

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



<u>Performance</u> **	^{3rd} <u>QTR</u> <u>2021</u>	<u>YTD</u> <u>2021</u>	<u>One</u> <u>Year</u>	<u>3 Years</u> <u>Annualized</u>	<u>5 Years</u> <u>Annualized</u>	<u>10 Years</u> <u>Annualized</u>	<u>Since</u> <u>Inception</u> <u>Annualized*</u>
LKCM SMID Cap Equity Composite gross)	(1.58%)	11.76%	35.91%	15.22%	17.49%	14.00%	11.26%
LKCM SMID Cap Equity Composite (net)	(1.72%)	11.28%	35.16%	14.63%	16.88%	13.18%	10.34%
Russell 2500 Index	(2.68%)	13.83%	45.03%	12.47%	14.25%	15.27%	10.23%

The Russell 2500 Index, a common benchmark for small to mid-sized companies, declined 2.7% in 3Q21. The market exhibited increased volatility during the quarter, as uncertainty from the COVID Delta variant, weighed on sanguine economic outlooks during much of the quarter. While most economic indicators remained strong, consumer sentiment declined to pandemic lows in August with the persistent health crisis, supply chain disruptions, increased costs of energy, and price increases in a broad basket of consumer goods. Treasury rates reversed from a five month decline to ultimately end the quarter higher. The broader index consolidated throughout the quarter with these crosscurrents, despite residual fiscal and monetary stimuli still working through the system. With the decline during the quarter, the Russell 2500 increased by 13.8% during the first three quarters of 2021. We expect that near term volatility will remain elevated as market participants gauge the end of extraordinary stimulus efforts and the transition to a more self-sustaining economic environment.

3Q21 saw the benchmark decline for the first time in over a year since the pandemic-start period of 1Q20. Most of the sectors declined in Q3, with the exception being Energy and Financials. Rising interest rates and new highs in oil and natural gas prices provided tailwinds to these sectors. Value stocks slightly outperformed Growth stocks, but with most of the push occurring in the final month. Value's lead on growth is more significant on the year-to-date basis. During 3Q21, the characteristics of companies that outperformed were larger market cap, lower financial leverage, lower beta, and lower P/E multiples. Overall, profits showed strong growth year over year based on easier comparisons when much of the economy was severely impacted by the pandemic. The transition to a more modest – but sustainable – earnings trajectory will be a key component for continued future performance of the benchmark.

The LKCM SMID Cap Equity Composite outperformed the benchmark in 3Q21. The three largest relative contributors during the quarter were stock selection in Financials, Healthcare, and Information Technology. Several of our Financials stocks had strong performance from an increasing interest rate environment, while Information Technology had a few securities that exhibited particular strength. Relative to the benchmark, we added value in our securities selection, while our sector attribution detracted with the largest factor being an overweight position in the Healthcare sector. We continue to benefit from our higher quality investment strategy, but our Growth tilt was a modest drag to results.

Our investment strategy is to maximize our internal, research-intensive process and to identify competitively advantaged companies that generate strong financial returns with attractive reinvestment opportunities. We strive to purchase these stocks at attractive prices. We believe this strategy of investing in high quality companies with compelling strategies to increase their value will continue to be beneficial for our shareholders. Our goal is to generate superior returns over time relative to our benchmark by consistently executing our investment strategy and minimizing the risk (volatility) of the portfolio with a focus on achieving long term capital appreciation.

* 4/1/05 – 9/30/21

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

LKCM SMID CAP EQUITY COMPOSITE

September 30, 2021

LEAD MANAGER: DANIEL C. DOWNES, CFA, CPA
CO-MANAGERS: J. LUTHER KING, JR., CFA
 MASON D. KING, 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 09/30/2021 *	
CHARLES RIVER LABS INTL	3.7 %
AXON ENTERPRISE INC	3.1 %
UPWORK INC	2.9 %
ZIONS BANCORPORATION NA	2.7 %
ZURN WATER SOLUTIONS CORP	2.6 %
TECK RESOURCES LTD-CLS B	2.6 %
PERFICIENT INC	2.4 %
TRIMBLE INCORPORATED	2.4 %
CULLEN FROST BANKERS INC	2.4 %
BUILDERS FIRSTSOURCE INC	2.3 %
	27.1 %

*The largest ten holdings are at 09/30/2021 and may not reflect current holdings.

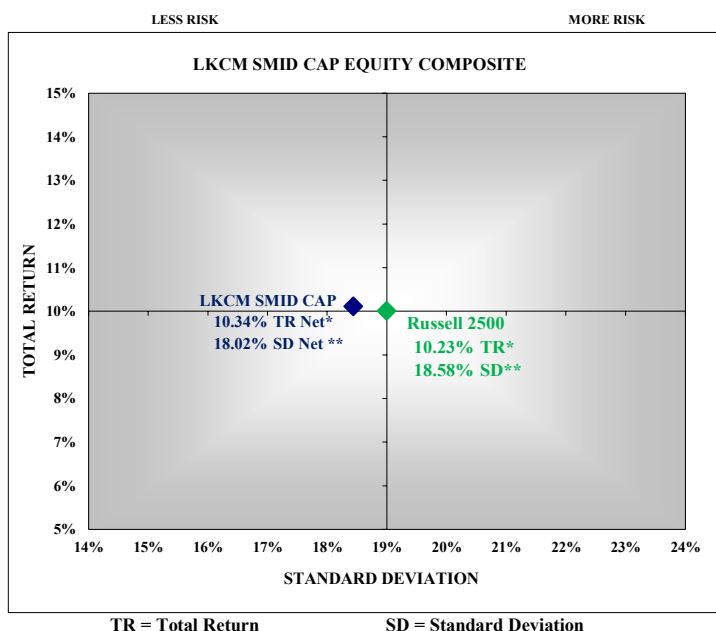
PORTFOLIO RESULTS	
(Benchmark - Russell 2500) (Since Inception)	
	<u>Net</u>
ALPHA	0.91%
BETA	0.92
R ²	90%

UP CAPTURE	94%
DOWN CAPTURE	91%

PORTFOLIO CHARACTERISTICS	
RETURN ON EQUITY (Median)	10.2%
LONG TERM DEBT TO TOTAL CAPITAL	27%
P/E FWD 4 Quarters (ex Neg-earnings)	22 x

WTD AVG. MARKET CAPITALIZATION	\$8,933 Million
TOTAL SMID CAP EQUITY COMPOSITE ASSETS	\$46 Million
#HOLDINGS	55
PORTFOLIO TURNOVER*	52%
ACTIVE SHARE	95%

*Turnover rate is based on a representative portfolio for a rolling one year period ending 09/30/21



ATTRIBUTION (3Q 2021)				
	Avg. Portfolio Weight	Portfolio Contribution	Avg. Benchmark Weight	Benchmark Contribution
INDUSTRIALS	20.9%	-0.58%	15.92%	-0.67%
INFORMATION TECHNOLOGY	13.0%	-0.71%	16.58%	-0.14%
FINANCIALS	13.0%	1.11%	13.95%	0.31%
HEALTH CARE	18.7%	0.00%	15.54%	-0.72%
CONSUMER DISCRETIONARY	12.1%	-0.95%	12.59%	-0.81%
REAL ESTATE	5.3%	0.15%	8.44%	0.00%
MATERIALS	3.6%	0.08%	5.31%	-0.20%
CONSUMER STAPLES	2.1%	-0.28%	3.04%	-0.24%
COMMUNICATION SERVICES	3.1%	-0.17%	2.84%	-0.35%
ENERGY	4.7%	-0.12%	3.31%	0.11%
UTILITIES	0.0%	0.00%	2.48%	-0.07%
CASH & EQUIVALENTS	3.5%	0.00%	0.00%	0.00%
TOTAL PORTFOLIO	100.0%	-1.6%	100.0%	-2.7%

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.

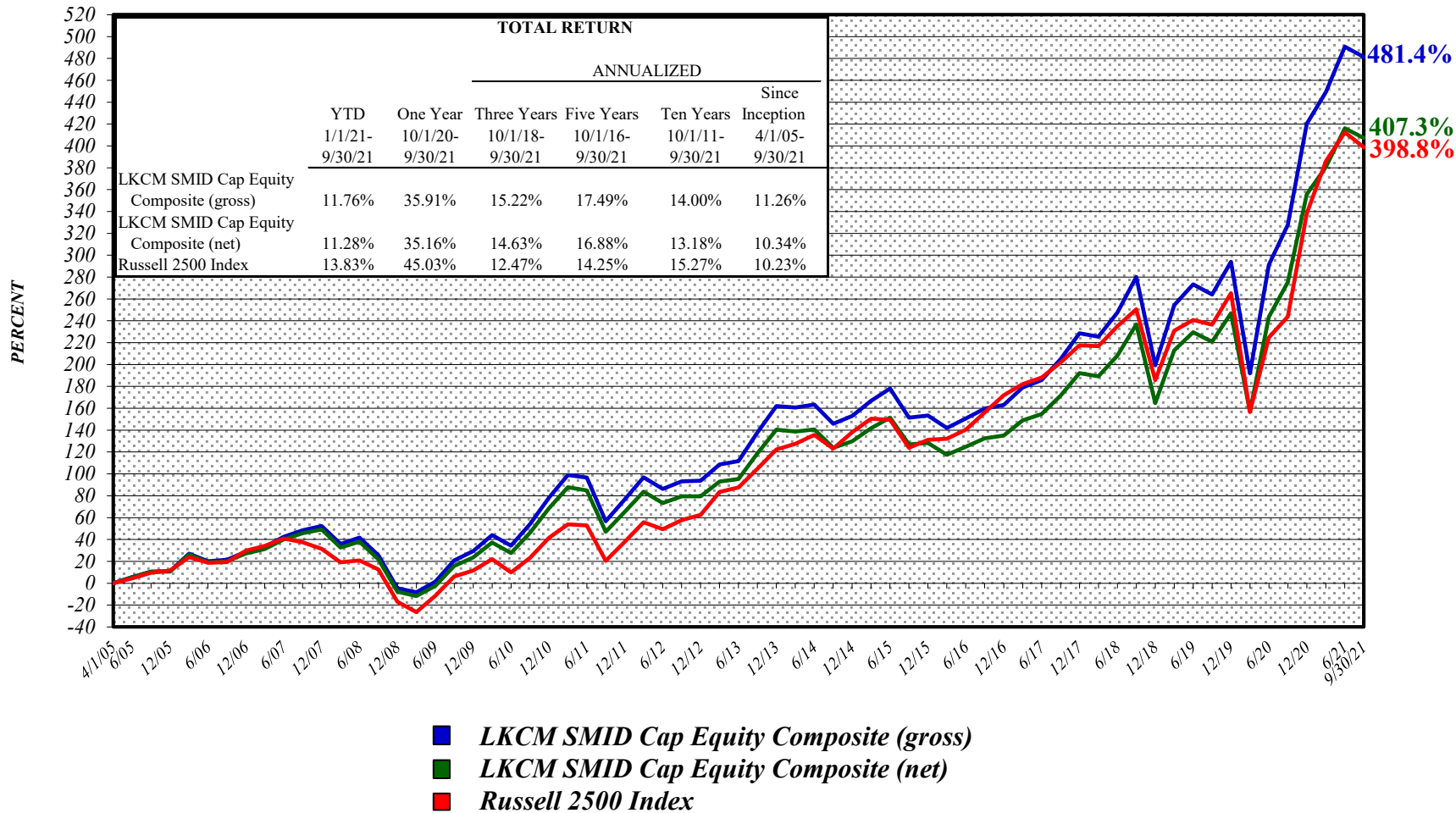
*Total Net Return Since Inception (4/01/05 to 09/30/21) Annualized

**Standard deviation and performance characteristics reporting period (4/01/05 to 09/30/21)

This presentation is supplemental to the attached GIPS Report. Past performance is not indicative of future results. Sources: LKCM Smid Cap Equity Composite, Zephyr Informa Financial Intelligence, Thomson Reuters (Refinitiv)

LKCM SMID Cap Equity Composite

Cumulative Returns Since Inception (4/1/05 – 9/30/21)



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 SEPTEMBER 30, 2021**

Year	Total Return		Russell 2500 Index	SMID Cap Eq Comp	3-Year Annualized Gross Standard Deviation		Number of Accounts	SMID Cap Eq Composite Assets (millions)	Total Firm Assets (billions)
	Gross of Fees	Net of Fees		Annual Standard Deviation	Russell				
				SMID Cap Eq Comp	2500 Index				
2021 (1/1 - 9/30)	11.76 %	11.28 %	13.83 %	NA %	NA %	NA %	6	46	24.8
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

	Annualized Returns		
	Total Return		Russell
	Gross of Fees	Net of Fees	2500 Index
1 year ending 9/30/21	35.91 %	35.16 %	45.03 %
5 years ending 9/30/21	17.49	16.88	14.25
10 years ending 9/30/21	14.00	13.18	15.27

NA – Information is not statistically meaningful due to the current period is a partial year and/or the information is not required.

- 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.
- 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 \$2 billion and \$20 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.

LKCM SMID CAP EQUITY COMPOSITE
GIPS REPORT AS OF SEPTEMBER 30, 2021

- 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 Small-Mid Cap Equity 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.

LUTHER KING CAPITAL MANAGEMENT
SMID CAP EQUITY COMPOSITE
PERFORMANCE RESULTS*
APRIL 1, 2005 – SEPTEMBER 30, 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 09/30/21					
1 Year	35.91 %	35.16 %	37.81 %	0.07 %	45.03 %
2 Years	26.37	25.71	27.69	0.49	21.76
3 Years	15.22	14.63	15.96	0.94	12.47
4 Years	17.51	16.92	18.45	0.81	13.39
5 Years	17.49	16.88	18.45	0.65	14.25
6 Years	14.99	14.35	16.06	0.54	14.28
7 Years	13.08	12.40	14.06	0.47	12.19
8 Years	11.81	11.08	12.64	0.41	11.78
9 Years	13.01	12.24	13.88	0.37	13.65
10 Years	14.00	13.18	14.86	0.34	15.27
11 Years	12.83	11.99	13.70	0.31	13.56
12 Years	13.98	13.10	14.94	0.29	13.75
13 Years	12.51	11.60	13.34	0.30	12.13
14 Years	10.24	9.32	10.73	0.51	9.65
15 Years	11.00	10.08	11.47	0.80	10.01
16 Years	10.92	10.00	11.36	1.00	9.93
16 1/2 Years	11.26	10.34	11.63	1.05	10.23

* 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.