**  
**SELECTED DATA FOR EACH SHARE OF CAPITAL STOCK OUTSTANDING**

	<b>LKCM Balanced Fund</b>				
	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>
<b>Net Asset Value – Beginning of Period</b> .....	\$ 20.46	\$ 19.60	\$ 20.10	\$ 19.63	\$ 16.11
Net investment income .....	0.20	0.20 <sup>(1)</sup>	0.19	0.24	0.17
Net realized and unrealized gain (loss) on investments .....	2.43	1.69	(0.00) <sup>(2)</sup>	0.94	3.55
Total from investment operations .....	2.63	1.89	0.19	1.18	3.72
Dividends from net investment income .....	(0.20)	(0.18)	(0.19)	(0.24)	(0.17)
Distributions from net realized gains .....	(0.71)	(0.85)	(0.50)	(0.47)	(0.03)
Total dividends and distributions .....	(0.91)	(1.03)	(0.69)	(0.71)	(0.20)
<b>Net Asset Value – End of Period</b> .....	\$ 22.18	\$ 20.46	\$ 19.60	\$ 20.10	\$ 19.63
<b>Total Return</b> .....	12.88%	9.70%	0.91%	5.99%	23.18%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands) .....	\$ 83,430	\$63,192	\$39,153	\$37,028	\$ 35,332
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement .....	1.02%	1.03%	1.02%	0.99%	1.04%
After expense waiver and/or reimbursement .....	0.80%	0.80%	0.80%	0.80%	0.80%
Ratio of net investment income to average net assets:					
Before expense waiver and/or reimbursement .....	0.73%	0.73%	0.73%	1.02%	0.72%
After expense waiver and/or reimbursement .....	0.95%	0.96%	0.95%	1.21%	0.96%
Portfolio turnover rate .....	15%	16%	16%	20%	10%

<sup>(1)</sup> Net investment income per share represents net investment income divided by the average shares outstanding throughout the period.

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

	<b>LKCM Fixed Income Fund</b>				
	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>
<b>Net Asset Value – Beginning of Period</b> .....	\$ 10.67	\$ 10.50	\$ 10.82	\$ 10.91	\$ 11.23
Net investment income .....	0.21	0.23	0.25 <sup>(1)</sup>	0.22	0.27
Net realized and unrealized gain (loss) on investments .....	0.02	0.17	(0.28)	(0.03)	(0.26)
Total from investment operations .....	0.23	0.40	(0.03)	0.19	0.01
Dividends from net investment income .....	(0.21)	(0.23)	(0.26)	(0.22)	(0.27)
Distributions from net realized gains .....	(0.01)	(0.00) <sup>(2)</sup>	(0.03)	(0.06)	(0.06)
Total dividends and distributions .....	(0.22)	(0.23)	(0.29)	(0.28)	(0.33)
<b>Net Asset Value – End of Period</b> .....	\$ 10.68	\$ 10.67	\$ 10.50	\$ 10.82	\$ 10.91
<b>Total Return</b> .....	2.15%	3.83%	-0.27%	1.72%	0.07%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands) .....	\$248,976	\$226,862	\$198,841	\$222,704	\$221,104
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement .....	0.80%	0.78%	0.73% <sup>(3)</sup>	0.70%	0.72%
After expense waiver and/or reimbursement .....	0.50%	0.50%	0.56% <sup>(3)</sup>	0.65%	0.65%
Ratio of net investment income to average net assets:					
Before expense waiver and/or reimbursement .....	1.66%	1.86%	2.18% <sup>(3)</sup>	1.92%	2.34%
After expense waiver and/or reimbursement .....	1.96%	2.14%	2.35% <sup>(3)</sup>	1.97%	2.41%
Portfolio turnover rate .....	28%	59%	29%	46%	30%

<sup>(1)</sup> Net investment income per share represents net investment income divided by the average shares outstanding during the period.

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

<sup>(3)</sup> Effective May 22, 2015, the Adviser contractually agreed to lower the expense cap for the Fund from 0.65% to 0.50% of the Fund's average daily net assets.

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 consist of six diversified series as of December 31, 2017, five of which are presented herein and include the LKCM Small Cap Equity Fund, LKCM Small-Mid Cap Equity Fund, LKCM Equity Fund, LKCM Balanced Fund and LKCM Fixed Income Fund (collectively, the “Funds”). The assets of the Funds are invested in separate, independently managed portfolios. Investment operations of the Funds began on July 14, 1994 (LKCM Small Cap Equity Fund—Institutional Class Shares), January 3, 1996 (LKCM Equity Fund—Institutional Class Shares), December 30, 1997 (LKCM Balanced Fund and LKCM Fixed Income Fund), and May 2, 2011 (LKCM Small-Mid Cap Equity Fund—Institutional and Adviser Class Shares). The LKCM Small Cap Equity Fund and the LKCM Equity Fund created a second class of shares, Adviser Class Shares, and renamed the initial class as Institutional Class Shares on May 1, 2003. The LKCM Small Cap Equity Fund—Adviser Class Shares were initially sold on June 5, 2003 and are subject to expenses pursuant to the Rule 12b-1 plan described in Note B. The Adviser Class Shares of the LKCM Equity Fund and LKCM Small-Mid Cap Equity Fund have not yet commenced operations. Each Fund charges a 1% redemption fee for redemptions on Fund shares held for less than 30 days, unless otherwise determined by a Fund in its discretion.

The LKCM Small Cap Equity Fund seeks to maximize long-term capital appreciation by investing under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of smaller companies (those with market capitalizations at the time of investment between \$600 million and \$4.5 billion) which Luther King Capital Management Corporation (the “Adviser”) believes are likely to have above-average growth in revenue and/or earnings and potential for above-average capital appreciation. The LKCM Small-Mid Cap Equity Fund seeks to maximize long-term capital appreciation by investing under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of small-mid capitalization companies (those with market capitalizations at the time of investment between \$1.25 billion and \$10 billion) which the Adviser believes are likely to have above-average growth in revenue and/or earnings and potential for above average capital appreciation. The LKCM Equity Fund seeks to maximize long-term capital appreciation by investing under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of companies which 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 that the Adviser believes have attractive relative valuations. The LKCM Balanced Fund seeks current income and long-term capital appreciation by investing primarily in a portfolio of equity and fixed income securities with at least 25% of the Fund’s total assets invested in fixed income securities under normal circumstances. The LKCM Fixed Income Fund seeks current income by investing under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in a portfolio of investment grade corporate and U.S. government fixed income securities.

The following is a summary of significant accounting policies followed by the Funds in preparation of the financial statements. The Funds are investment companies and, accordingly, follow the investment company accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standards Codification Topic 946, *Investment Companies*.

**1. Security Valuation:** Equity securities listed or traded on a U.S. securities exchange for which market quotations are readily available are valued at the last quoted sale price on the exchange on which the security is primarily traded. Nasdaq Global Market securities are valued at the Nasdaq Official Closing Price (“NOCP”). Unlisted U.S. securities and listed U.S. securities not traded on a particular valuation date are valued at the mean of the most recent quoted bid and ask price on the relevant exchanges or markets. Equity securities listed on a foreign exchange for which market quotations are readily available are valued at the last quoted sales price on the exchange on which the security is primarily traded. Debt securities are normally valued at the mean of the closing bid and ask price and/or by using a combination of broker quotations or evaluated prices provided by an independent pricing service. Other assets and securities for which no market or broker quotations or evaluated prices are readily available (including restricted securities) are valued in good faith at fair value using guidelines approved by the Board of Trustees. The Board has adopted specific guidelines and procedures for valuing portfolio securities and delegated their implementation to the Adviser. The guidelines and procedures authorize the Adviser to make determinations regarding the fair value of a portfolio security and to report such determinations to the Board of Trustees. The Funds may use prices provided by independent pricing services to assist in the fair valuation of the Funds’ portfolio securities.

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

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

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

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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. As of December 31, 2017, the Funds’ assets carried at fair value were classified as follows:

**LKCM Small Cap Equity Fund**

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$201,560,754	\$ —	\$ —	\$201,560,754
Money Market Fund	579,421	—	—	579,421
Total Investments*	<u>\$202,140,175</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$202,140,175</u>

**LKCM Small-Mid Cap Equity Fund**

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 19,378,609	\$ —	\$ —	\$ 19,378,609
Money Market Fund	56,384	—	—	56,384
Total Investments*	<u>\$ 19,434,993</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 19,434,993</u>

**LKCM Equity Fund**

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$321,103,183	\$ —	\$ —	\$321,103,183
Money Market Fund	18,734,415	—	—	18,734,415
Total Investments*	<u>\$339,837,598</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$339,837,598</u>

**LKCM Balanced Fund**

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 55,798,967	\$ —	\$ —	\$ 55,798,967
Corporate Bonds	—	24,342,579	—	24,342,579
Money Market Fund	1,606,121	—	—	1,606,121
Total Investments*	<u>\$ 57,405,088</u>	<u>\$ 24,342,579</u>	<u>\$ —</u>	<u>\$ 81,747,667</u>

**LKCM Fixed Income Fund**

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Bonds	\$ —	\$188,878,242	\$ —	\$188,878,242
U.S. Government Sponsored Entities	—	34,642,685	—	34,642,685
U.S. Government Issues	—	21,380,181	—	21,380,181
Money Market Fund	2,340,220	—	—	2,340,220
Total Investments*	<u>\$ 2,340,220</u>	<u>\$244,901,108</u>	<u>\$ —</u>	<u>\$247,241,328</u>

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

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

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

**3. Distributions to Shareholders:** The LKCM Small Cap Equity Fund, LKCM Small-Mid Cap Equity Fund and LKCM Equity Fund generally intend to pay dividends and distribute net capital, if any, at least on an annual basis. The LKCM Balanced Fund and LKCM Fixed Income Fund generally intend to pay dividends on a quarterly basis and distribute net capital, 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 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. Expenses that are directly attributable to a class of shares, such as Rule 12b-1 distribution fees, are charged to that class. For multi-class Funds, income, unrealized and realized gains/losses are generally allocated between each Fund’s classes in proportion to its respective net assets.

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

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

**8. 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 Funds’ 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 Funds may hold the securities of real estate investment trusts (“REITs”). Distributions from such investments may include income, capital gains and return of capital.

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

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

	<u>LKCM Small Cap Equity Fund</u>	<u>LKCM Small-Mid Cap Equity Fund</u>	<u>LKCM Equity Fund</u>	<u>LKCM Balanced Fund</u>	<u>LKCM Fixed Income Fund</u>
Accumulated net					
investment income (loss)	\$ 419,914	\$ 36,019	\$ (103)	\$ —	\$ 9,528
Accumulated net realized gain	(10,545,732)	(385,171)	(509,745)	(75,402)	(50,663)
Paid in capital	10,125,818	349,152	509,848	75,402	41,135

**10. Restricted and Illiquid Securities:** The Funds are permitted to invest in securities that are subject to legal or contractual restrictions on resale including investments considered by the Funds to be illiquid. Restricted securities generally may be resold in transactions exempt from registration. Illiquid investments are investments that cannot be sold or disposed of within seven days in the ordinary course of business at approximately the prices at which they are valued. A security may be considered illiquid if it lacks a readily available market or if its valuation has not changed for a certain period of time. Disposal of these securities may involve time-consuming negotiations and expense, and prompt sale at the current valuation may be difficult.

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

In March 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-08 which changes the amortization period for a callable debt security from the maturity date to the earliest call date. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. At this time, management is evaluating the implications of these changes on the financial statements.

**B. Investment Advisory and Other Agreements:** The Adviser serves as the investment adviser to the Funds under an Investment Advisory Agreement (the “Agreement”). The Adviser receives a fee, computed daily and payable quarterly, at the annual rates presented below as applied to each Fund’s average daily net assets. The Adviser has contractually agreed to waive all or a portion of its

management fee and/or reimburse expenses of the Funds through May 1, 2018 in order to limit each Fund's operating expenses to the annual cap rates 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 year ended December 31, 2017, the Adviser waived the following management fees to meet its expense cap obligations:

	<u>LKCM Small Cap Equity Fund</u>	<u>LKCM Small-Mid Cap Equity Fund</u>	<u>LKCM Equity Fund</u>	<u>LKCM Balanced Fund</u>	<u>LKCM Fixed Income Fund</u>
Annual Management Fee Rate	0.75%	0.75%	0.70%	0.65%	0.50%
Annual Cap on Expenses	1.00% <sup>(Inst.)</sup> 1.25% <sup>(Adviser)</sup>	1.00%	0.80%	0.80%	0.50%
Fees Waived in 2017	\$232,179	\$152,879	\$600,128	\$164,201	\$715,269

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

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

The Small Cap Equity Fund, Small-Mid Cap Equity Fund and Equity Fund have adopted a Rule 12b-1 plan under which the Adviser Class of each Fund may pay an annualized rate of up to 1.00% of its average daily net assets for distribution and other services. However, the Board of Trustees has currently only authorized an annualized fee of 0.25% of each Fund's average daily net assets. For the year ended December 31, 2017, fees incurred by the Small Cap Equity Fund pursuant to the 12b-1 Plan were \$2,580. The Adviser Class shares of the Equity Fund and the Small-Mid Cap Equity Fund have not yet commenced operations. The Funds have also adopted an Institutional Class Distribution Plan, under which each Fund may pay an annualized rate of up to 0.75% of its average daily net assets for distribution and other services. Currently, the Board of Trustees has not authorized payments under this plan and, as a result, the Funds currently neither accrue nor pay any fees under the plan.

**C. Fund Shares:** At December 31, 2017, there was an unlimited number of shares of beneficial interest, no par value, authorized. The following table summarizes the activity in shares of each Fund:

**LKCM Small Cap Equity Fund**

	<u>Year Ended December 31, 2017</u>		<u>Year Ended December 31, 2016</u>	
	<u>Institutional Class</u>		<u>Institutional Class</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares sold	598,963	\$ 11,823,528	1,612,765	\$ 30,288,236
Shares issued to shareholders in reinvestment of distributions	1,603,959	29,785,514	1,783,620	33,692,595
Shares redeemed	(6,263,343)	(124,254,603)	(17,051,055)	(342,725,953)
Redemption fee		405		1,460
Net decrease	(4,060,421)	\$ (82,645,156)	(13,654,670)	\$ (278,743,662)

**Shares Outstanding:**

Beginning of period	<u>14,969,531</u>	<u>28,624,201</u>
End of period	<u>10,909,110</u>	<u>14,969,531</u>

	<u>Year Ended December 31, 2017</u>		<u>Year Ended December 31, 2016</u>	
	<u>Adviser Class</u>		<u>Adviser Class</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares sold	10,948	\$ 201,415	23,322	\$ 430,731
Shares issued to shareholders in reinvestment of distributions	4,941	85,287	21,149	376,656
Shares redeemed	(65,546)	(1,247,757)	(418,403)	(7,446,581)
Redemption fee		38		—
Net decrease	(49,657)	\$ (961,017)	(373,932)	\$ (6,639,194)

**Shares Outstanding:**

Beginning of period	<u>80,230</u>	<u>454,162</u>	
End of period	<u>30,573</u>	<u>80,230</u>	
Total Net Decrease		\$ (83,606,173)	\$ (285,382,856)



**LKCM Small-Mid Cap Equity Fund**

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Shares	Amount	Shares	Amount
Shares sold	41,018	\$ 419,890	824,429	\$ 8,405,928
Shares issued to shareholders in reinvestment of distributions	191,420	2,038,623	315,244	3,026,346
Shares redeemed	(538,797)	(5,643,282)	(28,784,437)	(284,328,924)
Redemption fee		—		300
Net decrease	(306,359)	\$ (3,184,769)	(27,644,764)	\$ (272,896,350)
<b>Shares Outstanding:</b>				
Beginning of period	2,135,010		29,779,774	
End of period	1,828,651		2,135,010	

**LKCM Equity Fund**

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Shares	Amount	Shares	Amount
Shares sold	1,035,601	\$ 24,847,728	873,854	\$ 19,663,219
Shares issued to shareholders in reinvestment of distributions	591,475	15,455,230	764,353	17,205,579
Shares redeemed	(1,315,094)	(32,528,607)	(1,999,145)	(42,641,469)
Redemption fee		9		74
Net increase (decrease)	311,982	\$ 7,774,360	(360,938)	\$ (5,772,597)
<b>Shares Outstanding:</b>				
Beginning of period	12,779,617		13,140,555	
End of period	13,091,599		12,779,617	

**LKCM Balanced Fund**

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Shares	Amount	Shares	Amount
Shares sold	813,071	\$ 17,440,089	1,299,893	\$ 26,392,805
Shares issued to shareholders in reinvestment of distributions	140,839	3,117,892	139,950	2,865,400
Shares redeemed	(281,572)	(6,099,690)	(348,607)	(7,074,136)
Redemption fee		26		100
Net increase	672,338	\$ 14,458,317	1,091,236	\$ 22,184,169
<b>Shares Outstanding:</b>				
Beginning of period	3,089,296		1,998,060	
End of period	3,761,634		3,089,296	

**LKCM Fixed Income Fund**

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Shares	Amount	Shares	Amount
Shares sold	3,874,860	\$ 41,668,069	3,283,450	\$ 35,330,302
Shares issued to shareholders in reinvestment of distributions	444,230	4,756,374	405,849	4,366,386
Shares redeemed	(2,276,905)	(24,437,044)	(1,350,992)	(14,546,657)
Redemption fee		68		—
Net increase	2,042,185	\$ 21,987,467	2,338,307	\$ 25,150,031
<b>Shares Outstanding:</b>				
Beginning of period	21,270,926		18,932,619	
End of period	23,313,111		21,270,926	

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

	Purchases		Sales	
	U.S. Government	Other	U.S. Government	Other
LKCM Small Cap Equity Fund	\$ —	\$96,564,321	\$ —	\$214,989,216
LKCM Small-Mid Cap Equity Fund	—	12,255,095	—	17,573,270
LKCM Equity Fund	—	31,824,768	—	45,347,224
LKCM Balanced Fund	—	21,279,050	—	10,562,678
LKCM Fixed Income Fund	29,684,114	58,179,971	39,606,947	25,281,092

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

	LKCM Small Cap Equity Fund	LKCM Small-Mid Cap Equity Fund	LKCM Equity Fund	LKCM Balanced Fund	LKCM Fixed Income Fund
Cost of Investments	\$135,215,294	\$13,915,408	\$198,377,443	\$63,909,700	\$246,969,274
Gross Unrealized Appreciation	\$ 67,581,337	\$ 5,524,827	\$143,554,392	\$18,605,086	\$ 1,983,819
Gross Unrealized Depreciation	(656,456)	(5,242)	(2,094,237)	(767,119)	(1,711,765)
Net Unrealized Appreciation	\$ 66,924,881	\$ 5,519,585	\$141,460,155	\$17,837,967	\$ 272,054
Undistributed Ordinary Income	—	—	6,125	6,439	—
Undistributed Long-Term Capital Gain	—	193,937	2,432	—	—
Total Distributable Earnings	\$ —	\$ 193,937	\$ 8,557	\$ 6,439	\$ —
Other Accumulated Losses	\$ —	\$ (696)	\$ (25,285)	\$ —	\$ —
Total Accumulated Gains	\$ 66,924,881	\$ 5,712,826	\$141,443,427	\$17,844,406	\$ 272,054

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

To the extent the Funds realize future net capital gains, taxable distributions will be reduced by any unused capital loss carryforwards as permitted by the Internal Revenue Code. The Funds currently have no capital loss carryforwards.

At December 31, 2017, the LKCM Equity Fund deferred, on a tax basis, post-October capital losses of \$25,285.

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

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Ordinary Income	Long-Term Capital Gains	Ordinary Income	Long-Term Capital Gains
LKCM Small Cap Equity Fund	\$ 424,898	\$33,620,668	\$ —	\$38,668,534
LKCM Small-Mid Cap Equity Fund	—	2,141,026	—	3,253,405
LKCM Equity Fund	2,564,467	13,299,140	2,355,272	15,387,855
LKCM Balanced Fund	700,479	2,524,332	477,045	2,493,726
LKCM Fixed Income Fund	4,758,543	185,521	4,624,444	54,877

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

The Trust has adopted financial reporting rules regarding recognition and measurement of tax positions taken or expected to be taken on a tax return. The Trust has reviewed all open tax years and major jurisdictions and concluded that there is no impact on the Funds' financial position or results of operations. Tax years that remain open to examination by major tax jurisdictions include tax years ended December 31, 2014 through December 31, 2017. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on tax returns as of December 31, 2017. The Funds are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. If applicable, the Funds would recognize interest accrued related to unrecognized tax benefits in "interest expense" and penalties in "other expense" on the statement of operations.

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

To the shareholders and Board of Trustees of LKCM Funds

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

We have audited the accompanying statements of assets and liabilities of LKCM Funds (the “Funds”) comprising the LKCM Small Cap Equity Fund, LKCM Equity Fund, LKCM Balanced Fund, LKCM Fixed Income Fund, and LKCM Small-Mid Cap Equity Fund, including the schedules of investments, as of December 31, 2017, the related statements 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 each of the portfolios constituting the LKCM Funds as of December 31, 2017, and the results of their operations for the year then ended, the changes in their 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 Funds’ management. Our responsibility is to express an opinion on the Funds’ 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 Funds 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 Funds are not required to have, nor were we engaged to perform, an audit of their 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 Funds’ internal control over financial reporting. Accordingly, we express no such opinion.

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

*Deloitte & Touche LLP*

Milwaukee, Wisconsin  
February 27, 2018

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

**December 31, 2017**

**Availability of Proxy Voting Information:** A description of the policies and procedures that the Funds use to determine how to vote proxies relating to their portfolio securities, as well as information regarding how the Funds 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 1-800-688-LKCM 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 Funds toll free at 1-800-688-LKCM or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

**Availability of Quarterly Portfolio Schedule:** The Funds are required to file complete schedules of portfolio holdings with the SEC for the first and third fiscal quarters on Form N-Q. Once filed, the Funds' Form N-Q is available without charge upon request on the SEC's website (<http://www.sec.gov>) and is also available by calling 1-800-688-LKCM. You can also review and copy the Funds' Form N-Q by visiting the SEC's Public Reference Room in Washington, DC (information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330).

## Information about the Funds' Trustees and Officers:

The business and affairs of the Funds are managed under the direction of the Funds' Board of Trustees. Information pertaining to the Trustees of the Funds is set forth below. The Statement of Additional Information includes additional information about the Funds' Trustees and officers and is available, without charge, upon request by calling 1-800-688-LKCM.

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>Disinterested 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.	6	AZZ Incorporated
Earle A. Shields, Jr. 301 Commerce Street Suite 1600 Fort Worth, TX 76102 Year of Birth: 1920	Trustee	Since 1994	Consultant; formerly Consultant for NASDAQ Corp. and Vice President, Merrill Lynch & Co., Inc.	6	None
Richard J. Howell 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.	6	Red Robin Gourmet Burgers, Inc.
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.	6	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.	6	Tyler Technologies, Inc.
Steve 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.	6	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 Funds' 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  Chief Compliance Officer	Since 2010	General Counsel and Chief Compliance Officer, Luther King Capital Management Corporation since 2006; Principal, Luther King Capital Management Corporation since 2013.

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

### How We Protect Your Nonpublic Personal Information

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

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

### How We Obtain Your Nonpublic Personal Information

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

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

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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

Larry J. Lockwood  
Trustee

Paul W. Greenwell  
Vice President

Richard J. Howell  
Trustee

Richard Lenart  
Secretary & Treasurer

Steven R. Purvis, CFA  
Trustee, Vice President

Earle A. Shields, Jr.  
Trustee

Jacob D. Smith  
Chief Financial Officer  
Chief Compliance Officer

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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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