


# LKCM Funds Prospectus May 1, 2017



301 COMMERCE STREET, SUITE 1600  
FORT WORTH, TEXAS 76102

1-800-688-LKCM

LKCM SMALL CAP EQUITY FUND  
(*Institutional Class*) (LKSCX)

LKCM SMALL-MID CAP EQUITY FUND  
(*Institutional Class*) (LKSMX)

LKCM EQUITY FUND  
(*Institutional Class*) (LKEQX)

LKCM BALANCED FUND  
(*Institutional Class*) (LKBAX)

LKCM FIXED INCOME FUND  
(*Institutional Class*) (LKFIX)

This Prospectus contains information you should consider before you invest in the LKCM Funds. Please read it carefully and keep it for future reference.

**Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of the securities offered by this Prospectus, nor has the SEC or any state securities commission passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.**

## TABLE OF CONTENTS

<b>SUMMARY SECTION</b> .....	1
LKCM SMALL CAP EQUITY FUND .....	1
LKCM SMALL-MID CAP EQUITY FUND .....	5
LKCM EQUITY FUND .....	9
LKCM BALANCED FUND .....	12
(INSTITUTIONAL CLASS) .....	12
LKCM FIXED INCOME FUND .....	17
(INSTITUTIONAL CLASS) .....	17
<b>ADDITIONAL INFORMATION REGARDING THE INVESTMENT</b>	
<b>OBJECTIVES AND PRINCIPAL INVESTMENT STRATEGIES OF THE FUNDS</b> .....	21
<b>DISCUSSION OF INVESTMENT APPROACH</b> .....	22
<b>ADDITIONAL INFORMATION REGARDING THE PRINCIPAL RISKS OF INVESTING IN THE FUNDS</b> .....	23
<b>PORTFOLIO HOLDINGS INFORMATION</b> .....	27
<b>MANAGEMENT</b> .....	27
<b>DISTRIBUTION OF FUND SHARES</b> .....	28
<b>PURCHASE OF SHARES</b> .....	29
<b>MARKET TIMING POLICY</b> .....	31
<b>EXCHANGING SHARES</b> .....	32
<b>REDEMPTION OF SHARES</b> .....	32
<b>VALUATION OF SHARES</b> .....	34
<b>DIVIDENDS, OTHER DISTRIBUTIONS AND TAXES</b> .....	35
<b>INDEX DESCRIPTIONS</b> .....	36
<b>ADDITIONAL INFORMATION</b> .....	37
<b>FINANCIAL HIGHLIGHTS</b> .....	38

## SUMMARY SECTION

### LKCM SMALL CAP EQUITY FUND

(Institutional Class)

**Investment Objective:** The Fund seeks to maximize long-term capital appreciation.

**Fees and Expenses of the Fund:** The following table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder Fees

(fees paid directly from your investment)

Redemption Fee (as a percentage of the amount redeemed on shares held for less than 30 days) 1.00%

#### Annual Fund Operating Expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees 0.75%

Distribution and Service (12b-1) Fees 0.00%

Other Expenses 0.30%

Total Annual Fund Operating Expenses 1.05%

Fee Waiver and/or Expense Reimbursement<sup>(1)</sup> -0.05%

Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement<sup>(1)</sup> 1.00%

<sup>(1)</sup> Luther King Capital Management Corporation (“Adviser”), the Fund’s investment adviser, has contractually agreed to waive all or a portion of its management fee and/or reimburse the Fund through May 1, 2018 in order to limit the Fund’s Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement to 1.00% per annum (excluding any interest, taxes, brokerage commissions, indirect fees and expenses related to investments in other investment companies, including money market funds, and extraordinary expenses). The fee waiver and expense reimbursement agreement may be terminated or changed only with the consent of the Board of Trustees.

#### Example

The following example is intended to help you compare the costs of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund’s operating expenses remain the same (except that the example reflects the fee waiver/expense reimbursement arrangement through May 1, 2018). Although your actual costs may be higher or lower, based on these assumptions, whether or not you redeem your shares, your costs would be as follows:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$102	\$329	\$575	\$1,278

#### Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 50% of the average value of its portfolio.

**Principal Investment Strategies:** The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of smaller companies. The Fund primarily chooses investments that Luther King Capital Management Corporation (“Adviser”) believes are likely to have above-average growth in revenue and/or earnings and potential for above-average capital appreciation. Smaller companies are those with market capitalizations at the time of investment between \$600 million and \$4.5 billion. The Fund is not required to sell equity securities whose market values appreciate or depreciate outside this market capitalization range.

The Fund seeks to invest in the equity securities of high quality companies, as determined by the Adviser, that typically exhibit certain characteristics, including high profitability levels, strong balance sheet quality, competitive advantages, ability to generate excess cash flows, meaningful management ownership stakes, attractive reinvestment opportunities, strong market share positions, and/or attractive relative valuation. These equity securities primarily consist of common stocks, American Depositary Receipts (“ADRs”), and real estate investment trusts (“REITs”).

**Principal Risks:** The greatest risk of investing in the Fund is that you could lose money. There is no assurance that the Fund will achieve its investment objective. An investment in the Fund also is subject to the following principal risks:

- *Equity Securities Risk* – The Fund invests in equity securities and therefore is subject to market risks and significant fluctuations in value. The Fund’s investments in equity securities primarily consist of ADRs, common stocks, and REITs.

*ADRs* – Investments in ADRs are subject to certain of the risks associated with investing directly in foreign securities, such as currency fluctuations, political and economic instability, capital restrictions, less government regulation, less publicly available information, less liquidity, increased price volatility, and differences in financial reporting standards. ADRs may not accurately track the prices of the underlying foreign securities and their value may change materially at times when the U.S. markets are not open for trading. Investing in such securities may expose the Fund to additional risk.

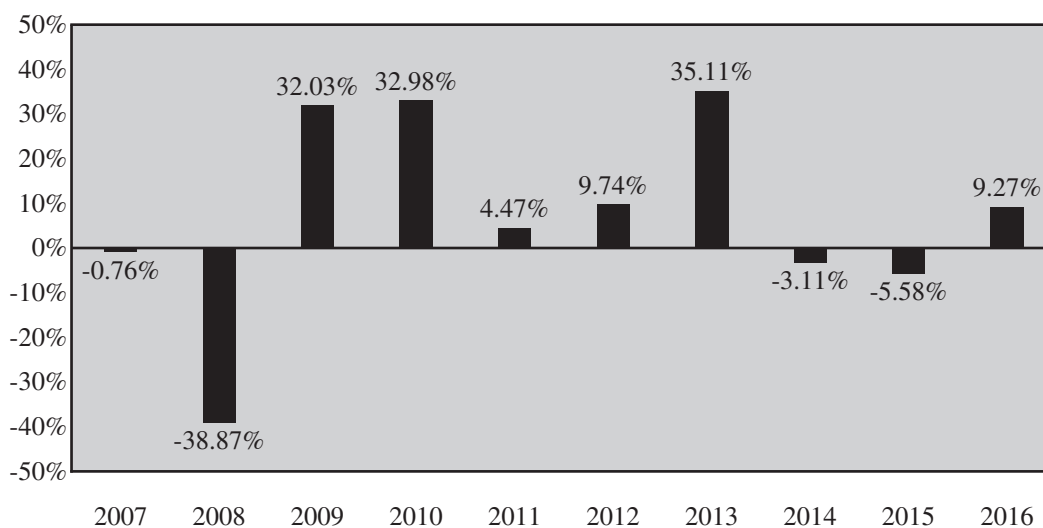
*Common Stock* – The value of the issuing company’s common stock may rise or fall as a result of factors affecting the issuing company, companies in the same industry or sector, or the financial markets overall. Common stock generally is subordinate to preferred stock upon the liquidation or bankruptcy of the issuing company.

*REITs* – Investments in REITs are subject to the risks associated with the real estate industry, adverse governmental actions, declines in property and real estate values, and the potential failure of a REIT to qualify for federal income-tax-free “pass-through” of net income and net realized gains and exemption from registration as an investment company. REITs are dependent upon specialized management skills and may invest in relatively few properties, a small geographic area or a small number of property types. As a result, investments in REITs may be volatile. REITs are pooled investment vehicles with their own fees and expenses and the Fund will indirectly bear a proportionate share of those fees and expenses when investing in REITs.

- *Inflation Risk* – Higher actual or anticipated inflation may have an adverse effect on corporate profits or consumer spending or the financial markets overall and result in lower values for securities held by the Fund.
- *Investment Risk* – An investment in the Fund is not a deposit with a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. When you sell your shares of the Fund, they could be worth less than what you paid for them. Therefore, you may lose money by investing in the Fund.
- *Market Risk* – Factors that affect markets in general, including geopolitical, regulatory, market and economic developments and other developments that impact specific economic sectors, industries and segments of the market, could adversely impact the Fund’s investments and lead to a decline in the value of your investment in the Fund. Turbulence in financial markets and reduced liquidity in credit, fixed income, or equity markets may negatively affect many issuers worldwide which could adversely affect the Fund. There is a risk that policy changes by the U.S. Government and/or Federal Reserve, such as continuing to raise interest rates, also could cause increased volatility in financial markets and higher levels of shareholder redemptions, which could have a negative impact on the Fund. Adverse market events may also lead to increased shareholder redemptions, which could cause the Fund to experience a loss or difficulty in selling investments to meet such redemptions.
- *Sector Weightings Risk* – To the extent the Fund emphasizes investments in particular sectors of the economy, the Fund will be subject to a greater degree of risks particular to those sectors. Market conditions, interest rates, and economic, regulatory or financial developments could significantly affect securities in particular sectors. Depending on the weightings of the Fund’s investment in particular sectors, the Fund may have increased exposure to price movements of securities in those sectors.
- *Security Selection Risk* – Securities held by the Fund may not perform as anticipated due to a number of factors impacting the company that issued the securities or its particular industry or sector, such as poor operating or management performance, weak demand for the company’s products or services, the company’s failure to meet earnings or other operating performance expectations, financial leverage or credit deterioration, litigation or regulatory issues, or a decline in the value of the issuer’s business and assets.
- *Small-Cap Risk* – The Fund invests in small capitalization companies that may not have the size, resources and other assets of mid or large capitalization companies. Small capitalization companies may also be more sensitive to changes in interest rates, borrowing costs and earnings. As a result, the securities of small capitalization companies held by the Fund may be less liquid and subject to greater market risks and fluctuations in value than mid or large capitalization companies or may not correspond to changes in the stock market in general.

**Performance:** The bar chart and table that follow illustrate annual Fund returns for periods ended December 31. This information is intended to give you some indication of the risks of investing in the Fund by showing changes in the Fund’s performance from year to year and how the Fund’s average annual returns over time compare with those of an index reflecting a broad measure of market performance and an index of funds with similar investment objectives. The Fund’s past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available on the Fund’s website at [www.lkcmfunds.com](http://www.lkcmfunds.com) or by calling the Fund toll-free at 1-800-688-LKCM.

### Calendar Year Returns as of 12/31



During the period shown on the bar chart, the Fund's best and worst quarters are shown below:

#### Best and Worst Quarterly Returns

18.90%	2nd quarter, 2009
-27.54%	4th quarter, 2008

#### Average Annual Total Returns for Periods Ended December 31, 2016

	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Return Before Taxes	9.27%	8.19%	5.13%
Return After Taxes on Distributions	5.82%	5.57%	3.72%
Return After Taxes on Distributions and Sale of Fund Shares	8.11%	6.48%	4.12%
Russell 2000® Index (reflects no deduction for fees, expenses or taxes)	21.31%	14.46%	7.07%
Lipper Small-Cap Core Funds Index (reflects no deduction for taxes)	22.54%	14.03%	7.49%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. In certain cases, the figure representing "Return After Taxes on Distributions and Sale of Fund Shares" may be higher than the other return figures for the same period. A higher after-tax return results when a capital loss occurs upon redemption and provides an assumed tax deduction that benefits the investor. In addition, the after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans and individual retirement accounts.

**Investment Adviser:** Luther King Capital Management Corporation.

#### Portfolio Managers:

<u>Name</u>	<u>Title</u>	<u>Experience with the Fund</u>
Steven R. Purvis, CFA	Principal, Vice President and Portfolio Manager	Since 1996
J. Luther King, Jr., CFA, CIC	Principal, President and Portfolio Manager	Since Inception in 1994
Mason D. King, CFA	Principal, Vice President, Portfolio Manager and Analyst	Since 2017

**Purchase and Sale of Fund Shares:** Investors may purchase, exchange or redeem Fund shares by mail (LKCM Funds, c/o U.S. Bancorp Fund Services, LLC, 615 East Michigan Street, 3rd Floor, Milwaukee, WI 53201-0701), or by telephone at 1-800-688-LKCM. Redemptions by telephone are only permitted upon previously receiving appropriate authorization. Transactions normally will only occur on days the New York Stock Exchange is scheduled to be open. Investors who wish to purchase or redeem Fund shares through a financial intermediary should contact the financial intermediary directly for information relative to the purchase or sale of Fund shares. The minimum initial amount of investment in the Fund and exchanges into the Fund from another fund in the LKCM Funds is \$2,000. Subsequent investments in the Fund for all types of accounts may be made with a minimum investment of \$1,000.

**Tax Information:** The Fund's distributions are taxable and will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account, in which case the withdrawal of your investment from the tax-deferred arrangement may be taxable.

**Payments to Broker-Dealers and Other Financial Intermediaries:** If you purchase Fund shares through a broker-dealer or other financial intermediary (such as a financial adviser), the Fund and its related companies may pay the intermediary for the sale of Fund shares and/or other services. If made, these payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## LKCM SMALL-MID CAP EQUITY FUND

### (Institutional Class)

**Investment Objective:** The Fund seeks to maximize long-term capital appreciation.

**Fees and Expenses of the Fund:** The following table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder Fees

(fees paid directly from your investment)

Redemption Fee (as a percentage of the amount redeemed on shares held for less than 30 days)	1.00%
----------------------------------------------------------------------------------------------	-------

#### Annual Fund Operating Expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.75%
-----------------	-------

Distribution and Service (12b-1) Fees	0.00%
---------------------------------------	-------

Other Expenses	0.48%
----------------	-------

Acquired Fund Fees and Expenses <sup>(1)</sup>	0.02%
------------------------------------------------	-------

Total Annual Fund Operating Expenses	1.25%
--------------------------------------	-------

Fee Waiver and/or Expense Reimbursement <sup>(2)</sup>	-0.23%
--------------------------------------------------------	--------

Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement <sup>(1)(2)</sup>	1.02%
------------------------------------------------------------------------------------------------------	-------

<sup>(1)</sup> Acquired Fund Fees and Expenses are indirect fees and expenses that funds incur from investing in the shares of other investment companies, including money market funds. The Total Annual Fund Operating Expenses and Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement for the Fund differ from the Ratio of Expenses to Average Net Assets before and after expense waiver and/or reimbursement found within the “Financial Highlights” section of the prospectus because the audited information in the “Financial Highlights” reflects the operating expenses of the Fund and does not include indirect expenses such as Acquired Fund Fees and Expenses.

<sup>(2)</sup> Luther King Capital Management Corporation (“Adviser”), the Fund’s investment adviser, has contractually agreed to waive all or a portion of its management fee and/or reimburse the Fund through May 1, 2018 in order to limit the Fund’s Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement to 1.00% per annum (excluding any interest, taxes, brokerage commissions, indirect fees and expenses related to investments in other investment companies, including money market funds (Acquired Fund Fees and Expenses), and extraordinary expenses). The fee waiver and expense reimbursement agreement may be terminated or changed only with the consent of the Board of Trustees.

#### Example

The following example is intended to help you compare the costs of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund’s operating expenses remain the same (except that the example reflects the fee waiver/expense reimbursement arrangement through May 1, 2018). Although your actual costs may be higher or lower, based on these assumptions, whether or not you redeem your shares, your costs would be as follows:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$104	\$374	\$664	\$1,491

#### Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 80% of the average value of its portfolio.

**Principal Investment Strategies:** The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of small-mid capitalization companies. The Fund primarily chooses investments that the Adviser believes are likely to have above-average growth in revenue and/or earnings and potential for above-average capital appreciation. Small-mid capitalization companies are those with market capitalizations at the time of investment between \$1.25 billion and \$10 billion. The Fund is not required to sell equity securities whose market values appreciate or depreciate outside this market capitalization range.

The Fund seeks to invest in the equity securities of high quality companies, as determined by the Adviser, that typically exhibit certain characteristics, including high profitability levels, strong balance sheet quality, competitive advantages, ability to generate excess cash flows, meaningful management ownership stakes, attractive reinvestment opportunities, strong market share positions, and/or attractive relative valuation. These equity securities primarily consist of common stocks, American Depositary Receipts (“ADRs”), and real estate investment trusts (“REITs”).

**Principal Risks:** The greatest risk of investing in the Fund is that you could lose money. There is no assurance that the Fund will achieve its investment objective. An investment in the Fund also is subject to the following principal risks:

- *Equity Securities Risk* – The Fund invests in equity securities and therefore is subject to market risks and significant fluctuations in value. The Fund’s investments in equity securities primarily consist of ADRs, common stocks, and REITs.

*ADRs* – Investments in ADRs are subject to certain of the risks associated with investing directly in foreign securities, such as currency fluctuations, political and economic instability, capital restrictions, less government regulation, less publicly available information, less liquidity, increased price volatility, and differences in financial reporting standards. ADRs may not accurately track the prices of the underlying foreign securities and their value may change materially at times when the U.S. markets are not open for trading. Investing in such securities may expose the Fund to additional risk.

*Common Stock* – The value of an issuing company’s common stock may rise or fall as a result of factors affecting the issuing company, companies in the same industry or sector, or the financial markets overall. Common stock generally is subordinate to preferred stock upon the liquidation or bankruptcy of the issuing company.

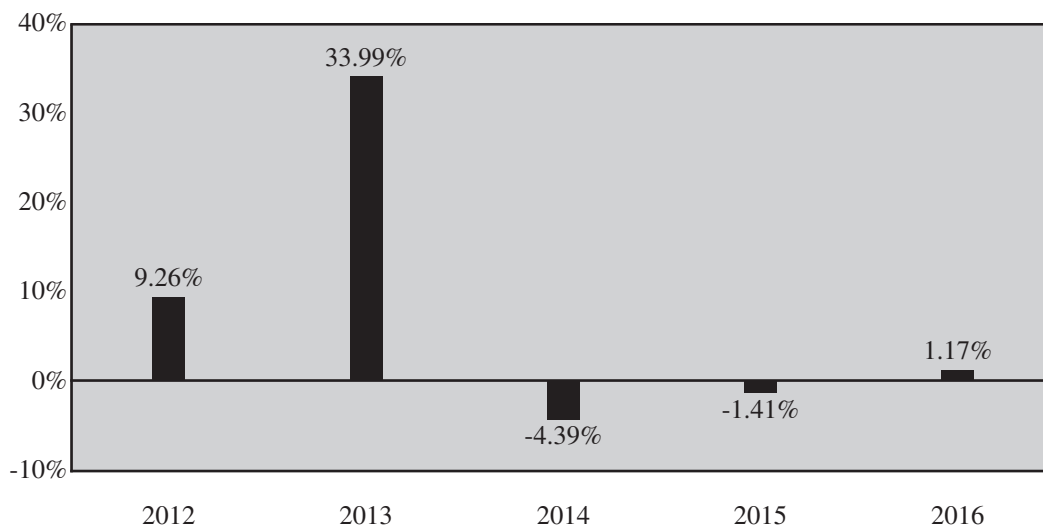
*REITs* – Investments in REITs are subject to the risks associated with the real estate industry, adverse governmental actions, declines in property and real estate values, and the potential failure of a REIT to qualify for federal income-tax-free “pass-through” of net income and net realized gains and exemption from registration as an investment company. REITs are dependent upon specialized management skills and may invest in relatively few properties, a small geographic area or a small number of property types. As a result, investments in REITs may be volatile. REITs are pooled investment vehicles with their own fees and expenses and the Fund will indirectly bear a proportionate share of those fees and expenses when investing in REITs.

- *Inflation Risk* – Higher actual or anticipated inflation may have an adverse effect on corporate profits or consumer spending or the financial markets overall and result in lower values for securities held by the Fund.
- *Investment Risk* – An investment in the Fund is not a deposit with a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. When you sell your shares of the Fund, they could be worth less than what you paid for them. Therefore, you may lose money by investing in the Fund.
- *Market Risk* – Factors that affect markets in general, including geopolitical, regulatory, market and economic developments and other developments that impact specific economic sectors, industries and segments of the market, could adversely impact the Fund’s investments and lead to a decline in the value of your investment in the Fund. Turbulence in financial markets and reduced liquidity in credit, fixed income, or equity markets may negatively affect many issuers worldwide which could adversely affect the Fund. There is a risk that policy changes by the U.S. Government and/or Federal Reserve, such as continuing to raise interest rates, also could cause increased volatility in financial markets and higher levels of shareholder redemptions, which could have a negative impact on the Fund. Adverse market events may also lead to increased shareholder redemptions, which could cause the Fund to experience a loss or difficulty in selling investments to meet such redemptions.
- *Sector Weightings Risk* – To the extent the Fund emphasizes investments in particular sectors of the economy, the Fund will be subject to a greater degree of risks particular to those sectors. Market conditions, interest rates, and economic, regulatory or financial developments could significantly affect securities in particular sectors. Depending on the weightings of the Fund’s investment in particular sectors, the Fund may have increased exposure to price movements of securities in those sectors.
- *Security Selection Risk* – Securities held by the Fund may not perform as anticipated due to a number of factors impacting the company that issued the securities or its particular industry or sector, such as poor operating or management performance, weak demand for the company’s products or services, the company’s failure to meet earnings or other operating performance expectations, financial leverage or credit deterioration, litigation or regulatory issues, or a decline in the value of the issuer’s business and assets.
- *Small and Mid Cap Risk* – The Fund may invest in small and mid capitalization companies that may not have the size, resources and other assets of large capitalization companies. Small and mid capitalization companies may also be more sensitive to changes in interest rates, borrowing costs and earnings. As a result, the securities of small and mid capitalization companies held by the Fund may be less liquid and subject to greater market risks and fluctuations in value than large capitalization companies or may not correspond to changes in the stock market in general.

**Performance:** The bar chart and table that follow illustrate annual Fund returns for periods ended December 31. This information is intended to give you some indication of the risks of investing in the Fund by showing changes in the Fund’s performance from year to year and how the Fund’s average annual returns over time compare with those of an index reflecting a broad measure of market performance and an index of funds with similar investment objectives. The Fund’s past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available on the Fund’s website at [www.lkcmfunds.com](http://www.lkcmfunds.com) or by calling the Fund toll-free at 1-800-688-LKCM.



### Calendar Year Return as of 12/31



During the period shown on the bar chart, the Fund's best and worst quarters are shown below:

#### Best and Worst Quarterly Returns

12.26%	3rd quarter, 2013
-9.86%	3rd quarter, 2015

#### Average Annual Total Returns for Periods Ended December 31, 2016

	<u>One Year</u>	<u>Five Years</u>	<u>Since Inception (May 2, 2011)</u>
Return Before Taxes	1.17%	6.90%	3.82%
Return After Taxes on Distributions	-2.50%	5.66%	2.75%
Return After Taxes on Distributions and Sale of Fund Shares	3.71%	5.42%	2.98%
Russell 2500® Index (reflects no deduction for fees, expenses or taxes)	17.59%	14.54%	10.01%
Lipper Small-Cap Core Funds Index (reflects no deduction for taxes)	22.54%	14.03%	9.59%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. In certain cases, the figure representing "Return After Taxes on Distributions and Sale of Fund Shares" may be higher than the other return figures for the same period. A higher after-tax return results when a capital loss occurs upon redemption and provides an assumed tax deduction that benefits the investor. In addition, the after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans and individual retirement accounts.

**Investment Adviser:** Luther King Capital Management Corporation.

#### Portfolio Managers:

<u>Name</u>	<u>Title</u>	<u>Experience with the Fund</u>
Steven R. Purvis, CFA	Principal, Vice President and Portfolio Manager	Since Inception in 2011
J. Luther King, Jr., CFA, CIC	Principal, President and Portfolio Manager	Since Inception in 2011
Mason D. King, CFA	Principal, Vice President, Portfolio Manager and Analyst	Since 2017

**Purchase and Sale of Fund Shares:** Investors may purchase, exchange or redeem Fund shares by mail (LKCM Funds, c/o U.S. Bancorp Fund Services, LLC, 615 East Michigan Street, 3rd Floor, Milwaukee, WI 53201-0701), or by telephone at 1-800-688-LKCM. Redemptions by telephone are only permitted upon previously receiving appropriate authorization. Transactions normally will only occur on days the New York Stock Exchange is scheduled to be open. Investors who wish to purchase or redeem Fund shares through a financial intermediary should contact the financial intermediary directly for information relative to the purchase or sale of Fund shares. The minimum initial amount of investment in the Fund and exchanges into the Fund from another fund in the LKCM Funds is \$2,000. Subsequent investments in the Fund for all types of accounts may be made with a minimum investment of \$1,000.

**Tax Information:** The Fund's distributions are taxable and will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account, in which case the withdrawal of your investment from the tax-deferred arrangement may be taxable.

**Payments to Broker-Dealers and Other Financial Intermediaries:** If you purchase Fund shares through a broker-dealer or other financial intermediary (such as a financial adviser), the Fund and its related companies may pay the intermediary for the sale of Fund shares and/or other services. If made, these payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## LKCM EQUITY FUND

### (Institutional Class)

**Investment Objective:** The Fund seeks to maximize long-term capital appreciation.

**Fees and Expenses of the Fund:** The following table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder Fees

(fees paid directly from your investment)

Redemption Fee (as a percentage of the amount redeemed on shares held for less than 30 days) 1.00%

#### Annual Fund Operating Expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees 0.70%

Distribution and Service (12b-1) Fees 0.00%

Other Expenses 0.28%

Total Annual Fund Operating Expenses 0.98%

Fee Waiver and/or Expense Reimbursement<sup>(1)</sup> -0.18%

Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement<sup>(1)</sup> 0.80%

<sup>(1)</sup> Luther King Capital Management Corporation (“Adviser”), the Fund’s investment adviser, has contractually agreed to waive all or a portion of its management fee and/or reimburse the Fund through May 1, 2018 in order to limit the Fund’s Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement to 0.80% per annum (excluding any interest, taxes, brokerage commissions, indirect fees and expenses related to investments in other investment companies, including money market funds, and extraordinary expenses). The fee waiver and expense reimbursement agreement may be terminated or changed only with the consent of the Board of Trustees.

#### Example

The following example is intended to help you compare the costs of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund’s operating expenses remain the same (except that the example reflects the fee waiver/expense reimbursement arrangement through May 1, 2018). Although your actual costs may be higher or lower, based on these assumptions, whether or not you redeem your shares, your costs would be as follows:

1 Year  
\$82

3 Years  
\$294

5 Years  
\$524

10 Years  
\$1,185

#### Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 16% of the average value of its portfolio.

**Principal Investment Strategies:** The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities. The Fund primarily invests in companies that 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 Fund may invest in equity securities of small, mid and large capitalization companies, including dividend paying securities.

The Fund seeks to invest in the equity securities of high quality companies, as determined by the Adviser, that typically exhibit certain characteristics, including high profitability levels, strong balance sheet quality, competitive advantages, ability to generate excess cash flows, meaningful management ownership stakes, attractive reinvestment opportunities and/or strong market share positions. These equity securities primarily consist of common stocks, American Depositary Receipts (“ADRs”), and real estate investment trusts (“REITs”).

**Principal Risks:** The greatest risk of investing in the Fund is that you could lose money. There is no assurance that the Fund will achieve its investment objective. An investment in the Fund also is subject to the following principal risks:

- *Dividend Paying Securities Risk* – Securities that pay high dividends as a group can fall out of favor with the market, causing these companies to underperform companies that do not pay high dividends. Also, changes in the dividend policies of companies owned by the Fund and the capital resources available for these companies’ dividend payments may reduce the level of dividend payments and adversely affect the Fund.

- *Equity Securities Risk* – The Fund invests in equity securities and therefore is subject to market risks and significant fluctuations in value. The Fund’s investments in equity securities primarily consist of ADRs, common stocks, and REITs.

*ADRs* – Investments in ADRs are subject to certain of the risks associated with investing directly in foreign securities, such as currency fluctuations, political and economic instability, capital restrictions, less government regulation, less publicly available information, less liquidity, increased price volatility, and differences in financial reporting standards. ADRs may not accurately track the prices of the underlying foreign securities and their value may change materially at times when the U.S. markets are not open for trading. Investing in such securities may expose the Fund to additional risk.

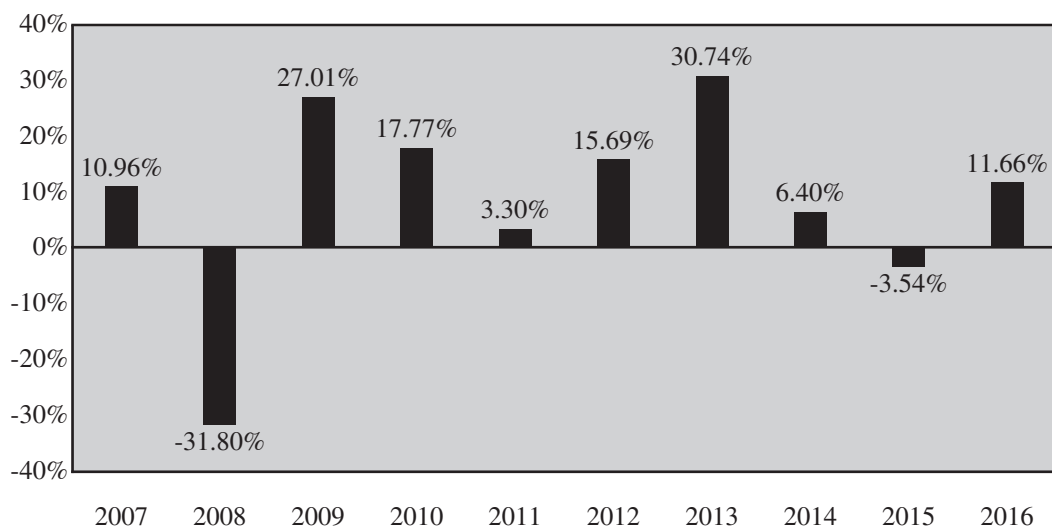
*Common Stock* – The value of an issuing company’s common stock may rise or fall as a result of factors affecting the issuing company, companies in the same industry or sector, or the financial markets overall. Common stock generally is subordinate to preferred stock upon the liquidation or bankruptcy of the issuing company.

*REITs* – Investments in REITs are subject to the risks associated with the real estate industry, adverse governmental actions, declines in property and real estate values, and the potential failure of a REIT to qualify for federal income-tax-free “pass-through” of net income and net realized gains and exemption from registration as an investment company. REITs are dependent upon specialized management skills and may invest in relatively few properties, a small geographic area or a small number of property types. As a result, investments in REITs may be volatile. REITs are pooled investment vehicles with their own fees and expenses and the Fund will indirectly bear a proportionate share of those fees and expenses when investing in REITs.

- *Inflation Risk* – Higher actual or anticipated inflation may have an adverse effect on corporate profits or consumer spending or the financial markets overall and result in lower values for securities held by the Fund.
- *Investment Risk* – An investment in the Fund is not a deposit with a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. When you sell your shares of the Fund, they could be worth less than what you paid for them. Therefore, you may lose money by investing in the Fund.
- *Large Cap Risk* – The securities of large market capitalization companies may underperform other segments of the market because such companies may be less responsive to competitive challenges and opportunities and may be unable to attain or maintain high growth rates during periods of economic expansion.
- *Market Risk* – Factors that affect markets in general, including geopolitical, regulatory, market and economic developments and other developments that impact specific economic sectors, industries and segments of the market, could adversely impact the Fund’s investments and lead to a decline in the value of your investment in the Fund. Turbulence in financial markets and reduced liquidity in credit, fixed income, or equity markets may negatively affect many issuers worldwide which could adversely affect the Fund. There is a risk that policy changes by the U.S. Government and/or Federal Reserve, such as continuing to raise interest rates, also could cause increased volatility in financial markets and higher levels of shareholder redemptions, which could have a negative impact on the Fund. Adverse market events may also lead to increased shareholder redemptions, which could cause the Fund to experience a loss or difficulty in selling investments to meet such redemptions.
- *Sector Weightings Risk* – To the extent the Fund emphasizes investments in particular sectors of the economy, the Fund will be subject to a greater degree of risks particular to those sectors. Market conditions, interest rates, and economic, regulatory or financial developments could significantly affect securities in particular sectors. Depending on the weightings of the Fund’s investment in particular sectors, the Fund may have increased exposure to price movements of securities in those sectors.
- *Security Selection Risk* – Securities held by the Fund may not perform as anticipated due to a number of factors impacting the company that issued the securities or its particular industry or sector, such as poor operating or management performance, weak demand for the company’s products or services, the company’s failure to meet earnings or other operating performance expectations, financial leverage or credit deterioration, litigation or regulatory issues, or a decline in the value of the issuer’s business and assets.
- *Small and Mid Cap Risk* – The Fund may invest in small and mid capitalization companies that may not have the size, resources and other assets of large capitalization companies. Small and mid capitalization companies may also be more sensitive to changes in interest rates, borrowing costs and earnings. As a result, the securities of small and mid capitalization companies held by the Fund may be less liquid and subject to greater market risks and fluctuations in value than large capitalization companies or may not correspond to changes in the stock market in general.

**Performance:** The bar chart and table that follow illustrate annual Fund returns for periods ended December 31. This information is intended to give you some indication of the risks of investing in the Fund by showing changes in the Fund’s performance from year to year and how the Fund’s average annual returns over time compare with those of an index reflecting a broad measure of market performance and an index of funds with similar investment objectives. The Fund’s past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available on the Fund’s website at [www.lkcmfunds.com](http://www.lkcmfunds.com) or by calling the Fund toll-free at 1-800-688-LKCM.

### Calendar Year Returns as of 12/31



During the period shown on the bar chart, the Fund's best and worst quarters are shown below:

#### Best and Worst Quarterly Returns

15.36%	2nd quarter, 2009
-20.72%	4th quarter, 2008

#### Average Annual Total Returns for Periods Ended December 31, 2016

	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Return Before Taxes	11.66%	11.63%	7.32%
Return After Taxes on Distributions	10.02%	10.76%	6.75%
Return After Taxes on Distributions and Sale of Fund Shares	7.96%	9.25%	5.92%
S&P 500® Index (reflects no deduction for fees, expenses or taxes)	11.96%	14.66%	6.95%
Lipper Large-Cap Core Funds Index (reflects no deduction for taxes)	12.28%	13.55%	6.24%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. In addition, the after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans and individual retirement accounts.

**Investment Adviser:** Luther King Capital Management Corporation.

#### Portfolio Managers:

<u>Name</u>	<u>Title</u>	<u>Experience with the Fund</u>
J. Luther King, Jr., CFA, CIC	Principal, President and Portfolio Manager	Since Inception in 1996
Scot C. Hollmann, CFA, CIC	Principal, Vice President and Portfolio Manager	Since 2010
Mason D. King, CFA	Principal, Vice President, Portfolio Manager and Analyst	Since 2010

**Purchase and Sale of Fund Shares:** Investors may purchase, exchange or redeem Fund shares by mail (LKCM Funds, c/o U.S. Bancorp Fund Services, LLC, 615 East Michigan Street, 3rd Floor, Milwaukee, WI 53201-0701), or by telephone at 1-800-688-LKCM. Redemptions by telephone are only permitted upon previously receiving appropriate authorization. Transactions normally will only occur on days the New York Stock Exchange is scheduled to be open. Investors who wish to purchase or redeem Fund shares through a financial intermediary should contact the financial intermediary directly for information relative to the purchase or sale of Fund shares. The minimum initial amount of investment in the Fund and exchanges into the Fund from another fund in the LKCM Funds is \$2,000. Subsequent investments in the Fund for all types of accounts may be made with a minimum investment of \$1,000.

**Tax Information:** The Fund's distributions are taxable and will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account, in which case the withdrawal of your investment from the tax-deferred arrangement may be taxable.

**Payments to Broker-Dealers and Other Financial Intermediaries:** If you purchase Fund shares through a broker-dealer or other financial intermediary (such as a financial adviser), the Fund and its related companies may pay the intermediary for the sale of Fund shares and/or other services. If made, these payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## LKCM BALANCED FUND

### (Institutional Class)

**Investment Objective:** The Fund seeks current income and long-term capital appreciation.

**Fees and Expenses of the Fund:** The following table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder Fees

(fees paid directly from your investment)

Redemption Fee (as a percentage of the amount redeemed on shares held for less than 30 days)	1.00%
----------------------------------------------------------------------------------------------	-------

#### Annual Fund Operating Expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.65%
-----------------	-------

Distribution and Service (12b-1) Fees	0.00%
---------------------------------------	-------

Other Expenses	0.38%
----------------	-------

Acquired Fund Fees and Expenses <sup>(1)</sup>	0.01%
------------------------------------------------	-------

Total Annual Fund Operating Expenses	1.04%
--------------------------------------	-------

Fee Waiver and/or Expense Reimbursement <sup>(2)</sup>	-0.23%
--------------------------------------------------------	--------

Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement <sup>(1)(2)</sup>	0.81%
------------------------------------------------------------------------------------------------------	-------

<sup>(1)</sup> Acquired Fund Fees and Expenses are indirect fees and expenses that funds incur from investing in the shares of other investment companies, including money market funds. The Total Annual Fund Operating Expenses and Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement for the Fund differ from the Ratio of Expenses to Average Net Assets before and after expense waiver and/or reimbursement found within the “Financial Highlights” section of the prospectus because the audited information in the “Financial Highlights” reflects the operating expenses of the Fund and does not include indirect expenses such as Acquired Fund Fees and Expenses.

<sup>(2)</sup> Luther King Capital Management Corporation (“Adviser”), the Fund’s investment adviser, has contractually agreed to waive all or a portion of its management fee and/or reimburse the Fund through May 1, 2018 in order to limit the Fund’s Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement to 0.80% per annum (excluding any interest, taxes, brokerage commissions, indirect fees and expenses relating to investments in other investment companies, including money market funds (Acquired Fund Fees and Expenses), and extraordinary expenses). The fee waiver and expense reimbursement agreement may be terminated or changed only with the consent of the Board of Trustees.

#### Example

The following example is intended to help you compare the costs of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund’s operating expenses remain the same (except that the example reflects the fee waiver/expense reimbursement arrangement through May 1, 2018). Although your actual costs may be higher or lower, based on these assumptions, whether or not you redeem your shares, your costs would be as follows:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$83	\$308	\$552	\$1,250

#### Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 16% of the average value of its portfolio.

**Principal Investment Strategies:** The Fund seeks to achieve its investment objective by investing primarily in a portfolio of equity and fixed income securities. The Fund may invest in securities of small, mid and large capitalization companies, including dividend paying securities. The Fund seeks to invest in the equity securities of high quality companies, as determined by the Adviser, that typically exhibit certain characteristics, including high profitability levels, strong balance sheet quality, competitive advantages, ability to generate excess cash flows, meaningful management ownership stakes, attractive reinvestment opportunities, strong market share positions, and/or attractive relative valuation. These equity securities primarily consist of common stocks, American Depositary Receipts (“ADRs”), and real estate investment trusts (“REITs”). The Fund does not presently intend to invest more than 20% of its total assets in equity securities that do not pay dividends.

The Fund’s investments in fixed income securities consist primarily of investment grade corporate fixed income securities and fixed income securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities. The Fund typically invests in fixed income securities with short- to intermediate-term maturities from one to ten years. Under normal circumstances, 25% or more of the Fund’s total assets consist of fixed income securities. Investment grade debt securities are considered to be those rated within the four highest rating categories by a nationally recognized statistical rating organization, such as Moody’s Investors Service, Inc., Fitch Ratings Inc. or Standard & Poor’s Ratings Services, or of equivalent quality as determined by the Adviser.

In determining whether or not to invest in a particular debt security, the Adviser considers factors such as the price, coupon, yield to maturity, the credit quality of the issuer, the issuer's cash flow and related coverage ratios, the property, if any, securing the obligation and the terms of the security, including subordination, default, sinking fund and early redemption provisions. If securities held by the Fund are downgraded below investment grade, the Adviser will consider whether to continue to hold the securities.

**Principal Risks:** The greatest risk of investing in the Fund is that you could lose money. There is no assurance that the Fund will achieve its investment objective. An investment in the Fund also is subject to the following principal risks:

- *Call Risk* – During periods of falling interest rates, an issuer of a callable bond held by the Fund may “call” or repay the security before its stated maturity, and the Fund may have to reinvest the proceeds at lower interest rates, resulting in a decline in the Fund's income.
- *Credit Risk* – If the Fund holds fixed income securities of a company that experiences financial problems, the securities will likely decline in value or the company may fail to make timely payments of interest or principal on the securities. A decline in the credit rating of an individual security held by the Fund may have an adverse impact on its price. Rating agencies might not always change their credit rating on an issuer or security in a timely manner to reflect events that could affect the issuer's ability to make timely payments on its obligations.
- *Dividend Paying Securities Risk* – Securities that pay high dividends as a group can fall out of favor with the market, causing these companies to underperform companies that do not pay high dividends. Also, changes in the dividend policies of companies owned by the Fund and the capital resources available for these companies' dividend payments may reduce the level of dividend payments and adversely affect the Fund.
- *Equity Securities Risk* – The Fund invests in equity securities and therefore is subject to market risks and significant fluctuations in value. The Fund's investments in equity securities primarily consist of ADRs, common stocks, and REITs.

*ADRs* – Investments in ADRs are subject to certain of the risks associated with investing directly in foreign securities, such as currency fluctuations, political and economic instability, capital restrictions, less government regulation, less publicly available information, less liquidity, increased price volatility, and differences in financial reporting standards. ADRs may not accurately track the prices of the underlying foreign securities and their value may change materially at times when the U.S. markets are not open for trading. Investing in such securities may expose the Fund to additional risk.

*Common Stock* – The value of an issuing company's common stock may rise or fall as a result of factors affecting the issuing company, companies in the same industry or sector, or the financial markets overall. Common stock generally is subordinate to preferred stock upon the liquidation or bankruptcy of the issuing company.

*REITs* – Investments in REITs are subject to the risks associated with the real estate industry, adverse governmental actions, declines in property and real estate values, and the potential failure of a REIT to qualify for federal income-tax-free “pass-through” of net income and net realized gains and exemption from registration as an investment company. REITs are dependent upon specialized management skills and may invest in relatively few properties, a small geographic area or a small number of property types. As a result, investments in REITs may be volatile. REITs are pooled investment vehicles with their own fees and expenses and the Fund will indirectly bear a proportionate share of those fees and expenses when investing in REITs.

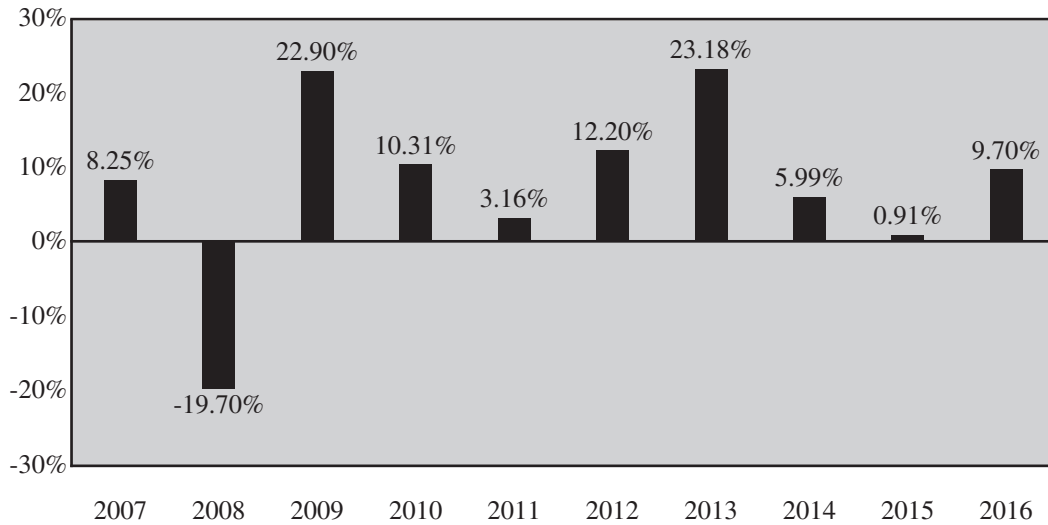
- *Fixed Income Securities Risk* – The Fund invests in fixed income securities and is therefore subject to the risk that the prices of, and the income generated by, fixed income securities held by a Fund may decline significantly and/or rapidly in response to adverse issuer, geopolitical, regulatory, general economic and market conditions, or other developments, such as regional or global economic instability (including terrorism and related geopolitical risks), interest rate fluctuations, and those events directly involving the issuers that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment.
- *Inflation Risk* – Higher actual or anticipated inflation may have an adverse effect on corporate profits or consumer spending or the financial markets overall and result in lower values for securities held by the Fund.
- *Interest Rate Risk* – Market values of fixed income securities generally are inversely related to actual changes in interest rates, and the Fund's fixed income securities holdings and net asset value may decline if interest rates rise. Interest rates recently have increased and may continue to increase, perhaps significantly or rapidly, which could result in significant losses to the Fund. A bond's market value is affected significantly by changes in interest rates – generally, when interest rates rise, the bond's market value declines and when interest rates decline, its market value rises. Generally, a bond with a longer maturity and duration will entail greater interest rate risk but have a higher yield. Conversely, a bond with a shorter maturity and duration will generally entail less interest rate risk but have a lower yield. A bond's value may also be affected by changes in its credit rating or the issuer's financial condition.

- *Investment Risk* – An investment in the Fund is not a deposit with a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. When you sell your shares of the Fund, they could be worth less than what you paid for them. Therefore, you may lose money by investing in the Fund.
- *Large Cap Risk* – The securities of large market capitalization companies may underperform other segments of the market because such companies may be less responsive to competitive challenges and opportunities and may be unable to attain or maintain high growth rates during periods of economic expansion.
- *Liquidity Risk* – The Fund is susceptible to the risk that certain investments held by the Fund may have limited marketability, and may be difficult to sell at favorable times or prices. The Fund could lose money if it is unable to dispose of an investment at a time that is most beneficial to the Fund.
- *Market Risk* – Factors that affect markets in general, including geopolitical, regulatory, market and economic developments and other developments that impact specific economic sectors, industries and segments of the market, could adversely impact the Fund's investments and lead to a decline in the value of your investment in the Fund. Turbulence in financial markets and reduced liquidity in credit, fixed income, or equity markets may negatively affect many issuers worldwide which could adversely affect the Fund. There is a risk that policy changes by the U.S. Government and/or Federal Reserve, such as continuing to raise interest rates, also could cause increased volatility in financial markets and higher levels of shareholder redemptions, which could have a negative impact on the Fund. Adverse market events may also lead to increased shareholder redemptions, which could cause the Fund to experience a loss or difficulty in selling investments to meet such redemptions.
- *Sector Weighting Risk* – To the extent the Fund emphasizes investments in particular sectors of the economy, the Fund will be subject to a greater degree of risks particular to those sectors. Market conditions, interest rates, and economic, regulatory or financial developments could significantly affect securities in particular sectors. Depending on the weightings of the Fund's investment in particular sectors, the Fund may have increased exposure to price movements of securities in those sectors.
- *Security Selection Risk* – Securities held by the Fund may not perform as anticipated due to a number of factors impacting the company that issued the securities or its particular industry, such as poor operating or management performance, weak demand for the company's products or services, the company's failure to meet earnings or other operating performance expectations, financial leverage or credit deterioration, litigation or regulatory issues, or a decline in the value of the issuer's business and assets.
- *Small and Mid Cap Risk* – The Fund may invest in small and mid capitalization companies that may not have the size, resources and other assets of large capitalization companies. Small and mid capitalization companies may also be more sensitive to changes in interest rates, borrowing costs and earnings. As a result, the securities of small and mid capitalization companies held by the Fund may be less liquid and subject to greater market risks and fluctuations in value than large capitalization companies or may not correspond to changes in the stock market in general.
- *U.S. Government Securities Risk* – The securities of U.S. Government agencies and instrumentalities in which the Fund may invest may not be backed by the full faith and credit of the U.S. Government. Even a security backed by the U.S. Treasury or the full faith and credit of the United States is guaranteed only by the applicable entity as to the timely payment of interest and principal when held to maturity. Like all fixed income securities, U.S. Government fixed income securities are also subject to credit risk and interest rate risk.

**Performance:** The bar chart and table that follow illustrate annual Fund returns for periods ended December 31. This information is intended to give you some indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and how the Fund's average annual returns over time compare with those of an index reflecting a broad measure of market performance, an index that tracks the performance of fixed income securities, and an index of funds with similar investment objectives. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available on the Fund's website at [www.lkcmfunds.com](http://www.lkcmfunds.com) or by calling the Fund toll-free at 1-800-688-LKCM.



**Calendar Year Returns as of 12/31**



During the period shown on the bar chart, the Fund's best and worst quarters are shown below:

**Best and Worst Quarterly Returns**

11.66%      3rd quarter, 2009  
 -10.13%      4th quarter, 2008

**Average Annual Total Returns for Periods Ended December 31, 2016**

	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Return Before Taxes	9.70%	10.15%	7.02%
Return After Taxes on Distributions	8.43%	9.44%	6.45%
Return After Taxes on Distributions and Sale of Fund Shares	6.52%	8.03%	5.62%
S&P 500® Index (reflects no deduction for fees, expenses or taxes)	11.96%	14.66%	6.95%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index (reflects no deduction for fees, expenses or taxes)	2.08%	1.85%	3.84%
Lipper Mixed-Asset Target Allocation Growth Funds Index (reflects no deduction for taxes)	7.54%	9.38%	5.28%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. In addition, the after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans and individual retirement accounts.

**Investment Adviser:** Luther King Capital Management Corporation.

**Portfolio Managers:**

<u>Name</u>	<u>Title</u>	<u>Experience with the Fund</u>
Scot C. Hollmann, CFA, CIC	Principal, Vice President and Portfolio Manager	Since Inception in 1997
J. Luther King, Jr., CFA, CIC	Principal, President and Portfolio Manager	Since Inception in 1997
Mark L. Johnson, CFA, CIC	Principal, Vice President and Portfolio Manager	Since 2010

**Purchase and Sale of Fund Shares:** Investors may purchase, exchange or redeem Fund shares by mail (LKCM Funds, c/o U.S. Bancorp Fund Services, LLC, 615 East Michigan Street, 3rd Floor, Milwaukee, WI 53201-0701), or by telephone at 1-800-688-LKCM. Redemptions by telephone are only permitted upon previously receiving appropriate authorization. Transactions normally will only occur on days the New York Stock Exchange is scheduled to be open. Investors who wish to purchase or redeem Fund shares through a financial intermediary should contact the financial intermediary directly for information relative to the purchase or sale of Fund shares. The minimum initial amount of investment in the Fund and exchanges into the Fund from another fund in the LKCM Funds is \$2,000. Subsequent investments in the Fund for all types of accounts may be made with a minimum investment of \$1,000.

**Tax Information:** The Fund's distributions are taxable and will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account, in which case the withdrawal of your investment from the tax-deferred arrangement may be taxable.

**Payments to Broker-Dealers and Other Financial Intermediaries:** If you purchase Fund shares through a broker-dealer or other financial intermediary (such as a financial adviser), the Fund and its related companies may pay the intermediary for the sale of Fund shares and/or other services. If made, these payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## LKCM FIXED INCOME FUND

### (Institutional Class)

**Investment Objective:** The Fund seeks current income.

**Fees and Expenses of the Fund:** The following table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder Fees

(fees paid directly from your investment)

Redemption Fee (as a percentage of the amount redeemed on shares held for less than 30 days)	1.00%
----------------------------------------------------------------------------------------------	-------

#### Annual Fund Operating Expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.50%
-----------------	-------

Distribution and Service (12b-1) Fees	0.00%
---------------------------------------	-------

Other Expenses	0.28%
----------------	-------

Acquired Fund Fees and Expenses <sup>(1)</sup>	0.01%
------------------------------------------------	-------

Total Annual Fund Operating Expenses	0.79%
--------------------------------------	-------

Fee Waiver and/or Expense Reimbursement <sup>(2)</sup>	-0.28%
--------------------------------------------------------	--------

Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement <sup>(1)(2)</sup>	0.51%
------------------------------------------------------------------------------------------------------	-------

<sup>(1)</sup> Acquired Fund Fees and Expenses are indirect fees and expenses that funds incur from investing in the shares of other investment companies, including money market funds. The Total Annual Fund Operating Expenses and Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement for the Fund differ from the Ratio of Expenses to Average Net Assets before and after expense waiver and/or reimbursement found within the “Financial Highlights” section of the prospectus because the audited information in the “Financial Highlights” reflects the operating expenses of the Fund and does not include indirect expenses such as Acquired Fund Fees and Expenses.

<sup>(2)</sup> Luther King Capital Management Corporation (“Adviser”), the Fund’s investment adviser, has contractually agreed to waive all or a portion of its management fee and/or reimburse the Fund through May 1, 2018 in order to limit the Fund’s Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement to 0.50% per annum (excluding any interest, taxes, brokerage commissions, indirect fees and expenses relating to investments in other investment companies, including money market funds (Acquired Fund Fees and Expenses), and extraordinary expenses). The fee waiver and expense reimbursement agreement may be terminated or changed only with the consent of the Board of Trustees.

#### Example

The following example is intended to help you compare the costs of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund’s operating expenses remain the same (except that the example reflects the fee waiver/expense reimbursement arrangement through May 1, 2018). Although your actual costs may be higher or lower, based on these assumptions, whether or not you redeem your shares, your costs would be as follows:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$52	\$224	\$411	\$952

#### Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 59% of the average value of its portfolio.

**Principal Investment Strategies:** The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in a portfolio of investment grade corporate and U.S. Government fixed income securities. The Fund’s investments in fixed income securities consist primarily of investment grade corporate fixed income securities and fixed income securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities. The Fund typically invests in fixed income securities with short- to intermediate-term maturities from one to ten years. Investment grade debt securities are considered to be those rated within the four highest rating categories assigned by a nationally recognized statistical rating organization, such as Moody’s Investors Services, Inc., Fitch Ratings Inc., or Standard & Poor’s Ratings Services, or of equivalent quality as determined by the Adviser.

The Fund seeks to maintain an average effective maturity of its portfolio between three and ten years under normal market and economic conditions. The effective maturity of securities with sinking fund or other early redemption features will be estimated by the Adviser, based upon prevailing interest rate trends and the issuer’s financial position. The average effective maturity of the Fund’s portfolio may be less than three years if the Adviser believes a defensive posture is appropriate.

The Fund may invest in all types of domestic or U.S. dollar-denominated foreign fixed income securities in any proportion, including bonds, notes, convertible bonds, mortgage pass-through securities, government and government agency securities, variable and

floating rate bonds, preferred stock and short-term obligations such as commercial paper and notes, and other financial obligations. In determining whether or not to invest in a particular debt security, the Adviser considers factors such as the price, coupon, yield to maturity, the credit quality of the issuer, the issuer's cash flow and related coverage ratios, the property, if any, securing the obligation and the terms of the security, including subordination, default, sinking fund and early redemption provisions. If securities held by the Fund are downgraded below investment grade, the Adviser will consider whether to continue to hold the securities.

**Principal Risks:** The greatest risk of investing in the Fund is that you could lose money. There is no assurance that the Fund will achieve its investment objective. An investment in the Fund also is subject to the following principal risks:

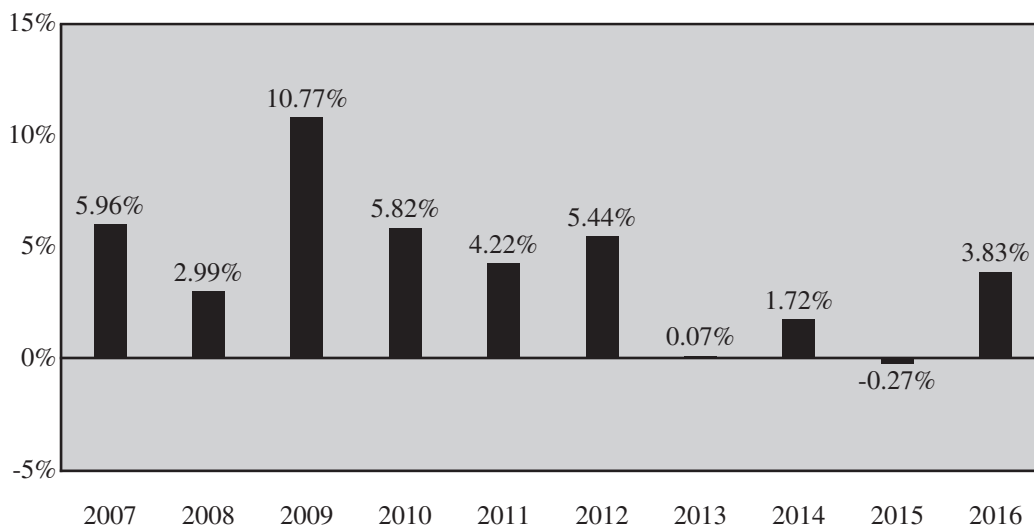
- *Call Risk* – During periods of falling interest rates, an issuer of a callable bond held by the Fund may “call” or repay the security before its stated maturity, and the Fund may have to reinvest the proceeds at lower interest rates, resulting in a decline in the Fund’s income.
- *Credit Risk* – If the Fund holds fixed income securities of a company that experiences financial problems, the securities will likely decline in value or the company may fail to make timely payments of interest or principal on the securities. A decline in the credit rating of an individual security held by the Fund may have an adverse impact on its price. Rating agencies might not always change their credit rating on an issuer or security in a timely manner to reflect events that could affect the issuer’s ability to make timely payments on its obligations.
- *Fixed Income Securities Risk* – The Fund invests in fixed income securities and is therefore subject to the risk that the prices of, and the income generated by, fixed income securities held by a Fund may decline significantly and/or rapidly in response to adverse issuer, geopolitical, regulatory, general economic and market conditions, or other developments, such as regional or global economic instability (including terrorism and related geopolitical risks), interest rate fluctuations, and those events directly involving the issuers that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment.
- *Foreign Securities Risk* – Non-U.S. investments carry potential risks not associated with U.S. investments. Such risks include, but are not limited to, currency fluctuations, political and economic stability, less government regulation, less publicly available information, less liquidity, increased price volatility, and transaction settlement delays.
- *Government-Sponsored Enterprises Risk* – Securities held by the Fund that are issued by government-sponsored enterprises, such as the Federal Home Loan Bank, Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, Federal Farm Credit Banks, and the Tennessee Valley Authority are not guaranteed by the U.S. Treasury and are not backed by the full faith and credit of the U.S. Government. There is no assurance that the U.S. Government will provide financial support if these organizations do not have the funds to meet future payment obligations. They are also subject to market risk, credit risk and interest rate risk. In addition, mortgage pass-through securities issued by government-sponsored enterprises are subject to prepayment risk and extension risk, discussed below.
- *Inflation Risk* – Higher actual or anticipated inflation may have an adverse effect on corporate profits or consumer spending or the financial markets overall and result in lower values for securities held by the Fund.
- *Interest Rate Risk* – Market values of fixed income securities generally are inversely related to actual changes in interest rates, and the Fund’s fixed income securities holdings and net asset value may decline if interest rates rise. Interest rates recently have increased and may continue to increase, perhaps significantly or rapidly, which could result in significant losses to the Fund. A bond’s market value is affected significantly by changes in interest rates – generally, when interest rates rise, the bond’s market value declines and when interest rates decline, its market value rises. Generally, a bond with a longer maturity or duration will entail greater interest rate risk but have a higher yield. Conversely, a bond with a shorter maturity or duration will entail less interest rate risk but have a lower yield. A bond’s value may also be affected by changes in its credit quality rating or the issuer’s financial condition.
- *Liquidity Risk* – The Fund is susceptible to the risk that certain investments held by the Fund may have limited marketability, and may be difficult to sell at favorable times or prices. The Fund could lose money if it is unable to dispose of an investment at a time that is most beneficial to the Fund.
- *Market Risk* – Factors that affect markets in general, including geopolitical, regulatory, market and economic developments and other developments that impact specific economic sectors, industries and segments of the market, could adversely impact the Fund’s investments and lead to a decline in the value of your investment in the Fund. Turbulence in financial markets and reduced liquidity in credit, fixed income, or equity markets may negatively affect many issuers worldwide which could adversely affect the Fund. There is a risk that policy changes by the U.S. Government and/or Federal Reserve, such as continuing to raise interest rates, also could cause increased volatility in financial markets and higher levels of shareholder redemptions, which could have a negative impact on the Fund. Adverse market events may also lead to increased shareholder redemptions, which could cause the Fund to experience a loss or difficulty in selling investments to meet such redemptions.
- *Mortgage Pass-Through Securities* – Investments in mortgage pass-through securities, including pass-through securities issued by a U.S. Government sponsored enterprise, are subject to fixed income securities risks which include, but are not limited to,

interest rate risk and credit risk. Mortgage pass-through securities are also subject to prepayment risk, which is the risk that borrowers will prepay their mortgages and cause a decline in the Fund's income and share price, and extension risk. Extension risk is the risk that mortgage payments will decline during times of rising interest rates and extend the duration of these securities, making them more sensitive to interest rate changes.

- *Sector Weighting Risk* – To the extent the Fund emphasizes investments in particular sectors of the economy, the Fund will be subject to a greater degree of risks particular to those sectors. Market conditions, interest rates, and economic, regulatory or financial developments could significantly affect securities in particular sectors. Depending on the weightings of the Fund's investment in particular sectors, the Fund may have increased exposure to price movements of securities in those sectors.
- *Security Selection Risk* – Securities held by the Fund may not perform as anticipated due to a number of factors impacting the company that issued the securities or its particular industry or sector, such as poor operating or management performance, weak demand for the company's products or services, the company's failure to meet earnings or other operating performance expectations, financial leverage or credit deterioration, litigation or regulatory issues, or a decline in the issuer's business and assets.
- *U.S. Government Securities Risk* – A security backed by the U.S. Treasury or the full faith and credit of the United States is guaranteed only by the applicable entity as to the timely payment of interest and principal when held to maturity. Notwithstanding that these securities are backed by the full faith and credit of the United States, circumstances could arise that would prevent the payment of interest or principal. Like all fixed income securities, U.S. Government fixed income securities are also subject to market risk, credit risk and interest rate risk.
- *Variable and Floating Rate Bond Risk* – The interest rates payable on variable and floating rate bonds are not fixed and may fluctuate based upon changes in market rates. A variable rate obligation has an interest rate which is adjusted at predesignated periods in response to changes in the market rate of interest on which the interest rate is based. The interest rate on a floating rate bond is a variable rate which is tied to another interest rate, such as a money-market index or Treasury bill rate. Variable and floating rate bonds are subject to market risk, interest rate risk and credit risk.

**Performance:** The bar chart and table that follow illustrate annual Fund returns for periods ended December 31. This information is intended to give you some indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and how the Fund's average annual returns over time compare with an index that tracks the performance of fixed income securities and an index of funds with similar investment objectives. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available on the Fund's website at [www.lkcmfunds.com](http://www.lkcmfunds.com) or by calling the Fund toll-free at 1-800-688-LKCM.

**Calendar Year Returns as of 12/31**



During the period shown on the bar chart, the Fund's best and worst quarters are shown below:

**Best and Worst Quarterly Returns**

4.03%	3rd quarter, 2009
-1.41%	2nd quarter, 2013

**Average Annual Total Returns for Periods Ended December 31, 2016**

	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Return Before Taxes	3.83%	2.13%	4.01%
Return After Taxes on Distributions	2.87%	1.06%	2.74%
Return After Taxes on Distributions and Sale of Fund Shares	2.17%	1.22%	2.65%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index (reflects no deduction for fees, expenses or taxes)	2.08%	1.85%	3.84%
Lipper Short Intermediate Investment-Grade Debt Funds Index (reflects no deduction for taxes)	2.83%	1.98%	3.38%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. In certain cases, the figure representing “Return After Taxes on Distributions and Sale of Fund Shares” may be higher than the other return figures for the same period. A higher after-tax return results when a capital loss occurs upon redemption and provides an assumed tax deduction that benefits the investor. In addition, the after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans and individual retirement accounts.

**Investment Adviser:** Luther King Capital Management Corporation.

**Portfolio Managers:**

<u>Name</u>	<u>Title</u>	<u>Experience with the Fund</u>
Joan M. Maynard	Principal, Vice President and Portfolio Manager	Since Inception in 1997
Scot C. Hollmann, CFA, CIC	Principal, Vice President and Portfolio Manager	Since 2010
Mark L. Johnson, CFA, CIC	Principal, Vice President and Portfolio Manager	Since 2010

**Purchase and Sale of Fund Shares:** Investors may purchase, exchange or redeem Fund shares by mail (LKCM Funds, c/o U.S. Bancorp Fund Services, LLC, 615 East Michigan Street, 3rd Floor, Milwaukee, WI 53201-0701), or by telephone at 1-800-688-LKCM. Redemptions by telephone are only permitted upon previously receiving appropriate authorization. Transactions normally will only occur on days the New York Stock Exchange is scheduled to be open. Investors who wish to purchase or redeem Fund shares through a financial intermediary should contact the financial intermediary directly for information relative to the purchase or sale of Fund shares. The minimum initial amount of investment in the Fund and exchanges into the Fund from another fund in the LKCM Funds is \$2,000. Subsequent investments in the Fund for all types of accounts may be made with a minimum investment of \$1,000.

**Tax Information:** The Fund’s distributions are taxable and will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account, in which case the withdrawal of your investment from the tax-deferred arrangement may be taxable.

**Payments to Broker-Dealers and Other Financial Intermediaries:** If you purchase Fund shares through a broker-dealer or other financial intermediary (such as a financial adviser), the Fund and its related companies may pay the intermediary for the sale of Fund shares and/or other services. If made, these payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary’s website for more information.

**ADDITIONAL INFORMATION REGARDING THE INVESTMENT OBJECTIVES  
AND PRINCIPAL INVESTMENT STRATEGIES OF THE FUNDS**

**Small Cap Equity Fund** The Fund seeks to maximize long-term capital appreciation.

The Fund seeks to achieve its investment objective by primarily choosing investments that Luther King Capital Management Corporation (“Adviser”) believes are likely to have above-average growth in revenue and/or earnings and potential for above-average capital appreciation. The Fund invests under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of smaller companies. Smaller companies are those with market capitalizations at the time of investment between \$600 million and \$4.5 billion. The Fund is not required to sell equity securities whose market values appreciate or depreciate outside this market capitalization range. The equity securities in which the Fund invests primarily consist of common stocks, American Depositary Receipts (“ADRs”), and real estate investment trusts (“REITs”).

The Adviser’s primary strategy in managing the Fund is to identify high quality companies, as determined by the Adviser, that typically exhibit certain characteristics, including high profitability levels, strong balance sheet quality, competitive advantages, ability to generate excess cash flows, meaningful management ownership stakes, attractive reinvestment opportunities, strong market share positions, and/or attractive relative valuation.

**Small-Mid Cap  
Equity Fund**

The Fund seeks to maximize long-term capital appreciation.

The Fund seeks to achieve its investment objective by primarily choosing investments that the Adviser believes are likely to have above-average growth in revenue and/or earnings and potential for above-average capital appreciation. The Fund invests under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of small-mid capitalization companies. Small-mid capitalization companies are those with market capitalizations at the time of investment between \$1.25 billion and \$10 billion. The Fund is not required to sell equity securities whose market values appreciate or depreciate outside this market capitalization range. The equity securities in which the Fund invests primarily consist of common stocks, ADRs, and REITs.

The Adviser’s primary strategy in managing the Fund is to identify high quality companies, as determined by the Adviser, that typically exhibit certain characteristics, including high profitability levels, strong balance sheet quality, competitive advantages, ability to generate excess cash flows, meaningful management ownership stakes, attractive reinvestment opportunities, strong market share positions, and/or attractive relative valuation.

**Equity Fund**

The Fund seeks to maximize long-term capital appreciation.

The Fund seeks to achieve its investment objective by primarily choosing investments that 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 Fund invests under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities. These equity securities in which the Fund invests primarily consist of common stocks, ADRs, and REITs. The Fund may invest in equity securities of small, mid and large capitalization companies, including dividend paying securities.

The Adviser’s primary strategy in managing the Fund is to identify high quality companies, as determined by the Adviser, that typically exhibit certain characteristics, including high profitability levels, strong balance sheet quality, competitive advantages, ability to generate excess cash flows, meaningful management ownership stakes, attractive reinvestment opportunities and/or strong market share positions.

**Balanced Fund**

The Fund seeks current income and long-term capital appreciation.

The Fund seeks to achieve its investment objective by investing primarily in a portfolio of equity and fixed income securities. The Fund’s investments in equity securities primarily consist of common stocks, ADRs, and REITs. Under normal circumstances, 25% or more of the Fund’s total assets will consist of fixed income securities. The Fund’s investments in fixed income securities will consist primarily of investment grade corporate fixed income securities and fixed income securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities. The Fund typically invests in fixed income securities with short- to intermediate-term maturities from one to ten years. Investment grade securities are considered to be those rated within the four highest rating categories by a nationally recognized statistical ratings organization, such as Moody’s Investors Service, Inc., Fitch Ratings Inc. or Standard & Poor’s Rating Services, or of equivalent quality as determined by the Adviser. The Fund does not presently intend to invest more than 20% of its total assets in equity securities that do not pay dividends.

The Adviser's primary strategy in managing the Fund's equity investments is to identify high quality companies, as determined by the Adviser, that typically exhibit certain characteristics, including high profitability levels, strong balance sheet quality, competitive advantages, ability to generate excess cash flows, meaningful management ownership stakes, attractive reinvestment opportunities, strong market share positions, and/or attractive relative valuation. The Fund may invest in securities of small, mid and large capitalization companies, including dividend paying securities.

The Adviser's primary strategy in managing the Fund's fixed income investments is to select debt securities based on factors such as price coupon, yield to maturity, the credit quality of the issuer, the issuer's cash flow and related coverage ratios, the property, if any, securing the obligation and the terms of the security, including subordination, default, sinking fund and early redemption provisions. If securities held by the Fund are downgraded below investment grade, the Adviser will consider whether or not to continue to hold such securities.

#### **Fixed Income Fund**

The Fund seeks current income.

The Fund invests 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 Fund's investments in fixed income securities consist primarily of investment grade corporate fixed income securities and fixed income securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities. The Fund typically invests in fixed income securities with short- to intermediate-term maturities from one to ten years. Investment grade securities are considered to be those rated within the four highest rating categories by a nationally recognized statistical ratings organization, such as Moody's Investors Service, Inc., Fitch Ratings Inc. or Standard & Poor's Rating Services, or of equivalent quality as determined by the Adviser. The Fund may invest in all types of domestic or U.S. dollar-denominated foreign fixed income securities in any proportion, including bonds, notes, convertible bonds, mortgage pass-through securities, government and government agency securities, variable and floating rate bonds, preferred stock and short-term obligations such as commercial paper and notes, bank deposits and other financial obligations.

The Fund seeks to maintain an average effective maturity of its portfolio between three and ten years under normal market and economic conditions. The effective maturity of securities with sinking fund or other early redemption features will be estimated by the Adviser, based upon prevailing interest rate trends and the issuer's financial position. The average effective maturity of the Fund's portfolio may be less than three years if the Adviser believes a defensive posture is appropriate.

The Adviser's primary strategy in managing the Fund is to select debt securities based on factors such as price coupon, yield to maturity, the credit quality of the issuer, the issuer's cash flow and related coverage ratios, the property, if any, securing the obligation and the terms of the security, including subordination, default, sinking fund and early redemption provisions. If securities held by the Fund are downgraded below investment grade, the Adviser will consider whether or not to continue to hold such securities.

Each Fund (except for the Balanced Fund, which does not have an 80% investment policy) has adopted a non-fundamental policy to notify its shareholders at least 60 days before it changes its 80% investment policy as described above. Each Fund's investment objective is non-fundamental, which means that it may be changed by action of the Board of Trustees of the Trust without shareholder approval.

#### **DISCUSSION OF INVESTMENT APPROACH**

##### **Small Cap Equity, Small-Mid Cap Equity, Equity, and Balanced Funds**

The Adviser follows an equity investment approach grounded in the fundamental analysis of individual companies. The Adviser seeks to identify high quality companies, as determined by the Adviser, based on various quantitative and qualitative financial and fundamental criteria. Companies meeting these criteria will typically exhibit a number of the following characteristics:

- High profitability levels;
- Strong balance sheet quality;
- Competitive advantages;
- Strong market share positions;
- Attractive reinvestment opportunities;
- Ability to generate excess cash flow after capital expenditures;
- Management with a meaningful ownership stake in the company; and/or
- Attractive relative valuation.

##### **Balanced and Fixed Income Funds**

The Adviser's fixed income investment approach concentrates primarily on investment grade corporate fixed income securities and fixed income securities issued or guaranteed by the U.S. Government, its



agencies or instrumentalities with short- to intermediate-term maturities from one to ten years. The Adviser's security selection process is heavily credit-driven and focuses on the issuer's earnings and cash flow trends, its competitive positioning, and the dynamics of its industry. The Adviser's fixed income philosophy typically combines noncallable bonds for their offensive characteristics with callable bonds for their defensive characteristics in an attempt to enhance returns while controlling the level of risk.

The Adviser's fixed income approach also seeks to identify securities with a combination of attractive coupons and various early redemption features. These defensive issues can offer higher levels of current income with relatively limited price volatility due to the possibility that they will be retired by the issuer much sooner than the final maturity. Callable bonds are typically used as alternatives to traditional short-term noncallable securities. Maturity decisions are primarily a function of the Adviser's macroeconomic analysis and are typically implemented utilizing short to intermediate maturity, noncallable securities. Finally, the credit analysis performed by the Adviser on individual companies, as well as industries, is enhanced by the Adviser's experience in the equity markets and the quantitative and qualitative financial and fundamental criteria incorporated into the Adviser's equity investment approach. The analytical effort typically concentrates on market leading, profitable, well-financed debt issuers.

To respond to adverse market, economic, political or other conditions, each Fund may adopt a temporary defensive position, during which the Fund may invest in cash, time deposits, commercial paper, certificates of deposits, short term corporate and government obligations, repurchase agreements and bankers' acceptances. To the extent that a Fund engages in a temporary, defensive strategy, the Fund may not achieve its investment objective. A defensive position, taken at the wrong time, may have an adverse impact on a Fund's performance.

#### ADDITIONAL INFORMATION REGARDING THE PRINCIPAL RISKS OF INVESTING IN THE FUNDS

An investment in any of the Funds entails risks. You should be aware that you may lose money by investing in the Funds, and the Funds' performance could trail that of other investment alternatives. There is no assurance that a Fund will meet its investment objectives. The table below provides additional principal risks of investing in the Funds. Following the table, each risk is explained.

	<u>Small Cap Equity Fund</u>	<u>Small-Mid Cap Equity Fund</u>	<u>Equity Fund</u>	<u>Balanced Fund</u>	<u>Fixed Income Fund</u>
<b>Call Risk</b>				X	X
<b>Credit Risk</b>				X	X
<b>Dividend Paying Securities Risk</b>			X	X	
<b>Equity Securities Risk</b>	X	X	X	X	
<b>Fixed Income Securities Risk</b>				X	X
<b>Foreign Securities Risk</b>					X
<b>Government Sponsored Enterprises Risk</b>					X
<b>Inflation Risk</b>	X	X	X	X	X
<b>Interest Rate Risk</b>				X	X
<b>Investment Risk</b>	X	X	X	X	X
<b>Large Cap Risk</b>			X	X	
<b>Liquidity Risk</b>				X	X
<b>Market Risk</b>	X	X	X	X	X
<b>Mid Cap Risk</b>		X	X	X	
<b>Mortgage Pass-Through Securities</b>					X
<b>Sector Weighting Risk</b>	X	X	X	X	X
<b>Security Selection Risk</b>	X	X	X	X	X
<b>Small Cap Risk</b>	X	X	X	X	
<b>U.S. Government Securities Risk</b>				X	X
<b>Variable and Floating Rate Securities Risk</b>					X

**Call Risk:** During periods of falling interest rates, an issuer of a callable bond held by a Fund may "call" or repay the security before its stated maturity. A Fund would then lose any price appreciation above the bond's call price, and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Fund's income.

**Credit Risk:** Credit risk is the risk that the issuer of a security might not make interest and principal payments on the security as they become due. If an issuer fails to pay interest, a Fund's income might be reduced, and if an issuer fails to repay principal, the value of the security might fall and a Fund could lose the amount of its investment in the security. The extent of this risk varies based on the terms of the particular security and the financial condition of the issuer. A downgrade in an issuer's credit rating or other adverse news about an issuer can reduce the market value of that issuer's securities. Ratings agencies may not be correct in assessing the quality of a fixed income security and may not change their credit ratings in a timely manner to reflect events that could affect an issuer's ability to make timely payments on its obligations.

***Dividend Paying Securities Risk:***

Securities that pay high dividends as a group can fall out of favor with the market, causing these companies to underperform companies that do not pay high dividends. An issuer of stock held by a Fund may choose not to declare a dividend or the dividend rate might not remain at current levels. Changes in the dividend policies of companies owned by a Fund and the capital resources available for these companies' dividend payments may reduce the level of dividend payments and adversely affect the Fund. Dividend paying stocks also may not experience the same level of earnings growth or capital appreciation as non-dividend paying stocks.

***Equity Securities Risk:***

Funds that invest in equity securities are subject to market risks and significant fluctuations in price. A Fund's investments in equity securities primarily consist of ADRs, common stocks, and REITs. Investing in such securities may expose the Funds to additional risks.

- **ADRs.** ADRs are receipts issued by domestic banks or trust companies that represent the deposit of a security of a foreign issuer and are publicly traded in the United States. Investments in ADRs are subject to certain of the risks associated with investing directly in foreign securities, including, but not limited to, currency fluctuations, capital restrictions, less liquidity, increased price volatility, and political, economic and financial instability in the home country of an issuer of the underlying ADR. In addition, foreign companies may use different accounting and financial standards. Such events could negatively affect the value of a Fund's shares. The securities underlying ADRs trade on foreign exchanges at times when the U.S. markets are not open for trading. As a result, the value of ADRs may not track the price of the underlying securities and may change materially at times when the U.S. markets are not open for trading.

- **Common Stock.** The value of a company's common stock may fall as a result of factors directly relating to that company, such as decisions made by its management or decreased demand for the company's products or services. A common stock's value may also decline because of factors affecting not just the company, but also companies in the same industry or sector. The price of a company's common stock may also be affected by changes in financial markets that are relatively unrelated to the company, such as changes in interest rates, exchange rates or industry regulation. Companies that pay dividends on their common stock generally only do so after they invest in their own business and make required payments to bondholders and on other debt and preferred stock. Therefore, the value of a company's common stock will usually be more volatile than its bonds, other debt and preferred stock. Common stock generally is subordinate to the issuing company's debt securities and preferred stock upon the dissolution or bankruptcy of the issuing company.

- **REITs.** Investments in REITs are subject to the risks associated with the real estate industry, adverse governmental actions, declines in property and real estate values, and the potential failure of a REIT to qualify for federal income-tax-free "pass-through" of net income and net realized gains and exemption from registration as an investment company. The failure of a company to qualify for treatment as a REIT under the federal tax law likely would have an adverse impact on a Fund's after-tax performance. REITs also are subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. In the event of a default by a borrower or lessee, a REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs to protect its investments. REITs are dependent upon specialized management skills and may invest in relatively few properties, a small geographic area or a small number of property types. Investments in REITs may be volatile. REITs are pooled investment vehicles with their own fees and expenses, and a Fund will indirectly bear a proportionate share of those fees and expenses when investing in REITs.

***Fixed Income Securities Risk:***

Fixed income securities risk is the risk that the prices of, and the income generated by, fixed income securities held by a Fund may decline significantly and/or rapidly in response to adverse issuer, political, regulatory, general economic and market conditions, or other developments, such as regional or global economic instability (including terrorism and related geopolitical risks), interest rate fluctuations, and those events directly involving the issuers that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment. These events may lead to periods of volatility, which may be exacerbated by changes in bond market size and structure. In addition, adverse market events may lead to increased shareholder redemptions, which could cause a Fund to experience a loss when selling securities to meet redemption requests by shareholders. The risk of loss increases if the redemption requests are unusually large or frequent.

***Foreign Securities Risk:***

Non-U.S. investments carry potential risks not associated with domestic investments. Such risks include, but are not limited to: currency exchange rate fluctuations, political and financial instability, less liquidity and greater volatility of foreign investments, lack of uniform accounting, auditing and financial reporting standards, less government regulation and supervision of foreign banks, stock exchanges, brokers and

listed companies, increased price volatility, and delays in transaction settlement in some foreign markets. There may be very limited oversight of certain foreign banks or securities depositories that hold foreign securities and currency and the laws of certain countries may limit the ability to recover such assets if a foreign bank or depository or their agents goes bankrupt.

***Government Sponsored Enterprises Risk:***

Investments in U.S. Government-sponsored enterprises are debt obligations issued by agencies and instrumentalities of the U.S. Government. They may be: (i) supported by the full faith and credit of the U.S. Treasury, such as those of the Government National Mortgage Association; (ii) supported by the right of the issuer to borrow from the U.S. Treasury, such as those of the Federal Home Loan Bank and the Federal Farm Credit Banks; (iii) supported by the discretionary authority of the U.S. Government to purchase the agency obligations, such as those of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; or (iv) supported only by the credit of the issuer, such as those of the Federal Farm Credit Bureau. These obligations vary in the level of support they receive from the U.S. Government. The U.S. Government may choose not to provide financial support to U.S. Government-sponsored enterprises if it is not legally obligated to do so in which case, if the issuer defaulted, a Fund holding securities of such issuer might not be able to recover its investment from the U.S. Government. Like all bonds, U.S. Government-sponsored enterprise bonds are also subject to market risk, credit risk and interest rate risk.

***Inflation Risk:***

Stocks, bonds and other securities may fall in value due to higher actual or anticipated inflation. Further, a rapid increase in prices for goods and services may have an adverse effect on corporate profits and consumer spending, which also may result in lower values for stocks, bonds and other securities.

***Interest Rate Risk:***

The market values of fixed income securities are generally inversely related to actual changes in interest rates. When interest rates rise, the market value of a Fund's fixed income securities generally will decrease, and when interest rates decline the value of a Fund's fixed income securities generally will increase. Generally, a bond with a longer maturity or duration will entail greater interest rate risk but have a higher yield, while a bond with a shorter maturity or duration will entail less interest rate risk, but have a lower yield. If this occurs, a Fund's net asset value may also decrease or increase, as applicable. Duration is a measurement of a bond's sensitivity to changes in interest rates. For every 1% change in interest rates, a bond's price generally changes approximately 1% in the opposite direction for each year of duration. For example, if a portfolio of fixed income securities has an average weighted duration of ten years, its value can be expected to fall about 10% if interest rates rise by 1%. Conversely, the portfolio's value can be expected to rise approximately 10% if interest rates fall by 1%. The yields received by the Fund on its fixed income investments will generally decline as interest rates decline. A Fund's fixed income investments may be subject to unusual liquidity issues and, in some cases, credit downgrades and increased likelihood of default. Interest rates recently have increased and may continue to increase, perhaps significantly and rapidly, which could result in significant losses for a Fund. If the Federal Reserve continues to raise the federal funds rate and unwinds its quantitative easing program, interest rates across the U.S. Financial system would be expected to continue to rise, which may cause the value of a Fund's fixed income securities to decline.

***Investment Risk:***

An investment in a Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The share price of a Fund fluctuates, which means that when you sell your shares of a Fund, they could be worth less than what you paid for them. Therefore, you may lose money by investing in a Fund.

***Large Cap Risk:***

The securities of large market capitalization companies may underperform other segments of the market because such companies may be less responsive to competitive challenges and opportunities, such as changes in technology and consumer tastes. Large market capitalization companies may be unable to attain or maintain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

***Liquidity Risk:***

When there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. During such periods, certain investments held by a Fund may be difficult to sell at favorable times or prices. As a result, a Fund may have to lower the price on certain securities that it is trying to sell, sell other securities instead or forego an investment opportunity, and of which could have a negative effect on the Fund's performance. Redemptions by a few large investors in a Fund at such times may have a significant adverse effect on the Fund's net asset value and remaining Fund shareholders. A Fund may lose money or face difficulty in meeting shareholder redemptions if it is forced to sell certain investments to meet redemption requests or other cash needs.

The ability of broker-dealers to make a market in fixed income securities has decreased in recent years, in part as a result of structural changes, including fewer proprietary trading desks at broker-dealers and increased regulatory capital requirements. Further, many broker-dealers have reduced their inventory of certain fixed income securities. This could negatively affect a Fund's ability to buy or sell fixed income securities, and increase their volatility and trading costs.

***Market Risk:***

Markets may at times be volatile and the value of a Fund's investments may decline in price, sometimes significantly and/or rapidly, because of changes in prices of its holdings or a broad decline in the financial markets. The value of a security may decline due to adverse issuer-specific conditions or general market conditions which are not specifically related to a particular company, such as real or perceived adverse geopolitical, regulatory, market, economic or other developments that may cause broad changes in market value, changes in the general outlook for corporate earnings, changes in interest or currency rates, public perceptions concerning these developments or adverse investment sentiment generally. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Turbulence in financial markets and reduced liquidity may negatively affect many issuers worldwide which could adversely affect a Fund. There is a risk that policy changes by the U.S. Government and/or Federal Reserve, such as continuing to raise interest rates, could cause increased volatility in financial markets and higher levels of shareholder redemptions, which could have a negative impact on a Fund. Adverse market events may also lead to increased shareholder redemptions, which could cause a Fund to experience a loss or difficulty in selling investments to meet such redemptions.

Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. In addition, markets and market participants are increasingly reliant upon both publicly available and proprietary information data systems. Data imprecision, software or other technology malfunctions, programming inaccuracies, unauthorized use or access, and similar circumstances may impair the performance of these systems and may have an adverse impact upon a single issuer, a group of issuers, or the market at large. In certain cases, an exchange or market may close or issue trading halts on either specific securities or even the entire market, which may result in a Fund being, among other things, unable to buy or sell certain securities or financial instruments or accurately price its investments. These fluctuations in securities prices could be a sustained trend or a drastic movement. The financial markets generally move in cycles, with periods of rising prices followed by periods of declining prices. The value of your investment may reflect these fluctuations.

***Mid Cap Risk:***

Investments in mid capitalization companies generally involve greater risks and the possibility of greater price volatility than investments in larger, more established companies. Mid capitalization companies often have narrower commercial markets and more limited operating history, product lines, and managerial and financial resources than larger, more established companies. As a result, performance can be more volatile and they face greater risk of business failure, which could increase the volatility of a Fund's portfolio. Additionally, mid-cap companies may have less market liquidity than large-cap companies, and they can be sensitive to changes in interest rates, borrowing costs and earnings. Generally, the smaller the company size, the greater these risks.

***Mortgage Pass-Through Securities Risk:***

Investments in mortgage pass-through securities are subject to market risks for fixed income securities which include, but are not limited to, market risk, interest rate risk and credit risk. Mortgage pass through securities also are subject to prepayment risk and extension risk. When interest rates decline, borrowers tend to repay their mortgages. When this occurs, the mortgages that back these securities suffer a higher rate of prepayment. When mortgages are prepaid, a Fund may have to reinvest in securities with a lower yield or fail to recover premiums paid for securities with higher interest rates. This could cause a decrease in a Fund's income and net asset value. Extension risk is the flip side of prepayment risk. When interest rates rise, mortgage payments may decline and principal may be paid later than expected, extending the duration of these securities and the Fund may exhibit additional volatility.

***Sector Weighting Risk:***

To the extent a Fund emphasizes investments in particular sectors of the economy, a Fund will be subject to a greater degree of risks particular to those sectors. Market conditions, interest rates, and economic, regulatory or financial developments could significantly affect securities in particular sectors. Depending on the weightings of a Fund's investment in particular sectors, the Fund may have increased exposure to price movements of securities in those sectors. A Fund's sector weightings could have an adverse impact on the Fund and lead to a decline in the Fund's net asset value.

***Security Selection Risk:***

Securities selected by the Adviser may perform differently than the overall market or may not meet the Adviser's expectations. This may be a result of specific factors relating to the issuer's financial condition

or operations or changes in the economy, governmental actions or inactions, factors affecting a security's industry, poor operating performance, weak demand for an issuer's products or services, an issuer's failure to meet earnings or other operating performance expectations, financial leverage or credit deterioration, litigation or regulatory issues, a decline in the value of an issuer's business and assets, or changes in investor perceptions regarding the issuer.

***Small Cap Risk:***

Investments in small capitalization companies generally involve greater risks and the possibility of greater price volatility than investments in larger capitalization and more established companies. Small capitalization companies often have narrower commercial markets and more limited operating history, product lines, and managerial and financial resources than larger, more established companies. As a result, performance can be more volatile and they face greater risk of business failure, which could increase the volatility of a Fund's portfolio. Additionally, small capitalization companies may have less market liquidity than larger capitalization companies, and they can be sensitive to changes in interest rates, borrowing costs and earnings. Generally, the smaller the company size, the greater these risks.

***U.S. Government Securities Risk:***

The securities of U.S. Government agencies and instrumentalities in which a Fund may invest may not be backed by the full faith and credit of the U.S. Government. Even a security backed by the U.S. Treasury or the full faith and credit of the United States is only guaranteed by the applicable entity as to the timely payment of interest and principal when held to maturity. The market prices for such securities are not guaranteed and will fluctuate. In addition, because many types of U.S. Government securities trade actively outside the United States, their prices may rise and fall as changes in global economic conditions affect the demand for these securities. Notwithstanding that these securities are backed by the full faith and credit of the United States, circumstances could arise that would prevent the payment of interest or principal. Like all fixed income securities, U.S. Government fixed income securities are also subject to market risk, credit risk and interest rate risk.

***Variable and Floating Rate Bond Risk:***

The interest rates payable on certain fixed income securities in which a Fund may invest are not fixed and may fluctuate based upon changes in market rates. A variable rate obligation has an interest rate which is adjusted at predesignated periods in response to changes in the market rate of interest on which the interest rate is based. The interest rate on a floating rate bond is a variable rate which is tied to another interest rate, such as a money-market index or Treasury bill rate. Additionally, such obligations are subject to interest rate risk and may fluctuate in value in response to interest rate changes if there is a delay between changes in market interest rates and the interest reset date for the obligation, or for other reasons. Variable and floating rate bonds are less effective at locking in a particular yield and are subject to market risk, interest rate risk and credit risk.

## **PORTFOLIO HOLDINGS INFORMATION**

The Funds make available their top ten and complete portfolio holdings on their website ([www.lkcmfunds.com](http://www.lkcmfunds.com)) on a quarterly basis. The top ten and complete portfolio holdings information is generally available no earlier than 10 and 30 days after the end of the calendar quarter, respectively, and will remain available through at least the end of the current quarter. A description of the Funds' policies and procedures with respect to the disclosure of the Funds' portfolio securities is available in the Funds' Statement of Additional Information. The Statement of Additional Information is available by contacting the Funds at 1-800-688-LKCM or at [www.lkcmfunds.com](http://www.lkcmfunds.com).

## **MANAGEMENT**

### **INVESTMENT ADVISER**

Luther King Capital Management Corporation (the "Adviser"), 301 Commerce Street, Suite 1600, Fort Worth, Texas 76102, serves as the investment adviser to the Funds. The Adviser was founded in 1979 and provides investment management services to investment companies, employee benefit plans, endowment funds, foundations, estates, trusts, high net-worth individuals, and private investment funds. As of December 31, 2016, the Adviser had approximately \$13.1 billion in assets under management.

Under an Investment Advisory Agreement with the Funds, each Fund pays the Adviser an advisory fee calculated by multiplying a quarterly rate (equal on an annual basis to the percentages shown below under "Contractual Advisory Fee") by the Fund's average daily net assets during the quarter. The Adviser has contractually agreed to waive its advisory fees and/or reimburse expenses through May 1, 2018 to the extent necessary to keep the total operating expenses for the Funds from exceeding the respective caps also shown as a percentage of average daily net assets. This expense limitation excludes interest, taxes, brokerage commissions, indirect fees and expenses related to investments in other investment companies, including money market funds (Acquired Fund Fees and Expenses), and extraordinary expenses. The fee waiver and expense reimbursement agreement may be terminated only with the consent of the Board of Trustees.

The contractual advisory fees, advisory fees paid by the Funds net of waivers, and contractual expenses caps for the Funds for the fiscal year ended December 31, 2016 were as follows:

	<u>Contractual Advisory Fee</u>	<u>Net Advisory Fee Paid</u>	<u>Expense Cap</u>
Small Cap Equity Fund	0.75%	0.70%	1.00%
Small-Mid Cap Equity Fund	0.75%	0.52%	1.00%
Equity Fund	0.70%	0.52%	0.80%
Balanced Fund	0.65%	0.42%	0.80%
Fixed Income Fund	0.50%	0.22%	0.50%

Any fee waiver or reimbursements will have the effect of lowering the overall expense ratio for the applicable Fund and increasing its overall return to investors at the time any such amounts were waived and/or reimbursed.

A discussion regarding the basis on which the Board of Trustees approved the investment advisory agreement for each Fund is available in the most recent semi-annual report to shareholders for the period ending June 30.

## PORTFOLIO MANAGERS

**J. Luther King, Jr., CFA, CIC**, is the lead portfolio manager of the LKCM Equity Fund (since inception in 1996) and oversees the investment team responsible for the LKCM Equity Fund. Mr. King is also a member of the investment teams responsible for the LKCM Small Cap Equity Fund (since inception in 1994), LKCM Small-Mid Cap Equity Fund (since inception in 2011) and LKCM Balanced Fund (since inception in 1997). Mr. King has been President, Principal and Portfolio Manager of the Adviser since 1979, and has been a Trustee of the Funds since 1994. Mr. King graduated with a Bachelor of Science and a Masters of Business Administration from Texas Christian University.

**Steven R. Purvis, CFA**, is the lead portfolio manager of the LKCM Small Cap Equity Fund (since inception in 1996) and LKCM Small-Mid Cap Equity Fund (since inception in 2011) and oversees the investment team responsible for both Funds. Mr. Purvis joined the Adviser in 1994 and has served as Principal (since 2004) and Vice President and Portfolio Manager (since 1996). Mr. Purvis has been a Trustee of the Funds since 2013. Mr. Purvis graduated with a Bachelor of Science in Business Administration from the University of Missouri and a Masters of Business Administration from the University of Missouri – Kansas City.

**Scot C. Hollmann, CFA, CIC**, is the lead portfolio manager of the LKCM Balanced Fund (since inception in 1997) and oversees the investment team responsible for the LKCM Balanced Fund. Mr. Hollmann is also a member of the investment teams responsible for the LKCM Equity Fund (since 2010) and LKCM Fixed Income Fund (since 2010). Mr. Hollmann joined the Adviser in 1983 and has served as Principal (since 1986) and Vice President and Portfolio Manager (since 1983). Mr. Hollmann graduated with a Bachelor of Business Administration and a Masters of Business Administration from Texas Christian University.

**Joan M. Maynard** is the lead portfolio manager of the LKCM Fixed Income Fund (since inception in 1997) and oversees the investment team responsible for the LKCM Fixed Income Fund. Ms. Maynard joined the Adviser in 1986 and has served as Principal (since 2015) and Vice President and Portfolio Manager (since 1986). Ms. Maynard graduated with a Bachelor of Business Administration from the University of Texas at San Antonio and a Masters of Business Administration from Texas Christian University.

**Mark L. Johnson, CFA, CIC**, is a member of the investment teams responsible for the LKCM Balanced Fund (since 2010) and LKCM Fixed Income Fund (since 2010). Mr. Johnson joined the Adviser in 2002 and has served as Principal (since 2013) and Vice President and Portfolio Manager (since 2002). Mr. Johnson graduated with a Bachelor of Arts from Duke University.

**Mason D. King, CFA**, is a member of the investment team responsible for the LKCM Equity Fund (since 2010), the LKCM Small Cap Equity Fund (since 2017), and the LKCM Small-Mid Cap Equity Fund (since 2017). Mr. King joined the Adviser in 2004 and has served as Principal (since 2013) and Vice President, Portfolio Manager and Analyst (since 2004). Mr. King graduated with a Bachelor of Arts from Princeton University and a Masters of Business Administration from the University of Texas.

The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed, and ownership of shares of the Funds that they manage.

## DISTRIBUTION OF FUND SHARES

### DISTRIBUTOR

Quasar Distributors, LLC, 777 East Wisconsin Avenue, Floor 6, Milwaukee, WI 53202, a registered broker-dealer and member of the Financial Industry Regulatory Authority, distributes the Funds' shares.

### DISTRIBUTION PLAN

The Small Cap Equity Fund, Small-Mid Cap Equity Fund, Equity Fund, Balanced Fund, and Fixed Income Fund have adopted a distribution plan under Rule 12b-1 of the Investment Company Act of 1940 (the "Distribution Plan") that allows the Institutional

Classes of the Funds to pay distribution and service fees for the sale and distribution of their shares and for services provided to shareholders. The Distribution Plan allows the Funds to finance with Fund assets activities that promote the sale and retention of the Funds' shares such as printing prospectuses and reports and preparing and distributing advertising material and sales literature and providing services to shareholders. The Distribution Plan authorizes each Fund to annually pay up to 0.75% of average daily net assets for distribution and other services.

Currently, the Board of Trustees has not authorized payments under the Distribution Plan and, as a result, the Funds currently neither accrue nor pay any fees under the plan. If the Funds were using the plan, the fees paid under the plan would, over time, increase the cost of your investment and could cost you more than paying other types of sales charges.

### PURCHASE OF SHARES

You may purchase shares of each Fund at the net asset value ("NAV") per share next determined after receipt of the purchase order. Each Fund normally determines NAV as of the scheduled close of normal trading of the New York Stock Exchange ("NYSE") (generally 4:00 P.M. Eastern Time) each day that the NYSE is scheduled to be open for business.

### INITIAL INVESTMENTS

The Funds are offered for purchase directly from LKCM Funds, through financial intermediaries who have entered into agreements with the Funds' distributor, and from certain other distribution channels. The policies that apply to the purchase of Fund shares directly through the Funds' transfer agent are discussed below. If you establish an account with a broker-dealer or other financial intermediary, ask them for information on how to purchase, sell and exchange Fund shares. Your broker-dealer or other financial intermediary also may charge fees that are in addition to those described in this prospectus. Please contact your financial intermediary for information regarding how to purchase, exchange and redeem shares and applicable fees.

**Through Your Financial Adviser.** You may invest in shares of a Fund by contacting your financial adviser. Your financial adviser can help you open a new account and help you review your financial needs and formulate long-term investment goals and objectives. Investors may be charged a fee if they effect transactions in Fund shares through a broker or agent.

The Funds have authorized certain broker-dealers and other financial intermediaries to receive on their behalf purchase and redemption orders of Fund shares. These broker-dealers may also designate intermediaries to receive Fund orders on their behalf. The Funds are deemed to have received purchase and redemption orders for Fund shares when an authorized broker-dealer or its designee or financial intermediary receives such orders. All such orders are executed at the next NAV calculated after the order is received by an authorized broker-dealer or its designee or financial intermediary. Your broker-dealer or other financial intermediary is responsible for transmitting orders to be received by the Funds in proper form and in a timely manner.

**By Mail.** You may open an account directly with the Fund's transfer agent by completing and signing an Account Registration Form, and mailing it, together with a check (\$2,000 minimum initial investment) payable to LKCM Funds. Your order will not be accepted until the completed Account Registration Form is received by the Transfer Agent.

By regular mail to:

LKCM Funds – Fund name  
(Include Institutional Class for the Small Cap Equity Fund, Small-Mid Cap Equity Fund and Equity Fund)  
c/o U.S. Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, WI 53201-0701

By express, registered or certified mail to:

LKCM Funds – Fund name  
(Include Institutional Class for the Small Cap Equity Fund, Small-Mid Cap Equity Fund and Equity Fund)  
c/o U.S. Bancorp Fund Services, LLC  
615 East Michigan Street, 3rd Floor  
Milwaukee, WI 53202

The Funds do not consider the U.S. Postal Service or other independent delivery services to be its agents. Therefore, deposit in the mail or with such services, or receipt at the U.S. Bancorp Fund Services, LLC post office box of purchase orders or redemption requests does not constitute receipt by the transfer agent of the Fund.

Once a Fund receives and accepts your Account Registration Form in the mail, your payment for shares will be credited to your account at the NAV per share of a Fund next determined after receipt. If you purchase shares using a check or electronic funds transfer through the Automated Clearing House ("ACH") network and soon after make a redemption request, the Funds will honor the redemption request at the next determined NAV, but will not send you the proceeds until your payment for purchase has cleared (usually within 15 calendar days). The Funds will not accept payment in cash or money orders. To prevent check fraud, the Funds will not accept third party checks, U.S. Treasury checks, credit card checks, traveler's checks or starter checks for the purchase of shares. The Funds are unable to accept postdated checks or any conditional order or payment. Payment should be made by check in U.S. Dollars drawn on a U.S. bank or credit union. If your bank does not honor your check, you could be liable for any loss sustained by the Funds, as well as a service charge imposed by the Transfer Agent in the amount of \$25.

In compliance with the USA PATRIOT Act of 2001, when you open an account directly with the Funds, please note that the Transfer Agent will verify certain information on your Account Registration Form as part of the Funds' Anti-Money Laundering

Program. As requested on the Account Registration Form, you should supply your full name, date of birth, social security number and permanent street address. Broker-dealers and other financial intermediaries also are required to comply with the USA PATRIOT ACT and, as a result, may request similar information when you open an account. Mailing addresses containing only a P.O. Box will not be accepted. Please contact the Transfer Agent at 1-800-688-LKCM if you need additional assistance when completing your Account Registration Form.

If the Funds do not have a reasonable basis for determining your identity, your account will be rejected or you will not be allowed to perform a transaction on the account until the necessary information to confirm your identity is received. The Funds may also reserve the right to close the account within 5 business days if clarifying information/documentation is not received.

**By Wire.** You may purchase shares of a Fund by wiring federal funds (\$2,000 minimum). If you are making your first investment in the Funds, before you wire funds, the Transfer Agent must have received and processed a completed Account Registration Form from you. You can mail or overnight deliver your Account Registration Form to the Transfer Agent. Upon receipt of your completed Account Registration Form, the Transfer Agent will establish an account for you. The account number assigned will be required as part of the instruction that should be given to your bank to send the wire. The wire must be received by the time as of which the NAV is calculated in order to receive the same day's NAV. Your bank must include both the name of the Fund you are purchasing, your name and account number so that monies can be correctly applied. Your bank should transmit funds by wire to:

U.S. Bank, N.A.

777 East Wisconsin Avenue

Milwaukee, WI 53202

ABA #075000022

For credit to U.S. Bancorp Fund Services, LLC

Account #112-952-137

For further credit to LKCM Funds

[Name of Fund], [include Institutional Class if for the Small Cap Equity, Small-Mid Cap Equity or Equity Funds]

[Shareholder account number]

Federal fund purchases will be accepted only on a day on which the Funds and the custodian are open for business. The Funds and U.S. Bank, N.A. are not responsible for the consequences of delays resulting from the banking or Federal Reserve wire system, or from incomplete wiring instructions.

## **SUBSEQUENT INVESTMENTS**

**By Mail or Wire.** You may make additional investments at any time (minimum subsequent investment \$1,000) by mailing a check payable to LKCM Funds to the address noted in the section entitled "Initial Investments—By Mail." Additional investments may also be made by wire. Before sending your wire, please contact the Transfer Agent at 1-800-688-LKCM to advise them of your intent to wire funds. This will ensure prompt and accurate credit upon receipt of your wire. Instruct your bank to wire monies as outlined above.

**By Telephone.** To make additional investments by telephone, you must check the appropriate box on your Account Registration Form authorizing telephone purchases. If you have given authorization for telephone transactions and your account has been open for at least 15 days, you may call the Funds toll free at 1-800-688-LKCM to move money, in the amount of \$1,000 or more, from your bank account to your Fund account upon request. Only bank accounts held at U.S. institutions that are ACH members may be used for telephone transactions. For security reasons, requests by telephone may be recorded. Shares of the Funds will be purchased in your account at the NAV next determined after your order is placed. Telephone trades must be received by or prior to market close. During periods of high market activity, shareholders may encounter higher than usual call waits. Please allow sufficient time to place your telephone transaction.

If you purchased shares of a Fund through a financial intermediary, you must contact your financial intermediary for information concerning how to effect subsequent investments in the Fund's shares.

## **AUTOMATIC INVESTMENT PROGRAM**

The Automatic Investment Program (the "Program") permits investors that own shares of a Fund with a value of \$2,000 or more to purchase shares (minimum of \$100 per transaction) at regular intervals selected by the investor. This Program provides a convenient method to have monies deducted from your checking or savings account, for investment into a Fund, on a monthly or quarterly basis. Only bank accounts held at domestic institutions that are ACH members may be used for this option. If you wish to change the amount of your investment or to terminate the Program, please contact the Transfer Agent five days prior to the effective date. Additionally, the Transfer Agent will charge a \$25 fee for any payment returned. To establish the Program, an investor must complete the appropriate sections of the Account Registration Form. For additional information on the Program, please call 1-800-688-LKCM.



## **RETIREMENT PLANS AND ACCOUNTS**

The Funds make available individual retirement accounts (“IRAs”), including Simplified Employee Pension Plans, traditional IRAs, Roth IRAs and IRA “Rollover Accounts,” offered by U.S. Bancorp Fund Services, LLC. Detailed information on these plans and accounts is available by calling the Funds at 1-800-688-LKCM (option 1). The Transfer Agent charges an annual fee of \$15 for maintaining each plan and account up to a maximum of \$30 per Social Security number, which is in addition to other fees and expenses payable to the Funds or Transfer Agent as described herein. Investors should consult with their own tax advisers before establishing a retirement plan or account.

## **OTHER PURCHASE INFORMATION**

Each Fund reserves the right, in its sole discretion, to suspend the offering of its shares, to reject any purchase order, or to waive any minimum investment requirements.

Purchases of each Fund’s shares will be made in full and fractional shares of the Fund calculated to three decimal places. In the interest of economy and convenience, certificates for shares will not be issued except at the written request of the shareholder. Certificates for fractional shares will not be issued.

## **POLICY ON PROHIBITION OF FOREIGN SHAREHOLDERS**

Shares of the Funds have not been registered for sale outside of the United States. Accordingly, the Funds generally require that all shareholders must be U.S. persons with a valid U.S. taxpayer identification number to open an account with the Funds. The Funds generally do not sell shares to investors residing outside the United States, even if they are United States citizens or lawful permanent residents, except to investors with United States military APO or FPO addresses. The Funds reserve the right to close the account within 5 business days if clarifying information or documentation is not received.

## **UNCLAIMED PROPERTY**

Your mutual fund account may be transferred to your state of residence if no activity occurs within your account during the “inactivity period” specified in your state’s abandoned property laws. If the Fund is unable to locate a shareholder, it will determine whether the shareholder’s account can legally be considered abandoned. The Fund is legally obligated to escheat (or transfer) abandoned property to the appropriate state’s unclaimed property administrator in accordance with statutory requirements. The shareholder’s last known address of record determines which state has jurisdiction. Interest or income is not earned on redemption or distribution checks sent to you during the time the check remained uncashed.

## **HOUSEHOLDING**

In an effort to decrease costs, the Funds may reduce the number of duplicate prospectuses and Annual and Semi-Annual Reports you receive by sending only one copy of each to those addresses shared by two or more accounts and to shareholders the Funds reasonably believe are from the same family or household. If implemented, and if you would like to discontinue householding for your accounts, please call toll-free at 1-800-688-LKCM to request individual copies of these documents. Once the Fund receives notice to stop householding, it will begin sending individual copies thirty days after receiving your request. This policy does not apply to account statements.

If you hold your Fund shares through a financial intermediary, your financial intermediary’s document policies will apply. Please contact your financial intermediary for further information.

## **MARKET TIMING POLICY**

“Market timing” typically refers to the practice of frequent trading in the shares of mutual funds in order to exploit inefficiencies in fund pricing. Market timing transactions include trades in mutual fund shares that occur when the fund’s NAV may not fully reflect the value of the fund’s holdings – for example, when the fund has in its portfolio particular holdings, such as foreign or thinly traded securities, that are valued on a basis that does not include the most updated information possible. Market timing can have a dilutive effect on the value of the investments of long-term fund shareholders and can increase the transaction costs of a fund, which will be borne by all fund shareholders.

The Funds are typically intended for long-term investing. Market timing by Fund shareholders may adversely affect the Funds by interfering with portfolio management and increasing portfolio transaction and administrative costs. The Board of Trustees of the Funds has adopted policies and procedures to detect and prevent market timing activities in the Funds. To discourage market timing, each Fund charges a 1.00% redemption fee on shares exchanged or redeemed within 30 days of purchase, except on shares held in separately managed accounts of the Adviser. The redemption fee may be waived with the approval of the Board of Trustees. The redemption fee also may be waived by the Adviser or an officer of the Funds, provided such waivers are reported to the Board of Trustees. In addition, a Fund may temporarily suspend or terminate future purchase and exchange orders by investors or groups of investors who the Funds believe have engaged in market timing practices and which may have an adverse impact on the Funds. The Funds will also terminate, without notice, the exchange privilege of any investor who, in the opinion of the Funds, uses the exchange privilege excessively.

The Funds and/or the Adviser monitor for market timers and attempt to detect abusive trading practices. The criteria and techniques may change from time to time as determined by the Funds or the Adviser. The Transfer Agent may reject any purchase or exchange order, in whole or in part, including trading that the Funds or the Adviser believe may be excessive in frequency and/or amount or otherwise potentially disruptive to the affected Funds. Although these efforts are designed to discourage abusive trading practices, these tools cannot eliminate the possibility that such activity will occur.

Furthermore, due to the complexity involved in identifying abusive trading activity and the volume of shareholder transactions the Funds handle, there can be no assurance that the efforts of the Funds or the Adviser will identify all trades or trading practices that may be considered abusive. In addition, the ability of the Funds or the Adviser to monitor trades that are placed by individual shareholders within omnibus and retirement accounts maintained by financial intermediaries may be limited. However, the Funds and the Adviser attempt to monitor aggregate trades placed in omnibus accounts and seek to work with financial intermediaries to discourage shareholders from engaging in abusive trading practices and to impose restrictions on excessive trades. In this regard, the Funds have entered into agreements with certain financial intermediaries that generally require them to provide the Funds with information concerning those individual shareholders involved in any such aggregated trades. For those financial intermediaries with whom the Funds have not entered into such agreements, the Funds treat such intermediaries as individual shareholders for purposes of their market timing and redemption fee policies. However, there can be no assurance that the Funds or the Adviser will be able to detect and prevent abusive trading in accounts maintained by financial intermediaries through the foregoing measures or otherwise.

### EXCHANGING SHARES

Exchanges of all or a portion of your investment from a Fund to an identically registered account in another LKCM Fund may be made as long as the exchange is for the same class of shares of the other LKCM Fund. Any new account established through an exchange will be subject to the minimum investment requirements described above. Exchanges will be executed on the basis of the relative NAV of the shares exchanged after your request for an exchange is received. An exchange is considered to be a sale of shares of the Fund from which you are exchanging for federal income tax purposes, on which you may realize a taxable gain or loss. In addition, exchanges of shares held for less than 30 days will be subject to a 1.00% redemption fee, except shares held in separately managed accounts of the Adviser or as otherwise determined by a Fund in its discretion. The Transfer Agent charges a \$5 fee for each exchange via telephone. Call the Funds to learn more about exchanges. If you purchased shares of a Fund through your financial intermediary, please contact your financial intermediary to determine if you may take advantage of the exchange policies described in this section and for its policies to effect an exchange.

The Funds are intended as a long-term investment vehicle and not to provide a means of speculating on short-term market movements. In addition, excessive trading can hurt the Funds' performance and shareholders. Therefore, each Fund may terminate, without notice, the exchange privilege of any investor who uses the exchange privilege excessively. The Funds may change or temporarily suspend the exchange privilege during unusual market conditions.

### REDEMPTION OF SHARES

You may redeem shares of the Funds by contacting your financial advisor, by mail or, if authorized, by telephone or wire. The Funds do not charge a fee for making redemptions, except that each Fund charges a 1.00% redemption fee on shares exchanged or redeemed within 30 days of purchase unless such shares are held in separately managed accounts of the Adviser. The redemption fee may be waived with the approval of the Board of Trustees. The redemption fee also may be waived by the Adviser or an officer of the Funds, provided such waivers are reported to the Board of Trustees. If you purchased your shares through a broker-dealer or other financial intermediary, please contact your broker-dealer or financial intermediary for information regarding how to sell your shares.

**By Mail.** You may redeem your shares by mailing a written request to:

By regular mail to:

LKCM Funds – Fund name  
(Include Institutional Class for the Small Cap  
Equity Fund, Small-Mid Cap Equity Fund and  
Equity Fund)  
c/o U.S. Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, WI 53201-0701

By express, registered or certified mail to:

LKCM Funds – Fund name  
(Include Institutional Class for the Small Cap  
Equity Fund, Small-Mid Cap Equity Fund and  
Equity Fund)  
c/o U.S. Bancorp Fund Services, LLC  
615 East Michigan Street, 3rd Floor  
Milwaukee, WI 53202

The Funds do not consider the U.S. Postal Service or other independent delivery services to be its agents. Therefore, deposit in the mail or with such services, or receipt at the U.S. Bancorp Fund Services, LLC post office box of purchase orders or redemption requests does not constitute receipt by the transfer agent of the Fund.

After your request is in "good order" the Fund will redeem your shares at the next NAV. To be in "good order," redemption requests must include the following documentation:

(a) The share certificates, if issued;

(b) A letter of instruction, if required, or a stock assignment specifying the number of shares or dollar amount to be redeemed, signed by all registered owners of the shares in the exact names in which they are registered;

(c) Any required signature guarantees; and

(d) Other supporting legal documents, if required, in the case of estates, trusts, guardianships, custodianship, corporations, pension and profit sharing plans, and other organizations.

**Signature Guarantees.** To protect your account, the Funds and U.S. Bancorp Fund Services, LLC from fraud, signature guarantees are required to enable the Funds to verify the identity of the person that has authorized a redemption from an account. Signature guarantees, from either a Medallion program member or a non-Medallion program member, are required for (1) redemptions where the proceeds are payable or sent to any person, address or bank account not on record, (2) share transfer requests, and (3) any redemption request if a change of address request has been received by the Transfer Agent within the last 15 calendar days. In addition to the situations described above, the Funds and /or the Transfer Agent reserve the right to require a signature guarantee in other instances based on the circumstances relative to the particular situation. The Funds reserve the right to waive any signature guarantee requirement at their discretion.

Non-financial transactions including establishing or modifying certain services on an account may require a signature guarantee, signature verification from a Signature Validation Program member, or other acceptable form of authentication from a financial institution source.

Signature guarantees will generally be accepted from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program and the Securities Transfer Agents Medallion Program (“STAMP”). A notary public is not an acceptable signature guarantor. Please contact the Funds at 1-800-688-LKCM (option 1) for further details.

**By Telephone.** If you indicated on your Account Registration Form, or have subsequently arranged in writing to do so, you may redeem shares by calling the Funds. You may have the redemption proceeds mailed by check to the primary registration address or wired directly to your bank. You may also have your proceeds sent via electronic funds transfer through the ACH network to your predetermined bank account. Other redemption fees may be applicable. See the section titled “Other Redemption Information” below. The Transfer Agent imposes a \$15 fee for each wire redemption. There is no charge for an electronic funds transfer, however the funds may not be available for 2-3 days. The redemption proceeds will be paid to the same bank and account as designated on the Account Registration Form or in written instructions subsequently received by the Funds. No telephone redemptions may be made within 15 days of any address change.

If you would like to arrange for redemption by wire or telephone or change the bank or account designated to receive redemption proceeds, you must send a written request to the Funds at the address listed in the section entitled “Redemption of Shares – By Mail.” The investor must sign such requests. Further documents and signature verifications may be required.

The Funds reserve the right to refuse a wire or telephone redemption. Procedures for redeeming shares by wire or telephone may be modified or terminated at any time. The Funds and the Transfer Agent will not be liable for any loss, liability, cost or expense for acting upon telephone instructions that are reasonably believed to be genuine. Before executing an instruction received by telephone, the Transfer Agent will use reasonable procedures to confirm that the telephone instructions are genuine. The telephone call may be recorded and the caller may be asked to verify or provide certain personal identification information. If an account has more than one owner or authorized person, the Fund will accept telephone instructions from any one owner or authorized person. If the Funds or their agents follow these procedures, they cannot be held liable for any loss, expense or cost arising out of any telephone redemption request that is reasonably believed to be genuine. This includes fraudulent or unauthorized requests. Once a telephone transaction has been placed, it cannot be canceled or modified. Telephone trades must be received by or prior to market close. During periods of high market activity, shareholders may encounter higher than usual call waits. Please allow sufficient time to place your telephone transaction.

Shareholders who have an IRA or other retirement plan must indicate on their written redemption request whether or not to withhold federal income tax. Redemption requests failing to elect not to withhold tax will generally be subject to 10% withholding.

Shares held in IRA or other retirement plan accounts may be redeemed by telephone at 1-800-688-LKCM. Investors will be asked whether or not to withhold taxes from any distribution.

**30-Day Redemption Fee.** If you redeem or exchange shares held for less than 30 days after the date of purchase, you will be subject to a 1.00% redemption fee. This fee will be deducted from the proceeds of your redemption. For purposes of applying the fee, the first day of the holding period is trade date plus one. The holding period will be determined on a “first-in, first-out” basis, meaning the Fund shares purchased first will be redeemed first. The redemption fee will not apply to shares of the Funds held in accounts separately managed by the Adviser. The redemption fee may be waived with the approval of the Board of Trustees. The redemption fee also may be waived by the Adviser or an officer of the Funds, provided such waivers are reported to the Board of Trustees. Transactions in shares of the Funds by financial intermediaries with whom the Funds do not have information sharing agreements in

place may be subject to the redemption fee. The redemption fee will be retained by a Fund for the benefit of its shareholders. Redemption fees will not apply to shares acquired through the reinvestment of dividends, or to shares purchased through the Automatic Investment Program.

**Other Redemption Information.** Payment of the redemption proceeds will normally be made within seven calendar days after receipt of a redemption request in “good order.” Redemption proceeds for shares of the Funds purchased by check or electronic funds transfer through the ACH network may not be distributed until payment for the purchase has been collected, which may take up to fifteen calendar days. Shareholders can avoid this delay by utilizing the wire purchase option.

Due to the relatively high cost of maintaining small accounts, the Funds reserve the right to redeem shares in any account for their then-current value (which will be promptly paid to the investor) if at any time, due to redemption by the investor, the shares in the account do not have a value of at least \$1,000. You will receive advance notice of a mandatory redemption and will be given at least 30 days to bring the value of the account up to at least \$1,000.

The Funds may suspend the right of redemption or postpone redemptions when the NYSE is closed (other than customary weekend and holiday closings) or under any emergency circumstances as determined by the SEC.

The Funds have reserved the right to redeem in kind (*i.e.*, in securities) any redemption request during any 90-day period in excess of the lesser of: (i) \$250,000 or (ii) 1% of a Fund’s NAV being redeemed. If your shares are redeemed in kind, then you will incur transaction costs when you subsequently sell the securities distributed to you.

## **TRANSFER OF REGISTRATION**

The registration of Fund shares may be transferred by writing to LKCM Funds, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin, 53202-0701. As in the case of redemptions, the written request with signature(s) guaranteed must be received in “good order.”

## **PAYMENTS TO FINANCIAL INTERMEDIARIES**

The Funds and the Adviser make payments to certain financial intermediaries in connection with the promotion and sale of shares of the Funds and as compensation for shareholder-related services, including administrative, sub-transfer agency, recordkeeping and shareholder communications services. The Funds and the Adviser also pay such compensation to make shares of the Funds available to investors through certain fund platforms, supermarkets or similar programs or for services provided in connection with such platforms, supermarkets and programs. These payments generally benefit the Funds and may provide applicable financial intermediaries with an incentive to recommend sales of shares of the Funds over other potential investments.

The Funds and the Adviser compensate financial intermediaries differently depending upon the level and type of services provided by such financial intermediaries. The compensation paid to a financial intermediary may be based on a variety of factors, including average net assets of the applicable Fund distributed and/or serviced by the financial intermediary and/or the number of accounts serviced by the financial intermediary that invest in the Funds. Compensation paid by a Fund for distribution-related expenses are made from the Fund’s Rule 12b-1 fees. Compensation paid by the Adviser or its affiliates includes amounts from the Adviser’s or its affiliates’ own resources and constitute what is sometimes referred to as “revenue sharing.”

Any compensation received by a financial intermediary, whether from the Funds or the Adviser, and the prospect of receiving such compensation provide the financial intermediary with an incentive to recommend shares of the Funds over other potential investments. You should ask your financial intermediary for details about any such payments it receives from the Funds or the Adviser, or any other fees, expenses, or commissions your financial intermediary may charge you in addition to those disclosed in this prospectus.

## **VALUATION OF SHARES**

**Calculation of NAV.** The NAV per share is computed by dividing the total value of the investments and other assets of a Fund, less any liabilities, by the total outstanding shares of the Fund. The NAV per share normally is determined as of the scheduled close of normal trading on the NYSE (generally 4:00 p.m. Eastern Time) on each day that the NYSE is scheduled to be open for business. The NAV normally is not determined on days the NYSE is scheduled to be closed. The NYSE is scheduled to be closed on weekends and most national holidays. The price at which a purchase order or redemption request is effected is based on the next calculation of NAV after the order is received by the Fund. A Fund’s NAV may not be calculated on days during which the Fund receives no orders to purchase shares and no shares are tendered for redemption. In determining NAV, expenses are accrued and applied daily and investments for which market values are readily available are valued at market value.

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 (the “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 latest 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 are valued in good faith at fair value using guidelines approved by the Board of Trustees.

**Fair Value Procedures for the Funds.** The Board of Trustees has established policies and procedures that authorize the Adviser to fair value a security in good faith if, among other things, the Adviser determines that (i) closing prices of foreign securities do not reflect their fair market value due to events that occur between the closing of foreign markets and the time at which a Fund calculates its NAV, (ii) trading in a security is halted and does not resume prior to the closing of the exchange or other market on which such security normally trades, or (iii) the price for such security provided by the Funds' independent pricing services appears invalid, is not readily available, or otherwise provides a valuation that in the judgment of the Adviser does not represent the fair market value of such security. The Funds may use prices provided by independent pricing services to assist in the fair valuation of the Funds' portfolio securities.

The trading hours for most foreign securities end prior to the scheduled close of the NYSE, generally the time the Funds' NAVs are calculated. Securities listed on a foreign exchange for which market quotations are readily available are valued at the last quoted sales price, unless events materially affecting the value of foreign securities occur. The occurrence of certain events after the close of foreign markets, but prior to the close of the U.S. market (such as a significant surge or decline in the U.S. market) often will result in an adjustment to the trading prices of foreign securities when foreign markets open on the following business day. If such events occur, the Funds may value foreign securities at fair value, taking into account such events, when they calculate their NAVs. In such cases, use of fair valuation can reduce an investor's ability to seek to profit by estimating a Fund's NAV in advance of the time as of which NAV is calculated. Because some foreign markets are open on days when the Funds do not price their shares, the value of a Fund's holdings (and correspondingly, the Fund's NAV) could change at a time when you are not able to buy or sell Fund shares.

There can be no assurance that the Funds could purchase or sell a portfolio security at the price used to calculate the Funds' NAVs. In the case of fair valued portfolio securities, lack of information and uncertainty as to the significance of information may lead to a conclusion that a prior valuation is the best indication of a portfolio security's present value. Fair valuations may remain unchanged until new information becomes available. Consequently, changes in the fair valuation of portfolio securities may be less frequent and of greater magnitude than changes in the price of portfolio securities valued by an independent pricing service, or based on market quotations. Valuing securities at fair value involves greater reliance on judgment than valuation of securities based on readily available market quotations.

## **DIVIDENDS, OTHER DISTRIBUTIONS AND TAXES**

### **DIVIDENDS AND OTHER DISTRIBUTIONS**

The Small Cap Equity, Small-Mid Cap Equity and Equity Funds intend to declare and pay income dividends at least on an annual basis. The Balanced and Fixed Income Funds intend to declare and pay income dividends on a quarterly basis. The Funds intend to distribute net capital gains, if any, on an annual basis. A Fund may make an additional distribution if necessary to avoid federal income or excise taxes or as otherwise approved by the Board of Trustees.

Dividends and other distributions, if any, will automatically be paid in additional shares of the distributing class of the Fund (if applicable) unless the shareholder elects otherwise. Such election must be made in writing or by calling the Funds at least five days prior to the record date of the distribution. If an investor elects to receive distributions in cash and the U.S. Postal Service cannot deliver your check, or if a check remains uncashed for six months, the Funds reserve the right to reinvest the amount of the distribution check in the shareholder's account at the distributing Fund's then current NAV per share and to reinvest all subsequent distributions.

### **TAXES**

Dividends, whether paid in cash or reinvested in additional shares, from a Fund's net investment income, the excess of its net short-term capital gain over its net long-term capital loss and its net gains from certain foreign currency transactions, if any, will be taxable to its shareholders as ordinary income (unless a shareholder is exempt from income tax or entitled to a tax deferral), except as noted in the following sentence. A Fund's dividends attributable to its "qualified dividend income" (*i.e.*, dividends it receives on stock of most U.S. and certain foreign corporations with respect to which it satisfies certain holding period and other restrictions) generally will be subject to federal income tax for individual and certain other non-corporate shareholders (each, a "non-corporate shareholder") who satisfy those restrictions with respect to the shares on which the Fund dividends were paid at the lower rates for long-term capital gains – a maximum of 15% for a single shareholder with taxable income not exceeding \$418,400 (\$470,700 for married shareholders filing jointly) and 20% for non-corporate shareholders with taxable income exceeding those respective amounts (which apply for 2017 and will be adjusted for inflation annually thereafter). A portion of a Fund's dividends—not exceeding the aggregate dividends it receives from domestic corporations only—also may be eligible for the dividends-received deduction allowed to corporations ("DRD"), subject to similar holding period and other restrictions. However, dividends a corporate shareholder deducts pursuant to the DRD are subject indirectly to the federal alternative minimum tax. There can be no assurance as to what portion, if any, of a Fund's distributions will constitute qualified dividend income or be eligible for the DRD.

Distributions to non-corporate shareholders of net capital gain (that is, the excess of net long-term capital gain over net short-term capital loss), whether paid in cash or reinvested in additional shares (or, if a Fund makes a certain election, any net capital gain that is retained by the Fund), will be taxable as long-term capital gain, at the 15% and 20% maximum rates mentioned above; capital gain distributions to corporate shareholders will be subject to federal income tax at the same maximum rate as ordinary income, 35%. The classification of a Fund's capital gain distribution or retained net capital gain (and, consequently, the applicable tax rate) is determined by the length of time that the Fund has held the securities that generated the gain and not the length of time you have held shares in the Fund. Shareholders will be notified annually as to the federal tax status of dividends and other distributions paid by a Fund.

Any dividends and other distributions a Fund declares in the months of October, November or December to shareholders of record on a date in such a month will be deemed to have been paid by the Fund and received by those shareholders on December 31 if the distributions are paid before February 1 of the following year. If you purchase shares of a Fund shortly before a distribution, you will be subject to income tax on the distribution, even though the value of your investment (plus cash received, if any) remains the same.

When a shareholder redeems shares of a Fund, the redemption may result in a taxable gain or loss, depending on whether the redemption proceeds are more or less than the shareholder's adjusted basis in the shares. Any capital gain a non-corporate shareholder recognizes on a redemption of Fund shares that have been held for more than one year will qualify for the 15% and 20% maximum rates mentioned above. In addition, if shares of a Fund are bought within 30 days before or after redeeming a loss other shares of that Fund (regardless of class), all or part of that loss will not be deductible and instead will increase the basis in the newly purchased shares.

Each Fund is required by federal law to withhold and remit to the U.S. Treasury 28% of dividends, capital gain distributions and redemption proceeds (regardless of the extent to which gain or loss may be realized) otherwise payable to non-corporate shareholders who fail to certify that the taxpayer identification number furnished to the Fund is correct or who furnish an incorrect number (together with the withholding described in the next sentence, "backup withholding"). Withholding at that rate also is required from each Fund's dividends and capital gain distributions otherwise payable to a non-corporate shareholder who (1) is subject to backup withholding for failure to report the receipt of interest or dividend income properly or (2) fails to certify to the Fund that he or she is not subject to backup withholding or that it is a corporation or other exempt recipient. Backup withholding is not an additional tax, and any amounts so withheld may be credited against a shareholder's federal income tax liability or refunded.

An individual is required to pay a 3.8% federal tax on the lesser of (1) the individual's "net investment income," which generally includes dividends, interest, and net gains from the disposition of investment property (including dividends and capital gain distributions a Fund pays and net gains realized on the redemption or exchange of Fund shares), or (2) the excess of the individual's "modified adjusted gross income" over a threshold amount (\$250,000 for married persons filing jointly and \$200,000 for single taxpayers). This tax is in addition to any other taxes due on that income. A similar tax applies to estates and trusts. Shareholders should consult their own tax advisers regarding the effect, if any, this provision may have on their investment in Fund shares.

A shareholder's basis in shares of a Fund that he or she acquired or acquires after December 31, 2011 ("Covered Shares"), will be determined in accordance with the Funds' default method, which is average basis, unless the shareholder affirmatively elects in writing, which may be electronic, to use a different acceptable basis determination method, such as a specific identification method. Each Fund, or its administrative agent, must report to the Internal Revenue Service ("IRS") and furnish to its shareholders the basis information for Covered Shares. See "Taxation" in the Statement of Additional Information for a description of the rules regarding that election and each Fund's reporting obligation. Fund shareholders should consult with their tax advisers to determine the best IRS-accepted basis determination method for their tax situation and to obtain more information about how the basis reporting law applies to them.

Dividends and other distributions each Fund declares, as well as redemption proceeds, may also be subject to state and local taxes.

**The foregoing summarizes some of the important federal income tax considerations generally affecting each Fund and its shareholders. Potential investors in the Funds should see the Statement of Additional Information for further information regarding the tax consequences of investing in the Funds and consult their tax advisers with specific reference to their own tax situation.**

## INDEX DESCRIPTIONS

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. A direct investment in an index is not possible.

The Lipper Large-Cap Core Funds Index is an unmanaged index considered representative of large cap core mutual funds tracked by Lipper, Inc. A direct investment in an index is not possible.

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. A direct investment in an index is not possible.

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. A direct investment in an index is not possible.

The Lipper Small-Cap Core Funds Index is an unmanaged index considered representative of small cap core mutual funds tracked by Lipper, Inc. A direct investment in an index is not possible.

The Russell 2000<sup>®</sup> Index is an unmanaged index which measures the performance of the 2,000 smallest companies in the Russell 3000<sup>®</sup> Index. The Russell 3000<sup>®</sup> Index is an unmanaged index that measures the performance of the 3,000 largest U.S. companies, based on total market capitalization. A direct investment in an index is not possible.

The Russell 2500<sup>®</sup> Index is an unmanaged index which measures the performance of the 2,500 smallest companies in the Russell 3000<sup>®</sup> Index. The Russell 3000<sup>®</sup> Index is an unmanaged index that measures the performance of the 3,000 largest U.S. companies, based on total market capitalization. A direct investment in an index is not possible.

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. A direct investment in an index is not possible.

#### **ADDITIONAL INFORMATION**

The LKCM Funds (the “Trust”) enters into contractual arrangements with various parties, including among others, the Funds’ investment adviser, principal underwriter, custodian and transfer agent who provide services to the Funds. Shareholders are not parties to any such contractual arrangements or intended beneficiaries of those contractual arrangements, and those contractual arrangements are not intended to create in any shareholder any right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the Trust.

This prospectus provides information concerning the Funds that you should consider in determining whether to purchase Fund shares. Neither this prospectus nor the Statement of Additional Information is intended, or should be read, to be or give rise to an agreement or contract between the Trust, the Trustees or any Fund and any investor, or to give rise to any rights in any shareholder or other person other than any rights under federal or state law that may not be waived. Nothing in this prospectus, the Statement of Additional Information or the Funds’ reports to shareholders is intended to provide investment advice and should not be construed as investment advice.

## FINANCIAL HIGHLIGHTS

The financial highlights tables set forth below are intended to help you understand each Fund's financial performance for the past five years or since a Fund's inception date if that is less than five years. Certain information reflects financial results for a single Fund share. The total returns in the tables represent the rates that an investor would have earned (or lost) on an investment in a Fund (assuming reinvestment of all dividends and other distributions). This information has been derived from the Funds' financial statements and financial highlights which have been audited by Deloitte & Touche LLP, whose report, along with the Funds' financial statements and financial highlights, is incorporated by reference in the Statement of Additional Information and included in the Funds' annual report for the year ended December 31, 2016, which is available free of charge upon request.

### LKCM SMALL CAP EQUITY FUND – Institutional Class

	Year Ended December 31,				
	2016	2015	2014	2013	2012
<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> .....	\$ 18.82	\$ 19.86	\$ 24.05	\$ 28.33	\$ 22.69
<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%

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

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

<sup>(3)</sup> Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.



**LKCM SMALL-MID CAP EQUITY FUND – Institutional Class**

	Year Ended December 31,				
	2016	2015	2014	2013	2012
<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> .....	\$ 9.56	\$ 11.15	\$ 12.10	\$ 12.97	\$ 9.68
<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%

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

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

<sup>(3)</sup> Due to the timing of capital share transactions, a net realized and unrealized gain on investments is not reflected on the statement of operations.

**LKCM EQUITY FUND – Institutional Class**

	Year Ended December 31,				
	2016	2015	2014	2013 <sup>(1)</sup>	2012
<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> .....	\$ 22.42	\$ 21.40	\$ 22.81	\$ 22.44	\$ 17.62
<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%

<sup>(1)</sup> On May 10, 2013, the Armstrong Fund was reorganized into the LKCM Equity Fund. Activity after May 10, 2013 reflects the Fund's combined operations.

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

<sup>(3)</sup> Net investment income per share is calculated using the ending balance of undistributed net investment income prior to considerations of adjustments for permanent book and tax differences.

**LKCM BALANCED FUND**

	Year Ended December 31,				
	2016	2015	2014	2013	2012
<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> .....	\$ 20.46	\$ 19.60	\$ 20.10	\$ 19.63	\$ 16.11
<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 by the average shares outstanding throughout the period.

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

**LKCM FIXED INCOME FUND**

	Year Ended December 31,				
	2016	2015	2014	2013	2012
<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> .....	\$ 10.67	\$ 10.50	\$ 10.82	\$ 10.91	\$ 11.23
<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).

## 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 taxpayer 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.

Not a Part of the Prospectus

## LKCM FUNDS

### FOR MORE INFORMATION

You may obtain the following and other information on the LKCM Funds free of charge:

#### *Annual and Semi-Annual Reports to Shareholders*

The annual and semi-annual reports provide the Funds' most recent financial reports and portfolio listings. The annual report contains a discussion of the market conditions and investment strategies that affected the Funds' performance during the last fiscal year.

#### *Statement of Additional Information (SAI) dated May 1, 2017, as it may be supplemented from time to time*

The SAI is incorporated into this prospectus by reference (*i.e.*, legally made a part of this Prospectus). The SAI provides more details about the Funds' policies and management.

### TO RECEIVE ANY OF THESE DOCUMENTS FREE OF CHARGE OR MAKE INQUIRIES TO THE FUNDS:

#### **By Telephone:**

1-800-688-LKCM

#### **By Mail:**

LKCM Funds  
c/o U.S. Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, Wisconsin 53201-0701

#### **From the Funds' Website:**

You can access the Funds' SAI, Annual Report and Semi-Annual Reports on the Funds' website at: [www.lkcmfunds.com](http://www.lkcmfunds.com)

#### **On the Internet:**

Electronic versions of Fund documents can be viewed online or downloaded from the EDGAR database on the SEC's Internet site at: [www.sec.gov](http://www.sec.gov)

#### **From the SEC:**

You may write to the SEC Public Reference Room at the regular mailing address or the e-mail address below and ask them to mail you information about the Funds, including the SAI. They will charge you a fee for this duplicating service. You can also visit the SEC Public Reference Room and copy documents while you are there. For more information about the operation of the Public Reference Room, call the SEC at the telephone number below.

Public Reference Section  
Securities and Exchange Commission  
Washington, D.C. 20549-1520

publicinfo@sec.gov  
1-202-551-8090