

LUTHER KING CAPITAL MANAGEMENT
LKCM SMID CAP EQUITY COMPOSITE
Fourth Quarter, 2011 Update



<u>Performance</u> **	<u>4th</u> <u>QTR</u> <u>2011</u>	<u>YTD</u> <u>2011</u>	<u>3 Years</u> <u>Annualized</u>	<u>5 Years</u> <u>Annualized</u>	<u>Since</u> <u>Inception</u> <u>Annualized *</u>
LKCM SMID Cap Equity Composite	12.62%	(0.90)%	22.75%	6.51%	8.79%
Russell 2500 Index	14.52%	(2.51)%	18.41%	1.25%	4.88%

* 04/01/05 – 12/31/11

Small to mid sized companies, as measured by the Russell 2500, gained 14.5% in 4Q11 but still finished the year down 2.5%. It was a challenging and volatile year for the market that saw a strikingly different phase and performance in each quarter. 1Q11 saw solid market gains as a continuation of the global growth coming out of 2010. 2Q11's consolidation wasn't a surprise, but 3Q11's bear-market correction caught most investors off guard as macro issues, namely the European sovereign debt crisis and our own debt ceiling stalemate, sent the markets reeling lower. October witnessed a sharp rebound which resulted in a positive, double-digit return in 4Q11 as the U.S. economy proved resilient to the global challenges. We believe the U.S. economy remains positioned for further growth.

The increased uncertainty and volatility of 2011 caused many investors to exit the markets thus putting additional downward pressure on stocks. We believe this cautious sentiment on the markets, despite the recent rebound, should position us for positive returns in 2012 as continued economic growth, low interest rates and excess capital should support higher stock prices.

The LKCM SMID Cap Equity Composite underperformed the benchmark by 190 bps in 4Q11 but finished 161 bps ahead of the benchmark in 2011. In 4Q11, we captured most of the rebound relative to the market. Our stock selection detracted from our results as our higher quality strategy did not keep up with the lower-quality, higher beta bounce in October. Our Energy stocks were a positive contributor but were more than offset by weakness in other sectors, especially the Technology, Financials and Consumer Discretionary sectors. Sector allocation decisions were a positive in 4Q11.

For 2011, the majority of the outperformance came from our stock selection while our sector allocation decisions were a slight drag on our results. We remained optimistic about the underlying economic trends during the year and were underweight the defensive sectors, Utilities and Consumer Staples, which proved to be the two best performing sectors in 2011. Stock selection was additive in most sectors, especially in the Energy and Technology sectors, as our focus on high quality, best positioned companies was rewarded. We also benefited from two of our portfolio companies being acquired in 2011 and we expect merger and acquisition activity to continue in 2012.

Our investment strategy is to identify competitively advantaged companies that generate strong financial returns with good reinvestment opportunities and purchase these stocks at attractive prices. We believe this strategy of investing in competitively advantaged companies with viable strategies to increase the value of their businesses will continue to be beneficial for our investors. Our goal is to generate superior returns over time relative to our benchmark and to minimize the risk (volatility) of the portfolio.

The management of our SMID Cap Equity Composite truly maximizes our internal, research-intensive investment process. By incorporating the total research capabilities of the firm, we are constantly identifying and analyzing companies that meet our stringent criteria. We believe our consistent investment disciplines have produced a winning investment strategy, and have us well positioned going forward.

** The LKCM SMID Cap Equity Composite total returns above are presented on a gross of fees basis. This presentation is supplemental to the attached full disclosure presentation. Past performance is not indicative of future results.

LKCM SMID CAP EQUITY COMPOSITE

December 31, 2011

CO-MANAGERS: STEVEN R. PURVIS, CFA
J. LUTHER KING, JR., CFA

INCEPTION: April 1, 2005

INVESTMENT STRATEGY: Provide superior performance with lower volatility relative to our benchmark through long-term investment in competitively-advantaged small-cap and mid-cap companies.

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TEN LARGEST HOLDINGS 12/31/11 *	
NUANCE COMMUNICATIONS INC	2.9 %
LKQ Corp	2.6 %
HMS HOLDINGS CORP	2.5 %
WESCO INTERNATIONAL INC	2.4 %
BE AEROSPACE INC	2.4 %
SM ENERGY COMPANY	2.4 %
AMETEK INC	2.4 %
TRACTOR SUPPLY COMPANY	2.4 %
F5 NETWORKS INC	2.3 %
GARDNER DENVER	2.3 %
	24.7 %

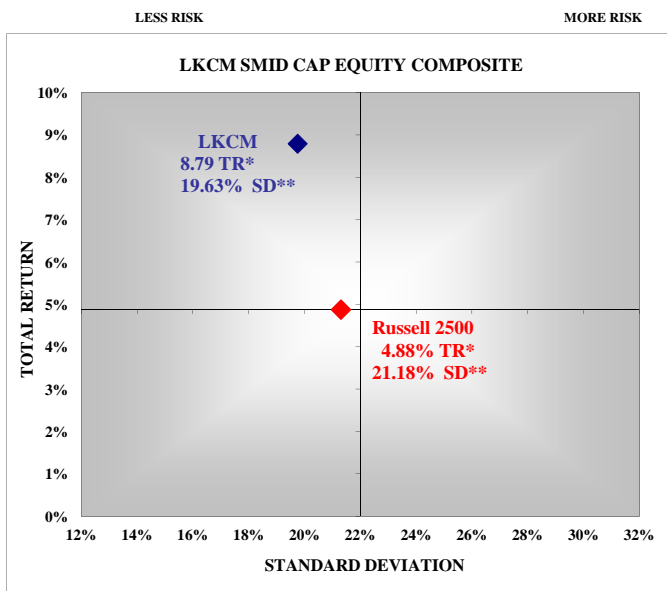
*The largest ten holdings are at 12/31/11 and may not reflect current holdings.

PORTFOLIO RESULTS	
(Benchmark - Russell 2500)	
(Since Inception)	
ALPHA	4.26%
BETA	0.88
R ²	90%

UP CAPTURE	103%
DOWN CAPTURE	84%

PORTFOLIO CHARACTERISTICS	
WTD AVG. MARKET CAPITALIZATION	\$3,861 Million
TOTAL SMID CAP EQUITY COMPOSITE ASSETS	\$230 Million
# HOLDINGS	52
RETURN ON SHAREHOLDERS' EQUITY	19%
LONG TERM DEBT TO TOTAL CAPITAL	17%
P/E '12	15 x
PORTFOLIO TURNOVER*	55%

*Turnover is based on a representative account of the Smid Cap Equity Composite. Turnover rate is for a rolling one year period ending 12/31/11.



TR = Total Return Gross of Fees

SD = Standard Deviation

*Total Return Since Inception (04/01/05 to 12/31/11) Annualized

**Standard deviation and performance characteristics reporting period (04/01/05 to 12/31/11)

ATRIBUTION (4Q 2011)				
	Avg. Portfolio Weight	Portfolio Contribution	Avg. Benchmark Weight	Benchmark Contribution
INDUSTRIALS	19.3%	3.3%	15.3%	3.0%
CONSUMER DISCRETIONARY	18.5%	0.9%	13.8%	2.0%
INFORMATION TECHNOLOGY	18.4%	3.0%	15.9%	1.8%
FINANCIALS	12.1%	1.0%	20.8%	3.0%
HEALTH CARE	11.8%	1.2%	10.6%	1.2%
ENERGY	10.1%	2.5%	6.8%	1.4%
MATERIALS	5.3%	0.8%	6.7%	1.0%
TELECOMM SERVICE	1.4%	0.0%	1.0%	0.1%
UTILITIES	0.0%	0.0%	5.8%	0.6%
CONSUMER STAPLES	0.0%	0.0%	3.5%	0.4%
CASH & EQUIVALENTS	3.0%	0.0%	0.0%	0.0%
TOTAL PORTFOLIO	100.0%	12.6%	100.0%	14.5%

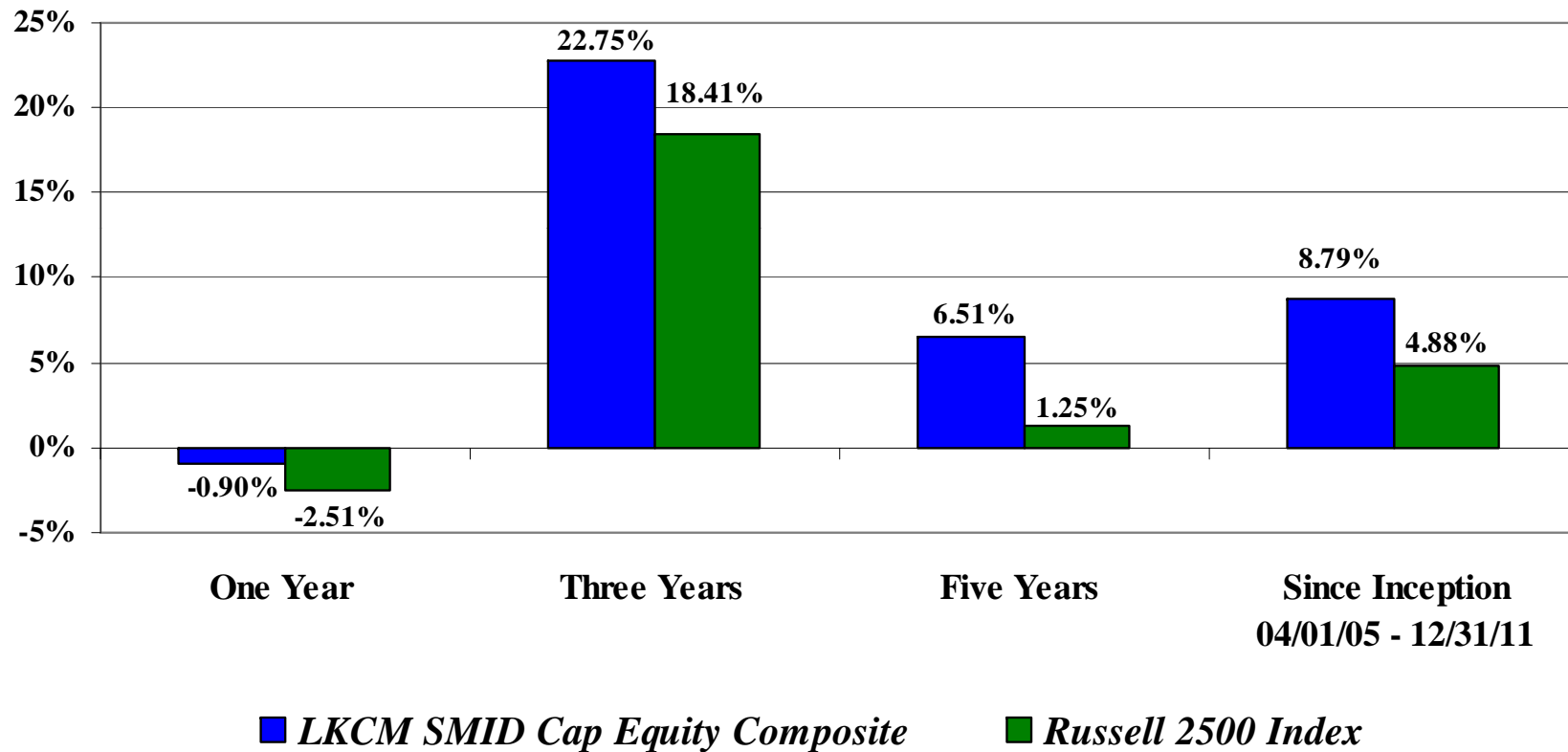
*Sector attribution is based on a representative portfolio from the Smid Cap Equity Composite. Source: Thomson Reuters (Thomson One Portfolio).

This presentation is supplemental to the attached full disclosure presentation. Past performance is not indicative of future results.

Sources: LKCM Smid Cap Equity Composite, Zephyr Associates, Inc., Thomson Reuters (Thomson One Portfolio)

LKCM SMID CAP EQUITY COMPOSITE

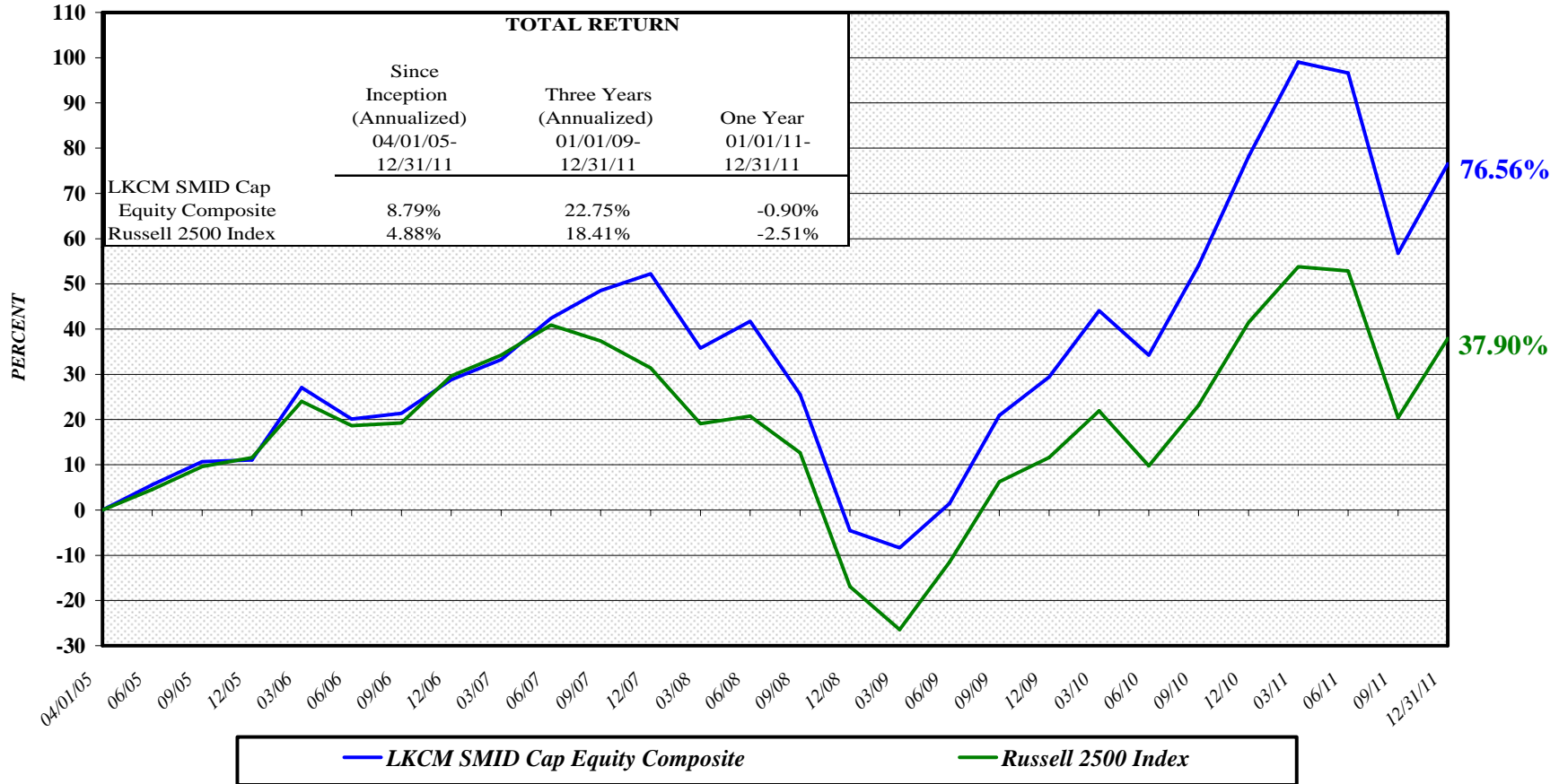
ANNUALIZED GROSS PERFORMANCE (PERIODS ENDING 12/31/11)



The LKCM SMID Cap Equity Composite returns shown above are presented on a gross of fees basis. The performance results should be reviewed along with the attached full disclosure presentation. Past performance is not indicative of future results.

LKCM SMID CAP EQUITY COMPOSITE

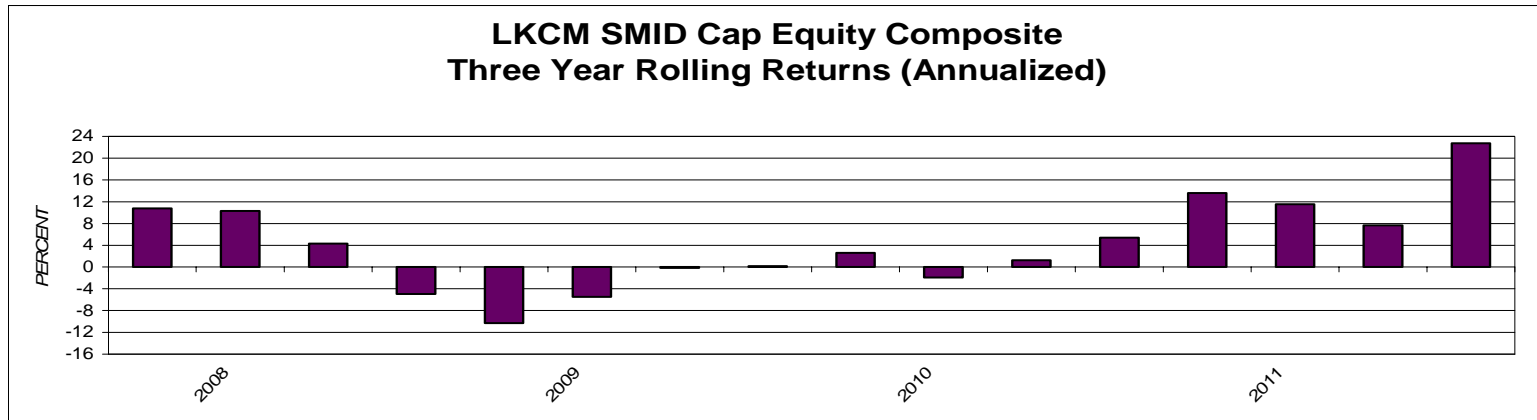
CUMULATIVE GROSS RETURNS SINCE INCEPTION (04/01/05 – 12/31/11)



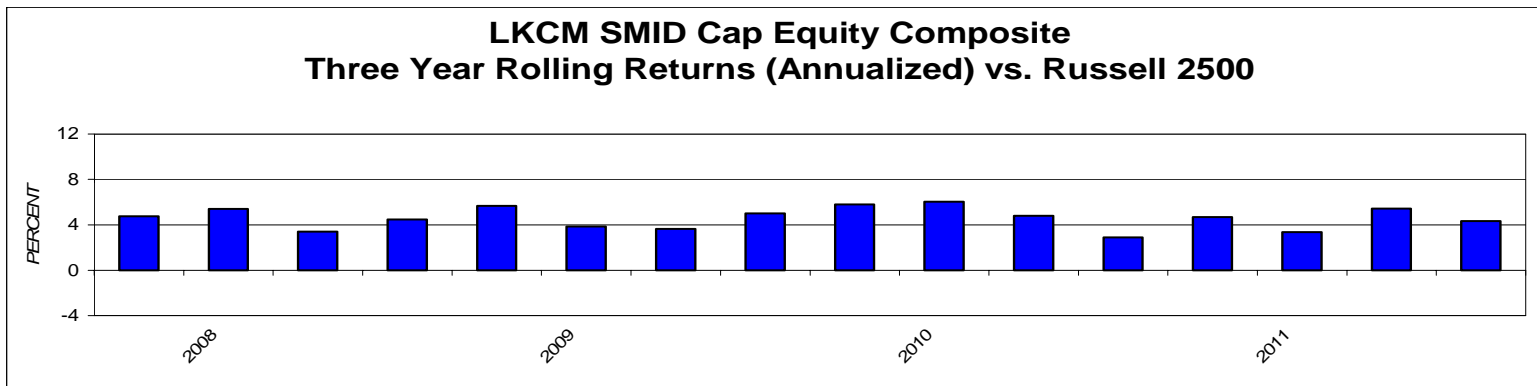
The LKCM SMID Cap Equity Composite total returns shown above are presented on a gross of fees basis. The performance results should be reviewed along with the attached full disclosure presentation. Past performance is not indicative of future results.

LKCM SMID CAP EQUITY COMPOSITE

THREE YEAR ROLLING RETURNS ANNUALIZED (04/01/05 – 12/31/11)



**8.79%
Annualized
Return
Since Inception**



**391 bps
Annualized
Outperformance
Since Inception**

The LKCM SMID Cap Equity Composite total returns shown above are presented on a gross of fees basis. The performance results should be reviewed along with the attached full disclosure presentation. Past performance is not indicative of future results.

LUTHER KING CAPITAL MANAGEMENT SMID CAP EQUITY COMPOSITE

Full Disclosure Presentation as of December 31, 2011

Year	Total Return		Russell 2500 Index	Annual Standard Deviation	Number of Accounts	SMID Cap Eq Composite Assets (millions)	Percentage of Firm Assets	Total Firm Assets (millions)
	Gross of Fees	Net of Fees						
2011	-0.90 %	-1.75 %	-2.51 %	0.8 %	22	214	2.44 %	8780
2010	37.71	36.63	26.71	0.8	17	178	2.19	8111
2009	35.52	34.46	34.39	0.8	11	121	1.73	6976
2008	-37.29	-37.90	-36.79	NA	11	85	1.51	5635
2007	18.20	17.34	1.38	NA	3	40	0.52	7743
2006	15.95	15.03	16.17	NA	2	22	0.30	7261
2005 (4/1-12/31)	11.08	10.54	11.59	NA	2	18	0.28	6377

NA -- Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Luther King Capital Management (LKCM) is a registered investment adviser under the Investment Advisors Act of 1940 and is defined as an independent investment management firm. LKCM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. LKCM has been independently verified for the periods January 1, 1992 through June 30, 2010. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The SMID Cap Equity Composite has been examined for the periods April 1, 2005 to June 30, 2010. The verification and performance examination reports are available upon request. The firm-wide verification and composite performance examination for the period July 1, 2010 through December 31, 2010 is currently being conducted.

The SMID Cap Equity Composite contains all fully discretionary taxable and non-taxable, fee-paying small to mid-cap equity accounts under management. Our small-mid cap strategy seeks to generate investment returns that exceed the applicable benchmark while attempting to manage portfolio risk and volatility. Our small-mid cap strategy seeks to achieve its investment objective through fundamental analysis of individual companies and seeks high quality companies based on various criteria, such as profitability levels, balance sheet quality, competitive advantages, market share positions, ability to generate excess cash flows, meaningful management ownership stakes, and relative valuation. The strategy typically purchases securities of companies with market capitalizations between \$1 billion and \$7 billion at the initial time of purchase. For comparison purposes, the composite is measured against the Russell 2500 Index, which is a market capitalization weighted index that includes small and medium capitalization securities and is generally representative of the range of market capitalization of securities comprising the composite.

April 1, 2005 is the effective creation date of the SMID Cap Equity Composite. During December 2006, the composite name was changed from SMID Composite to SMID Cap Equity Composite to more accurately describe the strategy. Quarterly performance from April 1, 2005 to December 31, 2011 is available upon request. The annual standard deviation presented is an asset-weighted calculation of performance dispersion for accounts in the composite the entire year. The 3-year annualized standard deviation ending December 31, 2011 for the composite is 20.99% (gross) and 23.40% for the Russell 2500 Index. The SMID Cap Equity Composite contained non-fee-paying accounts as of 12/31/11. The year-end percent of non-fee-paying composite assets is as follows: 2011, 11.11%. 6 3/4 years annualized compound return ending 12/31/11: SMID Cap Equity Composite 8.79% (gross), 7.92% (net); Russell 2500 Index 4.88%. The current management fee schedule for this composite is as follows: 1% on the first \$5,000,000; .75 of 1% on the next \$5,000,000; .50 of 1% above \$10,000,000; minimum annual fee \$30,000. For a complete list of our management fees, please see our Form ADV, Part 2A.

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Effective January 1, 2005, new accounts are added quarterly when the account is at least 75% invested and fully representative of investment style. Prior to January 1, 2005, accounts were added soon after inception on a quarterly basis and/or when considered fully representative of investment style. A complete list and description of the firm's composites is available upon request. Terminated accounts are included through the last full calendar quarter under management. Results are presented before taxes, both gross of management fees and net of actual management fees, net of commissions and other transaction costs, and include the reinvestment of all income. The U.S. dollar is the currency used to express performance. Past performance is not indicative of future results.

**LUTHER KING CAPITAL MANAGEMENT
SMID CAP EQUITY COMPOSITE
PERFORMANCE RESULTS*
APRIL 1, 2005 - DECEMBER 31, 2011**

	<u>Total Return</u>		<u>Equities</u>	<u>Cash Equivalents</u>	<u>Russell 2500 Index</u>
	<u>Gross of Fees</u>	<u>Net of Fees</u>			
Annualized Returns Ending 12/31/11					
1 Year	(0.90) %	(1.75) %	(0.31) %	0.05 %	(2.51) %
2 Years	16.82	15.86	18.37	0.05	11.14
3 Years	22.75	21.76	24.70	0.09	18.41
4 Years	3.78	2.90	3.57	0.64	1.21
5 Years	6.51	5.63	6.35	1.48	1.25
6 Years	8.03	7.15	7.92	1.99	3.59
6 3/4 Years	8.79	7.92	8.56	2.08	4.88

*The results shown above should be reviewed along with Luther King Capital Management's full disclosure presentation. If you have not received a copy of the full disclosure presentation, please contact Luther King Capital Management for a copy. Segment returns, equities only and cash only, are supplemental information to this composite. Past performance is not indicative of future results.



GLOSSARY OF TERMS

Alpha represents the excess return of the composite over the expected market return.

Beta measures the risk or volatility of the composite relative to the market as a whole.

R² measures the correlation of composite returns to the benchmark.

Up Capture measures the percentage of benchmark performance captured by the composite during up quarters.

Down Capture measures the percentage of benchmark performance captured by the composite during down quarters.