

PROSPECTUS
May 1, 2007

LKCM Funds

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THE LKCM AQUINAS SMALL CAP FUND – seeks to maximize long-term capital appreciation

THE LKCM AQUINAS VALUE FUND – seeks to maximize long-term capital appreciation

THE LKCM AQUINAS GROWTH FUND – seeks to maximize long-term capital appreciation

THE LKCM AQUINAS FIXED INCOME FUND – seeks current income

This Prospectus contains information you should consider before you invest in the LKCM Funds. Please read it carefully and keep it for future reference.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of the securities offered by this Prospectus, nor has the SEC or any state securities commission passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

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OVERVIEW

Each Fund has its own investment objective. The Funds are managed by Luther King Capital Management Corporation (the “Adviser”). In deciding whether to invest in the Small Cap, Value, Growth and Fixed Income Funds (each a “Fund” and collectively, the “Funds”), you should rely on information in this Prospectus or the Statement of Additional Information relating to these Funds (the “SAI”). The Funds have not authorized others to provide additional information. The Funds do not authorize the use of this Prospectus in any state or jurisdiction in which such offering may not legally be made.

RISK/RETURN SUMMARY

OBJECTIVES AND PRINCIPAL STRATEGIES OF THE FUNDS

Generally, the Adviser selects securities for the Funds by identifying high quality companies based on various financial and fundamental criteria and determining which companies are undervalued in the marketplace. In addition, each Fund practices socially responsible investing, pursuant to which the Adviser monitors the companies selected for each Fund for policies on various issues such as abortion, contraceptives, weapons of mass destruction, gender and race discrimination, human rights, economic priorities, environmental responsibility and fair employment practices. If a Fund invests in a company whose policies are inconsistent with these criteria, the Adviser may attempt to influence the company's policies, and if the Adviser is unsuccessful over a reasonable period of time, the Adviser may sell the security.

The Small Cap Fund's objective is to maximize long-term capital appreciation. The Fund attempts to achieve this goal by primarily choosing investments that the Adviser believes are likely to have above-average growth in revenue and/or earnings and potential for above-average capital appreciation. The Fund invests under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of smaller companies. Smaller companies are those with market capitalizations at the time of investment between \$400 million and \$2 billion. The Fund is not required to sell equity securities whose market values appreciate or depreciate outside this market capitalization range. In addition, the Fund may purchase additional equity securities of companies with market capitalizations outside of this range, provided that the Fund's initial investment in the securities was within this market capitalization range or otherwise exempted. These equity securities include common stocks, preferred stocks, securities convertible into common stock, rights and warrants. The Adviser's primary strategy in managing the Fund is to identify high quality companies based on various financial and fundamental criteria such as consistently high profitability, strong balance sheets, competitive advantages, high and/or improving financial returns, free cash flow and reinvestment opportunities, and prominent market share positions.

The Value Fund's objective is to maximize long-term capital appreciation. The Fund attempts to achieve this goal by primarily choosing investments that the Adviser believes to be undervalued relative to a company's earnings growth rate. The Fund invests in equity securities, which include common stocks, preferred stocks, securities convertible into common stocks, rights and warrants. The Adviser's primary strategy in managing the Fund is to select securities that generally have below average price to earnings ratios, low price to cash flow characteristics, attractive dividend yields and/or lower price to book value ratios than the overall market.

The Growth Fund's objective is to maximize long-term capital appreciation. The Fund attempts to achieve this goal by primarily choosing investments that the Adviser believes generally have above-average growth in revenue and/or earnings, above-average returns on shareholders' equity, underleveraged balance sheets and potential for above-average capital appreciation. The Fund invests in equity securities, which include common stocks, preferred stocks, securities convertible into common stocks, rights and warrants. The Adviser's primary strategy in managing the Fund is to identify high quality companies based on various financial and fundamental criteria such as consistently high profitability, strong balance sheets, competitive advantages, high and/or improving financial returns, free cash flow and reinvestment opportunities, and prominent market share positions.

The Fixed Income Fund's objective is current income. The Fund invests under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in a diversified portfolio of investment grade corporate and government fixed income securities. The Fund typically invests in bonds with short and intermediate maturities from one to ten years, and cash equivalent securities. The Adviser's primary strategy in managing the Fund is to select debt securities based on factors such as price, yield and credit quality.

The Small Cap Fund and Fixed Income Fund each has adopted a non-fundamental policy to notify its shareholders at least 60 days before it changes its 80% investment policy as described above.

The Funds cannot guarantee that they will achieve their goals. For more information, see "How the Funds Invest."

PRINCIPAL RISKS OF INVESTING IN THE FUNDS

The principal risks of investing in the Small Cap, Value, Growth and Fixed Income Funds are discussed below. You should be aware that you may lose money by investing in the Funds.

- **General Market Risk:** Factors that affect the stock and bond markets include domestic and foreign economic growth or decline, interest rate levels and political events. These factors may negatively affect the markets and, thus, an investment in any of the Funds may decline. Decreases in the value of stocks are generally greater than for bonds or other debt investments.
- **Socially Responsible Investing:** Since the Adviser considers other factors in addition to traditional investment criteria when selecting portfolio securities, it may forego a profitable investment opportunity or sell a security when it may be disadvantageous to do so.
- **Portfolio Turnover:** To the extent a Fund engages in active trading of securities, that Fund will incur greater transaction costs (such as brokerage commissions), which may reduce that Fund's return. Also, shareholders may receive more distributions as a result.
- **Inflation Risk:** Stocks and bonds may fall in value due to higher actual or anticipated inflation. Further, a rapid increase in prices for goods and services may have an adverse effect on corporate profits and consumer spending, which also may result in lower stock and bond values.

In addition, the Small Cap, Value, and Growth Funds are subject to additional principal risks:

- **Stock Market Risk:** Funds that invest in equity securities are subject to stock market risks and significant fluctuations in price. If the stock market declines in value, a Fund is likely to decline in price. Decreases in the price of stocks are generally greater than for bonds or other debt investments. Risks of investing in equity securities also include that a company may not perform as anticipated due to a variety of factors such as poor management, weak demand for its products and less than anticipated earnings.
- **Stock Selection Risk:** Stocks selected by the Adviser may decline in value or not increase in value when the stock market in general is rising.

In addition, the Small Cap Fund is subject to additional principal risks:

- **Small Cap Risk:** Small capitalization companies may not have the size, resources or other assets of mid or large capitalization companies. These small capitalization companies may be subject to greater market risks and fluctuations in value than mid or large capitalization companies and may not correspond to changes in the stock market in general.

In addition, the Value Fund is subject to additional principal risks:

- **Value Investing Risk:** There is a risk that the Adviser may be incorrect in its assessment of a company's value and the stocks selected do not reach what the Adviser believes is their full value. In addition, value funds may not perform as well as other funds when this style is out of favor with investors.

In addition, the Growth Fund is subject to additional principal risks:

- **Growth Investing Risk:** There is a risk that the Adviser may be incorrect in its assessment of a company's potential for growth and the company does not grow as anticipated. In addition, growth funds may not perform as well as other funds when this style is out of favor with investors.

The principal risks of investing in the Fixed Income Fund are:

- **Interest Rate Risk:** The market values of fixed income securities are inversely related to actual changes in interest rates. When interest rates rise, the market value of the Fund's fixed income securities will decrease. If this occurs, the Fund's net asset value may also decrease. Moreover, the longer the remaining maturity of a fixed income security, the greater the effect of interest rate changes on the market value of the security.
- **Credit Risk:** If issuers of fixed income securities in which the Fund invests experience unanticipated financial problems, the issue is likely to decline in value. In addition, the Fund is subject to the risk that the issuer of a fixed income security will fail to make timely payments of interest or principal.

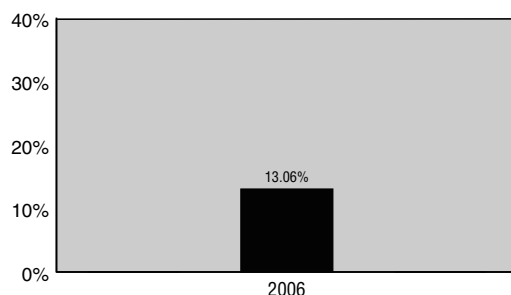
PAST PERFORMANCE

The performance information that follows gives some indication of how each Fund's performance can vary. The bar charts indicate the risks of investing in the Funds by showing the performance of each Fund for the past year (on a calendar year basis going forward). The tables indicate the risks of investing in the Funds by showing each Fund's average annual returns compared to a broad-based securities market index. The information shown assumes reinvestment of dividends and distributions.

After-tax returns as shown in the following tables are intended to show the impact of assumed federal income taxes on an investment in the Funds. Each Fund's "Return After Taxes on Distributions" shows the effect of taxable distributions (dividends and capital gain distributions), but assumes that you still hold the Fund shares at the end of the period and so do not have any taxable gain or loss on your investment in shares of the Fund. Each Fund's "Return After Taxes on Distributions and Sale of Fund Shares" shows the effect of both taxable distributions and any taxable gain or loss that would be realized if the Fund shares were purchased at the beginning and sold at the end of the specified period. After-tax returns are calculated using the historical highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. In certain cases, the figure representing "Return After Taxes on Distributions and Sale of Fund Shares" may be higher than the other return figures for the same period. A higher after tax return results when a capital loss occurs upon redemption and provides an assumed tax deduction that benefits the investor. Actual after-tax returns depend on your tax situation and may differ from those shown. In addition, the after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans and individual retirement accounts because such accounts are only subject to taxes upon redemption. Please remember that a Fund's past performance (before and after taxes) does not reflect how the Fund may perform in the future.

SMALL CAP FUND

Calendar Year Returns as of 12/31



Best and Worst Quarterly Returns

17.01% (1st quarter, 2006)
 (8.22%) (2nd quarter, 2006)

Average Annual Total Returns as of December 31, 2006

	<u>1 Year</u>	<u>Since Inception*</u>
Small Cap Equity Fund		
Return Before Taxes	13.06%	11.36%
Return After Taxes on Distributions	13.06%	11.36%
Return After Taxes on Distributions and Sale of Fund Shares	8.49%	9.69%
Russell 2000 Index⁽¹⁾	18.37%	13.75%
Lipper Small-Cap Core Funds Index⁽²⁾	13.70%	14.67%

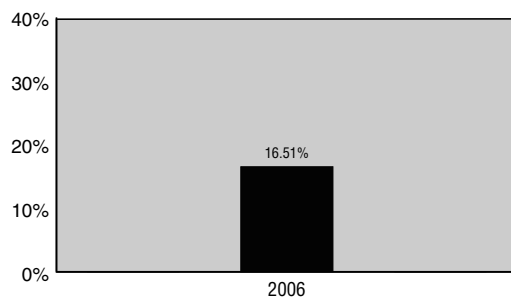
* The Fund commenced operations on July 11, 2005.

⁽¹⁾ The Russell 2000 Index is an unmanaged index comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 Index total market capitalization. The Russell 3000 Index is an unmanaged index that measures the performance of the 3000 largest U.S. companies, based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. As of the latest reconstitution, the average market capitalization of the Russell 2000 Index was approximately \$763 million. The Index does not reflect a deduction for fees, expenses or taxes.

⁽²⁾ The Lipper Small-Cap Core Funds Index is an unmanaged index consisting of small-cap core funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) of less than 250% of the dollar-weighted median market capitalization of the smallest 500 of the middle 1,000 securities of the S&P SuperComposite 1500 Index. Small-cap core funds have more latitude on the companies in which they invest. These funds will normally have an average price-to-earnings ratio, price-to-book ratio and three-year sales-per-share growth value, comparable to those companies included in to the S&P Small Cap 600 Index. The Index does not reflect a deduction for fees, expenses or taxes.

VALUE FUND

Calendar Year Returns as of 12/31



Best and Worst Quarterly Returns

6.98% (4th quarter, 2006)
 (0.78%) (2nd quarter, 2006)

Average Annual Total Returns as of December 31, 2006

	<u>1 Year</u>	<u>Since Inception*</u>
Value Fund		
Return Before Taxes	16.51%	12.79%
Return After Taxes on Distributions	15.76%	12.31%
Return After Taxes on Distributions and Sale of Fund Shares	11.57%	10.88%
Russell 1000 Value Index⁽¹⁾	22.25%	17.19%
Lipper Large-Cap Value Funds Index⁽²⁾	18.28%	16.29%

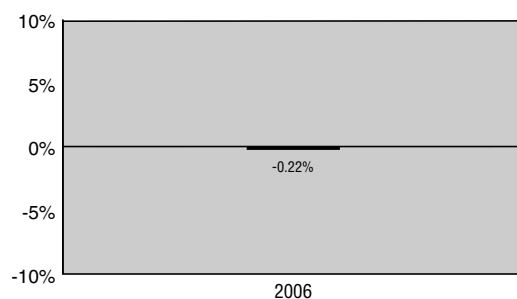
* The Fund commenced operations on July 11, 2005.

⁽¹⁾ The Russell 1000 Value Index is an unmanaged index consisting of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The Index does not reflect a deduction for fees, expenses or taxes.

⁽²⁾ The Lipper Large-Cap Value Funds Index is an unmanaged index consisting of large-cap value funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. Large-cap value funds typically have a below-average price-to earnings ratio, price-to-book ratio and three-year sales-per-share growth value, compared to the S&P 500 Index. The Index does not reflect a deduction for fees, expenses or taxes.

GROWTH FUND

Calendar Year Returns as of 12/31



Best and Worst Quarterly Returns

3.36% (4th quarter, 2006)
 (6.68%) (2nd quarter, 2006)

Average Annual Total Returns as of December 31, 2006

	<u>1 Year</u>	<u>Since Inception*</u>
Growth Fund		
Return Before Taxes	(0.22%)	1.61%
Return After Taxes on Distributions	(0.49%)	1.18%
Return After Taxes on Distributions and Sale of Fund Shares	(0.13%)	1.26%
Russell 1000 Growth Index⁽¹⁾	9.07%	9.52%
Lipper Large-Cap Growth Funds Index⁽²⁾	4.72%	9.31%

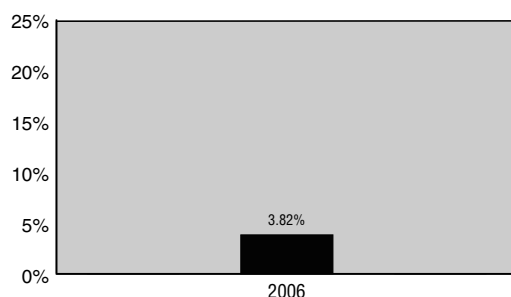
* The Fund commenced operations on July 11, 2005.

⁽¹⁾ The Russell 1000 Growth Index consists of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Index does not reflect a deduction for fees, expenses or taxes.

⁽²⁾ The Lipper Large-Cap Growth Funds Index is an unmanaged index consisting of large-cap growth funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. Large-cap growth funds typically have an above-average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P 500 Index. The Index does not reflect a deduction for fees, expenses or taxes.

FIXED INCOME FUND

Calendar Year Returns as of 12/31



Best and Worst Quarterly Returns

2.93% (3rd quarter, 2006)
 (0.14%) (1st quarter, 2006)

Average Annual Total Returns as of December 31, 2006

	<u>1 Year</u>	<u>Since Inception*</u>
Fixed Income Fund		
Return Before Taxes	3.82%	2.54%
Return After Taxes on Distributions	2.38%	1.11%
Return After Taxes on Distributions and Sale of Fund Shares	2.48%	1.36%
Lehman Brothers Intermediate Government/Credit Bond Index⁽¹⁾	4.08%	3.07%
Lipper Short Intermediate Investment-Grade Debt Funds Index⁽²⁾	4.08%	2.75%

* The Fund commenced operations on July 11, 2005.

⁽¹⁾ The Lehman Brothers Intermediate Government/Credit Bond Index is an unmanaged market value weighted index measuring the principal price changes of, and income provided by, the underlying universe of securities that comprise the Index. Securities included in the Index must meet the following criteria: fixed as opposed to variable rate; remaining maturity of one to ten years; minimum outstanding par value of \$250 million; rated investment grade or higher by Moody's Investors Service or equivalent; must be dollar denominated and non-convertible; and must be publicly issued. The Index does not reflect a deduction for fees, expenses or taxes.

⁽²⁾ The Lipper Short Intermediate Investment-Grade Debt Funds Index is an unmanaged index consisting of funds that, by portfolio practice, invest at least 65% of their assets in investment-grade debt issues (rated in the top four grades) with dollar weighted average maturities of one to five years. The Index does not reflect a deduction for fees, expenses or taxes.

FEES AND EXPENSES OF THE FUNDS

The following table illustrates the fees and expenses that you may pay if you buy and hold shares of the Funds.

SHAREHOLDER FEES (FEES PAID DIRECTLY FROM YOUR INVESTMENT)

	Small Cap Fund	Value Fund	Growth Fund	Fixed Income Fund
Redemption Fee (as a % of amount redeemed) ⁽¹⁾	1.00%	1.00%	1.00%	1.00%
Exchange Fee ⁽²⁾	None	None	None	None

ANNUAL FUND OPERATING EXPENSES (EXPENSES THAT ARE DEDUCTED FROM FUND ASSETS)⁽³⁾

	Small Cap Fund	Value Fund	Growth Fund	Fixed Income Fund
Management Fees ⁽⁶⁾	1.00%	0.90%	0.90%	0.60%
Distribution and Service (12b-1) Fees ⁽⁴⁾	0.25%	0.25%	0.25%	0.00%
Other Expenses ⁽⁵⁾⁽⁶⁾	1.08%	0.35%	0.31%	0.40%
Acquired Fund Fees and Expenses ⁽⁵⁾	0.00%	0.00%	0.02%	0.00%
Total Annual Fund Operating Expenses⁽⁶⁾	<u>2.33%</u>	<u>1.50%</u>	<u>1.48%</u>	<u>1.00%</u>

- (1) The Funds charge a redemption fee for redemptions (including redemptions via exchanges) on shares held for less than 30 days. See “Redemption of Shares – 30-Day Redemption Fee” for additional information. You may be charged a \$15.00 fee for wire redemptions.
- (2) The Funds’ transfer agent (the “Transfer Agent”) charges a \$5.00 fee for each exchange via telephone.
- (3) Fund operating expenses are deducted from Fund assets before computing the daily share price or making distributions. As a result, they will not appear on your account statement, but instead they will reduce the amount of total return you receive.
- (4) The Funds have adopted the Adviser Class Distribution Plan under which each Fund may pay up to 1.00% of its average daily net assets for distribution and other services. The Board currently has authorized payment of only 0.25% under this plan at this time for each Fund, except the Fixed Income Fund.
- (5) The Funds are required to disclose “Acquired Fund Fees and Expenses” in the above fee table. Acquired Fund Fees and Expenses are indirect fees that funds incur from investing in the shares of other mutual funds (“Acquired Fund(s)”). The indirect fee represents a pro rata portion of the cumulative expenses charged by the Acquired Fund. Acquired Fund Fees and Expenses are reflected in the Acquired Fund’s net asset value. Please note that the Total Annual Fund Operating Expenses in the table above do not correlate to the ratio of Expenses to Average Net Assets found within the “Financial Highlights” section of this prospectus. Without Acquired Fund Fees and Expenses, the Total Annual Fund Operating Expenses would have been 2.32%, 1.49%, 1.46%, and 0.99% for the Small Cap, Value, Growth and Fixed Income Funds, respectively, and the Total Annual Fund Operating Expenses would have been 1.50%, 1.49%, 1.46%, and 0.80%, for the Small Cap, Value, Growth and Fixed Income Funds respectively, after the fee waiver.
- (6) The Adviser has agreed to waive all or a portion of its management fee and/or reimburse the Small Cap, Value, Growth and Fixed Income Funds’ Management Fees or Other Expenses to limit the Total Annual Fund Operating Expenses to 1.50%, 1.50%, 1.50% and 0.80%, respectively. The Adviser may choose to terminate these waivers or revise the limits on Total Annual Fund Operating Expenses at any time. This expense limitation excludes interest, taxes, brokerage commissions and extraordinary expenses. If the waivers or reimbursements were included in the calculation above, “Management Fees”, “Distribution and Service (12b-1) Fees”, “Other Expenses” and “Total Annual Fund Operating Expenses” would be as follows:

	Small Cap Fund	Value Fund	Growth Fund	Fixed Income Fund
Management Fees	0.18%	0.90%	0.90%	0.41%
Distribution and Service (12b-1) Fees	0.25%	0.25%	0.25%	0.00%
Other Expenses	1.07%	0.34%	0.31%	0.39%
Total Annual Fund Operating Expenses	<u>1.50%</u>	<u>1.49%</u>	<u>1.46%</u>	<u>0.80%</u>

EXAMPLE

The following Example is intended to help you compare the costs of investing in a Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in a Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year, that all dividends and distributions have been reinvested, and that a Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be as follows:

	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>Ten Years</u>
Small Cap Fund	\$236	\$727	\$1,245	\$2,666
Value Fund	\$153	\$474	\$ 818	\$1,790
Growth Fund	\$151	\$468	\$ 808	\$1,769
Fixed Income Fund	\$102	\$318	\$ 552	\$1,224

INVESTMENT OBJECTIVES

The investment objective of the Small Cap Fund is to maximize long-term capital appreciation.

The investment objective of the Value Fund is to maximize long-term capital appreciation.

The investment objective of the Growth Fund is to maximize long-term capital appreciation.

The investment objective of the Fixed Income Fund is current income.

HOW THE FUNDS INVEST – PRINCIPAL INVESTMENT STRATEGIES

Investment Screening Process. Each Fund practices socially responsible investing. The Adviser monitors all issuers selected for each Fund for policies on various issues such as abortion, contraceptives, weapons of mass destruction, gender and race discrimination, human rights, economic priorities, environmental responsibility and fair employment practices. If a Fund invests in a company whose policies are inconsistent with these criteria, the Adviser may attempt to influence the company's policies. If the Adviser is unsuccessful over a reasonable period of time, the Adviser may sell the security. The Adviser may also rely on an outside independent monitoring authority to assist with its efforts.

Equity Approach. For the Small Cap, Value and Growth Funds, the Adviser follows a long-term investment philosophy grounded in the fundamental analysis of individual companies. The Adviser's primary approach to equity-related investing has two distinct but complementary components. First, the Adviser seeks to identify high quality companies based on various financial and fundamental criteria. Companies meeting these criteria will typically exhibit a number of the following characteristics:

- Consistently high profitability levels;
- Strong balance sheet quality;
- Competitive advantages;
- Prominent market share positions;
- Ability to generate excess cash flow after capital expenditures;
- Management with a significant ownership stake in the company; and
- Undervaluation based upon various quantitative criteria.

The Adviser also invests in companies whose assets the Adviser has determined are undervalued in the marketplace. These include companies with tangible assets as well as companies that own valuable intangible assets. As with the primary approach described above, both qualitative as well as quantitative factors are important criteria in the investment analysis.

Fixed Income Approach. For the Fixed Income Fund, the Adviser's fixed income approach concentrates primarily on investment-grade corporate and government issues with short and intermediate effective maturities. The Adviser's fixed income philosophy combines noncallable bonds for their offensive characteristics with callable bonds for their defensive characteristics in an attempt to enhance returns while controlling the level of risk. The security selection process for noncallable corporate bonds is heavily credit-driven and focuses on the issuer's earning and cash flow trends, its competitive positioning and the dynamics of its industry. A second component of the Adviser's fixed income philosophy is the identification of undervalued securities with a combination of high coupons and various early redemption features. These defensive issues can offer high levels of current income with limited price volatility due to the possibility that they will be retired by the issuer much sooner than the final maturity. Callable bonds are used as alternatives to traditional short-term noncallable issues. Maturity decisions are primarily a function of the Adviser's macroeconomic analysis and are implemented utilizing intermediate maturity, noncallable securities. Finally, the credit analysis performed by the Adviser on individual companies, as well as industries, is enhanced by the Adviser's experience in the equity market. The analytical effort concentrates on market dominant, consistently profitable, well-financed debt issuers.

The Small Cap Fund. The Small Cap Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of smaller companies which the Adviser believes are likely to have above-average growth in revenue and/or earnings. Smaller companies are those with market capitalizations at the time of investment between \$400 million and \$2 billion. The Fund is not required to sell equity securities whose market values appreciate or depreciate outside this market capitalization range. In addition, the Fund may purchase additional equity securities of companies with market capitalizations outside of this range, provided that the Fund's initial investment in the securities was within this market capitalization range or otherwise exempted. These equity securities include common stocks, preferred stocks, securities convertible into common stock, rights and warrants.

The Value Fund. The Value Fund seeks to achieve its investment objective by investing under normal circumstances in equity securities of companies which the Adviser believes to be undervalued relative to a company's earnings. The Adviser's primary strategy in managing the Fund is to select securities that generally have below average price to earnings ratios, low price to cash flow characteristics, attractive dividend yields and/or lower price to book value ratios than the overall market. These equity securities include common stocks, preferred stocks, securities convertible into common stocks, rights and warrants.

The Growth Fund. The Growth Fund seeks to achieve its investment objective by investing under normal circumstances in equity securities of companies which the Adviser believes generally have above-average growth in revenue and/or earnings with above-average returns on shareholders' equity and underleveraged balance sheets. The Fund invests a portion of its assets in companies whose public market value is less than the Adviser's assessment of the companies' value. These equity securities include common stocks, preferred stocks, securities convertible into common stocks, rights and warrants.

The Fixed Income Fund. The Fixed Income Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets (plus any borrowings for investment purposes) in a diversified portfolio of investment grade fixed income securities. The Fund typically invests in bonds with short to intermediate effective maturities (generally from one to ten years) issued by corporations, the U.S. Government, agencies or instrumentalities of the U.S. Government and cash equivalent securities. Investment grade debt securities are considered to be those rated within the four highest ratings assigned by nationally recognized statistical rating organizations.

The Fund seeks to maintain a dollar-weighted average expected maturity between three and 10 years under normal market and economic conditions. The expected maturity of securities with sinking fund or other early redemption features will be estimated by the Adviser, based upon prevailing interest rate trends and the issuer's financial position. The average expected maturity may be less than three years if the Adviser believes a temporary, defensive posture is appropriate.

The Fund may invest in all types of domestic or U.S. dollar denominated foreign fixed income securities in any proportion, including bonds, notes, convertible bonds, mortgage-backed and asset-backed securities, government and government agency securities, zero coupon bonds, floating rate bonds, preferred stock and short-term obligations such as commercial paper and notes, bank deposits and other financial obligations, and repurchase agreements. In determining whether to invest in a particular debt security, the Adviser considers factors such as the price, coupon, yield to maturity, the credit quality of the issuer, the issuer's cash flow and related coverage ratios, the property, if any, securing the obligation and the terms of the debt instrument, including subordination, sinking fund and early

redemption provisions. The Fund generally intends to purchase securities that are rated investment grade at the time of purchase. If an issue is downgraded, the Adviser will consider whether to continue to hold the obligation.

PORTFOLIO HOLDINGS INFORMATION

The Funds make available their top ten and complete portfolio holdings on their website home page at www.lkcm.com on a quarterly basis. The top ten and complete portfolio holdings information is available no earlier than 10 and 30 days after the end of the calendar quarter, respectively, and will remain available through at least the end of the current quarter. A description of the Funds' policies and procedures with respect to the disclosure of the Funds' portfolio securities is available in the Funds' SAI. The SAI is available by contacting the Funds at 1-800-423-6369 or at www.lkcm.com.

MARKET TIMING POLICY

“Market timing” typically refers to the practice of frequent trading in the shares of mutual funds in order to exploit inefficiencies in fund pricing. Market timing transactions include trades in mutual fund shares that occur when the fund's NAV does not fully reflect the value of the fund's holdings – for example, when the fund has in its portfolio particular holdings, such as foreign or thinly traded securities, that are valued on a basis that does not include the most updated information possible. Market timing can have a dilutive effect on the value of the investments of long-term fund shareholders and can increase the transaction costs of a fund, which will be borne by all fund shareholders.

The Funds are typically intended for long-term investing. Market timing by Fund shareholders may adversely affect the Funds by interfering with portfolio management and increasing portfolio transaction and administrative costs. The Board of Trustees of the Funds has adopted policies and procedures to detect and prevent market timing activities in the Funds. To discourage market timing, the Funds charge a 1.00% redemption fee on shares exchanged or redeemed within 30 days of purchase (except on shares held in separate accounts of the Adviser). In addition, a Fund will temporarily suspend or terminate future purchase and exchange orders by investors or groups of investors who the Funds believe have engaged in market timing practices and which may have an adverse impact on the Funds. The Funds will also terminate, without notice, the exchange privilege of any investor who, in the opinion of the Funds, uses the exchange privilege excessively.

The Funds and/or the Adviser monitor for market timers and attempt to detect abusive trading practices. The criteria and techniques may change from time to time as determined by the Funds or the Adviser. The Transfer Agent will reject any purchase or exchange order, in whole or in part, including trading that the Funds or the Adviser believe may be excessive in frequency and/or amount or otherwise potentially disruptive to the affected Funds. Although these efforts are designed to discourage abusive trading practices, these tools cannot eliminate the possibility that such activity will occur.

Furthermore, due to the complexity involved in identifying abusive trading activity and the volume of shareholder transactions the Funds handle, there can be no assurance that the efforts of the Funds or the Adviser will identify all trades or trading practices that may be considered abusive. In addition, the ability of the Funds or the Adviser to monitor trades that are placed by individual shareholders within omnibus and retirement accounts maintained by financial intermediaries may be limited. However, the Funds and the Adviser attempt to monitor aggregate trades placed in omnibus accounts and seek to work with financial intermediaries to discourage shareholders from engaging in abusive trading practices and to impose restrictions on excessive trades. In this regard, the Funds have entered into agreements with certain financial intermediaries that generally require them to provide the Funds with information concerning those individual shareholders involved in any such aggregated trades. For those financial intermediaries with whom the Funds have not entered into such agreements, the Funds treat such intermediaries as individual shareholders for purposes of its market timing and redemption fee policies. However, there can be no assurance that the Funds or the Adviser will be able to detect and prevent abusive trading in accounts maintained by financial intermediaries through the foregoing measures or otherwise.

TEMPORARY INVESTMENTS

To respond to adverse market, economic, political or other conditions, the Small Cap, Value, Growth and Fixed Income Funds may invest in time deposits, commercial paper, certificates of deposit, short-term corporate and government obligations, repurchase agreements and bankers' acceptances among other investments. To the extent that a Fund engages in a temporary, defensive strategy, the Fund may not achieve its investment objective.

FUND MANAGEMENT

INVESTMENT ADVISER

Luther King Capital Management Corporation, 301 Commerce Street, Suite 1600, Fort Worth, Texas 76102, serves as the investment adviser to the Funds. The Adviser was founded in 1979 and provides investment counseling services to employee benefit plans, endowment funds, foundations, common trust funds, and high net-worth individuals. As of December 31, 2006, the Adviser had in excess of \$7.2 billion in assets under management.

Under an Investment Advisory Agreement with the Funds, the Funds pay the Adviser a quarterly advisory fee as set forth below under "Contractual Fee," calculated at an annual rate based on the following percentage of average daily net assets. However, until further notice, the Adviser has voluntarily agreed to waive its advisory fees and/or reimburse expenses to the extent necessary to keep the total operating expenses from exceeding the respective caps also shown as a percentage of average daily net assets. A discussion regarding the basis for the Board of Trustees' approval of the Investment Advisory Agreement is available in the Funds' semi-annual report to shareholders for the six-month period ended June 30, 2006.

The advisory fees and expense caps for the fiscal year ended December 31, 2006 were follows:

	<u>Contractual Fee</u>	<u>Expense Cap</u>
Small Cap Fund	1.00%	1.50%
Value Fund	0.90%	1.50%
Growth Fund	0.90%	1.50%
Fixed Income Fund	0.60%	0.80%

Any waivers or reimbursements will have the effect of lowering the overall expense ratio for the applicable Fund and increasing its overall return to investors at the time any such amounts were waived and/or reimbursed.

PORTFOLIO MANAGERS

J. Luther King, Jr. shares the day-to-day management of the Value Fund and Small Cap Fund with Mr. Greenwell and Mr. Purvis. Mr. King also shares day-to-day management of the Growth Fund with Mr. Greenwell and Mr. Orser. In addition, Mr. King shares the day-to-day management of the Fixed Income Fund with Ms. Maynard, Mr. Johnson, and Mr. Greenwell. Mr. King has been President, Principal and Portfolio Manager of the Adviser since 1979.

Paul W. Greenwell shares the day-to-day management of the Value, Growth, Small Cap and Fixed Income Funds together with the other portfolio managers. Mr. Greenwell has been a Portfolio Manager of the Adviser since 1983 and Principal since 1986.

Steven R. Purvis shares the day-to-day management responsibility of the Value Fund and Small Cap Fund together with Mr. King and Mr. Greenwell. Mr. Purvis has been Vice President and Portfolio Manager since 1996 and Principal with the Adviser since 2004.

Joan M. Maynard shares the day-to-day management responsibility of the Fixed Income Fund together with Mr. King, Mr. Johnson and Mr. Greenwell. Ms. Maynard has been Vice President and Portfolio Manager of the Adviser since 1991 and employed by the Adviser since 1986.

James B. Orser shares the day-to-day management responsibility of the Growth Fund together with Mr. King and Mr. Greenwell. Mr. Orser has been Vice President and Portfolio Manager of the Adviser since 1999.

Mark L. Johnson shares the day-to-day management responsibility of the Fixed Income Fund together with Ms. Maynard, Mr. King and Mr. Greenwell. Mr. Johnson has been Vice President and Portfolio Manager of the Adviser since 2001. He was a Principal and Portfolio Manager for another advisory firm from 1989 to 2001.

The SAI provides additional information about the Portfolio Managers' compensation, other accounts managed, and ownership of securities of the Funds.

DISTRIBUTION OF FUND SHARES

DISTRIBUTOR

Quasar Distributors, LLC, 615 East Michigan Street, Milwaukee, WI 53202, a registered broker-dealer and member of the National Association of Securities Dealers, Inc., distributes the Funds' shares.

DISTRIBUTION PLAN

The Funds have adopted an Adviser Class distribution plan under Rule 12b-1 of the Investment Company Act of 1940 (the "Distribution Plan") that allows each Fund to pay distribution and service fees for the sale and distribution of its shares and for services provided to shareholders. The Distribution Plan authorizes each Fund to pay up to 1.00% of average daily net assets for distribution and other services. Also, the plan allows each Fund to finance activities that promote the sale of the Fund's shares such as printing prospectuses and reports and preparing and distributing advertising material and sales literature with Fund assets. Currently, the Board of Trustees has authorized a fee of 0.25% of the average daily net assets of each Fund under the Distribution Plan (other than the Fixed Income Fund). Because the fees are paid out of each Fund's assets on an ongoing basis, the fees paid can increase the cost of your investment and could cost you more than paying other types of sales charges.

PURCHASE OF SHARES

You may purchase shares of each Fund at the net asset value ("NAV") per share next determined after receipt of the purchase order. Each Fund determines NAV as of the close of normal trading of the New York Stock Exchange ("NYSE") (generally 4:00 P.M. Eastern time) each day that the NYSE is open for business.

INITIAL INVESTMENTS

The Funds are offered for purchase through financial intermediaries who have entered into agreements with the Funds' distributor, directly from LKCM Funds and from certain other distribution channels.

Through Your Financial Adviser. You may invest in shares of a Fund by contacting your financial adviser. Your financial adviser can help you open a new account and help you review your financial needs and formulate long-term investment goals and objectives. Investors may be charged a fee if they effect transactions in Fund shares through a broker or agent.

The Funds have authorized certain broker-dealers to receive on their behalf purchase and redemption orders of Fund shares. These broker-dealers may designate intermediaries to receive Fund orders. The Funds are deemed to have received purchase and redemption orders for Fund shares when an authorized broker-dealer or its designee receives such orders. All such orders are executed at the next NAV calculated after the order is received by an authorized broker-dealer, its designee or Transfer Agent.

By Mail. You may open an account by completing and signing an Account Registration Form, and mailing it, together with a check (\$5,000 minimum initial investment) payable to LKCM Funds. Your order will not be accepted until the completed Account Registration Form is received by the Funds or the Transfer Agent.

By regular mail to:*

LKCM Funds – Fund name
c/o U.S. Bancorp Fund Services, LLC
P.O. Box 701
Milwaukee, WI 53201-0701

By express, registered or certified mail to:*

LKCM Funds – Fund name
c/o U.S. Bancorp Fund Services, LLC
615 East Michigan Street, 3rd Floor
Milwaukee, WI 53202

* The LKCM Funds do not consider the U.S. Postal Service or other independent delivery services to be its agents.

Once a Fund receives and accepts your Account Registration Form in the mail, your payment for shares will be credited to your account at the NAV per share of the Fund next determined after receipt. If you purchase shares using a check and soon after make a redemption request, the Funds will honor the redemption request at the next determined NAV, but will not send you the proceeds until your purchase check has cleared (usually within 15 days). The Funds will not accept payment in cash, cashier's checks or money orders. Also, to prevent check fraud, the Funds will not accept third party checks, U.S. Treasury checks, credit card checks, travelers checks or starter checks for the purchase of shares. The Funds are unable to accept post dated checks, post dated on-line bill pay checks, or

any conditional order or payment. Payment should be made in U.S. dollars drawn on a U.S. bank, savings and loan or credit union. If your bank does not honor your check, you could be liable for any loss sustained by the LKCM Funds, as well as a service charge imposed by the Transfer Agent in the amount of \$25.

In compliance with the USA PATRIOT Act of 2001, please note that the Transfer Agent will verify certain information on your Account Registration Form as part of the Funds' Anti-Money Laundering Program. As requested on the Account Registration Form, you should supply your full name, date of birth, social security number and permanent street address. Mailing addresses containing only a P.O. Box will not be accepted. Please contact the Transfer Agent at 1-800-423-6369 if you need additional assistance when completing your Account Registration Form.

If we do not have a reasonable belief of the identity of a shareholder, the account will be rejected or you will not be allowed to perform a transaction on the account until such information is received. The Funds may also reserve the right to close the account within 5 business days if clarifying information/documentation is not received.

By Wire. You may purchase shares of a Fund by wiring federal funds (\$5,000 minimum). If you are making your first investment in the Funds, before you wire funds, the Transfer Agent must have a completed Account Registration Form. You can mail or overnight deliver your Account Registration Form to the Transfer Agent. Upon receipt of your completed Account Registration Form, the Transfer Agent will establish an account for you. The account number assigned will be required as part of the instruction that should be given to your bank to send the wire. The wire must be received by 4:00 P.M. (Eastern time) in order to receive the same day's NAV. Your bank must include both the name of the Fund you are purchasing and your name so that monies can be correctly applied. Your bank should transmit funds by wire to:

U.S. Bank, N.A.
777 East Wisconsin Avenue
Milwaukee, WI 53202
ABA #075000022
For credit to U.S. Bancorp Fund Services, LLC
Account #112-952-137
For further credit to LKCM Funds
[Name of Fund]
[Shareholder account number]

Federal fund purchases will be accepted only on a day on which the Funds and the custodian are open for business. The Funds are not responsible for the consequences of delays resulting from the banking or Federal Reserve wire system.

SUBSEQUENT INVESTMENTS

By Mail or Wire. You may make additional investments at any time (minimum subsequent investment \$500) by mailing a check payable to LKCM Funds to the address noted under "Initial Investments--By Mail." Additional investments may also be made by wire. Before sending your wire, please contact the Transfer Agent at 1-800-423-6369 to advise them of your intent to wire funds. This will ensure prompt and accurate credit upon receipt of your wire. Instruct your bank to wire monies as outlined above.

By Telephone. To make additional investments by telephone, you must check the appropriate box on your Account Registration Form authorizing telephone purchases. If you have given authorization for telephone transactions and your account has been open for at least 15 days, you may call the Funds toll free at 1-800-423-6369 to move money, in the amount of \$500 or more, from your bank account to your Fund account upon request. Only bank accounts held at U.S. institutions that are Automated Clearing House ("ACH") members may be used for telephone transactions. For security reasons, requests by telephone will be recorded. Shares of a Fund will be purchased in your account at the NAV determined on the day that your order is placed.

AUTOMATIC INVESTMENT PROGRAM

The Automatic Investment Program (the "Program") permits investors that own shares of a Fund with a value of \$5,000 or more to purchase shares (minimum of \$100 per transaction) at regular intervals selected by the investor. This Program provides a convenient method to have monies deducted from your checking or savings account, for investment into a Fund, on a monthly, bi-monthly, quarterly or semi-annual basis. Only bank accounts held at domestic institutions that are ACH members may be used for this option. If you wish to change the amount of your

investment or to terminate the Program, please contact the Transfer Agent five days prior to the effective date. Additionally, the Transfer Agent will charge a \$25 fee for any payment returned. To establish the Program, an investor must complete the appropriate sections of the Account Registration Form. For additional information on the Program, please call 1-800-423-6369.

RETIREMENT PLANS

The Funds make available individual retirement accounts (“IRAs”), including Simplified Employee Pension Plans, traditional IRAs, Roth IRAs and IRA “Rollover Accounts,” offered by U.S. Bancorp Fund Services, LLC. Detailed information on these plans is available by calling the Funds at 1-800-423-6369 (option 1). Investors should consult with their own tax advisers before establishing a retirement plan.

OTHER PURCHASE INFORMATION

Each Fund reserves the right, in its sole discretion, to suspend the offering of its shares, to reject any purchase order, or to waive any minimum investment requirements.

Purchases of each Fund’s shares will be made in full and fractional shares of the Fund calculated to three decimal places. In the interest of economy and convenience, certificates for shares will not be issued except at the written request of the shareholder. Certificates for fractional shares will not be issued.

EXCHANGING SHARES

You may exchange all or a portion of your investment from one Fund to another. Any new account established through an exchange will be subject to the minimum investment requirements described above. Exchanges will be executed on the basis of the relative NAV of the shares exchanged after your request for an exchange is received. An exchange is considered to be a sale of shares for federal income tax purposes on which you may realize a taxable gain or loss. In addition, exchanges of shares held for less than 30 days will be subject to a 1.00% redemption fee (see “Redemption of Shares – 30-Day Redemption Fee” for additional information). The Transfer Agent charges a \$5.00 fee for each exchange via telephone. Call the Funds to learn more about exchanges.

Please Note: The Funds are intended as a long-term investment vehicle and not to provide a means of speculating on short-term market movements. In addition, excessive trading can hurt the Funds’ performance and shareholders. Therefore, each Fund may terminate, without notice, the exchange privilege of any investor who uses the exchange privilege excessively. The Funds may change or temporarily suspend the exchange privilege during unusual market conditions.

REDEMPTION OF SHARES

You may redeem shares of the Funds by contacting your financial advisor, mail or, if authorized, by telephone or wire. The Funds do not charge a fee for making redemptions, except with respect to wire redemptions or redemptions made within 30 days.

By Mail. You may redeem your shares by mailing a written request to:

By regular mail to:

LKCM Funds – Fund name
c/o U.S. Bancorp Fund Services, LLC
P.O. Box 701
Milwaukee, WI 53201-0701

By express, registered or certified mail to:

LKCM Funds – Fund name
c/o U.S. Bancorp Fund Services, LLC
615 East Michigan Street, 3rd Floor
Milwaukee, WI 53202

After your request is in “good order,” the Fund will redeem your shares at the next NAV.

To be in “good order,” redemption requests must include the following documentation:

- (a) The share certificates, if issued;
- (b) A letter of instruction, if required, or a stock assignment specifying the number of shares or dollar amount to be redeemed, signed by all registered owners of the shares in the exact names in which they are registered;
- (c) Any required signature guarantees; and
- (d) Other supporting legal documents, if required, in the case of estates, trusts, guardianships, custodianships, corporations, pension and profit sharing plans, and other organizations.

Signature Guarantees. To protect your account, LKCM Funds and U.S. Bancorp Fund Services, LLC from fraud, signature guarantees are required to enable the Funds to verify the identity of the person that has authorized a redemption from an account. Signature guarantees are required for (1) redemptions where the proceeds are to be sent to any person or bank account not on record, (2) share transfer requests and (3) any redemption request if a change of address request has been received by the Transfer Agent within the last 15 days. A signature guarantee is also required when establishing or modifying certain services on an account.

Signature guarantees will generally be accepted from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program and the Securities Transfer Agents Medallion Program (STAMP). A notary public is not an acceptable signature guarantor. Please contact LKCM Funds at 1-800-423-6369 (option 1) for further details.

By Telephone. If you indicated on your Account Registration Form or have subsequently arranged in writing to do so, you may redeem shares by calling the Funds. You may have the redemption proceeds mailed by check to the primary registration address or wired directly to your bank. You may also have your proceeds sent via electronic funds transfer through the ACH network to your predetermined bank account. Other redemption fees may be applicable. See the section titled “Other Redemption Information” below. The Transfer Agent imposes a \$15.00 fee for each wire redemption. There is no charge for an electronic funds transfer, however the funds may not be available for 2-3 days. The redemption proceeds will be paid to the same bank and account as designated on the Account Registration Form or in written instructions subsequently received by the Funds. No telephone redemptions may be made within 15 days of any address change.

If you would like to arrange for redemption by wire, ACH, or telephone or change the bank or account designated to receive redemption proceeds, you must send a written request to the Funds at the address listed above under “Redemption of Shares--By Mail.” The investor must sign such requests. Further documents and signature guarantees may be requested.

The Funds reserve the right to refuse a wire or telephone redemption. Procedures for redeeming shares by wire or telephone may be modified or terminated at any time. The Funds and the Transfer Agent will not be liable for any loss, liability, cost or expense for acting upon telephone instructions that are reasonably believed to be genuine. In attempting to confirm that telephone instructions are genuine, the Funds will use such procedures as are considered reasonable, including recording those instructions and requesting information as to account registration. To the extent that the Funds fail to use reasonable procedures as a basis for their belief, they may be liable for instructions that prove to be fraudulent or unauthorized. Once a telephone transaction has been placed, it cannot be canceled or modified.

30-Day Redemption Fee. If you redeem or exchange shares held for less than 30 days after the date of purchase, you will be subject to a 1.00% redemption fee. This fee will be deducted from the proceeds of your redemption. The holding period will be determined on a “first-in, first-out” basis, meaning the Fund shares purchased first will be redeemed first. Shares of the Funds held in qualified plans and accounts separately managed by the Adviser will not be subject to the redemption fee. However, transactions in shares of the Funds by financial intermediaries with whom the Funds do not have information sharing agreements in place may be subject to the redemption fee. The redemption fee is retained by the Funds for the benefit of its long-term shareholders. Redemption fees will not apply to shares acquired through the reinvestment of dividends, or to shares purchased through the Automatic Investment Program.

Other Redemption Information. Payment of the redemption proceeds will be made within seven calendar days after receipt of a redemption request in “good order.” Redemption proceeds for shares of the Funds purchased by check may not be distributed until payment for the purchase has been collected, which may take up to fifteen days. Shareholders can avoid this delay by utilizing the wire purchase option.

Due to the relatively high cost of maintaining small accounts, the Funds reserve the right to redeem shares in any account for their then-current value (which will be promptly paid to the investor) if at any time, due to redemption by the investor, the shares in the account do not have a value of at least \$1,000. You will receive advance notice of a mandatory redemption and will be given at least 30 days to bring the value of the account up to at least \$1,000.

The Funds may suspend the right of redemption or postpone the date at times when the NYSE is closed (other than customary weekend and holiday closings) or under any emergency circumstances as determined by the SEC.

The Funds have reserved the right to redeem in kind (i.e., in securities) any redemption request during any 90-day period in excess of the lesser of: (i) \$250,000 or (ii) 1% of a Fund's NAV being redeemed.

TRANSFER OF REGISTRATION

The registration of Fund shares may be transferred by writing to LKCM Funds, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin, 53202-0701. As in the case of redemptions, the written request with signature guaranteed must be received in "good order."

VALUATION OF SHARES

Calculation of Net Asset Value. The net asset value ("NAV") per share is computed by dividing the total value of the investments and other assets of a Fund, less any liabilities, by the total outstanding shares of the Fund. The NAV per share is determined as of the close of normal trading on the NYSE (generally 4:00 p.m. Eastern time) on each day that the NYSE is open for business. NAV is not determined on days the NYSE is closed. The NYSE is closed on weekends and most national holidays. The price at which a purchase order or redemption request is effected is based on the next calculation of NAV after the order is received by a Fund. A Fund's NAV may not be calculated on days during which the Fund receives no orders to purchase shares and no shares are tendered for redemption. In determining NAV, expenses are accrued and applied daily and investments for which market values are readily available are valued at market value.

Fair Value Procedures for the Funds. The trading hours for most foreign securities end prior to the close of the NYSE, generally the time the Funds' NAV is calculated. The occurrence of certain events after the close of foreign markets, but prior to the close of the U.S. market (such as a significant surge or decline in the U.S. market) often will result in an adjustment to the trading prices of foreign securities when foreign markets open on the following business day. If such events occur, the Funds will value foreign securities at fair value, taking into account such events, when they calculate their NAV. In such cases, use of fair valuation can reduce an investor's ability to seek to profit by estimating the Funds' NAVs in advance of the time as of which NAV is calculated.

The Board of Trustees has also established procedures that permit the Adviser to fair value securities under certain circumstances, including if the value of a security is materially affected by an event occurring after its close of trading, if reliable market quotations are not readily available or for which the Funds' pricing service does not provide a valuation or provides a valuation that in the judgment of the Adviser to the Funds holding such assets does not represent fair value. The Funds may also fair value a security if the Funds or the Adviser believe that the market price is stale. In addition, the Funds may use independent pricing services to assist in pricing portfolio securities.

There can be no assurance that the Funds could purchase or sell a portfolio security at the price used to calculate the Funds' NAVs. In the case of fair valued portfolio securities, lack of information and uncertainty as to the significance of information may lead to a conclusion that a prior valuation is the best indication of a portfolio security's present value. Fair valuations generally remain unchanged until new information becomes available. Consequently, changes in the fair valuation of portfolio securities may be less frequent and of greater magnitude than changes in the price of portfolio securities valued by an independent pricing service, or based on market quotations.

DIVIDENDS, OTHER DISTRIBUTIONS AND TAXES

DIVIDENDS AND OTHER DISTRIBUTIONS

The Small Cap, Growth and Value Funds intend to declare and pay income dividends at least on an annual basis. The Fixed Income Fund intends to declare and pay income dividends on a quarterly basis. The Funds intend to distribute net capital gains and net gains from foreign currency transactions, if any, on an annual basis. The Funds may make an additional distribution, if necessary, to avoid income or excise taxes. Dividends and other distributions, if any, will automatically be paid in additional shares of the Funds unless the shareholder elects otherwise. Such election must be made in writing to the Funds. If an investor elects to receive distributions in cash and the U.S. Postal Service cannot deliver your check, or if a check remains uncashed for six months, the Funds reserve the right to reinvest the distribution check in the shareholder's account at the Funds' then current net asset value and to reinvest all subsequent distributions.

TAXES

Dividends, whether paid in cash or reinvested in additional shares, from net investment income, net realized short-term capital gains over net realized long-term capital losses and net gains from certain foreign currency transactions, if any, of a Fund will be taxable to shareholders as ordinary income (unless a shareholder is exempt from income tax or entitled to a tax deferral), except that a Fund's dividends attributable to "qualified dividend income" (i.e., dividends received on stock of most U.S. and certain foreign corporations with respect to which the Fund satisfies certain holding period, debt-financing and other restrictions) generally will be subject to a 15% maximum federal income tax rate for individual shareholders who satisfy those restrictions with respect to the shares on which the Fund dividends were paid. A portion of a Fund's dividends—not exceeding the aggregate dividends it receives from domestic corporations only—also may be eligible for the dividends-received deduction allowed to corporations, subject to similar holding period, debt-financing and other restrictions. However, dividends a corporate shareholder deducts pursuant to the dividends-received deduction are subject indirectly to the federal alternative minimum tax. There can be no assurance as to what portion, if any, of a Fund's distributions will constitute qualified dividend income or be eligible for the dividends-received deduction.

Distributions of net capital gain (that is the excess of net long-term capital gain over net short-term capital loss), whether paid in cash or reinvested in additional shares (or, if a Fund makes a certain election, any such excess that is retained by the Fund), will be taxable as long-term capital gain and also will be subject to a 15% maximum federal tax rate for individual shareholders; capital gain distributions to corporate shareholders will remain subject to federal income tax at a maximum rate of 35%. The 15% maximum rate of federal income tax on individuals' net capital gain, as well as the special rules relating to "qualified dividend income" described above, generally applies only through the last taxable year beginning before January 1, 2009. The classification of a capital gain distribution or retained capital gains (and, consequently, the applicable tax rate) is determined by the length of time that a Fund has held the securities that generated the gain and not the length of time you have held shares in such Fund. Shareholders will be notified annually as to the federal tax status of dividends and other distributions paid by the Funds.

Any dividends and other distributions a Fund declares in the months of October, November or December to shareholders of record on a date in such a month will be deemed to have been paid by the Fund and received by those shareholders on December 31 if the distributions are paid before February 1 of the following year. If you purchase shares of a Fund shortly before a distribution, you will be subject to income tax on the distribution, even though the value of your investment (plus cash received, if any) remains the same.

When a shareholder redeems shares of a Fund, the redemption may result in a taxable gain or loss, depending on whether the redemption proceeds are more or less than the shareholder's adjusted basis in the shares. Any capital gain an individual shareholder recognizes on a redemption of his or her Fund shares that have been held for more than one year will qualify for the 15% maximum rate mentioned above. In addition, if Fund shares are bought within 30 days before or after selling other Fund shares at a loss, all or a portion of the loss will be deferred and will increase the basis of the newly purchased shares.

Each Fund is required by federal law to withhold and remit to the U.S. Treasury 28% of reportable payments (which includes dividends, capital gain distributions and redemption proceeds, regardless of the extent to which gain or loss may be realized) otherwise payable to individuals and certain other non-corporate shareholders who fail to certify the taxpayer identification number furnished to the Fund is correct or who furnish an incorrect number (together with the withholding described in the next sentence, "backup withholding"). Withholding at that rate also is required from each Fund's dividends and capital gain distributions otherwise payable to such a shareholder who (1) is subject to backup withholding for failure to report the receipt of interest or dividend income properly; or (2) fails to certify to the Fund that he or she is not subject to backup withholding or that it is a corporation or other exempt recipient. Backup withholding is not an additional tax, and any amounts so withheld may be credited against a shareholder's federal income tax liability or refunded.

Dividends and other distributions each Fund declares, as well as redemption proceeds, may also be subject to state and local taxes.

The foregoing summarizes some of the important income tax considerations generally affecting each Fund and its shareholders. Potential investors in the Funds should consult their tax advisers with specific reference to their own tax situation.

FINANCIAL HIGHLIGHTS

The LKCM Aquinas Fixed Income Fund, LKCM Aquinas Value Fund, LKCM Aquinas Growth Fund and LKCM Aquinas Small Cap Fund commenced operations on July 11, 2005. The Funds adopted the financial history of predecessor funds, which were acquired by the Funds on July 11, 2005. The financial highlights tables are intended to help you understand the financial performance of the Funds and the predecessor funds for the past 5 years. Certain information reflects financial results for a single fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in a fund (assuming reinvestment of all dividends and distributions). This information, for the years ended December 31, 2005 and 2006, has been audited by PricewaterhouseCoopers LLP, whose report, along with the Funds' financial statements, are included in the Funds' annual report for the year ended December 31, 2006, which is available free of charge upon request. Another independent registered public accounting firm audited the information for the other periods.

LKCM AQUINAS SMALL CAP FUND					
Year Ended December 31,					
	<u>2006</u>	<u>2005⁽¹⁾</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net Asset Value,					
Beginning of Period	\$5.82	\$5.66	\$5.50	\$4.21	\$6.08
Net investment loss	(0.04) ⁽²⁾	(0.07) ⁽²⁾	(0.09)	(0.08)	(0.08)
Net realized and unrealized gain (loss) on investments	0.80	0.23	0.25	1.37	(1.79)
Total from investment operations	0.76	0.16	0.16	1.29	(1.87)
Net Asset Value, End of Period	<u>\$6.58</u>	<u>\$5.82</u>	<u>\$5.66</u>	<u>\$5.50</u>	<u>\$4.21</u>
Total Return	13.06%	2.83%	2.91%	30.64%	(30.76)%
Ratios and Supplemental Data:					
Net assets, end of period (thousands)	\$10,957	\$7,064	\$7,575	\$7,283	\$5,419
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement	2.32%	2.65%	2.76%	2.99%	2.91%
After expense waiver and/or reimbursement	1.50%	1.73% ⁽³⁾	1.95%	1.95%	1.95%
Ratio of net investment loss to average net assets:					
Before expense waiver and/or reimbursement	(1.53)%	(2.09)%	(2.62)%	(2.74)%	(2.72)%
After expense waiver and/or reimbursement	(0.71)%	(1.17)%	(1.81)%	(1.70)%	(1.76)%
Portfolio turnover rate	91%	148%	260%	161%	113%

⁽¹⁾ The financial highlights set forth herein include the historical financial highlights of the Aquinas Small Cap Fund. The assets of the Aquinas Small Cap Fund were acquired by the LKCM Aquinas Small Cap Fund on July 11, 2005. At the time of the reorganization, the Adviser also changed from Aquinas Investment Advisers, Inc. to Luther King Capital Management Corporation.

⁽²⁾ Net investment loss per share is calculated using the ending balance of undistributed net investment loss prior to considerations of adjustments for permanent book and tax differences.

⁽³⁾ The LKCM Aquinas Small Cap Fund implemented a voluntary expense cap of 1.50% effective July 11, 2005.

LKCM AQUINAS VALUE FUND

	Year Ended December 31,				
	<u>2006</u>	<u>2005⁽¹⁾</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net Asset Value,					
Beginning of Period	<u>\$12.24</u>	<u>\$11.77</u>	<u>\$10.17</u>	<u>\$7.95</u>	<u>\$10.22</u>
Net investment income	0.07	0.04	0.02	0.03	0.01
Net realized and unrealized gain (loss) on investments	<u>1.95</u>	<u>0.44</u>	<u>1.60</u>	<u>2.22</u>	<u>(2.27)</u>
Total from investment operations	<u>2.02</u>	<u>0.48</u>	<u>1.62</u>	<u>2.25</u>	<u>(2.26)</u>
Distributions from net investment income	(0.11)	(0.01)	(0.02)	(0.03)	(0.01)
Distributions from net realized gains	<u>(0.44)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total dividends and distributions	<u>(0.55)</u>	<u>(0.01)</u>	<u>(0.02)</u>	<u>(0.03)</u>	<u>(0.01)</u>
Net Asset Value,					
End of Period	<u>\$13.71</u>	<u>\$12.24</u>	<u>\$11.77</u>	<u>\$10.17</u>	<u>\$7.95</u>
Total Return	16.51%	4.13%	15.93%	28.29%	(22.11)%
Ratios and Supplemental Data:					
Net assets, end of period (thousands)	\$39,826	\$42,690	\$42,765	\$40,470	\$33,783
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement	1.49%	1.55%	1.57%	1.59%	1.55%
After expense waiver and/or reimbursement	1.49%	1.52% ⁽²⁾	1.53%	1.50%	1.50%
Ratio of net investment income to average net assets:					
Before expense waiver and/or reimbursement	0.44%	0.34%	0.17%	0.21%	0.06%
After expense waiver and/or reimbursement	0.44%	0.37%	0.21%	0.30%	0.11%
Portfolio turnover rate	47%	71%	61%	70%	45%

⁽¹⁾ The financial highlights set forth herein include the historical financial highlights of the Aquinas Value Fund. The assets of the Aquinas Value Fund were acquired by the LKCM Aquinas Value Fund on July 11, 2005. At the time of the reorganization, the Adviser also changed from Aquinas Investment Advisers, Inc. to Luther King Capital Management Corporation.

⁽²⁾ The LKCM Aquinas Value Fund implemented a voluntary expense cap of 1.50% effective July 11, 2005.

LKCM AQUINAS GROWTH FUND

	Year Ended December 31,				
	<u>2006</u>	<u>2005⁽¹⁾</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net Asset Value,					
Beginning of Period	<u>\$15.61</u>	<u>\$14.67</u>	<u>\$13.58</u>	<u>\$11.26</u>	<u>\$14.61</u>
Net investment income (loss)	(0.06) ⁽²⁾	0.03	(0.07)	(0.08)	(0.10)
Net realized and unrealized gain (loss) on investments	<u>0.03</u>	<u>1.31</u>	<u>1.16</u>	<u>2.40</u>	<u>(3.25)</u>
Total from investment operations	<u>(0.03)</u>	<u>1.34</u>	<u>1.09</u>	<u>2.32</u>	<u>(3.35)</u>
Dividends from net investment income	—	(0.03)	—	—	—
Distributions from net realized gains	<u>(0.13)</u>	<u>(0.37)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total dividends and distributions . . .	<u>(0.13)</u>	<u>(0.40)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Asset Value,					
End of Period	<u><u>\$15.45</u></u>	<u><u>\$15.61</u></u>	<u><u>\$14.67</u></u>	<u><u>\$13.58</u></u>	<u><u>\$11.26</u></u>
Total Return	(0.22)%	9.15%	8.03%	20.60%	(22.93)%
Ratios and Supplemental Data:					
Net assets, end of period (thousands)	\$58,997	\$74,606	\$58,434	\$57,818	\$48,773
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement	1.46%	1.51%	1.55%	1.58%	1.54%
After expense waiver and/or reimbursement	1.46%	1.51% ⁽³⁾	1.53%	1.50%	1.50%
Ratio of net investment income (loss) to average net assets:					
Before expense waiver and/or reimbursement	(0.36)%	0.25%	(0.50)%	(0.70)%	(0.86)%
After expense waiver and/or reimbursement	(0.36)%	0.25%	(0.48)%	(0.62)%	(0.82)%
Portfolio turnover rate	73%	114%	196%	105%	94%

⁽¹⁾ The financial highlights set forth herein include the historical financial highlights of the Aquinas Growth Fund. The assets of the Aquinas Growth Fund were acquired by the LKCM Aquinas Growth Fund on July 11, 2005. At the time of the reorganization, the Adviser also changed from Aquinas Investment Advisers, Inc. to Luther King Capital Management Corporation.

⁽²⁾ Net investment loss per share is calculated using the ending balance of undistributed net investment loss prior to considerations of adjustments for permanent book and tax differences.

⁽³⁾ The LKCM Aquinas Growth Fund implemented a voluntary expense cap of 1.50% effective July 11, 2005.

LKCM AQUINAS FIXED INCOME FUND

	Year Ended December 31,				
	<u>2006</u>	<u>2005⁽¹⁾</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net Asset Value,					
Beginning of Period	<u>\$9.84</u>	<u>\$10.06</u>	<u>\$10.16</u>	<u>\$10.23</u>	<u>\$10.07</u>
Net investment income	0.40	0.37	0.34	0.35	0.50
Net realized and unrealized gain (loss) on investments	<u>(0.03)</u>	<u>(0.19)</u>	<u>0.09</u>	<u>0.14</u>	<u>0.21</u>
Total from investment operations	<u>0.37</u>	<u>0.18</u>	<u>0.43</u>	<u>0.49</u>	<u>0.71</u>
Dividends from net investment income	(0.40)	(0.36)	(0.38)	(0.40)	(0.50)
Distributions from net realized gains	<u>—</u>	<u>(0.04)</u>	<u>(0.15)</u>	<u>(0.16)</u>	<u>(0.05)</u>
Total dividends and distributions	<u>(0.40)</u>	<u>(0.40)</u>	<u>(0.53)</u>	<u>(0.56)</u>	<u>(0.55)</u>
Net Asset Value,					
End of Period	<u><u>\$9.81</u></u>	<u><u>\$9.84</u></u>	<u><u>\$10.06</u></u>	<u><u>\$10.16</u></u>	<u><u>\$10.23</u></u>
Total Return	3.82%	1.75%	4.35%	4.90%	7.29%
Ratio and Supplemental Data:					
Net assets, end of period (thousands)	\$39,618	\$42,782	\$46,116	\$44,760	\$47,688
Ratio of expenses to average net assets:					
Before expense waiver and/or reimbursement	0.99%	1.11%	1.19%	1.20%	1.12%
After expense waiver and/or reimbursement	0.80%	0.93% ⁽²⁾	1.02%	1.00%	1.00%
Ratios of net investment income to average net assets:					
Before expense waiver and/or reimbursement	3.92%	3.34%	3.20%	3.23%	4.83%
After expense waiver and/or reimbursement	3.73%	3.52%	3.37%	3.43%	4.95%
Portfolio turnover rate	24%	152%	147%	276%	168%

⁽¹⁾ The financial highlights set forth herein include the historical financial highlights of the Aquinas Fixed Income Fund. The assets of the Aquinas Fixed Income Fund were acquired by the LKCM Aquinas Fixed Income Fund on July 11, 2005. At the time of the reorganization, the Adviser also changed from Aquinas Investment Advisers, Inc. to Luther King Capital Management Corporation.

⁽²⁾ The LKCM Aquinas Fixed Income Fund implemented a voluntary expense cap of 0.80% effective July 11, 2005.

LKCM FUNDS **PRIVACY NOTICE**

At LKCM Funds, we are committed to safeguarding the confidentiality and privacy of personal information about our shareholders. This privacy notice describes the policies and procedures we have implemented to protect the privacy of your personal information as well as the sources through which we may obtain personal information about you.

How We Protect Your Personal Information

Protecting your personal information is an important priority at LKCM Funds. Accordingly, we have implemented policies and procedures designed to safeguard your personal information from unauthorized access. Pursuant to these policies and procedures, we maintain various physical, electronic, and procedural safeguards to protect the security and confidentiality of your personal information, and we adapt these safeguards to respond to evolving technological and other standards.

In addition, we do not disclose any nonpublic personal information about you to anyone, except as permitted by law.

How We Obtain Your Personal Information

We collect nonpublic personal information about you from the following sources:

- Information provided by you or your representatives, whether through discussions with our representatives, documentation that you or your representatives provide to us, or otherwise; and
- Information arising from your investments and your account experience with us.

Please do not hesitate to contact us if you have any questions regarding the measures we have implemented to protect the privacy of your personal information.

Not a Part of the Prospectus

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LKCM FUNDS

FOR MORE INFORMATION

You may obtain the following and other information on the LKCM Funds free of charge:

Statement of Additional Information (SAI) dated May 1, 2007

The SAI is incorporated into this Prospectus by reference (i.e., legally made a part of this Prospectus). The SAI provides more details about the Funds' policies and management.

Annual and Semi-Annual Reports to Shareholders

The annual and semi-annual reports provide the Funds' most recent financial reports and portfolio listings. The annual report contains a discussion of the market conditions and investment strategies that affected the Funds' performance during the last fiscal year.

TO RECEIVE ANY OF THESE DOCUMENTS OR MAKE INQUIRIES TO THE FUNDS:

By Telephone:

1-800-423-6369

By Mail:

LKCM Funds
c/o U.S. Bancorp Fund Services, LLC
P.O. Box 701
Milwaukee, Wisconsin 53201-0701

On the Internet:

Text-only versions of Fund documents can be viewed online or downloaded free from the EDGAR database on the SEC's Internet site at: <http://www.sec.gov> or from the Funds' website at www.lkcm.com.

From the SEC:

You may write to the SEC Public Reference Room at the regular mailing address or the e-mail address below and ask them to mail you information about the Funds, including the SAI. They will charge you a fee for this duplicating service. You can also visit the SEC Public Reference Room and copy documents while you are there. For more information about the operation of the Public Reference Room, call the SEC at the telephone number below.

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