

LUTHER KING CAPITAL MANAGEMENT
LKCM SMID CAP EQUITY COMPOSITE
First Quarter, 2021 Update



<u>Performance **</u>	<u>YTD 2021</u>	<u>One Year</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)	5.61%	88.12%	19.05%	17.82%	10.69%	11.23%
LKCM SMID Cap Equity Composite (net)	5.46%	87.18%	18.46%	17.19%	9.86%	10.31%
Russell 2500 Index	10.93%	89.40%	15.34%	15.93%	12.20%	10.39%

Small to mid-sized companies, as measured by the Russell 2500 Index, gained 10.9% in 1Q21. The rebound from the lows of a year ago has been impressive as the benchmark gained 89% over the past 12 months to close at near-record highs. The market's advance in 1Q21 was supported by declining Covid-19 cases and positive news on the vaccinations which increased optimism for stronger economic growth in '21. After a pause in 4Q20, most economic indicators related to the U.S. economy have improved and now point towards continued growth. In addition, the Federal Government sent out another round of stimulus checks just to make sure we bridged the gap until the vaccinations can take hold and we can fully reopen the economy. Aggressive monetary and fiscal policy are important supports to the market, and both remain positive. The second year out of a recession driven bear market tends to generate positive returns, although typically not as strong as the first year's return and usually with more volatility. The market has discounted a lot of the good news and we wouldn't be surprised to see a consolidation or a pullback sometime in 2021 before the market resumes its upward climb.

All sectors in the benchmark contributed with positive returns during 1Q21. Sectors more aligned with the reopening and cyclical recovery theme (Energy, Consumer Discretionary and Financials) performed the best. The additional stimulus check helped the Consumer Discretionary sector and higher interest rates benefited the Financials sector. Prior winners and the more growth focused sectors, Health Care and Technology, while positive, significantly lagged the benchmark this quarter. Characteristics of the companies that outperformed were smaller market caps, lower stock prices, lower valuations on a P/E basis, companies with higher financial leverage, higher dividend yields and higher beta. Value stocks significantly outperformed Growth stocks (+16% vs. +3%) for the second consecutive quarter on the economic recovery or cyclical reopening trade. It's not uncommon for lower quality companies to outperform coming off the bottom of the economic cycle. This typically lasts two to three quarters before the market returns to higher quality companies.

The LKCM SMID Cap Equity Composite posted positive results although we did trail the benchmark in 1Q21. The three biggest relative contributors during the quarter were stock selection in the Health Care and Communication Services sectors and our underweight allocation decision in the underperforming Utilities sector. The three biggest relative detractors during the quarter were stock selection in the Technology and Consumer Discretionary sectors and our overweight allocation decision in the Health Care sector. The significant outperformance of Value stocks relative to Growth stocks and more specifically, lower quality company outperformance created a more difficult performance environment for our higher quality, growth leaning, core investment strategy. 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 – 3/31/21

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

LKCM SMID CAP EQUITY COMPOSITE

March 31, 2021

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 03/31/2021 *	
FRESHPET	3.4 %
UPWORK INC	3.1 %
CHARLES RIVER LABS INTL	2.7 %
AXON ENTERPRISE INC	2.7 %
LPL FINANCIAL HOLDINGS INC	2.6 %
STAAR SURGICAL	2.6 %
ZIONS BANCORPORATION NA	2.4 %
COMERICA INC	2.4 %
NEXSTAR MEDIA GROUP INC	2.4 %
TRIMBLE INCORPORATED	2.3 %
	26.6 %

PORTFOLIO RESULTS	
(Benchmark - Russell 2500) (Since Inception)	
	<u>Net</u>
ALPHA	0.75%
BETA	0.92
R ²	90%

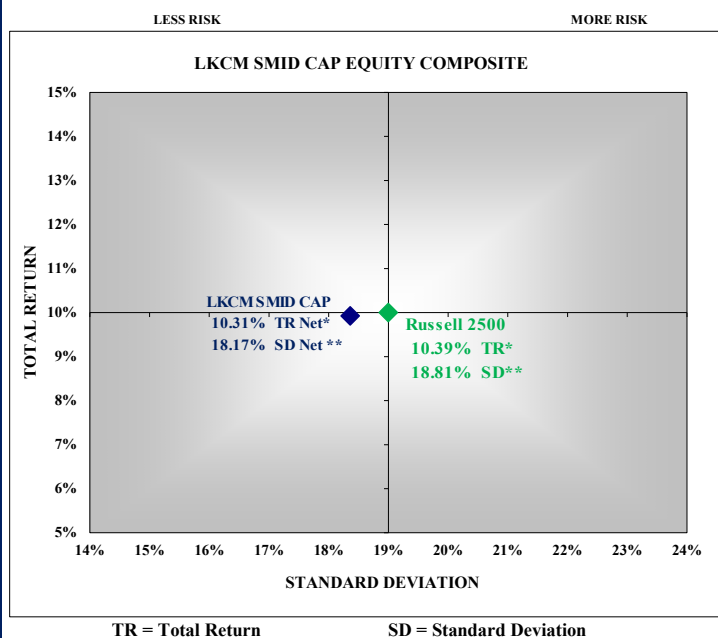
UP CAPTURE	93%
DOWN CAPTURE	92%

PORTFOLIO CHARACTERISTICS	
RETURN ON EQUITY (Median)	3.5%
LONG TERM DEBT TO TOTAL CAPITAL	29%
P/E FWD 4 Quarters (ex Neg-earnings)	33 x

WTD AVG. MARKET CAPITALIZATION	\$7,941 Million
TOTAL SMID CAP EQUITY COMPOSITE ASSETS	\$45 Million
#HOLDINGS	52
PORTFOLIO TURNOVER*	65%
ACTIVE SHARE	95%

*The largest ten holdings are at 03/31/2021 and may not reflect current holdings.

*Turnover rate is based on a representative portfolio for a rolling one year period ending 03/31/21



ATTRIBUTION (1Q 2021)				
	Avg. Portfolio Weight	Portfolio Contribution	Avg. Benchmark Weight	Benchmark Contribution
INFORMATION TECHNOLOGY	17.5%	-2.0	17.6%	0.2
HEALTH CARE	20.7%	1.1	15.6%	0.0
INDUSTRIALS	18.8%	2.3	15.6%	2.4
FINANCIALS	12.5%	1.6	14.1%	2.5
CONSUMER DISCRETIONARY	12.1%	0.6	13.3%	2.7
REAL ESTATE	2.5%	0.1	7.4%	0.7
MATERIALS	4.5%	0.1	5.3%	0.8
CONSUMER STAPLES	3.2%	0.4	3.1%	0.4
COMMUNICATION SERVICES	2.1%	0.5	2.9%	0.3
UTILITIES	0.0%	0.0	2.6%	0.1
ENERGY	3.1%	0.9	2.4%	0.8
CASH & EQUIVALENTS	3.0%	0.0	0.0%	0.0
TOTAL PORTFOLIO	100.0%	5.6	100.0%	11.0

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 03/31/21) Annualized

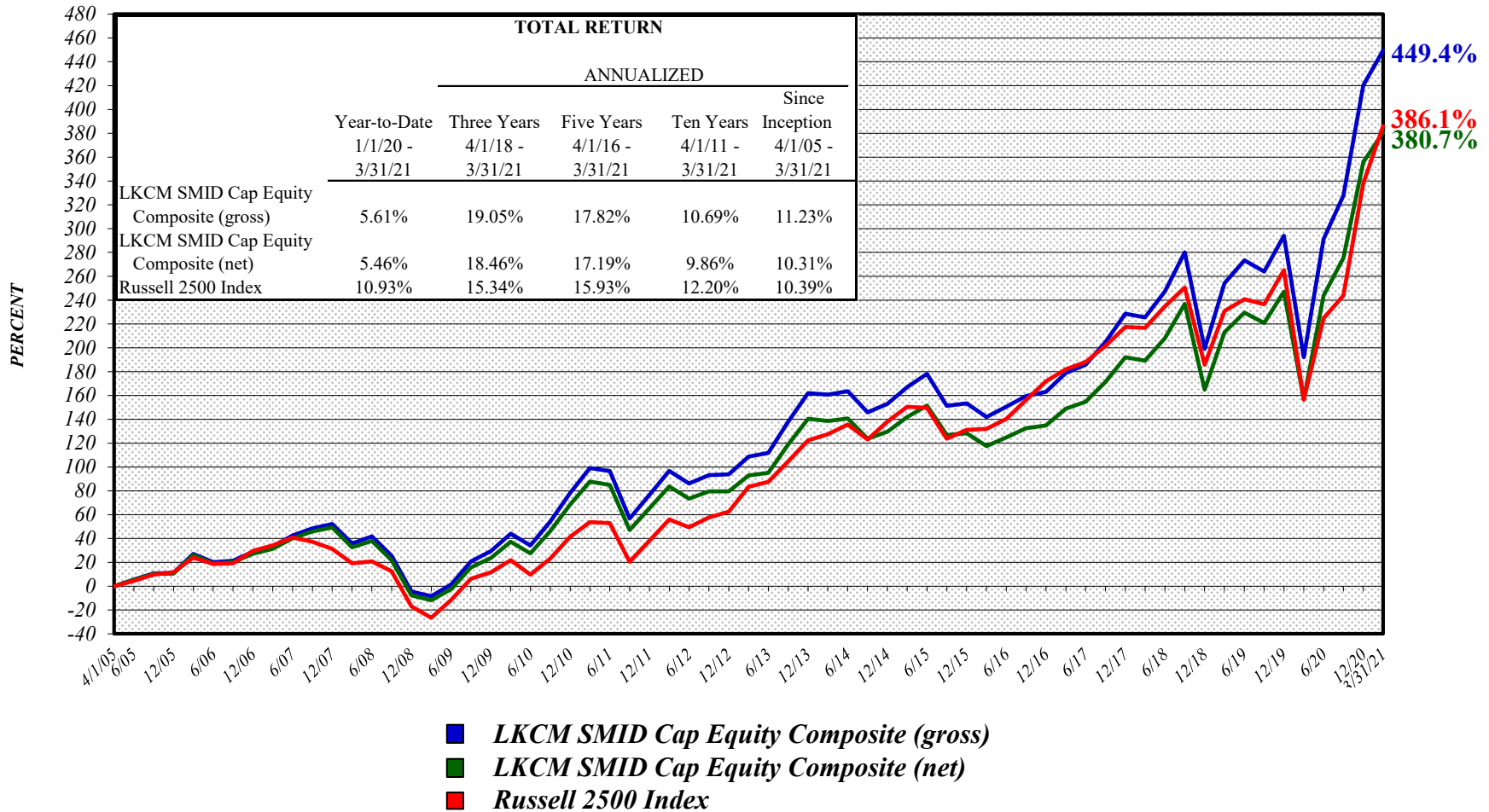
**Standard deviation and performance characteristics reporting period (4/01/05 to 03/31/21)

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 – 3/31/21)



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 MARCH 31, 2021**

Year	Total Return		Russell 2500 Index	SMID Cap	Gross Standard		Number of Accounts	SMID Cap Eq	Total Firm Assets (billions)
	Gross	Net		Eq Comp	Deviation			Composite	
	of Fees	of Fees		Annual Standard Deviation	SMID Cap Eq Comp	Russell 2500 Index		Assets (millions)	
2021 (1/1 - 3/31)	5.61 %	5.46 %	10.93 %	NA %	NA %	NA %	6	47	22.6
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

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 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

LKCM SMID CAP EQUITY COMPOSITE
GIPS REPORT AS OF MARCH 31, 2021

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.

**LUTHER KING CAPITAL MANAGEMENT
SMID CAP EQUITY COMPOSITE
PERFORMANCE RESULTS*
APRIL 1, 2005 – MARCH 31, 2021**

	<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 03/31/21					
1 Year	88.12 %	87.18 %	93.16 %	0.17 %	89.40 %
2 Years	24.54	23.93	25.87	1.06	21.18
3 Years	19.05	18.46	19.95	1.05	15.34
4 Years	18.46	17.88	19.42	0.80	14.57
5 Years	17.82	17.19	18.79	0.65	15.93
6 Years	12.79	12.13	13.72	0.54	11.69
7 Years	11.23	10.53	12.09	0.47	11.46
8 Years	12.86	12.09	13.71	0.41	12.95
9 Years	12.08	11.28	12.87	0.37	13.47
10 Years	10.69	9.86	11.45	0.34	12.20
11 Years	12.94	12.07	13.84	0.31	13.40
12 Years	16.09	15.18	17.18	0.29	17.04
13 Years	11.35	10.42	11.88	0.39	11.42
14 Years	10.65	9.71	11.12	0.68	9.63
15 Years	10.25	9.33	10.68	0.96	9.53
16 Years	11.23	10.31	11.60	1.09	10.39

* 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.

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.