
LKCM FUNDS

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

Semi-Annual Report
June 30, 2017

Dear Fellow Shareholders:

We report the following performance information for the LKCM Funds for indicated periods ended June 30, 2017:

Funds	Inception Dates	NAV @ 6/30/17	Net Expense Ratio*,**	Gross Expense Ratio**	Six Month Total Return Ended 6/30/17	One Year Total Return Ended 6/30/17	Five Year Average Annualized Return Ended 6/30/17	Ten Year Average Annualized Return Ended 6/30/17	Avg. Annual Total Return Since Incept.
LKCM Equity Fund - Institutional Class	1/3/96	\$24.73	0.80%	0.98%	10.30%	17.15%	12.37%	7.32%	8.36%
S&P 500® Index ⁽¹⁾					9.34%	17.90%	14.63%	7.18%	8.57%
LKCM Small Cap Equity Fund - Institutional Class	7/14/94	\$20.15	1.00%	1.05%	7.07%	16.47%	8.55%	5.11%	10.28%
Russell 2000® Index ⁽²⁾					4.99%	24.60%	13.70%	6.92%	9.40%
LKCM Small Cap Equity Fund - Adviser Class	6/5/03	\$18.99	1.25%	1.30%	6.99%	16.24%	8.29%	4.85%	8.94%
Russell 2000® Index ⁽²⁾					4.99%	24.60%	13.70%	6.92%	9.82%
LKCM Small-Mid Cap Equity Fund - Institutional Class	5/2/11	\$10.31	1.02%	1.25%	7.85%	12.23%	7.34%	N/A	4.78%
Russell 2500® Index ⁽³⁾					5.97%	19.84%	14.04%	N/A	10.20%
LKCM Balanced Fund	12/30/97	\$21.61	0.81%	1.04%	6.10%	11.98%	9.93%	6.90%	6.48%
S&P 500® Index ⁽¹⁾					9.34%	17.90%	14.63%	7.18%	6.79%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index ⁽⁴⁾					1.73%	-0.21%	1.77%	3.87%	4.64%
LKCM Fixed Income Fund	12/30/97	\$10.74	0.51%	0.79%	1.60%	1.06%	1.89%	4.02%	4.42%
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index ⁽⁴⁾					1.73%	-0.21%	1.77%	3.87%	4.64%

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance of the Funds may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-688-LKCM. The Funds impose a 1.00% redemption fee on shares held less than 30 days. If reflected, the fee would reduce performance shown.

* Luther King Capital Management Corporation, the Funds' investment adviser, has contractually agreed to waive all or a portion of its management fee and/or reimburse expenses of each Fund to maintain designated expense ratios through May 1, 2018. This expense limitation excludes interest, taxes, brokerage commissions, indirect fees and expenses related to investments in other investment companies, including money market funds, and extraordinary expenses. Investment performance reflects fee waivers, if any, in effect during the relevant period. In the absence of such waivers, total return would be reduced. Investment performance is based upon the net expense ratio. LKCM waived management fees and/or reimbursed expenses for each Fund during the six months ended June 30, 2017.

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

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

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

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

(4) The Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index is an unmanaged market value weighted index measuring both the principal price changes of, and income provided by, the underlying universe of securities that comprise the index. Securities included in the index must meet the following criteria: fixed as opposed to variable rate; remaining maturity of one to ten years; minimum outstanding par value of \$250 million; rated investment grade or higher by Moody's Investors Service or equivalent; must be dollar denominated and non-convertible; and must be publicly issued.

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

1H 2017 Review and Outlook

The U.S. economy remains sound in our view, as supported by low unemployment, tame inflation, historically low interest rates, and improving corporate profits. We also believe the potential for fiscal stimulus in the upcoming quarters could contribute to additional economic growth. In response to these conditions and their anticipated near-term continuation, the U.S. equity markets, as measured by the S&P 500® Index, rose 9.34% during the first half of 2017.

Against this backdrop, the U.S. government appears to be attempting a "handoff" from tighter monetary policy to stimulative fiscal policy. However, we believe the timing of this handoff is not precise and its calibration is extraordinarily difficult. As a first stage, the Federal Reserve began raising interest rates in December 2015, with additional increases in December 2016, March 2017 and June 2017. At the same time, the Federal Reserve has been charting its course of action to begin reducing the size of its \$4.5 trillion balance sheet. We expect that investors will continue to be keenly focused on how capital markets adjust to the Federal Reserve's efforts to further tighten monetary policy.

The current economic expansion has entered its ninth year, making it the third longest in the post-war era. Some market observers have used “the Goldilocks analogy” for the current economic environment. This analogy suggests that economic growth is neither hot (fast) enough to spur faster monetary policy tightening, nor cold (weak) enough to question its near-term sustainability. Indeed, we believe the U.S. economy’s tepid annual growth of around 2% may be the source of its continued longevity. Recent hawkish comments from members of the Federal Reserve Open Market Committee, which is responsible for setting U.S. benchmark interest rates, appears to have raised the prospect of a possible monetary policy error: an over-tightening of monetary policy. We believe this is unlikely, but not impossible.

The Federal Reserve is tasked with managing monetary policy to satisfy its “dual mandate” of achieving full employment and price stability. With an unemployment rate of 4.3%, a level last registered in May 2001, the U.S. economy appears to be at full employment unless the labor participation rate rises further. We believe the Federal Reserve’s preferred measure of price stability, inflation, is indicating annual inflation of 1.7%, and only 1.5% excluding the more volatile components such as food and energy, which appears well below the 2.0% level often perceived as the Federal Reserve’s target level. Accordingly, we believe the Federal Reserve appears to be pursuing its “dual desire” of reducing its \$4.5 trillion balance sheet and ratcheting interest rates sufficiently high enough to allow it the flexibility to reduce interest rates in response to the eventual end of the current business cycle.

The U.S. equity and fixed income markets seemingly have been at odds during the first half of 2017 over the future path of inflation. U.S. equity markets, as measured by the S&P 500[®] Index, rose steadily during the first half of 2017, spurred primarily by corporate earnings growth. At the same time, however, the spread between yields on nominal U.S. Treasury instruments and Treasury Inflation Protected Securities narrowed during the first half of 2017, suggesting that the U.S. fixed income markets have grown increasingly skeptical about the prospects for higher inflation. We believe it is uncommon for the Federal Reserve to be increasing its target Federal Funds rate, as it did in March 2017 and June 2017, at a time when investor inflation expectations are falling. In our view, lower inflation has historically been supportive of higher price/earnings ratios and U.S. equity market valuations.

Following two years of essentially no corporate earnings growth, we expect corporate earnings growth of approximately 8-10% for 2017. In our view, such corporate earnings growth would continue to support U.S. equity market valuations. We continue to favor equity securities over fixed income securities in this current economic environment.

LKCM Equity Fund

The LKCM Equity Fund outperformed its benchmark, the S&P 500[®] Index, for the six months ended June 30, 2017, returning 10.30% compared to the 9.34% return for the benchmark. During the first half of 2017, the Fund benefited from stock selection in the Consumer Discretionary, Materials and Information Technology sectors, as well as the Fund’s overweight position in the Healthcare sector relative to the benchmark. The Fund’s overweight position in the Information Technology sector detracted from the Fund’s relative performance during the first half of 2017. We believe our emphasis on high quality companies that meet our stringent investment criteria can continue to provide strong performance results for the Fund and its shareholders.

LKCM Small Cap Equity Fund

The LKCM Small Cap Equity Fund outperformed its benchmark, the Russell 2000[®] Index, for the six months ended June 30, 2017, returning 7.07% compared to the 4.99% return for the benchmark. During the first half of 2017, the Fund benefited from strong stock selection in the Consumer Discretionary and Industrials sectors, while stock selection in the Energy sector detracted from the Fund’s relative performance. The Fund also benefited from overweight positions in the Consumer Discretionary, Industrials and Financials sectors during the first half of 2017 relative to the benchmark, although the Fund’s overweight position in the Energy sector detracted from the Fund’s relative performance. We believe our emphasis on high quality companies that meet our stringent investment criteria can continue to provide strong performance results for the Fund and its shareholders.

LKCM Small-Mid Cap Equity Fund

The LKCM Small-Mid Cap Equity Fund outperformed its benchmark, the Russell 2500[®] Index, for the six months ended June 30, 2017, returning 7.85% compared to the 5.97% return for the benchmark. During the first half of 2017, the Fund benefited from strong stock selection in the Financials, Healthcare and Information Technology sectors, while stock selection in the Energy sector detracted from the Fund’s relative performance. The Fund also benefited from overweight positions in the Consumer Discretionary, Financials and Information Technology sectors during the first half of 2017 relative to the benchmark, although the Fund’s overweight position in the Energy sector detracted from the Fund’s relative performance. We believe our emphasis on high quality companies that meet our stringent investment criteria can continue to provide strong performance results for the Fund and its shareholders.

LKCM Balanced Fund

The LKCM Balanced Fund advanced 6.10% for the six months ended June 30, 2017 against the 9.34% return for the S&P 500[®] Index and the 1.73% return for the Bloomberg Barclays Intermediate Government/Credit Bond Index. Both the equity and fixed income allocations of the Fund’s portfolio generated positive returns during the first half of 2017, with the equity allocation providing most of the Fund’s return during this period. Stock selection in the Healthcare, Materials and Financials sectors benefited the Fund’s relative performance during the first half of 2017, while the Fund’s stock selection in the Information Technology, Consumer Staples and Energy

sectors detracted from the Fund's relative performance. The fixed income allocation of the Fund's portfolio continued to generate income and moderate overall portfolio volatility for the Fund, maintaining the Fund's longstanding focus on what we believe are high quality, short-to-intermediate corporate bonds. As of June 30, 2017, the Fund's asset mix consisted of approximately 68.3% in equity securities, 31.4% in fixed income securities, and 0.3% in cash and cash equivalents.

LKCM Fixed Income Fund

The LKCM Fixed Income Fund underperformed its benchmark, the Bloomberg Barclays Intermediate Government/Credit Bond Index, during the first six months of 2017, advancing 1.60% versus 1.73% for the benchmark. During the first half of 2017, the yield curve flattened substantially as yields rose on shorter-duration fixed income securities along with the increase in the Federal funds rate and declined on longer-duration fixed income securities as the pace of inflation and economic growth subdued. In this environment, the Fund's defensive 3.3 year average duration posture detracted from the Fund's performance relative to the 4.1 year average duration for the benchmark, as longer-duration fixed income securities generally outperformed their shorter-duration counterparts. The Fund's overweight position in corporate bonds, and more specifically BBB-rated corporate bonds, relative to the benchmark benefited the Fund's performance during the first half of 2017 as U.S. government securities underperformed and credit spreads tightened substantially, particularly in the Materials and Healthcare sectors. The Fund remains largely focused on short-to-intermediate investment grade corporate bonds with strong underlying credit fundamentals in an effort to mitigate interest rate risk and credit risk associated with the Federal Reserve's anticipated tightening of monetary policy in this slow economic growth environment.



J. Luther King, Jr., CFA, CIC
August 8, 2017

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

Please refer to the Schedule of Investments found on pages 9-22 of the report for more information on Fund holdings. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any securities.

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

Earnings growth is not a measure of future performance.

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

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

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

Price/earnings ratio is the market price of a company share divided by the earnings per share of the company.

Must be preceded or accompanied by a prospectus.

Quasar Distributors, LLC, distributor.

LKCM Funds Expense Example — June 30, 2017 (Unaudited)

As a shareholder of the Funds, you incur two types of costs: (1) transaction costs, including redemption fees; and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (1/1/17-6/30/17).

ACTUAL EXPENSES

The first line of the tables below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period. Although the Funds charge no sales load, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, the Funds’ transfer agent. If you request that a redemption be made by wire transfer, currently a \$15.00 fee is charged by the Funds’ transfer agent. You will be charged a redemption fee equal to 1.00% of the net amount of the redemption if you redeem your shares of the LKCM Small Cap Equity, Small-Mid Cap Equity, Equity, Balanced and Fixed Income Funds within 30 days of purchase, unless otherwise determined by the Funds in their discretion. To the extent the Funds invest in shares of other investment companies as part of their investment strategies, you will indirectly bear your proportionate share of any fees and expenses charged by the underlying funds in which the Funds invest in addition to the expenses of the Funds. Actual expenses of the underlying funds are expected to vary among the various underlying funds. These expenses are not included in the example below. The example below includes management fees, registration fees and other expenses. However, the example below does not include portfolio trading commissions and related expenses and other extraordinary expenses as determined under generally accepted accounting principles.

HYPOTHETICAL EXAMPLES FOR COMPARISON PURPOSES

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

	LKCM Small Cap Equity Fund – Institutional Class		
	Beginning Account Value 1/1/17	Ending Account Value 6/30/17	Expenses Paid During Period* 1/1/17–6/30/17
Actual	\$1,000.00	\$1,070.70	\$5.13
Hypothetical (5% return before expense)	\$1,000.00	\$1,019.84	\$5.01

* Expenses are equal to the Fund’s annualized net expense ratio of 1.00%, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

	LKCM Small Cap Equity Fund – Adviser Class		
	Beginning Account Value 1/1/17	Ending Account Value 6/30/17	Expenses Paid During Period* 1/1/17–6/30/17
Actual	\$1,000.00	\$1,069.90	\$6.42
Hypothetical (5% return before expense)	\$1,000.00	\$1,018.60	\$6.26

* Expenses are equal to the Fund’s annualized net expense ratio of 1.25%, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

	LKCM Small-Mid Cap Equity Fund		
	Beginning Account Value 1/1/17	Ending Account Value 6/30/17	Expenses Paid During Period* 1/1/17–6/30/17
Actual	\$1,000.00	\$1,078.50	\$5.15
Hypothetical (5% return before expense)	\$1,000.00	\$1,019.84	\$5.01

* Expenses are equal to the Fund’s annualized net expense ratio of 1.00%, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

LKCM Equity Fund

	<u>Beginning Account Value 1/1/17</u>	<u>Ending Account Value 6/30/17</u>	<u>Expenses Paid During Period* 1/1/17-6/30/17</u>
Actual	\$1,000.00	\$1,103.00	\$4.17
Hypothetical (5% return before expense)	\$1,000.00	\$1,020.83	\$4.01

* Expenses are equal to the Fund's annualized net expense ratio of 0.80%, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

LKCM Balanced Fund

	<u>Beginning Account Value 1/1/17</u>	<u>Ending Account Value 6/30/17</u>	<u>Expenses Paid During Period* 1/1/17-6/30/17</u>
Actual	\$1,000.00	\$1,061.00	\$4.09
Hypothetical (5% return before expense)	\$1,000.00	\$1,020.83	\$4.01

* Expenses are equal to the Fund's annualized net expense ratio of 0.80%, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

LKCM Fixed Income Fund

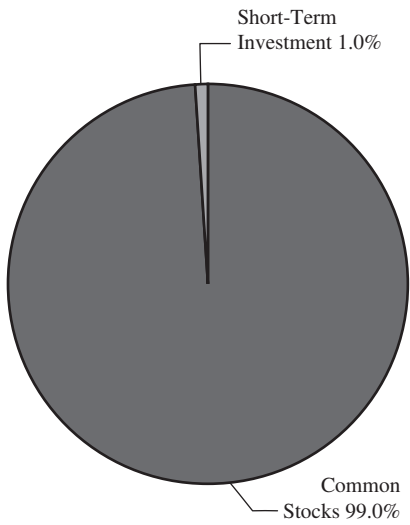
	<u>Beginning Account Value 1/1/17</u>	<u>Ending Account Value 6/30/17</u>	<u>Expenses Paid During Period* 1/1/17-6/30/17</u>
Actual	\$1,000.00	\$1,016.00	\$2.50
Hypothetical (5% return before expense)	\$1,000.00	\$1,022.32	\$2.51

* Expenses are equal to the Fund's annualized net expense ratio of 0.50%, multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half year period.

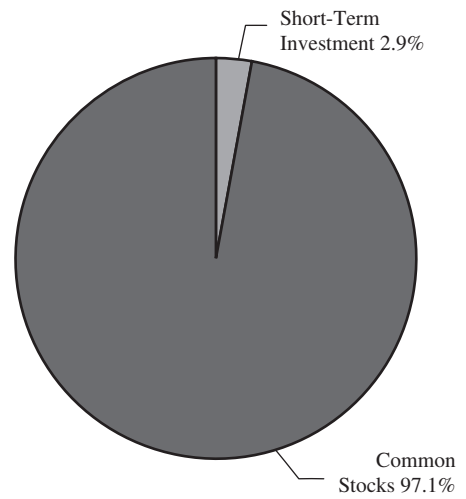
ALLOCATION OF PORTFOLIO HOLDINGS — LKCM Funds — June 30, 2017 (Unaudited)

Percentages represent market value as a percentage of total investments.

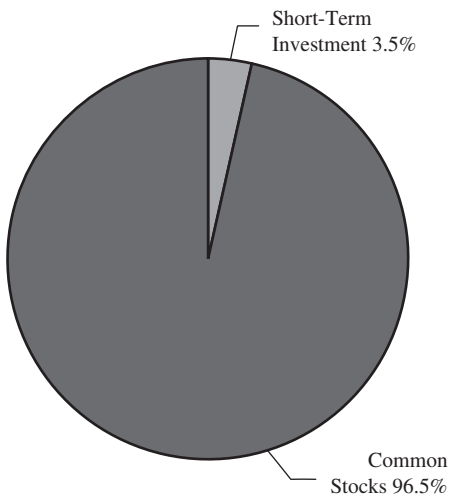
LKCM Small Cap Equity Fund



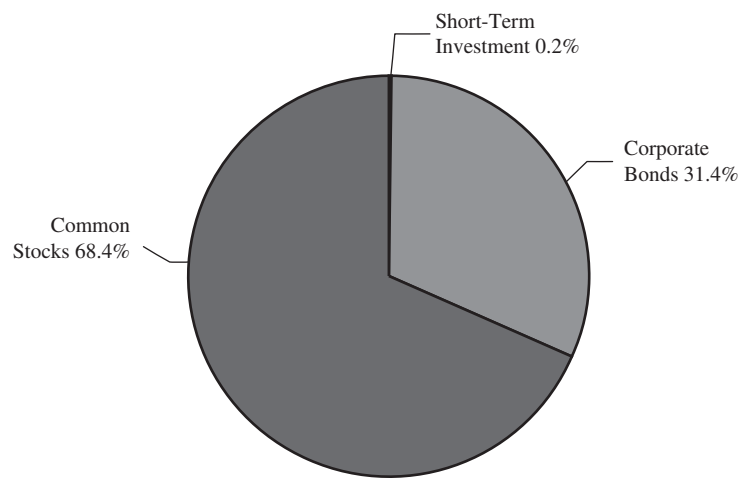
LKCM Small-Mid Cap Equity Fund



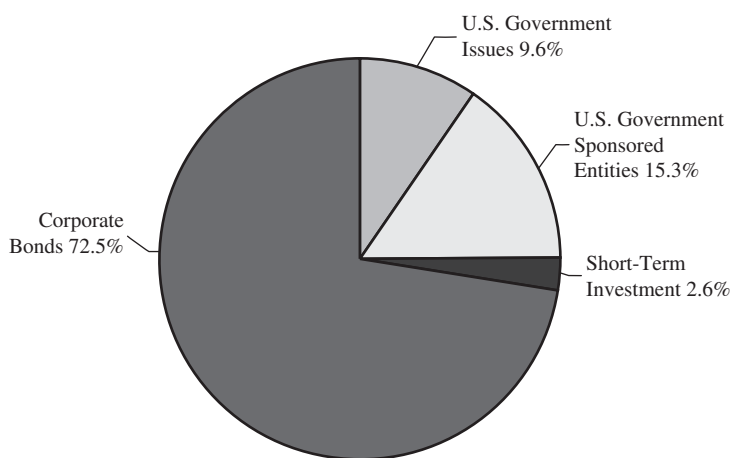
LKCM Equity Fund



LKCM Balanced Fund



LKCM Fixed Income Fund



LKCM SMALL CAP EQUITY FUND

SCHEDULE OF INVESTMENTS

June 30, 2017 (Unaudited)

COMMON STOCKS - 99.2%	Shares	Value	COMMON STOCKS	Shares	Value
Aerospace & Defense - 2.5%			Food & Drug Retailing - 0.6%		
Hexcel Corporation	33,735	\$ 1,780,870	Sprouts Farmers Market, Inc. (a)	59,555	\$ 1,350,112
Mercury Systems, Inc. (a)	88,165	3,710,865	Food Products - 2.7%		
		5,491,735	Hostess Brands, Inc. (a)	110,605	1,780,741
Banks - 8.7%			Snyder's-Lance, Inc.	60,665	2,100,222
BancorpSouth, Inc.	117,024	3,569,232	TreeHouse Foods, Inc. (a)	25,500	2,083,095
Cadence Bancorporation (a)	123,670	2,705,900			5,964,058
Glacier Bancorp, Inc.	15,495	567,272	Health Care Equipment & Supplies - 4.9%		
Hanmi Financial Corporation	98,820	2,811,429	Cantel Medical Corp.	37,380	2,912,276
LegacyTexas Financial Group, Inc.	38,555	1,470,102	K2M Group Holdings Inc. (a)	113,575	2,766,687
Pinnacle Financial Partners, Inc.	87,655	5,504,734	PRA Health Sciences, Inc. (a)	66,582	4,994,316
Seacoast Banking Corporation of Florida (a)	96,310	2,321,071			10,673,279
		18,949,740	Health Care Providers & Services - 5.6%		
Biotechnology - 3.3%			Acadia Healthcare Company, Inc. (a)	53,660	2,649,731
Charles River Laboratories International, Inc. (a)	40,550	4,101,633	Aceto Corporation	60,536	935,281
Neogen Corporation (a)	43,583	3,012,021	Brookdale Senior Living Inc. (a)	179,445	2,639,636
		7,113,654	HealthEquity, Inc. (a)	64,855	3,231,725
Building Products - 3.8%			Omnicell, Inc. (a)	63,955	2,756,460
American Woodmark Corporation (a)	20,375	1,946,831			12,212,833
Apogee Enterprises, Inc.	23,130	1,314,709	Internet & Catalog Retail - 3.1%		
Builders FirstSource, Inc. (a)	173,360	2,655,875	Nutrisystem, Inc.	129,355	6,732,928
PGT, Inc. (a)	194,176	2,485,453	Internet Software & Services - 6.3%		
		8,402,868	Criteo SA - ADR (a)(b)	37,575	1,843,054
Capital Markets - 1.0%			Euronet Worldwide, Inc. (a)	41,985	3,668,229
BGC Partners Inc - Class A	173,465	2,192,597	New Relic, Inc. (a)	82,070	3,529,831
Chemicals - 1.4%			SPS Commerce, Inc. (a)	19,280	1,229,293
Ferroglobe PLC (b)	247,970	2,963,241	The Trade Desk, Inc. - Class A (a)	44,500	2,229,895
Commercial Services & Supplies - 1.7%			Twilio Inc. - Class A (a)	45,540	1,325,669
Healthcare Services Group, Inc.	80,090	3,750,615			13,825,971
Communications Equipment - 2.2%			IT Consulting & Services - 2.0%		
Alarm.com Holdings, Inc. (a)	50,175	1,888,085	Acxiom Corporation (a)	115,561	3,002,275
Infinera Corporation (a)	276,855	2,954,043	FireEye, Inc. (a)	91,820	1,396,582
		4,842,128			4,398,857
Construction & Engineering - 2.5%			Leisure Equipment & Products - 2.2%		
EMCOR Group, Inc.	49,995	3,268,673	Pool Corporation	41,445	4,872,689
MasTec Inc. (a)	49,070	2,215,511	Machinery - 4.4%		
		5,484,184	John Bean Technologies Corporation	34,755	3,405,990
Construction Materials - 1.6%			Kennametal Inc.	93,305	3,491,473
Summit Materials, Inc. - Class A (a)	118,140	3,410,702	Lindsay Corporation	29,485	2,631,536
Consumer Finance - 2.2%					9,528,999
First Cash Financial Services, Inc.	84,000	4,897,200	Marine - 0.9%		
Electronic Equipment & Instruments - 1.5%			Kirby Corporation (a)	30,565	2,043,270
FLIR Systems, Inc.	91,445	3,169,484	Metals & Mining - 1.2%		
Energy Equipment & Services - 0.7%			Carpenter Technology Corporation	70,925	2,654,723
Mammoth Energy Services, Inc. (a)	76,995	1,432,107	Multiline Retail - 3.3%		
		1,432,107	Five Below, Inc. (a)	20,000	987,400
		1,432,107	Ollie's Bargain Outlet Holdings, Inc. (a)	148,420	6,322,692
		1,432,107			7,310,092

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

LKCM SMALL CAP EQUITY FUND
SCHEDULE OF INVESTMENTS, CONTINUED
June 30, 2017 (Unaudited)

COMMON STOCKS	Shares	Value	SHORT-TERM INVESTMENT - 1.0%	Shares	Value
Oil & Gas & Consumable Fuels - 3.0%			Money Market Fund - 1.0%		
Gulfport Energy Corporation (a)	25,000	\$ 368,750	Invesco Short-Term Investments Trust -		
Oasis Petroleum Inc. (a)	150,000	1,207,500	Government & Agency Portfolio -		
PDC Energy, Inc. (a)	42,740	1,842,522	Institutional Shares, 0.89% (c)	2,106,718	\$ 2,106,718
WPX Energy Inc. (a)	317,905	3,070,962			
		<u>6,489,734</u>	TOTAL SHORT-TERM INVESTMENT		
			(Cost \$2,106,718)		<u>2,106,718</u>
Pharmaceuticals - 1.3%			Total Investments - 100.2%		
Cambrex Corp. (a)	48,780	2,914,605	(Cost \$163,522,200)		219,108,491
Professional Services - 0.6%			Liabilities in Excess of Other Assets - (0.2)%		<u>(372,154)</u>
Team, Inc. (a)	56,845	1,333,015	TOTAL NET ASSETS - 100.0%		<u>\$218,736,337</u>
Real Estate Investment Trusts - 4.6%					
First Industrial Realty Trust, Inc.	103,425	2,960,024	ADR American Depository Receipt.		
Life Storage, Inc.	24,470	1,813,227	(a) Non-income producing security.		
Outfront Media Inc.	126,935	2,934,737	(b) Security issued by non-U.S. incorporated company.		
Stag Industrial, Inc.	85,270	2,353,452	(c) The rate quoted is the annualized seven-day yield of the fund at period end.		
		<u>10,061,440</u>	<i>Investments are classified by industry pursuant to the Global Industry Classification Standard (GICS®), which was developed by and/or is the exclusive property of Morgan Stanley Capital International, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.</i>		
Road & Rail - 1.2%					
Genesee & Wyoming Inc. - Class A (a)	39,665	2,712,689			
Semiconductor Equipment & Products - 1.6%					
Lattice Semiconductor Corporation (a)	295,905	1,970,727			
Rambus Inc. (a)	128,760	1,471,727			
		<u>3,442,454</u>			
Software - 7.1%					
ACI Worldwide, Inc. (a)	110,685	2,476,023			
Callidus Software, Inc. (a)	68,280	1,652,376			
Envestnet, Inc. (a)	82,161	3,253,576			
Fair Isaac Corporation	18,580	2,590,238			
Guidewire Software Inc. (a)	25,130	1,726,682			
Manhattan Associates, Inc. (a)	23,995	1,153,200			
Proofpoint, Inc. (a)	31,515	2,736,447			
		<u>15,588,542</u>			
Textiles, Apparel & Luxury Goods - 1.4%					
Columbia Sportswear Company	30,731	1,784,242			
Oxford Industries, Inc.	20,000	1,249,800			
		<u>3,034,042</u>			
Thrifts & Mortgage Finance - 3.6%					
Banc of California, Inc.	173,605	3,732,507			
Home BancShares Inc.	164,271	4,090,348			
		<u>7,822,855</u>			
Trading Companies & Distributors - 4.5%					
MSC Industrial Direct Co., Inc. - Class A	22,510	1,934,960			
Textainer Group Holdings Limited (b)	162,925	2,362,412			
Triton International Limited of					
Bermuda (b)	102,813	3,438,067			
Watsco, Inc.	14,260	2,198,892			
		<u>9,934,331</u>			
TOTAL COMMON STOCKS					
(Cost \$161,415,482)		<u>217,001,773</u>			

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

LKCM SMALL-MID CAP EQUITY FUND

SCHEDULE OF INVESTMENTS

June 30, 2017 (Unaudited)

COMMON STOCKS - 97.2%	Shares	Value	COMMON STOCKS	Shares	Value
Aerospace & Defense - 2.7%			Health Care Providers & Services - 5.5%		
HEICO Corporation	4,718	\$ 338,941	Acadia Healthcare Company, Inc. (a)	8,100	\$ 399,978
Mercury Systems, Inc. (a)	5,005	210,661	Brookdale Senior Living Inc. (a)	25,825	379,886
		549,602	HealthEquity, Inc. (a)	6,780	337,847
					1,117,711
Banks - 5.5%			Internet & Catalog Retail - 1.6%		
LegacyTexas Financial Group, Inc.	7,360	280,637	Nutrisystem, Inc.	6,420	334,161
Pinnacle Financial Partners, Inc.	5,720	359,216			
SVB Financial Group (a)	2,775	487,817	Internet Software & Services - 3.2%		
		1,127,670	Akamai Technologies, Inc. (a)	6,240	310,814
			Euronet Worldwide, Inc. (a)	3,945	344,675
Biotechnology - 1.8%					655,489
Charles River Laboratories International, Inc. (a)	3,625	366,669	IT Consulting & Services - 1.7%		
			Axiom Corporation (a)	13,535	351,639
Building Products - 1.6%			Leisure Equipment & Products - 4.4%		
Fortune Brands Home & Security Inc.	5,095	332,398	Polaris Industries Inc.	3,355	309,432
			Pool Corporation	4,960	583,147
Capital Markets - 3.7%					892,579
Lazard Ltd - Class A (b)	9,460	438,282	Machinery - 5.1%		
SEI Investments Company	5,895	317,033	Flowserve Corporation	7,155	332,207
		755,315	John Bean Technologies Corporation	2,245	220,010
			Kennametal Inc.	7,835	293,186
Chemicals - 4.0%			The Middleby Corporation (a)	1,575	191,378
CF Industries Holdings, Inc.	6,450	180,342			1,036,781
FMC Corporation	8,575	626,404	Marine - 1.5%		
		806,746	Kirby Corporation (a)	4,415	295,143
Commercial Services & Supplies - 1.6%			Metals & Mining - 1.3%		
Healthcare Services Group, Inc.	7,159	335,256	Reliance Steel & Aluminum Co.	3,565	259,568
Consumer Finance - 3.0%			Multiline Retail - 1.4%		
First Cash Financial Services, Inc.	10,650	620,895	Ollie's Bargain Outlet Holdings, Inc. (a)	6,770	288,402
Containers & Packaging - 1.1%			Oil & Gas & Consumable Fuels - 5.1%		
Ball Corporation	5,350	225,823	Diamondback Energy Inc. (a)	2,860	253,997
Diversified Financials - 3.9%			Gulfport Energy Corporation (a)	3,225	47,569
Colony NorthStar, Inc. - Class A	21,806	307,246	Matador Resources Company (a)	13,205	282,191
MSCI Inc.	4,840	498,472	Parsley Energy, Inc. - Class A (a)	4,580	127,095
		805,718	WPX Energy Inc. (a)	34,675	334,960
Electronic Equipment & Instruments - 4.4%					1,045,812
FLIR Systems, Inc.	8,725	302,408	Real Estate Investment Trusts - 4.0%		
Trimble Navigation Limited (a)	16,915	603,358	First Industrial Realty Trust, Inc.	7,405	211,931
		905,766	Life Storage, Inc.	3,945	292,325
Food & Drug Retailing - 0.9%			Outfront Media Inc.	13,775	318,478
Sprouts Farmers Market, Inc. (a)	8,200	185,894			822,734
Food Products - 2.6%			Road & Rail - 1.9%		
Snyder's-Lance, Inc.	5,690	196,988	Genesee & Wyoming Inc. - Class A (a)	5,590	382,300
TreeHouse Foods, Inc. (a)	4,025	328,802	Software - 8.0%		
		525,790	Fair Isaac Corporation	1,730	241,179
Health Care Equipment & Supplies - 8.0%			Fortinet Inc. (a)	9,475	354,744
Align Technology, Inc. (a)	4,140	621,497	Guidewire Software Inc. (a)	5,695	391,304
Cantel Medical Corp.	4,760	370,852	Manhattan Associates, Inc. (a)	1,385	66,563
PRA Health Sciences, Inc. (a)	8,420	631,584	Take-Two Interactive Software, Inc. (a)	7,880	578,234
		1,623,933			1,632,024

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

LKCM SMALL-MID CAP EQUITY FUND
SCHEDULE OF INVESTMENTS, CONTINUED
June 30, 2017 (Unaudited)

COMMON STOCKS	Shares	Value
Specialty Retail - 1.5%		
Tiffany & Co.	3,350	\$ 314,464
Textiles, Apparel & Luxury Goods - 1.9%		
Columbia Sportswear Company	3,510	203,790
Michael Kors Holdings Limited (a) (b)	5,315	192,669
		396,459
Thrifts & Mortgage Finance - 1.7%		
Home BancShares Inc.	13,515	336,523
Trading Companies & Distributors - 2.6%		
MSC Industrial Direct Co., Inc. - Class A	2,950	253,582
Watsco, Inc.	1,830	282,186
		535,768
TOTAL COMMON STOCKS		19,865,032
(Cost \$16,288,435)		
SHORT-TERM INVESTMENT - 2.9%		
Money Market Fund - 2.9%		
Invesco Short-Term Investments Trust - Government & Agency Portfolio - Institutional Shares, 0.89% (c)	592,683	592,683
TOTAL SHORT-TERM INVESTMENT		592,683
(Cost \$592,683)		
Total Investments - 100.1%		20,457,715
(Cost \$16,881,118)		
Liabilities in Excess of Other Assets - (0.1)%		(21,540)
TOTAL NET ASSETS - 100.0%		\$20,436,175

(a) Non-income producing security.

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

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

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LKCM EQUITY FUND
SCHEDULE OF INVESTMENTS
June 30, 2017 (Unaudited)

COMMON STOCKS - 96.5%	Shares	Value	COMMON STOCKS	Shares	Value
Aerospace & Defense - 3.9%			Health Care Equipment & Supplies - 8.4%, Continued		
Honeywell International Inc.	60,000	\$ 7,997,400	Thermo Fisher Scientific Inc.	40,000	\$ 6,978,800
Rockwell Collins, Inc.	40,000	4,203,200			26,600,800
		12,200,600	Household Durables - 2.1%		
Auto Components - 0.5%			Newell Brands, Inc.		
Gentex Corporation	80,000	1,517,600		122,835	6,586,413
Banks - 8.5%			Household Products - 2.6%		
Bank of America Corporation	385,000	9,340,100	Kimberly-Clark Corporation	45,000	5,809,950
Comerica Incorporated	126,000	9,228,240	The Procter & Gamble Company	26,000	2,265,900
Cullen/Frost Bankers, Inc.	65,000	6,104,150			8,075,850
Glacier Bancorp, Inc.	60,000	2,196,600	Internet & Catalog Retail - 2.4%		
		26,869,090	Amazon.com, Inc. (a)	8,000	7,744,000
Beverages - 2.9%			Internet Software & Services - 5.1%		
The Coca-Cola Company	65,000	2,915,250	Akamai Technologies, Inc. (a)	90,000	4,482,900
PepsiCo, Inc.	55,000	6,351,950	Alphabet, Inc. - Class A (a)	7,000	6,507,760
		9,267,200	Facebook, Inc. - Class A (a)	35,000	5,284,300
Biotechnology - 2.2%					16,274,960
Amgen Inc.	40,000	6,889,200	IT Consulting & Services - 2.4%		
Chemicals - 7.7%			Alliance Data Systems Corporation	14,000	3,593,660
E. I. du Pont de Nemours and Company	65,000	5,246,150	PayPal Holdings, Inc. (a)	75,000	4,025,250
Ecolab Inc.	30,000	3,982,500			7,618,910
FMC Corporation	130,000	9,496,500	Machinery - 5.0%		
Monsanto Company	48,000	5,681,280	Generac Holdings, Inc. (a)	108,000	3,902,040
		24,406,430	The Toro Company	74,000	5,127,460
Commercial Services & Supplies - 2.0%			Valmont Industries, Inc.	45,000	6,732,000
Waste Connections, Inc. (b)	97,500	6,280,950			15,761,500
Computers & Peripherals - 1.9%			Marine - 0.9%		
Apple Inc.	42,500	6,120,850	Kirby Corporation (a)	45,000	3,008,250
Construction Materials - 1.4%			Media - 1.5%		
Martin Marietta Materials, Inc.	20,000	4,451,600	Time Warner Inc.	47,000	4,719,270
Containers & Packaging - 1.9%			Oil & Gas & Consumable Fuels - 6.8%		
Ball Corporation	140,000	5,909,400	Cabot Oil & Gas Corporation	170,000	4,263,600
Diversified Financials - 2.9%			ConocoPhillips	62,000	2,725,520
JPMorgan Chase & Co.	102,000	9,322,800	EOG Resources, Inc.	65,000	5,883,800
Electrical Equipment & Instruments - 2.8%			Occidental Petroleum Corporation	100,000	5,987,000
Franklin Electric Co., Inc.	85,000	3,519,000	Range Resources Corporation	120,000	2,780,400
Roper Technologies, Inc.	23,000	5,325,190			21,640,320
		8,844,190	Personal Products - 0.9%		
Electronic Equipment & Instruments - 1.8%			The Estee Lauder Companies Inc. - Class A	30,000	2,879,400
National Instruments Corporation	55,000	2,212,100	Pharmaceuticals - 7.0%		
Trimble Navigation Limited (a)	100,000	3,567,000	AbbVie Inc.	65,000	4,713,150
		5,779,100	Johnson & Johnson	38,000	5,027,020
Food Products - 1.1%			Merck & Co., Inc.	80,000	5,127,200
Mondelez International Inc. - Class A	80,000	3,455,200	Pfizer Inc.	115,000	3,862,850
Health Care Equipment & Supplies - 8.4%			Zoetis Inc	53,500	3,337,330
Danaher Corporation	75,000	6,329,250			22,067,550
Medtronic, PLC (b)	73,000	6,478,750	Road & Rail - 1.3%		
PerkinElmer, Inc.	100,000	6,814,000	Kansas City Southern	40,000	4,186,000

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

LKCM EQUITY FUND
SCHEDULE OF INVESTMENTS, CONTINUED
June 30, 2017 (Unaudited)

COMMON STOCKS	Shares	Value
Software - 4.2%		
Adobe Systems Incorporated (a)	45,000	\$ 6,364,800
Microsoft Corporation	100,000	6,893,000
		<u>13,257,800</u>
Specialty Retail - 3.3%		
The Home Depot, Inc.	50,000	7,670,000
Tiffany & Co.	30,000	2,816,100
		<u>10,486,100</u>
Textiles, Apparel & Luxury Goods - 1.1%		
V.F. Corporation	60,000	3,456,000
TOTAL COMMON STOCKS		<u>305,677,333</u>
(Cost \$186,563,271)		
SHORT-TERM INVESTMENT - 3.5%		
Money Market Fund - 3.5%		
Invesco Short-Term Investments Trust - Government & Agency Portfolio - Institutional Shares, 0.89% (c)	11,088,371	11,088,371
TOTAL SHORT-TERM INVESTMENT		<u>11,088,371</u>
(Cost \$11,088,371)		
Total Investments - 100.0%		316,765,704
(Cost \$197,651,642)		
Liabilities in Excess of Other Assets - 0.0%		(156,511)
TOTAL NET ASSETS - 100.0%		<u>\$316,609,193</u>

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

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LKCM BALANCED FUND
SCHEDULE OF INVESTMENTS
June 30, 2017 (Unaudited)

COMMON STOCKS - 68.3%	Shares	Value	COMMON STOCKS	Shares	Value
Aerospace & Defense - 1.8%			Diversified Telecommunication Services - 1.3%		
Honeywell International Inc.	4,200	\$ 559,818	AT&T Inc.	16,332	\$ 616,206
Rockwell Collins, Inc.	7,100	746,068	Verizon Communications Inc.	8,641	385,907
		1,305,886			1,002,113
Air Freight & Logistics - 0.4%			Electronic Equipment & Instruments - 1.3%		
United Parcel Service, Inc. - Class B	2,600	287,534	National Instruments Corporation	7,500	301,650
			Trimble Navigation Limited (a)	18,200	649,194
					950,844
Banks - 5.9%			Energy Equipment & Services - 0.6%		
Bank of America Corporation	38,500	934,010	Schlumberger Limited (b)	6,200	408,208
Comerica Incorporated	11,100	812,964			
Cullen/Frost Bankers, Inc.	5,400	507,114	Food & Drug Retailing - 1.6%		
SunTrust Banks, Inc.	11,500	652,280	Wal-Mart Stores, Inc.	4,100	310,288
Wells Fargo & Company	12,471	691,018	Walgreens Boots Alliance, Inc.	11,400	892,734
Zions Bancorporation	17,500	768,425			1,203,022
		4,365,811	Food Products - 1.8%		
Beverages - 1.3%			Hormel Foods Corporation	13,900	474,129
The Coca-Cola Company	8,600	385,710	Mondelez International Inc. - Class A	19,800	855,162
PepsiCo, Inc.	5,100	588,999			1,329,291
		974,709	Health Care Equipment & Supplies - 4.2%		
Biotechnology - 1.8%			Danaher Corporation	5,900	497,901
Celgene Corporation (a)	5,200	675,324	Medtronic, PLC (b)	6,100	541,375
Charles River Laboratories International, Inc. (a)	6,800	687,820	PerkinElmer, Inc.	11,600	790,424
		1,363,144	Thermo Fisher Scientific Inc.	2,900	505,963
Capital Markets - 0.8%			VWR Corporation (a)	25,000	825,250
SEI Investments Company	11,500	618,470			3,160,913
Chemicals - 6.2%			Household Durables - 1.9%		
Air Products and Chemicals, Inc.	3,100	443,486	Newell Brands, Inc.	13,809	740,439
E. I. du Pont de Nemours and Company	10,200	823,242	Whirlpool Corporation	3,400	651,508
Ecolab Inc.	4,800	637,200			1,391,947
FMC Corporation	11,200	818,160	Household Products - 2.4%		
GCP Applied Technologies Inc. (a)	16,000	488,000	Colgate-Palmolive Company	11,600	859,908
Monsanto Company	5,600	662,816	Kimberly-Clark Corporation	5,100	658,461
Praxair, Inc.	5,500	729,025	The Procter & Gamble Company	3,500	305,025
		4,601,929			1,823,394
Commercial Services & Supplies - 1.6%			Industrial Conglomerates - 0.5%		
Equifax Inc.	4,500	618,390	General Electric Company	14,600	394,346
Waste Management, Inc.	7,900	579,465			
		1,197,855	Insurance - 1.1%		
Computers & Peripherals - 1.4%			MetLife, Inc.	8,000	439,520
Apple Inc.	7,150	1,029,743	Prudential Financial, Inc.	3,400	367,676
					807,196
Construction Materials - 1.2%			Internet & Catalog Retail - 1.9%		
Martin Marietta Materials, Inc.	3,900	868,062	Amazon.com, Inc. (a)	700	677,600
Containers & Packaging - 0.5%			Expedia, Inc.	5,000	744,750
Ball Corporation	8,800	371,448			1,422,350
Diversified Financials - 2.1%			Internet Software & Services - 2.7%		
JPMorgan Chase & Co.	9,400	859,160	Akamai Technologies, Inc. (a)	12,500	622,625
Moody's Corporation	6,000	730,080	Alphabet, Inc. - Class A (a)	250	232,420
		1,589,240	Alphabet, Inc. - Class C (a)	500	454,365

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

LKCM BALANCED FUND
SCHEDULE OF INVESTMENTS, CONTINUED
June 30, 2017 (Unaudited)

COMMON STOCKS	Shares	Value	COMMON STOCKS	Shares	Value
Internet Software & Services - 2.7%, Continued			Textiles, Apparel & Luxury Goods - 0.9%		
Facebook, Inc. - Class A (a)	4,600	\$ 694,508	NIKE, Inc. - Class B	11,600	\$ 684,400
		2,003,918	TOTAL COMMON STOCKS		
IT Consulting & Services - 2.7%			(Cost \$35,940,681)		
Accenture PLC - Class A (b)	2,200	272,096	51,016,576		
Alliance Data Systems Corporation	2,500	641,725	Principal		
PayPal Holdings, Inc. (a)	11,400	611,838	Amount		
Visa Inc. - Class A	5,600	525,168	CORPORATE BONDS - 31.4%		
		2,050,827	Aerospace & Defense - 0.3%		
Machinery - 0.8%			Rockwell Collins, Inc.		
Fortive Corporation	9,350	592,322	3.700%, 12/15/2023		
Media - 2.1%			Callable 09/15/2023		
CBS Corporation - Class B	3,600	229,608	\$250,000		
Time Warner Inc.	7,100	712,911	Air Freight & Logistics - 1.0%		
The Walt Disney Company	6,000	637,500	FedEx Corp.		
		1,580,019	2.700%, 04/15/2023		
Oil & Gas & Consumable Fuels - 5.1%			United Parcel Service, Inc.		
Anadarko Petroleum Corporation	9,500	430,730	2.450%, 10/01/2022		
Cabot Oil & Gas Corporation	17,700	443,916	500,000		
Chevron Corporation	5,795	604,592	Banks - 2.6%		
ConocoPhillips	11,400	501,144	Bank of America Corporation:		
EOG Resources, Inc.	6,000	543,120	2.625%, 10/19/2020		
Exxon Mobil Corporation	6,727	543,071	2.625%, 04/19/2021		
Pioneer Natural Resources Company	2,600	414,908	The Bank of New York Mellon		
WPX Energy Inc. (a)	35,000	338,100	Corporation		
		3,819,581	2.450%, 11/27/2020		
Pharmaceuticals - 4.6%			Callable 10/27/2020		
Abbott Laboratories	16,000	777,760	350,000		
AbbVie Inc.	11,000	797,610	BB&T Corporation		
Merck & Co., Inc.	8,900	570,401	2.250%, 02/01/2019		
Pfizer Inc.	14,900	500,491	Callable 01/02/2019		
Zoetis Inc	13,000	810,940	Comerica Incorporated		
		3,457,202	2.125%, 05/23/2019		
Real Estate Investment Trusts - 0.8%			Callable 04/23/2019		
American Tower Corporation	4,500	595,440	310,000		
Road & Rail - 0.4%			Wells Fargo & Company:		
Union Pacific Corporation	3,000	326,730	2.150%, 01/15/2019		
Software - 3.1%			2.125%, 04/22/2019		
Adobe Systems Incorporated (a)	4,500	636,480	Wells Fargo Bank, National Association		
Citrix Systems, Inc. (a)	4,000	318,320	1.750%, 05/24/2019		
Microsoft Corporation	11,000	758,230	250,000		
Oracle Corporation	12,400	621,736	Beverages - 0.6%		
		2,334,766	PepsiCo, Inc.		
Specialty Retail - 1.5%			3.000%, 08/25/2021		
The Home Depot, Inc.	5,200	797,680	415,000		
O'Reilly Automotive, Inc. (a)	1,400	306,236	Biotechnology - 1.5%		
		1,103,916	Amgen Inc.:		

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LKCM BALANCED FUND
SCHEDULE OF INVESTMENTS, CONTINUED
June 30, 2017 (Unaudited)

CORPORATE BONDS	Principal Amount	Value	CORPORATE BONDS	Principal Amount	Value
Biotechnology - 1.5%, Continued			Diversified Telecommunication Services - 1.3%, Continued		
Gilead Sciences, Inc. 2.050%, 04/01/2019	\$335,000	\$ 336,146	2.450%, 11/01/2022 Callable 08/01/2022	\$200,000	\$ 196,285
		1,123,580			952,760
Chemicals - 1.3%			Electrical Equipment & Instruments - 2.0%		
Air Products and Chemicals, Inc. 1.200%, 10/15/2017	150,000	149,868	Emerson Electric Co.: 2.625%, 02/15/2023 Callable 11/15/2022	400,000	402,487
Ecolab Inc.: 1.450%, 12/08/2017	250,000	249,872	3.150%, 06/01/2025 Callable 03/01/2025	200,000	205,404
2.000%, 01/14/2019	250,000	251,183	Rockwell Automation Inc. 2.050%, 03/01/2020 Callable 02/01/2020	288,000	288,278
The Sherwin-Williams Company 1.350%, 12/15/2017	300,000	299,582	Roper Industries, Inc. 1.850%, 11/15/2017	300,000	300,242
		950,505	Roper Technologies, Inc. 2.800%, 12/15/2021 Callable 11/15/2021	300,000	302,863
Communications Equipment - 1.2%					1,499,274
Cisco Systems, Inc.: 2.125%, 03/01/2019	250,000	252,088	Energy Equipment & Services - 0.3%		
2.200%, 02/28/2021	275,000	276,631	National Oilwell Varco, Inc. 1.350%, 12/01/2017	200,000	199,751
QUALCOMM Incorporated 2.250%, 05/20/2020	350,000	353,467	Food & Drug Retailing - 2.1%		
		882,186	Costco Wholesale Corporation 2.250%, 02/15/2022	400,000	400,917
Computers & Peripherals - 1.6%			CVS Health Corporation: 2.250%, 12/05/2018 Callable 11/05/2018	175,000	176,140
Apple Inc. 2.850%, 05/06/2021	500,000	514,364	2.125%, 06/01/2021 Callable 05/01/2021	400,000	395,491
International Business Machines Corporation 2.250%, 02/19/2021	350,000	351,444	Walgreens Boots Alliance, Inc.: 3.300%, 11/18/2021 Callable 09/18/2021	325,000	335,432
NetApp, Inc. 2.000%, 12/15/2017	300,000	300,420	3.800%, 11/18/2024 Callable 08/18/2024	250,000	260,054
		1,166,228			1,568,034
Consumer Finance - 0.4%			Health Care Equipment & Supplies - 1.0%		
American Express Credit Corporation 2.600%, 09/14/2020 Callable 08/14/2020	300,000	304,516	Danaher Corporation 2.400%, 09/15/2020 Callable 08/15/2020	400,000	405,312
Consumer Services - 0.3%			Medtronic, Inc. 2.500%, 03/15/2020	300,000	304,466
The Western Union Company 2.875%, 12/10/2017	225,000	225,860			709,778
Diversified Financials - 0.8%			Hotels, Restaurants & Leisure - 0.4%		
JPMorgan Chase & Co.: 2.400%, 06/07/2021 Callable 05/07/2021	400,000	399,465	McDonald's Corporation: 2.750%, 12/09/2020 Callable 11/09/2020	200,000	203,788
3.375%, 05/01/2023	225,000	228,621	3.625%, 05/20/2021	100,000	104,696
		628,086			308,484
Diversified Telecommunication Services - 1.3%					
AT&T Inc. 2.450%, 06/30/2020 Callable 05/30/2020	500,000	502,918			
Verizon Communications Inc.: 3.000%, 11/01/2021 Callable 09/01/2021	250,000	253,557			

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

LKCM BALANCED FUND
SCHEDULE OF INVESTMENTS, CONTINUED
June 30, 2017 (Unaudited)

CORPORATE BONDS	Principal Amount	Value	CORPORATE BONDS	Principal Amount	Value
Household Durables - 1.0%			Pharmaceuticals - 1.7%, Continued		
Newell Brands, Inc.:			AbbVie Inc.:		
2.150%, 10/15/2018	\$400,000	\$ 401,138	2.000%, 11/06/2018	\$134,000	\$ 134,362
3.150%, 04/01/2021			2.500%, 05/14/2020		
Callable 03/01/2021	350,000	358,440	Callable 04/14/2020	425,000	430,214
		<u>759,578</u>	Merck & Co., Inc.:		
Industrial Conglomerates - 0.7%			1.100%, 01/31/2018	275,000	274,761
General Electric Company			2.350%, 02/10/2022	195,000	196,845
2.700%, 10/09/2022	500,000	508,939			<u>1,285,753</u>
Insurance - 0.9%			Real Estate Investment Trusts - 0.7%		
Berkshire Hathaway Inc.			American Tower Corporation:		
2.200%, 03/15/2021			3.400%, 02/15/2019	400,000	408,517
Callable 02/15/2021	425,000	428,484	2.800%, 06/01/2020		
Prudential Financial, Inc.			Callable 05/01/2020	100,000	101,428
2.300%, 08/15/2018	248,000	249,462			<u>509,945</u>
		<u>677,946</u>	Semiconductor Equipment & Products - 0.6%		
Internet Catalog & Retail - 0.7%			Texas Instruments Incorporated		
Amazon.com, Inc.			2.750%, 03/12/2021		
3.300%, 12/05/2021			Callable 02/12/2021	470,000	480,037
Callable 10/05/2021	495,000	516,496	Software - 1.1%		
Internet Software & Services - 0.3%			Microsoft Corporation		
Alphabet, Inc.			2.375%, 02/12/2022		
3.375%, 02/25/2024	200,000	210,444	Callable 01/12/2022	400,000	403,194
Media - 0.9%			Oracle Corporation:		
Time Warner Inc.			2.375%, 01/15/2019	125,000	126,467
3.400%, 06/15/2022	250,000	257,179	2.800%, 07/08/2021	300,000	308,281
The Walt Disney Company					<u>837,942</u>
2.300%, 02/12/2021	420,000	423,872	Specialty Retail - 0.8%		
		<u>681,051</u>	The Home Depot, Inc.:		
Oil & Gas & Consumable Fuels - 3.3%			2.000%, 06/15/2019		
Chevron Corporation			Callable 05/15/2019	325,000	327,363
2.411%, 03/03/2022			2.625%, 06/01/2022		
Callable 01/03/2022	500,000	502,228	Callable 05/01/2022	290,000	294,584
Enterprise Products Operating LLC					<u>621,947</u>
2.850%, 04/15/2021			TOTAL CORPORATE BONDS		
Callable 03/15/2021	500,000	506,102	(Cost \$23,445,425)		<u>23,441,798</u>
EOG Resources, Inc.			SHORT-TERM INVESTMENT - 0.2%	Shares	
2.450%, 04/01/2020			Money Market Fund - 0.2%		
Callable 03/01/2020	200,000	200,746	Invesco Short-Term Investments Trust -		
Exxon Mobil Corporation			Government & Agency Portfolio -		
2.222%, 03/01/2021			Institutional Shares, 0.89% (c)	132,402	132,402
Callable 02/01/2021	325,000	327,299	TOTAL SHORT-TERM INVESTMENT		
Kinder Morgan Energy Partners, L.P.			(Cost \$132,402)		<u>132,402</u>
3.950%, 09/01/2022			Total Investments - 99.9%		
Callable 06/01/2022	400,000	413,736	(Cost \$59,518,508)		74,590,776
Occidental Petroleum Corporation			Other Assets in Excess of Liabilities - 0.1%		73,832
2.600%, 04/15/2022			TOTAL NET ASSETS - 100.0%		<u>\$ 74,664,608</u>
Callable 03/15/2022	500,000	502,747			
		<u>2,452,858</u>			
Pharmaceuticals - 1.7%					
Abbott Laboratories					
2.000%, 03/15/2020	250,000	249,571			

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

LKCM BALANCED FUND
SCHEDULE OF INVESTMENTS, CONTINUED
June 30, 2017 (Unaudited)

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

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

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

LKCM FIXED INCOME FUND

SCHEDULE OF INVESTMENTS

June 30, 2017 (Unaudited)

	Principal Amount	Value		Principal Amount	Value
CORPORATE BONDS - 72.1%			CORPORATE BONDS		
Aerospace & Defense - 0.7%			Computers & Peripherals - 1.9%		
Rockwell Collins, Inc.			Apple Inc.		
3.700%, 12/15/2023			2.400%, 05/03/2023	\$3,250,000	\$ 3,227,039
Callable 09/15/2023	\$1,750,000	\$ 1,823,819	International Business Machines Corporation		
			5.700%, 09/14/2017	1,500,000	1,512,955
Air Freight & Logistics - 1.0%					<u>4,739,994</u>
FedEx Corp.			Consumer Finance - 2.7%		
3.250%, 04/01/2026			American Express Company		
Callable 01/01/2026	2,500,000	2,526,128	1.762%, 05/22/2018 (a)	3,533,000	3,547,199
			American Express Credit Corporation		
Banks - 7.7%			2.375%, 05/26/2020		
Bank of America Corporation:			Callable 04/25/2020	3,000,000	3,028,701
2.357%, 03/22/2018 (a)	2,000,000	2,012,308			<u>6,575,900</u>
2.625%, 10/19/2020	2,600,000	2,628,275	Consumer Services - 2.0%		
4.000%, 01/22/2025	4,000,000	4,073,612	The Western Union Company:		
BB&T Corporation			2.875%, 12/10/2017	2,250,000	2,258,600
1.567%, 06/15/2020 (a)	2,000,000	2,010,862	3.650%, 08/22/2018	2,500,000	2,543,032
Branch Banking & Trust Company					<u>4,801,632</u>
1.350%, 10/01/2017			Containers & Packaging - 2.2%		
Callable 09/01/2017	500,000	499,938	Ball Corporation:		
Comerica Incorporated			5.000%, 03/15/2022	2,000,000	2,142,500
2.125%, 05/23/2019			5.250%, 07/01/2025	3,000,000	3,322,500
Callable 04/23/2019	1,000,000	998,180			<u>5,465,000</u>
Wells Fargo & Company:			Diversified Financials - 3.3%		
1.783%, 04/23/2018 (a)	2,500,000	2,511,175	JPMorgan Chase & Co.:		
2.125%, 04/22/2019	2,000,000	2,010,952	2.056%, 01/25/2018 (a)	3,000,000	3,015,870
4.125%, 08/15/2023	2,000,000	2,116,804	3.375%, 05/01/2023	2,000,000	2,032,186
		<u>18,862,106</u>	2.700%, 05/18/2023		
Beverages - 1.9%			Callable 03/18/2023	3,000,000	2,969,505
Anheuser-Busch InBev Finance Inc.					<u>8,017,561</u>
1.900%, 02/01/2019	4,537,000	4,548,901	Diversified Telecommunication Services - 6.9%		
			AT&T Inc.:		
Biotechnology - 3.0%			2.110%, 11/27/2018 (a)	3,000,000	3,027,195
Amgen Inc.			2.375%, 11/27/2018	4,500,000	4,532,670
2.200%, 05/22/2019			1.898%, 03/11/2019 (a)	1,500,000	1,507,680
Callable 04/22/2019	3,500,000	3,522,949	CenturyLink, Inc.:		
Celgene Corporation			6.150%, 09/15/2019	1,402,000	1,496,635
3.625%, 05/15/2024			5.800%, 03/15/2022	2,500,000	2,609,375
Callable 02/15/2024	3,750,000	3,890,138	Verizon Communications Inc.:		
		<u>7,413,087</u>	2.992%, 09/14/2018 (a)	2,000,000	2,036,548
Capital Markets - 2.5%			2.450%, 11/01/2022		
Morgan Stanley (a):			Callable 08/01/2022	1,750,000	1,717,497
2.436%, 04/25/2018	2,500,000	2,522,073			<u>16,927,600</u>
2.003%, 01/24/2019	3,500,000	3,525,872	Electrical Equipment & Instruments - 2.7%		
		<u>6,047,945</u>	Emerson Electric Co.		
Chemicals - 1.1%			3.150%, 06/01/2025		
Ecolab Inc.			Callable 03/01/2025	5,000,000	5,135,090
1.550%, 01/12/2018	2,725,000	2,723,806	Rockwell Automation, Inc.		
			2.875%, 03/01/2025		
Communications Equipment - 0.3%			Callable 12/01/2024	1,440,000	1,433,038
Cisco Systems, Inc.					<u>6,568,128</u>
4.950%, 02/15/2019	700,000	736,646			

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

LKCM FIXED INCOME FUND
SCHEDULE OF INVESTMENTS, CONTINUED
June 30, 2017 (Unaudited)

CORPORATE BONDS	Principal Amount	Value	CORPORATE BONDS	Principal Amount	Value
Food & Drug Retailing - 3.0%			Oil & Gas & Consumable Fuels - 7.9%, Continued		
CVS Health Corporation 4.125%, 05/15/2021 Callable 02/15/2021	\$2,000,000	\$ 2,116,364	ConocoPhillips Company 1.050%, 12/15/2017 Callable 11/15/2017	\$2,750,000	\$ 2,745,223
Walgreens Boots Alliance, Inc.: 1.750%, 11/17/2017 3.800%, 11/18/2024 Callable 08/18/2024	776,000 4,375,000	776,555 4,550,958	Enterprise Products Operating LLC: 1.650%, 05/07/2018 3.750%, 02/15/2025 Callable 11/15/2024	1,250,000 2,000,000	1,249,211 2,062,906
		<u>7,443,877</u>	Kinder Morgan Energy Partners, L.P. 4.250%, 09/01/2024 Callable 06/01/2024	3,000,000	3,104,319
Health Care Equipment & Supplies - 6.4%			Occidental Petroleum Corporation 2.600%, 04/15/2022 Callable 03/15/2022	3,125,000	3,142,166
Danaher Corporation: 2.400%, 09/15/2020 Callable 08/15/2020	2,000,000	2,026,560	Range Resources Corporation (b) 5.000%, 08/15/2022 Callable 05/15/2022 (Acquired 09/20/2016, Cost \$5,595,486)	5,850,000	5,776,875
3.350%, 09/15/2025 Callable 06/15/2025	5,500,000	5,736,593			<u>19,537,161</u>
PerkinElmer, Inc. 5.000%, 11/15/2021 Callable 08/15/2021	1,094,000	1,183,247	Pharmaceuticals - 0.4%		
Thermo Fisher Scientific, Inc.: 4.150%, 02/01/2024 Callable 11/01/2023	4,500,000	4,805,789	Allergan, Inc. 1.350%, 03/15/2018	1,017,000	1,014,813
2.950%, 09/19/2026 Callable 06/19/2026	2,000,000	1,948,656	Real Estate Investment Trusts - 3.5%		
		<u>15,700,845</u>	American Tower Corporation: 3.400%, 02/15/2019 5.050%, 09/01/2020 3.500%, 01/31/2023 5.000%, 02/15/2024	1,000,000 1,250,000 3,500,000 2,500,000	1,021,293 1,347,436 3,594,066 2,766,248
Household Durables - 1.3%					<u>8,729,043</u>
Newell Brands, Inc. 3.150%, 04/01/2021 Callable 03/01/2021	3,150,000	3,225,959	Road & Rail - 1.7%		
Household Products - 0.4%			Union Pacific Corporation 2.250%, 06/19/2020 Callable 05/19/2020	4,125,000	4,152,435
The Procter & Gamble Company 8.000%, 09/01/2024	775,000	1,034,914	Software & Services - 1.1%		
Industrial Conglomerates - 0.4%			Sabre GBLB Inc. (b) 5.375%, 04/15/2023 Callable 04/15/2018 (Acquired 04/01/2015, Cost \$2,548,100)	2,500,000	2,618,750
General Electric Company 2.100%, 12/11/2019	1,050,000	1,058,700	TOTAL CORPORATE BONDS		
Internet & Catalog Retail - 2.9%			(Cost \$175,342,421)		<u>177,215,970</u>
Amazon.com, Inc.: 2.600%, 12/05/2019 Callable 11/05/2019	2,000,000	2,038,814	U.S. GOVERNMENT ISSUES - 9.5%		
2.500%, 11/29/2022 Callable 08/29/2022	5,000,000	5,046,085	U.S. Treasury Inflation Indexed Bonds - 1.5%		
		<u>7,084,899</u>	0.625%, 01/15/2024	3,667,895	3,722,246
Internet Software & Services - 1.2%			U.S. Treasury Notes - 8.0%		
Alphabet, Inc. 3.375%, 02/25/2024	2,850,000	2,998,821	1.000%, 03/15/2018	1,000,000	998,398
Multiline Retail - 2.0%			1.000%, 08/15/2018	2,000,000	1,993,398
Family Dollar Stores, Inc. 5.000%, 02/01/2021	4,500,000	4,837,500	1.250%, 10/31/2019	2,000,000	1,992,226
Oil & Gas & Consumable Fuels - 7.9%			2.000%, 07/31/2020	2,000,000	2,025,118
Chevron Corporation 2.411%, 03/03/2022 Callable 01/03/2022	1,450,000	1,456,461			

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

LKCM FIXED INCOME FUND
SCHEDULE OF INVESTMENTS, CONTINUED
June 30, 2017 (Unaudited)

U.S. GOVERNMENT ISSUES - 9.5%	Principal Amount	Value	U.S. GOVERNMENT SPONSORED ENTITIES	Principal Amount	Value
U.S. Treasury Notes - 8.0%, Continued			Freddie Mac - 9.8%, Continued		
2.000%, 11/30/2022	\$2,000,000	\$ 2,004,532	2.000%, 05/23/2031		
2.000%, 02/15/2023	1,000,000	1,000,645	Callable 08/23/2017	\$2,500,000	\$ 2,430,155
2.250%, 11/15/2024	1,000,000	1,005,703			<u>24,226,587</u>
2.000%, 02/15/2025	3,000,000	2,959,452	TOTAL U.S. GOVERNMENT SPONSORED ENTITIES		
2.000%, 08/15/2025	2,000,000	1,966,368	(Cost \$37,661,403)		<u>37,420,814</u>
1.625%, 02/15/2026	4,000,000	3,802,264			
		<u>19,748,104</u>	SHORT-TERM INVESTMENT - 2.6%	Shares	
TOTAL U.S. GOVERNMENT ISSUES			Money Market Fund - 2.6%		
(Cost \$23,696,741)		<u>23,470,350</u>	Invesco Short-Term Investments Trust -		
			Government & Agency Portfolio -		
U.S. GOVERNMENT SPONSORED ENTITIES - 15.2%			Institutional Shares, 0.89% (c)	6,303,980	6,303,980
Fannie Mae - 2.4%			TOTAL SHORT-TERM INVESTMENT		
1.000%, 07/28/2021			(Cost \$6,303,980)		<u>6,303,980</u>
Callable 07/28/2017	2,000,000	1,996,156	Total Investments - 99.4%		
1.000%, 10/26/2021			(Cost \$243,004,545)		244,411,114
Callable 07/26/2017	1,040,000	1,032,608	Other Assets in Excess of Liabilities - 0.6%		<u>1,496,143</u>
1.500%, 05/17/2024			TOTAL NET ASSETS - 100.0%		<u>\$245,907,257</u>
Callable 08/17/2017	2,800,000	2,757,132			
		<u>5,785,896</u>			
Federal Home Loan Banks - 3.0%			(a) Floating rate.		
1.000%, 01/30/2019			(b) Restricted security. Resale to the public may require registration or may extend only to qualified institutional buyers. The fair market value of the restricted securities was \$8,395,625 representing 3.4% of the Fund's total net assets.		
Callable 01/30/2018	2,000,000	1,997,918	(c) The rate quoted is the annualized seven-day yield of the fund at period end.		
1.000%, 08/23/2021			<i>Investments are classified by industry pursuant to the Global Industry Classification Standard (GICS®), which was developed by and/or is the exclusive property of Morgan Stanley Capital International, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.</i>		
Callable 08/23/2017	2,915,000	2,913,070			
1.000%, 08/25/2022					
Callable 08/25/2017	2,500,000	2,497,343			
		<u>7,408,331</u>			
Freddie Mac - 9.8%					
5.125%, 11/17/2017	500,000	507,471			
1.000%, 02/10/2020					
Callable 08/10/2017	2,500,000	2,497,622			
1.250%, 08/25/2021					
Callable 08/25/2017	1,650,000	1,625,511			
1.500%, 08/25/2021					
Callable 08/25/2017	1,600,000	1,568,774			
1.000%, 09/15/2021					
Callable 09/15/2017	2,100,000	2,096,909			
1.000%, 09/30/2021					
Callable 09/30/2017	3,000,000	2,996,460			
2.375%, 01/13/2022	2,000,000	2,043,288			
2.000%, 01/26/2022					
Callable 07/26/2017	2,500,000	2,496,817			
1.250%, 06/30/2023					
Callable 09/30/2017	1,500,000	1,485,144			
1.000%, 10/27/2023					
Callable 07/27/2017	4,500,000	4,478,436			

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

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2017 (Unaudited)

	LKCM Small Cap Equity Fund	LKCM Small-Mid Cap Equity Fund	LKCM Equity Fund	LKCM Balanced Fund	LKCM Fixed Income Fund
Assets:					
Investments, at value*	\$219,108,491	\$20,457,715	\$316,765,704	\$74,590,776	\$244,411,114
Cash	—	—	—	—	125
Receivable for Fund shares sold	31,050	—	—	40,152	29
Dividends and interest receivable	72,861	12,723	340,459	168,595	1,670,033
Other assets	85,283	26,082	72,730	21,213	55,694
Total assets	<u>219,297,685</u>	<u>20,496,520</u>	<u>317,178,893</u>	<u>74,820,736</u>	<u>246,136,995</u>
Liabilities:					
Payable for Fund shares redeemed	5,159	22,744	30,025	39,998	—
Payable for investment advisory fees (Note B)	415,202	6,860	397,184	75,944	115,631
Payable for accounting and transfer agent fees and expenses	24,200	7,536	21,774	8,969	18,846
Payable for administrative fees	17,974	3,386	20,528	4,664	15,569
Payable for reports to shareholders	6,801	2,123	6,235	1,225	4,843
Payable for custody fees and expenses	4,507	1,046	5,143	1,285	3,989
Payable for distribution expense (Note B)	2,246	—	—	—	—
Accrued expenses and other liabilities	85,259	16,650	88,811	24,043	70,860
Total liabilities	<u>561,348</u>	<u>60,345</u>	<u>569,700</u>	<u>156,128</u>	<u>229,738</u>
Net assets	<u>\$218,736,337</u>	<u>\$20,436,175</u>	<u>\$316,609,193</u>	<u>\$74,664,608</u>	<u>\$245,907,257</u>
Net assets consist of:					
Paid in capital	\$126,058,735	\$14,996,036	\$191,068,889	\$58,745,122	\$244,216,458
Accumulated net investment income (loss)	(186,673)	(12,576)	1,065,294	102	26,681
Accumulated net realized gain on investments	37,277,984	1,876,118	5,360,948	847,116	257,549
Net unrealized appreciation on investments	55,586,291	3,576,597	119,114,062	15,072,268	1,406,569
Net assets	<u>\$218,736,337</u>	<u>\$20,436,175</u>	<u>\$316,609,193</u>	<u>\$74,664,608</u>	<u>\$245,907,257</u>
INSTITUTIONAL CLASS					
Net assets	\$217,369,939	\$20,436,175	\$316,609,193	\$74,664,608	\$245,907,257
Shares of beneficial interest outstanding (unlimited shares of no par value authorized)	10,785,967	1,983,126	12,803,566	3,455,294	22,899,043
Net asset value per share (offering and redemption price)	<u>\$ 20.15</u>	<u>\$ 10.31</u>	<u>\$ 24.73</u>	<u>\$ 21.61</u>	<u>\$ 10.74</u>
ADVISER CLASS**					
Net assets	\$ 1,366,398				
Shares of beneficial interest outstanding (unlimited shares of no par value authorized)	71,965				
Net asset value per share (offering and redemption price)	<u>\$ 18.99</u>				
* Cost of Investments	<u>\$163,522,200</u>	<u>\$16,881,118</u>	<u>\$197,651,642</u>	<u>\$59,518,508</u>	<u>\$243,004,545</u>

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

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

STATEMENT OF OPERATIONS
For the Six Months Ended June 30, 2017 (Unaudited)

	LKCM Small Cap Equity Fund	LKCM Small-Mid Cap Equity Fund	LKCM Equity Fund	LKCM Balanced Fund	LKCM Fixed Income Fund
Investment Income:					
Dividends*	\$ 1,081,234	\$ 86,655	\$ 2,233,189	\$ 370,456	\$ —
Interest	10,173	1,774	39,361	232,268	2,825,061
Total income	<u>1,091,407</u>	<u>88,429</u>	<u>2,272,550</u>	<u>602,724</u>	<u>2,825,061</u>
Expenses:					
Investment advisory fees (Note B)	957,266	75,754	1,066,218	225,742	574,185
Distribution expense – Adviser Class (Note B)	1,725	—	—	—	—
Accounting and transfer agent fees and expenses	119,102	42,017	114,154	47,048	93,578
Administrative fees	102,143	19,882	123,836	28,721	93,560
Trustees' fees	47,697	7,204	37,181	7,443	28,976
Professional fees	44,882	7,470	51,284	13,214	40,134
Federal and state registration	33,420	17,394	24,675	15,134	18,924
Custody fees and expenses	17,290	3,065	15,594	3,879	11,846
Reports to shareholders	6,396	2,183	6,740	1,729	4,969
Other	58,871	7,611	59,337	10,844	46,519
Total expenses	1,388,792	182,580	1,499,019	353,754	912,691
Less, expense waiver and/or reimbursement (Note B)	(110,712)	(81,575)	(280,484)	(75,918)	(338,506)
Net expenses	<u>1,278,080</u>	<u>101,005</u>	<u>1,218,535</u>	<u>277,836</u>	<u>574,185</u>
Net investment income (loss)	<u>(186,673)</u>	<u>(12,576)</u>	<u>1,054,015</u>	<u>324,888</u>	<u>2,250,876</u>
Realized and Unrealized Gain (Loss) on Investments:					
Net realized gain on investments	33,796,955	1,653,721	4,475,362	796,634	198,134
Net change in unrealized appreciation/depreciation on investments	(15,929,354)	(118,982)	24,376,323	2,986,279	1,278,864
Net realized and unrealized gain on investments	<u>17,867,601</u>	<u>1,534,739</u>	<u>28,851,685</u>	<u>3,782,913</u>	<u>1,476,998</u>
Net Increase in Net Assets Resulting from Operations	<u>\$ 17,680,928</u>	<u>\$ 1,522,163</u>	<u>\$ 29,905,700</u>	<u>\$ 4,107,801</u>	<u>\$ 3,727,874</u>
* Net of foreign taxes withheld	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,510</u>	<u>\$ —</u>	<u>\$ —</u>

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

STATEMENTS OF CHANGES IN NET ASSETS

	LKCM Small Cap Equity Fund		LKCM Small-Mid Cap Equity Fund	
	<i>Six Months Ended June 30, 2017 (Unaudited)</i>	<i>Year Ended December 31, 2016</i>	<i>Six Months Ended June 30, 2017 (Unaudited)</i>	<i>Year Ended December 31, 2016</i>
Operations:				
Net investment loss	\$ (186,673)	\$ (598,113)	\$ (12,576)	\$ (334,381)
Net realized gain on investments	33,796,955	70,583,659	1,653,721	11,090,117
Net change in unrealized appreciation/depreciation on investments	(15,929,354)	(39,738,947)	(118,982)	(46,140,964)
Net increase (decrease) in net assets resulting from operations . . .	<u>17,680,928</u>	<u>30,246,599</u>	<u>1,522,163</u>	<u>(35,385,228)</u>
Dividends and Distributions to Institutional Class Shareholders:				
Net realized gain on investments	—	(38,274,319)	—	(3,253,405)
Dividends and Distributions to Adviser Class Shareholders:				
Net realized gain on investments	—	(394,215)	—	—
Net decrease in net assets resulting from Fund share transactions (Note C)				
	<u>(82,159,219)</u>	<u>(285,382,856)</u>	<u>(1,504,871)</u>	<u>(272,896,350)</u>
Total increase (decrease) in net assets	(64,478,291)	(293,804,791)	17,292	(311,534,983)
Net Assets:				
Beginning of period	283,214,628	577,019,419	20,418,883	331,953,866
End of period*	<u>\$218,736,337</u>	<u>\$ 283,214,628</u>	<u>\$20,436,175</u>	<u>\$ 20,418,883</u>
* Including accumulated net investment loss of	<u>\$ (186,673)</u>	<u>\$ —</u>	<u>\$ (12,576)</u>	<u>\$ —</u>

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

STATEMENTS OF CHANGES IN NET ASSETS

	LKCM Equity Fund		LKCM Balanced Fund	
	<i>Six Months Ended June 30, 2017 (Unaudited)</i>	<i>Year Ended December 31, 2016</i>	<i>Six Months Ended June 30, 2017 (Unaudited)</i>	<i>Year Ended December 31, 2016</i>
Operations:				
Net investment income	\$ 1,054,015	\$ 2,366,551	\$ 324,888	\$ 480,955
Net realized gain on investments	4,475,362	17,224,785	796,634	2,620,580
Net change in unrealized appreciation/depreciation on investments	<u>24,376,323</u>	<u>9,232,988</u>	<u>2,986,279</u>	<u>1,723,988</u>
Net increase in net assets resulting from operations	<u>29,905,700</u>	<u>28,824,324</u>	<u>4,107,801</u>	<u>4,825,523</u>
Dividends and Distributions to Shareholders:				
Net investment income	—	(2,355,272)	(328,780)	(477,045)
Net realized gain on investments	—	(15,387,855)	—	(2,493,726)
	<u>—</u>	<u>(17,743,127)</u>	<u>(328,780)</u>	<u>(2,970,771)</u>
Net increase (decrease) in net assets resulting from				
Fund share transactions (Note C)	<u>195,170</u>	<u>(5,772,597)</u>	<u>7,693,534</u>	<u>22,184,169</u>
Total increase in net assets	<u>30,100,870</u>	<u>5,308,600</u>	<u>11,472,555</u>	<u>24,038,921</u>
Net Assets:				
Beginning of period	<u>286,508,323</u>	<u>281,199,723</u>	<u>63,192,053</u>	<u>39,153,132</u>
End of period*	<u>\$316,609,193</u>	<u>\$286,508,323</u>	<u>\$74,664,608</u>	<u>\$63,192,053</u>
* Including accumulated net investment income of	<u>\$ 1,065,294</u>	<u>\$ 11,279</u>	<u>\$ 102</u>	<u>\$ 3,994</u>

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

STATEMENTS OF CHANGES IN NET ASSETS

	LKCM Fixed Income Fund	
	<i>Six Months Ended June 30, 2017 (Unaudited)</i>	<i>Year Ended December 31, 2016</i>
Operations:		
Net investment income	\$ 2,250,876	\$ 4,580,895
Net realized gain on investments	198,134	332,465
Net change in unrealized appreciation/depreciation on investments	<u>1,278,864</u>	<u>2,637,335</u>
Net increase in net assets resulting from operations	<u>3,727,874</u>	<u>7,550,695</u>
Dividends and Distributions to Shareholders:		
Net investment income	(2,224,195)	(4,585,763)
Net realized gain on investments	<u>—</u>	<u>(93,558)</u>
	<u>(2,224,195)</u>	<u>(4,679,321)</u>
Net increase in net assets resulting from		
Fund share transactions (Note C)	<u>17,541,310</u>	<u>25,150,031</u>
Total increase in net assets	19,044,989	28,021,405
Net Assets:		
Beginning of period	<u>226,862,268</u>	<u>198,840,863</u>
End of period*	<u>\$245,907,257</u>	<u>\$226,862,268</u>
* Including accumulated net investment income of	<u>\$ 26,681</u>	<u>\$ —</u>

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

FINANCIAL HIGHLIGHTS
SELECTED DATA FOR EACH SHARE OF CAPITAL STOCK OUTSTANDING

LKCM Small Cap Equity Fund – Institutional Class						
	<i>Six Months Ended June 30, 2017 (Unaudited)</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>	<i>Year Ended December 31, 2012</i>
Net Asset Value – Beginning of Period	\$ 18.82	\$ 19.86	\$ 24.05	\$ 28.33	\$ 22.69	\$ 22.45
Net investment income (loss)	(0.01) ⁽¹⁾	(0.03) ⁽¹⁾	0.01	(0.06) ⁽¹⁾	(0.06) ⁽²⁾	0.13 ⁽¹⁾
Net realized and unrealized gain (loss) on investments	1.34	1.88	(1.29)	(0.77)	8.02	2.01
Total from investment operations	1.33	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)
Net Asset Value – End of Period	\$ 20.15	\$ 18.82	\$ 19.86	\$ 24.05	\$ 28.33	\$ 22.69
Total Return	7.07% ⁽⁴⁾	9.27%	-5.58%	-3.11%	35.11%	9.74%
Ratios and Supplemental Data:						
Net assets, end of period (thousands)	\$217,370	\$281,790	\$568,421	\$840,631	\$1,047,607	\$819,985
Ratio of expenses to average net assets:						
Before expense waiver and/or reimbursement	1.09% ⁽⁵⁾	0.95%	0.97%	0.94%	0.95%	0.94%
After expense waiver and/or reimbursement	1.00% ⁽⁵⁾	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	(0.23)% ⁽⁵⁾	(0.08)%	0.05%	(0.21)%	(0.23)%	0.53%
After expense waiver and/or reimbursement	(0.14)% ⁽⁵⁾	(0.13)%	0.05%	(0.21)%	(0.23)%	0.53%
Portfolio turnover rate ⁽³⁾	22%	50%	62%	60%	47%	49%

- (1) Net investment income (loss) per share represents net investment income (loss) divided by the average shares outstanding throughout the period.
- (2) Net investment loss per share is calculated using the ending balance of undistributed net investment loss prior to considerations of adjustments for permanent book and tax differences.
- (3) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.
- (4) Not annualized.
- (5) Annualized.

LKCM Small Cap Equity Fund – Adviser Class						
	<i>Six Months Ended June 30, 2017 (Unaudited)</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>	<i>Year Ended December 31, 2012</i>
Net Asset Value – Beginning of Period	\$ 17.76	\$ 18.93	\$ 23.11	\$ 27.43	\$ 22.07	\$ 21.88
Net investment income (loss)	(0.04) ⁽¹⁾	(0.07) ⁽¹⁾	(0.05)	(0.12) ⁽¹⁾	(0.13) ⁽²⁾	0.07 ⁽¹⁾
Net realized and unrealized gain (loss) on investments	1.27	1.79	(1.23)	(0.75)	7.81	1.95
Total from investment operations	1.23	1.72	(1.28)	(0.87)	7.68	2.02
Dividends from net investment income	—	—	—	—	—	(0.06)
Distributions from net realized gains	—	(2.89)	(2.90)	(3.45)	(2.32)	(1.77)
Total dividends and distributions	—	(2.89)	(2.90)	(3.45)	(2.32)	(1.83)
Net Asset Value – End of Period	\$ 18.99	\$ 17.76	\$ 18.93	\$ 23.11	\$ 27.43	\$ 22.07
Total Return	6.99% ⁽⁴⁾	8.99%	-5.81%	-3.35%	34.81%	9.45%
Ratios and Supplemental Data:						
Net assets, end of period (thousands)	\$ 1,366	\$ 1,425	\$ 8,598	\$ 14,665	\$ 41,153	\$40,737
Ratio of expenses to average net assets:						
Before expense waiver and/or reimbursement	1.34% ⁽⁵⁾	1.20%	1.22%	1.19%	1.20%	1.19%
After expense waiver and/or reimbursement	1.25% ⁽⁵⁾	1.25%	1.22%	1.19%	1.20%	1.19%
Ratio of net investment income (loss) to average net assets:						
Before expense waiver and/or reimbursement	(0.48)% ⁽⁵⁾	(0.33)%	(0.20)%	(0.46)%	(0.48)%	0.28%
After expense waiver and/or reimbursement	(0.39)% ⁽⁵⁾	(0.38)%	(0.20)%	(0.46)%	(0.48)%	0.28%
Portfolio turnover rate ⁽³⁾	22%	50%	62%	60%	47%	49%

- (1) Net investment income (loss) per share represents net investment income (loss) divided by the average shares outstanding throughout the period.
- (2) Net investment loss per share is calculated using the ending balance of undistributed net investment loss prior to considerations of adjustments for permanent book and tax differences.
- (3) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.
- (4) Not annualized.
- (5) Annualized.

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

FINANCIAL HIGHLIGHTS
SELECTED DATA FOR EACH SHARE OF CAPITAL STOCK OUTSTANDING

LKCM Small-Mid Cap Equity Fund						
	<i>Six Months Ended June 30, 2017 (Unaudited)</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>	<i>Year Ended December 31, 2012</i>
Net Asset Value – Beginning of Period	\$ 9.56	\$ 11.15	\$ 12.10	\$ 12.97	\$ 9.68	\$ 8.86
Net investment loss	(0.01) ⁽¹⁾	(0.05) ⁽¹⁾	(0.06) ⁽²⁾	(0.08) ⁽¹⁾	(0.06) ⁽²⁾	(0.03) ⁽¹⁾
Net realized and unrealized gain (loss) on investments	0.76	0.19	(0.10)	(0.48)	3.35	0.85
Total from investment operations	0.75	0.14	(0.16)	(0.56)	3.29	0.82
Distributions from net realized gains	—	(1.73)	(0.79)	(0.31)	—	—
Net Asset Value – End of Period	<u>\$ 10.31</u>	<u>\$ 9.56</u>	<u>\$ 11.15</u>	<u>\$ 12.10</u>	<u>\$ 12.97</u>	<u>\$ 9.68</u>
Total Return	7.85% ⁽³⁾	1.17%	-1.41%	-4.39%	33.99%	9.26%
Ratios and Supplemental Data:						
Net assets, end of period (thousands)	\$ 20,436	\$ 20,419	\$331,954	\$391,668	\$366,423	\$250,164
Ratio of expenses to average net assets:						
Before expense waiver and/or reimbursement	1.81% ⁽⁴⁾	1.23%	1.14%	1.20%	1.18%	1.18%
After expense waiver and/or reimbursement	1.00% ⁽⁴⁾	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	(0.93)% ⁽⁴⁾	(0.68)%	(0.63)%	(0.82)%	(0.77)%	(0.50)%
After expense waiver and/or reimbursement	(0.12)% ⁽⁴⁾	(0.45)%	(0.49)%	(0.62)%	(0.59)%	(0.32)%
Portfolio turnover rate	36%	80%	70%	72%	49%	56%

- (1) Net investment loss per share represents net investment loss divided by the average shares outstanding throughout the period.
(2) Net investment loss per share is calculated using the ending balance of undistributed net investment loss prior to considerations of adjustments for permanent book and tax differences.
(3) Not annualized.
(4) Annualized.

LKCM Equity Fund						
	<i>Six Months Ended June 30, 2017 (Unaudited)</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013⁽¹⁾</i>	<i>Year Ended December 31, 2012</i>
Net Asset Value – Beginning of Period	\$ 22.42	\$ 21.40	\$ 22.81	\$ 22.44	\$ 17.62	\$ 15.34
Net investment income	0.08	0.19 ⁽²⁾	0.18 ⁽²⁾	0.17 ⁽³⁾	0.14 ⁽²⁾	0.14 ⁽²⁾
Net realized and unrealized gain (loss) on investments	2.23	2.32	(0.98)	1.28	5.27	2.27
Total from investment operations	2.31	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)
Net Asset Value – End of Period	<u>\$ 24.73</u>	<u>\$ 22.42</u>	<u>\$ 21.40</u>	<u>\$ 22.81</u>	<u>\$ 22.44</u>	<u>\$ 17.62</u>
Total Return	10.30% ⁽⁴⁾	11.66%	-3.54%	6.40%	30.74%	15.69%
Ratios and Supplemental Data:						
Net assets, end of period (thousands)	\$316,609	\$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% ⁽⁵⁾	0.98%	0.93%	0.92%	0.93%	0.96%
After expense waiver and/or reimbursement	0.80% ⁽⁵⁾	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	0.51% ⁽⁵⁾	0.69%	0.68%	0.59%	0.53%	0.69%
After expense waiver and/or reimbursement	0.69% ⁽⁵⁾	0.87%	0.81%	0.71%	0.66%	0.85%
Portfolio turnover rate	4%	16%	13%	14%	17%	12%

- (1) On May 10, 2013, the Armstrong Fund was reorganized into the LKCM Equity Fund. Activity after May 10, 2013 reflects the Funds' combined operations.
(2) Net investment income per share represents net investment income divided by the average shares outstanding throughout the period.
(3) Net investment income per share is calculated using the ending balance of undistributed net investment income prior to considerations of adjustments for permanent book and tax differences.
(4) Not annualized.
(5) Annualized.

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

FINANCIAL HIGHLIGHTS
SELECTED DATA FOR EACH SHARE OF CAPITAL STOCK OUTSTANDING

	LKCM Balanced Fund					
	<i>Six Months Ended June 30, 2017 (Unaudited)</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>	<i>Year Ended December 31, 2012</i>
Net Asset Value – Beginning of Period	\$ 20.46	\$ 19.60	\$ 20.10	\$ 19.63	\$ 16.11	\$ 14.53
Net investment income	0.10	0.20 ⁽¹⁾	0.19	0.24	0.17	0.19
Net realized and unrealized gain (loss) on investments	1.15	1.69	(0.00) ⁽²⁾	0.94	3.55	1.58
Total from investment operations	1.25	1.89	0.19	1.18	3.72	1.77
Dividends from net investment income	(0.10)	(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	(0.10)	(1.03)	(0.69)	(0.71)	(0.20)	(0.19)
Net Asset Value – End of Period	\$ 21.61	\$ 20.46	\$ 19.60	\$ 20.10	\$ 19.63	\$ 16.11
Total Return	6.10% ⁽³⁾	9.70%	0.91%	5.99%	23.18%	12.20%
Ratios and Supplemental Data:						
Net assets, end of period (thousands)	\$74,665	\$63,192	\$39,153	\$37,028	\$ 35,332	\$ 21,800
Ratio of expenses to average net assets:						
Before expense waiver and/or reimbursement	1.02% ⁽⁴⁾	1.03%	1.02%	0.99%	1.04%	1.10%
After expense waiver and/or reimbursement	0.80% ⁽⁴⁾	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	0.72% ⁽⁴⁾	0.73%	0.73%	1.02%	0.72%	0.91%
After expense waiver and/or reimbursement	0.94% ⁽⁴⁾	0.96%	0.95%	1.21%	0.96%	1.21%
Portfolio turnover rate	6%	16%	16%	20%	10%	15%

- (1) Net investment income per share represents net investment income divided by the average shares outstanding throughout the period.
(2) Less than \$(0.005).
(3) Not annualized.
(4) Annualized.

	LKCM Fixed Income Fund					
	<i>Six Months Ended June 30, 2017 (Unaudited)</i>	<i>Year Ended December 31, 2016</i>	<i>Year Ended December 31, 2015</i>	<i>Year Ended December 31, 2014</i>	<i>Year Ended December 31, 2013</i>	<i>Year Ended December 31, 2012</i>
Net Asset Value – Beginning of Period	\$ 10.67	\$ 10.50	\$ 10.82	\$ 10.91	\$ 11.23	\$ 11.04
Net investment income	0.10	0.23	0.25 ⁽²⁾	0.22	0.27	0.34
Net realized and unrealized gain (loss) on investments	0.07	0.17	(0.28)	(0.03)	(0.26)	0.25
Total from investment operations	0.17	0.40	(0.03)	0.19	0.01	0.59
Dividends from net investment income	(0.10)	(0.23)	(0.26)	(0.22)	(0.27)	(0.34)
Distributions from net realized gains	—	(0.00) ⁽³⁾	(0.03)	(0.06)	(0.06)	(0.06)
Total dividends and distributions	(0.10)	(0.23)	(0.29)	(0.28)	(0.33)	(0.40)
Net Asset Value – End of Period	\$ 10.74	\$ 10.67	\$ 10.50	\$ 10.82	\$ 10.91	\$ 11.23
Total Return	1.60% ⁽⁴⁾	3.83%	-0.27%	1.72%	0.07%	5.44%
Ratios and Supplemental Data:						
Net assets, end of period (thousands)	\$245,907	\$226,862	\$198,841	\$222,704	\$221,104	\$205,880
Ratio of expenses to average net assets:						
Before expense waiver and/or reimbursement	0.79% ⁽⁵⁾	0.78%	0.73% ⁽¹⁾	0.70%	0.72%	0.71%
After expense waiver and/or reimbursement	0.50% ⁽⁵⁾	0.50%	0.56% ⁽¹⁾	0.65%	0.65%	0.65%
Ratio of net investment income to average net assets:						
Before expense waiver and/or reimbursement	1.67% ⁽⁵⁾	1.86%	2.18% ⁽¹⁾	1.92%	2.34%	2.98%
After expense waiver and/or reimbursement	1.96% ⁽⁵⁾	2.14%	2.35% ⁽¹⁾	1.97%	2.41%	3.04%
Portfolio turnover rate	14%	59%	29%	46%	30%	31%

- (1) 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.
(2) Net investment income per share represents net investment income divided by the average shares outstanding during the period.
(3) Less than \$(0.005).
(4) Not annualized.
(5) Annualized.

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

A. Organization and Significant Accounting Policies: LKCM Funds (the “Trust”) is registered under the Investment Company Act of 1940 (“1940 Act”) as an open-end, management investment company. The Trust was organized as a Delaware statutory trust on February 10, 1994 and consisted of six diversified series as of June 30, 2017, five of which are presented herein and include the LKCM Small Cap Equity Fund, LKCM Small-Mid Cap Equity Fund, LKCM Equity Fund, LKCM Balanced Fund and LKCM Fixed Income Fund (collectively, the “Funds”). The assets of the Funds are invested in separate, independently managed portfolios. Investment operations of the Funds began on July 14, 1994 (LKCM Small Cap Equity Fund—Institutional Class Shares), January 3, 1996 (LKCM Equity Fund—Institutional Class Shares), December 30, 1997 (LKCM Balanced Fund and LKCM Fixed Income Fund), and May 2, 2011 (LKCM Small-Mid Cap Equity Fund—Institutional and Adviser Class Shares). The LKCM Small Cap Equity Fund and the LKCM Equity Fund created a second class of shares, Adviser Class Shares, and renamed the initial class as Institutional Class Shares on May 1, 2003. The LKCM Small Cap Equity Fund—Adviser Class Shares were initially sold on June 5, 2003 and are subject to expenses pursuant to the Rule 12b-1 plan described in Note B. The Adviser Class Shares of the LKCM Equity Fund and LKCM Small-Mid Cap Equity Fund have not yet commenced operations. Each Fund charges a 1% redemption fee for redemptions on Fund shares held for less than 30 days, unless otherwise determined by a Fund in its discretion.

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

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

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

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

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

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

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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. As of June 30, 2017, the Funds’ assets carried at fair value were classified as follows:

LKCM Small Cap Equity Fund

Description	Level 1	Level 2	Level 3	Total
Common Stocks	\$217,001,773	\$ —	\$ —	\$217,001,773
Money Market Fund	2,106,718	—	—	2,106,718
Total Investments*	<u>\$219,108,491</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$219,108,491</u>

LKCM Small-Mid Cap Equity Fund

Description	Level 1	Level 2	Level 3	Total
Common Stocks	\$ 19,865,032	\$ —	\$ —	\$ 19,865,032
Money Market Fund	592,683	—	—	592,683
Total Investments*	<u>\$ 20,457,715</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20,457,715</u>

LKCM Equity Fund

Description	Level 1	Level 2	Level 3	Total
Common Stocks	\$305,677,333	\$ —	\$ —	\$305,677,333
Money Market Fund	11,088,371	—	—	11,088,371
Total Investments*	<u>\$316,765,704</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$316,765,704</u>

LKCM Balanced Fund

Description	Level 1	Level 2	Level 3	Total
Common Stocks	\$ 51,016,576	\$ —	\$ —	\$ 51,016,576
Corporate Bonds	—	23,441,798	—	23,441,798
Money Market Fund	132,402	—	—	132,402
Total Investments*	<u>\$ 51,148,978</u>	<u>\$ 23,441,798</u>	<u>\$ —</u>	<u>\$ 74,590,776</u>

LKCM Fixed Income Fund

Description	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ —	\$177,215,970	\$ —	\$177,215,970
U.S. Government Sponsored Entities	—	37,420,814	—	37,420,814
U.S. Government Issues	—	23,470,350	—	23,470,350
Money Market Fund	6,303,980	—	—	6,303,980
Total Investments*	<u>\$ 6,303,980</u>	<u>\$238,107,134</u>	<u>\$ —</u>	<u>\$244,411,114</u>

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

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

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

3. Distributions to Shareholders: The LKCM Small Cap Equity Fund, LKCM Small-Mid Cap Equity Fund and LKCM Equity Fund generally intend to pay dividends and distribute net capital, if any, at least on an annual basis. The LKCM Balanced Fund and LKCM Fixed Income Fund generally intend to pay dividends on a quarterly basis and distribute net capital, if any, at least on an annual basis.

4. Foreign Securities: Investing in securities of foreign companies and foreign governments involves special risks and considerations not typically associated with investing in securities of U.S. issuers. These risks include devaluation of currencies and

future adverse political and economic developments. Moreover, securities of many foreign companies and foreign governments and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies and securities of the U.S. government.

5. Expense Allocation: Expenses incurred by the Funds are allocated among the Funds based upon (i) relative average net assets, (ii) a specific identification basis as incurred, or (iii) evenly among the Funds, depending on the nature of the expense. Expenses that are directly attributable to a class of shares, such as Rule 12b-1 distribution fees, are charged to that class. For multi-class Funds, income, unrealized and realized gains/losses are generally allocated between each Fund’s classes in proportion to its respective net assets.

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

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

8. Security Transactions and Investment Income: Security and shareholder transactions are recorded on the trade date. Realized gains and losses on sales of investments are calculated on the identified cost basis. Dividend income and dividends and distributions to shareholders are recorded on the ex-dividend date. Withholding taxes on foreign dividends have been provided for in accordance with the Funds’ understanding of the applicable jurisdiction’s tax rules and rates. Interest income is recognized on the accrual basis. All discounts and premiums are amortized based on the effective interest method for tax and financial reporting purposes. The Funds may hold the securities of real estate investment trusts (“REITs”). Distributions from such investments may include income, capital gains and return of capital.

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

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

B. Investment Advisory and Other Agreements: The Adviser serves as the investment adviser to the Funds under an Investment Advisory Agreement (the “Agreement”). The Adviser receives a fee, computed daily and payable quarterly, at the annual rates presented below as applied to each Fund’s average daily net assets. The Adviser has contractually agreed to waive all or a portion of its management fee and/or reimburse expenses of the Funds through May 1, 2018 in order to limit each Fund’s operating expenses to the annual cap rates presented below. This expense limitation excludes interest, taxes, brokerage commissions, indirect fees and expenses relating to investments in other investment companies, including money market funds, and extraordinary expenses. For the six months ended June 30, 2017, the Adviser waived the following management fees to meet its expense cap obligations:

	<u>LKCM Small Cap Equity Fund</u>	<u>LKCM Small-Mid Cap Equity Fund</u>	<u>LKCM Equity Fund</u>	<u>LKCM Balanced Fund</u>	<u>LKCM Fixed Income Fund</u>
Annual Management Fee Rate	0.75%	0.75%	0.70%	0.65%	0.50%
Annual Cap on Expenses	1.00% ^(Inst.) 1.25% ^(Adviser)	1.00%	0.80%	0.80%	0.50%
Fees Waived in 2017	\$110,712	\$81,575	\$280,484	\$75,918	\$338,506

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

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

The Small Cap Equity Fund, Small-Mid Cap Equity Fund and Equity Fund have adopted a Rule 12b-1 plan under which the Adviser Class of each Fund may pay up to 1.00% of its average daily net assets for distribution and other services. However, the Board of Trustees has currently only authorized a fee of 0.25% of each Fund’s average daily net assets. For the six months ended June 30, 2017, fees incurred by the Small Cap Equity Fund pursuant to the 12b-1 Plan were \$1,725. The Adviser Class shares of the Equity Fund and the Small-Mid Cap Equity Fund have not yet commenced operations. The Funds have also adopted an Institutional Class Distribution

Plan, under which each Fund may pay up to 0.75% of its average daily net assets for distribution and other services. Currently, the Board of Trustees has not authorized payments under this plan and, as a result, the Funds currently neither accrue nor pay any fees under the plan.

C. Fund Shares: At June 30, 2017, there was an unlimited number of shares of beneficial interest, no par value, authorized. The following table summarizes the activity in shares of each Fund:

LKCM Small Cap Equity Fund

	Six Months Ended June 30, 2017		Year Ended December 31, 2016	
	Institutional Class Shares	Amount	Institutional Class Shares	Amount
Shares sold	451,378	\$ 8,745,175	1,612,765	\$ 30,288,236
Shares issued to shareholders in reinvestment of distributions	—	—	1,783,620	33,692,595
Shares redeemed	(4,634,942)	(90,754,122)	(17,051,055)	(342,725,953)
Redemption fee		318		1,460
Net decrease	(4,183,564)	<u><u>\$(82,008,629)</u></u>	(13,654,670)	<u><u>\$(278,743,662)</u></u>
Shares Outstanding:				
Beginning of period	14,969,531		28,624,201	
End of period	<u><u>10,785,967</u></u>		<u><u>14,969,531</u></u>	

	Six Months Ended June 30, 2017		Year Ended December 31, 2016	
	Adviser Class Shares	Amount	Adviser Class Shares	Amount
Shares sold	8,083	\$ 147,219	23,322	\$ 430,731
Shares issued to shareholders in reinvestment of distributions	—	—	21,149	376,656
Shares redeemed	(16,348)	(297,847)	(418,403)	(7,446,581)
Redemption fee		38		—
Net decrease	(8,265)	<u><u>\$(150,590)</u></u>	(373,932)	<u><u>\$(6,639,194)</u></u>
Shares Outstanding:				
Beginning of period	80,230		454,162	
End of period	<u><u>71,965</u></u>		<u><u>80,230</u></u>	
Total Net Decrease		<u><u>\$(82,159,219)</u></u>		<u><u>\$(285,382,856)</u></u>

LKCM Small-Mid Cap Equity Fund

	Six Months Ended June 30, 2017		Year Ended December 31, 2016	
	Shares	Amount	Shares	Amount
Shares sold	25,082	\$ 251,746	824,429	\$ 8,405,928
Shares issued to shareholders in reinvestment of distributions	—	—	315,244	3,026,346
Shares redeemed	(176,966)	(1,756,617)	(28,784,437)	(284,328,924)
Redemption fee		—		300
Net decrease	(151,884)	<u><u>\$(1,504,871)</u></u>	(27,644,764)	<u><u>\$(272,896,350)</u></u>
Shares Outstanding:				
Beginning of period	2,135,010		29,779,774	
End of period	<u><u>1,983,126</u></u>		<u><u>2,135,010</u></u>	

LKCM Equity Fund

	Six Months Ended June 30, 2017		Year Ended December 31, 2016	
	Shares	Amount	Shares	Amount
Shares sold	707,790	\$ 16,506,083	873,854	\$ 19,663,219
Shares issued to shareholders in reinvestment of distributions	—	—	764,353	17,205,579
Shares redeemed	(683,841)	(16,310,913)	(1,999,145)	(42,641,469)
Redemption fee	—	—	—	74
Net increase (decrease)	23,949	\$ 195,170	(360,938)	\$ (5,772,597)
Shares Outstanding:				
Beginning of period	12,779,617		13,140,555	
End of period	12,803,566		12,779,617	

LKCM Balanced Fund

	Six Months Ended June 30, 2017		Year Ended December 31, 2016	
	Shares	Amount	Shares	Amount
Shares sold	486,984	\$ 10,251,735	1,299,893	\$ 26,392,805
Shares issued to shareholders in reinvestment of distributions	14,767	315,583	139,950	2,865,400
Shares redeemed	(135,753)	(2,873,808)	(348,607)	(7,074,136)
Redemption fee	—	24	—	100
Net increase	365,998	\$ 7,693,534	1,091,236	\$ 22,184,169
Shares Outstanding:				
Beginning of period	3,089,296		1,998,060	
End of period	3,455,294		3,089,296	

LKCM Fixed Income Fund

	Six Months Ended June 30, 2017		Year Ended December 31, 2016	
	Shares	Amount	Shares	Amount
Shares sold	2,551,222	\$ 27,430,104	3,283,450	\$ 35,330,302
Shares issued to shareholders in reinvestment of distributions	198,687	2,128,000	405,849	4,366,386
Shares redeemed	(1,121,792)	(12,016,796)	(1,350,992)	(14,546,657)
Redemption fee	—	2	—	—
Net increase	1,628,117	\$ 17,541,310	2,338,307	\$ 25,150,031
Shares Outstanding:				
Beginning of period	21,270,926		18,932,619	
End of period	22,899,043		21,270,926	

D. Security Transactions: Purchases and sales of investment securities, other than short-term investments, for the six months ended June 30, 2017 were as follows:

	Purchases		Sales	
	U.S. Government	Other	U.S. Government	Other
LKCM Small Cap Equity Fund	\$ —	\$56,681,043	\$ —	\$141,100,293
LKCM Small-Mid Cap Equity Fund	—	7,155,125	—	9,244,048
LKCM Equity Fund	—	14,005,726	—	11,799,104
LKCM Balanced Fund	—	13,324,700	—	3,812,363
LKCM Fixed Income Fund	12,062,302	43,652,873	17,387,025	13,368,660

E. Tax Information: At December 31, 2016, the components of accumulated earnings (losses) on a tax basis were as follows:

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

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

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

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

	<u>Six Months Ended June 30, 2017</u>		<u>Year Ended December 31, 2016</u>	
	<u>Ordinary Income</u>	<u>Long-Term Capital Gains</u>	<u>Ordinary Income</u>	<u>Long-Term Capital Gains</u>
LKCM Small Cap Equity Fund	\$ —	\$—	\$ —	\$38,668,534
LKCM Small-Mid Cap Equity Fund	—	—	—	3,253,405
LKCM Equity Fund	—	—	2,355,272	15,387,855
LKCM Balanced Fund	328,780	—	477,045	2,493,726
LKCM Fixed Income Fund	2,224,195	—	4,624,444	54,877

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

The Trust has adopted financial reporting rules regarding recognition and measurement of tax positions taken or expected to be taken on a tax return. The Trust has reviewed all open tax years and major jurisdictions and concluded that there is no impact on the Funds' financial position or results of operations. Tax years that remain open to examination by major tax jurisdictions include tax years ended December 31, 2013 through December 31, 2016. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on tax returns as of December 31, 2016. The Funds are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. If applicable, the Funds would recognize interest accrued related to unrecognized tax benefits in "interest expense" and penalties in "other expense" on the statement of operations.

F. Recent Accounting Pronouncements: In October 2016, the U.S. Securities and Exchange Commission adopted new rules and amended existing rules (together, "final rules") intended to modernize the reporting and disclosure of information by registered investment companies. In part, the final rules amend Regulation S-X and require standardized, enhanced disclosure about derivatives in investment company financial statements, as well as other amendments. The compliance date for the final rules is August 1, 2017. Management is currently evaluating the impact that the adoption of the final rules will have on the financial statements and related disclosures.

G. Subsequent Events: In preparing these financial statements, the Trust has evaluated events after June 30, 2017 and determined that there were no significant subsequent events that would require adjustment to or additional disclosure in these financial statements.

Availability of Proxy Voting Information: A description of the policies and procedures that the Funds use to determine how to vote proxies relating to their portfolio securities, as well as information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, is available without charge, upon request, by calling toll-free 1-800-688-LKCM or on the SEC website at <http://www.sec.gov>.

The actual voting records relating to portfolio securities during the twelve month period ended June 30 (as filed with the SEC on Form N-PX) are available without charge, upon request, by calling the Funds toll free at 1-800-688-LKCM or by accessing the SEC's website at www.sec.gov.

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

RENEWAL OF INVESTMENT ADVISORY AGREEMENT WITH RESPECT TO LKCM FUNDS

Introduction. At a meeting held on February 28, 2017, the Board of Trustees of LKCM Funds, including the independent Trustees (the “Board”), approved the renewal of the Investment Advisory Agreement (the “Agreement”) between Luther King Capital Management Corporation (“LKCM”) and LKCM Funds (the “Trust”), on behalf of the LKCM Small Cap Equity Fund, LKCM Small-Mid Cap Equity Fund, LKCM Equity Fund, LKCM Balanced Fund and LKCM Fixed Income Fund (each, a “Fund” and collectively, the “Funds”).

In voting to approve the renewal of the Agreement, the Board considered information furnished throughout the year at regularly scheduled Board meetings, as well as information prepared specifically in connection with the annual renewal process. The Board also considered the overall fairness of the Agreement and factors it deemed relevant with respect to each Fund, including, but not limited to: (1) the nature, extent and quality of the services provided to each Fund; (2) the performance of each Fund as compared to a relevant benchmark, peer group of funds compiled by Lipper, Inc., (“Lipper”) and a composite (“Composite”) of accounts managed by LKCM pursuant to similar investment strategies (“Similar Accounts”); (3) the level of the fees and the overall expenses of each Fund and how those compared to a peer group of funds and Similar Accounts; (4) the costs of services provided to the Funds and the profitability of LKCM; (5) the extent to which economies of scale would be realized by LKCM as a Fund grows and whether the fee levels reflect economies of scale for the benefit of investors; and (6) any other benefits derived by LKCM from its relationship with the Funds. The Board did not identify any single factor or item of information as all-important or controlling and each Board member may have accorded different weights to the various factors in reaching his conclusions with respect to the Agreement.

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

Nature, Extent and Quality of Services. The Board reviewed and considered the nature, extent and quality of the advisory services provided by LKCM to each Fund under the Agreement. The Board considered that LKCM has provided investment management services to individuals, foundations, estates, employee benefit plans, endowments, corporations and other clients since 1979. The Board recognized that LKCM is responsible for managing the Funds and monitoring their performance. The Board considered LKCM’s financial resources, insurance coverage, culture of compliance and compliance operations that support the Funds. The Board also considered LKCM’s representation that it has invested considerable resources into the firm and its personnel to augment investment management and client service. The Board reviewed the portfolio managers and other key personnel who provide services to each Fund, and considered LKCM’s representation that the firm historically has experienced very low personnel turnover. The Board also considered LKCM’s representation that the firm has implemented a compensation structure designed to attract and retain highly qualified investment professionals.

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

Performance of the LKCM Funds. The Board considered the performance of each Fund compared to the Fund’s benchmark index (“Benchmark”) and a peer group funds compiled by Lipper (“Lipper Index”) for various time periods ended December 31, 2016. The Board also considered LKCM’s discussion of each Fund’s performance.

The Board noted LKCM’s representation that its investment strategy for the Funds focuses on investments in higher quality companies that meet LKCM’s stringent investment criteria, which had encountered difficulty in overcoming a “reach for yield” and focus on lower quality companies that LKCM believes have driven the market in the past several years, and considered that these factors had adversely affected the performance of the Small Cap Equity Fund, Small-Mid Cap Equity Fund and Equity Fund. In addition, the Board considered the additional factors cited by LKCM as contributing to or detracting from a Fund’s performance during the prior year.

The Board considered the performance of the Institutional Class of the Small Cap Equity Fund because the Institutional Class has been in existence for the longest period of time and has the longest performance history and the largest amount of assets. The Board noted that the Institutional Class of the Small Cap Equity Fund outperformed its Benchmark for the since-inception period, but underperformed its Benchmark for the one-year, three-year, five-year and ten-year periods and its Lipper Index for the one-year, three-year, five-year, ten-year and since-inception periods.

The Board noted that the Small-Mid Cap Equity Fund underperformed its Benchmark and Lipper Index for the one-year, three-year, five-year and since-inception periods.

The Board noted that the Equity Fund outperformed its Benchmark for the ten-year period, but underperformed its Benchmark for the one-year, three-year, five-year and since-inception periods. The Board also noted that the Equity Fund outperformed its Lipper Index for the ten-year and since-inception periods, but underperformed its Lipper Index for the one-year, three-year and five-year periods.

The Board noted that the Balanced Fund had outperformed the Bloomberg Barclays Intermediate Government/Credit Bond Index for the one-year, three-year, five-year, ten-year and since-inception periods. The Board also noted that the Balanced Fund outperformed the S&P 500 Index for the ten-year period, but underperformed the S&P 500 Index for the one-year, three-year, five-year and since-inception periods. The Board also compared the Balanced Fund's performance to a custom blended index that reflected the Fund's historical allocation to equity and fixed income securities ("Blended Index"). The Board noted that the Balanced Fund outperformed the Blended Index for the one-year and ten-year periods, but underperformed the Blended Index for the three-year and five-year periods. The Board also noted that the Balanced Fund outperformed the Lipper Index for the one-year, three-year, five-year, ten-year and since-inception periods.

The Board noted that the Fixed Income Fund outperformed its Benchmark for the one-year, five-year and ten-year periods, but underperformed its Benchmark for the three-year and since-inception periods. The Board also noted that the Fixed Income Fund outperformed its Lipper Index for the one-year, three-year, five-year, ten-year and since-inception periods.

The Board also considered the performance of each Fund, as applicable, against its Composite and LKCM's representations regarding the differences between each such Fund and its Composite, including differences in how the Funds and Similar Accounts are managed, tax considerations, cash flows and shareholder purchase and redemption activities.

Fees and Expenses. The Board considered each Fund's contractual advisory fee rate, effective advisory fee rate (the contractual advisory fee rate net of fee waivers and/or expense reimbursements) and net expense ratio (the total expense ratio after fee waivers and/or expense reimbursements). The Board also considered that LKCM had contractually agreed to continue the current fee waivers and expense caps in effect for each Fund through April 30, 2018.

The Board compared the contractual advisory fee rate, effective advisory fee rate and the net expense ratio of each Fund to a category of similar funds compiled by Lipper ("Lipper Category"). The Board received information comparing each Fund's contractual advisory fee rate, effective advisory fee rate and net expense ratio to a Lipper Category reflecting the expenses of the funds identified by Lipper as comparable, and another comparing the Fund's expenses to the expenses of the institutional class shares of the funds in the Lipper Category. The Board noted, in this regard, LKCM's representation that, unlike the institutional class shares of many of their peer group funds, the Funds' Institutional Class shares are available for investment by retail investors. Accordingly, the Lipper Category discussed below for each Fund reflects the Lipper Category reflecting all funds identified by Lipper as comparable to the Fund. The first quartile in a Lipper Category represents those funds with the lowest fees or expenses.

The Board generally considered that, although the Funds' contractual advisory fee rates may be higher than those of their peers, the expense cap arrangements generally cause the Funds' effective advisory fee rates and overall net expense ratios to be lower than, or in line with, those of their peers.

The Board considered the fees and expenses of the Institutional Class of the Small Cap Equity Fund because the Institutional Class has been in existence for the longest period of time and has the longest performance history and the largest amount of assets. The Board noted that the contractual advisory fee rate and effective advisory fee rate for the Small Cap Equity Fund were in the second and first quartiles of the Fund's Lipper Category, respectively. The Board also considered that the Small Cap Equity Fund's net expense ratio was in the second quartile of its Lipper Category. In this case, the Small Cap Equity Fund's contractual advisory fee rate, effective advisory fee rate and net expense ratio were lower than the average of its Lipper Category.

The Board noted that the contractual advisory fee rate and effective advisory fee rate for the Small-Mid Cap Equity Fund were in the second and first quartiles of the Small-Mid Cap Equity Fund's Lipper Category, respectively. The Board also considered that the Small-Mid Cap Equity Fund's net expense ratio was in the first quartile of its Lipper Category. In this case, the Small-Mid Cap Equity Fund's contractual advisory fee rate, effective advisory fee rate and net expense ratio were lower than the average of its Lipper Category.

The Board noted that the contractual advisory fee rate and effective advisory fee rate for the Equity Fund were in the third and second quartiles of its Lipper Category, respectively. The Board also considered that the Equity Fund's net expense ratio was in the second quartile of its Lipper Category. In this case, the Equity Fund's contractual advisory fee rate was higher than the average of its Lipper Category and the effective advisory fee rate and net expense ratio were lower than the average of its Lipper Category.

The Board noted that the contractual advisory fee rate and effective advisory fee rate for the Balanced Fund each was in the third quartile of its Lipper Category. The Board also considered that the Balanced Fund's net expense ratio was in the second quartile of its Lipper Category. In this case, the Balanced Fund's contractual advisory fee rate and effective advisory fee rate were higher than the average of its Lipper Category, and the net expense ratio was lower than the average of its Lipper Category.

The Board noted that the contractual advisory fee rate and effective advisory fee rate for the Fixed Income Fund were in the fourth and second quartiles of its Lipper Category, respectively. The Board also considered that the Fixed Income Fund's net expense ratio was in the second quartile of its Lipper Category. In this case, the Fixed Income Fund's contractual advisory fee rate was higher than the average of its Lipper Category and the effective advisory fee rate and net expense ratio were lower than the average of its Lipper Category.

The Board also considered the advisory fee rates generally charged by LKCM to Similar Accounts and noted LKCM's explanation that the fee rates charged by LKCM to the Funds and its Similar Accounts differ primarily as a result of differences in the regulatory, compliance and related expenses and level of services between the Funds and the other Similar Accounts.

Costs, Profitability and Economies of Scale. The Board considered LKCM's costs in rendering services to the Funds and the profitability of LKCM. The Board reviewed the fees paid by each Fund to LKCM for the last three calendar years. The Board also reviewed the estimated profit and loss statement provided by LKCM on a Fund-by-Fund basis for the past calendar year, before and after any distribution-related payments made by LKCM. With respect to economies of scale, the Board considered that the Funds generally benefit from competitive effective advisory fee rates and net expense ratios despite not having reached an asset size at which economies of scale traditionally would be considered to exist. The Board also considered that, while there are no breakpoints in the Funds' advisory fee rate schedules, LKCM waives fees and/or reimburses expenses to maintain the Funds' effective advisory fee rates and net expense ratios at competitive levels.

Benefits Derived by LKCM from its Relationship with the Funds. The Board requested and considered information regarding the potential fall-out benefits to LKCM from its association with the Funds. The Board noted that LKCM believes that both LKCM and the Funds benefit from LKCM's soft dollar and commission sharing arrangements for third party and proprietary research used by LKCM in connection with its investment process. The Board also noted that LKCM believes its relationship with the Funds provides an indirect benefit to both parties in the form of enhanced recognition among institutional investors, consultants and other members of the financial community. The Board considered the indirect benefits to LKCM, in the form of additional clients with separately managed portfolios or subadvisory relationships with other mutual funds, which also may attract additional investors to the Funds.

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

LKCM FUNDS PRIVACY NOTICE

Our Commitment to Your Privacy

At LKCM Funds, we are committed to safeguarding the confidentiality and privacy of nonpublic personal information about our current and former shareholders. This privacy notice describes the policies and procedures we have implemented to protect the privacy of your nonpublic personal information as well as the sources through which we may obtain nonpublic personal information about you.

How We Protect Your Nonpublic Personal Information

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

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

How We Obtain Your Nonpublic Personal Information

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

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

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