

**LUTHER KING CAPITAL MANAGEMENT**  
**LKCM SMALL CAP CORE COMPOSITE**  
**Third Quarter, 2025 Update**



<b>Performance **</b>	<b>3rd QTR 2025</b>	<b>YTD 2025</b>	<b>One Year</b>	<b>3 Years Annualized</b>	<b>5 Years Annualized</b>	<b>10 Years Annualized</b>	<b>Since Inception Annualized*</b>
LKCM Small Cap Core Composite (gross)	7.99%	9.01%	15.33%	18.53%	13.33%	11.35%	11.30%
LKCM Small Cap Core Composite (net)	7.72%	8.20%	14.18%	17.35%	12.20%	10.24%	10.19%
Russell 2000® Index	12.39%	10.39%	10.76%	15.21%	11.56%	9.77%	9.00%

The Russell 2000® Index, an index composed of small cap, public companies, surged 12.4% during 3Q 2025. The total returns during the quarter were driven by a low-quality rally. During the last six months, twenty-one of twenty-eight subsectors in the index experienced *unprofitable* companies outperforming profitable companies. Factor-based performance reflected the low-quality rotation of capital in the asset class. High short interest, low price, and unprofitable were the three highest performing factors. Two sectors contributed disproportionately during the quarter, with Information Technology and Industrials contributing more than one-fifth of the total index return. Consumer Staples and Telecommunication Services were the two worst performing sectors during the quarter.

The sudden move of low quality is typical during the early stages of a small cap bull market. Small cap companies have been under pressure and have, generally, underperformed their large cap peers over the last decade. Leadership has remained narrow within the index, and the Biotechnology industry contributed over one quarter of the companies outperforming the index. The tone change reflects stimulative policy and fundamental outlook.

Expectations for monetary policy continue to point to further Federal Reserve rate cuts, which disproportionately benefit small cap companies over large companies. Lower rates benefit in three ways: lower, imputed costs of equity capital, lower direct interest expenses, and potential expansion of consumer credit – and consumption. The lower equity cost of capital has benefited long duration growth and binary outcomes (early-stage biotech).

Additionally, the fiscal impulse expected in early 2026 has overshadowed tariff risks. The tax bill should support additional consumption through extending lower marginal tax rates, increase standard deductions, child tax credit expansion, elimination on tax for overtime, no tax on tips and enhanced senior deduction. These will contribute to a large tax refund expected in early 2026 and should promote increased marginal consumption, as employment remains strong. Additionally, business investment should benefit from cementing 100% bonus depreciation, full deduction for domestic research and development, and increased interest expense deduction. The improvement in the NFIB Small Business Optimism Index since April reflects a more constructive outlook.

This favorable outlook for cost of capital and economic activity has complemented expectations for recovery in small cap earnings. Revenue growth expectations and operating leverage drive this outlook, and the stimulus, complemented by continued low unemployment, should buttress the outlook. Though low-quality typically leads initially in small cap bull markets, their outperformance tends to decelerate after a few quarters, and quality tends to outperform over longer horizons, which is more consistent with our investment discipline and historical exposure.

The LKCM Small Cap Core composite *increased* by 7.7% net of fees for the quarter-ended September 30, 2025, as compared to an increase of 12.4% for the Russell 2000® Index, its benchmark. Our overweight in Consumer Staples and Energy were the largest allocation drags on portfolio relative performance. The two best contributions to relative performance due to allocation resulted from our underweight in the Real Estate and overweight in Materials sectors. Overall, our sector exposures provided tailwinds to the portfolio performance relative to the Russell 2000® Index during the quarter. Securities selection detracted from attribution during a quarter as quality was out-of-favor. Our greatest security selection benefit came from the Information Technology and Industrials sectors, while the weakest attributions from security selection for the quarter were in the Consumer Discretionary and Financials sectors.

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 enterprise 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 –09/30/25

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

# LKCM SMALL CAP CORE COMPOSITE

September 30, 2025

**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.

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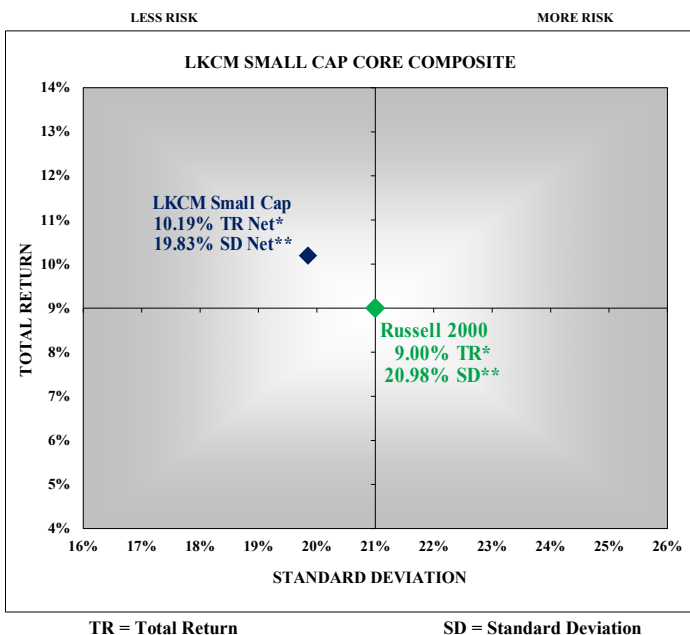
TEN LARGEST HOLDINGS 09/30/25*	
LUMENTUM HOLDINGS	2.9 %
HAWKINS INC	2.9 %
TOWER SEMICONDUCTOR LTD	2.7 %
CECO ENVIRONMENTAL CORP	2.2 %
ALPHATEC HOLDINGS INC	2.2 %
MAGNITE INC	2.2 %
PIPER SANDLER COS	2.1 %
MEDPACE HOLDINGS INC	2.0 %
CIENA CORP	1.9 %
ENSIGN GROUP INC	1.9 %
	23.0 %

\*The largest ten holdings are at 09/30/25 and may not reflect current holdings.

PORTFOLIO RESULTS	
(Benchmark - Russell 2000) (Since Inception)	
	Net
ALPHA	2.05%
BETA	0.89
R <sup>2</sup>	89%
UP CAPTURE	
	96%
DOWN CAPTURE	
	88%

PORTFOLIO CHARACTERISTICS	
RETURN ON EQUITY (Median)	14.2%
LONG TERM DEBT TO TOTAL CAPITAL	29%
P/E FWD 4 Quarters (ex Neg-earnings)	20x
WTD AVG. MARKET CAPITALIZATION	\$6,026 Million
TOTAL SMALL-CAP EQUITY COMPOSITE ASSETS	\$ 349 Million
#HOLDINGS	79
PORTFOLIO TURNOVER*	34%
ACTIVE SHARE	94%

\*Turnover rate is based on a representative portfolio for a rolling one year period ending 09/30/25



\*Total Net Return Since Inception (10/01/94 to 09/30/25) Annualized

\*\*Standard deviation and performance characteristics reporting period (10/01/94 to 09/30/25)

ATTRIBUTION (3Q 2025)				
	Avg. Portfolio Weight	Portfolio Contribution	Avg. Benchmark Weight	Benchmark Contribution
FINANCIALS	18.3%	-0.5	18.9%	0.9
INDUSTRIALS	20.0%	3.4	17.6%	2.8
HEALTH CARE	13.9%	1.6	15.6%	2.2
INFORMATION TECHNOLOGY	13.7%	2.6	14.7%	2.3
CONSUMER DISCRETIONARY	9.6%	-0.6	10.2%	1.2
REAL ESTATE	2.5%	0.3	6.1%	0.4
ENERGY	4.2%	-0.1	4.8%	0.7
MATERIALS	4.8%	1.3	4.0%	1.0
CONSUMER STAPLES	5.2%	-0.1	2.3%	0.1
UTILITIES	0.0%	0.0	3.2%	0.4
COMMUNICATION SERVICES	3.9%	-0.1	2.6%	0.4
CASH & EQUIVALENTS	3.8%	0.0	0.0%	0.0
TOTAL PORTFOLIO	100.0%	8.0%	100.0%	12.4%

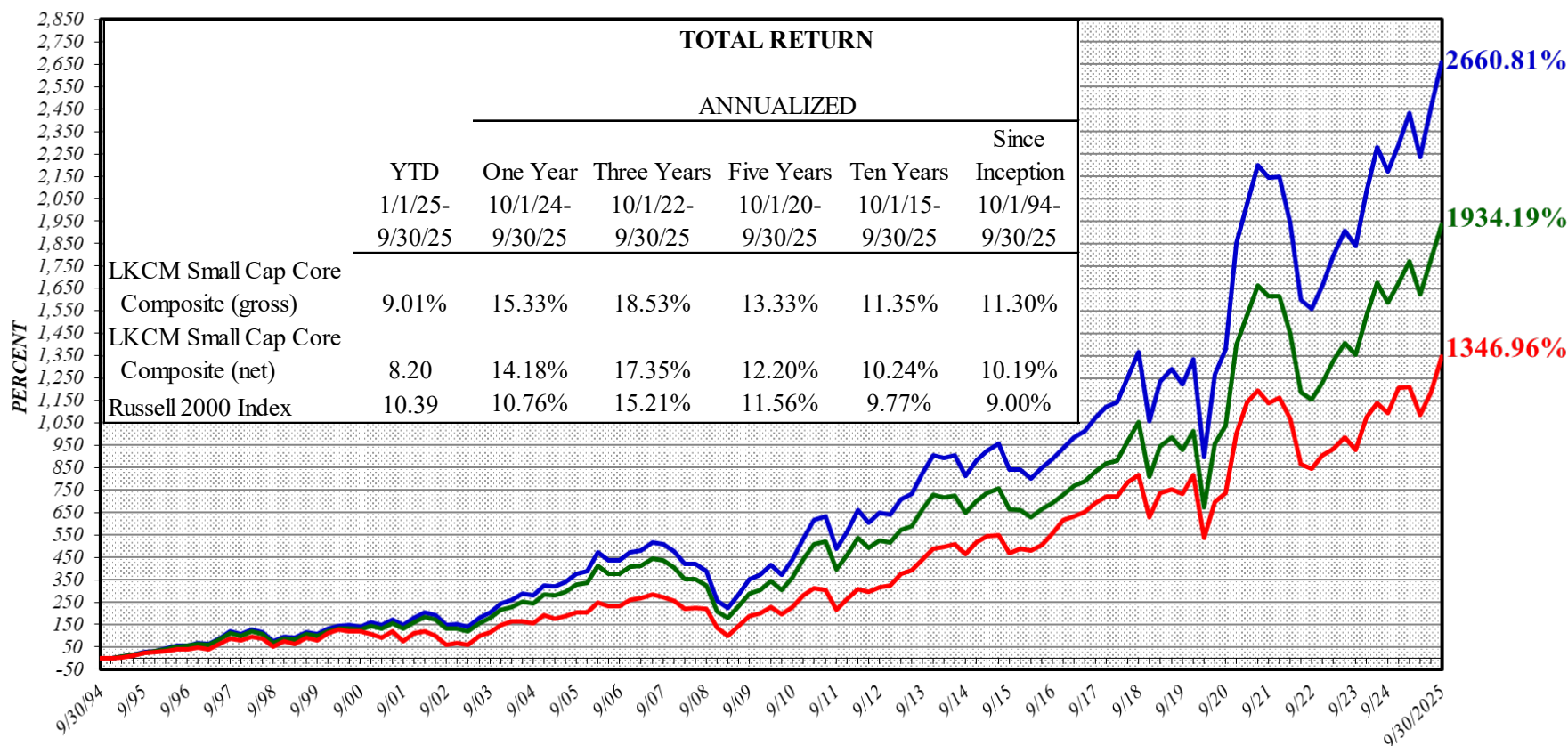
Source: LSEG Data and Analytics. Performance results calculated byRefinitiv may differ significantly from those calculated by LKCM due to differences in methodology for transaction pricing and accounting for capital transactions.

*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, and LSEG Data and Analytics.

# ***LKCM Small Cap Core Composite***

## ***Cumulative Returns Since Inception (10/1/94 – 9/30/25)***



- ***LKCM Small Cap Core Composite (gross)***
- ***LKCM Small Cap Core Composite (net)***
- ***Russell 2000 Index***

*The performance results should be reviewed along with the attached GIPS Report.  
Past performance is not indicative of future results. Time periods over one year are annualized.*

**LUTHER KING CAPITAL MANAGEMENT**  
**SMALL CAP CORE COMPOSITE**  
**GIPS Report as of September 30, 2025**

				Small Cap Core Comp	3-Year Annualized Gross Standard Deviation			Small Cap Core		
		Total Return		Russell	Annual		Russell	Number	Total	
		Gross	Net	2000	Standard	Small Cap	2000	of	Firm	
Year		of Fees	of Fees	Index	Deviation	Core Comp	Index	Accounts	Assets	
								(millions)	(billions)	
2025	(1/1 - 9/30)	9.01 %	8.20 %	10.39 %	NA %	NA %	NA %	5	349	30.1
2024		16.28	15.13	11.54	0.1	21.46	23.30	6	322	28.8
2023		23.42	22.19	16.93	0.2	20.36	21.11	6	266	26.3
2022		-21.55	-22.32	-20.44	0.2	27.43	26.02	5	201	23.6
2021		15.36	14.21	14.82	0.1	25.15	23.35	5	264	27.0
2020		35.85	34.50	19.96	0.3	27.11	25.27	6	244	21.6
2019		23.81	22.58	25.52	0.7	16.64	15.71	8	220	18.2
2018		-5.05	-6.00	-11.01	NA	16.01	15.79	7	193	14.5
2017		17.83	16.66	14.65	0.3	13.45	13.91	5	259	15.3
2016		10.32	9.22	21.31	0.2	15.20	15.76	10	421	13.1
2015		-4.39	-5.34	-4.41	0.4	14.30	13.96	24	1,029	13.1

	Annualized Returns		
	Total Return		Russell 2000 Index
	Gross of Fees	Net of Fees	
1 year ending 09/30/25	15.33 %	14.18 %	10.76 %
5 years ending 09/30/25	13.33	12.20	11.56
10 years ending 09/30/25	11.35	10.24	9.77

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.

- 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, 2024. 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 had a performance examination for the periods October 1, 1994 to December 31, 2024. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
- Composite Description, Benchmark(s), and Risk:** 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 \$0.8 billion and \$7 billion at the initial time of purchase. For comparison purposes, the composite is measured

LKCM SMALL CAP CORE COMPOSITE  
GIPS REPORT AS OF SEPTEMBER 30, 2025

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.

- 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 2.00% as of 12/31/24. 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 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.
- 4) **Additional Information and Availability of Information:** Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Effective January 2010, the portfolios in this composite stay at or over 80% invested in stocks at all times. Effective January 1, 2005, new accounts are added quarterly when the account is at least 75% invested and fully representative of investment style. Prior to January 1, 2005, accounts were added soon after inception on a quarterly basis and/or when considered fully representative of investment style. A list of all composite and limited distribution pooled fund descriptions and/or a list of broad distribution pooled funds is available upon request. Results are presented before taxes, both gross of management fees (which is net of commissions and other transaction costs) and net of 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**  
**SMALL CAP CORE COMPOSITE**  
**PERFORMANCE RESULTS\***  
**OCTOBER 1, 1994 – SEPTEMBER 30, 2025**

	Total Return		Equity Return		Russell 2000 Index
	Gross of Fees	Net of Fees	Gross of Fees	Net of Fees	
Annualized Returns Ending 09/30/25					
1 Year	15.33 %	14.18 %	15.79 %	14.64 %	10.76 %
2 Years	19.26	18.07	20.26	19.07	18.49
3 Years	18.53	17.35	19.57	18.38	15.21
4 Years	5.32	4.27	5.62	4.57	4.00
5 Years	13.33	12.20	13.84	12.71	11.56
6 Years	13.04	11.92	13.59	12.46	9.61
7 Years	9.48	8.39	9.98	8.89	6.76
8 Years	11.30	10.19	11.86	10.74	7.78
9 Years	12.07	10.96	12.66	11.54	9.15
10 Years	11.35	10.24	11.93	10.82	9.77
11 Years	10.59	9.49	11.16	10.05	8.96
12 Years	9.54	8.45	10.06	8.97	8.53
13 Years	10.57	9.47	11.11	10.00	10.06
14 Years	11.69	10.58	12.31	11.19	11.49
15 Years	11.50	10.39	12.08	10.96	10.42
16 Years	11.99	10.88	12.61	11.49	10.60
17 Years	10.71	9.61	11.22	10.11	9.30
18 Years	8.76	7.68	9.14	8.06	7.82
19 Years	8.99	7.91	9.38	8.30	8.05
20 Years	9.19	8.10	9.58	8.49	8.14
21 Years	9.87	8.78	10.32	9.22	8.59
22 Years	10.53	9.43	11.01	9.91	9.04
23 Years	11.03	9.92	11.56	10.45	10.11
24 Years	10.54	9.44	11.08	9.98	9.22
25 Years	10.23	9.14	10.74	9.64	7.80
26 Years	10.44	9.34	10.99	9.89	8.36
27 Years	10.77	9.67	11.37	10.26	8.74
28 Years	9.48	8.39	9.83	8.74	7.60
29 Years	10.38	9.28	10.79	9.69	8.40
30 Years	10.85	9.75	11.35	10.24	8.55
31 Years	11.30	10.19	11.88	10.77	9.00

\*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. Equity returns are supplemental information to this composite. In accordance with the SEC Marketing Rule that went into effect November 4, 2022, net of fee 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.

**$R^2$**  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.