

LUTHER KING CAPITAL MANAGEMENT
LKCM SMID CAP EQUITY COMPOSITE
Second Quarter, 2023 Update



Performance **	2nd QTR 2023	YTD 2023	One Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Since Inception Annualized*
LKCM SMID Cap Equity Composite gross)	3.78%	13.69%	13.54%	10.37%	8.65%	9.53%	9.52%
LKCM SMID Cap Equity Composite (net)	3.52%	13.13%	12.41%	9.27%	7.57%	8.40%	8.35%
Russell 2500 Index	5.22%	8.79%	13.58%	12.29%	6.55%	9.38%	8.72%

The Russell 2500 Index, a common benchmark for small to mid-sized companies, increased 5.2% in 2Q23. Volatility retreated in the quarter. During the first two months, the benchmark price declined ~3%, but reversed course in June increasing ~8% after market strength expanded from being principally driven by mega cap securities. We continue to expect a dynamic year ahead with analysis focusing on the impact of restrictive monetary policy on economic activity and financial performance.

Key domestic economic themes remain largely unchanged. Households have healthy balance sheets. The self-sustaining cycle of employment, income, and spending currently supports economic growth. A recent spate of stronger economic readings has allayed recession fears, resulting in an uptick in investor sentiment and positive equity market returns. The Federal Reserve has delivered an appropriate amount of monetary tightening via higher interest rates to trigger disinflation. However, there appears to be debate among members of the Federal Open Market Committee as to the economic impact of past interest rates hikes. This debate raises the question of whether the economy will feel the brunt of monetary tightness or more tightening is required to bring inflation to the Federal Reserve's target of 2.0%.

The central bank is reluctant to declare victory too early in its battle with inflation. However, following ten consecutive interest rate hikes the Federal Reserve chose to leave its benchmark interest rate unchanged at the recent June meeting. The central bank is likely heartened by the continued disinflationary trend in price indexes. The greatest concern for the FOMC is likely the trajectory of wages. If inflation were to stall around the current 4.1% level, it would likely be the result of the tight labor market placing upward pressure on worker pay. As a result, employment data is being viewed with heightened interest by investors. One strong employment reading in early July sent the yield on the 10-Year Treasury back above 4.0% as bond investors anticipated the resumption of rate hikes at the July FOMC meeting.

The economy continues to exhibit signs of moderation in the wake of the pandemic stimulus boom. Inflation is methodically retreating, and the odds of a soft landing appear to be rising, but this call may be premature. The outstanding policy question is how much more monetary tightening remains in our future. Success for the Federal Reserve would be that the current economic expansion continues with inflation returning to their target of 2.0%. This period could join 1964, 1984, and 1993 as the few examples of times during which the central bank tightened monetary policy without sparking a recession.

During 2Q23, the best performing sector was Industrials, followed by Information Technology and Healthcare. The worst performing sectors in the benchmark were Utilities and Materials. Most sectors experienced positive returns during the quarter. During the quarter, Growth outperformed Value by 240 basis points, representing a deceleration from the 550 basis points differential in the first quarter.

The LKCM SMID Cap Equity Composite underperformed the benchmark in 2Q23. During the quarter, our stock selection was a drag to relative performance while active sector weightings were additive to performance. The top stock selection contributors were in the Financials and Materials sectors. Our Financials sector returns benefitted from lower exposure to banks and other deposit-bearing entities. Our biggest detractors were stock selection in the Consumer Discretionary and Industrials sectors. The strategy remained overweight Industrials, which had the greatest positive allocation effect. The greatest negative *allocation* effect on attribution came from the Information Technology sector, which remained underweight relative to our benchmark.

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

* 4/1/05 – 6/30/23

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

LKCM SMID CAP EQUITY COMPOSITE

June 30, 2023

LEAD MANAGER: DANIEL C. DOWNES, CFA, CPA
CO-MANAGERS: J. LUTHER KING, JR., CFA
 MASON D. KING, CFA

INCEPTION: April 1, 2005

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

CONTACT: Daniel C. Downes, CFA, CPA
 Luther King Capital Management
 (817) 332-3235
dldownes@lkcm.com

TEN LARGEST HOLDINGS 06/30/23	
BROADRIDGE FINL SOLUTIONS INC	2.9 %
AXON ENTERPRISE INC	2.8 %
WATSCO INC	2.7 %
RELIANCE STEEL & ALUMINUM CO	2.6 %
BUILDERS FIRSTSOURCE INC	2.5 %
ENOVIS CORPORATION	2.5 %
PAYLOCITY HOLDING	2.5 %
GOOSEHEAD INSURANCE INC	2.4 %
EURONET WORLDWIDE INC	2.4 %
FLEETCOR TECHNOLOGIES INC	2.3 %
	25.7 %

*The largest ten holdings are at 06/30/23 and may not reflect current holdings.

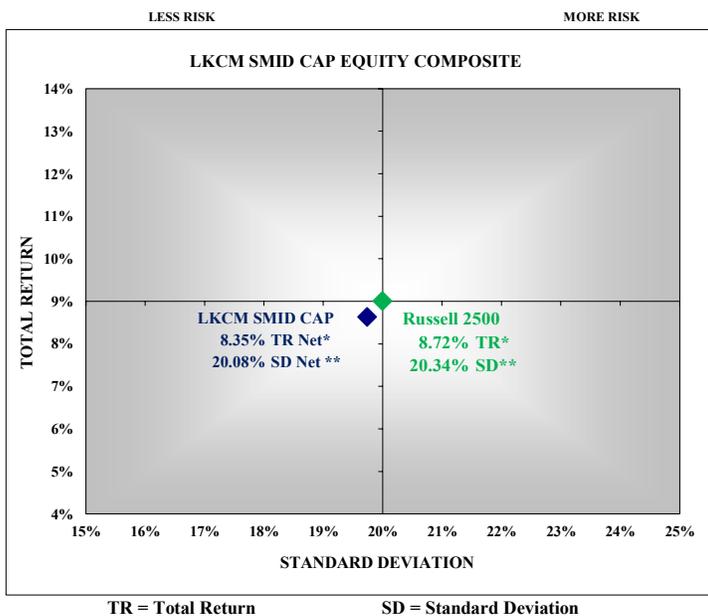
PORTFOLIO RESULTS	
(Benchmark - Russell 2500) (Since Inception)	
	<u>Net</u>
ALPHA	0.28%
BETA	0.93
R ²	89%

UP CAPTURE	93%
DOWN CAPTURE	93%

PORTFOLIO CHARACTERISTICS	
RETURN ON EQUITY (Median)	19.7%
LONG TERM DEBT TO TOTAL CAPITAL	32%
P/E FWD 4 Quarters (ex Neg-earnings)	20 x

WTD AVG. MARKET CAPITALIZATION	\$8,349 Million
TOTAL SMID CAP EQUITY COMPOSITE ASSETS	\$62 Million
#HOLDINGS	58
PORTFOLIO TURNOVER*	40%
ACTIVE SHARE	95%

*Turnover rate is based on a representative portfolio for a rolling one year period ending 06/30/23



ATTRIBUTION (2Q 2023)				
	Avg. Portfolio Weight	Portfolio Contribution	Avg. Benchmark Weight	Benchmark Contribution
INDUSTRIALS	26.1%	1.90%	19.60%	2.09%
FINANCIALS	14.0%	1.54%	15.29%	0.20%
INFORMATION TECHNOLOGY	9.4%	-0.16%	12.68%	1.02%
HEALTH CARE	9.6%	0.89%	13.09%	0.90%
CONSUMER DISCRETIONARY	12.4%	-1.13%	12.13%	0.58%
REAL ESTATE	6.5%	0.41%	7.63%	0.23%
MATERIALS	6.7%	0.22%	5.72%	-0.05%
ENERGY	5.5%	0.01%	4.65%	0.18%
CONSUMER STAPLES	4.1%	0.22%	3.58%	0.11%
UTILITIES	0.0%	0.00%	2.94%	-0.10%
COMMUNICATION SERVICES	1.8%	-0.05%	2.68%	0.03%
CASH & EQUIVALENTS	3.8%	0.05%	0.00%	0.00%
TOTAL PORTFOLIO	100.0%	3.8%	100.0%	5.2%

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

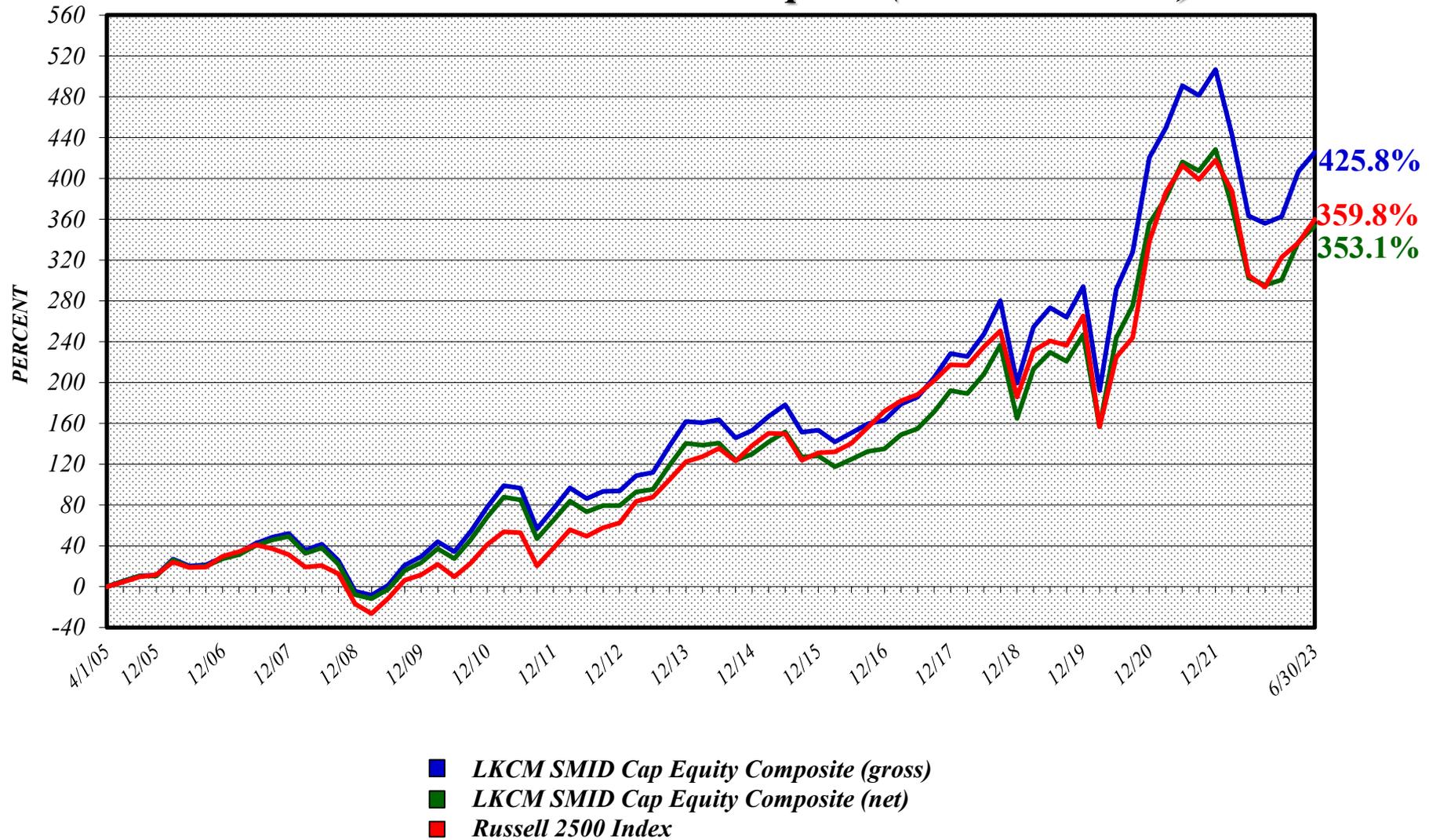
This presentation is supplemental to the attached GIPS Report. Past performance is not indicative of future results.

Sources: LKCM Smid Cap Equity Composite, Zephyr Informa Financial Intelligence. Thomson Reuters (Refinitiv)

*Total Net Return Since Inception (4/01/05 to 06/30/23) Annualized
 **Standard deviation and performance characteristics reporting period (4/01/05 to 06/30/23)

LKCM SMID Cap Equity Composite

Cumulative Returns Since Inception (4/1/05 – 6/30/23)



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

**LUTHER KING CAPITAL MANAGEMENT
SMID CAP EQUITY COMPOSITE
GIPS REPORT AS OF JUNE 30, 2023**

Year	Total Return		Russell 2500 Index	SMID Cap Eq Comp Annual Standard Deviation	3-Year Annualized Gross Standard Deviation		Number of Accounts	SMID Cap Eq Composite Assets (millions)	Total Firm Assets (billions)
	Gross of Fees	Net of Fees			SMID Cap Eq Comp	Russell 2500 Index			
2023 (1/1 - 6/30)	13.69 %	13.13 %	8.79 %	NA %	NA %	NA %	21	62	25.3
2022	-23.71	-24.47	-18.37	1.2	24.52	25.16	21	54	23.6
2021	16.60	15.44	18.18	0.8	22.47	22.48	6	48	27.0
2020	32.03	30.71	19.99	1.2	24.44	24.21	6	45	21.6
2019	31.64	30.34	27.77	0.7	15.93	14.58	5	33	18.2
2018	-8.89	-9.80	-10.00	0.1	14.48	14.10	5	28	14.5
2017	24.92	23.68	16.81	0.7	11.82	12.13	6	40	15.3
2016	3.81	2.78	17.59	1.2	13.24	13.67	9	66	13.1
2015	0.10	-0.89	-2.90	0.8	13.13	12.42	16	453	13.1
2014	-3.41	-4.56	7.07	0.3	12.04	11.67	23	557	15.0
2013	35.15	33.54	36.80	0.3	15.87	15.63	29	704	14.7

	Annualized Returns		
	Total Return		Russell 2500 Index
	Gross of Fees	Net of Fees	
1 year ending 06/30/23	13.54 %	12.41 %	13.58 %
5 years ending 06/30/23	8.65	7.57	6.55
10 years ending 06/30/23	9.53	8.40	9.38

- 1) **Compliance Statement, Verification, and Trademark Information:** Luther King Capital Management (LKCM) is an independent registered investment adviser under the Investment Advisers Act of 1940 and is defined as an independent investment management firm. 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, 2022. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The SMID Cap Equity Composite has been examined for the periods April 1, 2005 to December 31, 2022. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
- 2) **Composite Description, Benchmark(s), and Risk:** April 1, 2005 is the effective creation date of the SMID Cap Equity Composite and April 1, 2005 is the inception date of the SMID Cap Equity Composite. The SMID Cap Equity Composite contains all fully discretionary taxable and non-taxable, fee-paying small to mid-cap equity accounts under management, including applicable registered investment companies for which LKCM serves as investment adviser or subadviser. Our small-mid cap strategy seeks to achieve long-term capital appreciation and investment returns that exceed the applicable benchmark while attempting to manage portfolio risk and volatility. Our small-mid cap strategy seeks to achieve its investment objective through fundamental analysis of individual companies and seeks high quality companies based on various criteria, such as profitability levels, balance sheet quality, competitive advantages, market share positions, ability to generate excess cash flows, meaningful management ownership stakes, reinvestment opportunities, and relative valuation. The strategy typically purchases securities of companies with market capitalizations between \$2 billion and \$20 billion at the initial time of purchase. For comparison purposes, the composite is measured against the Russell 2500 Index, which is a market capitalization weighted index that measures the performance of the 2500 smallest companies in the Russell 3000 Index. It includes only common stocks incorporated in the U.S. and its territories. Material risks related to the investment strategy include, without limitation, those associated with cybersecurity, equity securities, foreign securities, general market and economic conditions and factors, inflation, investment selection, liquidity, investment management, mid cap companies, sector weightings, and small cap companies. For detail on each risk, please see our Form ADV, Part 2A.

LKCM SMID CAP EQUITY COMPOSITE
GIPS REPORT AS OF JUNE 30, 2023

- 3) **Dispersion and Fees:** The gross annual standard deviation presented is an asset-weighted calculation of performance dispersion for accounts in the composite for the entire year. In accordance with the SEC Marketing Rule that went into effect November 4, 2022, net of fee returns are calculated by reducing the gross returns by the maximum fee charged to any account in the composite for the respective period. The percent of composite assets that paid zero commissions was 21.90% as of 12/31/22. The SMID Cap Equity Composite included portfolio(s) that pay a bundled fee, which includes all charges for trading costs, portfolio management, custody, and other administrative fees. The year-end percent of composite assets is as follows: 2008, 7.85%; 2009, 8.20%; 2010, 7.26%; 2011, 5.60%; 2012, 2.39%; 2013, 2.42%; 2014, 2.25%. Gross returns for bundled fee portfolio(s) are presented as supplemental information as they do not reflect the deduction of any trading costs, fees, or expenses. Net returns for bundled fee portfolio(s) reflect the deduction of all charges for trading costs, portfolio management, custody, and other administrative fees. The current management fee schedule for this composite is as follows: 1.00% on the first \$5,000,000; 0.75% on the next \$5,000,000; 0.50% over \$10,000,000; minimum annual fee \$30,000. Management fees for registered investment companies for which LKCM serves as adviser or subadviser are calculated and paid quarterly in arrears, at annualized rates up to 0.75% of such fund's average daily net assets. The Small-Mid Cap Equity Fund included in this composite has a current management fee schedule of 0.75% and a net expense ratio of 1.00%. In some instances, LKCM voluntarily waives these fees and/or reimburses the applicable fund in order to maintain a designated expense ratio. LKCM may adjust or otherwise negotiate management fees in its discretion and, therefore, clients may have a different fee schedule. For a complete list of our management fees, please see our Form ADV, Part 2A.
- 4) **Additional Information and Availability of Information:** Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Effective January 2022, the portfolios in this composite stay at or over 75% invested in stocks. From 2010-2021, the portfolios in this composite stayed at or over 80% invested in stocks. Effective January 1, 2005, new accounts are added quarterly when the account is at least 75% invested and fully representative of investment style. Prior to January 1, 2005, accounts were added soon after inception on a quarterly basis and/or when considered fully representative of investment style. A list of all composite and limited distribution pooled fund descriptions and/or a list of broad distribution pooled funds is available upon request. Results are presented before taxes, both gross of management fees (which is net of commissions and other transaction costs) and net of model management fees, and includes the reinvestment of all income. The U.S. dollar is the currency used to express performance. Past performance is not indicative of future results.

LUTHER KING CAPITAL MANAGEMENT
SMID CAP EQUITY COMPOSITE
PERFORMANCE RESULTS*
APRIL 1, 2005 – JUNE 30, 2023

	<u>Total Return</u>		<u>Equities Only</u>	<u>Cash Only</u>	<u>Russell 2000 Index</u>
	<u>Gross of Fees</u>	<u>Net of Fees</u>			
Annualized Returns Ending 06/30/23					
1 Year	13.54 %	12.41 %	14.93 %	13.79 %	13.58 %
2 Years	(5.63)	(6.56)	(6.14)	(7.07)	(5.27)
3 Years	10.37	9.27	10.73	9.63	12.29
4 Years	8.95	7.87	9.21	8.12	7.78
5 Years	8.65	7.57	8.90	7.82	6.55
6 Years	10.71	9.61	11.13	10.03	8.11
7 Years	11.17	10.07	11.66	10.55	9.71
8 Years	8.29	7.22	8.82	7.74	7.94
9 Years	7.98	6.90	8.53	7.44	7.71
10 Years	9.53	8.40	10.08	8.96	9.38
11 Years	9.90	8.76	10.50	9.35	10.76
12 Years	8.55	7.40	9.05	7.90	9.61
13 Years	11.08	9.90	11.81	10.62	11.65
14 Years	12.47	11.27	13.26	12.04	12.49
15 Years	9.14	7.96	9.55	8.37	9.32
16 Years	8.51	7.34	8.85	7.68	7.67
17 Years	9.08	7.90	9.41	8.24	8.30
18 Years	9.02	7.89	9.34	8.20	8.18
18 1/4 Years	9.52	8.35	9.79	8.62	8.72

*The results shown above should be reviewed along with LKCM SMID Cap Equity Composite GIPS Report. If you have not received a copy of the GIPS Report, please contact Luther King Capital Management for a copy. Equity returns are supplemental information to this composite. In accordance with the SEC Marketing Rule that went into effect November 4, 2022, April 1, 2005-December 31, 2022, net of fee returns are calculated by reducing the gross returns by the maximum fee charged to any account in the composite for the respective period. Past performance is not indicative of future results.

GLOSSARY OF TERMS

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

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

R² measures the correlation of composite returns to the benchmark.

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

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

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

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