



LUTHER KING CAPITAL MANAGEMENT CORPORATION

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Form ADV Part 2A (Brochure)

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This brochure provides information about the qualifications and business practices of Luther King Capital Management Corporation. This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of offering, organizational and/or other documents that contain the material terms relating thereto. If you have any questions about the contents of this brochure, please contact us at (817) 332-3235. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Luther King Capital Management Corporation also is available on the United States Securities and Exchange Commission's website at www.adviserinfo.sec.gov. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

ITEM 2 – MATERIAL CHANGES

The last annual update to our brochure was dated June 30, 2021. The following is a summary of the more significant changes that we made to our brochure since the last annual update.

- Item 4 – we updated information related to our assets under management as of March 31, 2022;
- Item 5 – we updated information related to the management fees and other fees and expenses payable or reimbursed with respect to our affiliated private investment partnerships and their portfolio companies; and
- Item 8 – we updated information related to the potential risks associated with our investment strategies for separately managed portfolios, the LKCM Funds, and our affiliated private investment partnerships.

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ITEM 4 – ADVISORY BUSINESS

Our Firm

Luther King Capital Management Corporation (“LKCM,” “we” or “us”) is an investment adviser registered with the Securities and Exchange Commission that was founded by J. Luther King, Jr. in 1979. Our parent company is Southwest JLK Corporation, a corporation formed under Texas law. Our employees own or control all of the stock of Southwest JLK Corporation, with J. Luther King, Jr. owning and controlling a majority of the stock and constituting our principal owner.

We are organized as a Delaware corporation and our principal place of business is located at 301 Commerce Street, Suite 1600, Fort Worth, Texas 76102. As of March 31, 2022, we had 96 employees, including 62 investment and other professionals with many educational and professional designations, including CFA, MBA, CIC, CPA and CFP. As of March 31, 2022, our “regulatory assets under management” were approximately \$27,691,000,000, of which approximately \$27,426,000,000 we managed on a discretionary basis and approximately \$265,000,000 we managed on a non-discretionary basis. Our “regulatory assets under management” vary significantly from the amount of assets under management we disclose in other reports and documents due to the manner in which regulatory assets under management must be calculated and reported under applicable federal securities laws. As of March 31, 2022, the amount of assets under management we disclose in such other reports and documents was approximately \$25,729,000,000.

We provide investment advisory services to a variety of clients, including:

- separately managed portfolios for individuals, trusts, estates, charitable organizations, government entities, corporations and other business entities, foundations, endowments, and pension and profit sharing plans;
- LKCM Funds, an open-end management investment company registered under the Investment Company Act of 1940 consisting of seven mutual funds (each, a “Fund,” and together, the “LKCM Funds”);
- sub-advised portfolios;
- affiliated private investment partnerships (“LKCM Partnerships”);
- special purpose private investment partnerships (“Single-Investment Partnerships”);
- model portfolio programs; and
- wrap fee programs.

Separately Managed Portfolios

We manage equity, small cap, small-mid cap, fixed income, balanced and international equity portfolios for institutional and non-institutional clients. We provide investment advisory services to clients with separately managed portfolios based upon their respective investment objectives, goals, restrictions, tax status, risk profiles, liquidity requirements, instructions and other relevant considerations. Clients with separately managed portfolios may impose restrictions on investments in certain securities or types of securities.

LKCM Funds

We serve as the investment adviser to the LKCM Funds, a registered investment company comprised of the following mutual funds:

- LKCM Equity Fund;
- LKCM Small Cap Equity Fund;
- LKCM Small-Mid Cap Equity Fund;
- LKCM Balanced Fund;
- LKCM Fixed Income Fund;
- LKCM International Equity Fund; and
- LKCM Aquinas Catholic Equity Fund.

We provide investment advisory services to each Fund based on the investment objectives, policies, strategies and restrictions contained in the prospectus and statement of additional information for such Fund as filed from time to time with the Securities and Exchange Commission or otherwise provided under applicable federal securities laws.

LKCM Partnerships

We serve as the investment adviser to affiliated private investment partnerships (each, an “LKCM Partnership”) that are exempt from registration under the Investment Company Act of 1940, including:

- LKCM Investment Partnership, L.P.;
- LKCM Investment Partnership II, L.P.;
- LKCM Private Discipline (QP), L.P. and LKCM Private Discipline International, L.P. (which are feeder funds of LKCM Private Discipline Master Fund, SPC);
- LKCM Micro-Cap Partnership, L.P.;
- LKCM Headwater Investments I, L.P.;
- LKCM Headwater Investments II, L.P.;
- LKCM Headwater II Sidecar Partnership, L.P.;
- LKCM Headwater Investments III, L.P.;
- LKCM International Equity, L.P.; and
- LKCM Technology Partnership, L.P.

We provide investment advisory services to each LKCM Partnership based on the investment objectives, policies, strategies and restrictions contained in the offering and organizational documents for such LKCM Partnership.

Single-Investment Partnerships

We or our principals, affiliates or related persons from time to time form capital around a particular strategy, theme, investment or co-investment opportunity, or establish, on a transaction-by-transaction basis, pooled investment vehicles through which we, our principals, affiliates or employees, our clients, the LKCM Partnerships, or other investors, including those which may not be our clients or investors in the LKCM Partnerships, invest (each, a “Single-Investment Partnership”), such as LKCM HW PM Co-Investment Partnership, L.P. and LKCM HW IL Co-Investment Partnership, L.P. The investment objectives, policies and restrictions of each Single-Investment Partnership are contained in the offering and organizational documents for such Single-Investment Partnership.

Sub-Advised Portfolios

We serve as sub-adviser to unaffiliated investment advisers, trust companies and other financial institutions for certain of their separately managed portfolios. We provide investment advisory services to each sub-advised portfolio based on the underlying client's investment objectives, goals, restrictions, tax status, risk profile, liquidity requirements, instructions and other relevant considerations communicated to us by the primary investment adviser, trust company, other financial institution or the underlying client. Sub-advised relationships may impose restrictions on investments in certain securities or types of securities.

Model Portfolio Programs

We participate in model portfolio programs established by unaffiliated third-party sponsors. Under these programs, we provide non-discretionary investment advice to the sponsors of the programs in the form of a model portfolio for the investment strategy selected by the sponsors. The sponsors use the model portfolios to assist them in managing their client portfolios. The sponsors of the programs have sole responsibility for implementing, administering, and monitoring the investment, trading, compliance and operational aspects of the programs for their clients.

Wrap Fee Programs

We serve as a portfolio manager under wrap fee programs established by unaffiliated third-party sponsors. Our investment advisory services are based on each program client's investment objectives, goals, restrictions, tax status, risk profile, liquidity requirements, instructions and other relevant considerations communicated to us by the applicable sponsor or program client. Under the programs, the sponsors charge program clients a wrap fee for portfolio management, trading, custodial and other services, and the sponsors pay us a portion of these fees for our investment advisory services. We generally provide investment advisory services under the wrap fee programs in the same manner as those we provide for separately managed portfolios. We generally do not have discretion in selecting the broker-dealers through which trades for program clients are executed, as the wrap fee programs generally require these trades be executed through the applicable sponsors or their affiliates. As a result, wrap fee program clients may pay higher commissions or realize less favorable prices on securities transactions than those clients for which we have discretionary authority to select brokers.

Other Services

We provide investment advice to clients through consultations on an as-requested basis. We also offer advice to qualified existing or prospective clients regarding investing in the LKCM Funds, the LKCM Partnerships and/or the Single-Investment Partnerships.

ITEM 5 – FEES AND COMPENSATION

The following section describes how we are compensated for the investment advisory services that we provide to our clients.

Separately Managed Portfolios

Under our investment management agreements for separately managed portfolios, we generally charge a management fee at a specified annual percentage rate of each portfolio's assets under management as described below:

<u>Strategy</u>	<u>Non-Institutional Portfolios</u>	<u>Institutional Portfolios</u>
Equity	<u>Equities and Cash Equivalents:</u> 1.00% on the first \$2 million 0.75% on the next \$3 million 0.50% on the next \$70 million 0.35% over \$75 million	<u>Equities and Cash Equivalents:</u> 0.75% on the first \$2 million 0.50% on the next \$73 million 0.35% on the next \$75 million 0.25% over \$150 million
Small Cap, Small-Mid Cap, and Mid Cap	<u>Equities and Cash Equivalents:</u> 1.00% on the first \$5 million 0.75% on the next \$5 million 0.50% over \$10 million	<u>Equities and Cash Equivalents:</u> 1.00% on the first \$5 million 0.75% on the next \$5 million 0.50% over \$10 million
Fixed Income	<u>Fixed Income Securities and Cash Equivalents:</u> 0.50% on the first \$2 million 0.35% on the next \$3 million 0.25% over \$5 million	<u>Fixed Income Securities and Cash Equivalents:</u> 0.50% on the first \$2 million 0.35% on the next \$3 million 0.25% over \$5 million
Balanced	<u>Equities and Cash Equivalents:</u> 1.00% on the first \$2 million 0.75% on the next \$3 million 0.50% on the next \$70 million 0.35% over \$75 million <u>Fixed Income Securities:</u> 0.50% on the first \$2 million 0.35% on the next \$3 million 0.25% over \$5 million	<u>Equities and Cash Equivalents:</u> 0.75% on the first \$2 million 0.50% on the next \$73 million 0.35% on the next \$75 million 0.25% over \$150 million <u>Fixed Income Securities:</u> 0.50% on the first \$2 million 0.35% on the next \$3 million 0.25% over \$5 million
International Equity	<u>Equities and Cash Equivalents:</u> 1.00% on the first \$2 million 0.80% on the next \$13 million 0.65% on the next \$60 million 0.50% over \$75 million	<u>Equities and Cash Equivalents:</u> 0.90% on the first \$2 million 0.70% on the next \$23 million 0.60% on the next \$50 million 0.45% over \$75 million

We generally charge the following minimum annual management fees for separately managed portfolios:

- \$20,000 – non-institutional equity, fixed income and balanced portfolios;
- \$20,000 – non-institutional international equity portfolios;
- \$15,000 – institutional equity, fixed income and balanced portfolios;
- \$18,000 – institutional international equity portfolios; and
- \$30,000 – institutional and non-institutional small cap, small-mid and mid cap portfolios.

We generally consider institutional portfolios to include those portfolios managed for institutional clients such as foundations, endowments, pension and profit sharing plans, government entities, charitable organizations, certain business entities and similar clients. In our discretion, we may extend our institutional portfolio fee schedules to non-institutional clients, such as high net worth individuals, trusts, family limited partnerships and individual retirement accounts. We consolidate portfolios for clients and related parties for purposes of calculating management fees and portfolio management fee minimums in our discretion. We waive or reduce management fees, fee schedules, and portfolio and management fee minimums in our discretion. We generally waive management fees and portfolio and management fee minimums for portfolios in which we or our principals, affiliates, employees or related persons have a direct or indirect beneficial interest. Our management fees may be adjusted, waived or otherwise negotiated in our discretion and, therefore, certain clients have a different fee schedule than those described above, which fee schedules may be lower or higher than those described above. In addition, clients whose investment management agreements we have assumed or acquired from other investment advisory firms generally have a different fee schedule than those described above, which fee schedules may be lower or higher than those described above.

Unless we agree otherwise, our investment management agreement generally provides that you must pay management fees to us quarterly in advance. Our investment management agreements typically may be terminated at any time by either party upon written notice to the other party. If your investment management agreement is terminated prior to the end of a calendar quarter, we will calculate and refund to you any unearned management fees paid in advance, prorated to the date of termination.

Our management fees for separately managed portfolios are generally based on our calculation of the fair market value of assets in the portfolio as of the close of business on the last business day of the most recent calendar quarter. When calculating management fees, we generally value equity securities for which market quotations are readily available at the last quoted sales prices on the exchanges on which the securities are traded or quoted, we generally value fixed income securities according to evaluated prices provided by our independent third-party pricing vendor, and we generally value all other securities at their fair market values as determined by us in good faith. We generally use pricing information supplied by our independent third-party pricing vendor in valuing securities for purposes of calculating our management fees and performance results. If no pricing information for a particular security is readily available from our independent third-party pricing vendor or we believe our independent third-party pricing vendor's valuation of the security is erroneous, we will determine the fair market value of the security in good faith. Our valuations of securities may be higher or lower than the valuations of those securities calculated by your custodian or other third-party pricing vendors. A potential conflict of interest exists because our management fees and performance results are based on our valuations of securities for your portfolio.

Under our investment management agreement with you, we generally have the authority to acquire shares of the LKCM Funds in your portfolio. Under these circumstances, we will exclude the value of shares of the LKCM Funds when calculating your management fees or determining whether or not our portfolio and management fee minimums are met. However, we will include the value of shares of unaffiliated

mutual funds, money market funds, and exchange-traded funds held in your portfolio when calculating your management fees and whether or not our portfolio and management fee minimums are met.

Under our investment management agreement with you, we generally will deduct management fees from your portfolio on a quarterly basis by submitting an invoice for our management fees directly to your custodian. We generally will send you a quarterly statement identifying the amount of the management fee due and the manner in which the management fee was calculated. You will be invoiced directly for management fees if negotiated in our investment management agreement with you.

You will be responsible for paying other fees and expenses related to your portfolio in addition to the management fees you pay us. For example, you will be responsible for paying custodial fees, wire transfer fees, transaction fees, and other fees and expenses to your custodian. In addition, you will be responsible for paying commissions, fees, expenses, and other transaction costs charged by your custodian and/or the brokers used to execute securities transactions for your portfolio, including, without limitation, transactions in shares of the LKCM Funds, other mutual funds, money market funds and/or exchange-traded funds. *Item 12 – Brokerage Practices* of this brochure contains additional information regarding our brokerage practices and the commissions, fees, expenses, and other transaction costs that you may be charged. You will also indirectly pay fees and expenses (such as management fees and expenses, distribution fees and expenses, administrative fees, sub-transfer agency and shareholder servicing fees and expenses, and other operating expenses) associated with shares of the LKCM Funds, other mutual funds, money market funds, and/or exchange-traded funds held in your portfolio, which are further described in the prospectuses and statements of additional information for these funds.

LKCM Funds

Under our investment advisory agreement with the LKCM Funds, we charge each Fund a management fee at a specified annual percentage rate of the Fund's average daily net assets. These management fees are calculated at annualized rates ranging from 0.50% to 0.90% of each Fund's average daily net assets and are paid quarterly in arrears. We have agreed to waive our management fees and/or reimburse expenses for each Fund in order to maintain designated expense ratios of between 0.50% to 1.00% per annum for the Funds as described in their prospectuses and statements of additional information. Each Fund also pays other fees and expenses in addition to our management fees, such as distribution fees and expenses, administrative fees and expenses, custodial and transfer agent fees and expenses, accounting and professional fees and expenses, trustee and compliance fees and expenses, sub-transfer agency and shareholder servicing fees and expenses, and other operating and offering expenses.

Our management fees for the LKCM Funds are based on the net asset value for each Fund and are calculated by the Funds' third-party administrator and accountants. The net asset value of each Fund is calculated each day that the New York Stock Exchange is scheduled to be open for business. Each Fund's net asset value is calculated by dividing the sum of the fair market value of each Fund's investments, which is calculated based on valuation policies and procedures established by the board of trustees of the LKCM Funds, cash and other assets, less the Fund's liabilities, by the number of outstanding shares of the Fund.

Additional information regarding the fees and expenses paid by the LKCM Funds is contained in the prospectus, statement of additional information and annual and semi-annual reports for each Fund filed with the Securities and Exchange Commission.

LKCM Partnerships

Under our investment advisory agreements with the LKCM Partnerships, we receive management fees for providing investment advisory services to each LKCM Partnership. We and/or the general partners of certain LKCM Partnerships or our other affiliates are entitled to receive performance-based compensation with respect to the LKCM Partnerships, subject to certain limitations contained in the organizational and offering documents for such LKCM Partnerships. These compensation structures create potential conflicts of interest because we have an incentive to solicit prospective limited partners in, devote more resources to, and make investment and other decisions that favor, the LKCM Partnerships. These compensation structures, which are further described in the offering and organizational documents for the LKCM Partnerships, are summarized below.

- LKCM Investment Partnership, L.P. – we receive management fees of 1.6% per annum of the net asset value of the partnership, calculated and payable quarterly in advance. We or our affiliates are also entitled to receive performance-based compensation attributable to private investments of the partnership to the extent approved by the partnership's limited partners or limited partner advisory committee.
- LKCM Investment Partnership II, L.P. – we receive management fees of 1.6% per annum of the net asset value of the partnership, calculated and payable quarterly in advance. We or our affiliates are also entitled to receive performance-based compensation attributable to private investments of the partnership to the extent approved by the partnership's limited partners or limited partner advisory committee.
- LKCM Private Discipline Master Fund, SPC – we are entitled to receive management fees of 2.0% per annum of the capital account balance of the partnership's base segregated portfolio and 2.0% per annum of the capital contributions to the partnership's private investment segregated portfolio, calculated and payable quarterly in advance. We have voluntarily reduced management fees attributable to the partnership's base segregated portfolio to 1.0% per annum until further notice. We have also voluntarily reduced management fees attributable to the partnership's private investment segregated portfolio to between 1.0% per annum (generally in situations where we do not have portfolio company board representation and cannot control the timing of a portfolio company exit) and 2.0% per annum (generally in situations where we have portfolio company board representation and can control the timing of a portfolio company exit), while generally charging 1.5% per annum in situations that do not fall within any of these categories (e.g., we have portfolio company board representation, but cannot control the timing of a portfolio company exit). We have also voluntarily agreed to accrue management fees attributable to the private investment segregated portfolio until such portfolio investments are sold or otherwise realized. The general partner of the partnership is entitled to receive performance-based compensation of up to 20% of the net profits or net realized proceeds of the partnership's segregated portfolios, as applicable, subject to certain limitations contained in the organizational and offering documents of such partnership. These management fees and performance-based compensation are paid to us directly by the partnership and are deducted from the capital account balances of limited partners in LKCM Private Discipline (QP), L.P. and LKCM Private Discipline International, L.P., the feeder funds of LKCM Private Discipline Master Fund, SPC.

- LKCM Micro-Cap Partnership, L.P. – we receive management fees of 1.5% per annum of the net asset value of the partnership, calculated and payable quarterly in advance. The general partner of the partnership is entitled to receive performance-based compensation of up to 20% of the net profits of the partnership, subject to certain limitations contained in the organizational and offering documents of the partnership.
- LKCM Headwater Investments I, L.P. – we receive management fees of 2.0% per annum of the invested capital of the partnership, as determined under the partnership agreement, calculated and payable quarterly in advance. The general partner of the partnership is entitled to receive performance-based compensation of up to 20% of the net realized proceeds distributed from portfolio investments of the partnership, subject to certain limitations contained in the organizational and offering documents of the partnership.
- LKCM Headwater Investments II, L.P. – we receive management fees of 2.0% per annum of the invested capital of the partnership, as determined under the partnership agreement, calculated and payable quarterly in advance. The general partner of the partnership is entitled to receive performance-based compensation of up to 20% of the net realized proceeds distributed from portfolio investments of the partnership, subject to certain limitations contained in the organizational and offering documents of the partnership.
- LKCM Headwater II Sidecar Partnership, L.P. – we receive management fees of 1.0% per annum of the invested capital of the partnership, as determined under the partnership agreement, calculated and payable quarterly in advance. The general partner of the partnership is entitled to receive performance-based compensation of up to 20% of the net realized proceeds distributed from portfolio investments of the partnership, subject to certain limitations contained in the organizational and offering documents of the partnership.
- LKCM Headwater Investments III, L.P. – we receive management fees of 2.0% per annum of either the aggregate capital commitments of limited partners or invested capital of the partnership, as determined under the partnership agreement, calculated and payable quarterly in advance. The general partner of the partnership is entitled to receive performance-based compensation of up to 20% of the net realized proceeds distributed from portfolio investments of the partnership, subject to certain limitations contained in the organizational and offering documents of the partnership.
- LKCM International Equity, L.P. – we receive management fees of 1.2% per annum of the net asset value of the partnership, calculated and payable quarterly in advance. We have voluntarily reduced such management fees to 1.0% per annum of the net asset value of the partnership until further notice. We have entered into an expense limitation agreement with the partnership pursuant to which we have agreed to waive and/or reimburse all or a portion of our management fees for the partnership to limit the partnership's annual operating expenses to 1.2% per annum of the partnership's average net asset value. We or our affiliates are also entitled to receive performance-based compensation attributable to private investments of the partnership to the extent approved by the partnership's limited partners or limited partner advisory committee.
- LKCM Technology Partnership, L.P. – we receive management fees of 1.2% per annum of the net asset value of the partnership, calculated and payable quarterly in advance, with

respect to limited partners admitted to the partnership prior to October 1, 2021, and we receive management fees of 1.5% per annum of the net asset value of the partnership, calculated and payable quarterly in advance, with respect to limited partners admitted to the partnership on or after October 1, 2021. With respect to limited partners admitted to the partnership on or after October 1, 2021, the general partner of the partnership is entitled to receive performance-based compensation of up to 15% of the net profits of the partnership allocated to such limited partners, subject to certain limitations contained in the organizational and offering documents of the partnership. We or our affiliates are also entitled to receive performance-based compensation attributable to private investments of the partnership to the extent approved by the partnership's limited partners or limited partner advisory committee.

Each LKCM Partnership and/or its portfolio companies generally pays and/or reimburses all other fees, costs and expenses incurred by the LKCM Partnership, us, its general partner or our respective principals, employees and affiliates that are attributable to the business, investment, operational and organizational activities of the LKCM Partnership and/or its portfolio companies, such as:

- fees, costs and expenses incurred in sourcing, evaluating, researching, negotiating, structuring, acquiring, financing, refinancing, appraising, holding or disposing of investments (including fees, costs and expenses associated with potential investments not consummated);
- fees, costs and expenses incurred in carrying, developing, researching, managing, monitoring or otherwise dealing with investments and portfolio companies, such as legal, due diligence, financing, custodial, consulting, accounting, audit, tax, recordkeeping, investment banking, brokerage, and administration fees, costs and expenses;
- fees, costs and expenses incurred in preparing financial, accounting and audit reports and tax reports and returns;
- accounting, audit, administration, legal, tax, professional, consultant, director, operating partner, sourcing, data processing, investment-level management and servicing, compliance, financial reporting, and other operational fees, costs and expenses;
- fees, costs and expenses incurred in connection with investment, research, acquisition, trading and disposition activities, such as brokerage commissions, investment banking fees, mark-ups, margin interest, expenses related to short sales, custodial fees, clearing and settlement charges, and other transaction fees, costs and expenses;
- interest, fees, costs, expenses and other amounts payable with respect to borrowings, indebtedness or guarantees, including advance fees, commitment fees, amendment fees, transaction or service fees, and any legal, audit, financing, appraisal, insurance, indemnification and accounting expenses;
- damages, liabilities and other costs, fees and expenses relating to matters or actions that are subject to indemnifications rights contained in the applicable partnership agreement;
- travel and entertainment fees, costs and expenses, such as private and commercial airfare, lodging and accommodations, car services, transportation or reimbursement of mileage, personal and business meals, and other travel and entertainment and other incidental fees, costs and expenses, including those incurred in connection with acquiring, carrying, developing, researching, managing, monitoring, holding or otherwise dealing with business, operations, investments and portfolio companies, including fees, costs and expenses associated with potential investments not consummated;
- formation, organizational, maintenance and liquidation fees, costs and expenses of the LKCM Partnership and its subsidiaries and investment vehicles;

- taxes, fees and other equivalent governmental charges attributable to the LKCM Partnership and its subsidiaries and investment vehicles; and
- other fees, costs and expenses as described in the offering or organizational documents or financial statements of the LKCM Partnership or as approved by the limited partner advisory committee of the LKCM Partnership.

We and/or the applicable general partners of the LKCM Partnerships face potential conflicts of interest when allocating or seeking reimbursement of fees, costs and expenses among or from various LKCM Partnerships, Single-Investment Partnerships and other clients, including those related to potential investments not consummated. Although we and/or the applicable general partners of the LKCM Partnerships and Single-Investment Partnerships generally will make such fee, cost and expense allocation and reimbursement decisions when a potential investment is pending, this process is necessarily subjective and within our discretion, especially when a transaction is terminated at a particularly early stage. Such fee, cost and expense allocation and reimbursement decisions with respect to potential investments not consummated may not be proportional among the applicable LKCM Partnerships, Single-Investment Partnerships or other clients. We and/or the applicable general partners of the LKCM Partnerships and Single-Investment Partnerships have a financial incentive to allocate or seek reimbursement of such fees, costs and expenses among or from the LKCM Partnerships, Single-Investment Partnerships and other clients in a manner that maximizes the compensation and other amounts payable or reimbursable to us, the applicable general partners and/or our respective principals, employees, affiliates and related parties.

We and/or our principals, employees, affiliates and related parties are limited partners in the LKCM Partnerships. We may waive management fees for limited partners in the LKCM Partnerships in our discretion, and such management fees are generally waived for us and/or certain of our principals, employees, affiliates and related parties. The general partners of the LKCM Partnerships may waive any applicable performance-based compensation for limited partners in the LKCM Partnerships in their discretion, and such performance-based compensation is generally waived for us and/or our principals, employees, affiliates and related parties.

Our management fees for each LKCM Partnership are generally based on the net asset values, invested capital or capital commitments of the LKCM Partnership, as provided in its organizational and offering documents, and are paid directly to us by the applicable LKCM Partnership and are deducted from the capital account balances of its limited partners. The net asset value of each LKCM Partnership is calculated by adding the fair market value of the LKCM Partnership's investments, which is calculated based on valuations and other information and data provided by or to us, the custodian or the administrator for the LKCM Partnership, cash and other assets, and by subtracting the LKCM Partnership's liabilities. Our valuations of investments held by each LKCM Partnership are generally based on information that we receive from our independent third-party pricing vendor, which may be higher or lower than the valuations of those investments calculated by the custodian for such LKCM Partnership. Investments held by an LKCM Partnership for which market quotations are readily available, such as investments in publicly-traded companies, are generally valued at the last quoted sales prices on the exchanges on which the investments are traded or quoted as provided by our third-party pricing vendor. If no pricing information from our third-party pricing vendor is available for an investment held by a LKCM Partnership, such as investments in private companies, or we believe our third-party pricing vendor's valuation is erroneous, the general partner of the LKCM Partnership determines the fair market value of such investment in good faith. In the event the base upon which our management fees for the LKCM Partnerships are calculated changes during the course of the relevant period due to, for example, dispositions of private equity investments, distributions in respect of private equity investments or similar events, we are not required to make any adjustment to, or refund of, our management fees as a result of such event. A potential conflict of interest exists because our management

fees, performance-based compensation, and performance results are generally based on our valuations of investments for the LKCM Partnerships and the timing of our investment decisions with respect to the LKCM Partnerships.

We and/or our affiliates or related persons also receive management, performance, oversight, board, administrative or similar fees in connection with management, monitoring, oversight, administrative, investment, operational, organizational or similar services that we and/or our affiliates or related persons provide to portfolio companies of the LKCM Partnerships or Single-Investment Partnerships. These fees generally are not negotiated, are generally paid in cash, and are in addition to investment management fees or performance-based compensation we receive from the LKCM Partnerships or Single-Investment Partnerships, as applicable. To the extent these fees are paid in equity or other non-cash compensation, we generally value such equity or other non-cash compensation at its fair market value on the date of grant, as determined by us in our discretion, for purposes of applying any required management fee offsets described below. We generally allocate these fees among the LKCM Partnerships, Single-Investment Partnerships or other co-investors based upon their relative invested capital or ownership of the applicable portfolio company or other factors we deem fair and reasonable under the circumstances. Under certain circumstances, our investment management fees for the LKCM Partnerships and/or Single-Investment Partnerships, as applicable, will be offset by all or a portion of these fees to the extent required by their respective offering and organizational documents. The LKCM Partnerships and/or Single-Investment Partnerships, as applicable, generally will only benefit with respect to their allocable portion of any such management fee offset and not the portion of any management fee offset allocable to another LKCM Partnership, Single-Investment Partnership, or other person or entity. Specific offset provisions differ among the various LKCM Partnerships and Single-Investment Partnerships, and some LKCM Partnerships and Single-Investment Partnerships do not have management fee offset provisions.

Portfolio companies of the LKCM Partnerships and/or Single-Investment Partnerships generally bear or reimburse our travel and other business-related costs and expenses, such as private and commercial airfare, lodging and accommodations, car services, transportation or reimbursement of mileage, personal and business meals, and other travel and entertainment and other business-related costs and expenses, including those incurred in connection with our performance of management, monitoring, oversight, administrative, investment, operational, organizational or similar services for such portfolio companies, including fees, costs and expenses associated with investments not consummated, and such amounts are not considered management fees or subject to the management fee offset arrangements described above.

Portfolio companies held by the LKCM Partnerships and/or Single-Investment Partnerships generally engage and retain operating partners, board members, consultants, advisers, sourcing relationships or other professionals with significant and/or relevant industry experience as independent contractors that assist with sourcing, monitoring, overseeing, evaluating, advising, and leading portfolio companies and their governance, operations, acquisition plans, strategic initiatives, and other related matters. In some cases, these individuals are former directors, officers or employees of portfolio companies held or exited by the LKCM Partnerships and/or Single-Investment Partnerships, are typically limited partners of the LKCM Partnerships and/or Single-Investment Partnerships, or otherwise have business and/or client relationships with us. These individuals are not our employees and receive cash, equity or other compensation from portfolio companies for their services, and such amounts are not paid to us and are not considered management fees or subject to the management fee offset arrangements described above. In addition, these individuals are often provided an opportunity to make personal investments in the portfolio companies for which they serve. These practices create potential conflicts of interest because we and/or our principals, employees, affiliates, and related parties benefit from the services provided by these individuals, the cost of which is borne by portfolio companies held by the applicable LKCM Partnerships and/or Single-Investment Partnerships.

Although some fees, costs and expenses are incurred on behalf of an LKCM Partnership or Single-Investment Partnership, we and/or our principals, employees, affiliates, related parties and other clients, including other LKCM Partnerships or Single-Investment Partnerships, may benefit more broadly from the payment of such fees, costs and expenses. For example, information that we obtain in connection with our research, due diligence and investment activities for an LKCM Partnership will be valuable to us in connection with our investment activities for other clients, including other LKCM Partnerships or Single-Investment Partnerships. This creates a potential conflict of interest because we and/or our principals, employees, affiliates, related parties and other clients may benefit from the fees, costs and expenses borne by the LKCM Partnerships and/or Single-Investment Partnerships.

To the extent particular fees, costs and expenses are incurred on an aggregate basis on behalf of multiple LKCM Partnerships and/or Single-Investment Partnerships, we will allocate the aggregate amount of such fees, costs and expenses in a manner that we determine to be fair and reasonable in our discretion. We generally allocate such aggregate fees, costs and expenses among the relevant LKCM Partnerships and/or Single-Investment Partnerships based upon their respective assets under management or based upon their respective ownership percentages or invested capital in the applicable portfolio company or investment for which such fees, costs and expenses were incurred or based on such other factors we deem fair and reasonable under the circumstances.

The foregoing arrangements create potential conflicts of interest because we have an incentive to solicit prospective investors in, devote more resources to, and make investment and other decisions with respect to, the LKCM Partnerships and the Single-Investment Partnerships and their portfolio companies that maximize our financial and other interests, including the amounts we receive from such arrangements and our compensation from the applicable LKCM Partnerships or Single-Investment Partnerships. Additional information about the fees, costs and expenses paid by the LKCM Partnerships, the Single-Investment Partnerships and/or their portfolio companies is contained in the offering and organizational documents and/or financial statements for the LKCM Partnerships and Single-Investment Partnerships, as applicable.

Single-Investment Partnerships

We and/or our affiliates or related persons generally receive management, performance, oversight, board, administrative or similar fees in connection with management, monitoring, oversight, administrative, investment, operational, organizational or similar services that we and/or our affiliates or related persons provide to the Single-Investment Partnerships or their portfolio companies. As discussed above, these arrangements create potential conflicts of interest because we have an incentive to solicit prospective investors in, devote more resources to, and make investment and other decisions with respect to, the Single-Investment Partnerships and their portfolio companies that maximize our financial and other interests.

Each Single-Investment Partnership and/or its portfolio companies generally pays and/or reimburses all fees, costs and expenses incurred by such Single-Investment Partnership, us, its general partner or managing member or our principals, employees or affiliates that are attributable to the business, investment, operational and organizational activities of such Single-Investment Partnership and/or its portfolio companies, such as:

- fees, costs and expenses incurred in sourcing, evaluating, researching, negotiating, structuring, acquiring, financing, refinancing, appraising, holding or disposing of investments (including fees, costs and expenses associated with potential investments not consummated);
- fees, costs and expenses incurred in carrying, developing, researching, managing, monitoring or otherwise dealing with investments and portfolio companies, such as legal,

- due diligence, financing, custodial, consulting, accounting, audit, tax, recordkeeping, investment banking, brokerage, and administration fees, costs and expenses;
- fees, costs and expenses incurred in preparing financial, accounting and audit reports and tax reports and returns;
- accounting, audit, administration, legal, tax, professional, consultant, director, operating partner, sourcing, data processing, investment-level management and servicing, compliance, financial reporting, and other operational fees, costs and expenses;
- fees, costs and expenses incurred in connection with investment, research, acquisition, trading and disposition activities, such as brokerage commissions, investment banking fees, mark-ups, margin interest, expenses related to short sales, custodial fees, clearing and settlement charges, and other transaction fees, costs and expenses;
- interest, fees, costs, expenses and other amounts payable with respect to borrowings, indebtedness or guarantees, including advance fees, commitment fees, amendment fees, transaction or service fees, and any legal, audit, financing, appraisal, insurance, indemnification and accounting expenses;
- damages, liabilities and other costs, fees and expenses related to matters or actions that are subject to indemnification rights contained in the applicable partnership agreement;
- travel and entertainment fees, costs and expenses, such as private and commercial airfare, lodging and accommodations, car services, transportation or reimbursement of mileage, personal and business meals, and other travel and entertainment and other incidental fees, costs and expenses, including those incurred in connection with acquiring, carrying, developing, researching, managing, monitoring, holding or otherwise dealing with business, operations, investments and portfolio companies, including fees, costs and expenses associated with investments not consummated;
- formation, organizational, maintenance and liquidation fees, costs and expenses of the Single-Investment Partnership and its subsidiaries and investment vehicles;
- taxes, fees and other equivalent governmental charges attributable to the Single-Investment Partnership and its subsidiaries and investment vehicles; and
- other fees, costs and expenses as described in the offering or organizational documents or financial statements of the Single-Investment Partnership or as approved by the limited partner advisory committee of the Single-Investment Partnership.

We and/or our principals, employees, affiliates and related parties generally are investors in the Single-Investment Partnerships. We may waive any applicable management, monitoring, administrative or similar fees for investors in the Single-Investment Partnerships in our discretion, including those for us and/or our principals, employees, affiliates and related parties. The general partners or managing members of the Single-Investment Partnerships may waive any applicable performance-based compensation for investors in such Single-Investment Partnerships in their discretion, and such performance-based compensation is generally waived for us and/or certain of our principals, employees, affiliates and related parties.

The foregoing arrangements, including those described above with respect to the LKCM Partnerships, create potential conflicts of interest because we have an incentive to solicit prospective investors in, devote more resources to, and make investment and other decisions with respect to, the Single-Investment Partnerships and their portfolio companies that maximize our financial and other interests, including the amounts we receive from such arrangements and our compensation from the applicable Single-Investment Partnerships. Additional information about the fees, costs and expenses paid by the Single-Investment Partnerships and/or their portfolio companies is contained in the offering and organizational documents and/or financial statements for the Single-Investment Partnerships, as applicable.

Sub-Advised Portfolios

We provide investment sub-advisory services to unaffiliated investment advisers, trust companies and other financial institutions for certain of their separately managed portfolios. The sub-advisory fees that we receive for providing these services are negotiated between us and the primary investment adviser, trust company or other financial institution for each sub-advised portfolio and generally range between 0.35% and 1.00% of the market value of assets held in the sub-advised portfolio. We generally consolidate portfolios for clients associated with these unaffiliated investment advisers, trust companies and other financial institutions for purposes of calculating our management fees and portfolio and management fee minimums in our discretion.

Model Portfolio Programs

We participate in model portfolio programs established by unaffiliated third-party sponsors. We charge the sponsors of these programs fees ranging between 0.30% and 0.40% per annum of the market value of those underlying accounts that use our model portfolios. Participants in model portfolio programs are responsible for paying the custodial fees, participation fees, wire transfer fees, transaction fees, commissions and all other fees, expenses and costs charged by the applicable sponsors of such programs.

Wrap Fee Programs

We serve as portfolio manager under wrap fee programs established by unaffiliated third-party sponsors. We generally charge the sponsors of these programs fees of 0.50% per annum of the market value of those underlying program client accounts for which we provide investment advisory services. Wrap fee program clients are responsible for paying the custodial fees, participation fees, wire transfer fees, transaction fees, commissions and all other fees, expenses and costs charged by the applicable sponsors of such programs.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in *Item 5 – Fees and Compensation* of this brochure, the general partners or managing members of certain LKCM Partnerships or Single-Investment Partnerships, which are our affiliates, employees or related persons, receive performance-based compensation relating to the investment activities of the LKCM Partnerships or Single-Investment Partnerships, subject to certain limitations contained in the offering and organizational documents of such LKCM Partnerships or Single-Investment Partnerships. We and/or certain of our affiliates, employees or related persons simultaneously manage portfolios for which asset-based management fees are charged and other portfolios for which performance-based compensation is charged. The receipt of performance-based compensation creates a potential conflict of interest in that we have an incentive to make investments for applicable LKCM Partnerships or Single-Investment Partnerships or their portfolio companies that are riskier or more speculative than would be the case in the absence of performance-based compensation. We have an incentive to favor those LKCM Partnerships or Single-Investment Partnerships for which performance-based compensation is charged over other client portfolios for which performance-based compensation is not charged, such as by allocating more profitable investments or opportunities to, devoting more resources to, or making investment or other decisions that favor, these LKCM Partnerships or Single-Investment Partnerships or their portfolio companies. We also have an incentive to favor the LKCM Partnerships, Single-Investment Partnerships and other clients that provide us with higher management fees, such as by allocating more profitable investments or opportunities to, or by devoting more resources to, such clients.

We make investment decisions for our clients based on their respective investment objectives, guidelines, restrictions, risk profiles, tax status, liquidity requirements and other relevant considerations. Consequently, we may purchase or sell securities at the same or different times for some clients but not other clients, or we may make investment decisions for some clients that are contrary to investment decisions for other clients. As a result, investment decisions made for some clients with respect to a particular investment could have an adverse financial impact on the value of such investment held by other clients or the investment results achieved by clients with respect to such investment. In addition, we could favor some clients over other clients in the order in which trades are placed, in that portfolios for which trades are placed first could receive a more or less favorable execution price than portfolios for which trades are placed in subsequent transactions. These practices create potential conflicts of interest because we have an incentive to favor certain clients, particularly those in which we have a direct or indirect financial interest, over other clients with respect to such investment and trading decisions.

We could also favor some clients over other clients when allocating investment opportunities of a limited nature, such as initial public offerings, private equity investments, micro cap or small cap investments, and other illiquid investments. In this regard, we could allocate such investment opportunities to clients that pay higher management fees, that have performance-based compensation structures, or in which we have a significant direct or indirect financial or ownership interest, such as the LKCM Funds, the LKCM Partnerships and the Single-Investment Partnerships. We attempt to allocate such investment opportunities among our clients in a manner we believe to be fair and equitable under the circumstances taking into consideration all relevant factors. We and/or our principals, employees or affiliates have a significant proprietary interest in certain portfolios, the LKCM Funds, the LKCM Partnerships and the Single-Investment Partnerships. A potential conflict of interest exists because we have a financial incentive to make allocation and other investment decisions that enhance our compensation or the performance results of those portfolios, funds or partnerships in which we have a direct or indirect financial or ownership interest.

We and/or our principals, employees, affiliates and related persons face potential conflicts of interest associated with co-investment opportunities for the LKCM Partnerships and Single-Investment Partnerships. Co-investment opportunities generally arise when we and/or the applicable general partners determine in our discretion that the equity capital necessary to complete an investment for an LKCM Partnership or Single-Investment Partnership exceeds the amount of equity capital appropriate for such LKCM Partnership or Single-Investment Partnership, based on their respective offering or organizational documents or other considerations. We and/or the applicable general partners have discretion in determining the availability of co-investment opportunities, to whom and the manner in which co-investment opportunities are allocated, and the material terms and conditions of co-investment opportunities. When making allocation or other decisions regarding co-investment opportunities, we may consider various factors in our discretion, such as the certainty of funding by prospective co-investors, contractual obligations to provide co-investment opportunities, the size of prospective co-investors' commitments to our investment strategies or investment vehicles, or the strategic benefits offered by prospective co-investors to our investment programs. Co-investment opportunities are generally expected to carry more favorable terms, such as lower management fee rates, lower performance-based compensation rates, and higher performance-based compensation hurdle rates. Allocations of co-investment opportunities to investors are not expected to be proportional to their respective ownership interests in the LKCM Partnership or Single-Investment Partnership for which the applicable co-investment opportunities arise, and we may allocate co-investment opportunities to investors that are not limited partners in such LKCM Partnerships or Single-Investment Partnerships. We have a financial incentive to allocate co-investment opportunities in a manner that favors us, our principals, employees, affiliates and related parties, and/or other investors or clients with more assets under management with us. Our pursuit of co-investment opportunities could allow us or the applicable general partners to make potential investments that the underlying LKCM Partnership or Single-Investment Partnership would not

otherwise be able to make. Potential conflicts of interest exist because we have a financial incentive to make allocation and other decisions with respect to co-investment opportunities that benefit our direct and indirect financial interests over the LKCM Partnerships, the Single-Investment Partnerships and other clients or investors.

We may cause the LKCM Partnerships, the Single-Investment Partnerships or other clients to invest in portfolio companies that compete with, are customers of, or are service providers or suppliers to, other portfolio companies held by other LKCM Partnerships, Single-Investment Partnerships or clients. This creates a potential conflict of interest because actions taken with respect to a portfolio company held by an LKCM Partnership, Single-Investment Partnership, or other clients may have adverse consequences for other portfolio companies held by other LKCM Partnerships, Single-Investment Partnerships or other clients, or transactions between portfolio companies may not necessarily occur on the most favorable terms for one of the portfolio companies involved.

We and/or our principals, employees, affiliates and related persons face potential conflicts of interest associated with the use of borrowing and leverage by the LKCM Partnerships, the Single-Investment Partnerships and their portfolio companies. The use of borrowing and leverage may allow us and our principals, employees, affiliates and related parties to make capital commitments to the LKCM Partnerships and/or the Single-Investment Partnerships that exceed that which we could otherwise make in the absence of such borrowing and leverage arrangements, defer the timing and amount of capital calls by these partnerships, increase the level of invested capital upon which our management fees are calculated for certain of these partnerships, and potentially enhance the internal rates of return or other performance results for these partnerships.

We and/or our principals, employees, affiliates and related persons face potential conflicts of interest associated with our engagement and retention of operating partners, board members, consultants, advisers, sourcing relationships or other professionals for portfolio companies of the LKCM Partnerships and the Single-Investment Partnerships. These individuals typically have significant and/or relevant industry experience and assist us with sourcing, monitoring, overseeing, evaluating, advising, and leading portfolio companies and their governance, operations, acquisition plans, strategic initiatives, and other related matters. In some cases, these individuals are former directors, officers or employees of our firm or portfolio companies held or exited by the LKCM Partnerships and/or Single-Investment Partnerships, are typically limited partners of the LKCM Partnerships and/or Single-Investment Partnerships, or otherwise have business and/or client relationships with us. These individuals are not our employees and receive cash, equity or other compensation from portfolio companies for their services, and such amounts are not paid to or by us and are not considered management fees or subject to the management fee offset arrangements described herein. In addition, these individuals are often provided an opportunity to make personal investments in the portfolio companies for which they serve. These practices create potential conflicts of interest because we and/or our principals, employees, affiliates, and related parties benefit from the services provided by these individuals, the cost of which is borne by portfolio companies held by the applicable LKCM Partnerships and/or Single-Investment Partnership.

LKCM Headwater Operations, LLC (“HOPS”) is wholly owned by one of our affiliates and directly employs technology and other professionals to develop and/or customize software and other technology products and solutions for, and to provide other technology-related and other services to, portfolio companies of the LKCM Partnerships and/or the Single-Investment Partnerships. The relationship between HOPS and portfolio companies of the LKCM Partnerships and/or the Single-Investment Partnerships creates potential conflicts of interest because our affiliates have a financial interest in HOPS and the services it provides to such portfolio companies, and such portfolio companies are directly responsible for paying for the services provided by HOPS. We believe that portfolio companies of the LKCM Partnerships and/or the Single-Investment Partnerships benefit from their relationship with HOPS

because the portfolio companies are not required to hire employees directly to obtain the solutions and services provided by HOPS, typically would not have otherwise hired third parties to obtain the solutions and services provided by HOPS, are available to benefit from shared learnings and experiences from other portfolio companies for which solutions and services are provided by HOPS, and/or are able to obtain such solutions and services from HOPS on terms we believe are more favorable than third parties typically would charge for such solutions and services. Any fees or other compensation paid to HOPS by a portfolio company of the LKCM Partnerships and/or the Single-Investment Partnerships is not subject to the management fee offset provisions, if any, under the organizational and offering documents of the applicable LKCM Partnership and/or Single-Investment Partnership.

The foregoing practices are considered potential conflicts of interest because we and/or our principals, affiliates, employees or related persons have an incentive to make investment or other decisions that benefit us, our principals, employees, affiliates, and related parties, or certain clients over other clients. We believe we have implemented policies and procedures that are reasonably designed to mitigate potential conflicts of interest raised by our side-by-side management of various portfolios and investment strategies. In this regard, we generally consider a number of factors when making investment decisions for, or allocating investment opportunities among, eligible clients, including: the investment objectives, guidelines, policies, strategies and restrictions of our clients (including those contained in their organizational and offering documents); our investment strategy objectives, guidelines, policies and requirements; liquidity requirements and/or available capital resources; risk profiles and tolerances; investment horizons and investment periods; tax status and related tax considerations; market, sector, industry and portfolio exposures, concentrations, weightings and/or similar constraints; applicable legal or regulatory requirements or constraints; and/or other factors deemed relevant by us and/or the applicable general partners or limited partner advisory committees of such clients. Some of our other policies and procedures are described throughout this brochure, including in *Item 12 – Brokerage Practices* of this brochure. You may contact our General Counsel or our Chief Compliance Officer at (817) 332-3235 to discuss the policies and procedures we have implemented in an effort to mitigate potential conflicts of interest raised by our side-by-side management of various portfolios and investment strategies.

ITEM 7 – TYPES OF CLIENTS

We provide investment advisory services to individuals, trusts, estates, charitable organizations, government entities, corporations and other business entities, foundations, endowments, pension and profit sharing plans, registered investment companies, and private investment partnerships. Our requirements for opening and maintaining a portfolio with us are summarized below.

Separately Managed Portfolios

We generally require the following minimum portfolio sizes for opening and maintaining separately managed portfolios with us:

- \$2,000,000 – equity, fixed income, balanced and international equity separately managed portfolios for institutional and non-institutional clients; and
- \$3,000,000 – small cap, small-mid cap and mid cap separately managed portfolios for institutional and non-institutional clients.

We may waive these portfolio minimums for any client in our discretion. We typically consolidate separately managed portfolios of clients and their related parties in our discretion to determine whether or not our portfolio minimums are satisfied for a particular client.

LKCM Funds

The LKCM Funds require a minimum initial investment of \$2,000, which may be waived by each Fund in its discretion. Purchases and redemptions of shares of the LKCM Funds are subject to various requirements as further described in the prospectus and statement of additional information for each Fund filed with the Securities and Exchange Commission from time to time.

LKCM Partnerships

The LKCM Partnerships generally require limited partners to satisfy the following minimum initial investment and/or capital commitment amounts and eligibility requirements:

- LKCM Investment Partnership, L.P. – generally requires an initial minimum investment of \$250,000. The general partner may waive this minimum investment amount in its discretion. Limited partners must qualify as “accredited investors” and “qualified purchasers” or “knowledgeable employees” under applicable federal securities laws.
- LKCM Investment Partnership II, L.P. – generally requires an initial minimum investment of \$250,000. The general partner may waive this minimum investment amount in its discretion. Limited partners must qualify as “accredited investors” and “qualified clients” or “knowledgeable employees” under applicable federal securities laws.
- LKCM Private Discipline (QP), L.P. – generally requires an initial minimum investment of \$250,000. The general partner may waive this minimum investment amount in its discretion. Limited partners must qualify as “accredited investors” and “qualified purchasers” or “knowledgeable employees” under applicable federal securities laws.
- LKCM Private Discipline International, L.P. – generally requires an initial minimum investment of \$250,000. The general partner may waive this minimum investment amount in its discretion. Limited partners must qualify as “accredited investors” and “qualified purchasers” or “knowledgeable employees” under applicable federal securities laws.
- LKCM Micro-Cap Partnership, L.P. – generally requires an initial minimum investment of \$250,000. The general partner may waive this minimum investment amount in its discretion. Limited partners must qualify as “accredited investors” and “qualified purchasers” or “knowledgeable employees” under applicable federal securities laws.
- LKCM Headwater Investments I, L.P. – generally requires a minimum capital commitment of \$250,000. The general partner may waive this minimum capital commitment in its discretion. Limited partners must qualify as “accredited investors” and “qualified purchasers” or “knowledgeable employees” under applicable federal securities laws.
- LKCM Headwater Investments II, L.P. – generally requires a minimum capital commitment of \$250,000. The general partner may waive this minimum capital commitment in its discretion. Limited partners must qualify as “accredited investors”

and “qualified purchasers” or “knowledgeable employees” under applicable federal securities laws.

- LKCM Headwater II Sidecar Partnership, L.P. – generally requires a minimum capital commitment of \$250,000. The general partner may waive this minimum capital commitment in its discretion. Limited partners must qualify as “accredited investors” and “qualified purchasers” or “knowledgeable employees” under applicable federal securities laws.
- LKCM Headwater Investments III, L.P. – generally requires a minimum capital commitment of \$250,000. The general partner may waive this minimum capital commitment in its discretion. Limited partners must qualify as “accredited investors” and “qualified purchasers” or “knowledgeable employees” under applicable federal securities laws.
- LKCM International Equity, L.P. – generally requires an initial minimum investment of \$250,000. The general partner may waive this minimum investment amount in its discretion. Limited partners must qualify as “accredited investors” and “qualified purchasers” or “knowledgeable employees” under applicable federal securities laws.
- LKCM Technology Partnership, L.P. – generally requires an initial minimum investment of \$250,000. The general partner may waive this minimum investment amount in its discretion. Limited partners must qualify as “accredited investors” and “qualified clients” or “knowledgeable employees” under applicable federal securities laws.

The general partners of the LKCM Partnerships generally waive their respective minimum investment or capital commitment amounts for us and/or certain of our principals, affiliates, employees and related parties as well as other unaffiliated limited partners in their discretion. Additional information regarding the minimum initial investment and capital commitment amounts, eligibility criteria, and purchase and redemption requirements for the LKCM Partnerships are described in the offering and organizational documents for the LKCM Partnerships.

Single-Investment Partnerships

The Single-Investment Partnerships generally require investors to satisfy the minimum initial investment and capital commitment amounts and eligibility requirements contained in the organizational documents for such Single-Investment Partnerships and/or determined by the general partners or managing members of such Single-Investment partnerships in their sole discretion.

Sub-Advised Portfolios

We generally require other sub-advised portfolios to meet our minimum portfolio size for separately managed portfolios as described above. We waive these portfolio minimums for sub-advised clients in our discretion. We typically consolidate portfolios of clients and their related parties in our discretion to determine whether or not our portfolio minimums are satisfied for a particular sub-advised client.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

We offer clients several equity, fixed income and alternative investment strategies. These investment strategies are generally available through separately managed portfolios, the LKCM Funds, the LKCM Partnerships and/or the Single-Investment Partnerships. The following is a brief description of each strategy's investment objective, the principal investment strategies typically used in managing assets within the strategy, and the material risks associated with the strategy. The investment techniques that we use within a given strategy may vary over time depending on various factors. There are no assurances or guarantees that a particular strategy will meet its investment objectives or be profitable. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that the investment strategies described below are low risk or risk-free. The various risks outlined below are not the only risks associated with the investment strategies described and will not necessarily apply in each instance. Investing in securities involves the risk of loss of money and you should be prepared to bear that loss.

Separately Managed Portfolios

The following section includes a summary of the investment objectives, principal investment strategies, and material risks of the principal investment strategies that we offer to clients through separately managed portfolios. A description of the named material risks is included at the end of this section under "Description of Material Risks of Separately Managed Portfolio Strategies."

The summaries of the investment objectives, principal investment strategies, and material risks provided below are necessarily limited and are presented for general informational purposes in accordance with regulatory requirements. Consequently, these summaries are in all instances qualified and superseded by the descriptions of objectives, strategies and risks, portfolio and other reports, and other communications we provide to you in connection with our management of your portfolio.

Equity Strategy

Investment Objective: Our equity strategy seeks to achieve long-term capital appreciation while attempting to manage portfolio risk and volatility.

Principal Investment Strategies: Our equity 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, balance sheet quality, competitive advantages, market share positions, ability to generate excess cash flows, meaningful management ownership stakes, reinvestment opportunities and/or relative valuation. The strategy typically holds equity securities of approximately 40-65 companies. The strategy typically purchases securities of companies with market capitalizations of at least \$2 billion at the initial time of purchase. The strategy is not required to sell equity securities whose market values fall below this market capitalization.

Material Risks: Cybersecurity Risk; Dividend Paying Securities Risk; Equity Securities Risk; Exchange-Traded Fund Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Investment Selection Risk; Large Cap Companies Risk; Liquidity Risk; Management Risk; Mid Cap Companies Risk; Sector Weighting Risk; Small Cap Companies Risk.

Small Cap Strategy

Investment Objective: 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.

Principal Investment Strategies: 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, balance sheet quality, competitive advantages, market share positions, ability to generate excess cash flows, meaningful management ownership stakes, reinvestment opportunities and/or relative valuation. The strategy typically holds equity securities of approximately 75-95 companies. The strategy typically purchases securities of companies with market capitalizations between \$1.2 billion and \$7 billion at the initial time of purchase. The strategy is not required to sell equity securities whose market values appreciate or depreciate outside this market capitalization range.

Material Risks: Cybersecurity Risk; Equity Securities Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Investment Selection Risk; Liquidity Risk; Management Risk; Sector Weighting Risk; Small Cap Companies Risk.

Small-Mid Cap Strategy

Investment Objective: 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.

Principal Investment Strategies: 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, balance sheet quality, competitive advantages, market share positions, ability to generate excess cash flows, meaningful management ownership stakes, reinvestment opportunities and/or relative valuation. The strategy typically holds equity securities of approximately 50-60 companies. The strategy typically purchases securities of companies with market capitalizations between \$2 billion and \$20 billion at the initial time of purchase. The strategy is not required to sell equity securities whose market values appreciate or depreciate outside this market capitalization range.

Material Risks: Cybersecurity Risk; Equity Securities Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Investment Selection Risk; Liquidity Risk; Management Risk; Mid Cap Companies Risk; Sector Weighting Risk; Small Cap Companies Risk.

Mid Cap Strategy

Investment Objective: Our 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.

Principal Investment Strategies: Our 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, balance sheet quality, competitive advantages, market share positions, ability to generate excess cash flows, meaningful management ownership stakes,

reinvestment opportunities and/or relative valuation. The strategy typically holds equity securities of approximately 50-60 companies. The strategy typically purchases securities of companies with market capitalizations between \$3.5 billion and \$35 billion at the initial time of purchase. The strategy is not required to sell equity securities whose market values appreciate or depreciate outside this market capitalization range.

Material Risks: Cybersecurity Risk; Equity Securities Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Investment Selection Risk; Liquidity Risk; Management Risk; Mid Cap Companies Risk; Sector Weighting Risk; Small Cap Companies Risk.

Fixed Income Strategy

Investment Objective: Our fixed income strategy seeks to maximize portfolio returns and provide income while attempting to manage portfolio, interest rate, and credit risk.

Principal Investment Strategy: Our fixed income strategy seeks to achieve its investment objective by typically investing in investment grade corporate fixed income securities, fixed income securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities, and/or municipal fixed income securities. Investment grade fixed income securities are generally considered to be those rated within the four highest rating categories by a nationally recognized statistical rating organization or of an equivalent quality as determined by us. The strategy typically focuses on sector allocations, maturity selections, relative valuations, and fundamental research in an effort to manage portfolio, interest rate, and credit risk. The strategy typically uses non-callable fixed income securities for their offensive characteristics and callable fixed income securities for their defensive characteristics in an effort to manage reinvestment risk. The strategy typically invests primarily in fixed income securities with short-to-intermediate maturities from one to ten years. The strategy is not required to sell securities that are downgraded below investment grade and may purchase securities that are not considered investment grade. The strategy's mix of fixed income securities generally takes into consideration the tax status of individual clients.

Material Risks: Credit Risk; Cybersecurity Risk; Exchange-Traded Fund Risk; Fixed Income Securities Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Interest Rate Risk; Investment Selection Risk; Large Cap Companies Risk; LIBOR Transition Risk; Liquidity Risk; Management Risk; Mid Cap Companies Risk; Municipal Securities Risk; Sector Weighting Risk; Small Cap Companies Risk; U.S. Government and Government-Sponsored Enterprises Risk.

Balanced Strategy

Investment Objective: Our balanced strategy seeks to achieve long-term capital appreciation and provide income while attempting to manage portfolio risk and volatility.

Principal Investment Strategies: Our balanced strategy incorporates the principal investment strategies for our equity and fixed income strategies above. The strategy's mix of equity and fixed income securities for individual clients varies depending on the investment objectives, guidelines, restrictions, tax status, risk profile, liquidity requirements and other relevant considerations communicated to us by clients.

Material Risks: Our balanced strategy is subject to the material risks named for our equity and fixed income strategies above.

International Equity Strategy

Investment Objective: Our international equity strategy seeks to achieve long-term capital appreciation while attempting to manage portfolio risk and volatility.

Principal Investment Strategies: Our international equity strategy seeks to achieve its investment objective by investing primarily in equity securities of non-U.S. companies. The strategy incorporates our fundamental analysis of individual companies and seeks high quality companies based on various criteria, such as profitability, balance sheet quality, competitive advantages, market share positions, ability to generate excess cash flows, meaningful management ownership stakes, reinvestment opportunities and/or relative valuation. In determining the origin of a company, the strategy primarily relies on the country where the company is incorporated, headquartered or has its principal place of business. The strategy generally invests in companies from developed markets, though it may invest to a lesser extent in companies from less-developed and/or emerging markets. The strategy may focus its investments in companies located in or economically tied to particular countries or geographies. The strategy may invest in securities of companies across all market capitalizations.

Material Risks: Currency Risk; Cybersecurity Risk; Dividend Paying Securities Risk; Emerging Markets Risk; Equity Securities Risk; Exchange-Traded Fund Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Investment Selection Risk; Large Cap Companies Risk; Liquidity Risk; Management Risk; Mid Cap Companies Risk; Sector Weighting Risk; Small Cap Companies Risk; Valuation Risk.

Description of Material Risks for Separately Managed Portfolio Strategies

Credit Risk: The strategy is subject to the risk that the issuer or guarantor of a fixed income security held by the strategy becomes unable or unwilling, or is perceived (whether by market participants, ratings agencies, pricing services, or otherwise) as unable or unwilling, to make timely interest or principal payments or otherwise honor its obligations, which may cause the strategy's fixed income securities to lose value. If the strategy holds fixed income securities of an issuer that experiences financial problems, the securities will likely decline in value or the issuer may fail to make timely payments of interest or principal on the securities. The extent of this risk varies based on the terms of the particular security and the financial condition of the issuer. A security's degree of credit risk is often reflected in its credit rating, with higher ratings corresponding to lower perceived credit risk. A downgrade in the credit rating of an issuer of fixed income securities, factors affecting an issuer directly, factors affecting the industry in which a particular issuer operates, and changes in general social, economic or political conditions can increase the risk of default by an issuer or reduce the market value of an issuer's securities. Lower credit quality also may lead to greater volatility in the price of a security and may negatively affect a security's liquidity. Credit ratings agencies may not be correct in assessing the credit quality of an issuer or a fixed income security and may not change their credit rating on an issuer or a fixed income security in a timely manner to reflect events that could affect the issuer's ability to make timely payments on its obligations. Credit ratings reflect a rating agency's opinion regarding a fixed income security's quality but are not a guarantee of quality and do not protect against a decline in the security's value. Credit risk is typically greater for securities with ratings that are downgraded below investment grade. Generally, the longer the maturity of a security, the more sensitive it is to credit risk.

Currency Risk: The strategy may have exposure to foreign currencies by making direct investments in securities denominated in non-U.S. currencies, purchasing or selling futures contracts and options on futures contracts for foreign or U.S. equity securities, indices or currencies, purchasing foreign currency forward contracts, and/or holding foreign currencies. Foreign currencies may decline in value relative to the U.S. dollar or, in the case of hedging positions, the U.S. dollar may decline in value relative to the currency being hedged, and thereby negatively affect the strategy's holdings of foreign currencies or securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign currencies. Currency exchange rates may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or other entities, or by the imposition of currency controls or other political developments in the U.S. or abroad. As a result, the strategy's investments in foreign currency denominated securities may reduce the returns of the strategy. Currency futures, forwards or options may not always work as intended, and in specific cases the strategy may be more negatively impacted than if it had not used such instruments. There may not always be suitable hedging instruments available, and even where suitable hedging instruments are available, the strategy may not hedge its currency risks.

Cybersecurity Risk: Portfolio companies in which the strategy invests, including their service providers, may be negatively impacted due to operational risks arising from, among other things, human or processing errors, systems and technology disruptions or failures, or cybersecurity incidents. Cybersecurity incidents may allow unauthorized parties to gain access to or misappropriate a portfolio company's assets or confidential or proprietary information, or cause a portfolio company or its service providers to suffer data corruption or lose operational functionality. In addition, authorized persons of a portfolio company or its service providers could inadvertently release confidential or proprietary information stored on the systems of a portfolio company or its services providers. It is not possible for portfolio companies in which the strategy invests or their service providers to identify all of the operational risks that may affect them or to develop processes and controls to completely eliminate or mitigate their occurrence or effects. Portfolio companies in which the strategy invests, including their service providers, are exposed to various risks related to cybersecurity incidents, and the value of the investments in portfolio companies held by the strategy could be adversely impacted in the event any such cybersecurity incidents occur. Portfolio companies in which the strategy invests may incur substantial costs to prevent or address cybersecurity incidents.

Dividend Paying Securities Risk: Securities that pay higher dividends as a group can fall out of favor with the market, causing these companies to underperform companies that do not pay higher or any dividends. A portfolio company held by the strategy may choose not to declare a dividend or the dividend rate might not remain at current levels. Changes in the dividend policies of portfolio companies held by the strategy and the capital resources available for these companies' dividend payments may reduce the level of dividend payments and adversely affect the value of securities held by the strategy. Dividend paying stocks held by the strategy also may not experience the same level of earnings growth or capital appreciation as non-dividend paying stocks, and a sharp rise in interest rates or an economic downturn could cause a portfolio company to unexpectedly reduce or eliminate its dividend, if any. Securities that pay dividends may be sensitive to changes in interest rates, and as interest rates rise or fall, the prices of such securities may fall. The income received from portfolio companies held by the strategy will fluctuate due to the amount of dividends, if any, that these companies elect to pay.

Emerging Markets Risk: The strategy may invest in companies in emerging markets. The economies and political environments of emerging market countries tend to be more unstable than those of developed countries, resulting in more volatile rates of return than the developed markets and substantially greater risk to investors. Emerging markets have unique risks that are greater than or in addition to investing in developed markets because emerging markets are generally smaller, less developed, less liquid, more volatile, more expensive to trade in, and generally have higher risks than the securities markets of the U.S. and other developed markets. Securities in emerging markets also may be less liquid than those in developed markets and foreigners are often limited in their ability to invest in, and withdraw assets from, these markets. The governments of emerging market countries may also be more unstable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sales proceeds of securities from the country, intervene in the financial markets, and/or impose burdensome taxes that could adversely affect prices of securities held by the strategy. There are also other risks of investing in emerging markets, such as greater political uncertainties, an economy's dependence on revenues from particular commodities or on international aid or development assistance, currency transfer restrictions, limited numbers of potential buyers and sellers for securities, trading suspensions, delays and disruptions in securities settlement procedures, and increased volatility and limited liquidity for emerging market securities. In addition, there may be less information available, or less reliable information available, to make investment decisions and accurately evaluate foreign securities. In certain emerging market countries, fraud and corruption may be more prevalent than in developed market countries, and investor protections may be more limited than those in other countries. The value of the strategy's investments in portfolio companies in emerging markets could be adversely impacted by these risks.

Equity Securities Risk: The strategy invests in equity securities and therefore is subject to market risks and significant fluctuations in value. Equity securities are generally subordinate to an issuer's debt in the event of liquidation or bankruptcy. The strategy's investments in equity securities primarily consist of common stocks and may include American Depositary Receipts (ADRs), real estate investment trusts (REITs), and other equity securities. The value of an issuing company's common stock may rise or fall as a result of factors affecting the issuing company, such as decisions made by its management or decreased demand for the company's products or services. A common stock's value may also decline because of factors affecting not just the company, but also companies in the same industry or sector. The price of a company's common stock may also be affected by changes in financial markets that are relatively unrelated to the company, such as changes in interest rates, exchange rates, industry regulation, or other financial market factors. ADRs are receipts issued by domestic banks or trust companies that represent the deposit of a security of a foreign issuer and are publicly traded in the United States. ADRs are subject to certain of the risks associated with investing directly in foreign securities, such as currency fluctuations, political and economic instability, capital restrictions, less liquidity, less government regulation, less publicly available information, increased price volatility, and differences in financial reporting standards, and may not accurately track the prices of the underlying foreign securities and their value may change materially at times when the U.S. markets are not open for trading. REITs are pooled investment vehicles with their own fees and expenses and are subject to the risks associated with the real estate industry, adverse governmental actions, declines in property and real estate values, and the potential failure to qualify for federal income tax free pass through of net income and net realized gains and exemption from registration as an investment company.

Exchange-Traded Fund Risk: The strategy may invest in exchange-traded funds (ETFs), which are pooled investment vehicles, such as registered investment companies and grantor trusts,

whose shares are typically listed and traded on stock exchanges or otherwise traded in over-the-counter markets. To the extent a strategy invests in ETFs, the strategy will be subject to substantially the same risks as those associated with the direct ownership of the securities on which the ETF is based and the value of the strategy's investment will fluctuate in response to the performance of the ETF and its underlying securities. ETFs incur their own fees and expenses and, accordingly, a strategy's investments in ETFs may result in additional expenses associated with the strategy's investment program. Because the value of shares of an ETF depends, among other things, on the level of demand for such ETFs in the financial markets, ETF shares may trade at a discount or premium to their net asset value. The strategy may not be able to liquidate its holdings in ETFs at the most optimal time due to various factors, which could adversely affect the strategy's investment program and performance.

Fixed Income Securities Risk: The strategy invests in fixed income securities and is therefore subject to the risk that the prices of, and the income generated by, fixed income securities held by the strategy may decline significantly and/or rapidly in response to adverse issuer, geopolitical, regulatory, general economic and market conditions, or other developments, such as regional or global economic stability (including terrorism, pandemic and related geopolitical risks), interest rate fluctuations, and those events directly involving the issuers that may cause broad changes in market value, public perceptions concerning those developments, and adverse investor sentiment. These events may lead to periods of volatility, which may be exacerbated by changes in bond market size and structure.

Foreign Securities Risk: The strategy may directly invest in securities of foreign issuers or may indirectly invest in securities of foreign issuers through ADRs or ETFs that are designed to track the performance of foreign indexes. Investment in foreign securities, or investments in ETFs that are designed to track the performance of foreign indexes, carry potential risks not associated with domestic investments. Accordingly, the strategy is subject to risks associated with foreign markets, such as currency exchange rate fluctuations, political and financial instability, less liquidity and greater volatility of foreign investments, lack of uniform accounting, auditing and financial reporting standards, different government regulation and supervision of foreign banks, stock exchanges, brokers and listed companies, adverse social and economic developments, and limited information about foreign companies. There may be very limited oversight of certain foreign banks or securities depositories that hold foreign securities and currency and the laws of certain countries may limit the ability to recover such assets if a foreign bank or depository or their agents goes bankrupt. To the extent the strategy invests a significant portion of its assets in securities of a single country or geographic region at any one time, it is more likely to be affected by events or conditions in that country or region. In addition, as a result of increasingly interconnected global economies and financial markets, the value and liquidity of a strategy's investments in foreign securities may be negatively impacted by events impacting a country or region, regardless of whether the strategy invests in issuers located in or with significant exposure to such country or region. These risks may be more pronounced for direct or indirect investments in foreign issuers in emerging markets or developing countries.

General Market and Economic Risk: The strategy's investments are subject to the risk that securities markets may move down, sometimes rapidly and unpredictably, based on overall economic conditions and other factors, which may negatively affect the value of the strategy's investments. Financial markets may at times be volatile and the value of the strategy's investments may decline in price, sometimes significantly and/or rapidly, due to a broad decline in the financial markets or other factors. The value of the strategy's investments may decline due to adverse issuer-specific conditions or general market conditions which are not specifically related to a particular company, such as real or perceived adverse geopolitical, regulatory, market,

economic or other developments that impact the financial markets generally or specific economic sectors, industries and segments of the financial markets. Changes in the financial condition of a single company can impact the financial markets as a whole, and during a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Turbulence in financial markets and reduced liquidity in credit, equity and fixed income markets may negatively affect many issuers worldwide and correspondingly the value of the strategy's investments. Geopolitical and other events, including war, terrorism, economic uncertainty, trade disputes, pandemics, public health crises, natural disasters and related events have led, and in the future may continue to lead, to instability in world economies and markets generally and reduced liquidity in equity, credit and fixed income markets. Market disruptions have caused, and may continue to cause, broad changes in market value, negative public perception concerning these developments, a reduction in the willingness and ability of some lenders to extend credit, difficulty for some borrowers in obtaining financing on attractive terms, and adverse sentiment or publicity.

Policy changes by the U.S. government and/or Federal Reserve and political events within the U.S. and abroad, such as changes in the U.S. presidential administration and Congress, the U.S. government's inability at times to agree on a long-term budget and deficit reduction plan, the threat of a federal government shutdown and threats to not increase the federal government's debt limit, may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree. There is a risk that policy changes by the U.S. Government, the Federal Reserve and/or foreign governments could cause increased volatility in financial markets, which could negatively impact the strategy's investments. Interest rates have been historically low in recent years in the U.S. and abroad, and central banks reduced interest rates further in an effort to combat the economic effects of the COVID-19 pandemic. However, the U.S. Federal Reserve recently began to reduce its interventions and increase interest rates as the economy improved and inflation accelerated. Global economies and financial markets are becoming increasingly interconnected, which increases the possibility of many markets being affected by events in a single country or events affecting a single or small number of issuers.

Markets and market participants are increasingly reliant upon both publicly available and proprietary information data systems. Data imprecision, software or other technology malfunctions, programming inaccuracies, unauthorized use or access, the execution of ransomware and other cyberattacks and similar circumstances may impair the performance of these systems and may have an adverse impact upon a single issuer, a group of issuers, or the market at large. In certain cases, an exchange or market may close or issue trading halts on either specific securities or even the entire market, which may result in the strategy being, among other things, unable to buy or sell certain securities or accurately price its investments. These fluctuations in securities prices could be a sustained trend or a drastic movement. The financial markets generally move in cycles, with periods of rising prices followed by periods of declining prices.

An epidemic outbreak and governments' reaction to such a public health crisis could cause uncertainty in the markets and may adversely affect the performance of the global economy. Certain illnesses spread rapidly and have the potential to significantly and adversely affect the global economy. An outbreak of infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and subsequently spread globally. The impact of the outbreak has been rapidly evolving, and the transmission of COVID-19 and its variants and efforts to contain their spread have resulted, and may continue to result, in significant disruptions to business operations, supply chains and customer activity, widespread

business closures and layoffs, travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, prolonged quarantines and stay-at-home orders, disruption of and delays in healthcare service preparation and delivery, service and event cancellations and reductions, and lower consumer demand, as well as general concern and uncertainty that has negatively affected the global economy. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty and further developments could result in additional disruptions and uncertainty. These impacts have caused significant volatility in global financial markets. The impact of the COVID-19 pandemic may last for an extended period of time and could result in a substantial economic downturn or recession.

The Federal Reserve has taken numerous measures to address the economic impact of the COVID-19 pandemic, such as the reduction of the federal funds target rate and the introduction of several credit and liquidity facilities, and the U.S. federal government has taken steps to stimulate the U.S. economy. The Federal Reserve and the U.S. federal government may continue to take steps to address the impact of the pandemic. The likelihood and effect of these and other efforts may not be known for some time, and it is not known whether and to what extent they will be successful. In addition, COVID-19 has caused and may continue to cause employees and vendors at various businesses to work at external locations, and could cause extensive medical absences, which could negatively impact portfolio companies held by the strategy.

Decisions by the Federal Reserve regarding interest rate and monetary policy, which can be difficult to predict and sometimes change direction suddenly in response to economic and market events, continue to have a significant impact on securities prices as well as the overall strength of the U.S. economy. The Federal Reserve has spent hundreds of billions of dollars to keep credit flowing through short-term money markets. Recently, the Federal Reserve has signaled that it plans to decrease and unwind its interventions, and the Federal Reserve has begun to raise interest rates, in part to address an increase in the annual inflation rate in the U.S., which may adversely affect the present value of the strategy's investments. Future legislative, regulatory and policy changes may result in more restrictions on international trade, less stringent prudential regulation of certain players in the financial markets, and significant new investments in infrastructure and national defense. Over the past several years, the United States has moved away from tighter legislation and regulation impacting businesses and the financial services industry. There is a potential for materially increased regulation in the future, as well as higher taxes or taxes restructured to incentivize different activities. These changes, should they occur, may impose added costs on portfolio companies held by the strategy in ways that cannot necessarily be foreseen at the present time. Markets may react strongly to expectations about the changes in these policies, which could increase volatility, especially if the markets' expectations for changes in government policies are not borne out.

Inflation Risk: Equity, fixed income and other securities may fall in value due to higher actual or anticipated inflation. Rapid increases in prices for goods and services or other inflationary factors may have an adverse effect on corporate profits or consumer spending, which may result in lower values for equity, fixed income or other securities held by the strategy.

Interest Rate Risk: Changes in interest rates may affect the yield, liquidity and value of investments in income producing or debt securities held by the strategy. Market values of fixed income securities held by the strategy are generally inversely related to actual changes in interest rates. Generally, when interest rates rise, the market value of a fixed income security will decrease, and when interest rates decline, the market value of a fixed income security will

increase. Generally, a fixed income security with a longer maturity or duration will entail greater interest rate risk, while a fixed income security with a shorter maturity or duration will entail less interest rate risk. Interest rates may increase significantly and/or rapidly and are influenced by a number of factors, including government policy, monetary policy, inflation expectations, perceptions of risk, and supply and demand of debt securities. Changes in government monetary policy may substantially impact interest rates, but there can be no guarantee that any particular policy will be continued, discontinued or changed, or that it will have the desired effect on interest rates. Short-term and long-term interest rates, and interest rates in different countries, do not necessarily move in the same direction or by the same amount. The Federal Reserve has recently raised interest rates and, in the future, interest rates may continue to increase, perhaps significantly and rapidly, which could result in significant losses for investments held by the strategy. During periods of very low or negative interest rates, the strategy may be unable to develop positive returns. Typically, the longer the maturity or duration of a debt security, the greater the effect a change in interest rates could have on the security's market value.

Investment Selection Risk: The performance of the strategy depends on our ability to select and size investments appropriately and correctly anticipate future price movements, economic and market conditions, and/or the value of equity, fixed income and/or other investments. The value of investments held by the strategy may be adversely impacted by developments affecting the specific issuer of the security or its particular industry or sector. These developments may include a variety of factors, such as poor operating or management performance, geopolitical or regulatory factors, a decline in revenues or profitability, losses of key suppliers, customers or material contracts, a failure to meet earnings or other financial or operating performance expectations, litigation or regulatory issues, bankruptcy, an increase in operating or other costs, defaults under credit arrangements or material contracts, weak demand for the issuer's products or services, financial leverage or credit deterioration, or other events that adversely impact the issuer's business or competitive position. Our failure to correctly anticipate such factors and developments could lead to significant declines in the value of the strategy's investments.

Large Cap Companies Risk: The securities of large market capitalization companies held by the strategy may underperform other segments of the market because such companies may be less responsive to competitive challenges and opportunities, such as changes in technology and consumer tastes and preferences. Large market capitalization companies may be unable to attain or maintain the high growth rate of successful smaller companies, especially during periods of economic expansion.

LIBOR Transition Risk: The strategy may invest in securities that use the London Interbank Offered Rate ("LIBOR") as a benchmark or reference rate for interest rate calculations. Most currencies of LIBOR were phased out at the end of 2021, with the remaining ones to be phased out in 2023. These events and any additional regulatory or market changes may have an adverse impact on the strategy or its investments, including increased volatility or illiquidity in the markets for instruments that rely on LIBOR. There remains uncertainty regarding the nature of any replacement rate and the impact of the transition from LIBOR on the strategy and the financial markets generally. Regulators and market participants are working together to develop successor reference rates. The Secured Overnight Financing Rate ("SOFR") has been selected by a committee established by the Board of Governors of the Federal Reserve System to replace LIBOR as a reference rate in the U.S. Other countries have undertaken similar initiatives to identify replacement reference rates for LIBOR in their respective markets. However, there are obstacles to converting certain securities and transactions to a new reference or benchmark rate, as well as risks associated with using a new reference rate with respect to new investments and transactions. It is expected that market participants will focus on the transition mechanisms by

which reference rates in existing contracts or instruments may be amended, whether through legislation, marketwide protocols, fallback contractual provisions, bespoke negotiations or amendments or otherwise. The transition process, or the failure of an industry to transition, could lead to increased volatility and illiquidity in markets for instruments that currently rely on LIBOR to determine interest rates, a reduction in the values of some LIBOR-based investments, all of which could impact the strategy.

Management Risk: We actively manage investments in the strategy. The value of investments in the strategy may decline if we fail to correctly identify risks affecting the broad economy or specific markets, sectors, industries or companies in which the strategy invests, or if investments we select for the strategy fail to perform as anticipated.

Mid Cap Companies Risk: The strategy invests in mid capitalization companies that generally involve greater risks and the possibility of greater price volatility than investments in larger, more established companies. Mid capitalization companies often have narrower commercial markets and more limited operating histories, product lines, and managerial and financial resources than larger, more established companies. Mid capitalization companies may also be more sensitive to changes in interest rates, borrowing costs and earnings than larger, more established companies. As a result, the securities of mid capitalization companies held by the strategy may be less liquid and subject to greater market risks and fluctuations in value than larger capitalization companies or may not correspond to changes in the financial markets in general.

Municipal Securities Risk: The strategy may invest in municipal securities. Various factors, such as constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives, and the issuer's regional economic conditions, may adversely affect the municipal security's value, interest payments, repayment of principal and/or the strategy's ability to sell it. Failure of a municipal security issuer to comply with applicable tax requirements may make income paid thereon taxable, resulting in a decline in the security's value. In addition, there could be changes in applicable tax laws or tax treatments that reduce or eliminate the current federal income tax exemption on municipal securities or otherwise adversely affect the current federal or state tax status of municipal securities.

Sector Weighting Risk – To the extent the strategy emphasizes investments in particular sectors of the economy, the strategy will be subject to a greater degree of risks particular to those sectors. Market conditions, interest rates, and geopolitical, economic, regulatory, geopolitical or financial developments could significantly affect companies in particular sectors and the values of their securities. Depending on the weightings of the strategy's investment in particular sectors, the strategy may have increased exposure to price movements of securities in those sectors, which could adversely impact investments in the strategy. The strategy's sector weightings could have an adverse impact on the strategy and lead to a decline in the value of the strategy's investments.

Small Cap Companies Risk: The strategy invests in small capitalization companies that generally involve greater risks and the possibility of greater price volatility than investments in larger, more established companies. Small capitalization companies often have narrower commercial markets and more limited operating histories, product lines, and managerial and financial resources than larger, more established companies. Small capitalization companies may also be more sensitive to changes in interest rates, borrowing costs and earnings than larger, more established companies. As a result, the securities of small capitalization companies held by the strategy may be less liquid and subject to greater market risks and fluctuations in value than larger capitalization companies or may not correspond to changes in the financial markets in general.

U.S. Government and Government-Sponsored Enterprises Risk: The strategy may invest in U.S. government securities or securities issued by U.S. government-sponsored enterprises, such as the Federal Home Loan Bank, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation. A security backed by the U.S. Treasury or the full faith and credit of the United States is guaranteed only by the applicable entity as to the timely payment of interest and principal when held to maturity. Securities issued by U.S. government-sponsored entities are not guaranteed by the U.S. Treasury and are not backed by the full faith and credit of the U.S. Government, and there is no assurance that the U.S. Government will provide financial support if these organizations do not have the funds to meet future payment obligations. Like all fixed income securities, U.S. government securities and securities issued by U.S. government-sponsored entities are subject to market risk, credit risk and interest rate risk.

Valuation Risk: The strategy may value certain securities at a price different from the price at which they can be sold. This risk may be especially pronounced for investments, such as certain derivatives and foreign investments, which may be illiquid or which may become illiquid, and for securities that trade in relatively thin markets and/or markets that experience extreme volatility. The value of foreign securities and currencies, as applicable, may be materially affected by events after the close of the markets on which they are traded. The strategy's ability to value its investments in an accurate and timely manner may be impacted by technological issues and/or errors by third-party service providers, such as pricing services, accounting agents or custodians.

LKCM Funds

We provide investment advisory services to the LKCM Funds. The following section includes a summary of the investment objectives, principal investment strategies, and material risks associated with each LKCM Fund. A description of the named material risks is included at the end of this section under "Description of Material Risks of the LKCM Funds."

The summaries of the investment objectives, principal investment strategies, and material risks provided below are necessarily limited and are presented for general informational purposes in accordance with regulatory requirements. Consequently, these summaries are in all instances qualified and superseded by the prospectuses and statements of additional information of the LKCM Funds. Additional information about the investment objectives, investment strategies, risks, and other terms of the LKCM Equity Fund, LKCM Small Cap Equity Fund, LKCM Small-Mid Cap Equity Fund, LKCM Balanced Fund, LKCM International Equity Fund, and LKCM Fixed Income Fund is contained in the prospectus and statement of additional information for these Funds, which can be obtained free of charge by contacting these Funds at 1-800-688-LKCM, by visiting www.lkcmfunds.com, or by sending an email to info@lkcmfunds.com. Additional information about the investment objective, investment strategies, risks, and other terms of the LKCM Aquinas Catholic Equity Fund is contained in the prospectus and statement of additional information for this Fund, which can be obtained free of charge by contacting the Fund at 1-800-423-6369, by visiting www.aquinasfunds.com, or by sending an email to info@aquinasfunds.com.

LKCM Equity Fund

Investment Objective: The Fund seeks to maximize long-term capital appreciation.

Principal Investment Strategies: The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets in equity securities. The Fund primarily invests in companies that we believe are likely to have above-average growth in revenue and/or earnings, above-average returns on shareholders' equity, potential for above-average capital appreciation, and/or companies that we believe have attractive relative valuations. The Fund may

invest in equity securities of small, mid and large capitalization companies, including dividend paying securities. From time to time, in pursuing its investment strategies, the Fund may hold a significant percentage of its investments in specific sectors of the economy.

Material Risks: Cybersecurity Risk; Dividend Paying Securities Risk; Equity Securities Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Investment Selection Risk; Large Cap Companies Risk; Liquidity Risk; Management Risk; Mid Cap Companies Risk; Redemption Risk; Sector Weighting Risk; Small Cap Companies Risk.

LKCM Small Cap Equity Fund

Investment Objective: The Fund seeks to maximize long-term capital appreciation.

Principal Investment Strategies: The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets in equity securities of small capitalization companies. The Fund primarily chooses investments that we believe are likely to have above-average growth in revenue and/or earnings and potential for above-average capital appreciation. The Fund defines small capitalization companies as those with market capitalizations at the time of investment between \$1.2 billion and \$7 billion. The Fund is not required to sell equity securities whose market values appreciate or depreciate outside this market capitalization range.

Material Risks: Cybersecurity Risk; Equity Securities Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Investment Selection Risk; Liquidity Risk; Management Risk; Redemption Risk; Sector Weighting Risk; Small Cap Companies Risk.

LKCM Small-Mid Cap Equity Fund

Investment Objective: The Fund seeks to maximize long-term capital appreciation.

Principal Investment Strategies: The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets in equity securities of small-mid capitalization companies. The Fund primarily chooses investments that we believe are likely to have above-average growth in revenue and/or earnings and potential for above-average capital appreciation. The Fund defines small-mid capitalization companies as those with market capitalizations at the time of investment between \$2 billion and \$20 billion. The Fund is not required to sell equity securities whose market values appreciate or depreciate outside this market capitalization range.

Material Risks: Cybersecurity Risk; Equity Securities Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Investment Selection Risk; Liquidity Risk; Management Risk; Mid Cap Companies Risk; Redemption Risk; Sector Weighting Risk; Small Cap Companies Risk.

LKCM Balanced Fund

Investment Objective: The Fund seeks current income and long-term capital appreciation.

Principal Investment Strategies: The Fund seeks to achieve its investment objective by investing primarily in a portfolio of equity and fixed income securities. The Fund's investments in equity securities consist primarily of companies that meet our equity strategy investment criteria. The

Fund may invest in equity securities of small, mid and large capitalization companies. The Fund's investments in fixed income securities consist primarily of investment grade corporate fixed income securities and securities issued or guaranteed by the U.S. government, its agencies or instrumentalities. The Fund typically invests primarily in fixed income securities with short- to intermediate-term maturities from one to ten years. Under normal circumstances, 25% or more of the Fund's total assets consist of fixed income securities. The Fund does not intend to invest more than 20% of its total assets in equity securities of companies that do not pay dividends.

Material Risks: Cybersecurity Risk; Credit Risk; Equity Securities Risk; Fixed Income Securities Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Interest Rate Risk; Investment Selection Risk; Large Cap Companies Risk; Liquidity Risk; Management Risk; Mid Cap Companies Risk; Redemption Risk; Sector Weighting Risk; Small Cap Companies Risk; U.S. Government and Government-Sponsored Enterprises Risk.

LKCM Fixed Income Fund

Investment Objective: The Fund seeks current income.

Principal Investment Strategies: The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets in a portfolio of investment grade corporate and U.S. government fixed income securities. The Fund's investments in fixed income securities consist primarily of investment grade corporate fixed income securities and fixed income securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities. Investment grade fixed income securities are generally considered to be those rated within the four highest rating categories by a nationally recognized statistical rating organization or of an equivalent quality as determined by us. The Fund typically invests primarily in fixed income securities with short- to intermediate-term maturities from one to ten years. The Fund is not required to sell securities that are downgraded below investment grade. The Fund seeks to maintain an average effective maturity between three and ten years under normal market and economic conditions, although the average effective maturity may be less than three years if we believe a defensive posture is appropriate.

Material Risks: Cybersecurity Risk; Credit Risk; Fixed Income Securities Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Interest Rate Risk; Investment Selection Risk; LIBOR Transition Risk; Liquidity Risk; Management Risk; Redemption Risk; Sector Weighting Risk; U.S. Government and Government-Sponsored Enterprises Risk.

LKCM International Equity Fund

Investment Objective: The Fund seeks to maximize long-term capital appreciation.

Principal Investment Strategies: The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets in equity securities of non-U.S. companies. In determining the origin of a company, the Fund primarily relies on the country where the company is incorporated, headquartered or has its principal place of business. The Fund may consider a company to be from a particular country even if it is not incorporated or headquartered in, or does not have its principal place of business in, that country if a majority of its assets are located in, or it derives a majority of its total revenues or profits from, goods or services produced or sales made in that country. The Fund generally invests in companies from developed markets, though it may invest to a lesser extent in companies from less developed

and/or emerging markets. The Fund may focus its investments in companies located in or economically tied to particular countries or geographic regions. The Fund primarily invests in companies that we believe are likely to have above-average growth in revenue and/or earnings, above-average returns on shareholders' equity, potential for above-average capital appreciation, and/or companies that we believe have attractive relative valuations. The Fund may invest in equity securities of small, mid and large capitalization companies, including dividend paying securities.

Material Risks: Currency Risk; Cybersecurity Risk; Dividend Paying Securities Risk; Emerging Markets Risk; Equity Securities Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Investment Selection Risk; Large Cap Companies Risk; Liquidity Risk; Management Risk; Mid Cap Companies Risk; Redemption Risk; Sector Weighting Risk; Small Cap Companies Risk; Valuation Risk.

LKCM Aquinas Catholic Equity Fund

Investment Objective: The Fund seeks to maximize long-term capital appreciation, while incorporating Catholic values investing principles in the investment process.

Principal Investment Strategies: The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets in equity securities. The Fund primarily invests in companies we believe are likely to have above-average growth in revenues and/or earnings, above-average returns on shareholders' equity, potential for above-average capital appreciation, and/or companies we believe have attractive relative valuations. The Fund may invest in equity securities of small, mid and large capitalization companies, including dividend paying securities. The Fund practices socially responsible investing within the framework provided by the United States Conference of Catholic Bishops' Socially Responsible Investing Guidelines.

Material Risks: Catholic Values Investing Risk; Cybersecurity Risk; Dividend Paying Securities Risk; Equity Securities Risk; Foreign Securities Risk; General Market and Economic Risk; Inflation Risk; Investment Selection Risk; Large Cap Companies Risk; Liquidity Risk; Management Risk; Mid Cap Companies Risk; Redemption Risk; Sector Weighting Risk; Small Cap Companies Risk.

Description of Material Risks for the LKCM Funds

Catholic Values Investing Risk: Since the Fund practices socially responsible investing within the framework provided by the United States Conference of Catholic Bishops' Socially Responsible Investing Guidelines, this may limit the types and number of investment opportunities available to the Fund. The Fund may forego a profitable investment opportunity or sell a security when it may be disadvantageous to do so, and may underperform funds that do not consider socially responsible investing within the framework provided by the Catholic Guidelines. The integration of these considerations may affect the Fund's exposure to certain investments and may impact the Fund's relative investment performance depending on the performance of those issuers. We may use research and/or information provided by one or more third parties in performing our analysis and, because there are few generally accepted standards to use in such considerations, the information and considerations used for the Fund may differ from the information and considerations used for other funds.

Credit Risk: The Fund is subject to the risk that the issuer or guarantor of a fixed income security held by the Fund becomes unable or unwilling, or is perceived (whether by market participants, ratings agencies, pricing services, or otherwise) as unable or unwilling, to make timely interest or principal payments or otherwise honor its obligations, which may cause the Fund's fixed income securities to lose value. If the Fund holds fixed income securities of an issuer that experiences financial problems, the securities will likely decline in value or the issuer may fail to make timely payments of interest or principal on the securities. The extent of this risk varies based on the terms of the particular security and the financial condition of the issuer. A security's degree of credit risk is often reflected in its credit rating, with higher ratings corresponding to lower perceived credit risk. A downgrade in the credit rating of an issuer of fixed income securities, factors affecting an issuer directly, factors affecting the industry in which a particular issuer operates, and changes in general social, economic or political conditions can increase the risk of default by an issuer or reduce the market value of an issuer's securities. Lower credit quality also may lead to greater volatility in the price of a security and may negatively affect a security's liquidity. Credit ratings agencies may not be correct in assessing the credit quality of an issuer or a fixed income security and may not change their credit rating on an issuer or a fixed income security in a timely manner to reflect events that could affect the issuer's ability to make timely payments on its obligations. Credit ratings reflect a rating agency's opinion regarding a fixed income security's quality but are not a guarantee of quality and do not protect against a decline in the security's value. Credit risk is typically greater for securities with ratings that are downgraded below investment grade. Generally, the longer the maturity of a security, the more sensitive it is to credit risk.

Currency Risk: The Fund may have exposure to foreign currencies by making direct investments in securities denominated in non-U.S. currencies, purchasing or selling futures contracts and options on futures contracts for foreign or U.S. equity securities, indices or currencies, purchasing foreign currency forward contracts, and/or holding foreign currencies. Foreign currencies may decline in value relative to the U.S. dollar or, in the case of hedging positions, the U.S. dollar may decline in value relative to the currency being hedged, and thereby negatively affect the Fund's holdings of foreign currencies or securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign currencies. Currency exchange rates may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or other entities, or by the imposition of currency controls or other political developments in the U.S. or abroad. As a result, the Fund's investments in foreign currency denominated securities may reduce the returns of the Fund. Currency futures, forwards or options may not always work as intended, and in specific cases the Fund may be more negatively impacted than if it had not used such instruments. There may not always be suitable hedging instruments available, and even where suitable hedging instruments are available, the Fund may not hedge its currency risks.

Cybersecurity Risk: Operational risks arising from, among other things, human or processing errors, systems and technology disruptions or failures, or cybersecurity incidents may negatively impact the Fund, its service providers, and third-party distribution platforms, as well as the ability of shareholders to transact with the Fund. Cybersecurity incidents may allow unauthorized parties to gain access to or misappropriate the Fund's assets, shareholder data, or confidential or proprietary information, or cause the Fund or its service providers to suffer data corruption or lose operational functionality. In addition, authorized persons could inadvertently release Fund shareholder data or confidential or proprietary information stored on the Fund's systems. It is not possible for the Fund or its service providers to identify all of the operational risks that may affect the Fund or to develop processes and controls to completely eliminate or mitigate their occurrence or effects. Portfolio companies in which the Fund invests, including their service

providers, are also exposed to various risks related to cybersecurity incidents, and the value of the Fund's investments in such portfolio companies could be adversely impacted in the event any such cybersecurity incidents occur. The Fund may incur substantial costs to prevent or address cybersecurity incidents.

Dividend Paying Securities Risk: Securities that pay higher dividends as a group can fall out of favor with the market, causing these companies to underperform companies that do not pay higher or any dividends. A portfolio company held by the Fund may choose not to declare a dividend or the dividend rate might not remain at current levels. Changes in the dividend policies of portfolio companies held by the Fund and the capital resources available for these companies' dividend payments may reduce the level of dividend payments and adversely affect the Fund. Dividend paying stocks held by the Fund also may not experience the same level of earnings growth or capital appreciation as non-dividend paying stocks, and a sharp rise in interest rates or an economic downturn could cause a portfolio company to unexpectedly reduce or eliminate its dividend, if any. Securities that pay dividends may be sensitive to changes in interest rates, and as interest rates rise or fall, the prices of such securities may fall. The income received from portfolio companies held by the Fund will fluctuate due to the amount of dividends, if any, that these companies elect to pay.

Emerging Markets Risk: The Fund may invest in companies in emerging markets. The economies and political environments of emerging market countries tend to be more unstable than those of developed countries, resulting in more volatile rates of return than the developed markets and substantially greater risk to investors. Emerging markets have unique risks that are greater than or in addition to investing in developed markets because emerging markets are generally smaller, less developed, less liquid, more volatile, more expensive to trade in, and generally have higher risks than the securities markets of the U.S. and other developed markets. Securities in emerging markets also may be less liquid than those in developed markets and foreigners are often limited in their ability to invest in, and withdraw assets from, these markets. The governments of emerging market countries may also be more unstable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sales proceeds of securities from the country, intervene in the financial markets, and/or impose burdensome taxes that could adversely affect prices of securities held by the Fund. There are also other risks of investing in emerging markets, such as greater political uncertainties, an economy's dependence on revenues from particular commodities or on international aid or development assistance, currency transfer restrictions, limited numbers of potential buyers and sellers for securities, trading suspensions, delays and disruptions in securities settlement procedures, and increased volatility and limited liquidity for emerging market securities. In addition, there may be less information available, or less reliable information available, to make investment decisions and accurately evaluate foreign securities. In certain emerging market countries, fraud and corruption may be more prevalent than in developed market countries, and investor protections may be more limited than those in other countries. The value of the Fund's investments in portfolio companies in emerging markets could be adversely impacted by these risks.

Equity Securities Risk: The Fund invests in equity securities and therefore is subject to market risks and significant fluctuations in value. Equity securities are generally subordinate to an issuer's debt in the event of liquidation or bankruptcy. The Fund's investments in equity securities primarily consist of common stocks and may include American Depositary Receipts (ADRs), real estate investment trusts (REITs), and other equity securities. The value of an issuing company's common stock may rise or fall as a result of factors affecting the issuing company, such as decisions made by its management or decreased demand for the company's

products or services. A common stock's value may also decline because of factors affecting not just the company, but also companies in the same industry or sector. The price of a company's common stock may also be affected by changes in financial markets that are relatively unrelated to the company, such as changes in interest rates, exchange rates, industry regulation, or other financial market factors. ADRs are receipts issued by domestic banks or trust companies that represent the deposit of a security of a foreign issuer and are publicly traded in the United States. ADRs are subject to certain of the risks associated with investing directly in foreign securities, such as currency fluctuations, political and economic instability, capital restrictions, less liquidity, less government regulation, less publicly available information, increased price volatility, and differences in financial reporting standards, and may not accurately track the prices of the underlying foreign securities and their value may change materially at times when the U.S. markets are not open for trading. REITs are pooled investment vehicles with their own fees and expenses and are subject to the risks associated with the real estate industry, adverse governmental actions, declines in property and real estate values, and the potential failure to qualify for federal income tax free pass through of net income and net realized gains and exemption from registration as an investment company.

Fixed Income Securities Risk: The Fund invests in fixed income securities and is therefore subject to the risk that the prices of, and the income generated by, fixed income securities held by the Fund may decline significantly and/or rapidly in response to adverse issuer, geopolitical, regulatory, general economic and market conditions, or other developments, such as regional or global economic stability (including terrorism, pandemic and related geopolitical risks), interest rate fluctuations, and those events directly involving the issuers that may cause broad changes in market value, public perceptions concerning those developments, and adverse investor sentiment. These events may lead to periods of volatility, which may be exacerbated by changes in bond market size and structure. In addition, adverse market events may lead to increased shareholder redemptions, which could cause the Fund to experience a loss when selling securities to meet redemption requests by shareholders.

Foreign Securities Risk: The Fund may directly invest in securities of foreign issuers or may indirectly invest in securities of foreign issuers through ADRs or ETFs that are designed to track the performance of foreign indexes. Investment in foreign securities, or investments in ETFs that are designed to track the performance of foreign indexes, carry potential risks not associated with domestic investments. Accordingly, the Fund is subject to risks associated with foreign markets, such as currency exchange rate fluctuations, political and financial instability, less liquidity and greater volatility of foreign investments, lack of uniform accounting, auditing and financial reporting standards, different government regulation and supervision of foreign banks, stock exchanges, brokers and listed companies, adverse social and economic developments, and limited information about foreign companies. There may be very limited oversight of certain foreign banks or securities depositories that hold foreign securities and currency and the laws of certain countries may limit the ability to recover such assets if a foreign bank or depository or their agents goes bankrupt. To the extent the Fund invests a significant portion of its assets in securities of a single country or geographic region at any one time, it is more likely to be affected by events or conditions in that country or region. In addition, as a result of increasingly interconnected global economies and financial markets, the value and liquidity of a Fund's investments in foreign securities may be negatively impacted by events impacting a country or region, regardless of whether the Fund invests in issuers located in or with significant exposure to such country or region. These risks may be more pronounced for direct or indirect investments in foreign issuers in emerging markets or developing countries.

General Market and Economic Risk: The Fund's investments are subject to the risk that securities markets may move down, sometimes rapidly and unpredictably, based on overall economic conditions and other factors, which may negatively affect the value of the Fund's investments. Financial markets may at times be volatile and the value of the Fund's investments may decline in price, sometimes significantly and/or rapidly, due to a broad decline in the financial markets or other factors. The value of the Fund's investments may decline due to adverse issuer-specific conditions or general market conditions which are not specifically related to a particular company, such as real or perceived adverse geopolitical, regulatory, market, economic or other developments that impact the financial markets generally or specific economic sectors, industries and segments of the financial markets. Changes in the financial condition of a single company can impact the financial markets as a whole, and during a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Turbulence in financial markets and reduced liquidity in credit, equity and fixed income markets may negatively affect many issuers worldwide and correspondingly the value of the Fund's investments. Geopolitical and other events, including war, terrorism, economic uncertainty, trade disputes, pandemics, public health crises, natural disasters and related events have led, and in the future may continue to lead, to instability in world economies and markets generally and reduced liquidity in equity, credit and fixed income markets. Market disruptions have caused, and may continue to cause, broad changes in market value, negative public perception concerning these developments, a reduction in the willingness and ability of some lenders to extend credit, difficulty for some borrowers in obtaining financing on attractive terms, and adverse sentiment or publicity.

Policy changes by the U.S. government and/or Federal Reserve and political events within the U.S. and abroad, such as changes in the U.S. presidential administration and Congress, the U.S. government's inability at times to agree on a long-term budget and deficit reduction plan, the threat of a federal government shutdown and threats to not increase the federal government's debt limit, may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree. There is a risk that policy changes by the U.S. Government, the Federal Reserve and/or foreign governments could cause increased volatility in financial markets and higher levels of shareholder redemptions, which could negatively impact the Fund's investments. Interest rates have been historically low in recent years in the U.S. and abroad, and central banks reduced interest rates further in an effort to combat the economic effects of the COVID-19 pandemic. However, the U.S. Federal Reserve recently began to reduce its interventions and increase interest rates as the economy improved and inflation accelerated. Global economies and financial markets are becoming increasingly interconnected, which increases the possibility of many markets being affected by events in a single country or events affecting a single or small number of issuers.

Markets and market participants are increasingly reliant upon both publicly available and proprietary information data systems. Data imprecision, software or other technology malfunctions, programming inaccuracies, unauthorized use or access, the execution of ransomware and other cyberattacks and similar circumstances may impair the performance of these systems and may have an adverse impact upon a single issuer, a group of issuers, or the market at large. In certain cases, an exchange or market may close or issue trading halts on either specific securities or even the entire market, which may result in the Fund being, among other things, unable to buy or sell certain securities or accurately price its investments. These fluctuations in securities prices could be a sustained trend or a drastic movement. The financial markets generally move in cycles, with periods of rising prices followed by periods of declining prices.

An epidemic outbreak and governments' reaction to such a public health crisis could cause uncertainty in the markets and may adversely affect the performance of the global economy. Certain illnesses spread rapidly and have the potential to significantly and adversely affect the global economy. An outbreak of infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and subsequently spread globally. The impact of the outbreak has been rapidly evolving, and the transmission of COVID-19 and its variants and efforts to contain their spread have resulted, and may continue to result, in significant disruptions to business operations, supply chains and customer activity, widespread business closures and layoffs, travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, prolonged quarantines and stay-at-home orders, disruption of and delays in healthcare service preparation and delivery, service and event cancellations and reductions, and lower consumer demand, as well as general concern and uncertainty that has negatively affected the global economy. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty and further developments could result in additional disruptions and uncertainty. These impacts have caused significant volatility in global financial markets. The impact of the COVID-19 pandemic may last for an extended period of time and could result in a substantial economic downturn or recession.

The Federal Reserve has taken numerous measures to address the economic impact of the COVID-19 pandemic, such as the reduction of the federal funds target rate and the introduction of several credit and liquidity facilities, and the U.S. federal government has taken steps to stimulate the U.S. economy. The Federal Reserve and the U.S. federal government may continue to take steps to address the impact of the pandemic. The likelihood and effect of these and other efforts may not be known for some time, and it is not known whether and to what extent they will be successful. In addition, COVID-19 has caused and may continue to cause employees and vendors at various businesses to work at external locations, and could cause extensive medical absences, which could negatively impact portfolio companies held by the Fund.

Decisions by the Federal Reserve regarding interest rate and monetary policy, which can be difficult to predict and sometimes change direction suddenly in response to economic and market events, continue to have a significant impact on securities prices as well as the overall strength of the U.S. economy. The Federal Reserve has spent hundreds of billions of dollars to keep credit flowing through short-term money markets. Recently, the Federal Reserve has signaled that it plans to decrease and unwind its interventions, and the Federal Reserve has begun to raise interest rates, in part to address an increase in the annual inflation rate in the U.S., which may adversely affect the present value of the Fund's investments. Future legislative, regulatory and policy changes may result in more restrictions on international trade, less stringent prudential regulation of certain players in the financial markets, and significant new investments in infrastructure and national defense. Over the past several years, the United States has moved away from tighter legislation and regulation impacting businesses and the financial services industry. There is a potential for materially increased regulation in the future, as well as higher taxes or taxes restructured to incentivize different activities. These changes, should they occur, may impose added costs on portfolio companies held by the Fund in ways that cannot necessarily be foreseen at the present time. Markets may react strongly to expectations about the changes in these policies, which could increase volatility, especially if the markets' expectations for changes in government policies are not borne out.

Inflation Risk: Equity, fixed income and other securities may fall in value due to higher actual or anticipated inflation. Rapid increases in prices for goods and services or other inflationary factors

may have an adverse effect on corporate profits or consumer spending, which may result in lower values for equity, fixed income or other securities held by the Fund.

Interest Rate Risk: Changes in interest rates may affect the yield, liquidity and value of investments in income producing or debt securities held by the Fund. Market values of fixed income securities held by the Fund are generally inversely related to actual changes in interest rates. Generally, when interest rates rise, the market value of a fixed income security will decrease, and when interest rates decline, the market value of a fixed income security will increase. Generally, a fixed income security with a longer maturity or duration will entail greater interest rate risk, while a fixed income security with a shorter maturity or duration will entail less interest rate risk. Interest rates may increase significantly and/or rapidly and are influenced by a number of factors, including government policy, monetary policy, inflation expectations, perceptions of risk, and supply and demand of debt securities. Changes in government monetary policy may substantially impact interest rates, but there can be no guarantee that any particular policy will be continued, discontinued or changed, or that it will have the desired effect on interest rates. Short-term and long-term interest rates, and interest rates in different countries, do not necessarily move in the same direction or by the same amount. The Federal Reserve has recently raised interest rates and, in the future, interest rates may continue to increase, perhaps significantly and rapidly, which could result in significant losses for investments held by the Fund. During periods of very low or negative interest rates, the Fund may be unable to develop positive returns or pay dividends to shareholders of the Fund. Typically, the longer the maturity or duration of a debt security, the greater the effect a change in interest rates could have on the security's market value.

Investment Selection Risk: The performance of the Fund depends on our ability to select and size investments appropriately and correctly anticipate future price movements, economic and market conditions, and/or the value of equity, fixed income and/or other investments. The value of investments held by the Fund may be adversely impacted by developments affecting the specific issuer of the security or its particular industry or sector. These developments may include a variety of factors, such as poor operating or management performance, geopolitical or regulatory factors, a decline in revenues or profitability, losses of key suppliers, customers or material contracts, a failure to meet earnings or other financial or operating performance expectations, litigation or regulatory issues, bankruptcy, an increase in operating or other costs, defaults under credit arrangements or material contracts, weak demand for the issuer's products or services, financial leverage or credit deterioration, or other events that adversely impact the issuer's business or competitive position. Our failure to correctly anticipate such factors and developments could lead to significant declines in the value of the Fund's investments.

Large Cap Companies Risk: The securities of large market capitalization companies held by the Fund may underperform other segments of the market because such companies may be less responsive to competitive challenges and opportunities, such as changes in technology and consumer tastes and preferences. Large market capitalization companies may be unable to attain or maintain the high growth rate of successful smaller companies, especially during periods of economic expansion.

Liquidity Risk: The Fund is susceptible to the risk that certain investments held by the Fund may have limited marketability and may be difficult to sell at favorable times or prices. The Fund could lose money if we are unable to sell an investment at a time that is most beneficial to the Fund. Market developments may cause the Fund's investments to become less liquid and subject to erratic price movements. Liquidity risk is particularly acute in the case of foreign investments

that are traded in smaller, less-developed or emerging markets and securities issued by companies with smaller market capitalizations.

LIBOR Transition Risk: The Fund may invest in securities that use the London Interbank Offered Rate (“LIBOR”) as a benchmark or reference rate for interest rate calculations. Most currencies of LIBOR were phased out at the end of 2021, with the remaining ones to be phased out in 2023. These events and any additional regulatory or market changes may have an adverse impact on the Fund or its investments, including increased volatility or illiquidity in the markets for instruments that rely on LIBOR. There remains uncertainty regarding the nature of any replacement rate and the impact of the transition from LIBOR on the Fund and the financial markets generally. Regulators and market participants are working together to develop successor reference rates. The Secured Overnight Financing Rate (“SOFR”) has been selected by a committee established by the Board of Governors of the Federal Reserve System to replace LIBOR as a reference rate in the U.S. Other countries have undertaken similar initiatives to identify replacement reference rates for LIBOR in their respective markets. However, there are obstacles to converting certain securities and transactions to a new reference or benchmark rate, as well as risks associated with using a new reference rate with respect to new investments and transactions. It is expected that market participants will focus on the transition mechanisms by which reference rates in existing contracts or instruments may be amended, whether through legislation, marketwide protocols, fallback contractual provisions, bespoke negotiations or amendments or otherwise. The transition process, or the failure of an industry to transition, could lead to increased volatility and illiquidity in markets for instruments that currently rely on LIBOR to determine interest rates, a reduction in the values of some LIBOR-based investments, all of which could impact the Fund.

Management Risk: We actively manage investments held by the Fund. The value of investments in the Fund may decline if we fail to correctly identify risks affecting the broad economy or specific markets, sectors, industries or companies in which the Fund invests, or if investments we select for the Fund fail to perform as anticipated.

Mid Cap Companies Risk: The Fund invests in mid capitalization companies that generally involve greater risks and the possibility of greater price volatility than investments in larger, more established companies. Mid capitalization companies often have narrower commercial markets and more limited operating histories, product lines, and managerial and financial resources than larger, more established companies. Mid capitalization companies may also be more sensitive to changes in interest rates, borrowing costs and earnings than larger, more established companies. As a result, the securities of mid capitalization companies held by the Fund may be less liquid and subject to greater market risks and fluctuations in value than larger capitalization companies or may not correspond to changes in the financial markets in general.

Redemption Risk – The Fund may experience periods of significant redemptions that could cause the Fund to sell assets at inopportune times or at a loss or depressed value. Redemption risk is greater to the extent that one or more investors or intermediaries control a large percentage of investments in the Fund, have shorter investment horizons, or have unpredictable cash flow needs. Redemption risk is heightened during periods of rising interest rates and declining or illiquid markets. Significant redemptions, whether by a few large investors or many smaller investors, could hurt the Fund’s performance. This risk is heightened if the Fund invests in emerging market securities, which are generally less liquid than the securities of U.S. and other developed markets. The sale of assets to meet redemption requests may require the Fund to realize net capital gains, which could require the Fund to make substantial capital gains distributions to its shareholders.

Sector Weighting Risk – The Fund may focus its investments in particular sectors of the economy. To the extent the Fund emphasizes investments in particular sectors of the economy, the Fund will be subject to a greater degree of risks particular to those sectors. Market conditions, interest rates, and geopolitical, economic, regulatory or financial developments could significantly affect companies in particular sectors and the values of their securities. Depending on the weightings of the Fund’s investment in particular sectors, the Fund may have increased exposure to price movements of securities in those sectors, which could adversely impact investments held by the Fund. The Fund’s sector weightings could have an adverse impact on the Fund and lead to a decline in the Fund’s net asset value.

Small Cap Companies Risk: The Fund invests in small capitalization companies that generally involve greater risks and the possibility of greater price volatility than investments in larger, more established companies. Small capitalization companies often have narrower commercial markets and more limited operating histories, product lines, and managerial and financial resources than larger, more established companies. Small capitalization companies may also be more sensitive to changes in interest rates, borrowing costs and earnings than larger, more established companies. As a result, the securities of small capitalization companies held by the Fund may be less liquid and subject to greater market risks and fluctuations in value than larger capitalization companies or may not correspond to changes in the financial markets in general.

U.S. Government and Government-Sponsored Enterprises Risk: The Fund may invest in U.S. government securities or securities issued by U.S. government-sponsored enterprises, such as the Federal Home Loan Bank, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation. A security backed by the U.S. Treasury or the full faith and credit of the United States is guaranteed only by the applicable entity as to the timely payment of interest and principal when held to maturity. Securities issued by U.S. government-sponsored entities are not guaranteed by the U.S. Treasury and are not backed by the full faith and credit of the U.S. Government, and there is no assurance that the U.S. Government will provide financial support if these organizations do not have the funds to meet future payment obligations. Like all fixed income securities, U.S. government securities and securities issued by U.S. government-sponsored entities are subject to market risk, credit risk and interest rate risk.

Valuation Risk: The Fund may value certain securities at a price different from the price at which they can be sold. This risk may be especially pronounced for investments, such as certain derivatives and foreign investments, which may be illiquid or which may become illiquid, and for securities that trade in relatively thin markets and/or markets that experience extreme volatility. The value of foreign securities and currencies, as applicable, may be materially affected by events after the close of the markets on which they are traded. The Fund’s ability to value its investments in an accurate and timely manner may be impacted by technological issues and/or errors by third-party service providers, such as pricing services, accounting agents or custodians.

LKCM Partnerships

We provide investment advisory services to the LKCM Partnerships. The following section includes a summary of the investment objectives, principal investment strategies, and material risks associated with each LKCM Partnership. A description of the named material risks is included at the end of this section under “Description of Material Risks of the LKCM Partnerships.”

The summaries of the investment objectives, principal investment strategies, and material risks provided below are necessarily limited and are presented for general informational purposes in accordance with regulatory requirements. Consequently, these summaries are in all instances qualified and superseded by

the offering and organizational documents for the LKCM Partnerships. Additional information about the investment objectives, investment strategies, risks, and other terms and provisions of the LKCM Partnerships are contained in the offering and organizational documents for the LKCM Partnerships.

LKCM Investment Partnership, L.P.

Investment Objective(s): The partnership seeks to achieve long-term capital appreciation.

Principal Investment Strategies: The partnership seeks to achieve its investment objective primarily by maintaining a long-biased portfolio comprised of securities of publicly held companies. The partnership may engage in short selling for hedging or risk management purposes or to the extent we believe securities are overvalued. The partnership may also invest in securities of privately held companies or other illiquid investments, although the partnership expects that these investments generally will not exceed 10% of the long market value of the partnership's portfolio. There generally is no limitation on the partnership's portfolio exposure to investments by asset class, market capitalization, geography, sector or industry.

Material Risks: Compensation Risk; Competition Risk; Concentration Risk; Counterparty Risk; Cybersecurity Risk; Derivatives Risk; Equity Securities Risk; Exchange-Traded Fund Risk; Foreign Securities Risk; General Market and Economic Risk; Hedging Risk; Inflation Risk; In-Kind Distributions Risk; Investment Selection Risk; Large Cap Companies Risk; Leverage and Borrowing Risk; Liquidity Risk; Management Risk; Micro Cap Risk; Mid Cap Companies Risk; Portfolio Company Management Risk; Private Investments Risk; Sector Weighting Risk; Short Selling Risk; Small Cap Companies Risk; Tax Risk; Transferability Risk; Valuation Risk.

LKCM Investment Partnership II, L.P.

Investment Objective(s): The partnership seeks to achieve long-term capital appreciation.

Principal Investment Strategies: The partnership seeks to achieve its investment objective primarily by maintaining a long-biased portfolio comprised of securities of publicly held companies. The partnership may engage in short selling for hedging or risk management purposes or to the extent we believe securities are overvalued. The partnership may also invest in securities of privately held companies or other illiquid investments, although the partnership expects that these investments generally will not exceed 10% of the long market value of the partnership's portfolio. There generally is no limitation on the partnership's portfolio exposure to investments by asset class, market capitalization, geography, sector or industry.

Material Risks: Compensation Risk; Competition Risk; Concentration Risk; Counterparty Risk; Cybersecurity Risk; Derivatives Risk; Equity Securities Risk; Exchange-Traded Fund Risk; Foreign -Securities Risk; General Market and Economic Risk; Hedging Risk; Inflation Risk; In-Kind Distributions Risk; Investment Selection Risk; Large Cap Companies Risk; Leverage and Borrowing Risk; Liquidity Risk; Management Risk; Micro Cap Companies Risk; Mid Cap Companies Risk; Portfolio Company Management Risk; Private Investments Risk; Sector Weighting Risk; Short Selling Risk; Small Cap Companies Risk; Tax Risk; Transferability Risk; Valuation Risk.

LKCM Private Discipline (QP), L.P. / LKCM Private Discipline International, L.P.

Investment Objective(s): The partnerships seek to achieve long-term capital appreciation while attempting to manage portfolio risk and volatility.

Principal Investment Strategies: These partnerships seek to achieve their investment objective by investing substantially all of their assets in, and conducting their investment activities through, LKCM Private Discipline Master Fund, SPC (“PDP”). PDP generally seeks to achieve its investment objective primarily by investing in long and short positions in an unlimited range of equity and/or debt securities and other financial instruments and products. PDP generally invests in a portfolio of securities across a wide range of asset classes, including publicly-traded securities with market capitalizations spanning from micro-cap to mega-cap, mezzanine investments in portfolio companies, and private equity investments in portfolio companies. There is no limitation on PDP’s portfolio exposure to investments by asset class, market capitalization, geography, sector or industry. PDP generally limits concentration in any single company to 10% of its assets at the time of investment. PDP has discretion to invest up to 25% of its assets at the time of investment in the securities of a single issuer in compelling market environments or in pursuit of investments in private companies. PDP is not required to sell investments that appreciate above these concentration levels. PDP invests in affiliated private investment partnerships, such as LKCM Headwater Investments I, L.P., LKCM Headwater Investments II, L.P., LKCM Headwater II Sidecar Partnership, L.P., LKCM Headwater Investments III, L.P. and LKCM HW IL Co-Investment Partnership, L.P., which partnerships have investment objectives that seek long-term capital appreciation through investments in portfolio companies, and such investments are not subject to these concentration levels.

Material Risks: Co-Investment Risk; Compensation Risk; Competition Risk; Concentration Risk; Controlling Position Risk; Counterparty Risk; Cybersecurity Risk; Derivatives Risk; Equity Securities Risk; Exchange-Traded Fund Risk; Foreign Securities - Risk; General Market and Economic Risk; Hedging Risk; Inflation Risk; In-Kind Distributions Risk; Investment Selection Risk; Large Cap Companies Risk; Leverage and Borrowing Risk; Liquidity Risk; Management Risk; Micro Cap Companies Risk; Mid Cap Companies Risk; Portfolio Company Management Risk; Portfolio Turnover Risk; Private Investments Risk; Sector Weighting Risk; Short Selling Risk; Small Cap Companies Risk; Tax Risk; Transferability Risk; Valuation Risk.

LKCM Micro-Cap Partnership, L.P.

Investment Objective: The partnership seeks to achieve long-term capital appreciation.

Principal Investment Strategies: The partnership seeks to achieve its investment objective by investing in securities of micro capitalization companies. The partnership generally defines micro capitalization companies as those companies with market capitalizations of less than \$1.2 billion at the time of initial investment. The partnership is not required to sell securities of companies whose market values appreciate above this range. The partnership does not expect that any single investment will exceed 10% of its net asset value at the time of investment. There is no limitation on the partnership’s portfolio exposure to investments by asset class, geography, sector or industry.

Material Risks: Compensation Risk; Competition Risk; Concentration Risk; Counterparty Risk; Cybersecurity Risk; Derivatives Risk; Equity Securities Risk; Exchange-Traded Fund Risk; Foreign Securities Risk; General Market and Economic Risk; Hedging Risk; Inflation Risk; In-Kind Distributions Risk; Investment Selection Risk; Leverage and Borrowing Risk; Liquidity

Risk; Management Risk; Micro Cap Companies Risk; Portfolio Company Management Risk; Private Investments Risk; Sector Weighting Risk; Short Selling Risk; Small Cap Companies Risk; Tax Risk; Transferability Risk; Valuation Risk.

LKCM Headwater Investments I, L.P.

Investment Objective: The partnership seeks to achieve long-term capital appreciation primarily through investments in portfolio companies.

Principal Investment Strategy: The partnership seeks to achieve its investment objective by primarily establishing controlling positions in lower middle-market companies. The partnership may also make other types of portfolio investments, including control positions in publicly-traded companies. The partnership generally seeks to make 10 to 15 platform investments, typically in the range of \$5 million to \$25 million of equity per investment. The partnership generally will not invest more than 20% of its capital commitments in a single portfolio investment. The minimum size of each portfolio investment will generally be at least 2% of the partnership's capital commitments.

Material Risks: Co-Investment Risk; Compensation Risk; Competition Risk; Concentration Risk; Controlling Position Risk; Counterparty Risk; Cybersecurity Risk; Derivatives Risk; Equity Securities Risk; General Market and Economic Risk; Hedging Risk; Inflation Risk; In-Kind Distributions Risk; Investment Selection Risk; Leverage and Borrowing Risk; Liquidity Risk; Management Risk; Micro Cap Companies Risk; Mid Cap Companies Risk; Portfolio Company Management Risk; Private Investments Risk; Small Cap Companies Risk; Tax Risk; Transferability Risk; Valuation Risk.

LKCM Headwater Investments II, L.P.

Investment Objective: The partnership seeks to achieve long-term capital appreciation primarily through investments in portfolio companies.

Principal Investment Strategy: The partnership seeks to achieve its investment objective by primarily making control and/or strategic investments in lower middle-market companies. The partnership may also make other types of portfolio investments, including control and/or strategic investments in publicly-traded companies. The partnership generally seeks to make 8 to 15 platform investments, typically in the range of \$10 million to \$40 million of equity per investment. The partnership generally will not invest more than 20% of its capital commitments in a single portfolio investment. The minimum size of each portfolio investment will generally be at least \$5 million.

Material Risks: Co-Investment Risk; Compensation Risk; Competition Risk; Concentration Risk; Controlling Position Risk; Counterparty Risk; Cybersecurity Risk; Derivatives Risk; Equity Securities Risk; General Market and Economic Risk; Hedging Risk; Inflation Risk; In-Kind Distributions Risk; Investment Selection Risk; Leverage and Borrowing Risk; Liquidity Risk; Management Risk; Micro Cap Companies Risk; Mid Cap Companies Risk; Portfolio Company Management Risk; Private Investments Risk; Small Cap Companies Risk; Tax Risk; Transferability Risk; Valuation Risk.

LKCM Headwater Investments III, L.P.

Investment Objective: The partnership seeks to achieve long-term capital appreciation primarily through investments in portfolio companies.

Principal Investment Strategy: The partnership seeks to achieve its investment objective by primarily making control and/or strategic investments in lower middle-market companies. The partnership may also make other types of portfolio investments, including control and/or strategic investments in publicly-traded companies. The partnership generally seeks to make 8 to 15 platform investments, typically in the range of \$10 million to \$75 million of equity per investment. The partnership generally will not invest more than 20% of its capital commitments in a single portfolio investment. The minimum size of each portfolio investment will generally be at least \$5 million.

Material Risks: Co-Investment Risk; Compensation Risk; Competition Risk; Concentration Risk; Controlling Position Risk; Counterparty Risk; Cybersecurity Risk; Derivatives Risk; Equity Securities Risk; General Market and Economic Risk; Hedging Risk; Inflation Risk; In-Kind Distributions Risk; Investment Selection Risk; Leverage and Borrowing Risk; Liquidity Risk; Management Risk; Micro Cap Companies Risk; Mid Cap Companies Risk; Portfolio Company Management Risk; Private Investments Risk; Small Cap Companies Risk; Tax Risk; Transferability Risk; Valuation Risk.

LKCM Headwater II Sidecar Partnership, L.P.

Investment Objective: The partnership seeks to achieve long-term capital appreciation primarily through co-investments in portfolio companies alongside LKCM Headwater Investments II, L.P.

Principal Investment Strategy: The partnership seeks to achieve its investment objective by primarily making co-investments alongside LKCM Headwater Investments II, L.P. in lower middle-market companies. The partnership may also make co-investments alongside LKCM Headwater Investments II, L.P. in publicly-traded companies or other types of investments. The partnership generally seeks to make 3 to 10 platform investments, typically in the range of \$10 million to \$40 million of equity per investment. The partnership generally will not invest more than 25% of its capital commitments in a single portfolio investment. The minimum size of each portfolio investment will generally be at least \$5 million.

Material Risks: Co-Investment Risk; Compensation Risk; Competition Risk; Concentration Risk; Controlling Position Risk; Counterparty Risk; Cybersecurity Risk; Derivatives Risk; Equity Securities Risk; General Market and Economic Risk; Hedging Risk; Inflation Risk; In-Kind Distributions Risk; Investment Selection Risk; Leverage and Borrowing Risk; Liquidity Risk; Management Risk; Micro Cap Companies Risk; Mid Cap Companies Risk; Portfolio Company Management Risk; Private Investments Risk; Small Cap Companies Risk; Tax Risk; Transferability Risk; Valuation Risk.

LKCM International Equity, L.P.

Investment Objective(s): The partnership seeks to achieve long-term capital appreciation.

Principal Investment Strategies: The partnership seeks to achieve its investment objective by investing primarily in securities of companies domiciled outside of the United States. The

partnership expects to invest in companies domiciled predominantly in developed economies, although it may also invest in companies in less-developed economies and/or emerging markets. The partnership's investment strategy is long-biased and typically focuses on equity securities of publicly-held companies with market capitalizations ranging from micro cap to mega cap. There is no limitation on the partnership's portfolio exposure by asset class, market capitalization, geography, sector, industry or domicile. The partnership intends to utilize financial instruments, both for investment purposes and risk management purposes, in an effort to hedge against its exposures to, among other things, price fluctuations in portfolio investments, securities markets, interest rates, currency exchange rates, and geopolitical events.

Material Risks: Compensation Risk; Competition Risk; Concentration Risk; Counterparty Risk; Cybersecurity Risk; Derivatives Risk; Emerging Markets Risk; Equity Securities Risk; Exchange-Traded Fund Risk; Foreign Securities Risk; General Market and Economic Risk; Hedging Risk; Inflation Risk; In-Kind Distributions Risk; Investment Selection Risk; Large Cap Companies Risk; Leverage and Borrowing Risk; Liquidity Risk; Management Risk; Micro Cap Companies Risk; Mid Cap Companies Risk; Portfolio Company Management Risk; Private Investments Risk; Sector Weighting Risk; Short Selling Risk; Small Cap Companies Risk; Tax Risk; Transferability Risk; Valuation Risk.

LKCM Technology Partnership, L.P.

Investment Objective: The partnership seeks to achieve long-term capital appreciation through investments in technology-related companies.

Principal Investment Strategies: The partnership seeks to achieve its investment objective by buying and selling short securities of technology-related companies. The partnership generally defines technology-related companies as companies that we believe are engaged in offering, using, producing, selling, distributing or developing products, processes, or services that are expected to provide or benefit significantly from technological advances or improvements. The partnership may invest in technology-related companies through an unlimited range of securities and other financial instruments and products. There is no limitation on the partnership's portfolio exposure by asset class, market capitalization, or geography. The partnership may also invest up to 10% of its net assets in private companies at the time of investment.

Material Risks: Compensation Risk; Competition Risk; Concentration Risk; Counterparty Risk; Cybersecurity Risk; Derivatives Risk; Equity Securities Risk; Exchange-Traded Fund Risk; Foreign Securities Risk; General Market and Economic Risk; Hedging Risk; Inflation Risk; In-Kind Distributions Risk; Investment Selection Risk; Large Cap Companies Risk; Leverage and Borrowing Risk; Liquidity Risk; Management Risk; Micro Cap Companies Risk; Mid Cap Companies Risk; Portfolio Company Management Risk; Portfolio Turnover Risk; Private Investments Risk; Short Selling Risk; Small Cap Companies Risk; Tax Risk; Technology-Related Companies Risk; Transferability Risk; Valuation Risk.

Descriptions of Material Risks of the LKCM Partnerships

Co-Investment Risk: The partnership's investment program involves co-investments with affiliated investment partnerships and other investors, which creates various potential conflicts of interest. The general partner of the partnership has discretion in determining the availability of co-investment opportunities, to whom and the manner in which co-investment opportunities are allocated, and the material terms and conditions of co-investment opportunities. The general partner of the partnership may consider various factors in making allocation and other decisions

with respect to co-investment opportunities, including the certainty of funding by prospective co-investors, contractual obligations to provide co-investment opportunities, the size of prospective co-investors' commitments to our investment strategies, or the strategic benefits offered by prospective co-investors. Co-investment opportunities are generally expected to carry more favorable terms, such as lower management fee rates, higher hurdle rates and/or lower performed-based compensation thresholds, and may otherwise provide direct or indirect benefits to us or our affiliates. Co-investments may be effected through sell downs of portfolio companies held by affiliated investment partnerships, side-by-side investments in portfolio companies, or otherwise. Participation in co-investments creates investment allocation, expense allocation, including fees, expenses and costs for transactions not consummated, valuation and other risks and conflicts of interest for the applicable partnerships, their respective general partners, us and/or our principals, employees, affiliates and related parties, and other investors.

Compensation Risk: We are entitled to receive management fees from the partnership, and we and/or the general partner of the partnership are entitled to receive performance-based compensation based on the performance of the partnership, subject to certain limitations contained in the offering and organizational documents of the partnership. We are also entitled to receive management, performance, oversight, board, administrative or similar fees in connection with management, monitoring, oversight, administrative, investment, operational, organizational or similar services that we provide to certain portfolio companies held by the partnership. Management fees could motivate us to gather more assets than we can manage effectively. Performance-based compensation could motivate us, due to our affiliation with the general partner of the applicable partnership, to make investments that are riskier or more speculative than would be the case if such arrangements did not exist. These compensation structures create potential conflicts of interest because we have an incentive to make investment or other decisions for the partnership that benefit our and/or the general partner's financial interests.

Competition Risk: We expect to encounter competition from other funds, fund managers and other investors having similar investment objectives. Potential competitors include other private equity partnerships, business development companies, investment partnerships and corporations, small business investment companies, family offices, individuals, and large industrial and financial companies investing directly or through affiliates. Some of these competitors may have more relevant experience, greater financial resources and more personnel than we have. To the extent that we encounter competition for investments, the partnership's investment returns and/or the value of the partnership's investments may be adversely affected.

Concentration Risk: The partnership's investments generally are not required to be diversified, and it is possible that the partnership's investments could be concentrated in only a few issuers, industries, sectors, companies, geographic regions, asset classes, or strategies. This limited diversification could expose the partnership to losses disproportionate to market movements in general and could have a significant adverse impact on the partnership's investment returns and/or the value of the partnership's investments.

Controlling Position Risk: Because of its level of ownership, representation on the board of directors or other governing body, and/or contractual rights, the partnership may be considered to control, participate in the management of, or influence the conduct of its portfolio companies. The exercise of control over a company imposes potential additional risks of liability for which limited liability afforded to limited partners may not be respected. If these liabilities were to arise, the partnership may suffer significant losses.

Counterparty Risks: The partnership may enter into transactions with third parties in which the failure or delay of the third party to perform its obligations could have an adverse effect on the partnership. The partnership's assets will generally be held in the name of its prime broker or custodian, and the insolvency of the prime broker or custodian may result in the loss of the partnership's assets.

Credit Risk: The partnership is subject to the risk that the issuer or guarantor of a fixed income security held by the partnership becomes unable or unwilling, or is perceived (whether by market participants, ratings agencies, pricing services, or otherwise) as unable or unwilling, to make timely interest or principal payments or otherwise honor its obligations, which may cause the partnership's fixed income securities to lose value. If the partnership holds fixed income securities of an issuer that experiences financial problems, the securities will likely decline in value or the issuer may fail to make timely payments of interest or principal on the securities. The extent of this risk varies based on the terms of the particular security and the financial condition of the issuer. A security's degree of credit risk is often reflected in its credit rating, with higher ratings corresponding to lower perceived credit risk. A downgrade in the credit rating of an issuer of fixed income securities, factors affecting an issuer directly, factors affecting the industry in which a particular issuer operates, and changes in general social, economic or political conditions can increase the risk of default by an issuer or reduce the market value of an issuer's securities. Lower credit quality also may lead to greater volatility in the price of a security and may negatively affect a security's liquidity. Credit ratings agencies may not be correct in assessing the credit quality of an issuer or a fixed income security and may not change their credit rating on an issuer or a fixed income security in a timely manner to reflect events that could affect the issuer's ability to make timely payments on its obligations. Credit ratings reflect a rating agency's opinion regarding a fixed income security's quality but are not a guarantee of quality and do not protect against a decline in the security's value. Credit risk is typically greater for securities with ratings that are downgraded below investment grade. Generally, the longer the maturity of a security, the more sensitive it is to credit risk.

Cybersecurity Risk: Portfolio companies in which the partnership invests, including their service providers, may be negatively impacted due to operational risks arising from, among other things, human or processing errors, systems and technology disruptions or failures, or cybersecurity incidents may negatively impact the partnership, its service providers, as well as the ability of limited partners to interact with the partnership. Cybersecurity incidents may allow unauthorized parties to gain access to or misappropriate the partnership's or a portfolio company's assets or confidential or proprietary information, or cause the partnership or a portfolio company or their respective service providers to suffer data corruption or lose operational functionality. In addition, authorized persons of the partnership or a portfolio company or their respective service providers could inadvertently release confidential or proprietary information stored on the systems of a partnership or a portfolio company or their respective service providers. It is not possible for the partnership or the portfolio companies in which the partnership invests or their respective service providers to identify all of the operational risks that may affect them or to develop processes and controls to completely eliminate or mitigate their occurrence or effects. The partnership and the portfolio companies in which the partnership invests, including their respective service providers, are exposed to various risks related to cybersecurity incidents, and the value of the investments in portfolio companies held by the partnership could be adversely impacted in the event any such cybersecurity incidents occur. The partnership and portfolio companies in which the partnership invests may incur substantial costs to prevent or address cybersecurity incidents.

Derivatives Risk: The partnership may invest in derivative instruments. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument in an amount that greatly exceeds the cash or assets required to establish or maintain the derivative. Accordingly, relatively small price movements in the underlying financial instrument may result in immediate and substantial losses to the partnership. Many derivatives are illiquid and involve exposure to the credit risk of the counterparty because they depend on the counterparty's ability to perform under the applicable contract.

Emerging Markets Risk: The partnership may invest in companies in emerging markets. The economies and political environments of emerging market countries tend to be more unstable than those of developed countries, resulting in more volatile rates of return than the developed markets and substantially greater risk to investors. Emerging markets have unique risks that are greater than or in addition to investing in developed markets because emerging markets are generally smaller, less developed, less liquid, more volatile, more expensive to trade in, and generally have higher risks than the securities markets of the U.S. and other developed markets. Securities in emerging markets also may be less liquid than those in developed markets and foreigners are often limited in their ability to invest in, and withdraw assets from, these markets. The governments of emerging market countries may also be more unstable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sales proceeds of securities from the country, intervene in the financial markets, and/or impose burdensome taxes that could adversely affect prices of securities held by the partnership. There are also other risks of investing in emerging markets, such as greater political uncertainties, an economy's dependence on revenues from particular commodities or on international aid or development assistance, currency transfer restrictions, limited numbers of potential buyers and sellers for securities, trading suspensions, delays and disruptions in securities settlement procedures, and increased volatility and limited liquidity for emerging market securities. In addition, there may be less information available, or less reliable information available, to make investment decisions and accurately evaluate foreign securities. In certain emerging market countries, fraud and corruption may be more prevalent than in developed market countries, and investor protections may be more limited than those in other countries. The value of the partnership's investments in portfolio companies in emerging markets could be adversely impacted by these risks.

Equity Securities Risk: The partnership invests in equity securities and therefore is subject to market risks and significant fluctuations in value. Equity securities are generally subordinate to an issuer's debt in the event of liquidation or bankruptcy. The partnership's investments in equity securities primarily consist of common stocks and may include American Depositary Receipts (ADRs), real estate investment trusts (REITs), and other equity securities. The value of an issuing company's common stock may rise or fall as a result of factors affecting the issuing company, such as decisions made by its management or decreased demand for the company's products or services. A common stock's value may also decline because of factors affecting not just the company, but also companies in the same industry or sector. The price of a company's common stock may also be affected by changes in financial markets that are relatively unrelated to the company, such as changes in interest rates, exchange rates, industry regulation, or other financial market factors. ADRs are receipts issued by domestic banks or trust companies that represent the deposit of a security of a foreign issuer and are publicly traded in the United States. ADRs are subject to certain of the risks associated with investing directly in foreign securities, such as currency fluctuations, political and economic instability, capital restrictions, less liquidity, less government regulation, less publicly available information, increased price volatility, and differences in financial reporting standards, and may not accurately track the prices of the underlying foreign securities and their value may change materially at times when the U.S.

markets are not open for trading. REITs are pooled investment vehicles with their own fees and expenses and are subject to the risks associated with the real estate industry, adverse governmental actions, declines in property and real estate values, and the potential failure to qualify for federal income tax free pass through of net income and net realized gains and exemption from registration as an investment company.

Exchange-Traded Fund Risk: The partnership may invest in exchange-traded funds (ETFs), which are pooled investment vehicles, such as registered investment companies and grantor trusts, whose shares are typically listed and traded on stock exchanges or otherwise traded in over-the-counter markets. To the extent the partnership invests in ETFs, the partnership will be subject to substantially the same risks as those associated with the direct ownership of the securities on which the ETF is based and the value of the partnership's investment will fluctuate in response to the performance of the ETF and its underlying securities. ETFs incur their own fees and expenses and, accordingly, a partnership's investments in ETFs may result in additional expenses associated with the partnership's investment program. Because the value of shares of an ETF depends, among other things, on the level of demand for such ETFs in the financial markets, ETF shares may trade at a discount or premium to their net asset value. The partnership may not be able to liquidate its holdings in ETFs at the most optimal time due to various factors, which could adversely affect the partnership's investment program and performance.

Fixed Income Securities Risk: The partnership invests in fixed income securities and is therefore subject to the risk that the prices of, and the income generated by, fixed income securities held by the partnership may decline significantly and/or rapidly in response to adverse issuer, geopolitical, regulatory, general economic and market conditions, or other developments, such as regional or global economic stability (including terrorism, pandemic and related geopolitical risks), interest rate fluctuations, and those events directly involving the issuers that may cause broad changes in market value, public perceptions concerning those developments, and adverse investor sentiment. These events may lead to periods of volatility, which may be exacerbated by changes in bond market size and structure. In addition, adverse market events may lead to increased redemptions by limited partners, which could cause the partnership to experience a loss when selling securities to meet redemption requests by limited partners.

Foreign Securities Risk: The partnership may directly invest in securities of foreign issuers or may indirectly invest in securities of foreign issuers through ADRs or ETFs that are designed to track the performance of foreign indexes. Investment in foreign securities, or investments in ETFs that are designed to track the performance of foreign indexes, carry potential risks not associated with domestic investments. Accordingly, the partnership is subject to risks associated with foreign markets, such as currency exchange rate fluctuations, political and financial instability, less liquidity and greater volatility of foreign investments, lack of uniform accounting, auditing and financial reporting standards, different government regulation and supervision of foreign banks, stock exchanges, brokers and listed companies, adverse social and economic developments, and limited information about foreign companies. There may be very limited oversight of certain foreign banks or securities depositories that hold foreign securities and currency and the laws of certain countries may limit the ability to recover such assets if a foreign bank or depository or their agents goes bankrupt. To the extent the partnership invests a significant portion of its assets in securities of a single country or geographic region at any one time, it is more likely to be affected by events or conditions in that country or region. In addition, as a result of increasingly interconnected global economies and financial markets, the value and liquidity of a partnership's investments in foreign securities may be negatively impacted by events impacting a country or region, regardless of whether the partnership invests in issuers located in or with significant exposure to such country or region. These risks may be more

pronounced for direct or indirect investments in foreign issuers in emerging markets or developing countries.

General Market and Economic Risk: The partnership's investments are subject to the risk that securities markets may move down, sometimes rapidly and unpredictably, based on overall economic conditions and other factors, which may negatively affect the value of the partnership's investments. Financial markets may at times be volatile and the value of the partnership's investments may decline in price, sometimes significantly and/or rapidly, due to a broad decline in the financial markets or other factors. The value of the partnership's investments may decline due to adverse issuer-specific conditions or general market conditions which are not specifically related to a particular company, such as real or perceived adverse geopolitical, regulatory, market, economic or other developments that impact the financial markets generally or specific economic sectors, industries and segments of the financial markets. Changes in the financial condition of a single company can impact the financial markets as a whole, and during a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Turbulence in financial markets and reduced liquidity in credit, equity and fixed income markets may negatively affect many issuers worldwide and correspondingly the value of the partnership's investments. Geopolitical and other events, including war, terrorism, economic uncertainty, trade disputes, pandemics, public health crises, natural disasters and related events have led, and in the future may continue to lead, to instability in world economies and markets generally and reduced liquidity in equity, credit and fixed income markets. Market disruptions have caused, and may continue to cause, broad changes in market value, negative public perception concerning these developments, a reduction in the willingness and ability of some lenders to extend credit, difficulty for some borrowers in obtaining financing on attractive terms, and adverse sentiment or publicity.

Policy changes by the U.S. government and/or Federal Reserve and political events within the U.S. and abroad, such as changes in the U.S. presidential administration and Congress, the U.S. government's inability at times to agree on a long-term budget and deficit reduction plan, the threat of a federal government shutdown and threats to not increase the federal government's debt limit, may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree. There is a risk that policy changes by the U.S. Government, the Federal Reserve and/or foreign governments could cause increased volatility in financial markets, and higher levels of redemptions by limited partners, which could negatively impact the partnership and its investments. Interest rates have been historically low in recent years in the U.S. and abroad, and central banks reduced interest rates further in an effort to combat the economic effects of the COVID-19 pandemic. However, the U.S. Federal Reserve recently began to reduce its interventions and increase interest rates as the economy improved and inflation accelerated. Global economies and financial markets are becoming increasingly interconnected, which increases the possibility of many markets being affected by events in a single country or events affecting a single or small number of issuers.

Markets and market participants are increasingly reliant upon both publicly available and proprietary information data systems. Data imprecision, software or other technology malfunctions, programming inaccuracies, unauthorized use or access, the execution of ransomware and other cyberattacks and similar circumstances may impair the performance of these systems and may have an adverse impact upon a single issuer, a group of issuers, or the market at large. In certain cases, an exchange or market may close or issue trading halts on either specific securities or even the entire market, which may result in the partnership being, among other things, unable to buy or sell certain securities or accurately price its investments. The

financial markets generally move in cycles, with periods of rising prices followed by periods of declining prices.

An epidemic outbreak and governments' reaction to such a public health crisis could cause uncertainty in the markets and may adversely affect the performance of the global economy. Certain illnesses spread rapidly and have the potential to significantly and adversely affect the global economy. An outbreak of infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and subsequently spread globally. The impact of the outbreak has been rapidly evolving, and the transmission of COVID-19 and its variants and efforts to contain their spread have resulted, and may continue to result, in significant disruptions to business operations, supply chains and customer activity, widespread business closures and layoffs, travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, prolonged quarantines and stay-at-home orders, disruption of and delays in healthcare service preparation and delivery, service and event cancellations and reductions, and lower consumer demand, as well as general concern and uncertainty that has negatively affected the global economy. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty and further developments could result in additional disruptions and uncertainty. These impacts have caused significant volatility in global financial markets. The impact of the COVID-19 pandemic may last for an extended period of time and could result in a substantial economic downturn or recession.

The Federal Reserve has taken numerous measures to address the economic impact of the COVID-19 pandemic, such as the reduction of the federal funds target rate and the introduction of several credit and liquidity facilities, and the U.S. federal government has taken steps to stimulate the U.S. economy. The Federal Reserve and the U.S. federal government may continue to take steps to address the impact of the pandemic. The likelihood and effect of these and other efforts may not be known for some time, and it is not known whether and to what extent they will be successful. In addition, COVID-19 has caused and may continue to cause employees and vendors at various businesses to work at external locations, and could cause extensive medical absences, which could negatively impact portfolio companies held by the partnership.

Decisions by the Federal Reserve regarding interest rate and monetary policy, which can be difficult to predict and sometimes change direction suddenly in response to economic and market events, continue to have a significant impact on securities prices as well as the overall strength of the U.S. economy. The Federal Reserve has spent hundreds of billions of dollars to keep credit flowing through short-term money markets. Recently, the Federal Reserve has signaled it plans to decrease and unwind its interventions, and the Federal Reserve has begun to raise interest rates, in part to address an increase in the annual inflation rate in the U.S., which may adversely affect the present value of the partnership's investments. Future legislative, regulatory and policy changes may result in more restrictions on international trade, less stringent prudential regulation of certain players in the financial markets, and significant new investments in infrastructure and national defense. Over the past several years, the United States has moved away from tighter legislation and regulation impacting businesses and the financial services industry. There is a potential for materially increased regulation in the future, as well as higher taxes or taxes restructured to incentivize different activities. These changes, should they occur, may impose added costs on portfolio companies held by the partnership in ways that cannot necessarily be foreseen at the present time. Markets may react strongly to expectations about the changes in these policies, which could increase volatility, especially if the markets' expectations for changes in government policies are not borne out.

Hedging Risk: The partnership may utilize financial instruments, both for investment purposes and for risk management purposes, in an effort to, among other things, protect against possible changes in the market value of its investment portfolio resulting from fluctuations in the securities markets and changes in interest rates, enhance or preserve returns or gains on any investment in its portfolio, or hedge interest rate or currency exchange rate exposure on any of its assets or liabilities. The success of the partnership's hedging strategy will depend, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. While the partnership may enter into hedging transactions in an effort to reduce risk, such transactions may result in poorer overall performance for the partnership than if it had not engaged in such hedging transactions. The partnership will not be required to hedge any particular risk in connection with a particular transaction or its portfolios, and there can be no assurances that the partnership's hedging strategies or transactions, if any, will be successful.

Inflation Risk: Equity, fixed income and other securities may fall in value due to higher actual or anticipated inflation. Rapid increases in prices for goods and services or other inflationary factors may have an adverse effect on corporate profits or consumer spending, which may result in lower values for equity, fixed income or other securities held by the partnership.

In-Kind Distributions Risk: A withdrawing limited partner may, at the discretion of the general partner, receive securities owned by the partnership in lieu of, or in combination with, cash. The value of securities distributed in-kind may increase or decrease after the distribution is made and before the security is sold by the limited partner. The risk of loss and delay in liquidating these financial instruments will be borne by the limited partner, with the result that the limited partner may ultimately receive less cash than it would have received on the date of withdrawal if it had been paid in cash.

Interest Rate Risk: Changes in interest rates may affect the yield, liquidity and value of investments in income producing or debt securities held by the partnership. Market values of fixed income securities held by the partnership are generally inversely related to actual changes in interest rates. Generally, when interest rates rise, the market value of a fixed income security will decrease, and when interest rates decline, the market value of a fixed income security will increase. Generally, a fixed income security with a longer maturity or duration will entail greater interest rate risk, while a fixed income security with a shorter maturity or duration will entail less interest rate risk. Interest rates may increase significantly and/or rapidly and are influenced by a number of factors, including government policy, monetary policy, inflation expectations, perceptions of risk, and supply and demand of debt securities. Changes in government monetary policy may substantially impact interest rates, but there can be no guarantee that any particular policy will be continued, discontinued or changed, or that it will have the desired effect on interest rates. Short-term and long-term interest rates, and interest rates in different countries, do not necessarily move in the same direction or by the same amount. The Federal Reserve has recently raised interest rates and, in the future, interest rates may continue to increase, perhaps significantly and rapidly, which could result in significant losses for investments held by the partnership. During periods of very low or negative interest rates, the partnership may be unable to develop positive returns or make distributions to limited partners of the partnership. Typically, the longer the maturity or duration of a debt security, the greater the effect a change in interest rates could have on the security's market value.

Investment Selection Risk: The performance of the partnership depends on our ability to select and size investments appropriately and correctly anticipate future price movements, economic

and market conditions, and/or the value of equity securities, fixed income securities and/or other investments. The value of investments held by the partnership may be adversely impacted by developments affecting the specific issuer of the security or its particular industry or sector. These developments may include a variety of factors, such as poor operating or management performance, geopolitical or regulatory factors, a decline in revenues or profitability, losses of key suppliers, customers or material contracts, a failure to meet earnings or other financial or operating performance expectations, litigation or regulatory issues, bankruptcy, an increase in operating or other costs, defaults under credit arrangements or material contracts, weak demand for the issuer's products or services, financial leverage or credit deterioration, or other events that adversely impact the issuer's business or competitive position. Our failure to correctly anticipate such factors and developments could lead to significant declines in the value of the partnership's investments.

Large Cap Companies Risk: The securities of large market capitalization companies held by the partnership may underperform other segments of the market because such companies may be less responsive to competitive challenges and opportunities, such as changes in technology and consumer tastes and preferences. Large market capitalization companies may be unable to attain or maintain the high growth rate of successful smaller companies, especially during periods of economic expansion.

Leverage and Borrowing Risk: The partnership and its portfolio companies have the power to borrow funds and incur leverage to make investments, pay partnership expenses, and for other partnership and operating purposes. These borrowings may be secured by assets of the partnership and/or its portfolio companies, as applicable. The use of leverage can increase the partnership's and its portfolio companies' exposure to rising interest rates, downturns in the economy, or deterioration in the business, financial condition or prospects of the partnership or its portfolio companies or investments. The use of margin and short-term borrowings creates risks for the partnership and its portfolio companies. If the value of the partnership's securities or collateral falls below the margin level required by its prime broker or lender, additional margin deposits would be required. If the partnership is unable to satisfy any margin call by its prime broker or lender, then the prime broker or lender could liquidate some or all of the partnership's investment positions and/or other collateral and cause the partnership to incur significant losses. The inability of the partnership or its portfolio companies to service their debt obligations could have a material adverse impact on the partnership or its investments.

Liquidity Risk: The partnership may hold investments that are illiquid or have no public trading market, or liquid investments may become illiquid in the future under certain market conditions. Any such investments may be difficult to sell or may be sold only at unfavorable times or prices. Market developments may cause the partnership's investments to become less liquid or illiquid and subject to erratic price movements. Investments that are illiquid or that trade in lower volumes may be more difficult to value. The partnership also may not receive proceeds from the sale of certain investments for an extended period of time. Certain investments that were liquid when purchased may become illiquid, sometimes abruptly, particularly in times of overall economic distress or adverse investor perception. The partnership could lose money if it is unable to dispose of an investment at a time that is most beneficial to the partnership. If the size of the partnership is reduced through withdrawals, the illiquidity of the partnership's investments could increase, as liquid assets are sold to satisfy withdrawals while illiquid assets are retained.

Management Risk: We actively manage investments in the partnership. The value of the partnership's investments may decline if we fail to correctly identify risks affecting the broad

economy or specific markets, industries or companies in which the partnership invests, or if investments we select for the partnership fail to perform as anticipated.

Micro Cap Companies Risk: The partnership invests in micro capitalization companies that generally involve greater risks and the possibility of greater price volatility than investments in larger, more established companies. Micro capitalization companies often have narrower commercial markets and more limited operating histories, product lines, and managerial and financial resources than larger, more established companies. Micro capitalization companies may also be more sensitive to changes in interest rates, borrowing costs and earnings than larger, more established companies. As a result, the securities of micro capitalization companies held by the partnership may be less liquid and subject to greater market risks and fluctuations in value than larger capitalization companies or may not correspond to changes in the financial markets in general.

Mid Cap Companies Risk: The partnership invests in mid capitalization companies that generally involve greater risks and the possibility of greater price volatility than investments in larger, more established companies. Mid capitalization companies often have narrower commercial markets and more limited operating histories, product lines, and managerial and financial resources than larger, more established companies. Mid capitalization companies may also be more sensitive to changes in interest rates, borrowing costs and earnings than larger, more established companies. As a result, the securities of mid capitalization companies held by the partnership may be less liquid and subject to greater market risks and fluctuations in value than larger capitalization companies or may not correspond to changes in the financial markets in general.

Portfolio Company Management Risk: Each portfolio company's day-to-day operations are the responsibility of such portfolio company's management team. Although we are responsible for monitoring and oversight of the performance of each portfolio company investment and may therefore be actively involved in the portfolio company's activities, there can be no assurance that the portfolio company's existing management team, or any successor, will be able to operate the portfolio company successfully or otherwise in accordance with our plans. Inadequate performance of a portfolio company's management team could have a negative impact on the partnership's investment in such portfolio company.

Portfolio Turnover Risk: The partnership may buy and sell securities frequently, which typically involves higher expenses, including brokerage commissions, and may increase the amount of capital gains or losses realized by the partnership.

Private Investments Risk: Identifying and participating in private investment opportunities and assisting in the building of successful portfolio companies and businesses are difficult tasks, and often there is limited publicly available information regarding the private companies in which the partnership invests. Many investment decisions are dependent upon our ability to obtain relevant information from non-public sources, and although we dedicate significant time and resources in conducting due diligence prior to making investments, we often are required to make decisions without complete information or in reliance upon information provided by third parties that is difficult or impracticable to verify or is otherwise incorrect or inaccurate. Accordingly, there can be no assurance that our due diligence efforts will reveal or highlight all relevant facts that are necessary or helpful in evaluating private investment opportunities. The marketability and value of each private investment often depends upon many factors beyond our control. Portfolio companies may have substantial variations in operating results from period to period, face intense competition and experience failures or substantial declines in value at any stage. Portfolio companies may need substantial additional equity or debt capital to support working capital

requirements, acquisitions, and operations, or to otherwise achieve or maintain a competitive position in their respective industries. Such capital may not be available on attractive terms, or may not be available at all. An otherwise successful investment in a portfolio company may yield poor investment returns if we are unable to consummate and execute a timely exit strategy for such investment. The receptiveness of potential acquirers of portfolio companies will vary over time and, even if an investment in a portfolio company is disposed of through a merger, consolidation or similar transaction, the partnership's investment in the surviving entity may not be marketable.

Sector Weighting Risk – To the extent the partnership emphasizes investments in particular sectors of the economy, the partnership will be subject to a greater degree of risks particular to those sectors. Market conditions, interest rates, and geopolitical, economic, regulatory or financial developments could significantly affect companies in particular sectors and the values of their securities. Depending on the weightings of the partnership's investment in particular sectors, the partnership may have increased exposure to price movements of securities in those sectors, which could adversely impact investments held by the partnership. The partnership's sector weightings could have an adverse impact on the partnership and lead to a decline in the partnership's net asset value.

Short Selling Risk: The partnership's investments may include short sales. Short sales create the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the partnership of buying those securities to cover short positions. The partnership may be unable to cover short positions at or near prices quoted in the market. Purchasing securities to close out short positions can itself cause the price of the securities to rise further, thereby exacerbating losses.

Small Cap Companies Risk: The partnership invests in small capitalization companies that generally involve greater risks and the possibility of greater price volatility than investments in larger, more established companies. Small capitalization companies often have narrower commercial markets and more limited operating histories, product lines, and managerial and financial resources than larger, more established companies. Small capitalization companies may also be more sensitive to changes in interest rates, borrowing costs and earnings than larger, more established companies. As a result, the securities of small capitalization companies held by the partnership may be less liquid and subject to greater market risks and fluctuations in value than larger capitalization companies or may not correspond to changes in the financial markets in general.

Tax Risk: The partnership intends to operate as partnership for U.S. federal tax purposes. If the partnership were taxable as a corporation, the partnership would be subject to U.S. federal income taxes on any taxable income at regular corporate tax rates and the limited partners would effectively be taxable as corporate shareholders. If the partnership conducts activities or does business in any state, the partnership and the limited partners may be subject to additional taxes and may be required to file state tax returns. The ability of limited partners to deduct certain losses generated by the partnership may be limited under the "at-risk" and "passive loss" limitations of applicable tax laws. Tax-exempt limited partners may be subject to "unrelated business taxable income" in connection with the partnership's activities. There can be no assurance that the partnership will generate sufficient cash flow to make distributions (if any) to limited partners to cover tax liabilities associated with their investments in the partnership, and the partnership is not required to make any such distributions to limited partners to cover such tax liabilities.

Technology-Related Companies Risk: Investments in technology-related companies are subject to a number of risks. For example, competition among technology-related companies may result in increasingly aggressive pricing of their products and services, which may affect the profitability of companies in the partnership's portfolio. As a result, the partnership's investments may be considerably more volatile than those of other partnerships that do not concentrate their investments in technology-related companies.

Transferability Risk: An investment in the partnership is not freely transferable and a limited partner must bear the economic risk of an investment in the partnership for an indefinite period of time. A limited partner generally has the right to withdraw amounts from its capital account only on a limited basis (if at all) in accordance with the terms of the partnership's offering and organizational documents and subject to the provisions of applicable securities laws.

Valuation Risk. Although the general partner of the partnership attempts to value the partnership's investments at fair market value, the general partner's best judgment as to the fair market value of any investment may not accurately reflect the prices at which the partnership could actually sell such investments, particularly illiquid investments such as private equity investments. In valuing illiquid investments, the general partner generally determines the fair market value of the partnership's investments based on a variety of valuation methodologies, which typically depend on subjective estimates and assumptions. A failure to properly value the partnership's assets could have a significant adverse effect on the returns earned and amounts received by limited partners. All values assigned to assets and liabilities of the partnership by its general partner are conclusive and binding on all limited partners. The partnership's ability to value its investments in an accurate and timely manner may be impacted by technological issues and/or errors by third-party service providers, such as pricing services, accounting agents or custodians.

Single-Investment Partnerships

The investment objectives, principal investment strategies, and material risks associated with the Single-Investment Partnerships are set forth in their respective organizational documents. In addition, the Single-Investment Partnerships are also generally subject to the named material risks included above under "Description of Material Risks of the LKCM Partnerships."

Sub-Advised Portfolios

We provide investment sub-advisory services to unaffiliated investment advisors, trust companies and other financial institutions for certain of their separately managed portfolios. Additional information regarding the investment objectives, investment strategies, risks, and other terms of these sub-advised portfolios is available from the principal investment adviser, trust company or other financial institution for such portfolios and generally includes the named material risks included above under "Separately Managed Portfolios."

Information Restrictions

From time to time we obtain non-public information regarding various publicly-traded companies and other investment opportunities. We generally impute non-public information received by members of our investment team to all of our investment professionals. Accordingly, if we receive non-public information about a publicly-traded company or other investment opportunity, we may be restricted from acquiring or disposing of securities of such company or otherwise participating in such investment opportunity for our clients under applicable securities laws. In addition, we may be restricted from

acquiring or disposing of securities of companies or otherwise participating in investment opportunities for our clients to the extent prohibited under confidentiality or standstill agreements we enter into with various parties. Our inability to acquire or dispose of securities of companies or otherwise pursue investment opportunities as a result of these restrictions could adversely impact our clients.

Cybersecurity

With the increased use of technologies, such as internet-based programs and data storage applications, and dependence on computer systems, networks and other programs to perform necessary business functions, we may be more susceptible to operational and related risks associated with cybersecurity breaches. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from unauthorized access or use, whether intentional or unintentional. Although we and our affiliates have implemented various measures in an effort to manage cybersecurity risks, our information technology systems and networks could be compromised by cybersecurity incidents. Cybersecurity incidents could result in, among other things, unauthorized access to or use of confidential or proprietary information regarding us or our clients, or cause us or our affiliates or clients to experience financial losses, data corruption, losses or disruptions in operational functionality, loss or theft of confidential or proprietary information, data or assets, reputational damage, physical damage to networks and computer systems, or significant remedial costs, any of which could have an adverse effect on us or our clients. Similar cybersecurity risks exist with respect to our service providers, those companies in which we invest pursuant to our investment strategies, or other counterparties such as banks, brokers and custodians. Notwithstanding the diligence that we and our affiliates may perform on such service providers, portfolio companies and counterparties, cybersecurity incidents impacting such parties could have an adverse effect on us or our clients as well as the value and performance results of our investment strategies.

ITEM 9 – DISCIPLINARY INFORMATION

Not applicable.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

LKCM Funds

We serve as the investment adviser to the LKCM Funds, a registered investment company comprised of seven funds. Under our investment advisory agreement with the LKCM Funds, we charge each Fund a management fee at a specified annual percentage rate of the Fund's average daily net assets. These management fees are calculated at annualized rates ranging from 0.50% to 0.90% of each Fund's average daily net assets and are paid quarterly in arrears. We have agreed to waive our management fees and/or reimburse expenses for each Fund in order to maintain designated expense ratios of between 0.50% to 1.00% per annum for the Funds as described in their prospectuses and statements of additional information. Each Fund also pays other fees and expenses in addition to our management fees, such as distribution fees and expenses, administrative fees and expenses, custodial and transfer agent fees and expenses, accounting and professional fees and expenses, trustee fees and expenses, sub-transfer agency and shareholder servicing fees and expenses, and other operating and offering expenses.

Several of our employees serve as officers of the LKCM Funds:

- J. Luther King, Jr. – Trustee, President and Chief Executive Officer
- Paul W. Greenwell – Vice President

- Jacob D. Smith – Chief Financial Officer and Chief Compliance Officer
- Richard Lenart – Secretary and Treasurer

We, along with our principals, employees, affiliates and related parties, are shareholders of the LKCM Funds. We therefore have an incentive to favor the LKCM Funds over other client portfolios, such as by allocating more profitable investments or opportunities to the LKCM Funds or by devoting more resources to the LKCM Funds. We also have an incentive to favor the LKCM Funds over other client portfolios because our management fee waiver and expense cap reimbursement obligations decrease as assets in the LKCM Funds increase.

Additional information regarding our investment advisory services to, and potential risks and conflicts of interest associated with, the LKCM Funds is included in the prospectus and statement of additional information for each Fund filed with the Securities and Exchange Commission.

LKCM Partnerships

We serve as the investment adviser to the LKCM Partnerships and receive management fees for providing investment advisory services to the LKCM Partnerships. Our principals, affiliates and/or related parties serve as the general partners of the LKCM Partnerships and are entitled to receive performance-based compensation with respect to the LKCM Partnerships, subject to certain limitations contained in the offering and organizational documents of such partnerships. These management fees and performance-based compensation may exceed the compensation we receive for providing investment advisory services to other client portfolios. We and/or our principals, employees, affiliates and related parties are limited partners of the LKCM Partnerships. We offer advice to qualified existing and prospective clients regarding investing in the LKCM Partnerships. We and/or our affiliates or related persons generally receive management, performance, oversight, board, administrative or similar fees in connection with management, monitoring, oversight, administrative, investment, operational, organizational or similar services that we and/or our affiliates, employees or related persons provide to portfolio companies of the LKCM Partnerships. Certain of our principals, employees and related parties serve as directors or officers of the LKCM Partnerships and their portfolio companies, which could impose fiduciary duties on such individuals or otherwise motivate them to act in a manner that conflicts with the interests of the applicable LKCM Partnership and its limited partners. These relationships create potential conflicts of interest because we have financial and other incentives to favor our interests, including the interests of our principals, employees and/or related parties, as well as the interests of the LKCM Partnerships and their portfolio companies, over other client portfolios.

Additional information regarding our investment advisory services to, and potential risks and conflicts of interest associated with, the LKCM Partnerships is included in the offering and organizational documents for the LKCM Partnerships.

Single-Investment Partnerships

We and/or our affiliates or related persons serve as the general partners or managing members of the Single-Investment Partnerships. We and/or our affiliates or related persons generally receive management, performance, oversight, board, administrative or similar fees in connection with management, monitoring, oversight, administrative, investment, operational, organizational or similar services that we and/or our affiliates or related persons provide to the Single-Investment Partnerships or their portfolio companies. These fees may exceed the compensation we receive for providing investment advisory services to other client portfolios. We and/or our principals, employees, affiliates and related parties are investors in the Single-Investment Partnerships. We offer advice to qualified existing and prospective clients regarding investing in the Single-Investment Partnerships. Certain of our principals,

employees or related parties serve as directors or officers of the Single-Investment Partnerships and their portfolio companies, which could impose fiduciary duties on such individuals or otherwise motivate them to act in a manner that conflicts with the interests of the applicable Single-Investment Partnership and its limited partners. These relationships create potential conflicts of interest because we have financial and other incentives to favor our interests, including the interests of our principals, employees and/or related parties, as well as the interests of the Single-Investment Partnerships and their portfolio companies, over other client portfolios.

Additional information regarding the Single-Investment Partnerships is included in the organizational documents for the Single-Investment Partnerships.

Sub-Advised Portfolios

We serve as sub-adviser to unaffiliated investment advisors, trust companies and other financial institutions for their separately managed portfolios. We provide investment advisory services to each of these sub-advised portfolios based on the underlying client's investment objectives, goals, restrictions, tax status, risk profile, liquidity requirements and other relevant considerations communicated to us by the primary investment adviser, trust company or other financial institution.

LKCM Financial Services, LLC

We hold a controlling equity interest in LKCM Financial Services, LLC, a company that provides non-investment advisory multi-family office services, including tax preparation, partnership accounting, data and account aggregation, check writing, bank reconciliation and other related services, to high net worth individuals and their families. Some of our employees serve as officers and directors of LKCM Financial Services, LLC. Although we maintain policies, procedures and controls to separate our operations from those of LKCM Financial Services, LLC, this affiliation creates potential conflicts of interest because we and our employees have a financial interest in, and have an incentive to devote more resources to, LKCM Financial Services, LLC and the services it provides.

Outside Business Activities

Some of our employees serve as officers, directors or trustees of publicly-held companies, privately-held companies, and/or non-profit organizations. Our investment management agreement with you generally grants us discretionary authority to purchase a wide range of securities on your behalf, including securities of companies for which our employees serve as officers, directors or trustees. Our principals, employees and related parties that serve as officers, directors or trustees of such companies or organizations generally have fiduciary duties to such companies or organizations, which could motivate them to act in a manner that conflicts with the interests of our clients. These relationships create potential conflicts of interest because we and our employees have a financial or other interest in, or have an incentive to devote more resources to, companies or organizations for which our employees serve as officers, directors or trustees.

Potential Conflicts of Interest

Potential conflicts of interest exist among us and our principals, employees, affiliates, related parties, and clients with respect to our investment advisory and other services for separately managed portfolios, the LKCM Funds, the LKCM Partnerships, the Single-Investment Partnerships, sub-advised portfolios, wrap fee programs and model portfolio programs. These conflicts of interest are summarized throughout this brochure, in particular in *Item 5 – Fees and Compensation*, *Item 6 – Performance-Based Fees and Side-by-Side Management*, *Item 10 – Other Financial Industry Activities and Affiliations*, *Item 11 – Code of*

Ethics, Participation or Interest in Client Transactions and Personal Trading, Item 12 – Brokerage Practices, and Item 14 – Client Referrals and Other Compensation of this brochure, which we encourage you to read carefully and its entirety. Additional information regarding the conflicts of interest inherent in our investment advisory business are disclosed in the prospectuses, statements of additional information, offering documents, organizational documents and/or financial statements for the LKCM Funds, the LKCM Partnerships and the Single-Investment Partnerships, as applicable, which we also encourage you to read carefully and in their entirety.

This brochure seeks to disclose the conflicts of interest that we and our principals, employees, affiliates and related parties encounter in connection with our investment advisory business and other services for clients, although we and our principals, employees, affiliates and related parties may face other conflicts of interest in addition to those summarized herein. In particular, we may in the future identify additional conflicts of interest that currently are not apparent to us as well as conflicts of interest that arise or expand as we develop new investment strategies and otherwise adapt to dynamic markets and an evolving regulatory environment. We attempt to handle conflicts of interest in a manner using our best judgment, but in our sole discretion, and in a manner that we believe is fair and equitable under the circumstances.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

We have adopted a code of ethics in accordance with rules adopted by the Securities and Exchange Commission under the Investment Advisers Act of 1940. Our code of ethics reflects the principle that our employees owe a fiduciary duty of care, loyalty and good faith to our clients. Our code of ethics also provides that our employees must comply with applicable federal securities laws and may not engage in any act, practice or course of conduct that operates as a fraud or deceit upon our clients.

In general, our code of ethics contains policies and procedures that require our employees to:

- pre-clear their trades in reportable securities, excluding certain exempted transactions;
- refrain from trading in reportable securities during blackout periods established under the code of ethics;
- comply with certain holding period requirements in the code of ethics;
- identify their brokerage or securities accounts to us;
- report their securities transactions and holdings to us on a periodic basis or as more frequently required by the code of ethics;
- certify their compliance with our code of ethics on a periodic basis;
- provide us with copies of their trade confirmations and account statements or otherwise make such information available to us through third-party reporting systems; and
- report any actual or suspected violations of the code of ethics to us.

Our code of ethics also contains policies and procedures with respect to the solicitation or acceptance of gifts or entertainment by our employees. In general, our code of ethics requires employees to obtain preclearance for any gift or entertainment from any person or entity that does business with us or on our behalf if the value thereof exceeds certain thresholds identified in our code of ethics. Our code of ethics does not prohibit employees from accepting gifts or entertainment that are based on family or close personal relationships where the relationship was the motivating factor for the gift or entertainment.

Our code of ethics also contains policies and procedures with respect to outside business activities by our employees. In general, our code of ethics requires employees to obtain preclearance prior to serving as a proprietor or compensated employee, officer, director or consultant of a for-profit business that is not related to or affiliated with us. Our code of ethics does not prohibit employees from serving as directors, officers or representatives of organizations whose activities are charitable, civic, or tax-exempt in nature.

Our code of ethics is available to existing and prospective clients upon request. To receive a copy of our code of ethics, please contact:

Anna Nikiforova, Chief Compliance Officer
Luther King Capital Management Corporation
301 Commerce Street, Suite 1600
Fort Worth, Texas 76102
Telephone No.: (817) 332-3235
E-mail: anikiforova@lkcm.com

Participation or Interest in Client Transactions

We serve as the investment adviser to the LKCM Funds, a registered investment company consisting of seven funds. We serve as the investment adviser for the LKCM Partnerships, and our affiliates and related persons serve as the general partners of the LKCM Partnerships. We and/or our affiliates or related persons serve as the general partners or managing members of the Single-Investment Partnerships. In these capacities, we receive management fees from the LKCM Funds, the LKCM Partnerships and the Single-Investment Partnerships and, subject to certain limitations, the general partners or managing members of the LKCM Partnerships and the Single-Investment Partnerships, which are our affiliates or related persons, are entitled to receive performance-based compensation from certain LKCM Partnerships or Single-Investment Partnerships. Our principals, employees and related parties serve as directors or officers of the LKCM Partnerships, the Single-Investment Partnerships, and their respective portfolio companies. We and/or our principals, employees and affiliates have a significant direct or indirect financial interest in certain separately managed portfolios, LKCM Funds, LKCM Partnerships and Single-Investment Partnerships. We offer advice or make recommendations to qualified existing and prospective clients regarding investing in the LKCM Funds, LKCM Partnerships or Single-Investment Partnerships. These relationships create potential conflicts of interest because we have a financial incentive to favor such separately managed portfolios, LKCM Funds, LKCM Partnerships and Single-Investment Partnerships, as applicable, over other client portfolios. We furnish prospective investors with offering documents, organizational documents and other information concerning the LKCM Partnerships or the Single-Investment Partnerships for their consideration when making decisions to invest in the LKCM Partnerships or the Single-Investment Partnerships, as applicable. We also provide prospective investors with an opportunity to ask us questions prior to investing in the LKCM Partnerships or the Single-Investment Partnerships.

We and/or our affiliates and related parties, including the LKCM Partnerships and Single-Investment Partnerships, from time to time engage in affiliated, principal or related party transactions with clients, including other LKCM Partnerships and Single-Investment Partnerships, in accordance with requirements under applicable regulations and/or applicable organizational, offering and other governing documents of such clients. In general, such requirements include making required disclosures to, and/or obtaining consent from, applicable clients with respect to such transactions, obtaining approvals for such transactions pursuant to the organizational, offering and governing documents of such clients, and/or obtaining approvals with respect to such transactions from limited partners or applicable limited partner advisory committees. These transactions present potential conflicts of interest because we and/or our

affiliates and related parties have an incentive to favor our own direct or indirect financial interests in connection with such transactions.

Personal Trading

We and our principals, employees or affiliates purchase or sell for our own portfolios the same securities that we purchase or sell for client portfolios. We also recommend that our clients purchase or sell the same securities that we and/or our principals, employees or affiliates purchase or sell for our own portfolios. We and/or our principals, employees or affiliates purchase or sell securities for our own portfolios at the same or different times as client portfolios. We and/or our principals, employees or affiliates also purchase or sell securities for our own portfolios while selling or purchasing the same securities for client portfolios. These practices create potential conflicts of interest because we and/or our principals, employees and affiliates have an incentive to favor our own portfolios, or portfolios in which we have a direct or indirect financial interest, over other client portfolios. We believe that we have implemented policies and procedures that are reasonably designed to mitigate these potential conflicts of interest. For example, our code of ethics contains policies and procedures for pre-clearing reportable transactions in securities that may be purchased or sold for client portfolios, requiring reportable transactions to meet specified minimum holding periods, and restricting reportable transactions during blackout periods specified by the code of ethics.

ITEM 12 – BROKERAGE PRACTICES

Brokerage Discretion and Best Execution

In most cases, our investment management agreement with you grants us the authority to select the brokers through which your trades are executed and to determine the commission rates to be paid to these brokers. We may consider several factors when selecting brokers to execute your trades, including:

- the quality of executions and liquidity provided by the broker;
- the ability of the broker to maintain confidentiality of client orders and order flow;
- the ability of the broker to minimize market impact for client transactions;
- the commission rates charged by the broker in comparison to the rates charged by other brokers for similar transactions;
- the research and brokerage services provided by the broker;
- the broker's responsiveness to orders;
- the broker's ability to obtain timely, accurate and cost-effective executions;
- the ability of the broker to accurately communicate the nature of the market in a particular security;
- the broker's execution policies and commitment to providing best execution;
- the broker's willingness and ability to access better-priced orders in electronic communications networks on behalf of routed orders;
- the frequency and amount of price improvement typically provided by the broker;
- the size and volume of the broker's order flow;
- the efficiency and accuracy of the broker's operations with regarding to settlement procedures; and
- whether or not you have provided us instructions that some or all of your trades be directed to a broker of your choice for execution.

The commission rates paid to brokers for client transactions over which we have discretionary authority are typically reviewed on an annual basis. We consider a number of factors when reviewing these commission rates, including, among other factors, information regarding the commission rates generally prevailing in the industry and at other comparable firms, third-party commission rate studies and reports, and portfolio turnover rates for our investment strategies. Commission rates vary for discretionary client transactions executed through full service executing brokers versus those transactions executed through electronic communications networks or other alternative trading venues. In addition, commission rates for client transactions over which we have discretionary authority may be greater than the commission rates paid by clients with client-directed brokerage arrangements.

Research and Soft Dollar Benefits

We execute trades for your portfolio with brokers that provide us with research and brokerage services at no out-of-pocket cost to us, and our receipt of the research or brokerage products and services is a factor in our selection of brokers to execute transactions for your portfolio. Our use of commissions generated from your securities transactions to acquire research and brokerage products and services is generally referred to as “soft dollars.” During our last fiscal year, we acquired the following research and brokerage products and services using soft dollars:

- analyses, reports, financial publications, and other information regarding the economy, markets, industries, securities, companies and portfolio strategy;
- access to securities and industry analysts and corporate management teams;
- seminars and conferences related to markets, sectors, industries, securities and companies; and
- market and economic data and other technical and quantitative information about markets, industries, securities and companies.

The research and brokerage products and services that we receive are considered to be both proprietary and third-party in nature. Proprietary research and brokerage products and services are created, developed and provided by the broker executing the trades for which soft dollars are generated. Third-party research and brokerage products and services are created and developed by a third-party but provided by the broker executing the trades for which soft dollars are generated.

Our use of soft dollars creates conflicts of interest. When we use client commissions to acquire research and brokerage products and services, we do not have to produce or pay for the research and brokerage products and services with our assets. We have an incentive to select, use or recommend a broker based on our interest in receiving research or brokerage products and services, rather than on your interest in receiving most favorable execution. We believe that the research and brokerage products and services provided by the brokers benefit our investment decision-making process and clients. When we use client commissions to obtain research and brokerage products and services, we pay commissions to brokers for your transactions that may be higher than those charged by another broker for the same transactions. The soft dollar credits that we use to purchase eligible research and brokerage products and services are generally calculated based on the difference between the per share commission rate charged by the executing brokers and the per share execution-only rate charged by the executing brokers.

We generally use research and brokerage products and services acquired with soft dollars to service all of our clients, rather than those whose commissions pay for the products and services. We do not seek to allocate these soft dollar benefits among client portfolios proportionately to the soft dollar credits the portfolios generate because we believe that, in the aggregate, they benefit all clients and assist us in

providing investment advisory services to clients. You may benefit from the research and brokerage products and services that we receive even if your portfolio prohibits soft dollar transactions.

We also participate in “commission sharing arrangements” under which we receive credits from certain brokers that execute transactions for client portfolios. We use these credits to purchase research products and services from the executing brokers, other brokers, or third parties that provide the products and services. We believe these arrangements benefit our investment decision-making process and clients. The commission sharing arrangement credits that we use to purchase eligible research and brokerage products and services are generally calculated based on the difference between the per share commission rate charged by the executing brokers and the per share execution-only rate charged by the executing brokers.

We have adopted policies and procedures in an effort to mitigate conflicts of interest associated with our use of soft dollars. Under our policies and procedures, the research and brokerage products and services we receive through soft dollars must satisfy the following conditions:

- the research and brokerage products and services must be eligible under Section 28(e) of the Securities Exchange Act of 1934;
- our use of the research and brokerage products and services must provide us with lawful and appropriate assistance in connection with the performance of our investment decision-making responsibilities; and
- we must determine in good faith that the amount of commissions paid to a broker for a soft dollar arrangement is reasonable in light of the value of the products and services provided by the broker (either in terms of a particular transaction or our overall responsibility with respect to portfolios for which we exercise investment discretion).

Our soft dollar and commission sharing arrangements and practices are reviewed at least annually by our Brokerage and Compliance Committee. The Brokerage and Compliance Committee reviews, among other things, our soft dollar and commission sharing arrangements for compliance with regulatory requirements and our policies and procedures, our soft dollar budget, brokerage allocations to soft dollar and commission sharing arrangement brokers, and our mixed-use soft dollar allocations as described below.

Some of the research and brokerage products and services we use may be considered “mixed-use.” Mixed-use products and services are those that qualify as eligible research or brokerage products and services under Section 28(e) of the Securities Exchange Act of 1934, but which are being used for both eligible purposes (such as assisting our investment decision-making responsibilities) and ineligible purposes (such as marketing). We make a good faith allocation of the mixed-use of any such products and services and pay soft dollars for the eligible portion and our assets for the ineligible portion. Any mixed-use allocations are reviewed at least annually by our Brokerage and Compliance Committee. Although we believe our allocations of any mixed-use products and services are reasonable and made in good faith, a potential conflict of interest exists because we have an incentive to make mixed-use allocations that benefit our soft dollar arrangements.

Client-Directed Brokerage Arrangements

You may provide us with instructions to direct your securities transactions to a broker of your choice for execution, such as the custodian for your portfolio. If so, we generally will not be able to negotiate commissions or potentially achieve more favorable execution of your securities transactions. If we do not use the broker of your choice for execution of a particular securities transaction, you may incur custodial fees and expenses related to such transaction in addition to the underlying commissions or other amounts paid to the executing broker for such transaction. Accordingly, clients with client-directed brokerage

arrangements may pay higher commission costs or realize less favorable prices on securities transactions than those clients for which we have authority to select brokers. We consider wrap program clients to have client-directed brokerage arrangements since we do not have discretion in selecting the brokers through which trades for these clients are executed. Although we do not require you to execute transactions through specified brokers, we generally will recommend certain brokers and/or custodians to clients upon request as further described in this brochure.

We generally will not aggregate orders for clients with client-directed brokerage arrangements with those for clients without such arrangements. In these instances, we generally execute transactions for clients without such arrangements prior to executing transactions for clients that have these arrangements. As a result, clients with client-directed brokerage arrangements may be exposed to unfavorable market movements or may otherwise realize less favorable prices on securities transactions than those clients for which we have authority to select brokers.

Directed Brokerage Practices

We may execute your securities transactions through brokers that have entered distribution or selling agreements with the LKCM Funds. Although we prohibit the practice of directing brokerage to brokers to finance the distribution of shares of the LKCM Funds, a potential conflict of interest exists because we have an incentive to direct brokerage to brokers for such purposes.

Trade Allocation and Aggregation

We manage your portfolio based on your investment objectives, guidelines, restrictions, tax status, risk profile, liquidity requirements and other relevant considerations, which may overlap with those of other clients. Although we generally execute securities transactions on behalf of our clients on a first-in, first-out trade order basis, we generally have authority to aggregate purchase and sale orders for a particular security in your portfolio with orders of other clients. This may enable us to prevent information leakage by directing the entire order to a particular broker, take advantage of the larger order size to interact with larger buyers and sellers, reduce our footprint in the market, negotiate better transaction prices, and/or reduce transaction costs.

We have adopted policies and procedures for aggregating and allocating client securities transactions. If each client participating in an aggregate order receives its full allocation, then each participating client generally receives the average price per share paid or received for the purchased or sold securities with transaction costs shared pro rata among participating clients. If each client participating in an aggregated order receives less than its full allocation, then each participating client generally receives its pro rata share of the executed order with transaction costs shared proportionately. Under certain circumstances, we have discretion to use alternative allocation procedures if we believe all participating clients are treated fairly and equitably. The circumstances under which we may use alternative allocation procedures generally include when:

- a pro rata allocation would result in one or more participating clients receiving an odd lot of securities or less than a minimum number of securities;
- a pro rata allocation would increase transaction costs or otherwise not be cost effective for smaller participating clients;
- a pro rata allocation would be inconsistent with a participating client's investment guidelines, available cash, or liquidity requirements; or
- an alternative allocation is necessary to achieve or restore appropriate weighting in a security for participating clients or to facilitate step-out arrangements.

The LKCM Funds, the LKCM Partnerships and other portfolios in which we and/or our principals, employees or affiliates have a financial interest participate in aggregated orders. This creates a potential conflict of interest because we have an incentive to allocate trades to the LKCM Funds, the LKCM Partnerships or these other portfolios instead of our other clients.

We participate in model portfolio programs established by unaffiliated third-party sponsors for our equity and small-mid cap investment strategies. Under our agreements with the sponsors of these programs, we generally communicate model equity portfolios to the sponsors on a rotational basis with the execution of trades for clients invested in our investment strategies for which we have discretionary authority. Depending on the timing of these communications, the sponsors may execute trades for their clients before we execute trades for clients for which we have discretionary authority, which could result in applicable clients realizing less favorable prices on securities transactions than those that would have been obtained if we did not participate in such programs.

Step-Outs

We generally have authority to use step-out procedures when executing securities transactions for your portfolio. In these circumstances, we may direct one or more executing brokers to allocate portions of your trades to other brokers for clearance or settlement to accommodate your commission recapture arrangements, if any, or to obtain soft dollar benefits. Accordingly, a potential conflict of interest exists because we have an incentive to use step-out arrangements that benefit our soft dollar arrangements.

IPO Allocations

Our policies and procedures for allocating initial public offerings of equity securities among our clients are described below.

- **Micro Cap IPOs** – Micro Cap IPOs consist of initial public offerings of companies with an estimated market capitalization of less than \$700 million based on the offering price. We allocate Micro Cap IPOs to eligible LKCM Partnerships.
- **Small Cap IPOs** – Small Cap IPOs consist of initial public offerings of companies with an estimated market capitalization between \$700 million and \$2 billion based on the offering price. We allocate Small Cap IPOs among portfolios that meet the following requirements: the portfolio has a market value of at least \$10 million, the principal investment strategy for the portfolio is investing in small cap companies, and the portfolio does not have client-directed brokerage arrangements. Eligible LKCM Funds and LKCM Partnerships also participate in Small Cap IPOs. Each Small Cap IPO is allocated on a rotational basis, with each eligible portfolio receiving a 1.0% portfolio weighting of the Small Cap IPO until the securities have been fully allocated. This process is repeated for each Small Cap IPO, each time beginning with the next eligible portfolio.
- **Small-Mid Cap IPOs** – Small-Mid Cap IPOs consist of initial public offerings of companies with an estimated market capitalization range between \$2 billion and \$3.5 billion based on the offering price. We allocate Small-Mid Cap IPOs among portfolios that meet the following requirements: the portfolio has a market value of at least \$10 million, the principal investment strategy for the portfolio is investing in small cap and/or or mid cap companies, and the portfolio does not have client-directed brokerage arrangements. Eligible LKCM Funds and LKCM Partnerships also participate in Small-

Mid Cap IPOs. Each Small-Mid Cap IPO is allocated on a rotational basis, with each eligible portfolio receiving a 1.0% portfolio weighting of the Small-Mid Cap IPO until the securities have been fully allocated. This process is repeated for each Small-Mid Cap IPO, each time beginning with the next eligible portfolio.

- Large Cap IPOs – Large Cap IPOs consist of initial public offerings of companies with an estimated market capitalization over \$3.5 billion based on the offering price. We allocate Large Cap IPOs among equity and balanced portfolios that meet the following requirements: the portfolio has a market value of at least \$20 million, the portfolio is non-taxable, and the portfolio does not have client-directed brokerage arrangements. Eligible LKCM Funds and LKCM Partnerships also participate in Large Cap IPOs. Each Large Cap IPO is allocated on a rotational basis, with each eligible portfolio receiving a 1.0% portfolio weighting of the Large Cap IPO until the securities have been fully allocated. This process is repeated for each Large Cap IPO, each time beginning with the next eligible portfolio.

Portfolio managers for eligible portfolios have discretion to decline allocations of initial public offerings based upon the client's investment guidelines, objectives, restrictions, liquidity requirements, or other relevant considerations. Under these circumstances, declined allocations are generally presented to the portfolio manager for the next eligible portfolio. We determine portfolios eligible to participate in initial public offerings on a quarterly basis.

Trade Errors

We have adopted policies and procedures for correcting trade errors that occur with respect to client portfolios. We generally seek to correct trade errors prior to the settlement of the particular trade giving rise to the error without any resulting economic impact to the applicable client. If a trade error occurs that results in a loss for a client portfolio, we will correct the trade error and we or the broker responsible for the trade error will bear the full amount of the loss. If a trade error occurs that results in a gain for a client portfolio, we will correct the trade error and the gain will be credited to the client portfolio to the extent permitted by the client's custodian and, if not permitted by the client's custodian, any such gain resulting from a trade error is generally donated to a charitable organization as determined by the client's custodian.

ITEM 13 – REVIEW OF ACCOUNTS

Reviews

Our portfolio managers and analysts meet periodically to review our investment strategies, general economic and market conditions and developments, specific companies and investment ideas, and security-specific issues. Our portfolio managers regularly review and monitor investment performance, securities holdings, sector weightings, asset allocations, and other portfolio characteristics for client portfolios. Our client administrative officers regularly perform reconciliations, affirm trades, and perform other administrative activities for client portfolios. Our portfolio managers periodically review and monitor client portfolios for adherence to the portfolio's investment strategy and guidelines. Client portfolios may be reviewed on a more frequent basis depending on a variety of factors, such as changes in market, political or economic conditions, contributions or withdrawals of cash or securities from a portfolio, changes in the portfolio's investment objectives, guidelines or restrictions, or meetings with clients.

Reports

We provide the following reports for separately managed portfolios, the LKCM Funds, and the LKCM Partnerships:

- **Separately Managed Portfolios** – On a quarterly basis, we provide a written portfolio review letter, portfolio statement, and economic outlook. The portfolio review letter is written by the portfolio manager for the portfolio and generally discusses portfolio performance and asset allocations. The portfolio statement generally identifies the positions held in the portfolio at the end of the quarter and summarizes the unrealized gains and losses and income generated by the portfolio during the quarter. The economic outlook generally provides our assessment of historical economic and market conditions as well as our expectations concerning future economic and market conditions. If clients request other written reports, we generally provide those reports at the intervals requested by clients. We also provide written reports and presentations to clients during scheduled client meetings. Clients will also receive quarterly or monthly statements from their custodians, and we urge clients to compare our portfolio statements with those received from their custodians.
- **LKCM Funds** – Each Fund provides its shareholders with a written annual report to shareholders, semi-annual report to shareholders, and prospectus. Each Fund may also provide additional written reports to shareholders as required by applicable federal securities laws, as described in its prospectus or statement of additional information, or as determined by the board of trustees for such Fund. Additional information regarding the LKCM Funds is made available on their websites at www.lkcmfunds.com and www.aquinasfunds.com.
- **LKCM Partnerships** – Each LKCM Partnership typically provides a written performance letter or report and account statement to its limited partners on a quarterly or annual basis. Each LKCM Partnership also provides audited financial statements to its limited partners on an annual basis. Each LKCM Partnership also provides limited partners with other written reports and information specified in its offering or organizational documents or as determined by the general partner of such LKCM Partnership.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

We participate in the Schwab Advisor Network program sponsored by Charles Schwab & Co., Inc. (“Schwab”) and compensate Schwab for referrals for separately managed portfolios received through the program. Schwab is a broker-dealer independent of and unaffiliated with us, and Schwab is not responsible for our management of client portfolios. We generally pay Schwab a tiered quarterly participation fee based on a percentage of the value of assets held in Schwab custodial accounts of certain clients and their family members that are referred to us by Schwab through the program. Except under certain circumstances, we are also required to pay Schwab a one-time transfer fee based on the value of assets that are transferred by certain referred clients and their family members to accounts maintained with custodians other than Schwab. The one-time transfer fee may exceed the participation fees for applicable referred client portfolios. Referred clients and their family members are not responsible for paying these fees, which we pay directly to Schwab using our own resources. We do not charge extra management fees on client portfolios solely because they were referred to us through the program. Our participation in the program creates a potential conflict of interest because we have an incentive to encourage referred clients and their family members to maintain their custodial accounts with Schwab.

Our participation in the program does not affect our duty to seek best execution for referred clients as further described in this brochure. Although we do not require our non-program clients to maintain their custodial accounts with Schwab, we generally recommend that such clients do so in response to requests from such clients seeking custodians for their portfolios. Schwab generally does not charge our clients separate custodial account fees, but instead is compensated through commissions or other transaction-related fees, if any, for securities transactions executed through Schwab, which commissions and fees, if any, are generally lower than those paid by clients with non-Schwab custodial accounts as a result of the amount of assets under management that our clients hold through Schwab custodial accounts.

We have entered into a solicitation agreement with Aureus Partners, Inc. (“Aureus”) to solicit, on a non-exclusive basis, qualified prospective clients as mutually agreed upon by us and Aureus for our international equity investment strategy and such other of our investment strategies as we may agree from time to time. Under the solicitation agreement, we pay Aureus a cash solicitation fee equal to twenty percent (20%) of the management fees that we receive attributable to eligible clients and investment strategies covered by the solicitation agreement. Pursuant to the solicitation agreement, Aureus is responsible for maintaining compliance with all applicable laws, rules and regulations in connection with the services it provides under the solicitation agreement. We do not charge extra management fees on client portfolios solely because they were referred to us through Aureus or due to Aureus being eligible for compensation under the solicitation agreement with respect to those client portfolios. The solicitation arrangement with Aureus creates a potential conflict of interest because our management fees will increase to the extent that we add new client relationships, or expand our relationships with existing clients, as a result of the solicitation agreement with Aureus.

We pay compensation from our own resources to financial intermediaries in connection with the distribution and sale of shares of the LKCM Funds and as compensation for shareholder-related services, such as administrative, sub-transfer agency, recordkeeping and other related shareholder services. We also pay compensation to financial intermediaries to make shares of the LKCM Funds available to investors through fund platforms or similar programs or for services provided in connection with these platforms or similar programs. These payments generally benefit us and the LKCM Funds by providing financial intermediaries with an incentive to recommend sales of shares of the LKCM Funds over other potential investments. We are reimbursed by Quasar Distributors, LLC, the principal underwriter for the LKCM Funds, for eligible portions of the compensation that we pay to financial intermediaries pursuant to distribution plans, shareholder servicing and sub-transfer arrangements, and related agreements implemented by the LKCM Funds pursuant to Rule 12b-1 under the Investment Company Act of 1940 and policies and procedures approved by the board of trustees of the LKCM Funds.

We have entered into a servicing arrangement with an affiliated entity that is wholly owned by us and certain of our supervised employees. Under the arrangement, the affiliated entity is entitled to receive compensation from us for non-advisory business development, marketing and client relationship services provided by these employees, which compensation is subject to certain conditions and is based on the profitability of our operations with which these employees are associated. A potential conflict of interest exists because we or these employees have an incentive to provide investment advisory services or make recommendations or provide non-advisory services under the servicing arrangement that impacts the compensation payable to the affiliated entity under the servicing arrangement.

ITEM 15 – CUSTODY

If we manage a separate portfolio for you, we do not have physical custody of your assets or provide custodial services to you. In order for us to manage your portfolio, you must establish a custodial account with a qualified custodian, such as a bank, brokerage firm, or trust company. You should receive statements directly from your custodian at least quarterly. We also provide our portfolio statements to you on a quarterly basis. We urge you to review your custodial statements carefully and compare them to the portfolio statements that we provide you. The information in your custodial statements and the statements that we provide you may differ based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Your custodial statement is the official record of your portfolio for tax purposes. Please contact us if you do not receive timely account statements from your custodian.

Although we do not have physical custody of assets in your portfolio, we may be deemed to have constructive custody over your portfolio under the federal securities laws due to various factors, including because our investment management agreement typically permits us to deduct management fees from your portfolio. In this case, we generally submit an invoice for our management fees directly to your custodian, and we generally send you a quarterly statement identifying the amount of the management fee and the manner in which it was calculated.

Although the securities and assets of the LKCM Partnerships and Single-Investment Partnerships are held with qualified custodians, we generally are deemed to have constructive custody over these securities and assets because our affiliates or related persons serve as the general partners or managing members of the LKCM Partnerships and Single-Investment Partnerships. Investors in the LKCM Partnerships and Single-Investment Partnerships will not receive statements from the custodians of the LKCM Partnerships or the Single-Investment Partnerships. Instead, the LKCM Partnerships and Single-Investment Partnerships are subject to annual audit by independent public accounting firms that are registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. These audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to investors of the LKCM Partnerships and the Single-Investment Partnerships on an annual basis.

ITEM 16 – INVESTMENT DISCRETION

We provide discretionary investment management services to our clients. This means that our investment management agreement with you typically authorizes us to make investment decisions for your portfolio without your consent, such as determining the securities to be bought or sold for your portfolio, the broker to be used for such purchases or sales, and the commission rates to be paid to brokers for such purchases or sales.

You may limit our discretionary authority by providing written instructions to us. For example, you may restrict our ability to purchase securities of selected companies on your behalf or you may provide us with socially responsible investment restrictions for your portfolio.

We do not provide legal advice or act on behalf of our clients in connection with any legal proceedings, such as class actions or bankruptcies, involving companies whose securities are held or were previously held in client portfolios. We consider the decision to participate in such actions or matters to be legal matters requiring legal advice and we do not render legal advice to our clients. Although we may assist clients in preparing documentation related to these matters, clients must ultimately determine whether or not to participate in any such legal proceedings.

Investors in the LKCM Partnerships generally grant the applicable general partner a limited power of attorney to enable the general partner to execute the partnership agreement (and any amendments thereto) and perform certain other activities on their behalf. The scope of this limited power of attorney is further described in the organizational and offering documents for the applicable LKCM Partnership.

ITEM 17 – VOTING CLIENT SECURITIES

Our investment management agreement with you generally provides that we will vote proxies for securities held in your portfolio according to our proxy voting policy. Under our policy, we have engaged Institutional Shareholder Services, Inc. (“ISS”) as our proxy voting administrator. As our proxy voting administrator, ISS provides the following services to us with respect to proxy voting:

- research and make proxy vote recommendations;
- receive, vote and submit proxies for our clients in a timely manner;
- maintain records of proxy statements and provide copies upon request;
- maintain records of proxy votes cast; and
- handle other administrative functions of proxy voting.

Our proxy voting policy generally provides that we will automatically vote proxies consistent with the applicable ISS voting guidelines in effect at the time of the applicable proxy vote in an effort to mitigate any potential conflicts of interest between us and our clients with respect to proxy voting. If the applicable ISS voting guidelines do not address how a proxy should be voted, we will vote the proxy consistent with any recommendations that ISS has provided. We may vote proxies in a manner that is inconsistent with the applicable ISS voting guidelines if we determine that doing so is in the best interest of our clients and is not the result of a material conflict between our interests and those of applicable clients. Conflicts of interest may arise in the proxy voting process. If we determine that a material conflict of interest exists between us and our clients with respect to any particular proxy solicitation, we will generally seek to resolve the conflict by one of the following:

- if ISS makes a voting recommendation for the solicitation, we will not take any action and the proxy will be voted based on the ISS voting recommendation;
- we may disclose the conflict to you and obtain written direction from you on how to vote the proxy; or
- we may engage an independent third party to determine how to vote the proxy.

We will accept proxy voting instructions from you with respect to particular proxy solicitations. We will not vote proxies for you if you withhold this authority under our investment management agreement with you or if you provide proxy voting instructions to us. If you withhold proxy voting authority from us, you should make arrangements with your custodian to directly receive your proxy solicitations. We generally will not vote proxies for you if you engage in a securities lending program through your custodian and the applicable securities were loaned by you on the record date for the proxy. In addition, we generally will not vote proxies for you if we do not receive a meeting notice in sufficient time to enable us to process your proxy.

You may obtain a copy of our proxy voting policy, information regarding votes we cast with regards to securities in your portfolio, or information about specific proxy solicitations by contacting us at:

Luther King Capital Management Corporation
301 Commerce Street, Suite 1600
Fort Worth, Texas 76102

Attn: Anna Nikiforova
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ITEM 18 – FINANCIAL INFORMATION

Not applicable.