

LUTHER KING CAPITAL MANAGEMENT
LKCM SMALL CAP CORE COMPOSITE
Fourth Quarter, 2022 Update



Performance **	4th QTR 2022	YTD 2022	One Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Since Inception Annualized*
LKCM Small Cap Core Composite (gross)	6.42%	(21.56)%	(21.56)%	7.12%	7.64%	9.09%	10.70%
LKCM Small Cap Core Composite (net)	6.24%	(22.12)%	(22.12)%	6.36%	6.88%	8.30%	9.89%
Russell 2000 Index	6.23%	(20.44)%	(20.44)%	3.10%	4.13%	9.01%	8.51%

The Russell 2000 Index, an index composed of small cap, public companies, increased by 6.2% during Q4 2022, contributing favorably against the annual returns of -20.4% for the full year of 2022. Volatility persists in a quarter marked by continued challenges with interest rates and economic outlook. We expect a dynamic year ahead with analysis shifting from rate policy towards impact on economic activity and companies' financial performance.

Core inflation has likely peaked and should continue to trend down during 2023. This could provide the potential for a deceleration in interest rate policy, providing for fewer Federal Reserve actions next year. Additionally, the monetary supply, as expressed by M2, was flat on an annual basis in November and will likely contract next year. The excess liquidity in the financial system has provided support for prices and consumption over the last few years, but interest rates and falling money supply will likely continue to weigh on asset values until there is a sense that restrictive monetary policy can either cease or, ultimately, reverse to a more accommodative policy. The Fed is wary of a 1970s policy redux, where policy became more accommodative prior to containing inflation at target levels – only to see prices rise again. Fed Chair Jerome Powell has stated his commitment to reaching the target rate, accepting higher unemployment and potential recession. Consumer balance sheets have been weakening, as the excess COVID savings declines, and aggregate consumer credit increases. Net savings have plunged to 2.4% of disposable income for the U.S. consumer – well below the 7-9% range prior to the pandemic. Any potential weakness in consumption could lead to both lower goods prices and weaker financial performance by small cap companies.

Recession has become the consensus amongst most economists, but it is not unanimous. The Fed will be threading the proverbial needle to raise unemployment to thwart a wage-price spiral, while not restricting activity to the point of causing a deep recession or credit cycle. We are cautiously optimistic that they will accomplish their goals. Equity prices tend to lead policy and economics. So, as we progress through 2023, markets will likely find more stable footing with prices ultimately rising for the year as cost of capital stabilizes and longer-term outlooks for growth reemerge. The rate impacts of 2022 will become less determinative of asset values, but core inflation must trend lower and unemployment higher. Fed Funds rate increases can then be employed in smaller increments from an elevated level, greatly reducing their impact on the risk-free rate. The economic impact from changes in monetary policy typically takes 12-18 months, implying that 2023 will be the year for lower economic activity, which should ease the economic cost of inflation that has resulted from supply-demand imbalances due to both transitory supply constraints and increased marginal cost of supply. Earnings estimates continued to decline for the Russell 2000 during the quarter, as analysts update their outlooks for the year ahead.

During 4Q22, the two best performing sectors were Energy and Materials, while Health Care and Communication Services were the worst performing sectors. Excluding Healthcare, all sectors experienced *positive* returns during the quarter in a continually challenging environment. Energy continued to be the only positive sector throughout the full year, *increasing* 52.5% for the year. Communication Services and Information Technology were the worst performing sectors during the year, with both *decreasing* 40.4% and 33.0%, respectively.

The LKCM Small Cap Core composite outperformed the benchmark in 4Q22. The greatest, positive contributor to absolute performance in the portfolio were securities in the Industrials and Energy sectors, while Financials and Health Care were the greatest, negative contributors. Relative to the benchmark, securities selection detracted from the performance, while active sector weights were the *positive* offset during the quarter. Communication Services and Consumer Staples enjoyed the most *positive* attribution from securities selection, while Financials and Industrials had the greatest *negative* attribution from securities selection during the quarter. The strategy remained underweight Health Care, which had the greatest *positive* effect this quarter. The weakest allocation effect on attribution came from the Materials sector, which has a pretty neutral relative weight. Overall, allocation effect skewed favorably for the current quarter across the sectors.

The LKCM Small Cap Core composite underperformed the benchmark for the year 2022. The composite returned -22.1% versus the decline in the Russell 2000 of -20.4% during the same period. Positive attribution from sector allocation was offset by drags on attribution from security selection. The securities selection suffered from a tilt towards quality growth in a year that had dramatic divergence in performance between growth and value cohorts in the index – particularly during the first half of the year.

Our investment strategy is to maximize our internal, research-intensive process and to identify competitively advantaged companies that generate strong financial returns with attractive reinvestment opportunities. We strive to purchase these stocks at attractive prices. We believe these companies increase the value of their businesses which will lead to long-term equity returns for our investors. Our goal is to generate superior returns through market cycles relative to our benchmark by consistently executing on our investment strategy and minimizing the risk (volatility) of the portfolio in pursuit of long-term, capital appreciation.

* 10/1/94 –12/31/22

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

LKCM SMALL CAP CORE COMPOSITE

December 31, 2022

CO-MANAGERS: MASON D. KING, CFA
J. LUTHER KING, JR., CFA
MARK L. JOHNSON, CFA

INCEPTION: October 1, 1994

INVESTMENT STRATEGY: Provide superior performance with lower volatility relative to our benchmark with a focus on achieving long-term capital appreciation through long-term investment in competitively-advantaged small-cap companies.

CONTACT: Mason D. King, CFA
Luther King Capital Management
(817) 332-3235
mking@lkc.com

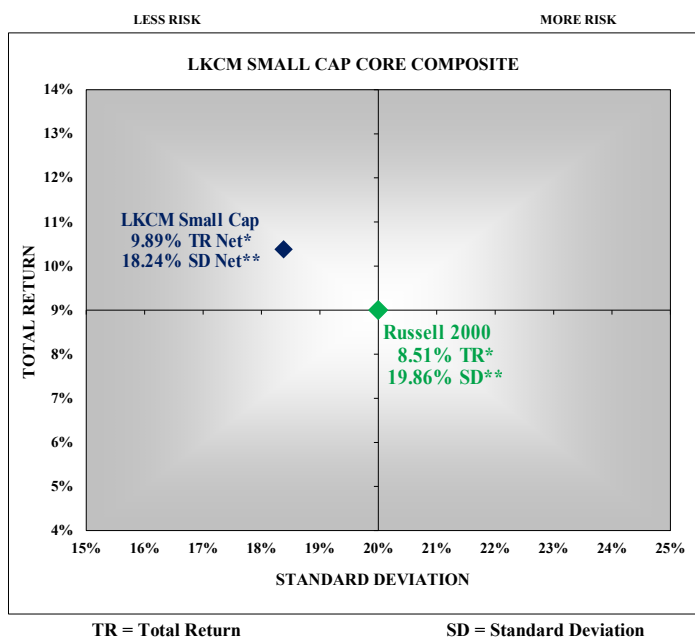
TEN LARGEST HOLDINGS 12/31/22*	
WEATHERFORD INTERNATIONAL PL	2.6 %
MAGNOLIA OIL & GAS	2.0 %
ALPHATEC HOLDINGS INC	1.9 %
HOME BANCSHARES INC	1.8 %
NV5 GLOBAL INC	1.8 %
ESAB CORPORATION	1.8 %
CNX RESOURCES CORP	1.8 %
KIRBY CORPORATION	1.7 %
CELSIUS HOLDINGS INC	1.7 %
ECOVYST INC	1.7 %
	19.0 %

*The largest ten holdings are at 12/31/22 and may not reflect current holdings.

PORTFOLIO RESULTS	
(Benchmark - Russell 2000) (Since Inception)	
	Net
ALPHA	2.31%
BETA	0.87
R ²	90%
UP CAPTURE	
	96%
DOWN CAPTURE	
	87%

PORTFOLIO CHARACTERISTICS	
RETURN ON EQUITY (Median)	8.5%
LONG TERM DEBT TO TOTAL CAPITAL	39%
P/E FWD 4 Quarters (ex Neg-earnings)	15x
WTD AVG. MARKET CAPITALIZATION	
	\$3,676 Million
TOTAL SMALL-CAP EQUITY COMPOSITE ASSETS	
	\$ 201 Million
#HOLDINGS	76
PORTFOLIO TURNOVER*	31%
ACTIVE SHARE	94%

*Turnover rate is based on a representative portfolio for a rolling one year period ending 12/31/22



*Total Net Return Since Inception (10/01/94 to 12/31/22) Annualized

**Standard deviation and performance characteristics reporting period (10/01/94 to 12/31/22)

ATTRIBUTION (4Q 2022)				
	Avg. Portfolio Weight	Portfolio Contribution	Avg. Benchmark Weight	Benchmark Contribution
FINANCIALS	12.9%	-1.2	17.5%	1.1
HEALTH CARE	10.0%	0.0	16.8%	-0.6
INDUSTRIALS	22.3%	2.0	15.4%	1.5
INFORMATION TECHNOLOGY	12.9%	0.8	12.6%	0.6
CONSUMER DISCRETIONARY	11.6%	1.2	10.5%	0.9
ENERGY	9.1%	1.6	6.9%	1.1
REAL ESTATE	1.6%	0.0	6.4%	0.5
MATERIALS	4.2%	0.4	4.3%	0.5
CONSUMER STAPLES	6.1%	1.0	3.6%	0.3
UTILITIES	0.0%	0.0	3.4%	0.3
COMMUNICATION SERVICES	3.0%	0.7	2.7%	0.0
CASH & EQUIVALENTS	6.2%	0.1	0.0%	0.0
TOTAL PORTFOLIO	100.0%	6.4%	100.0%	6.2%

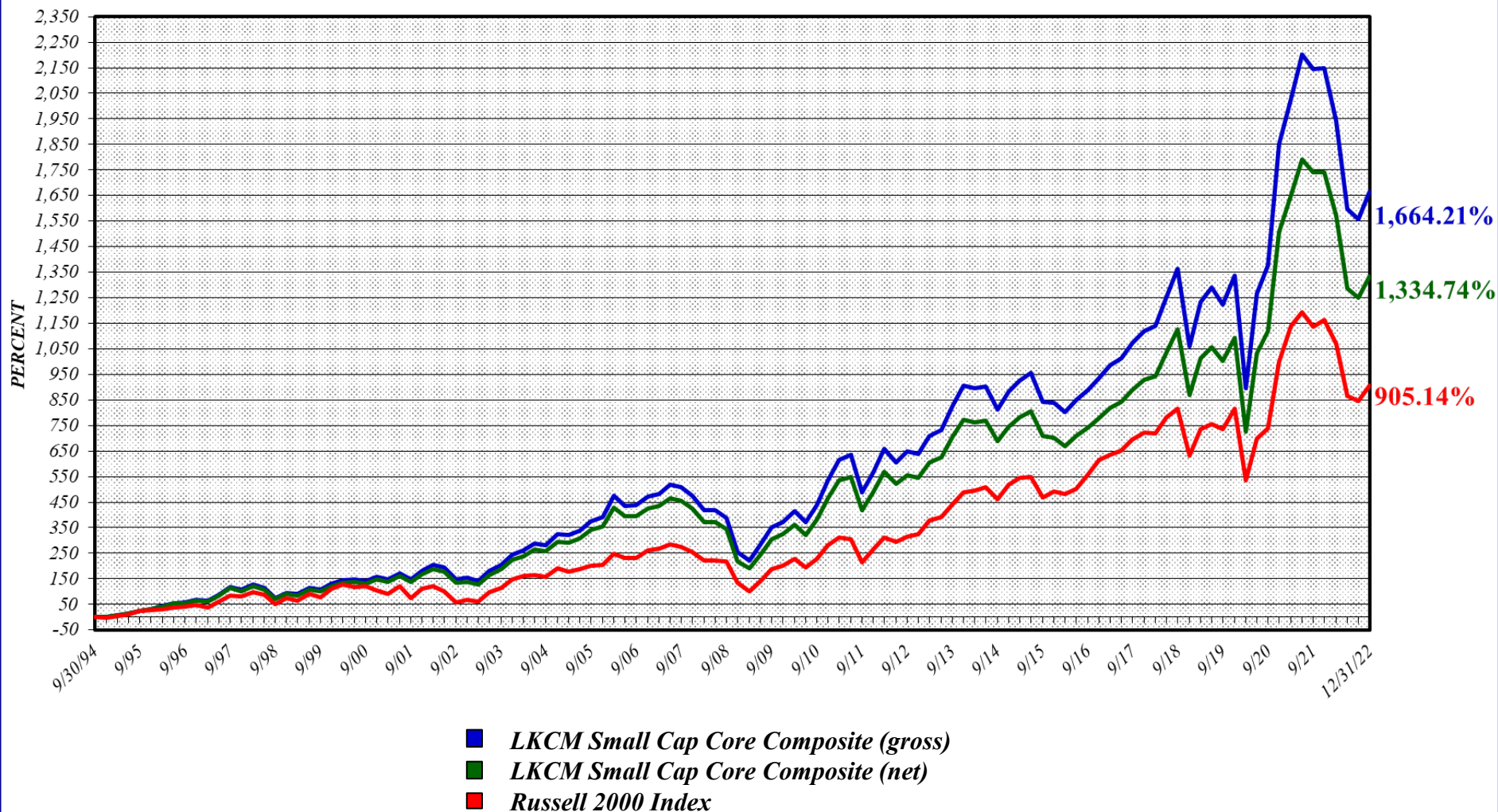
Source: Thomson Reuters (Refinitiv). Performance results calculated byRefinitiv may differ significantly from those calculated by LKCM due to differences in methodology for transaction pricing and accounting for capital transactions.

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

Sources: LKCM Small Cap Core Composite, Zephyr Informa Financial Intelligence, Thomson Reuters (Refinitiv)

LKCM Small Cap Core Composite

Cumulative Returns Since Inception (10/1/94 – 12/31/22)



The performance results should be reviewed along with the attached Luther King Capital Management Small Cap Core Composite GIPS Report. Past performance is not indicative of future results.

LUTHER KING CAPITAL MANAGEMENT
SMALL CAP CORE COMPOSITE
GIPS REPORT AS OF DECEMBER 31, 2022

Year	Total Return		Russell 2000 Index	Small Cap Core Comp Annual Standard Deviation	3-Year Annualized Gross Standard Deviation		Number of Accounts	Small Cap Core Composite Assets (millions)	Total Firm Assets (billions)
	Gross of Fees	Net of Fees			Small Cap Core Comp	Russell 2000 Index			
2022	-21.56 %	-22.12 %	-20.44 %	0.2 %	27.43 %	26.02 %	5	201	23.6
2021	15.36	14.56	14.82	0.1	25.15	23.35	5	264	27.0
2020	35.85	34.86	19.96	0.3	27.11	25.27	6	244	21.6
2019	23.81	22.93	25.52	0.7	16.64	15.71	8	220	18.2
2018	-5.05	-5.70	-11.01	NA	16.01	15.79	7	193	14.5
2017	17.83	17.03	14.65	0.3	13.45	13.91	5	259	15.3
2016	10.32	9.45	21.31	0.2	15.20	15.76	10	421	13.1
2015	-4.39	-5.11	-4.41	0.4	14.30	13.96	24	1,029	13.1
2014	-2.36	-3.09	4.89	0.4	13.68	13.12	39	1,925	15.0
2013	36.09	35.09	38.82	0.4	16.25	16.45	41	2,379	14.7
2012	10.92	10.05	16.35	0.3	19.27	20.20	44	1,852	11.4

	Annualized Returns		
	Total Return Gross of Fees	Net of Fees	Russell 2000 Index
1 year ending 12/31/22	-21.56 %	-22.12 %	-20.44 %
5 years ending 12/31/22	7.64	6.88	4.13
10 years ending 12/31/22	9.09	8.30	9.01

NA – Information is not statistically meaningful due to insufficient number of portfolios in the composite for the entire year and/or the period is a partial year and/or the information is not required.

- 1) **Compliance Statement, Verification, and Trademark Information:** Luther King Capital Management (LKCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. LKCM has been independently verified for the periods January 1, 1992 through December 31, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Small Cap Core Composite has been examined for the periods October 1, 1994 to December 31, 2021. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
- 2) **Composite Description, Benchmark(s), and Risk:** January 1, 2003 is the effective creation date of the Small Cap Core Composite and October 1, 1994 is the inception date of the Small Cap Composite. The Small Cap Core Composite contains all fully discretionary taxable and non-taxable, fee-paying small cap accounts under management, including applicable registered investment companies for which LKCM serves as investment adviser or subadviser. Our small-cap strategy seeks to achieve long-term capital appreciation and investment returns that exceed the applicable benchmark while attempting to manage portfolio risk and volatility. Our small-cap strategy seeks to achieve its investment objective through fundamental analysis of individual companies and seeks high quality companies based on various criteria, such as profitability levels, balance sheet quality, competitive advantages, market share positions, ability to generate excess cash flows, meaningful management ownership stakes, reinvestment opportunities, and relative valuation. The strategy typically purchases securities of companies with market capitalizations between \$1.2 billion and \$7 billion at the initial time of purchase. For comparison purposes, the composite is measured against the Russell 2000 Index, which is a market capitalization weighted index that tracks the performance of 2000 small U.S. traded stocks. Material risks related to the investment strategy include,

without limitation, those associated with cybersecurity, equity securities, foreign securities, general market and economic conditions and factors, inflation, investment selection, liquidity, investment management, sector weightings, and small cap companies. For detail on each risk, please see our Form ADV, Part 2A.

- 4) Dispersion and Fees: The gross annual standard deviation presented is an asset-weighted calculation of performance dispersion for accounts in the composite for the entire year. The percent of composite assets that paid zero commissions was 1.00% as of 12/31/22. The current management fee schedule for this composite is as follows: 1% on the first \$5,000,000; .75 of 1% on the next \$5,000,000; .50 of 1% above \$10,000,000; minimum annual fee \$30,000. Management fees for registered investment companies for which LKCM serves as adviser or subadviser are calculated and paid quarterly in arrears, at annualized rates up to 0.75% of such fund's average daily net assets. The LKCM Small Cap Equity Fund included in this composite has a current management fee schedule of 0.75% and a net expense ratio of 1.00%. In some instances, LKCM voluntarily waives these fees and/or reimburses the applicable fund in order to maintain a designated expense ratio. LKCM may adjust or otherwise negotiate management fees in its discretion and, therefore, clients may have a different fee schedule. For a complete list of our management fees, please see our Form ADV, Part 2A.

LUTHER KING CAPITAL MANAGEMENT
SMALL CAP CORE COMPOSITE
PERFORMANCE RESULTS*
OCTOBER 1, 1994 – DECEMBER 31, 2022

Annualized Returns Ending 12/31/22	Total Return		Equities Only	Cash Only	Russell 2000 Index
	Gross of Fees	Net of Fees			
1 Year	(21.56) %	(22.12) %	(22.17) %	1.27 %	(20.44) %
2 Years	(4.88)	(5.54)	(5.02)	0.65	(4.42)
3 Years	7.12	6.36	7.37	0.56	3.10
4 Years	11.07	10.28	11.61	0.93	8.30
5 Years	7.64	6.88	8.04	0.97	4.13
6 Years	9.27	8.51	9.71	0.82	5.81
7 Years	9.42	8.64	9.89	0.71	7.90
8 Years	7.59	6.82	8.03	0.64	6.28
9 Years	6.44	5.67	6.84	0.58	6.12
10 Years	9.09	8.30	9.56	0.54	9.01
11 Years	9.25	8.46	9.75	0.50	9.66
12 Years	8.90	8.10	9.35	0.47	8.43
13 Years	10.66	9.85	11.21	0.45	9.75
14 Years	12.15	11.32	12.77	0.48	10.91
15 Years	7.75	6.94	8.08	0.63	7.16
16 Years	7.29	6.48	7.60	0.90	6.59
17 Years	7.82	7.01	8.14	1.11	7.25
18 Years	8.23	7.42	8.58	1.18	7.10
19 Years	8.98	8.16	9.37	1.17	7.66
20 Years	10.19	9.37	10.67	1.16	9.36
21 Years	9.14	8.34	9.55	1.18	7.72
22 Years	9.12	8.32	9.51	1.31	7.47
23 Years	9.25	8.46	9.67	1.44	6.99
24 Years	9.59	8.79	10.07	1.55	7.55
25 Years	8.94	8.15	9.27	1.66	7.13
26 Years	9.48	8.69	9.84	1.79	7.68
27 Years	10.08	9.27	10.52	1.91	7.99
28 Years	10.82	10.01	11.39	2.05	8.66
28 1/4 Years	10.70	9.89	11.25	2.08	8.51

- The results shown above should be reviewed along with LKCM Small Cap Core Composite GIPS Report. If you have not received a copy of the GIPS Report, please contact Luther King Capital Management for a copy. Segment returns, equities only and cash only, are supplemental information to this composite. Past performance is not indicative of future results.

GLOSSARY OF TERMS

Alpha represents the excess return of the composite over the expected market return.

Beta measures the risk or volatility of the composite relative to the market as a whole.

R^2 measures the correlation of composite returns to the benchmark.

Up Capture measures the percentage of benchmark performance captured by the composite during up quarters.

Down Capture measures the percentage of benchmark performance captured by the composite during down quarters.

Growth investing is an investment style and investment strategy that is focused on the growth of an investor's capital. Those who follow the growth investing style - growth investors - typically invest in growth stocks or companies whose earnings are expected to grow at an above-average rate compared to its industry or the overall market.

Value investing is an investment strategy where stocks are selected that trade for less than their intrinsic values. Value investors actively seek stocks they believe the market has undervalued. Investors who use this strategy believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with a company's long-term fundamentals, giving an opportunity to profit when the price is deflated.