

LUTHER KING CAPITAL MANAGEMENT
LKCM SMALL CAP CORE COMPOSITE
Third Quarter, 2019 Update



<u>Performance **</u>	<u>3rd QTR 2019</u>	<u>YTD 2019</u>	<u>3 Year Annualized</u>	<u>5 Year Annualized</u>	<u>10 Year Annualized</u>	<u>Since Inception Annualized*</u>
LKCM Small Cap Core Composite (gross)	(4.72%)	14.12%	10.16%	7.72%	11.37%	10.88%
LKCM Small Cap Core Composite (net)	(4.88%)	13.52%	9.40%	6.94%	10.54%	10.07%
Russell 2000 Index	(2.40%)	14.18%	8.23%	8.19%	11.19%	8.86%

Small companies, as measured by the Russell 2000, declined 2.4% in 3Q19. The market continues to consolidate the gains from earlier in the year. It was another choppy quarter and weakness in August was partially offset by positive performance in July and September. Trade dispute uncertainty and continued slowing in the manufacturing sector were the biggest concerns during the quarter.

The U.S. economy continues to grow about 2% annually led by the strength of the consumer. While the Index of Leading Indicators remains near its record highs, it has flattened out over the past year. The consumer remains healthy (robust job growth, high employment levels, solid wage gains, etc.) but the manufacturing economy has slowed. This is the third meaningful slowdown for the economy since the last recession. To help offset this weakness, and as we expected, the Federal Reserve cut the Fed Funds rate twice during the quarter which caused the yield curve to return to a more normal, positive slope. With both monetary and fiscal stimulus now firmly in place, we expect the economy to continue to grow for the foreseeable future and for corporate profits to continue to increase. Companies continue to use their profits and cash flow to 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 a little above normal, the market should continue to follow earnings higher.

The benchmark saw more mixed performance at the sector level with eight sectors declining and only three advancing. The best performing were the defensive sectors, Utilities, Real Estate and Consumer Staples. The weakest, by far, was once again the Energy sector. Defensive characteristics worked the best: larger market cap, low leverage, profitable, dividend paying, and low beta stocks were the best performers. As a result, Value stocks outperformed Growth stocks. Despite the 3Q19 setback, on a year-to-date basis, all but two of the sectors are positive (with Energy being the weakest sector) and Technology and Real Estate being the best performers. Year-to-date, market leadership has been driven by companies with larger market caps, higher returns on equity, and those paying dividends.

The LKCM Small Cap Core Composite underperformed during 3Q19. For the quarter, both our stock selection and our sector allocation decisions detracted from our relative performance. The biggest factor was the market's rotation towards defensive, Value stocks. Stock selection was a negative relative to the benchmark as selections in the Technology and Consumer Discretionary sectors detracted from our results. Sector allocation decisions detracted as we were underweight the two best sectors, Utilities and Real Estate, and we were overweight the underperforming Health Care sector. On a year-to-date basis, both our stock selection and our sector allocation decisions performed slightly below the benchmark. Positive stock selection in the Financials and Consumer Staples sectors were more than offset by relative weakness in our Technology stocks. Being overweight the outperforming Technology sector was negated by being underweight the Utilities and Real Estate sectors. The strategy remains positioned for continued economic growth (overweight Technology and Industrials) and is underweight the interest rate sensitive sectors (Utilities and Real Estate). As a high quality, Growth tilting investment strategy, we are not surprised with our 3Q19 results and believe we are well positioned for the balance of 2019 and into 2020.

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.

* 10/1/94 – 9/30/19

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

LKCM SMALL CAP CORE COMPOSITE

September 30, 2019

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

INCEPTION: October 1, 1994

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 companies.

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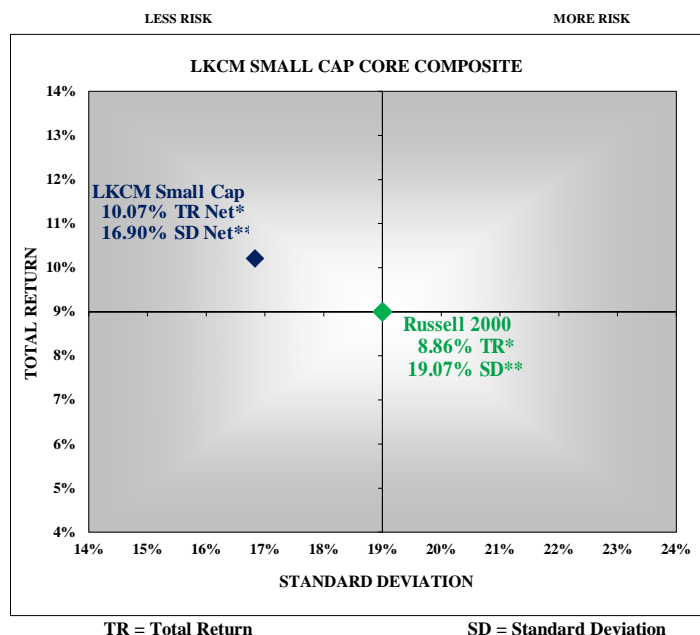
TEN LARGEST HOLDINGS 09/30/19*	
MERCURY SYSTEMS INC	2.4 %
KIRBY CORPORATION	1.6 %
OMNICELL	1.6 %
NEXSTAR MEDIA GROUP INC	1.6 %
BUILDERS FIRSTSOURCE INC	1.6 %
LIVERAMP HOLDINGS INC	1.5 %
STAAR SURGICAL	1.5 %
CSW INDUSTRIALS	1.5 %
WINGSTOP INC	1.5 %
CORNERSTONE ONDEMAND	1.5 %
	16.5 %

*The largest ten holdings are at 09/30/2019 and may not reflect current holdings.

PORTFOLIO RESULTS	
(Benchmark - Russell 2000) □ (Since Inception)	
	Net
ALPHA	2.46%
BETA	0.84
R ²	89%
UP CAPTURE	
	94%
DOWN CAPTURE	
	84%

PORTFOLIO CHARACTERISTICS	
RETURN ON EQUITY (Median)	9.6%
LONG TERM DEBT TO TOTAL CAPITAL	28%
P/E FWD 4 Quarters (ex Neg-earnings)	21x
WTD AVG. MARKET CAPITALIZATION	
	\$2,835 Million
TOTAL SMALL-CAP EQUITY COMPOSITE ASSETS	
	\$ 213 Million
#HOLDINGS	98
PORTFOLIO TURNOVER*	42%
ACTIVE SHARE	92%

*Turnover rate is based on a representative portfolio for a rolling one year period ending 9/30/2019



ATTRIBUTION (3Q 2019)				
	Avg. Portfolio Weight	Portfolio Contribution	Avg. Benchmark Weight	Benchmark Contribution
FINANCIALS	15.4%	-0.2	18.0%	-0.1
HEALTH CARE	19.4%	-1.9	15.8%	-1.7
INDUSTRIALS	20.6%	-0.1	14.9%	-0.1
INFORMATION TECHNOLOGY	16.6%	-1.3	13.8%	0.0
CONSUMER DISCRETIONARY	7.9%	-1.3	12.2%	0.0
REAL ESTATE	4.9%	0.4	7.2%	0.4
ENERGY	3.5%	-0.4	4.3%	-0.8
MATERIALS	2.2%	0.0	3.9%	-0.2
UTILITIES	0.0%	0.0	3.6%	0.2
COMMUNICATION SERVICES	1.5%	0.0	3.4%	-0.2
CONSUMER STAPLES	3.1%	0.2	2.8%	0.1
CASH & EQUIVALENTS	4.9%	0.0	0.0%	0.0
TOTAL PORTFOLIO	100.0%	-4.7	100.0%	-2.4

*Source: Thomson Reuters (Refinitiv).

Performance results calculated by Refinitiv 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 (10/01/94 to 09/30/19) Annualized

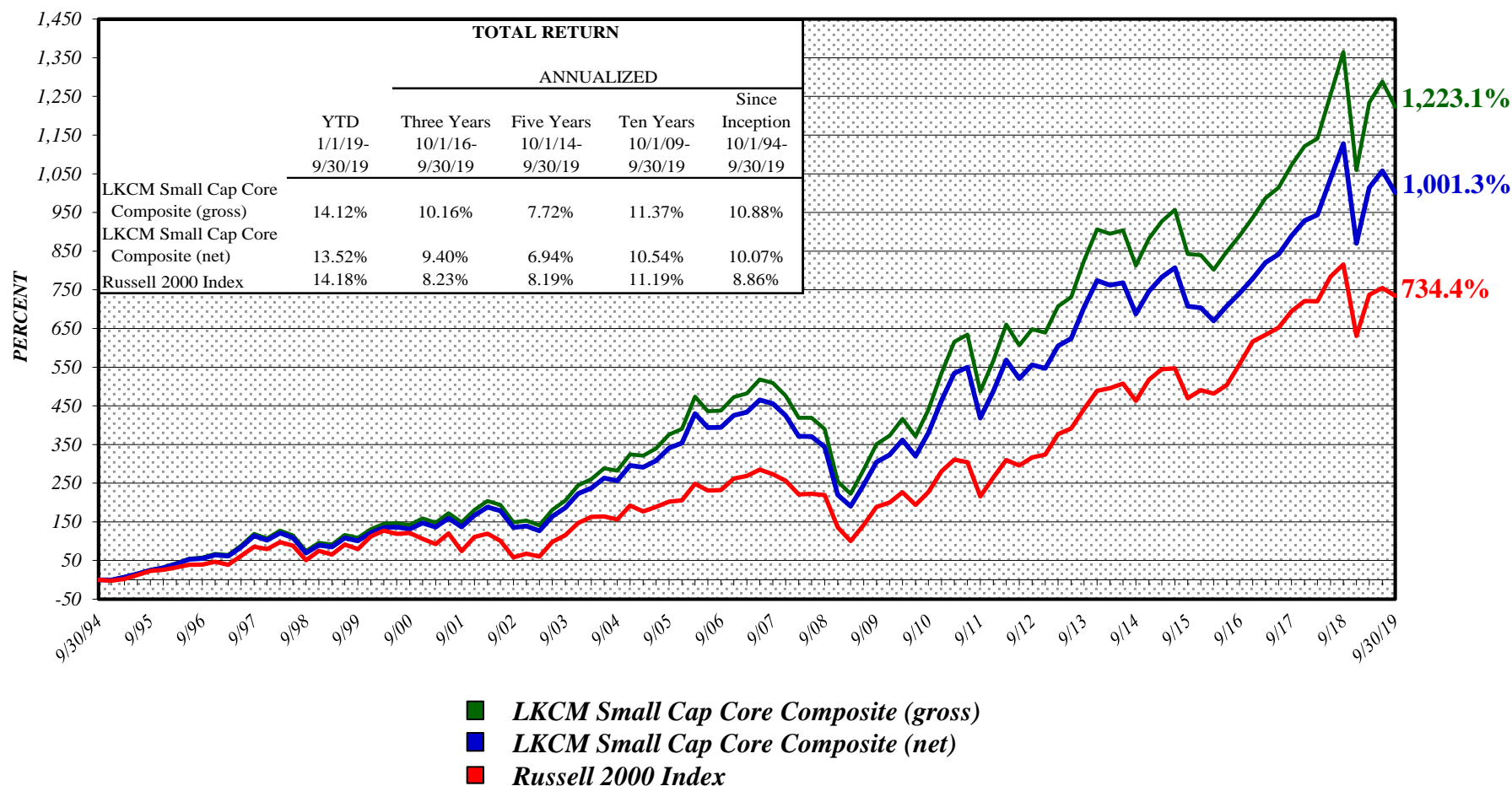
**Standard deviation and performance characteristics reporting period (10/01/94 to 09/30/19)

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

Sources: LKCM Small Cap Core Composite, Zephyr Associates, Inc., Thomson Reuters (Refinitiv)

LKCM Small Cap Core Composite

Cumulative Returns Since Inception (10/1/94 – 9/30/19)



*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
SMALL CAP CORE COMPOSITE
FULL DISCLOSURE PRESENTATION AS OF SEPTEMBER 30, 2019

Year	Total Return		Russell 2000 Index	Small Cap Core Comp Annual Standard Deviation	3-Year Annualized Gross Standard Deviation		Number of Accounts	Small Cap Core Composite Assets (millions)	Total Firm Assets (billions)
	Gross	Net			Russell	Small Cap			
	of Fees	of Fees			2000 Index	Core Comp			
2019 (1/1-9/30)	14.12 %	13.52 %	14.18 %	NA %	NA %	NA %	8	213	17.2
2018	-5.05	-5.70	-11.01	NA	16.01	15.79	7	193	14.5
2017	17.83	17.03	14.65	0.3	13.45	13.91	5	259	15.3
2016	10.32	9.45	21.31	0.2	15.20	15.76	10	421	13.1
2015	-4.39	-5.11	-4.41	0.4	14.30	13.96	24	1,029	13.1
2014	-2.36	-3.09	4.89	0.4	13.68	13.12	39	1,925	15.0
2013	36.09	35.09	38.82	0.4	16.25	16.45	41	2,379	14.7
2012	10.92	10.05	16.35	0.3	19.27	20.20	44	1,852	11.4
2011	5.09	4.26	-4.18	0.5	22.12	24.99	41	1,673	8.8
2010	34.17	33.14	26.85	0.5	NA	NA	41	1,632	8.1
2009	33.51	32.44	27.17	1.0	NA	NA	45	1,351	7.0

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, 2018. 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 Small Cap Core Composite has been examined for the periods October 1, 1994 to December 31, 2018. The verification and performance examination reports are available upon request.

The Small Cap Core Composite contains all fully discretionary taxable and non-taxable, fee-paying small cap accounts under management, including applicable registered investment companies for which LKCM serves as investment adviser or subadviser. Our small-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-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 \$600 million and \$5 billion at the initial time of purchase. For comparison purposes, the composite is measured against the Russell 2000 Index, which is a market capitalization weighted index that tracks the performance of 2000 small U.S. traded stocks.

January 1, 2003 is the effective creation date of the Small Cap Core Composite. Quarterly performance from October 1, 1994 to September 30, 2019 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 Small Cap Core Composite included portfolio(s) that paid 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: 2007, 0.49%; 2008, 0.41%. 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
SMALL CAP CORE COMPOSITE
PERFORMANCE RESULTS*
OCTOBER 1, 1994 – SEPTEMBER 30, 2019

	Total Return		Equities Only	Cash Only	Russell 2000 Index
	Gross of Fees	Net of Fees			
Annualized Returns Ending 09/30/19					
1 Year	(9.66) %	(10.30) %	(9.38) %	2.05 %	(8.89) %
2 Years	6.23	5.51	6.81	1.40	2.47
3 Years	10.16	9.40	10.81	0.94	8.23
4 Years	8.85	8.07	9.49	0.73	10.00
5 Years	7.72	6.94	8.31	0.61	8.19
6 Years	6.15	5.37	6.64	0.53	7.47
7 Years	8.49	7.69	9.02	0.47	10.43
8 Years	10.69	9.87	11.36	0.43	12.91
9 Years	10.48	9.66	11.08	0.40	10.96
10 Years	11.37	10.54	12.02	0.39	11.19
11 Years	9.45	8.62	9.94	0.47	9.13
12 Years	6.68	5.86	6.98	0.72	6.93
13 Years	7.17	6.35	7.50	1.04	7.34
14 Years	7.58	6.75	7.91	1.25	7.52
15 Years	8.63	7.81	9.03	1.30	8.19
16 Years	9.60	8.78	10.06	1.27	8.82
17 Years	10.32	9.50	10.86	1.27	10.28
18 Years	9.72	8.91	10.26	1.31	9.09
19 Years	8.86	8.06	9.24	1.46	7.70
20 Years	9.67	8.87	10.22	1.60	7.99
21 Years	10.13	9.32	10.74	1.73	8.50
22 Years	8.52	7.73	8.82	1.85	7.06
23 Years	9.69	8.89	10.07	1.99	8.08
24 Years	10.31	9.50	10.79	2.13	8.29
25 Years	10.88	10.07	11.47	2.27	8.86

* 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.