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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, 2016

## Dear Fellow Shareholders:

We report the following performance information for the LKCM Funds for indicated periods ended December 31, 2016:

Funds	Inception Dates	NAV @ 12/31/16	Net Expense Ratio*, **	Gross Expense Ratio**	One Year Total Return Ended 12/31/16	Five Year Average Annualized Return Ended 12/31/16	Ten Year Average Annualized Return Ended 12/31/16	Avg. Annual Total Return Since Incept.
LKCM Equity Fund - Institutional Class	1/3/96	\$22.42	0.80%	0.93%	11.66%	11.63%	7.32%	8.06%
S&P 500® Index <sup>1</sup>					11.96%	14.66%	6.95%	8.32%
LKCM Small Cap Equity Fund - Institutional Class	7/14/94	\$18.82	N/A	0.97%	9.27%	8.19%	5.13%	10.18%
Russell 2000® Index <sup>2</sup>					21.31%	14.46%	7.07%	9.38%
LKCM Small Cap Equity Fund - Adviser Class	6/5/03	\$17.76	N/A	1.22%	8.99%	7.92%	4.86%	8.74%
Russell 2000® Index <sup>2</sup>					21.31%	14.46%	7.07%	9.81%
LKCM Small-Mid Cap Equity Fund - Institutional Class	5/2/11	\$ 9.56	1.00%	1.14%	1.17%	6.90%	N/A	3.82%
Russell 2500® Index <sup>3</sup>					17.59%	14.54%	N/A	10.01%
LKCM Balanced Fund	12/30/97	\$20.46	0.80%	1.02%	9.70%	10.15%	7.02%	6.33%
S&P 500® Index <sup>1</sup>					11.96%	14.66%	6.95%	6.47%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index <sup>4</sup>					2.08%	1.85%	3.84%	4.67%
LKCM Fixed Income Fund	12/30/97	\$10.67	0.50%	0.73%	3.83%	2.13%	4.01%	4.45%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index <sup>4</sup>					2.08%	1.85%	3.84%	4.67%

*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 designated expense ratios through April 30, 2017. 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, 2016.

\*\* Expense ratios above are as of December 31, 2015, the Funds' prior fiscal year end, as reported in the Funds' current prospectus. Expense ratios reported for other periods in the financial highlights of this report for the Funds' fiscal year ended December 31, 2016 may differ due to the inclusion of acquired fund fees and expenses.

(1) The S&P 500® Index is an unmanaged capitalization-weighted index of 500 selected stocks that is generally 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.*

## 2016 Review

The behavior of the equity markets in 2016 was marked by three distinct phases. The S&P 500® Index began the year registering its worst 10-day start to a year on record and fell more than 10% through the closing low for the S&P 500® Index for the calendar year on February 11, 2016. Small capitalization stocks, as measured by the Russell 2000® Index, fared worse and experienced a bear market, falling by approximately 26% between June 23, 2015 and February 11, 2016. The price of oil settled below \$27 per barrel earlier during the year, as investors seemed to anticipate that Iran's return to the global market, in addition to Russia's attempt to increase production, would push prices even lower. Equally daunting were weak economic reports, including retail sales, producer prices and industrial production, all which fell when reported in January. Equity markets rebounded smartly in the second half of February and through March as oil prices climbed above \$40 per barrel and Federal Reserve chair Janet Yellen indicated she would "proceed cautiously," helping alleviate concerns of a near-term interest rate hike.

Following a steep rollercoaster ride during the first quarter of 2016, the equity markets rose gradually into the summer months, although there was a pronounced change in market leadership beginning in July. The four sectors of the equity markets which performed the worst in the first half of the calendar year (Financials, Information Technology, Healthcare, and Consumer Discretionary) began to reverse trend as economic data improved and the interest rate on U.S. Treasury notes rose. By August, the volatility experienced during the first quarter of 2016 seemed distant as the S&P 500® Index registered 38 consecutive trading days without a 1% move, marking the narrowest such trading range since 1965.

The third phase of the equity markets actually began the day prior to the presidential election on November 7, 2016 when the S&P 500® Index climbed 2.22% after declining each of the preceding nine trading days. Between the election and year-end, the equity markets rose as investors appeared to anticipate a more pro-growth, pro-business agenda with a renewed focus on fiscal policy. The S&P 500® Index rose approximately 4.64% from November 8, 2016 through the end of the year, for a total return of 11.96% for the S&P 500® Index for 2016.

U.S. government bond prices rose during the first half of the year due to lower interest rates in response to weak economic data. In addition, investors appeared to be buying U.S. government bonds for safety leading up to the June 23, 2016 Brexit vote. There was also speculation of forthcoming new easing measures from the European Central Bank and the Bank of Japan. The yield on the 10-Year U.S. Treasury note was pushed down to a record low of 1.36% on July 8, 2016. Benchmark government debt yields in the U.K., Germany, Switzerland, Denmark, France, and Sweden all recorded fresh historic lows. A combination of cyclical concerns, including soft demand for global goods and stagnant wages, and secular worries such as aging populations and high government debt levels, seemed to weigh on bond yields. Germany found buyers for new issues at a negative yield. However, the U.S. employment report for June showed 271,000 new jobs were created, a significant improvement over the 24,000 jobs created in May, which helped arrest the rise in U.S. government bond prices and their yields began to climb.

As we exit 2016, we may have witnessed the end of a nearly 35-year secular bull market in U.S. government bonds. The 10-Year U.S. Treasury note yielded 15.8% at the end of the third quarter of 1981 and declined to 1.45% at the conclusion of the second quarter of 2016. This declining rate trend culminated in spectacular scale during the 2008-2009 credit cycle which left interest rates near zero in its wake. We believe there will continue to be a cyclical bull markets in bonds; however, the 91% decline in interest rates over almost a 35-year period most likely will not soon be repeated. In recent years, we have resisted the temptation to increase our holdings of bonds with relatively longer maturities in order to increase yields fractionally, and we continue to remain firm in that view.

## **2017 Outlook**

We believe that most investors have a brighter view of financial market prospects for 2017 following the November elections that generated anticipation for a more pro-growth, pro-business administration and Congress. We believe these investors are not alone as the National Federation of Independent Business (NFIB) Index of Small Business Optimism registered its sharpest rise in November since April 2009.

We anticipate the U.S. economy will grow faster in 2017 with the pace dependent on the interplay of monetary policy tightening, the behavior of the U.S. dollar, and progress towards fiscal stimulus. The current business cycle is long-lived by historical standards as we believe it has exhibited mid-cycle behavior in almost slow motion. As 2017 unfolds, we would expect to see the U.S. economy begin to exhibit characteristics typical of a late stage business cycle. These hallmarks typically include tight labor conditions, rising inflation, and peak profit margins. Barring a policy error or an exogenous event, we believe it is inflation that typically is the catalyst that brings a business cycle to its end. In the near term, however, we believe the U.S. economy should not exhibit the level of inflationary pressure sufficient enough to warrant concern for a recession.

## **LKCM Equity Fund**

The LKCM Equity Fund returned 11.66% for the year ended December 31, 2016, which was slightly below the 11.96% return for the S&P 500® Index. The Fund's relative performance benefited from being overweight in the Industrials, Materials and Energy sectors and from stock selection in the Industrials, Materials and Financials sectors. The Fund's underweight position in the Financials sector and stock selection in the Energy sector detracted from the Fund's relative performance. We remain committed to our investment strategy of investing in companies with that we believe are high quality and have solid balance sheets and strong cash flows, especially in the anticipated rising interest rate environment.

## **LKCM Small Cap Equity Fund**

The LKCM Small Cap Equity Fund – Institutional Class underperformed its benchmark, the Russell 2000® Index, during the year ended December 31, 2016, returning 9.27% against the 21.31% return for the benchmark. We believe the factors we consider important in maximizing long-term capital appreciation (such as companies that we believe are higher quality and competitively advantaged with viable strategies to increase the value of their businesses through successful reinvestment of their cash flows) have not been favored as compared to the performance of the benchmark over the past year. During the year, stock selection was the primary reason for the Fund's underperformance relative to the benchmark. While the Fund's results were positive, they did not keep up with the equity markets surge as measured by the Russell 2000® Index. The Fund's portfolio was more cautiously positioned during the year and did not participate in what has been termed the "Trump Bump" after the election. In addition, the Fund's growth bias and focus on relatively larger companies in the benchmark also worked against the Fund during the year. During the year, the Fund's relative performance benefited from being

underweight the Consumer Discretionary sector and overweight the outperforming Industrials sector, coupled with stock selection in the Healthcare and Energy sectors. The Fund's relative performance was adversely affected by its overweighted position in the Healthcare sector and underweight position in the Financials sector, coupled with the Fund's more conservative stock selection, especially in the Information Technology sector. We remain confident that our focus on what we believe to be higher quality investments for the Fund remains prudent during this period of higher valuations and potentially increased market volatility.

#### **LKCM Balanced Fund**

The LKCM Balanced Fund advanced 9.70% for the year ended December 31, 2016 against the 11.96% return for the S&P 500® Index and the 2.08% return for the Bloomberg Barclays Intermediate Government/Credit Bond Index. The equity allocation of the Fund's portfolio outperformed its benchmark and generated most of the Fund's return during the year. Stock selection in the Financials, Consumer Discretionary, and Energy sectors were especially strong relative to the benchmark, while stock selection in the Information Technology and Consumer Staples sectors underperformed the benchmark. The fixed income allocation of the Fund's portfolio, which remained focused on high quality, intermediate term corporate bonds, served to cushion overall volatility of the Fund's portfolio. We believe the Fund is well-positioned for the upcoming year.

#### **LKCM Fixed Income Fund**

The LKCM Fixed Income Fund advanced 3.83% for the year ended December 31, 2016 compared to the 2.08% return 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 and BB-rated corporate bonds, including the Energy, Industrials and Telecommunications sectors, were the primary contributors to performance as credit spreads tightened substantially and commodity prices recovered. The Fund's underweight position in U.S. Treasury and Agency securities was also additive to the Fund's relative performance as the U.S. government sector underperformed its counterparts in the corporate bond sector. The Fund's defensive duration of approximately 3.2 years versus 4.1 years for the benchmark was also additive to performance as interest rates backed up sharply from their all-time lows mid-year and spiked further following the outcome of the November elections causing shorter duration fixed income securities to outperform their longer duration counterparts. Following the November elections, interest rates rose sharply on expectations for improved economic growth resulting from the increased potential for fiscal stimulus in the form of tax and regulatory reform, as well as infrastructure spending, from the incoming administration and Congress. 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 growth and inflation increase.

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

The LKCM Small-Mid Cap Equity Fund underperformed its benchmark, the Russell 2500® Index, during the year ended December 31, 2016, returning 1.17% against the 17.59% return for the benchmark. We believe the factors we consider important in maximizing long-term capital appreciation (such as companies that we believe are higher quality and competitively advantaged with viable strategies to increase the value of their businesses through successful reinvestment of their cash flows) have not been favored as compared to the performance of the benchmark over the past year. During the year, stock selection was the primary reason for the Fund's underperformance relative to the benchmark. While the Fund's results were positive, they did not keep up with the equity markets surge as measured by the Russell 2500® Index. The Fund's portfolio was more cautiously positioned during the year and did not participate in what has been termed the "Trump Bump" after the election. In addition, the Fund's growth bias and focus on relatively larger companies in the benchmark also worked against the Fund during the year. During the year, the Fund's relative performance benefited from being underweight in the Real Estate (REITs) sector, coupled with stock selection in the Materials sector. The Fund's relative performance was adversely affected by its overweighted position in the Healthcare sector and underweight position in the Financials sector, coupled with the Fund's more conservative stock selection, especially in the Information Technology sector. We remain confident that our focus on what we believe to be higher quality investments for the Fund remains prudent during this period of higher valuations and potentially increased market volatility.



J. Luther King, Jr., CFA, CIC  
February 3, 2017

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 15-27 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.**

Stocks are generally perceived to have more financial risk than bonds in that bond holders have a claim on firm operations or assets that is senior to that of equity holders. In addition, stock prices are generally more volatile than bond prices. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. A stock may trade with more or less liquidity than a bond depending on the number of shares and bonds outstanding, the size of the company, and the demand for the securities. Similarly, the transaction costs involved in trading a stock may be more or less than a particular bond depending on the factors mentioned above and whether the stock or bond trades upon an exchange. Depending on the entity issuing the bond, it may or may not afford additional protections to the investor, such as a guarantee of return of principal by a government or bond insurance company. There is typically no guarantee of any kind associated with the purchase of an individual stock. Bonds are often owned by individuals interested in current income while stocks are generally owned by individuals seeking price appreciation with income a secondary concern. The tax treatment of returns of bonds and stocks also differs given differential tax treatment of income versus capital gain.

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

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.

Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) an interest expense to pretax income.

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.

Must be preceded or accompanied by a prospectus.

Quasar Distributors, LLC, distributor.

**PERFORMANCE:**

The following information illustrates the historical performance of LKCM Small Cap Equity Fund as of December 31, 2016 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.**

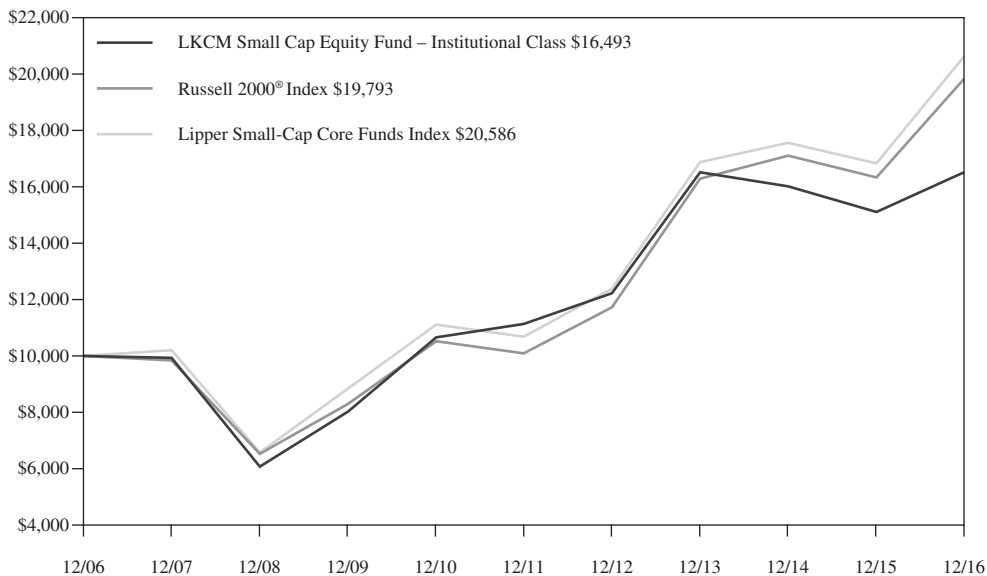
An index is an unmanaged portfolio and does not trade or incur any expenses. One can not invest in an unmanaged index.

**AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2016)**

	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>	9.27%	8.19%	5.13%	10.18%
Russell 2000® Index	21.31%	14.46%	7.07%	9.38%
Lipper Small-Cap Core Funds Index	22.54%	14.03%	7.49%	10.26%

<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, 2016)**



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 considered representative of small cap core mutual funds tracked by Lipper, Inc.

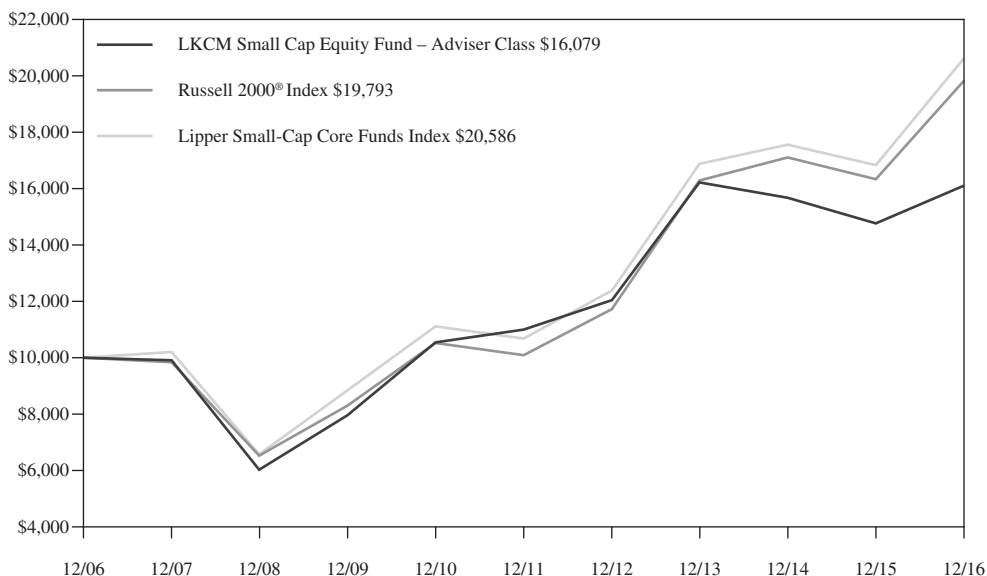
**AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2016)**

	<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>	8.99%	7.92%	4.86%	8.74%
Russell 2000® Index	21.31%	14.46%	7.07%	9.81%
Lipper Small-Cap Core Funds Index	22.54%	14.03%	7.49%	10.24%

<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, 2016)**



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 considered representative of small cap core mutual funds tracked by Lipper, Inc.



**PERFORMANCE:**

The following information illustrates the historical performance of LKCM Small-Mid Cap Equity Fund as of December 31, 2016 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.**

An index is an unmanaged portfolio and does not trade or incur any expenses. One can not invest in an unmanaged index.

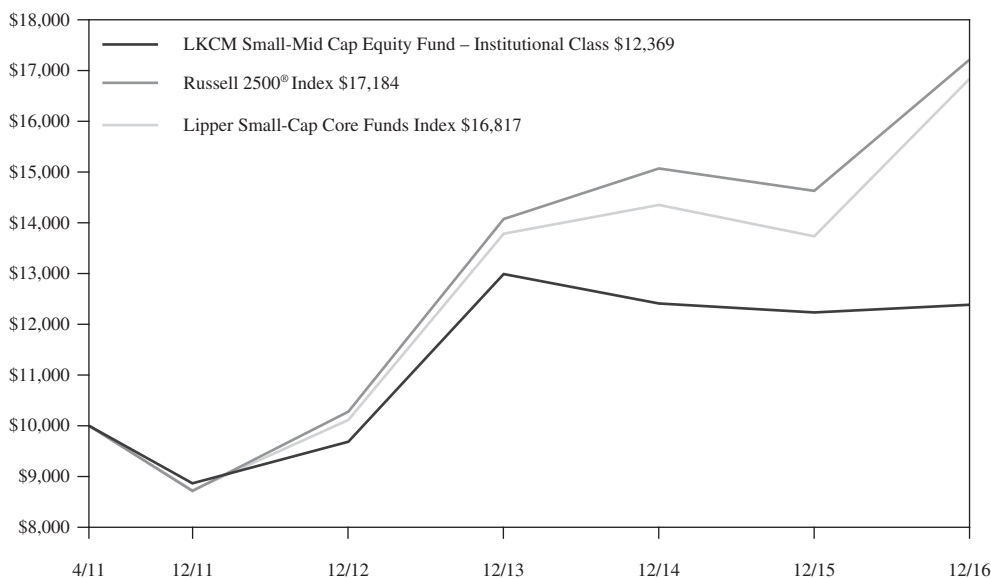
**AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2016)**

	<b>Past 1 Year</b>	<b>Past 5 Years<sup>(1)</sup></b>	<b>Since Inception<sup>(1)(2)</sup></b>
<b>LKCM Small-Mid Cap Equity Fund – Institutional Class</b>	1.17%	6.90%	3.82%
Russell 2500® Index	17.59%	14.54%	10.01%
Lipper Small-Cap Core Funds Index	22.54%	14.03%	9.59%

<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, 2016)**



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 considered representative of small cap core mutual funds tracked by Lipper, Inc.



**PERFORMANCE:**

The following information illustrates the historical performance of LKCM Equity Fund as of December 31, 2016 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.**

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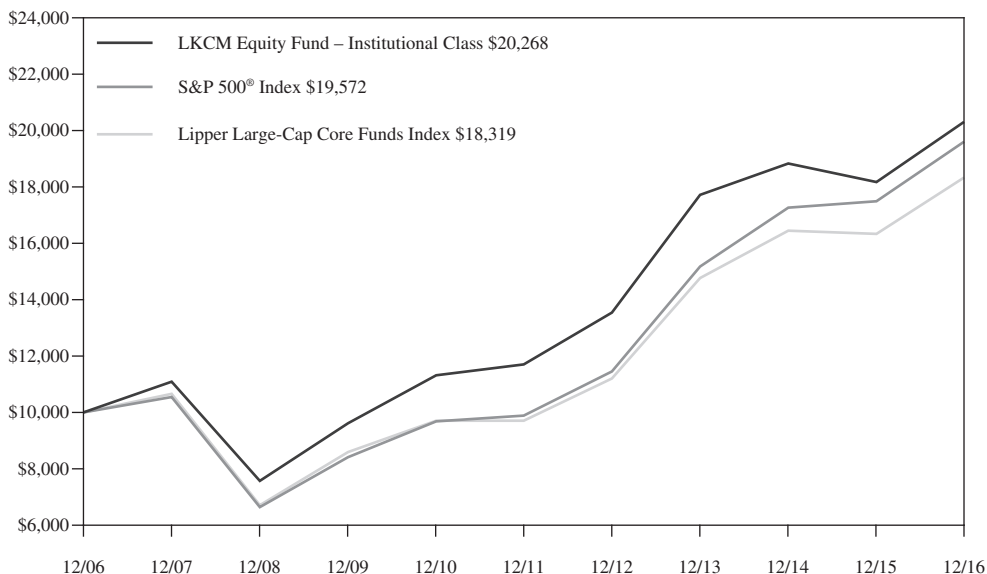
**AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2016)**

	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>	11.66%	11.63%	7.32%	8.06%
S&P 500® Index	11.96%	14.66%	6.95%	8.32%
Lipper Large-Cap Core Funds Index	12.28%	13.55%	6.24%	7.34%

<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, 2016)**



The S&P 500® Index is an unmanaged capitalization-weighted index of 500 selected stocks that is generally 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 considered representative of large cap core mutual funds tracked by Lipper, Inc.

## PERFORMANCE:

The following information illustrates the historical performance of LKCM Balanced Fund as of December 31, 2016 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.**

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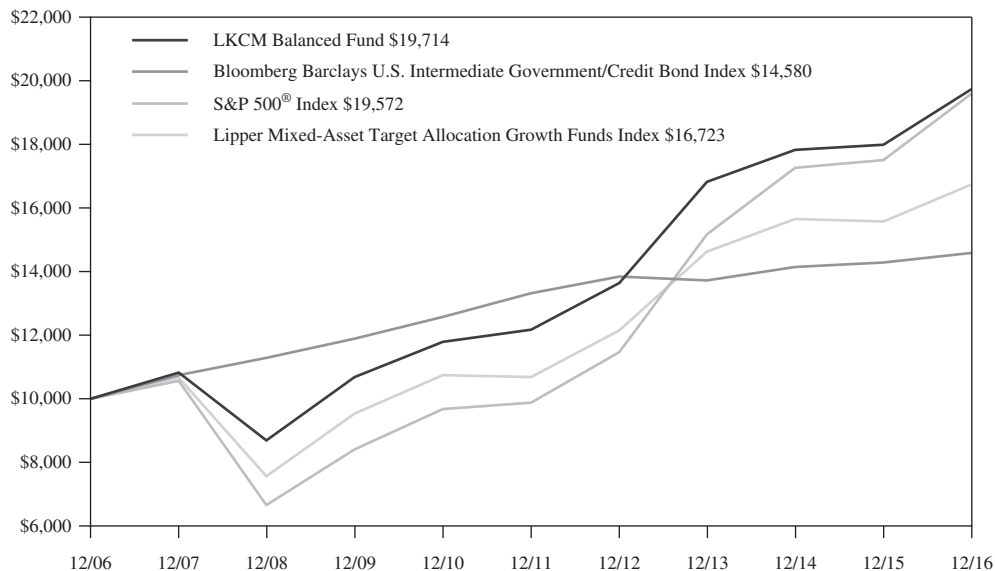
### AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2016)

	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>	9.70%	10.15%	7.02%	6.33%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index	2.08%	1.85%	3.84%	4.67%
S&P 500 <sup>®</sup> Index	11.96%	14.66%	6.95%	6.47%
Lipper Mixed-Asset Target Allocation Growth Funds Index	7.54%	9.38%	5.28%	5.93%

<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, 2016)



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 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 representative of the performance of large capitalization companies in the U.S. stock market.

**PERFORMANCE:**

The following information illustrates the historical performance of LKCM Fixed Income Fund as of December 31, 2016 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.**

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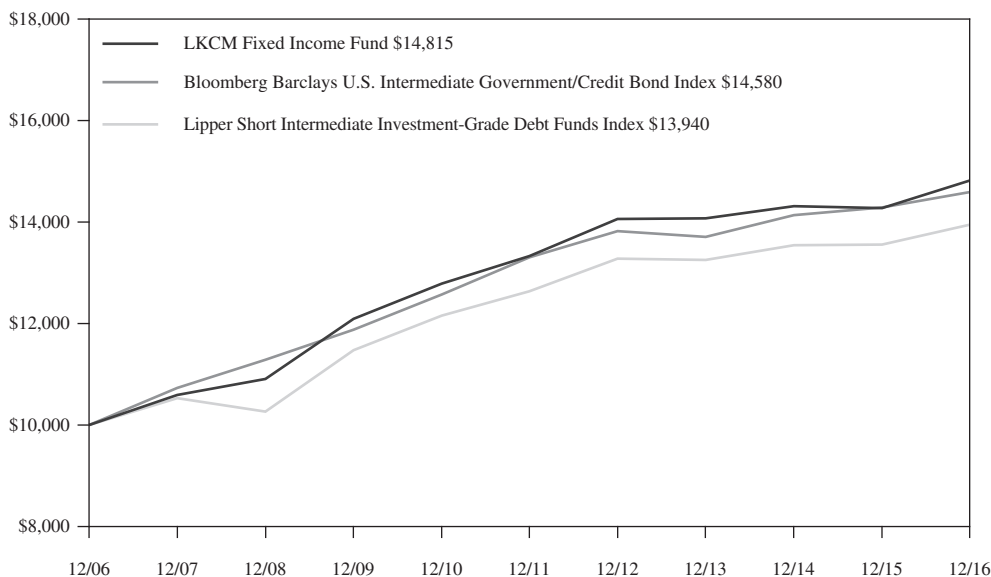
**AVERAGE ANNUAL TOTAL RETURN (Periods Ended December 31, 2016)**

	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>	3.83%	2.13%	4.01%	4.45%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index	2.08%	1.85%	3.84%	4.67%
Lipper Short Intermediate Investment-Grade Debt Funds Index	2.83%	1.98%	3.38%	4.10%

<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, 2016)**



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 considered representative of short intermediate investment grade mutual funds tracked by Lipper, Inc.

## LKCM Funds Expense Example — December 31, 2016

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 (7/1/16-12/31/16).

### 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 7/1/2016</b>	<b>Ending Account Value 12/31/16</b>	<b>Expenses Paid During Period* 7/1/16–12/31/16</b>
Actual .....	\$1,000.00	\$1,087.80	\$5.25
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,020.11	\$5.08

\* 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 184/366 to reflect the one-half year period.

	<b>LKCM Small Cap Equity Fund – Adviser Class</b>		
	<b>Beginning Account Value 7/1/16</b>	<b>Ending Account Value 12/31/16</b>	<b>Expenses Paid During Period* 7/1/16–12/31/16</b>
Actual .....	\$1,000.00	\$1,086.50	\$6.56
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,018.85	\$6.34

\* 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 184/366 to reflect the one-half year period.

	<b>LKCM Small-Mid Cap Equity Fund</b>		
	<b>Beginning Account Value 7/1/16</b>	<b>Ending Account Value 12/31/16</b>	<b>Expenses Paid During Period* 7/1/16–12/31/16</b>
Actual .....	\$1,000.00	\$1,040.60	\$5.13
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,020.11	\$5.08

\* 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 184/366 to reflect the one-half year period.

**LKCM Equity Fund**

	<u>Beginning Account Value 7/1/16</u>	<u>Ending Account Value 12/31/16</u>	<u>Expenses Paid During Period* 7/1/16–12/31/16</u>
Actual .....	\$1,000.00	\$1,062.10	\$4.15
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,021.11	\$4.06

\* 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 184/366 to reflect the one-half year period.

**LKCM Balanced Fund**

	<u>Beginning Account Value 7/1/16</u>	<u>Ending Account Value 12/31/16</u>	<u>Expenses Paid During Period* 7/1/16–12/31/16</u>
Actual .....	\$1,000.00	\$1,055.50	\$4.13
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,021.11	\$4.06

\* 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 184/366 to reflect the one-half year period.

**LKCM Fixed Income Fund**

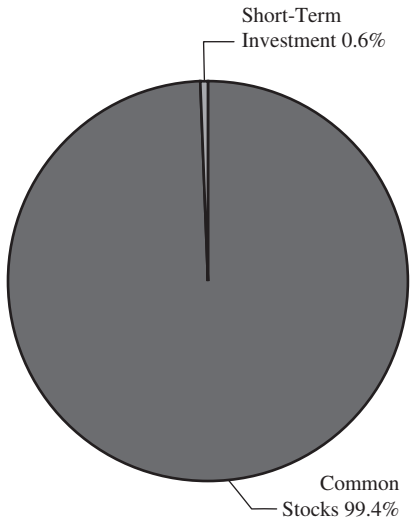
	<u>Beginning Account Value 7/1/16</u>	<u>Ending Account Value 12/31/16</u>	<u>Expenses Paid During Period* 7/1/16–12/31/16</u>
Actual .....	\$1,000.00	\$ 994.70	\$2.51
Hypothetical (5% return before expense) .....	\$1,000.00	\$1,022.62	\$2.54

\* 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 184/366 to reflect the one-half year period.

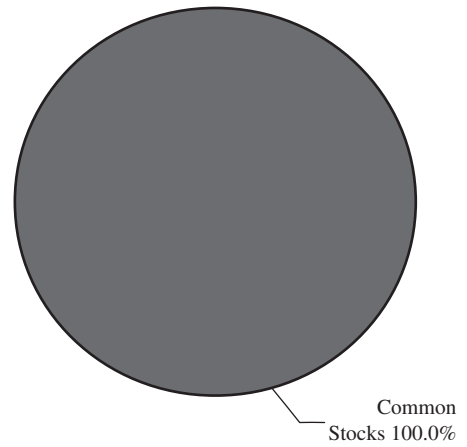
**ALLOCATION OF PORTFOLIO HOLDINGS — LKCM Funds — December 31, 2016**

Percentages represent market value as a percentage of total investments.

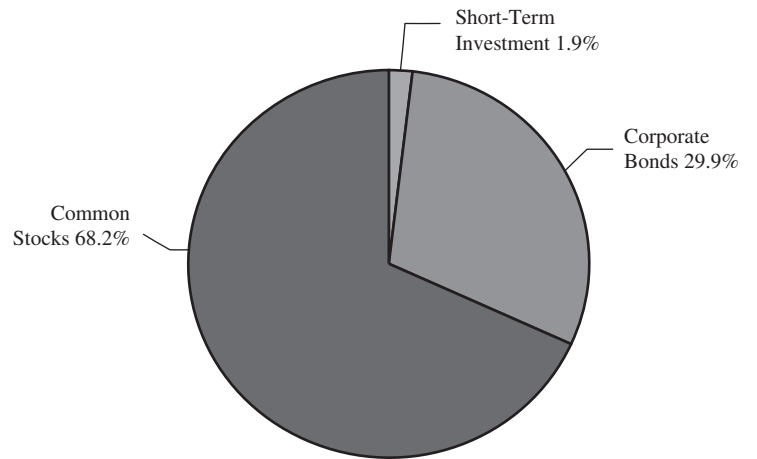
**LKCM Small Cap Equity Fund**



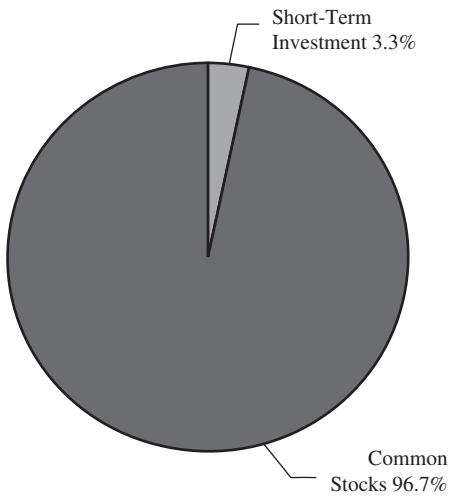
**LKCM Small-Mid Cap Equity Fund**



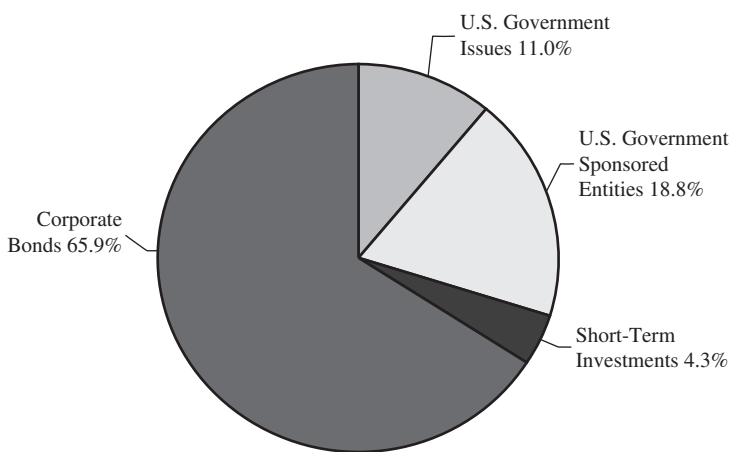
**LKCM Balanced Fund**



**LKCM Equity Fund**



**LKCM Fixed Income Fund**



**LKCM SMALL CAP EQUITY FUND**

**SCHEDULE OF INVESTMENTS**

**December 31, 2016**

<b>COMMON STOCKS - 100.1%</b>	<b>Shares</b>	<b>Value</b>	<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Aerospace &amp; Defense - 2.4%</b>			<b>Health Care Equipment &amp; Supplies - 6.7%</b>		
Hexcel Corporation	37,800	\$ 1,944,432	Cantel Medical Corp.	68,535	5,397,131
Mercury Systems, Inc. (a)	164,165	4,961,066	Cynosure, Inc. - Class A (a)	53,448	2,437,229
		<u>6,905,498</u>	PRA Health Sciences, Inc. (a)	113,657	6,264,774
			VWR Corporation (a)	191,535	4,794,121
					<u>18,893,255</u>
<b>Banks - 7.9%</b>			<b>Health Care Providers &amp; Services - 4.2%</b>		
BancorpSouth, Inc.	191,159	5,935,487	Aceto Corporation	167,358	3,676,855
Capital Bank Financial Corporation - Class A	100,315	3,937,364	HealthEquity, Inc. (a)	95,085	3,852,844
Hanmi Financial Corporation	162,750	5,679,975	Omnicell, Inc. (a)	129,820	4,400,898
Pinnacle Financial Partners, Inc.	97,655	6,767,491			<u>11,930,597</u>
		<u>22,320,317</u>			
<b>Biotechnology - 3.4%</b>			<b>Internet &amp; Catalog Retail - 1.6%</b>		
Charles River Laboratories International, Inc. (a)	58,095	4,426,258	Nutrisystem, Inc.	129,355	4,482,151
Neogen Corporation (a)	77,988	5,147,208			
		<u>9,573,466</u>	<b>Internet Software &amp; Services - 3.2%</b>		
			Euronet Worldwide, Inc. (a)	67,910	4,918,721
<b>Building Products - 2.7%</b>			SPS Commerce, Inc. (a)	60,150	4,203,884
American Woodmark Corporation (a)	38,805	2,920,076			<u>9,122,605</u>
Apogee Enterprises, Inc.	25,935	1,389,079	<b>IT Consulting &amp; Services - 1.8%</b>		
PGT, Inc. (a)	300,126	3,436,443	Acxiom Corporation (a)	194,701	5,217,987
		<u>7,745,598</u>	<b>Leisure Equipment &amp; Products - 2.5%</b>		
<b>Capital Markets - 2.1%</b>			Pool Corporation	67,900	7,084,686
BGC Partners Inc - Class A	243,155	2,487,476	<b>Machinery - 2.7%</b>		
NorthStar Asset Management Group Inc.	238,100	3,552,452	John Bean Technologies Corporation	47,180	4,055,121
		<u>6,039,928</u>	Kennametal Inc.	93,275	2,915,776
			Lindsay Corporation	10,000	746,100
<b>Chemicals - 1.2%</b>					<u>7,716,997</u>
Ferroglobe PLC (b)	302,970	3,281,165	<b>Marine - 1.3%</b>		
<b>Commercial Services &amp; Supplies - 1.6%</b>			Kirby Corporation (a)	54,245	3,607,293
Healthcare Services Group, Inc.	119,365	4,675,527	<b>Metals &amp; Mining - 1.0%</b>		
<b>Communications Equipment - 1.0%</b>			Carpenter Technology Corporation	80,215	2,901,377
Infinera Corporation (a)	335,675	2,849,881	<b>Multiline Retail - 1.5%</b>		
<b>Construction &amp; Engineering - 4.0%</b>			Ollie's Bargain Outlet Holdings, Inc. (a)	148,420	4,222,549
EMCOR Group, Inc.	97,290	6,884,240	<b>Oil &amp; Gas &amp; Consumable Fuels - 5.6%</b>		
MasTec Inc. (a)	114,215	4,368,724	Oasis Petroleum Inc. (a)	124,776	1,889,109
		<u>11,252,964</u>	PDC Energy, Inc. (a)	88,950	6,455,991
<b>Construction Materials - 0.9%</b>			WPX Energy Inc. (a)	517,905	7,545,876
Summit Materials, Inc. - Class A (a)	107,991	2,569,094			<u>15,890,976</u>
<b>Consumer Finance - 2.0%</b>			<b>Pharmaceuticals - 2.2%</b>		
First Cash Financial Services, Inc.	122,525	5,758,675	Akorn, Inc. (a)	186,173	4,064,157
<b>Electronic Equipment &amp; Instruments - 0.8%</b>			Cambrex Corp. (a)	38,535	2,078,963
FLIR Systems, Inc.	61,445	2,223,694			<u>6,143,120</u>
<b>Food &amp; Drug Retailing - 0.9%</b>			<b>Professional Services - 3.3%</b>		
Sprouts Farmers Market, Inc. (a)	127,665	2,415,422	FTI Consulting, Inc. (a)	118,095	5,323,723
<b>Food Products - 2.9%</b>			Team, Inc. (a)	104,682	4,108,768
Post Holdings Inc. (a)	27,175	2,184,598			<u>9,432,491</u>
Snyder's-Lance, Inc.	96,235	3,689,650	<b>Real Estate Investment Trusts - 4.3%</b>		
TreeHouse Foods, Inc. (a)	31,710	2,289,145	First Industrial Realty Trust, Inc.	159,000	4,459,950
		<u>8,163,393</u>	Outfront Media Inc.	172,690	4,294,800

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



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

**December 31, 2016**

COMMON STOCKS	Shares	Value
<b>Real Estate Investment Trusts - 4.3%, Continued</b>		
Stag Industrial, Inc.	138,715	\$ 3,311,127
		12,065,877
<b>Road &amp; Rail - 1.9%</b>		
Genesee & Wyoming Inc. - Class A (a)	79,150	5,493,801
<b>Semiconductor Equipment &amp; Products - 2.9%</b>		
Lattice Semiconductor Corporation (a)	590,655	4,347,221
Rambus Inc. (a)	288,825	3,977,120
		8,324,341
<b>Software - 10.2%</b>		
ACI Worldwide, Inc. (a)	160,595	2,914,799
Callidus Software, Inc. (a)	123,800	2,079,840
Envestnet, Inc. (a)	139,791	4,927,633
Fair Isaac Corporation	37,800	4,506,516
Manhattan Associates, Inc. (a)	59,605	3,160,853
Proofpoint, Inc. (a)	46,795	3,306,067
Take-Two Interactive Software, Inc. (a)	160,820	7,926,818
		28,822,526
<b>Textiles, Apparel &amp; Luxury Goods - 2.0%</b>		
Columbia Sportswear Company	64,021	3,732,424
Oxford Industries, Inc.	32,939	1,980,622
		5,713,046
<b>Thrifts &amp; Mortgage Finance - 3.8%</b>		
Banc of California, Inc.	165,975	2,879,666
Home BancShares Inc.	280,271	7,783,126
		10,662,792
<b>Trading Companies &amp; Distributors - 3.6%</b>		
MSC Industrial Direct Co., Inc. - Class A	55,385	5,117,020
Triton International Limited of Bermuda (b)	63,828	1,008,483
Watsco, Inc.	26,810	3,971,097
		10,096,600
<b>TOTAL COMMON STOCKS</b>		
(Cost \$212,084,044)		283,599,689
<b>SHORT-TERM INVESTMENT - 0.7%</b>		
<b>Money Market Fund - 0.7%</b>		
Invesco Short-Term Investments Trust - Government & Agency Portfolio - Institutional Shares, 0.43% (c)	1,848,141	1,848,141
<b>TOTAL SHORT-TERM INVESTMENT</b>		
(Cost \$1,848,141)		1,848,141
<b>Total Investments - 100.8%</b>		
(Cost \$213,932,185)		285,447,830
Liabilities in Excess of Other Assets - (0.8)%		(2,233,202)
<b>TOTAL NET ASSETS - 100.0%</b>		
		<u>\$283,214,628</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.

*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 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, 2016**

<b>COMMON STOCKS - 100.1%</b>	<b>Shares</b>	<b>Value</b>	<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Banks - 6.4%</b>			<b>Leisure Equipment &amp; Products - 3.5%</b>		
Pinnacle Financial Partners, Inc.	8,445	\$ 585,239	Pool Corporation	6,805	\$ 710,034
SVB Financial Group (a)	4,205	721,830	<b>Machinery - 4.2%</b>		
		<u>1,307,069</u>	Flowserve Corporation	8,590	412,749
<b>Biotechnology - 0.9%</b>			The Middleby Corporation (a)	3,510	452,123
Charles River Laboratories International, Inc. (a)	2,525	192,380			<u>864,872</u>
<b>Building Products - 1.6%</b>			<b>Marine - 1.7%</b>		
Fortune Brands Home & Security Inc.	5,960	318,622	Kirby Corporation (a)	5,280	351,120
<b>Capital Markets - 1.7%</b>			<b>Multiline Retail - 1.4%</b>		
SEI Investments Company	7,160	353,418	Burlington Stores, Inc. (a)	3,360	284,760
<b>Chemicals - 4.6%</b>			<b>Oil &amp; Gas &amp; Consumable Fuels - 7.9%</b>		
CF Industries Holdings, Inc.	7,875	247,905	Diamondback Energy Inc. (a)	4,205	424,957
FMC Corporation	12,375	699,930	Gulfport Energy Corporation (a)	7,500	162,300
		<u>947,835</u>	Matador Resources Company (a)	20,045	516,359
<b>Commercial Services &amp; Supplies - 1.6%</b>			WPX Energy Inc. (a)	34,970	509,513
Healthcare Services Group, Inc.	8,044	315,083			<u>1,613,129</u>
<b>Construction Materials - 2.9%</b>			<b>Professional Services - 2.7%</b>		
Martin Marietta Materials, Inc.	2,700	598,131	FTI Consulting, Inc. (a)	12,255	552,455
<b>Consumer Finance - 3.0%</b>			<b>Real Estate Investment Trusts - 3.6%</b>		
First Cash Financial Services, Inc.	13,180	619,460	First Industrial Realty Trust, Inc.	11,225	314,861
<b>Containers &amp; Packaging - 1.8%</b>			Outfront Media Inc.	16,715	415,702
Ball Corporation	4,955	371,972			<u>730,563</u>
<b>Diversified Financials - 3.5%</b>			<b>Road &amp; Rail - 2.7%</b>		
Colony Capital, Inc. - Class A	16,720	338,580	Genesee & Wyoming Inc. - Class A (a)	7,875	546,604
MSCI Inc.	4,840	381,295	<b>Software - 9.0%</b>		
		<u>719,875</u>	Fair Isaac Corporation	1,040	123,989
<b>Electrical Equipment &amp; Instruments - 1.5%</b>			Fortinet Inc. (a)	15,395	463,697
Acuity Brands, Inc.	1,345	310,507	Guidewire Software Inc. (a)	6,820	336,431
<b>Electronic Equipment &amp; Instruments - 5.0%</b>			Manhattan Associates, Inc. (a)	2,385	126,477
FLIR Systems, Inc.	8,510	307,977	Take-Two Interactive Software, Inc. (a)	15,750	776,317
Trimble Navigation Limited (a)	23,280	701,892			<u>1,826,911</u>
		<u>1,009,869</u>	<b>Specialty Retail - 1.9%</b>		
<b>Food &amp; Drug Retailing - 1.2%</b>			Tiffany & Co.	4,965	384,440
Sprouts Farmers Market, Inc. (a)	12,840	242,933	<b>Textiles, Apparel &amp; Luxury Goods - 1.4%</b>		
<b>Food Products - 2.0%</b>			Columbia Sportswear Company	5,010	292,083
Snyder's-Lance, Inc.	10,830	415,222	<b>Thrifts &amp; Mortgage Finance - 2.7%</b>		
<b>Health Care Equipment &amp; Supplies - 11.6%</b>			Home BancShares Inc.	20,030	556,233
Align Technology, Inc. (a)	5,590	537,366	<b>Trading Companies &amp; Distributors - 3.7%</b>		
Cantel Medical Corp.	5,540	436,275	MSC Industrial Direct Co., Inc. - Class A	5,240	484,123
DexCom Inc. (a)	1,980	118,206	Watsco, Inc.	1,830	271,060
PRA Health Sciences, Inc. (a)	10,985	605,493			<u>755,183</u>
Teleflex Incorporated	2,105	339,221	<b>TOTAL COMMON STOCKS</b>		
VWR Corporation (a)	12,860	321,886	(Cost \$16,742,462)		20,438,041
		<u>2,358,447</u>	<b>Total Investments - 100.1%</b>		20,438,041
<b>Internet Software &amp; Services - 4.4%</b>			(Cost \$16,742,462)		
Akamai Technologies, Inc. (a)	7,475	498,433	Liabilities in Excess of Other Assets - (0.1)%		(19,158)
Euronet Worldwide, Inc. (a)	5,390	390,398	<b>TOTAL NET ASSETS - 100.0%</b>		<u>\$20,418,883</u>
		<u>888,831</u>			

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

**LKCM SMALL-MID CAP EQUITY FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2016**

(a) Non-income producing security.

*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 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 EQUITY FUND**  
**SCHEDULE OF INVESTMENTS**  
**December 31, 2016**

COMMON STOCKS - 95.9%	Shares	Value	COMMON STOCKS	Shares	Value
<b>Aerospace &amp; Defense - 3.7%</b>			<b>Food Products - 1.0%</b>		
Honeywell International Inc.	60,000	\$ 6,951,000	Mondelez International Inc. - Class A	67,000	\$ 2,970,110
Rockwell Collins, Inc.	40,000	3,710,400	<b>Health Care Equipment &amp; Supplies - 7.6%</b>		
		10,661,400	Danaher Corporation	75,000	5,838,000
<b>Auto Components - 1.3%</b>			Medtronic, PLC (b)	73,000	5,199,790
Gentex Corporation	185,000	3,642,650	PerkinElmer, Inc.	100,000	5,215,000
<b>Banks - 8.7%</b>			Thermo Fisher Scientific Inc.	40,000	5,644,000
Bank of America Corporation	385,000	8,508,500			21,896,790
Comerica Incorporated	126,000	8,581,860	<b>Household Durables - 1.9%</b>		
Cullen/Frost Bankers, Inc.	65,000	5,734,950	Newell Brands, Inc.	122,835	5,484,583
Glacier Bancorp, Inc.	60,000	2,173,800	<b>Household Products - 2.5%</b>		
		24,999,110	Kimberly-Clark Corporation	45,000	5,135,400
<b>Beverages - 3.0%</b>			The Procter & Gamble Company	23,750	1,996,900
The Coca-Cola Company	65,000	2,694,900			7,132,300
PepsiCo, Inc.	55,000	5,754,650	<b>Internet Catalog &amp; Retail - 2.1%</b>		
		8,449,550	Amazon.com, Inc. (a)	8,000	5,998,960
<b>Biotechnology - 2.0%</b>			<b>Internet Software &amp; Services - 4.8%</b>		
Amgen Inc.	40,000	5,848,400	Akamai Technologies, Inc. (a)	90,000	6,001,200
<b>Chemicals - 6.8%</b>			Alphabet, Inc. - Class A (a)	2,250	1,783,012
E. I. du Pont de Nemours and Company	60,000	4,404,000	Facebook, Inc. - Class A (a)	16,000	1,840,800
Ecolab Inc.	30,000	3,516,600	Sabre Corporation	160,000	3,992,000
FMC Corporation	130,000	7,352,800			13,617,012
Monsanto Company	40,000	4,208,400	<b>IT Consulting &amp; Services - 2.2%</b>		
		19,481,800	Alliance Data Systems Corporation	14,000	3,199,000
<b>Commercial Services &amp; Supplies - 2.4%</b>			PayPal Holdings, Inc. (a)	75,000	2,960,250
Copart, Inc. (a)	30,000	1,662,300			6,159,250
Waste Connections, Inc. (b)	65,000	5,108,350	<b>Machinery - 5.2%</b>		
		6,770,650	Generac Holdings, Inc. (a)	108,000	4,399,920
<b>Computers &amp; Peripherals - 1.0%</b>			The Toro Company	74,000	4,140,300
Apple Inc.	25,000	2,895,500	Valmont Industries, Inc.	45,000	6,340,500
<b>Construction Materials - 1.6%</b>					14,880,720
Martin Marietta Materials, Inc.	20,000	4,430,600	<b>Marine - 1.0%</b>		
<b>Containers &amp; Packaging - 1.8%</b>			Kirby Corporation (a)	45,000	2,992,500
Ball Corporation	70,000	5,254,900	<b>Media - 0.9%</b>		
<b>Diversified Financials - 3.1%</b>			Time Warner Inc.	27,200	2,625,616
JPMorgan Chase & Co.	102,000	8,801,580	<b>Oil &amp; Gas &amp; Consumable Fuels - 8.4%</b>		
<b>Electrical Equipment &amp; Instruments - 2.6%</b>			Cabot Oil & Gas Corporation	170,000	3,971,200
Franklin Electric Co., Inc.	85,000	3,306,500	ConocoPhillips	62,000	3,108,680
Roper Technologies, Inc.	23,000	4,210,840	EOG Resources, Inc.	65,000	6,571,500
		7,517,340	Occidental Petroleum Corporation	90,000	6,410,700
<b>Electronic Equipment &amp; Instruments - 1.6%</b>			Range Resources Corporation	120,000	4,123,200
National Instruments Corporation	55,000	1,695,100			24,185,280
Trimble Navigation Limited (a)	100,000	3,015,000	<b>Personal Products - 0.8%</b>		
		4,710,100	The Estee Lauder Companies Inc. - Class A	30,000	2,294,700
<b>Food &amp; Drug Retailing - 1.7%</b>			<b>Pharmaceuticals - 6.9%</b>		
Walgreens Boots Alliance, Inc.	57,000	4,717,320	AbbVie Inc.	65,000	4,070,300
			Johnson & Johnson	38,000	4,377,980
			Merck & Co., Inc.	80,000	4,709,600

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

**LKCM EQUITY FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2016**

COMMON STOCKS	Shares	Value
<b>Pharmaceuticals - 6.9%, Continued</b>		
Pfizer Inc.	115,000	\$ 3,735,200
Zoetis Inc	53,500	2,863,855
		<u>19,756,935</u>
<b>Road &amp; Rail - 1.2%</b>		
Kansas City Southern	40,000	3,394,000
<b>Software - 3.8%</b>		
Adobe Systems Incorporated (a)	45,000	4,632,750
Microsoft Corporation	100,000	6,214,000
		<u>10,846,750</u>
<b>Specialty Retail - 3.2%</b>		
The Home Depot, Inc.	50,000	6,704,000
Tiffany & Co.	30,000	2,322,900
		<u>9,026,900</u>
<b>Textiles, Apparel &amp; Luxury Goods - 1.1%</b>		
V.F. Corporation	60,000	3,201,000
<b>TOTAL COMMON STOCKS</b>		
(Cost \$179,906,567)		<u>274,644,306</u>
<b>SHORT-TERM INVESTMENT - 3.3%</b>		
<b>Money Market Fund - 3.3%</b>		
Invesco Short-Term Investments Trust - Government & Agency Portfolio - Institutional Shares, 0.43% (c)	9,499,161	9,499,161
<b>TOTAL SHORT-TERM INVESTMENT</b>		
(Cost \$9,499,161)		<u>9,499,161</u>
<b>Total Investments - 99.2%</b>		
(Cost \$189,405,728)		284,143,467
Other Assets in Excess of Liabilities - 0.8%		2,364,856
<b>TOTAL NET ASSETS - 100.0%</b>		
		<u>\$286,508,323</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.

*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 International, Inc. ("MSCI") and Standard & Poor 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.*

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**LKCM BALANCED FUND**  
**SCHEDULE OF INVESTMENTS**  
**December 31, 2016**

COMMON STOCKS - 67.3%	Shares	Value	COMMON STOCKS	Shares	Value
<b>Aerospace &amp; Defense - 2.0%</b>			<b>Diversified Telecommunication Services - 1.7%</b>		
General Dynamics Corporation	800	\$ 138,128	AT&T Inc.	13,832	\$ 588,275
Honeywell International Inc.	4,200	486,570	Verizon Communications Inc.	8,641	461,257
Rockwell Collins, Inc.	6,600	612,216			1,049,532
		1,236,914	<b>Electrical Equipment &amp; Instruments - 0.3%</b>		
<b>Air Freight &amp; Logistics - 0.5%</b>			Emerson Electric Co.	3,000	167,250
United Parcel Service, Inc. - Class B	2,600	298,064	<b>Electronic Equipment &amp; Instruments - 1.2%</b>		
<b>Banks - 6.1%</b>			National Instruments Corporation	7,500	231,150
Bank of America Corporation	33,500	740,350	Trimble Navigation Limited (a)	18,200	548,730
Comerica Incorporated	11,100	756,021			779,880
Cullen/Frost Bankers, Inc.	5,400	476,442	<b>Energy Equipment &amp; Services - 0.8%</b>		
SunTrust Banks, Inc.	11,500	630,775	Schlumberger Limited (b)	6,200	520,490
Wells Fargo & Company	8,971	494,392	<b>Food &amp; Drug Retailing - 2.3%</b>		
Zions Bancorporation	17,500	753,200	CVS Health Corporation	7,100	560,261
		3,851,180	Wal-Mart Stores, Inc.	4,100	283,392
<b>Beverages - 1.4%</b>			Walgreens Boots Alliance, Inc.	7,000	579,320
The Coca-Cola Company	8,600	356,556			1,422,973
PepsiCo, Inc.	5,100	533,613	<b>Food Products - 2.3%</b>		
		890,169	Hormel Foods Corporation	13,900	483,859
<b>Biotechnology - 1.6%</b>			Mondelez International Inc. - Class A	13,600	602,888
Celgene Corporation (a)	4,100	474,575	The WhiteWave Foods Company (a)	6,400	355,840
Charles River Laboratories International, Inc. (a)	6,800	518,092			1,442,587
		992,667	<b>Health Care Equipment &amp; Supplies - 3.7%</b>		
<b>Capital Markets - 0.9%</b>			Danaher Corporation	5,900	459,256
SEI Investments Company	11,500	567,640	Medtronic, PLC (b)	6,100	434,503
<b>Chemicals - 3.9%</b>			PerkinElmer, Inc.	11,600	604,940
Air Products and Chemicals, Inc.	3,100	445,842	Thermo Fisher Scientific Inc.	2,900	409,190
E. I. du Pont de Nemours and Company	5,700	418,380	VWR Corporation (a)	18,000	450,540
Ecolab Inc.	4,200	492,324			2,358,429
Monsanto Company	5,600	589,176	<b>Household Durables - 1.8%</b>		
Praxair, Inc.	4,400	515,636	Newell Brands, Inc.	11,809	527,272
		2,461,358	Whirlpool Corporation	3,400	618,018
<b>Commercial Services &amp; Supplies - 2.5%</b>					1,145,290
Copart, Inc. (a)	9,000	498,690	<b>Household Products - 2.0%</b>		
Equifax Inc.	4,500	532,035	Colgate-Palmolive Company	8,100	530,064
Waste Management, Inc.	7,900	560,189	Kimberly-Clark Corporation	4,000	456,480
		1,590,914	The Procter & Gamble Company	3,500	294,280
<b>Computers &amp; Peripherals - 1.0%</b>					1,280,824
Apple Inc.	5,650	654,383	<b>Industrial Conglomerates - 0.7%</b>		
<b>Construction Materials - 0.9%</b>			General Electric Company	14,600	461,360
Martin Marietta Materials, Inc.	2,700	598,131	<b>Insurance - 1.2%</b>		
<b>Containers &amp; Packaging - 0.5%</b>			MetLife, Inc.	8,000	431,120
Ball Corporation	4,400	330,308	Prudential Financial, Inc.	3,400	353,804
		330,308			784,924
<b>Diversified Financials - 1.7%</b>			<b>Internet Catalog &amp; Retail - 0.8%</b>		
JPMorgan Chase & Co.	6,100	526,369	Amazon.com, Inc. (a)	700	524,909
Moody's Corporation	6,000	565,620	<b>Internet Software &amp; Services - 3.3%</b>		
		1,091,989	Akamai Technologies, Inc. (a)	8,000	533,440

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

**LKCM BALANCED FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2016**

COMMON STOCKS	Shares	Value	COMMON STOCKS	Shares	Value
<b>Internet Software &amp; Services - 3.3%, Continued</b>			<b>Textiles, Apparel &amp; Luxury Goods - 0.9%</b>		
Alphabet, Inc. - Class A (a)	250	\$ 198,112	NIKE, Inc. - Class B	11,600	\$ 589,628
Alphabet, Inc. - Class C (a)	450	347,319			
Facebook, Inc. - Class A (a)	4,000	460,200	<b>TOTAL COMMON STOCKS</b>		<b>42,540,951</b>
Sabre Corporation	20,700	516,465	(Cost \$30,292,731)		
		<u>2,055,536</u>			
<b>IT Consulting &amp; Services - 3.1%</b>			<b>CORPORATE BONDS - 29.5%</b>		
Accenture PLC - Class A (b)	2,200	257,686		<b>Principal Amount</b>	
Alliance Data Systems Corporation	2,500	571,250	<b>Air Freight &amp; Logistics - 0.4%</b>		
Automatic Data Processing, Inc.	2,100	215,838	United Parcel Service, Inc.		
PayPal Holdings, Inc. (a)	11,400	449,958	2.450%, 10/01/2022	\$ 275,000	274,083
Visa Inc. - Class A	5,600	436,912			
		<u>1,931,644</u>	<b>Banks - 3.0%</b>		
<b>Machinery - 0.3%</b>			Bank of America Corporation:		
Fortive Corporation	3,450	185,023	2.625%, 10/19/2020	400,000	400,587
			2.625%, 04/19/2021	150,000	149,121
<b>Media - 2.4%</b>			The Bank of New York Mellon Corporation		
CBS Corporation - Class B	3,600	229,032	2.450%, 11/27/2020		
Time Warner Inc.	7,100	685,363	Callable 10/27/2020	350,000	350,322
The Walt Disney Company	6,000	625,320	BB&T Corporation		
		<u>1,539,715</u>	2.250%, 02/01/2019		
<b>Oil &amp; Gas &amp; Consumable Fuels - 5.5%</b>			Callable 01/02/2019	115,000	115,930
Cabot Oil & Gas Corporation	17,700	413,472	Comerica Incorporated		
Chevron Corporation	4,295	505,522	2.125%, 05/23/2019		
ConocoPhillips	11,400	571,596	Callable 04/23/2019	310,000	309,726
EOG Resources, Inc.	4,900	495,390	Wells Fargo & Company:		
Exxon Mobil Corporation	5,727	516,919	2.150%, 01/15/2019	200,000	201,160
Pioneer Natural Resources Company	2,600	468,182	2.125%, 04/22/2019	150,000	150,536
WPX Energy Inc. (a)	35,000	509,950	Wells Fargo Bank, National Association		
		<u>3,481,031</u>	1.750%, 05/24/2019	250,000	248,878
<b>Pharmaceuticals - 4.0%</b>					<u>1,926,260</u>
Abbott Laboratories	13,400	514,694	<b>Beverages - 0.7%</b>		
AbbVie Inc.	7,300	457,126	PepsiCo, Inc.		
Merck & Co., Inc.	8,900	523,943	3.000%, 08/25/2021	415,000	427,359
Pfizer Inc.	14,900	483,952			
Zoetis Inc	10,500	562,065	<b>Biotechnology - 1.6%</b>		
		<u>2,541,780</u>	Amgen Inc.:		
<b>Real Estate Investment Trusts - 0.8%</b>			2.200%, 05/22/2019		
American Tower Corporation	4,500	475,560	Callable 04/22/2019	100,000	100,828
			2.125%, 05/01/2020		
<b>Road &amp; Rail - 0.5%</b>			Callable 04/01/2020	100,000	99,142
Union Pacific Corporation	3,000	311,040	2.700%, 05/01/2022		
			Callable 03/01/2022	225,000	223,065
<b>Software - 3.1%</b>			Celgene Corporation		
Adobe Systems Incorporated (a)	4,500	463,275	3.625%, 05/15/2024		
Citrix Systems, Inc. (a)	4,000	357,240	Callable 02/15/2024	250,000	251,613
Microsoft Corporation	11,000	683,540	Gilead Sciences, Inc.		
Oracle Corporation	11,200	430,640	2.050%, 04/01/2019	335,000	336,180
		<u>1,934,695</u>			<u>1,010,828</u>
<b>Specialty Retail - 1.6%</b>			<b>Chemicals - 1.1%</b>		
The Home Depot, Inc.	4,500	603,360	Air Products and Chemicals, Inc.		
O'Reilly Automotive, Inc. (a)	1,400	389,774	1.200%, 10/15/2017	150,000	149,982
		<u>993,134</u>	Ecolab Inc.		
			1.450%, 12/08/2017	250,000	249,811

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



**LKCM BALANCED FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2016**

<b>CORPORATE BONDS</b>	<b>Principal Amount</b>	<b>Value</b>	<b>CORPORATE BONDS</b>	<b>Principal Amount</b>	<b>Value</b>
<b>Chemicals - 1.1%, Continued</b>			<b>Energy Equipment &amp; Services - 0.3%</b>		
The Sherwin-Williams Company 1.350%, 12/15/2017	\$ 300,000	\$ 299,522	National Oilwell Varco, Inc. 1.350%, 12/01/2017	\$ 200,000	\$ 199,265
		<u>699,315</u>			
<b>Communications Equipment - 1.4%</b>			<b>Food &amp; Drug Retailing - 1.9%</b>		
Cisco Systems, Inc.: 2.125%, 03/01/2019	250,000	253,374	Costco Wholesale Corporation 2.250%, 02/15/2022	400,000	396,746
2.200%, 02/28/2021	275,000	274,570	CVS Health Corporation: 2.250%, 12/05/2018		
QUALCOMM Incorporated 2.250%, 05/20/2020	350,000	350,196	Callable 11/05/2018	175,000	176,613
		<u>878,140</u>	2.125%, 06/01/2021		
			Callable 05/01/2021	300,000	294,470
<b>Computers &amp; Peripherals - 1.7%</b>			Walgreens Boots Alliance, Inc. 3.300%, 11/18/2021		
Apple Inc. 2.850%, 05/06/2021	400,000	408,548	Callable 09/18/2021	325,000	331,460
International Business Machines Corporation 2.250%, 02/19/2021	350,000	349,780			<u>1,199,289</u>
NetApp, Inc. 2.000%, 12/15/2017	300,000	300,902	<b>Health Care Equipment &amp; Supplies - 1.0%</b>		
		<u>1,059,230</u>	Medtronic, Inc. 2.500%, 03/15/2020	300,000	303,496
			Thermo Fisher Scientific Inc. 1.850%, 01/15/2018	325,000	325,548
<b>Consumer Finance - 0.5%</b>					<u>629,044</u>
American Express Credit Corporation 2.600%, 09/14/2020			<b>Hotels, Restaurants &amp; Leisure - 0.5%</b>		
Callable 08/14/2020	300,000	302,663	McDonald's Corporation: 2.750%, 12/09/2020		
<b>Consumer Services - 0.3%</b>			Callable 11/09/2020	200,000	202,413
The Western Union Company 2.875%, 12/10/2017	225,000	227,346	3.625%, 05/20/2021	100,000	104,292
					<u>306,705</u>
<b>Diversified Financials - 0.6%</b>			<b>Household Durables - 1.2%</b>		
JPMorgan Chase & Co. 2.400%, 06/07/2021			Newell Brands, Inc.: 2.150%, 10/15/2018	400,000	402,162
Callable 05/07/2021	400,000	396,574	3.150%, 04/01/2021		
<b>Diversified Telecommunication Services - 1.2%</b>			Callable 03/01/2021	350,000	356,539
AT&T Inc. 2.450%, 06/30/2020					<u>758,701</u>
Callable 05/30/2020	300,000	298,157	<b>Industrial Conglomerates - 0.5%</b>		
Verizon Communications Inc.: 3.000%, 11/01/2021			General Electric Company 2.700%, 10/09/2022	325,000	325,198
Callable 09/01/2021	250,000	252,095	<b>Insurance - 1.1%</b>		
2.450%, 11/01/2022			Berkshire Hathaway Inc. 2.200%, 03/15/2021		
Callable 08/01/2022	200,000	193,441	Callable 02/15/2021	425,000	424,369
		<u>743,693</u>	Prudential Financial, Inc. 2.300%, 08/15/2018	248,000	250,173
<b>Electrical Equipment &amp; Instruments - 1.4%</b>					<u>674,542</u>
Emerson Electric Co. 2.625%, 02/15/2023			<b>Internet Catalog &amp; Retail - 0.5%</b>		
Callable 11/15/2022	300,000	297,930	Amazon.com, Inc. 1.200%, 11/29/2017	295,000	295,179
Rockwell Automation Inc. 2.050%, 03/01/2020					
Callable 02/01/2020	288,000	287,130	<b>Media - 1.1%</b>		
Roper Industries, Inc. 1.850%, 11/15/2017	300,000	300,992	Time Warner Inc. 3.400%, 06/15/2022	250,000	251,772
		<u>886,052</u>			

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**LKCM BALANCED FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2016**

<b>CORPORATE BONDS</b>	<b>Principal Amount</b>	<b>Value</b>	<b>CORPORATE BONDS</b>	<b>Principal Amount</b>	<b>Value</b>
<b>Media - 1.1%, Continued</b>			<b>Specialty Retail - 0.5%</b>		
The Walt Disney Company 2.300%, 02/12/2021	\$ 420,000	\$ 422,354	The Home Depot, Inc. 2.000%, 06/15/2019 Callable 05/15/2019	\$ 325,000	\$ 327,943
		<u>674,126</u>			
<b>Oil &amp; Gas &amp; Consumable Fuels - 3.1%</b>			<b>TOTAL CORPORATE BONDS</b>		
Chevron Corporation 2.411%, 03/03/2022 Callable 01/03/2022	400,000	396,835	(Cost \$18,821,504)		
Enterprise Products Operating LLC 2.850%, 04/15/2021 Callable 03/15/2021	350,000	353,009	<b>SHORT-TERM INVESTMENT - 1.9%</b>		
EOG Resources, Inc. 2.450%, 04/01/2020 Callable 03/01/2020	200,000	200,452	<b>Money Market Fund - 1.9%</b>		
Exxon Mobil Corporation 2.222%, 03/01/2021 Callable 02/01/2021	325,000	325,934	Invesco Short-Term Investments Trust - Government & Agency Portfolio - Institutional Shares, 0.43% (c)		
Kinder Morgan Inc. 2.000%, 12/01/2017	200,000	200,349	1,157,119	<u>1,157,119</u>	
Noble Holding International Limited (b) 2.500%, 03/15/2017	150,000	150,188	<b>TOTAL SHORT-TERM INVESTMENT</b>		
Occidental Petroleum Corporation 2.600%, 04/15/2022 Callable 03/15/2022	350,000	349,356	(Cost \$1,157,119)		
		<u>1,976,123</u>	<b>Total Investments - 98.7%</b>		
			(Cost \$50,271,354)		
<b>Pharmaceuticals - 1.6%</b>			Other Assets in Excess of Liabilities - 1.3%		
Abbott Laboratories 2.000%, 03/15/2020	250,000	247,574	<u>\$63,192,053</u>		
AbbVie Inc.: 2.000%, 11/06/2018 2.500%, 05/14/2020 Callable 04/14/2020	134,000	134,142			
Merck & Co., Inc.: 1.100%, 01/31/2018 2.350%, 02/10/2022	175,000	175,186			
	275,000	274,481			
	195,000	193,772			
		<u>1,025,155</u>			
<b>Real Estate Investment Trusts - 0.5%</b>					
American Tower Corporation: 3.400%, 02/15/2019 2.800%, 06/01/2020 Callable 05/01/2020	200,000	204,494			
	100,000	100,132			
		<u>304,626</u>			
<b>Semiconductor Equipment &amp; Products - 0.5%</b>					
Intel Corporation 1.350%, 12/15/2017	300,000	300,493			
<b>Software - 1.3%</b>					
Microsoft Corporation 2.375%, 02/12/2022 Callable 01/12/2022	400,000	398,676			
Oracle Corporation: 2.375%, 01/15/2019 2.800%, 07/08/2021	125,000	126,711			
	300,000	305,954			
		<u>831,341</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 FIXED INCOME FUND**

**SCHEDULE OF INVESTMENTS**

**December 31, 2016**

	Principal Amount	Value		Principal Amount	Value
<b>CORPORATE BONDS - 64.3%</b>			<b>CORPORATE BONDS</b>		
<b>Air Freight &amp; Logistics - 1.1%</b>			<b>Computers &amp; Peripherals - 2.1%, Continued</b>		
FedEx Corp.			International Business Machines Corporation		
3.250%, 04/01/2026			5.700%, 09/14/2017	\$1,500,000	\$ 1,545,117
Callable 01/01/2026	\$2,500,000	\$ 2,487,765			4,712,466
<b>Banks - 9.4%</b>			<b>Consumer Finance - 1.6%</b>		
Bank of America Corporation:			American Express Company		
2.066%, 03/22/2018 (a)	2,000,000	2,013,824	1.506%, 05/22/2018 (a)	3,533,000	3,541,023
2.625%, 10/19/2020	2,600,000	2,603,817	<b>Consumer Services - 2.1%</b>		
4.000%, 01/22/2025	4,000,000	4,011,864	The Western Union Company:		
BB&T Corporation			2.875%, 12/10/2017	2,250,000	2,273,463
1.567%, 06/15/2020 (a)	2,000,000	2,003,598	3.650%, 08/22/2018	2,500,000	2,562,218
Branch Banking & Trust Company:					4,835,681
1.220%, 05/23/2017 (a)	2,534,000	2,533,954	<b>Containers &amp; Packaging - 2.3%</b>		
1.350%, 10/01/2017			Ball Corporation:		
Callable 09/01/2017	500,000	499,578	5.000%, 03/15/2022	2,000,000	2,102,500
Comerica Incorporated			5.250%, 07/01/2025	3,000,000	3,146,250
2.125%, 05/23/2019					5,248,750
Callable 04/23/2019	1,000,000	999,116	<b>Diversified Financials - 2.2%</b>		
Wells Fargo & Company:			JPMorgan Chase & Co.:		
1.512%, 04/23/2018 (a)	2,500,000	2,509,973	1.782%, 01/25/2018 (a)	3,000,000	3,020,076
2.125%, 04/22/2019	2,000,000	2,007,144	3.875%, 09/10/2024	2,000,000	2,027,018
4.125%, 08/15/2023	2,000,000	2,071,230			5,047,094
		21,254,098	<b>Diversified Telecommunication Services - 6.3%</b>		
<b>Biotechnology - 3.2%</b>			AT&T Inc.:		
Amgen Inc.			1.847%, 11/27/2018 (a)	3,000,000	3,022,203
2.200%, 05/22/2019			2.375%, 11/27/2018	2,000,000	2,018,406
Callable 04/22/2019	3,500,000	3,528,983	1.623%, 03/11/2019 (a)	1,500,000	1,496,607
Celgene Corporation			CenturyLink, Inc.:		
3.625%, 05/15/2024			6.150%, 09/15/2019	1,402,000	1,507,150
Callable 02/15/2024	3,750,000	3,774,199	5.800%, 03/15/2022	2,500,000	2,564,700
		7,303,182	Verizon Communications Inc.:		
<b>Capital Markets - 2.7%</b>			2.709%, 09/14/2018 (a)	2,000,000	2,045,152
Morgan Stanley (a):			2.450%, 11/01/2022		
2.162%, 04/25/2018	2,500,000	2,526,648	Callable 08/01/2022	1,750,000	1,692,611
1.732%, 01/24/2019	3,500,000	3,522,904			14,346,829
		6,049,552	<b>Food &amp; Drug Retailing - 2.2%</b>		
<b>Chemicals - 1.2%</b>			CVS Health Corporation		
Ecolab Inc.			4.125%, 05/15/2021		
1.550%, 01/12/2018	2,725,000	2,728,774	Callable 02/15/2021	2,000,000	2,118,344
<b>Communications Equipment - 1.7%</b>			Walgreens Boots Alliance, Inc.:		
Cisco Systems, Inc.			1.750%, 11/17/2017	776,000	778,103
4.950%, 02/15/2019	700,000	748,519	3.800%, 11/18/2024		
QUALCOMM, Inc.			Callable 08/18/2024	2,000,000	2,038,902
3.450%, 05/20/2025					4,935,349
Callable 02/20/2025	3,000,000	3,055,803	<b>Food Products - 0.3%</b>		
		3,804,322	Kraft Foods Group, Inc.		
<b>Computers &amp; Peripherals - 2.1%</b>			2.250%, 06/05/2017	555,000	556,829
Apple Inc.					
2.400%, 05/03/2023	3,250,000	3,167,349			

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

**LKCM FIXED INCOME FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2016**

<b>CORPORATE BONDS</b>	<b>Principal Amount</b>	<b>Value</b>	<b>CORPORATE BONDS</b>	<b>Principal Amount</b>	<b>Value</b>
<b>Health Care Equipment &amp; Supplies - 4.6%</b>			<b>Pharmaceuticals - 0.4%</b>		
Danaher Corporation 3.350%, 09/15/2025 Callable 06/15/2025	\$4,500,000	\$ 4,617,535	Allergan, Inc. 1.350%, 03/15/2018	\$1,017,000	\$ 1,009,975
PerkinElmer, Inc. 5.000%, 11/15/2021 Callable 08/15/2021	1,094,000	1,183,038	<b>Real Estate Investment Trusts - 3.3%</b>		
Thermo Fisher Scientific, Inc. 4.150%, 02/01/2024 Callable 11/01/2023	4,500,000	4,692,938	American Tower Corporation: 3.400%, 02/15/2019	1,000,000	1,022,468
		10,493,511	5.050%, 09/01/2020	1,250,000	1,342,520
			3.500%, 01/31/2023	2,500,000	2,510,968
			5.000%, 02/15/2024	2,500,000	2,695,705
					7,571,661
<b>Health Care Providers &amp; Services - 0.4%</b>			<b>Road &amp; Rail - 1.9%</b>		
Express Scripts Holding Company 1.250%, 06/02/2017	975,000	971,472	Burlington Northern Santa Fe Corporation 5.650%, 05/01/2017	185,000	187,504
<b>Household Durables - 1.4%</b>			Union Pacific Corporation 2.250%, 06/19/2020 Callable 05/19/2020		
Newell Brands, Inc. 3.150%, 04/01/2021 Callable 03/01/2021	3,150,000	3,208,851		4,125,000	4,136,216
					4,323,720
<b>Household Products - 0.5%</b>			<b>Software &amp; Services - 1.1%</b>		
The Procter & Gamble Company 8.000%, 09/01/2024	775,000	1,045,953	Sabre GLBL Inc. (c) 5.375%, 04/15/2023 Callable 04/15/2018 (Acquired 04/01/2015, Cost \$2,548,100)	2,500,000	2,562,500
<b>Industrial Conglomerates - 0.5%</b>			<b>TOTAL CORPORATE BONDS</b>		
General Electric Company 2.100%, 12/11/2019	1,050,000	1,058,134	(Cost \$145,025,087)		145,924,994
<b>Internet &amp; Catalog Retail - 0.9%</b>			<b>U.S. GOVERNMENT ISSUES - 10.7%</b>		
Amazon.com, Inc. 2.600%, 12/05/2019 Callable 11/05/2019	2,000,000	2,040,792	<b>U.S. Treasury Inflation Indexed Bonds - 1.2%</b>		
			0.625%, 01/15/2024	2,589,975	2,637,646
<b>Multiline Retail - 2.1%</b>			<b>U.S. Treasury Notes - 9.5%</b>		
Family Dollar Stores, Inc. 5.000%, 02/01/2021	4,500,000	4,826,250	1.000%, 03/15/2018	3,000,000	3,001,935
<b>Oil &amp; Gas &amp; Consumable Fuels - 8.8%</b>			1.000%, 08/15/2018	2,000,000	1,997,618
Chevron Corporation 2.411%, 03/03/2022 Callable 01/03/2022	1,000,000	992,087	1.250%, 10/31/2019	2,000,000	1,991,796
ConocoPhillips Company 1.050%, 12/15/2017 Callable 11/15/2017	2,750,000	2,736,574	2.000%, 07/31/2020	2,000,000	2,026,250
Enterprise Products Operating LLC: 1.650%, 05/07/2018 3.750%, 02/15/2025 Callable 11/15/2024	4,000,000	4,071,136	2.000%, 11/30/2022	2,000,000	1,986,836
Kinder Morgan Energy Partners, L.P. 4.250%, 09/01/2024 Callable 06/01/2024	3,000,000	3,068,577	2.000%, 02/15/2023	1,000,000	991,973
Noble Holding International Ltd. (b) 2.500%, 03/15/2017	2,000,000	2,002,500	2.250%, 11/15/2024	1,000,000	994,043
Range Resources Corporation (c) 5.000%, 08/15/2022 Callable 05/15/2022 (Acquired 09/20/2016, Cost \$5,558,909)	5,850,000	5,842,688	2.000%, 02/15/2025	3,000,000	2,920,431
		19,960,461	2.000%, 08/15/2025	2,000,000	1,937,734
			1.625%, 02/15/2026	4,000,000	3,738,204
					21,586,820
			<b>TOTAL U.S. GOVERNMENT ISSUES</b>		
			(Cost \$24,598,720)		24,224,466
			<b>U.S. GOVERNMENT SPONSORED ENTITIES - 18.4%</b>		
			<b>Fannie Mae - 2.5%</b>		
			1.000%, 07/28/2021 Callable 01/28/2017	2,000,000	1,981,592
			1.000%, 10/26/2021 Callable 04/26/2017	1,040,000	1,030,934

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

**LKCM FIXED INCOME FUND**  
**SCHEDULE OF INVESTMENTS, CONTINUED**  
**December 31, 2016**

U.S. GOVERNMENT SPONSORED ENTITIES	Principal Amount	Value
<b>Fannie Mae - 2.5%, Continued</b>		
1.500%, 05/17/2024 Callable 02/17/2017	\$2,800,000	\$ 2,739,660
		5,752,186
<b>Federal Home Loan Banks - 6.2%</b>		
4.875%, 05/17/2017	1,000,000	1,015,739
1.000%, 08/23/2021 Callable 02/23/2017	2,915,000	2,899,224
1.000%, 12/30/2021 Callable 03/30/2017	2,500,000	2,496,975
2.000%, 12/30/2021 Callable 03/30/2017	3,000,000	3,000,438
1.000%, 08/25/2022 Callable 08/25/2017	2,500,000	2,487,005
1.000%, 06/22/2023 Callable 06/22/2017	2,050,000	2,039,914
		13,939,295
<b>Freddie Mac - 9.7%</b>		
5.125%, 11/17/2017	500,000	518,166
1.250%, 08/25/2021 Callable 03/30/2017	1,650,000	1,615,246
1.500%, 08/25/2021 Callable 02/25/2017	1,600,000	1,559,878
1.000%, 09/15/2021 Callable 03/15/2017	2,100,000	2,087,322
1.000%, 09/30/2021 Callable 03/30/2017	3,000,000	2,987,997
2.000%, 12/30/2021 Callable 03/30/2017	2,835,000	2,835,122
2.375%, 01/13/2022	2,000,000	2,034,254
1.000%, 06/30/2023 Callable 03/30/2017	1,500,000	1,473,349
1.000%, 10/27/2023 Callable 1/27/2017	4,500,000	4,432,226
2.000%, 05/23/2031 Callable 02/23/2017	2,500,000	2,411,310
		21,954,870
<b>TOTAL U.S. GOVERNMENT SPONSORED ENTITIES</b> (Cost \$42,056,886)		41,646,351

SHORT-TERM INVESTMENTS - 4.2%	Shares	Value
<b>Corporate Bonds - 2.2%</b>		
JPMorgan Chase & Co. 1.350%, 02/15/2017	2,475,000	2,475,463
Noble Holding International Ltd. (b) 2.500%, 03/15/2017	1,400,000	1,401,750
SunTrust Bank of Atlanta, GA 1.350%, 02/15/2017 Callable 01/15/2017	1,200,000	1,200,164
		5,077,377

SHORT-TERM INVESTMENTS	Shares	Value
<b>U.S. Government Issues - 0.9%</b>		
U.S. Treasury Notes 0.500%, 04/30/2017	2,000,000	\$ 1,999,964
<b>Money Market Fund - 1.1%</b>		
Invesco Short-Term Investments Trust - Government & Agency Portfolio - Institutional Shares, 0.43% (d)	2,436,896	2,436,896
<b>TOTAL SHORT-TERM INVESTMENTS</b> (Cost \$9,501,650)		9,514,237
<b>Total Investments - 97.6%</b> (Cost \$221,182,343)		221,310,048
Other Assets in Excess of Liabilities - 2.4%		5,552,220
<b>TOTAL NET ASSETS - 100.0%</b>		\$226,862,268

- (a) Floating rate.  
(b) Security issued by non-U.S. incorporated company.  
(c) Restricted security. Resale to the public may require registration or may extend only to qualified institutional buyers. The fair market value of the restricted securities was \$8,405,188 representing 3.7% of the Fund's total net assets.  
(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 International, Inc. ("MSCI") and Standard & Poor 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, 2016**

	<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*	\$285,447,830	\$20,438,041	\$284,143,467	\$62,357,343	\$221,310,048
Cash	—	8,782	—	—	—
Receivable for Fund shares sold	58,393	750	2,519,843	772,123	4,251,804
Dividends and interest receivable	93,938	16,790	370,377	146,305	1,493,153
Other assets	21,810	7,185	16,496	16,364	19,244
<b>Total assets</b>	<u>285,621,971</u>	<u>20,471,548</u>	<u>287,050,183</u>	<u>63,292,135</u>	<u>227,074,249</u>
<b>Liabilities:</b>					
Payable for Fund shares redeemed	1,684,011	12,016	59,564	3,560	—
Payable for investment advisory fees (Note B)	534,832	991	364,849	62,561	116,270
Payable for administrative fees	49,049	6,780	38,395	7,880	30,291
Payable for accounting and transfer agent fees and expenses	43,603	14,268	28,049	12,035	24,070
Payable for distribution expense (Note B)	3,209	—	—	—	—
Accrued expenses and other liabilities	92,639	18,610	51,003	14,046	41,350
<b>Total liabilities</b>	<u>2,407,343</u>	<u>52,665</u>	<u>541,860</u>	<u>100,082</u>	<u>211,981</u>
<b>Net assets</b>	<u>\$283,214,628</u>	<u>\$20,418,883</u>	<u>\$286,508,323</u>	<u>\$63,192,053</u>	<u>\$226,862,268</u>
<b>Net assets consist of:</b>					
Paid in capital	\$208,217,954	\$16,500,907	\$190,873,719	\$51,051,588	\$226,675,148
Accumulated net investment income	—	—	11,279	3,994	—
Accumulated net realized gain on investments	3,481,029	222,397	885,586	50,482	59,415
Net unrealized appreciation on investments	71,515,645	3,695,579	94,737,739	12,085,989	127,705
<b>Net assets</b>	<u>\$283,214,628</u>	<u>\$20,418,883</u>	<u>\$286,508,323</u>	<u>\$63,192,053</u>	<u>\$226,862,268</u>
<b>INSTITUTIONAL CLASS</b>					
Net assets	\$281,789,880	\$20,418,883	\$286,508,323	\$63,192,053	\$226,862,268
Shares of beneficial interest outstanding (unlimited shares of no par value authorized)	14,969,531	2,135,010	12,779,617	3,089,296	21,270,926
Net asset value per share (offering and redemption price)	<u>\$ 18.82</u>	<u>\$ 9.56</u>	<u>\$ 22.42</u>	<u>\$ 20.46</u>	<u>\$ 10.67</u>
<b>ADVISER CLASS**</b>					
Net assets	\$ 1,424,748				
Shares of beneficial interest outstanding (unlimited shares of no par value authorized)	80,230				
Net asset value per share (offering and redemption price)	<u>\$ 17.76</u>				
* Cost of Investments	<u>\$213,932,185</u>	<u>\$16,742,462</u>	<u>\$189,405,728</u>	<u>\$50,271,354</u>	<u>\$221,182,343</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, 2016**

	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*	\$ 3,888,426	\$ 399,784	\$ 4,515,838	\$ 607,540	\$ 10,937
Interest	21,015	8,726	21,737	272,640	5,640,781
Total income	<u>3,909,441</u>	<u>408,510</u>	<u>4,537,575</u>	<u>880,180</u>	<u>5,651,718</u>
<b>Expenses:</b>					
Investment advisory fees (Note B)	3,372,371	557,168	1,899,646	324,371	1,070,824
Distribution expense – Adviser Class (Note B)	11,060	—	—	—	—
Accounting and transfer agent fees and expenses	357,263	134,666	204,959	72,526	164,521
Administrative fees	351,077	66,727	221,210	39,554	174,432
Professional fees	146,218	29,940	83,690	18,233	66,976
Trustees’ fees	119,633	42,003	55,269	7,811	41,364
Federal and state registration	77,962	39,099	41,704	25,173	25,977
Custody fees and expenses	69,352	26,268	28,364	6,391	22,694
Other	241,689	19,368	127,003	21,801	98,643
Total expenses	<u>4,746,625</u>	<u>915,239</u>	<u>2,661,845</u>	<u>515,860</u>	<u>1,665,431</u>
Less, expense waiver and/or reimbursement (Note B)	<u>(239,071)</u>	<u>(172,348)</u>	<u>(490,821)</u>	<u>(116,635)</u>	<u>(594,608)</u>
Net expenses	<u>4,507,554</u>	<u>742,891</u>	<u>2,171,024</u>	<u>399,225</u>	<u>1,070,823</u>
Net investment income (loss)	<u>(598,113)</u>	<u>(334,381)</u>	<u>2,366,551</u>	<u>480,955</u>	<u>4,580,895</u>
<b>Realized and Unrealized Gain (Loss) on Investments:</b>					
Net realized gain on investments	70,583,659	11,090,117	17,224,785	2,620,580	332,465
Net change in unrealized appreciation/depreciation on investments	<u>(39,738,947)</u>	<u>(46,140,964)</u>	<u>9,232,988</u>	<u>1,723,988</u>	<u>2,637,335</u>
Net realized and unrealized gain (loss) on investments	<u>30,844,712</u>	<u>(35,050,847)</u>	<u>26,457,773</u>	<u>4,344,568</u>	<u>2,969,800</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>\$ 30,246,599</u>	<u>\$(35,385,228)</u>	<u>\$28,824,324</u>	<u>\$4,825,523</u>	<u>\$7,550,695</u>
* Net of foreign taxes withheld	<u>\$ 13,855</u>	<u>\$ 2,386</u>	<u>\$ 3,169</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, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>
<b>Operations:</b>				
Net investment income (loss) .....	\$ (598,113)	\$ 335,657	\$ (334,381)	\$ (1,777,088)
Net realized gain on investments .....	70,583,659	68,905,500	11,090,117	21,067,361
Net change in unrealized appreciation/depreciation on investments .....	(39,738,947)	(101,306,129)	(46,140,964)	(22,958,355)
Net increase (decrease) in net assets resulting from operations .....	30,246,599	(32,064,972)	(35,385,228)	(3,668,082)
<b>Dividends and Distributions to Institutional Class Shareholders:</b>				
Net investment income .....	—	(272,438)	—	—
Net realized gain on investments .....	(38,274,319)	(74,954,483)	(3,253,405)	(22,188,977)
	(38,274,319)	(75,226,921)	(3,253,405)	(22,188,977)
<b>Dividends and Distributions to Adviser Class Shareholders:</b>				
Net investment income .....	—	—	—	—
Net realized gain on investments .....	(394,215)	(1,148,479)	—	—
	(394,215)	(1,148,479)	—	—
<b>Net decrease in net assets resulting from Fund share transactions (Note C) .....</b>				
	(285,382,856)	(169,836,141)	(272,896,350)	(33,856,876)
Total decrease in net assets .....	(293,804,791)	(278,276,513)	(311,534,983)	(59,713,935)
<b>Net Assets:</b>				
Beginning of period .....	577,019,419	855,295,932	331,953,866	391,667,801
End of period* .....	<u>\$ 283,214,628</u>	<u>\$ 577,019,419</u>	<u>\$ 20,418,883</u>	<u>\$331,953,866</u>
* Including accumulated net investment income of .....	<u>\$ —</u>	<u>\$ 63,219</u>	<u>\$ —</u>	<u>\$ —</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, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>
<b>Operations:</b>				
Net investment income .....	\$ 2,366,551	\$ 2,537,358	\$ 480,955	\$ 354,924
Net realized gain on investments .....	17,224,785	5,946,987	2,620,580	1,005,163
Net change in unrealized appreciation/depreciation on investments .....	9,232,988	(18,969,032)	1,723,988	(956,345)
Net increase (decrease) in net assets resulting from operations .....	<u>28,824,324</u>	<u>(10,484,687)</u>	<u>4,825,523</u>	<u>403,742</u>
<b>Dividends and Distributions to Shareholders:</b>				
Net investment income .....	(2,355,272)	(2,560,056)	(477,045)	(355,959)
Net realized gain on investments .....	(15,387,855)	(5,283,852)	(2,493,726)	(957,923)
	<u>(17,743,127)</u>	<u>(7,843,908)</u>	<u>(2,970,771)</u>	<u>(1,313,882)</u>
<b>Net increase (decrease) in net assets resulting from Fund share transactions (Note C) .....</b>	<u>(5,772,597)</u>	<u>(34,163,801)</u>	<u>22,184,169</u>	<u>3,035,605</u>
Total increase (decrease) in net assets .....	5,308,600	(52,492,396)	24,038,921	2,125,465
<b>Net Assets:</b>				
Beginning of period .....	<u>281,199,723</u>	<u>333,692,119</u>	<u>39,153,132</u>	<u>37,027,667</u>
End of period* .....	<u>\$286,508,323</u>	<u>\$281,199,723</u>	<u>\$63,192,053</u>	<u>\$39,153,132</u>
* Including accumulated net investment income of .....	<u>\$ 11,279</u>	<u>\$ —</u>	<u>\$ 3,994</u>	<u>\$ 84</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, 2016</i>	<i>Year Ended December 31, 2015</i>
<b>Operations:</b>		
Net investment income . . . . .	\$ 4,580,895	\$ 5,200,499
Net realized gain on investments . . . . .	332,465	529,547
Net change in unrealized appreciation/depreciation on investments . . . . .	2,637,335	(6,384,631)
Net increase (decrease) in net assets resulting from operations . . .	<u>7,550,695</u>	<u>(654,585)</u>
<b>Dividends and Distributions to Shareholders:</b>		
Net investment income . . . . .	(4,585,763)	(5,211,497)
Net realized gain on investments . . . . .	(93,558)	(607,274)
	<u>(4,679,321)</u>	<u>(5,818,771)</u>
<b>Net increase (decrease) in net assets resulting from   Fund share transactions (Note C) . . . . .</b>	<u>25,150,031</u>	<u>(17,390,017)</u>
Total increase (decrease) in net assets . . . . .	28,021,405	(23,863,373)
<b>Net Assets:</b>		
Beginning of period . . . . .	198,840,863	222,704,236
End of period . . . . .	<u>\$226,862,268</u>	<u>\$198,840,863</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, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>	<i>Year Ended December 31, 2012</i>
<b>Net Asset Value – Beginning of Period</b>	\$ 19.86	\$ 24.05	\$ 28.33	\$ 22.69	\$ 22.45
Net investment income (loss)	(0.03) <sup>(1)</sup>	0.01	(0.06) <sup>(1)</sup>	(0.06) <sup>(2)</sup>	0.13 <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments	1.88	(1.29)	(0.77)	8.02	2.01
Total from investment operations	1.85	(1.28)	(0.83)	7.96	2.14
Dividends from net investment income	—	(0.01)	—	—	(0.13)
Distributions from net realized gains	(2.89)	(2.90)	(3.45)	(2.32)	(1.77)
Total dividends and distributions	(2.89)	(2.91)	(3.45)	(2.32)	(1.90)
<b>Net Asset Value – End of Period</b>	<u>\$ 18.82</u>	<u>\$ 19.86</u>	<u>\$ 24.05</u>	<u>\$ 28.33</u>	<u>\$ 22.69</u>
<b>Total Return</b>	9.27%	-5.58%	-3.11%	35.11%	9.74%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands)	\$281,790	\$568,421	\$840,631	\$1,047,607	\$819,985
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement	0.95%	0.97%	0.94%	0.95%	0.94%
After expense waiver and/or reimbursement	1.00%	0.97%	0.94%	0.95%	0.94%
Ratio of net investment income (loss) to average net assets:					
Before expense waiver and/or reimbursement	(0.08)%	0.05%	(0.21)%	(0.23)%	0.53%
After expense waiver and/or reimbursement	(0.13)%	0.05%	(0.21)%	(0.23)%	0.53%
Portfolio turnover rate <sup>(3)</sup>	50%	62%	60%	47%	49%

(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.

<b>LKCM Small Cap Equity Fund – Adviser Class</b>					
	<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>	<i>Year Ended December 31, 2012</i>
<b>Net Asset Value – Beginning of Period</b>	\$ 18.93	\$ 23.11	\$ 27.43	\$ 22.07	\$ 21.88
Net investment income (loss)	(0.07) <sup>(1)</sup>	(0.05)	(0.12) <sup>(1)</sup>	(0.13) <sup>(2)</sup>	0.07 <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments	1.79	(1.23)	(0.75)	7.81	1.95
Total from investment operations	1.72	(1.28)	(0.87)	7.68	2.02
Dividends from net investment income	—	—	—	—	(0.06)
Distributions from net realized gains	(2.89)	(2.90)	(3.45)	(2.32)	(1.77)
Total dividends and distributions	(2.89)	(2.90)	(3.45)	(2.32)	(1.83)
<b>Net Asset Value – End of Period</b>	<u>\$ 17.76</u>	<u>\$ 18.93</u>	<u>\$ 23.11</u>	<u>\$ 27.43</u>	<u>\$ 22.07</u>
<b>Total Return</b>	8.99%	-5.81%	-3.35%	34.81%	9.45%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands)	\$ 1,425	\$ 8,598	\$ 14,665	\$ 41,153	\$40,737
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement	1.20%	1.22%	1.19%	1.20%	1.19%
After expense waiver and/or reimbursement	1.25%	1.22%	1.19%	1.20%	1.19%
Ratio of net investment income (loss) to average net assets:					
Before expense waiver and/or reimbursement	(0.33)%	(0.20)%	(0.46)%	(0.48)%	0.28%
After expense waiver and/or reimbursement	(0.38)%	(0.20)%	(0.46)%	(0.48)%	0.28%
Portfolio turnover rate <sup>(3)</sup>	50%	62%	60%	47%	49%

(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.

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, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>	<i>Year Ended December 31, 2012</i>
<b>Net Asset Value – Beginning of Period</b> .....	\$ 11.15	\$ 12.10	\$ 12.97	\$ 9.68	\$ 8.86
Net investment loss .....	(0.05) <sup>(1)</sup>	(0.06) <sup>(2)</sup>	(0.08) <sup>(1)</sup>	(0.06) <sup>(2)</sup>	(0.03) <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments .....	0.19 <sup>(3)</sup>	(0.10)	(0.48)	3.35	0.85
Total from investment operations .....	0.14	(0.16)	(0.56)	3.29	0.82
Distributions from net realized gains .....	(1.73)	(0.79)	(0.31)	—	—
<b>Net Asset Value – End of Period</b> .....	<u>\$ 9.56</u>	<u>\$ 11.15</u>	<u>\$ 12.10</u>	<u>\$ 12.97</u>	<u>\$ 9.68</u>
<b>Total Return</b> .....	1.17%	-1.41%	-4.39%	33.99%	9.26%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands) .....	\$ 20,419	\$331,954	\$391,668	\$366,423	\$250,164
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement .....	1.23%	1.14%	1.20%	1.18%	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 .....	(0.68)%	(0.63)%	(0.82)%	(0.77)%	(0.50)%
After expense waiver and/or reimbursement .....	(0.45)%	(0.49)%	(0.62)%	(0.59)%	(0.32)%
Portfolio turnover rate .....	80%	70%	72%	49%	56%

(1) Net investment loss per share represents net investment 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) Due to the timing of capital share transactions, a net realized and unrealized gain on investments is not reflected on the statement of operations.

	<b>LKCM Equity Fund</b>				
	<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>	<i>Year Ended December 31, 2012</i>
<b>Net Asset Value – Beginning of Period</b> .....	\$ 21.40	\$ 22.81	\$ 22.44	\$ 17.62	\$ 15.34
Net investment income .....	0.19 <sup>(2)</sup>	0.18 <sup>(2)</sup>	0.17 <sup>(3)</sup>	0.14 <sup>(2)</sup>	0.14 <sup>(2)</sup>
Net realized and unrealized gain (loss) on investments .....	2.32	(0.98)	1.28	5.27	2.27
Total from investment operations .....	2.51	(0.80)	1.45	5.41	2.41
Dividends from net investment income .....	(0.20)	(0.20)	(0.16)	(0.12)	(0.12)
Distributions from net realized gains .....	(1.29)	(0.41)	(0.92)	(0.47)	(0.01)
Total dividends and distributions .....	(1.49)	(0.61)	(1.08)	(0.59)	(0.13)
<b>Net Asset Value – End of Period</b> .....	<u>\$ 22.42</u>	<u>\$ 21.40</u>	<u>\$ 22.81</u>	<u>\$ 22.44</u>	<u>\$ 17.62</u>
<b>Total Return</b> .....	11.66%	-3.54%	6.40%	30.74%	15.69%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands) .....	\$286,508	\$281,200	\$333,692	\$323,932	\$161,129
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement .....	0.98%	0.93%	0.92%	0.93%	0.96%
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 .....	0.69%	0.68%	0.59%	0.53%	0.69%
After expense waiver and/or reimbursement .....	0.87%	0.81%	0.71%	0.66%	0.85%
Portfolio turnover rate .....	16%	13%	14%	17%	12%

(1) On May 10, 2013, the Armstrong Fund was reorganized into the LKCM Equity Fund. Activity after May 10, 2013 reflects the Funds' combined operations.

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

(3) Net investment income per share is calculated using the 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, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>	<i>Year Ended December 31, 2012</i>
<b>Net Asset Value – Beginning of Period</b> .....	\$ 19.60	\$ 20.10	\$ 19.63	\$ 16.11	\$ 14.53
Net investment income .....	0.20 <sup>(1)</sup>	0.19	0.24	0.17	0.19
Net realized and unrealized gain (loss) on investments .....	1.69	(0.00) <sup>(2)</sup>	0.94	3.55	1.58
Total from investment operations .....	1.89	0.19	1.18	3.72	1.77
Dividends from net investment income .....	(0.18)	(0.19)	(0.24)	(0.17)	(0.19)
Distributions from net realized gains .....	(0.85)	(0.50)	(0.47)	(0.03)	—
Total dividends and distributions .....	(1.03)	(0.69)	(0.71)	(0.20)	(0.19)
<b>Net Asset Value – End of Period</b> .....	<u>\$ 20.46</u>	<u>\$ 19.60</u>	<u>\$ 20.10</u>	<u>\$ 19.63</u>	<u>\$ 16.11</u>
<b>Total Return</b> .....	9.70%	0.91%	5.99%	23.18%	12.20%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands) .....	\$63,192	\$39,153	\$37,028	\$ 35,332	\$ 21,800
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement .....	1.03%	1.02%	0.99%	1.04%	1.10%
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%	1.02%	0.72%	0.91%
After expense waiver and/or reimbursement .....	0.96%	0.95%	1.21%	0.96%	1.21%
Portfolio turnover rate .....	16%	16%	20%	10%	15%

<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, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>	<i>Year Ended December 31, 2012</i>
<b>Net Asset Value – Beginning of Period</b> .....	\$ 10.50	\$ 10.82	\$ 10.91	\$ 11.23	\$ 11.04
Net investment income .....	0.23	0.25 <sup>(2)</sup>	0.22	0.27	0.34
Net realized and unrealized gain (loss) on investments .....	0.17	(0.28)	(0.03)	(0.26)	0.25
Total from investment operations .....	0.40	(0.03)	0.19	0.01	0.59
Dividends from net investment income .....	(0.23)	(0.26)	(0.22)	(0.27)	(0.34)
Distributions from net realized gains .....	(0.00) <sup>(3)</sup>	(0.03)	(0.06)	(0.06)	(0.06)
Total dividends and distributions .....	(0.23)	(0.29)	(0.28)	(0.33)	(0.40)
<b>Net Asset Value – End of Period</b> .....	<u>\$ 10.67</u>	<u>\$ 10.50</u>	<u>\$ 10.82</u>	<u>\$ 10.91</u>	<u>\$ 11.23</u>
<b>Total Return</b> .....	3.83%	-0.27%	1.72%	0.07%	5.44%
<b>Ratios and Supplemental Data:</b>					
Net assets, end of period (thousands) .....	\$226,862	\$198,841	\$222,704	\$221,104	\$205,880
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement .....	0.78%	0.73% <sup>(1)</sup>	0.70%	0.72%	0.71%
After expense waiver and/or reimbursement .....	0.50%	0.56% <sup>(1)</sup>	0.65%	0.65%	0.65%
Ratio of net investment income to average net assets:					
Before expense waiver and/or reimbursement .....	1.86%	2.18% <sup>(1)</sup>	1.92%	2.34%	2.98%
After expense waiver and/or reimbursement .....	2.14%	2.35% <sup>(1)</sup>	1.97%	2.41%	3.04%
Portfolio turnover rate .....	59%	29%	46%	30%	31%

<sup>(1)</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.

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

<sup>(3)</sup> Less than \$(0.005).

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

**A. Organization and Significant Accounting Policies:** LKCM Funds (the “Trust”) is registered under the Investment Company Act of 1940 (“1940 Act”) as an open-end, management investment company. The Trust was organized as a Delaware statutory trust on February 10, 1994 and consisted of six diversified series as of December 31, 2016, 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, 2016, 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	\$283,599,689	\$ —	\$ —	\$283,599,689
Money Market Fund	1,848,141	—	—	1,848,141
Total Investments*	<u>\$285,447,830</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$285,447,830</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	\$ 20,438,041	\$ —	\$ —	\$ 20,438,041
Total Investments*	<u>\$ 20,438,041</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20,438,041</u>

**LKCM Equity Fund**

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$274,644,306	\$ —	\$ —	\$274,644,306
Money Market Fund	9,499,161	—	—	9,499,161
Total Investments*	<u>\$284,143,467</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$284,143,467</u>

**LKCM Balanced Fund**

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 42,540,951	\$ —	\$ —	\$ 42,540,951
Corporate Bonds	—	18,659,273	—	18,659,273
Money Market Fund	1,157,119	—	—	1,157,119
Total Investments*	<u>\$ 43,698,070</u>	<u>\$ 18,659,273</u>	<u>\$ —</u>	<u>\$ 62,357,343</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	\$ —	\$151,002,371	\$ —	\$151,002,371
U.S. Government Issues	—	26,224,430	—	26,224,430
U.S. Government Sponsored Entities	—	41,646,351	—	41,646,351
Money Market Fund	2,436,896	—	—	2,436,896
Total Investments*	<u>\$ 2,436,896</u>	<u>\$218,873,152</u>	<u>\$ —</u>	<u>\$221,310,048</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, 2016, 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	\$ 534,894	\$ 334,381	\$ —	\$ —	\$ 4,868
Accumulated net realized loss	(28,053,924)	(6,125,298)	(851,611)	(79,586)	(26,912)
Paid in capital	27,519,030	5,790,917	851,611	79,586	22,044

**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.

**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 April 30, 2017 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, 2016, 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 2016	\$239,071	\$172,348	\$490,821	\$116,635	\$594,608

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 up to 1.00% of its average daily net assets for distribution and other services. However, the Board of Trustees has currently only authorized a fee of 0.25% of each Fund's average daily net assets. For the year ended December 31, 2016, fees incurred by the Small Cap Equity Fund pursuant to the 12b-1 Plan were \$11,060. 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 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, 2016, 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**

	Year Ended December 31, 2016		Year Ended December 31, 2015	
	Institutional Class Shares	Amount	Institutional Class Shares	Amount
Shares sold	1,612,765	\$ 30,288,236	2,997,132	\$ 72,867,416
Shares issued to shareholders in reinvestment of distributions	1,783,620	33,692,595	3,306,174	67,148,391
Shares redeemed	(17,051,055)	(342,725,953)	(12,636,846)	(305,284,952)
Redemption fee		1,460		6,506
Net decrease	(13,654,670)	<u>\$(278,743,662)</u>	(6,333,540)	<u>\$(165,262,639)</u>
<b>Shares Outstanding:</b>				
Beginning of period	28,624,201		34,957,741	
End of period	<u>14,969,531</u>		<u>28,624,201</u>	

	Year Ended December 31, 2016		Year Ended December 31, 2015	
	Adviser Class Shares	Amount	Adviser Class Shares	Amount
Shares sold	23,322	\$ 430,731	37,553	\$ 879,930
Shares issued to shareholders in reinvestment of distributions	21,149	376,656	58,116	1,125,135
Shares redeemed	(418,403)	(7,446,581)	(276,218)	(6,578,572)
Redemption fee		—		5
Net decrease	(373,932)	<u>\$(6,639,194)</u>	(180,549)	<u>\$(4,573,502)</u>
<b>Shares Outstanding:</b>				
Beginning of period	454,162		634,711	
End of period	<u>80,230</u>		<u>454,162</u>	
Total Net Decrease		<u>\$(285,382,856)</u>		<u>\$(169,836,141)</u>

**LKCM Small-Mid Cap Equity Fund**

	Year Ended December 31, 2016		Year Ended December 31, 2015	
	Shares	Amount	Shares	Amount
Shares sold	824,429	\$ 8,405,928	6,196,826	\$ 77,641,362
Shares issued to shareholders in reinvestment of distributions	315,244	3,026,346	1,880,563	21,343,975
Shares redeemed	(28,784,437)	(284,328,924)	(10,664,162)	(132,842,460)
Redemption fee		300		247
Net decrease	(27,644,764)	<u>\$(272,896,350)</u>	(2,586,773)	<u>\$(33,856,876)</u>
<b>Shares Outstanding:</b>				
Beginning of period	29,779,774		32,366,547	
End of period	<u>2,135,010</u>		<u>29,779,774</u>	

## LKCM Equity Fund

	Year Ended December 31, 2016		Year Ended December 31, 2015	
	Shares	Amount	Shares	Amount
Shares sold	873,854	\$ 19,663,219	1,221,990	\$ 27,628,704
Shares issued to shareholders in reinvestment of distributions	764,353	17,205,579	344,143	7,485,106
Shares redeemed	(1,999,145)	(42,641,469)	(3,055,836)	(69,278,705)
Redemption fee		74		1,094
Net decrease	(360,938)	\$ (5,772,597)	(1,489,703)	\$ (34,163,801)
<b>Shares Outstanding:</b>				
Beginning of period	13,140,555		14,630,258	
End of period	12,779,617		13,140,555	

## LKCM Balanced Fund

	Year Ended December 31, 2016		Year Ended December 31, 2015	
	Shares	Amount	Shares	Amount
Shares sold	1,299,893	\$ 26,392,805	412,913	\$ 8,327,748
Shares issued to shareholders in reinvestment of distributions	139,950	2,865,400	64,253	1,273,898
Shares redeemed	(348,607)	(7,074,136)	(321,117)	(6,567,767)
Redemption fee		100		1,726
Net increase	1,091,236	\$ 22,184,169	156,049	\$ 3,035,605
<b>Shares Outstanding:</b>				
Beginning of period	1,998,060		1,842,011	
End of period	3,089,296		1,998,060	

## LKCM Fixed Income Fund

	Year Ended December 31, 2016		Year Ended December 31, 2015	
	Shares	Amount	Shares	Amount
Shares sold	3,283,450	\$ 35,330,302	1,816,505	\$ 19,700,563
Shares issued to shareholders in reinvestment of distributions	405,849	4,366,386	494,647	5,274,361
Shares redeemed	(1,350,992)	(14,546,657)	(3,952,618)	(42,364,956)
Redemption fee		—		15
Net increase (decrease)	2,338,307	\$ 25,150,031	(1,641,466)	\$ (17,390,017)
<b>Shares Outstanding:</b>				
Beginning of period	18,932,619		20,574,085	
End of period	21,270,926		18,932,619	

**D. Security Transactions:** Purchases and sales of investment securities, other than short-term investments, for the year ended December 31, 2016 were as follows:

	Purchases		Sales	
	U.S. Government	Other	U.S. Government	Other
LKCM Small Cap Equity Fund . . . . .	\$ —	\$223,394,406	\$ —	\$546,537,980
LKCM Small-Mid Cap Equity Fund . . . . .	—	60,708,087	—	314,481,996
LKCM Equity Fund . . . . .	—	42,052,280	—	71,782,600
LKCM Balanced Fund . . . . .	—	27,042,668	—	7,645,594
LKCM Fixed Income Fund . . . . .	64,109,398	71,768,007	37,858,363	81,314,918

**E. Tax Information:** At December 31, 2016, the components of accumulated earnings (losses) on a tax basis were 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>
Cost of Investments	\$214,048,200	\$16,848,507	\$189,405,728	\$50,271,354	\$221,182,343
Gross Unrealized Appreciation	\$ 72,533,104	\$ 3,806,137	\$ 96,894,410	\$12,699,038	\$ 1,995,242
Gross Unrealized Depreciation	(1,133,474)	(216,603)	(2,156,671)	(613,049)	(1,867,537)
Net Unrealized Appreciation	<u>\$ 71,399,630</u>	<u>\$ 3,589,534</u>	<u>\$ 94,737,739</u>	<u>\$12,085,989</u>	<u>\$ 127,705</u>
Undistributed Ordinary Income	376,242	—	11,279	3,994	38,821
Undistributed Long-Term Capital Gain	3,220,802	328,442	885,586	50,482	20,594
Total Distributable Earnings	<u>\$ 3,597,044</u>	<u>\$ 328,442</u>	<u>\$ 896,865</u>	<u>\$ 54,476</u>	<u>\$ 59,415</u>
Total Accumulated Gains	<u>\$ 74,996,674</u>	<u>\$ 3,917,976</u>	<u>\$ 95,634,604</u>	<u>\$12,140,465</u>	<u>\$ 187,120</u>

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

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 unused capital loss carryforwards.

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

	<u>Year Ended December 31, 2016</u>		<u>Year Ended December 31, 2015</u>	
	<u>Ordinary Income</u>	<u>Long-Term Capital Gains</u>	<u>Ordinary Income</u>	<u>Long-Term Capital Gains</u>
LKCM Small Cap Equity Fund	\$ —	\$38,668,534	\$ 272,438	\$76,102,962
LKCM Small-Mid Cap Equity Fund	—	3,253,405	—	22,188,977
LKCM Equity Fund	2,355,272	15,387,855	2,565,253	5,278,655
LKCM Balanced Fund	477,045	2,493,726	355,959	957,923
LKCM Fixed Income Fund	4,624,444	54,877	5,204,601	614,170

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, 2016 and 2015. The Funds designated earnings and profits distributed to shareholders upon the redemption of shares during 2016 and 2015 in determining undistributed net capital gains as of December 31, 2016 and 2015.

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, 2013 through December 31, 2016. 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, 2016. 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. 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 amendments to Regulation S-X is August 1, 2017. Management is currently evaluating the impact that the adoption of the amendments to Regulation S-X will have on the financial statements and related disclosures.

**G. Subsequent Events:** In preparing these financial statements, the Trust has evaluated events after December 31, 2016 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:

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, 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 as of December 31, 2016, and 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, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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. The Funds are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2016, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the portfolios constituting the LKCM Funds as of December 31, 2016, 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.

*Deloitte & Touche LLP*

Milwaukee, Wisconsin  
February 22, 2017

**December 31, 2016**

**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  
615 E. Michigan Street  
Milwaukee, WI 53202

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