

LUTHER KING CAPITAL MANAGEMENT
LKCM SMID CAP EQUITY COMPOSITE
Fourth Quarter, 2020 Update



<u>Performance **</u>	<u>4th QTR 2020</u>	<u>YTD 2020</u>	<u>3 Years Annualized</u>	<u>5 Years Annualized</u>	<u>10 Years Annualized</u>	<u>Since Inception Annualized*</u>
LKCM SMID Cap Equity Composite (gross)	21.62%	32.03%	16.56%	15.48%	11.31%	11.04%
LKCM SMID Cap Equity Composite (net)	21.46%	31.37%	16.00%	14.84%	10.47%	10.11%
Russell 2500 Index	27.41%	19.99%	11.33%	13.64%	11.97%	9.84%

Small to mid-sized companies, as measured by the Russell 2500, gained 27.4% in 4Q20. This was the best quarter on record for this benchmark and resulted in a 20% gain for the year. The key to this quarter's market surge was the positive news on potential vaccines to treat the COVID-19 virus and hopes that we'll be able to begin to control and contain this worldwide pandemic. While we celebrate the market gains, we must also realize 2020 was a year of hardship and loss for many and that cannot be understated. This pandemic has definitely left its mark as we had the best quarter and the worst quarter (1Q20) on record in the same year. Most indicators related to the US economy point to continued improvement although many began to pause in 4Q20 as Covid-19 cases increased. To offset this, we received another round of stimulus from the Federal Government in December to help bridge the gap until the vaccinations can take hold. Aggressive monetary and fiscal policy are important supports to the market and both appear to be here for a while. We continue to watch the Index of Leading Indicators, which posted another quarter of sequential gains. As always, the market discounts the future and while we most likely won't see a straight-line recovery, we do expect the economy to continue to expand and grow in 2021.

All sectors posted positive returns during 4Q20 in the benchmark's record setting quarter. Energy was by far the biggest winner followed by the Technology and Financials sectors. Expectations of the economy reopening in '21 was especially positive for the Energy sector. Despite the big 4Q bounce, however, it was still the worst performing sector for the year. (For reference, Energy is the smallest sector in the benchmark). The defensive sectors: Consumer Staples, Utilities and Real Estate were the laggards. In big surges by the benchmark, it's not uncommon to have the more speculative companies lead the way and that's what happened. Characteristics of the companies that outperformed were smaller market caps, low stock prices, lower return on equity, companies with higher financial leverage, unprofitable and higher beta. For the first time in a long time, Value stocks outperformed Growth stocks as they clearly benefited the most from the cyclical, reopening trade. On a year-to-date basis, the best performing sectors were the Technology and Health Care sectors. The other negative sectors along with Energy were the interest rate dependent sectors: Financials, Utilities and Real Estate. Year-to-date, the characteristics of the best performing companies were higher quality, larger market cap, higher prices, lower financial leverage, positive sales growth, and non-dividend payers. Growth stocks significantly outperformed Value stocks in 2020 but with Value stocks outperforming in 4Q, we are closely watching for a potential change in leadership.

The LKCM SMID Cap Equity Composite had a successful year in 2020 although we did trail the benchmark in 4Q20. Our 4Q performance was not a surprise as our higher quality investment strategy has historically had a harder time keeping up in surging markets. That said, we generated returns of >20% in the quarter and for that, we are thankful. The three biggest relative contributors during the quarter were stock selections in the Industrial and Consumer Staples sectors and our underweight allocation decision in the underperforming Real Estate sector. The three biggest relative detractors during the quarter were stock selection in the Consumer Discretionary, Financials and Materials sectors. On a year-to-date basis, our stock selection and sector allocations decisions were both significantly additive to our benchmark leading results. Stock selection relative to the benchmark was especially positive in the Industrials, Consumer Staples, Health Care and Real Estate sectors. Being overweight the market leading Technology and Health Care sectors and being underweight the underperforming Financials and Real Estate sectors was additive to our results. Stock selection in Technology was the only notable drag to our relative performance. We benefited from our high-quality focused investment strategy and our continued Growth stock tilt. That said, we have continued to add to our Value stock positions as we anticipate the cyclical reopening trade to be a source of outperformance in '21. We believe we are well positioned for the upcoming year and are actively managing the strategy to position us for continued outperformance.

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 – 12/31/20

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

LKCM SMID CAP EQUITY COMPOSITE

December 31, 2020

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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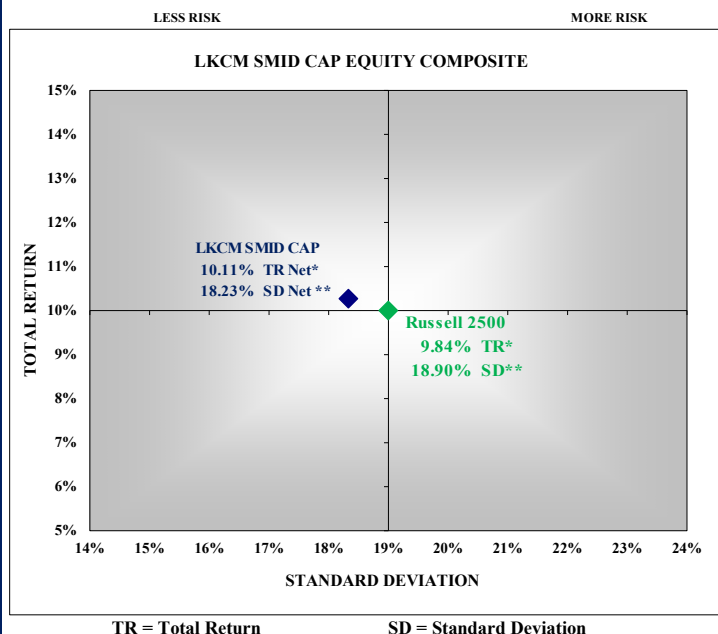
TEN LARGEST HOLDINGS 12/31/2020 *	
FRESHPET	3.3 %
UPWORK INC	3.0 %
STAAR SURGICAL	2.6 %
APIAN CORP	2.5 %
CHARLES RIVER LABS INTL	2.5 %
FIVE9 INC	2.5 %
TREX CO INC	2.4 %
AXON ENTERPRISE INC	2.4 %
NEOGENOMICS INC	2.2 %
POOL CORPORATION	2.1 %
	25.6 %

PORTFOLIO RESULTS	
(Benchmark - Russell 2500) (Since Inception)	
	Net
ALPHA	1.02%
BETA	0.92
R ²	91%
UP CAPTURE 95%	
DOWN CAPTURE 92%	

PORTFOLIO CHARACTERISTICS	
RETURN ON EQUITY (Median)	6.7%
LONG TERM DEBT TO TOTAL CAPITAL	27%
P/E FWD 4 Quarters (ex Neg-earnings)	35 x
WTD AVG. MARKET CAPITALIZATION \$,7555 Million	
TOTAL SMID CAP EQUITY COMPOSITE ASSETS	\$45 Million
#HOLDINGS	58
PORTFOLIO TURNOVER*	65%
ACTIVE SHARE	94%

*The largest ten holdings are at 12/31/2020 and may not reflect current holdings.

*Turnover rate is based on a representative portfolio for a rolling one year period ending 12/31/20



ATTRIBUTION (4Q 2020)				
	Avg. Portfolio Weight	Portfolio Contribution	Avg. Benchmark Weight	Benchmark Contribution
HEALTH CARE	20.4%	4.4	16.0%	3.8
FINANCIALS	12.4%	2.8	13.8%	4.4
INDUSTRIALS	16.9%	4.7	15.3%	4.1
INFORMATION TECHNOLOGY	20.7%	6.3	17.5%	5.8
CONSUMER DISCRETIONARY	11.9%	1.3	12.9%	3.3
REAL ESTATE	4.2%	0.4	7.9%	1.5
MATERIALS	4.7%	0.6	5.4%	1.6
CONSUMER STAPLES	3.3%	0.9	3.3%	0.6
UTILITIES	0.0%	0.0	3.0%	0.6
COMMUNICATION SERVICES	1.9%	0.4	3.0%	0.8
ENERGY	0.3%	0.0	1.9%	0.8
CASH & EQUIVALENTS	3.4%	0.0	0.0%	0.0
TOTAL PORTFOLIO	100.0%	21.6	100.0%	27.4

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 (4/01/05 to 12/31/20) Annualized

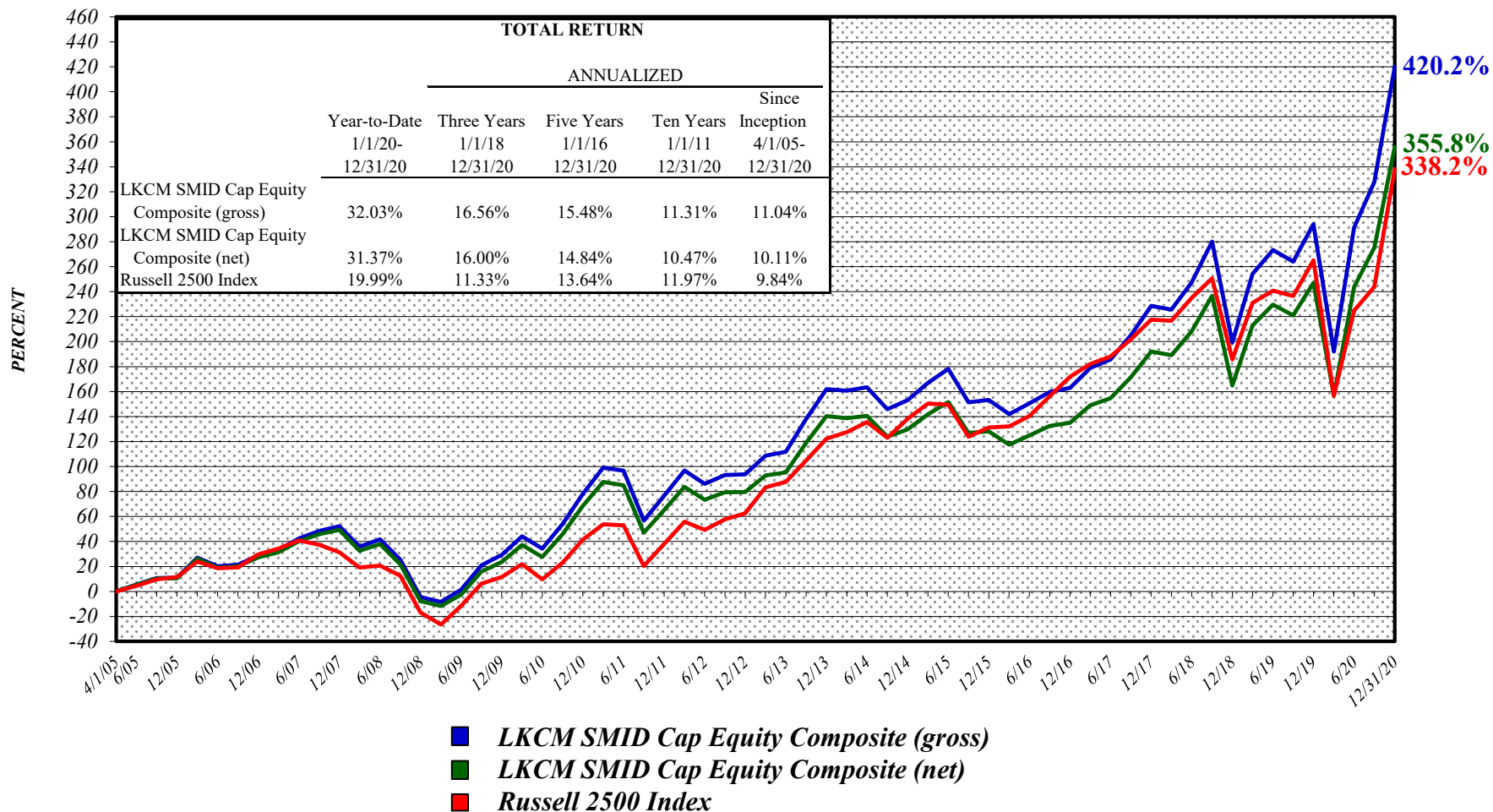
**Standard deviation and performance characteristics reporting period (4/01/05 to 12/31/20)

This presentation is supplemental to the attached GIPS Report. Past performance is not indicative of future results.

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

LKCM SMID Cap Equity Composite

Cumulative Returns Since Inception (4/1/05 – 12/31/20)



The performance results should be reviewed along with the attached GIPS Report presentation. Past performance is not indicative of future results.

LUTHER KING CAPITAL MANAGEMENT
SMID CAP EQUITY COMPOSITE
GIPS REPORT AS OF DECEMBER 31, 2020

Year	Total Return		Russell 2500 Index	SMID Cap Eq Comp Annual Standard Deviation	3-Year Annualized Gross Standard Deviation		Number of Accounts	SMID Cap Eq Composite Assets (millions)	Total Firm Assets (billions)
	Gross	Net			SMID Cap	Russell			
	of Fees	of Fees			Eq Comp	2500 Index			
2020	32.03 %	31.37 %	19.99 %	1.2 %	24.44 %	24.21 %	6	45	21.6
2019	31.64	31.03	27.77	0.7	15.93	14.58	5	33	18.2
2018	-8.89	-9.33	-10.00	0.1	14.48	14.10	5	28	14.5
2017	24.92	24.29	16.81	0.7	11.82	12.13	6	40	15.3
2016	3.81	2.97	17.59	1.2	13.24	13.67	9	66	13.1
2015	0.10	-0.68	-2.90	0.8	13.13	12.42	16	453	13.1
2014	-3.41	-4.40	7.07	0.3	12.04	11.67	23	557	15.0
2013	35.15	33.88	36.80	0.3	15.87	15.63	29	704	14.7
2012	9.77	8.68	17.88	0.5	19.47	18.97	24	511	11.4
2011	-0.90	-1.95	-2.51	0.8	20.99	23.40	22	214	8.8
2010	37.71	36.31	26.71	0.8	NA	NA	17	178	8.1

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.

- 1) **Compliance Statement, Verification, and Trademark Information:** Luther King Capital Management (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, 2019. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The SMID Cap Equity Composite has been examined for the periods April 1, 2005 to December 31, 2019. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
- 2) **Composite Description, Benchmark(s), and Risk:** April 1, 2005 is the effective creation date of the SMID Cap Equity Composite and April 1, 2005 is the inception date of the SMID Cap Equity Composite. 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. Material risks related to the investment strategy include, without limitation, those associated with cybersecurity, equity securities, foreign securities, general market and economic conditions and factors, inflation, investment selection, liquidity, investment management, mid cap companies, sector weightings, and small cap companies. For detail on each risk, please see our Form ADV, Part 2A.
- 3) **Dispersion and Fees:** The gross annual standard deviation presented is an asset-weighted calculation of performance dispersion for accounts in the composite for 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

LUTHER KING CAPITAL MANAGEMENT
SMID CAP EQUITY COMPOSITE
PERFORMANCE RESULTS*
APRIL 1, 2005 – DECEMBER 31, 2020

	<u>Total Return</u>		<u>Equities Only</u>	<u>Cash Only</u>	<u>Russell 2000 Index</u>
	<u>Gross of Fees</u>	<u>Net of Fees</u>			
Annualized Returns Ending 12/31/20					
1 Year	32.03 %	31.37 %	33.58 %	0.52 %	19.99 %
2 Years	31.84	31.20	33.69	1.27	23.82
3 Years	16.56	16.00	17.43	1.05	11.33
4 Years	18.59	18.02	19.64	0.80	12.67
5 Years	15.48	14.84	16.58	0.64	13.64
6 Years	12.76	12.10	13.74	0.54	10.70
7 Years	10.29	9.58	11.10	0.46	10.17
8 Years	13.13	12.35	14.00	0.41	13.19
9 Years	12.75	11.94	13.56	0.37	13.71
10 Years	11.31	10.47	12.09	0.34	11.97
11 Years	13.48	12.60	14.42	0.31	13.24
12 Years	15.17	14.24	16.25	0.30	14.86
13 Years	9.91	8.97	10.39	0.45	9.71
14 Years	10.48	9.55	10.93	0.76	9.09
15 Years	10.84	9.91	11.27	1.01	9.55
15 3/4 Years	11.04	10.11	11.39	1.10	9.84

* The results shown above should be reviewed along with LKCM SMID Cap Equity Composite GIPS Report. If you have not received a copy of the GIPS Report, 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.

LKCM SMID CAP EQUITY COMPOSITE
GIPS REPORT AS OF DECEMBER 31, 2020

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. Management 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. The fund included in this composite has a current management fee schedule of 0.75% and a net expense ratio of 1.00%. 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.

- 4) **Additional Information and Availability of Information:** Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Effective January 2010, the portfolios in this composite stay at or 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 list of all composite and limited distribution pooled fund descriptions and/or a list of broad distribution pooled funds 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.

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.

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.