

LUTHER KING CAPITAL MANAGEMENT
LKCM SMID CAP EQUITY COMPOSITE
3rd Quarter, 2018 Update



Performance **	3rd QTR 2018	YTD 2018	1 Year	3 Years Annualized	10 Years Annualized	Since Inception Annualized*
LKCM SMID Cap Equity Composite (gross)	9.40%	15.70%	24.65%	14.77%	11.71%	10.40%
LKCM SMID Cap Equity Composite (net)	9.27%	15.30%	24.07%	14.06%	10.71%	9.41%
Russell 2500 Index	4.70%	10.41%	16.19%	16.13%	12.02%	9.74%

Small to mid-sized companies, as measured by the Russell 2500, gained 4.7% in 3Q18. It was another strong quarter for the benchmark. A stronger economy and lower taxes drove a positive 2nd quarter earnings season which resulted in an August all-time high for the benchmark. In addition, given its domestic focus, the Russell 2500 was mostly shielded from tariff / trade war concerns.

The stock market continues to benefit from above average U.S. economic growth and with the Index of Leading Indicators remaining positive, this should bode well for future profit growth. Consumer and business sentiment remains positive and capital investment is increasing. The Federal Reserve continues to take advantage of the stronger economy to “normalize” interest rates after years of an overly accommodative policy. They are steadily raising the Fed Funds rate to avoid unwanted inflation from creeping into the economy and we expect another increase in 2018.

Companies continue to use their profits and cash flow to reinvest back into their businesses, buy back stock, increase dividends, and remain active in mergers and acquisitions, all which are supportive of the market. We continue to be positive on the markets and, although valuations are higher than normal, the market is following earnings higher and continues to climb that proverbial “wall of worry.” Of course, potential trade wars and the upcoming political election cycle may result in increased volatility over the next few months.

For the benchmark in 3Q18, the positive return was led by the Technology and Health Care sectors. These two sectors are also by far the best performing sectors on a year-to-date basis. Consumer Staples was the weakest sector and the only down sector for the benchmark in 3Q18. (The Materials sector is the only sector down year-to-date). During the quarter, Growth stocks outperformed Value stocks and with the higher interest rate environment, it wasn’t a surprise to see the companies with lower financial leverage outperform. Rising interest rates has also dampened the “reach for yield” dynamic as companies not paying dividends significantly outperformed the dividend payers. Other attributes that outperformed were the larger market cap companies, higher return on equity and higher sales growth companies.

The LKCM SMID Cap Equity Composite outperformed during 3Q18 and is ahead of the benchmark on a year-to-date basis. In 3Q18, we benefited from positive stock selection and sector allocation decisions. Our stock selection contribution was significant relative to the benchmark and was especially positive in the Technology, Health Care and Consumer Discretionary sectors. Our sector allocation decisions were also positive as we were overweight the outperforming Technology sector and underweight the underperforming Real Estate sector. Given our focus on well-capitalized, higher return, quality companies, we were pleased with our performance. On a year-to-date basis, both our stock selection and sector allocations were additive to our results. The strategy continues to be positioned for continued economic growth (overweight Technology and Industrials sectors) and higher interest rates (underweight Real Estate and Utilities).

Our investment strategy is to maximize our internal, research-intensive process and 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 higher quality, 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 by consistently executing our strategy and to minimize the risk (volatility) of the portfolio with a focus on achieving long term capital appreciation.

* 4/1/05 – 9/30/18

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

LKCM SMID CAP EQUITY COMPOSITE

September 30, 2018

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 with a focus on achieving long term capital appreciation through long-term investment in competitively-advantaged small-cap and mid-cap companies.

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TEN LARGEST HOLDINGS 09/30/2018 *	
OLLIES BARGAIN OUTLET HOLDINGS INC	3.1 %
FORTINET INC	2.9 %
MSCI INC	2.7 %
TWILIO INC	2.7 %
WPX ENERGY INC	2.4 %
HEICO CORP	2.4 %
HEALTH EQUITY	2.4 %
LIGAND PHARMACEUTICALS INC	2.2 %
MATADOR RESOURCES	2.2 %
TRIMBLE INCORPORATED	2.2 %
	25.3 %

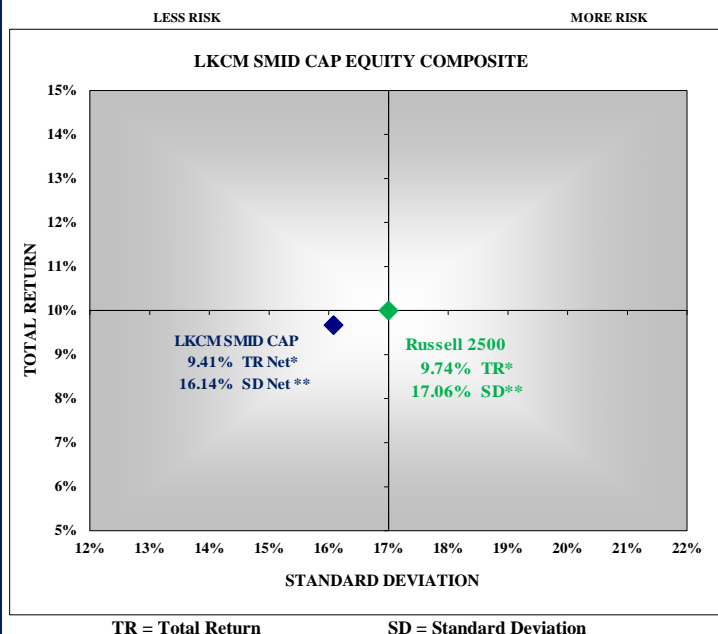
*The largest ten holdings are at 09/30/2018 and may not reflect current holdings.

PORTFOLIO RESULTS	
(Benchmark - Russell 2500) □ (Since Inception)	
	Net
ALPHA	0.71%
BETA	0.89
R ²	89%
UP CAPTURE 90%	
DOWN CAPTURE 87%	

PORTFOLIO CHARACTERISTICS	
RETURN ON EQUITY (Median)	14%
LONG TERM DEBT TO TOTAL CAPITAL	32%
P/E FWD 4 Quarters (ex Neg-earnings)	23 x

WTD AVG. MARKET CAPITALIZATION	\$6592 Million
TOTAL SMID CAP EQUITY COMPOSITE ASSETS	\$39 Million
#HOLDINGS	59
PORTFOLIO TURNOVER*	40%
ACTIVE SHARE	95%

*Turnover rate is based on a representative portfolio for a rolling one year period ending 09/30/2018



ATTRIBUTION (3Q 2018)				
	Avg. Portfolio Weight	Portfolio Contribution	Avg. Benchmark Weight	Benchmark Contribution
Information Technology	24.5%	4.38%	16.5%	1.7%
Financials	14.8%	0.06%	15.8%	0.2%
Industrials	18.2%	1.48%	15.3%	1.0%
Consumer Discretionary	12.0%	0.97%	13.2%	0.3%
Health Care	13.2%	2.40%	13.0%	1.3%
Real Estate	2.9%	-0.09%	9.3%	0.0%
Materials	5.3%	0.08%	5.6%	0.0%
Energy	5.2%	0.24%	4.6%	0.0%
Utilities	0.0%	0.00%	3.4%	0.1%
Consumer Staples	0.0%	0.00%	2.7%	0.0%
Telecomm Service	0.0%	0.00%	0.6%	0.1%
Cash & Equivalents	3.9%	0.02%	0.0%	0.0%
TOTAL PORTFOLIO	100.0%	9.4%	100.0%	4.7%

Source: Thomson Reuters (Eikon). Performance results calculated by Eikon may differ significantly from those calculated by LKCM due to differences in methodology for transaction pricing and accounting for capital transactions.

*Total Net Return Since Inception (4/01/05 to 09/30/2018) Annualized

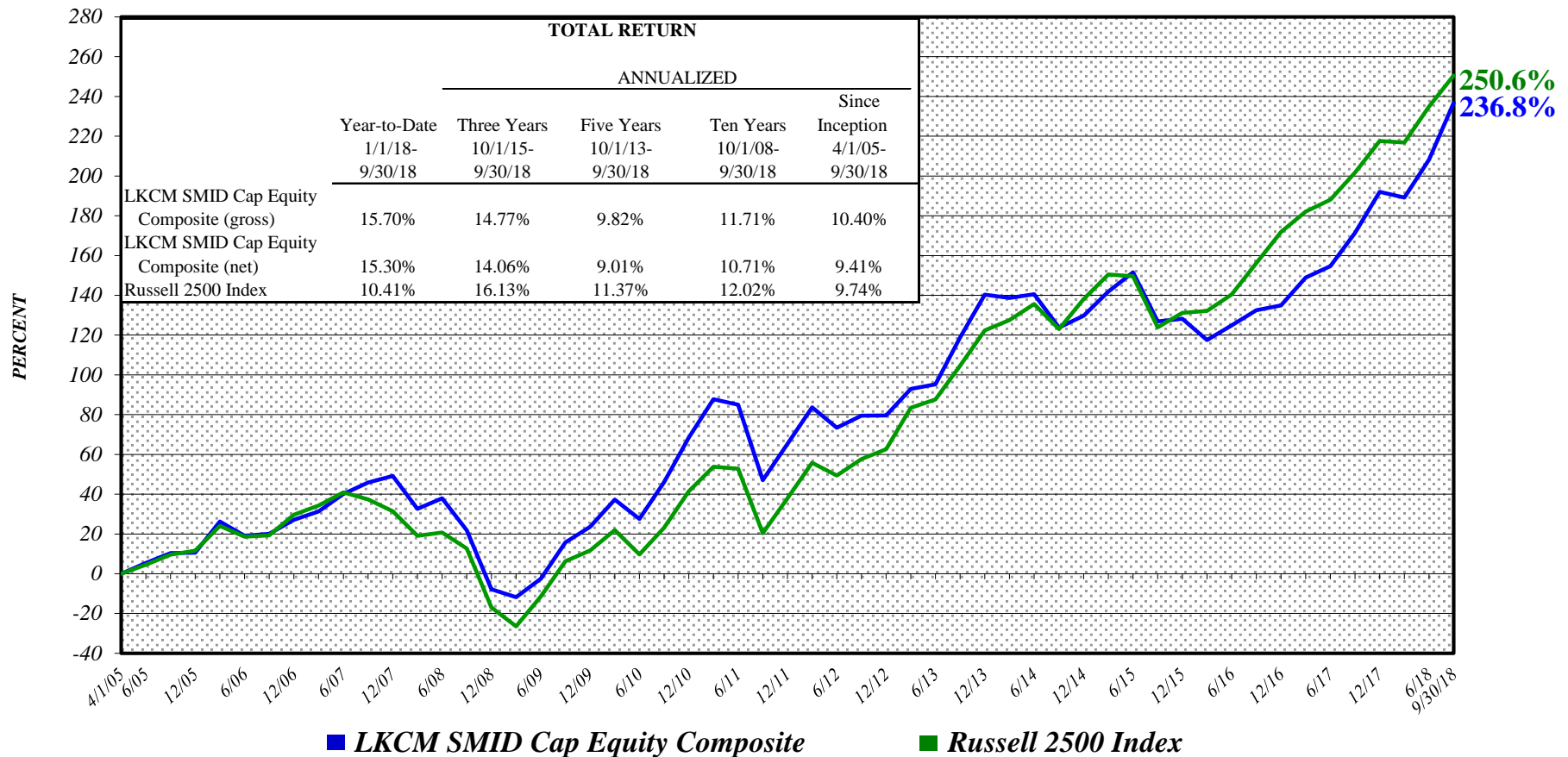
**Standard deviation and performance characteristics reporting period (4/01/05 to 09/30/2018)

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 (Eikon)

LKCM SMID Cap Equity Composite

Net Cumulative Returns Since Inception (4/1/05 – 9/30/18)



*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 SEPTEMBER 30, 2018

Year				SMID Cap Eq Comp	3-Year Annualized Gross Standard Deviation		Number of Accounts	SMID Cap Eq	Total
	Total Return		Russell	Annual	Russell	Composite		Firm	
	Gross of Fees	Net of Fees	2500 Index	Standard Deviation	SMID Cap Eq Comp	2500 Index		Assets (millions)	Assets (millions)
2018 (1/1-9/30)	15.70 %	15.30 %	10.41 %	NA %	NA %	NA %	5	39	16357
2017	24.92	24.29	16.81	0.7	11.82	12.13	6	40	15282
2016	3.81	2.97	17.59	1.2	13.24	13.67	9	66	13108
2015	0.10	-0.68	-2.90	0.8	13.13	12.42	16	453	13087
2014	-3.41	-4.40	7.07	0.3	12.04	11.67	23	557	15007
2013	35.15	33.88	36.80	0.3	15.87	15.63	29	704	14736
2012	9.77	8.68	17.88	0.5	19.47	18.97	24	511	11391
2011	-0.90	-1.95	-2.51	0.8	20.99	23.40	22	214	8780
2010	37.71	36.31	26.71	0.8	NA	NA	17	178	8111
2009	35.52	34.04	34.39	0.8	NA	NA	11	121	6976
2008	-37.29	-38.19	-36.79	NA	NA	NA	11	85	5635

NA – Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year and/or the period is a partial year and/or the information was not required.

Luther King Capital Management (LKCM) is a registered investment adviser under the Investment Advisers 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 December 31, 2017. 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 December 31, 2017. The verification and performance examination reports are available upon request.

The SMID Cap Equity Composite contains all fully discretionary taxable and non-taxable, fee-paying small to mid-cap equity accounts under management, including applicable registered investment companies for which LKCM serves as investment adviser or subadviser. Our small-mid cap strategy seeks to achieve long-term capital appreciation and 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, reinvestment opportunities, and relative valuation. The strategy typically purchases securities of companies with market capitalizations between \$1.25 billion and \$12 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 measures the performance of the 2500 smallest companies in the Russell 3000 Index. It includes only common stocks incorporated in the U.S. and its territories.

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 September 30, 2018 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 SMID Cap Equity Composite included portfolio(s) that pay a bundled fee, which includes all charges for trading costs, portfolio management, custody, and other administrative fees. The year-end percent of composite assets is as follows: 2008, 7.85%; 2009, 8.20%; 2010, 7.26%; 2011, 5.60%; 2012, 2.39%; 2013, 2.42%; 2014, 2.25%. Gross returns for bundled fee portfolio(s) are presented as supplemental information as they do not reflect the deduction of any trading costs, fees, or expenses. Net returns for bundled fee portfolio(s) reflect the deduction of all charges for trading costs, portfolio management, custody, and other administrative fees. 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. Fees for registered investment companies for which LKCM serves as adviser or subadviser are calculated and paid quarterly in arrears, at annualized rates up to 0.75% of such fund's average daily net assets. In some instances, LKCM voluntarily waives these fees and/or reimburses the applicable fund in order to maintain a designated expense ratio. LKCM may adjust or otherwise negotiate management fees in its discretion and, therefore, clients may have a different fee schedule. 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 2010, this composite is to stay over 80% invested in stocks at all times. 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. Results are presented before taxes, both gross of management fees (which is net of commissions and other transaction costs) and net of actual management fees, and includes 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 – SEPTEMBER 30, 2018

	<u>Total Return</u>				
	<u>Gross of Fees</u>	<u>Net of Fees</u>	<u>Equities</u>	<u>Cash Equivalents</u>	<u>Russell 2500 Index</u>
Annualized Returns Ending 09/30/18					
1 Year	24.65 %	24.07 %	26.25 %	0.42 %	16.19 %
2 Years	20.98	20.34	22.30	0.22	16.99
3 Years	14.77	14.06	16.15	0.15	16.13
4 Years	11.51	10.76	12.65	0.11	11.98
5 Years	9.82	9.01	10.70	0.10	11.37
6 Years	11.93	11.06	12.85	0.09	14.25
7 Years	13.48	12.57	14.39	0.08	16.49
8 Years	11.95	11.01	12.86	0.08	13.97
9 Years	13.57	12.59	14.60	0.08	14.19
10 Years	11.71	10.71	12.57	0.11	12.02
11 Years	8.92	7.91	9.35	0.39	8.89
12 Years	9.98	8.97	10.38	0.76	9.40
13 Years	9.95	8.96	10.32	1.02	9.36
13 1/2 Years	10.40	9.41	10.69	1.08	9.74

* 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.

R^2 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.

Growth investing is an investment style and investment strategy that is focused on the growth of an investor's capital. Those who follow the growth investing style - growth investors - typically invest in growth stocks or companies whose earnings are expected to grow at an above-average rate compared to its industry or the overall market.

Value investing is an investment strategy where stocks are selected that trade for less than their intrinsic values. Value investors actively seek stocks they believe the market has undervalued. Investors who use this strategy believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with a company's long-term fundamentals, giving an opportunity to profit when the price is deflated.