



# AVE MARIA GROWTH FUND

Q3 2022  
PRESENTATION BOOK

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# SCHWARTZ INVESTMENT COUNSEL, INC.

# SCHWARTZ INVESTMENT COUNSEL, INC.

## Important Facts

- ❑ Founded in 1980
- ❑ Headquartered in Plymouth, Michigan
- ❑ Portfolio managers and analysts average over 20 years of investment experience
- ❑ Investment adviser to the Ave Maria Mutual Funds

# SCHWARTZ INVESTMENT COUNSEL, INC.

## Our Philosophy

- ❑ Importance placed on long-term relationships
- ❑ Investment goals consistent with risk tolerance levels
- ❑ Prudent management utilizes trust-quality investments
- ❑ Seek to provide above-average returns and below-average risk
- ❑ Our reputation is our most valuable asset
- ❑ The Ave Maria Mutual Funds couple intelligent, disciplined investing with Catholic Values

# SCHWARTZ INVESTMENT COUNSEL, INC.

## Equity Investment Discipline

- ❑ Emphasize companies with superior business characteristics
- ❑ Utilize independent analysis and proprietary screening supplemented by Wall Street research
- ❑ Purchase shares of financially sound companies when they are out of favor and attractively priced
- ❑ Buy across market capitalizations if price represents a significant discount to our estimate of intrinsic value
- ❑ Contrarian discipline designed to reduce the risk of loss and enhance returns
- ❑ Sell stocks when they no longer meet our standards

# SCHWARTZ INVESTMENT COUNSEL, INC.

## Research Process

- ❑ Focus on fundamentals – income statements, balance sheets and cash flow statements in conjunction with growth prospects
- ❑ Augment with external research from a variety of sources (for factual data)
- ❑ Make decisions based on assessment of risk/reward relationship
- ❑ Investment committee comprised of all portfolio managers and analysts meets regularly
- ❑ Securities selection process is not committee driven – PMs are responsible for managing their portfolios

# SCHWARTZ INVESTMENT COUNSEL, INC.

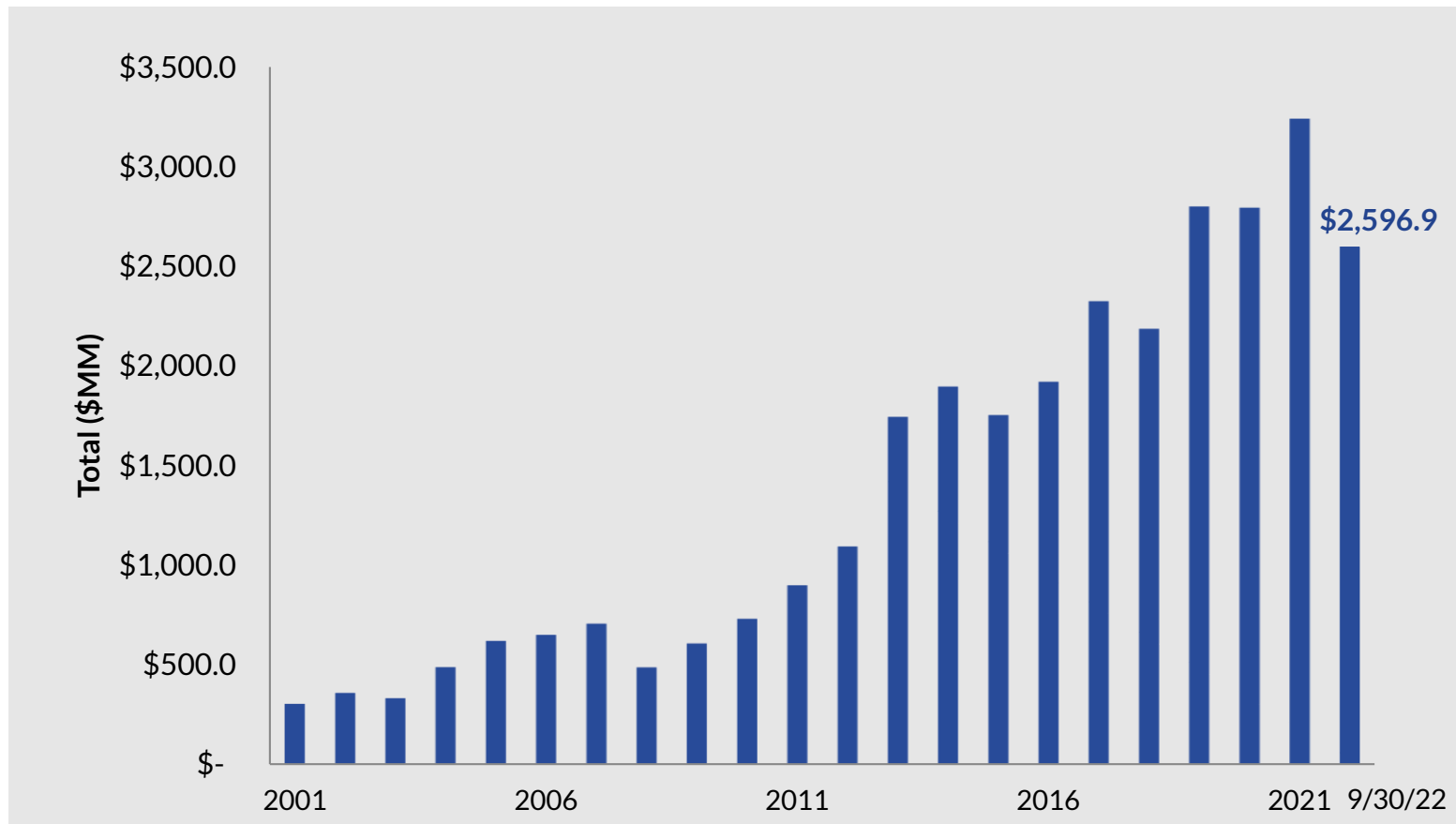
## Alpha Generation

- ❑ Alpha added through our disciplined bottom-up security selection
- ❑ Focus on sound operating fundamentals, conservative capital structures and proven staying power should lead to our companies doing well over entire market cycles
- ❑ Expect portfolios to perform well on a relative basis when economy is struggling
- ❑ Expect portfolios to have weaker relative performance when economy is rapidly growing or when investors are more inclined to speculation



# SCHWARTZ INVESTMENT COUNSEL, INC.

## Growth of Assets Under Management



# SCHWARTZ INVESTMENT COUNSEL, INC.

## Experienced Portfolio Managers



**George P. Schwartz, CFA**

Years of investment experience	Funds managed
40+	Bond, Rising Dividend



**Adam P. Gaglio, CFA**

Years of investment experience	Funds managed
9	Focused, Growth



**Timothy S. Schwartz, CFA**

Years of investment experience	Fund managed
24	Value



**Chadd M. Garcia, CFA**

Years of investment experience	Funds managed
18	Focused, Growth

# SCHWARTZ INVESTMENT COUNSEL, INC.

## Experienced Portfolio Managers



Brandon S. Scheitler	
Years of investment experience	Fund managed
16	Bond, Rising Dividend



Ryan M. Kuyawa, CFA	
Years of investment experience	Fund managed
20	Value



Anthony W. Gennaro, CFA, CPA	
Years of investment experience	Fund managed
24	World Equity



Sean C. Gaffney, CFA	
Years of investment experience	Fund managed
5	World Equity



# AVE MARIA MUTUAL FUNDS

# AVE MARIA MUTUAL FUNDS

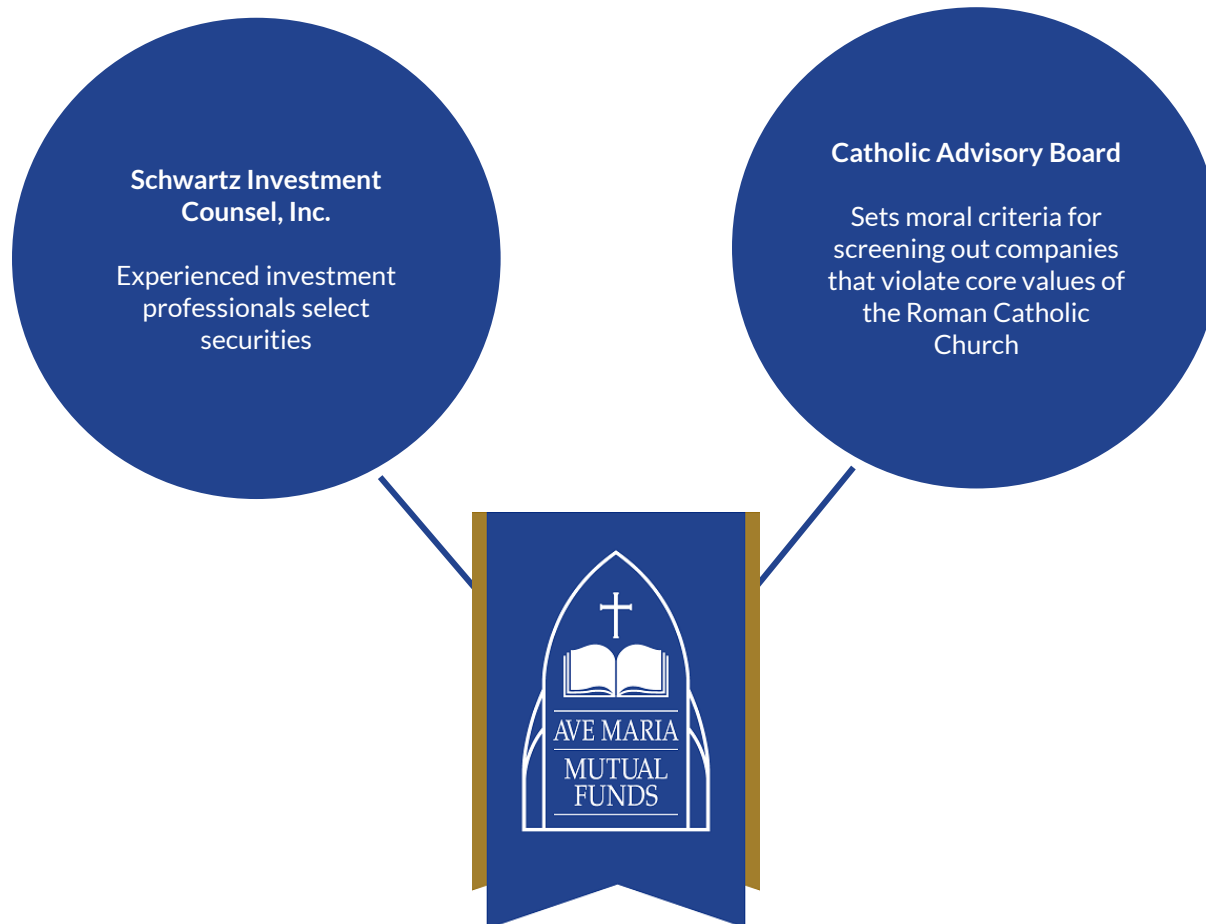


## Searching For An Investment That Shares Your Values?

Wise Investors are selective; they recognize the impact of investment choices on the lives of those around them. If you do not want to own stocks of companies that support abortion, pornography or other anti-family policies, consider the Ave Maria Mutual Funds.

# AVE MARIA MUTUAL FUNDS

## Organizational Structure



# AVE MARIA MUTUAL FUNDS

## Diversified Fund Family

Value Fund (AVEMX)	
Investment Goal	Long-term capital appreciation
Primary Investment Focus	Invests in companies that are believed to be undervalued relative to their intrinsic worth
Inception Date	May 1, 2001

Growth Fund (AVEGX)	
Investment Goal	Long-term capital appreciation
Primary Investment Focus	Invests in mid-cap and larger companies offering above-average potential for growth in revenues, profits and cash flow
Inception Date	May 1, 2003

Rising Dividend Fund (AVEDX)	
Investment Goal	Long-term capital appreciation and a rising stream of dividend payments
Primary Investment Focus	Invests in dividend-paying common stocks with price appreciation potential
Inception Date	May 2, 2005

World Equity Fund (AVEWX)	
Investment Goal	Long-term capital appreciation
Primary Investment Focus	Invests in companies of all capitalizations from around the world
Inception Date	April 30, 2010

Focused Fund (AVEAX)	
Investment Goal	Long-term capital appreciation
Primary Investment Focus	Invests in companies of all sizes offering high earnings growth potential
Inception Date	May 1, 2020

Bond Fund (AVEFX)	
Investment Goal	Preservation of principal with a reasonable level of current income
Primary Investment Focus	Invests primarily in domestic investment-grade debt of government and corporate issuers. May invest up to 20% of its assets in equities
Inception Date	May 1, 2003

# AVE MARIA MUTUAL FUNDS

## Institutional Shareholders

- ❑ 69 Schools & Universities
- ❑ 14 Endowment Funds
- ❑ 45 Foundations
- ❑ 65 Dioceses
- ❑ 59 Churches
- ❑ 162 Other Organizations

As of 12-31-21



# AVE MARIA MUTUAL FUNDS

## Catholic Advisory Board

Composed of prominent Catholics who provide religious guidance in accordance with the Roman Catholic Church, the Board meets regularly to review the Funds' religious standards and criteria.



**Scott Hahn**  
Professor,  
Franciscan  
University of  
Steubenville



**Lou Holtz, Emeritus**  
Former Head  
Football Coach  
University of  
Notre Dame



**Larry Kudlow, Emeritus**  
Former National  
Economic Council  
Director & Fox  
News Anchor



**Tom Monaghan**  
Chairman of  
the Ave  
Maria  
Foundation



**Melissa Moschella, PhD**  
Professor,  
Catholic  
University of  
America



**Father Riccardo, Emeritus**  
Executive Director,  
ACTS XXIX



**Paul Roney, CPA**  
President of  
Domino's Farms  
Corporation



**His Eminence Adam Cardinal Maida**  
Archbishop of  
Detroit, Emeritus



**His Excellency Allen Vigneron**  
Archbishop of  
Detroit

Episcopal  
Advisors

# AVE MARIA MUTUAL FUNDS

## Moral Screens

### Companies Eliminated by the Ave Maria Mutual Funds Moral Screens

**Abortion**

**Embryonic Stem Cell  
Research**

**Planned Parenthood**

**Pornography**

Abortifacient  
Producers, Hospitals  
Insurance Companies &  
Retail

Companies engaged in  
embryonic stem cell  
research

Companies that  
contribute corporate  
funds to Planned  
Parenthood (the largest  
provider of abortions in  
the U.S.)

Producers &  
Distributors, including  
Media Cos., Hotels,  
Retail, Internet & Cable  
Providers



The screening process eliminates approximately 150 of the companies in the Russell 3000® Index, leaving 95% of this universe eligible for investment.



# AVE MARIA GROWTH FUND

# AVE MARIA GROWTH FUND

## Investment Objective

The Ave Maria Growth Fund (AVEGX) investment objective is capital appreciation from companies of all sizes that offer above-average potential for growth in revenues, profits and cash flow.

## Investment Strategy

- Seek to invest in exceptional companies with sustainable competitive advantages (moats). Wide moats create barriers to entry and provide pricing power. Companies with wide moats typically demonstrate high returns on equity/invested capital (ROE/ROIC)
- Seek to invest in companies with opportunities to reinvest cash flows at high incremental returns
- Avoid hyper-growth companies without established track records
- Avoid companies with high financial leverage. Companies with high debt cannot control their own destiny, especially if operating in cyclical industries
- Price matters. Buying even exceptional companies at excessive valuations leads to disappointing long-term investment performance

# AVE MARIA GROWTH FUND

## Investment Process



# AVE MARIA GROWTH FUND

## Investable Universe

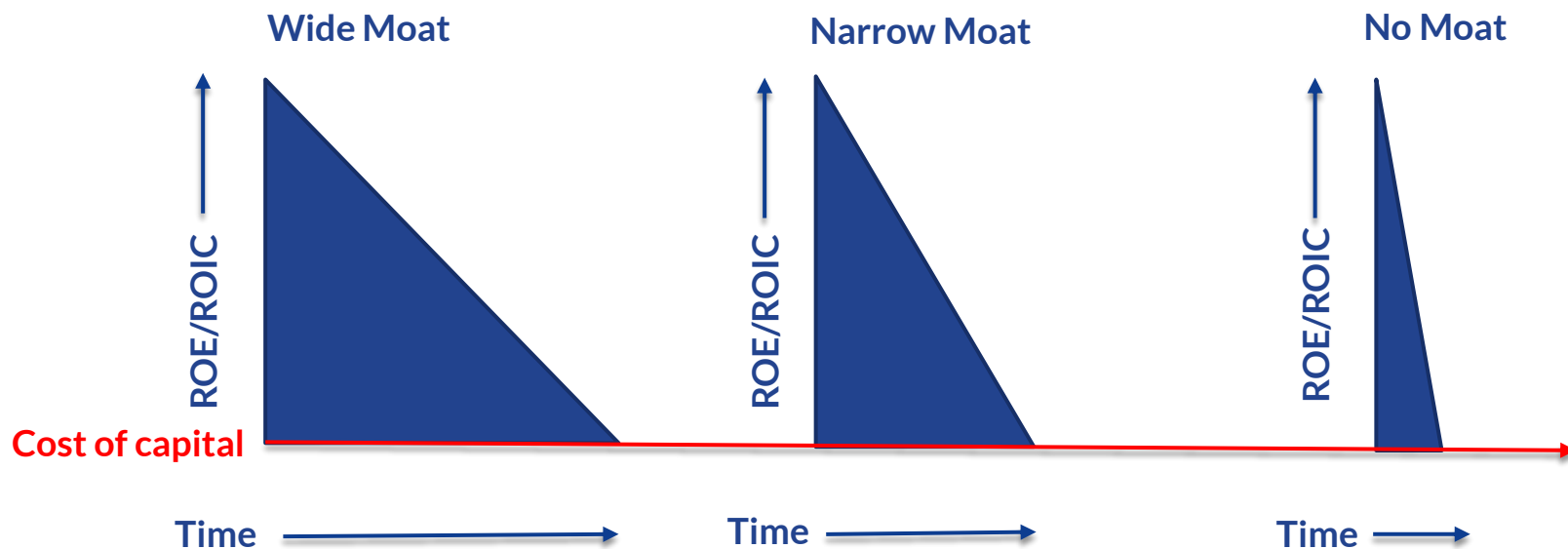
- We exclude stocks inconsistent with core values and teachings of the Roman Catholic Church. This excludes about 5% of the companies in the Russell 3000® Index
- We may invest in foreign companies, either indirectly through depositary receipts or directly if the shares are U.S. dollar-denominated and traded on a U.S. securities exchange or domestically in the over-the-counter markets
- AVEGX uses a growth at a reasonable price (GARP) strategy, focusing on mid-cap and large-cap companies with sustainable competitive advantages and high returns on invested capital



# AVE MARIA GROWTH FUND

## Why Moats Matter

- The wider the company's moat, the longer it can reinvest its cash flows at returns above its cost of capital. These excess returns (shaded blue below) lead to high returns on equity and invested capital (ROE/ROIC) and compound the company's intrinsic value over time



# AVE MARIA GROWTH FUND

## Identifying the Moat Source

- A sustainable competitive advantage (a moat) may come from one or more of the following sources:
  - Intangible assets: Brands, patents, regulatory licenses
    - Moody's, S&P Global
  - Customer switching costs: Tight integration with a customer's business, monetary costs, and non-monetary costs
    - ANSYS, Inc., SBA Communications
  - Network effect: Value of the product or service increases with the number of users
    - Copart, Mastercard
  - Sustainable cost advantage: Cheaper processes, better locations, and unique resources
    - Broadridge Financial Solutions, HEICO





# AVE MARIA GROWTH FUND

## Not All High ROE is Equal

- ROE composition matters. High quality ROE comes from high margins and asset turnover rather than high financial leverage
- We use the DuPont Identity to evaluate the relative contribution of the three determinants of ROE



### DuPont Identity

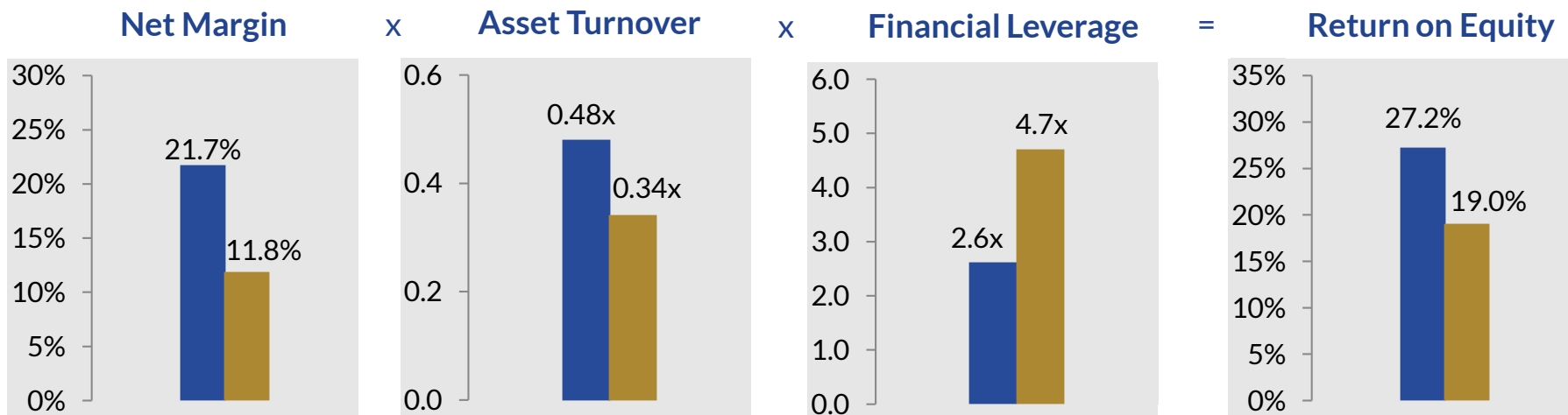
$$\begin{array}{ccccccc} \text{Net Margin} & \times & \text{Asset Turnover} & \times & \text{Financial Leverage} & = & \text{Return on Equity} \\ \downarrow & & \downarrow & & \downarrow & & \downarrow \\ \frac{\text{Net Income}}{\text{Sales}} & \times & \frac{\text{Sales}}{\text{Total Assets}} & \times & \frac{\text{Total Assets}}{\text{Total Equity}} & = & \frac{\text{Net Income}}{\text{Total Equity}} \end{array}$$

# AVE MARIA GROWTH FUND

## Portfolio Characteristics as of September 30, 2022\*

■ Ave Maria Growth Fund

■ S&P 500® Index



■ AVEGX is invested in companies with stronger fundamentals than the S&P 500® Index.

\* Source: Bloomberg

ROE is calculated based on the composite fundamental data.

# AVE MARIA GROWTH FUND

## Buy Discipline

Price matters. Buying even exceptional companies at excessive valuations leads to disappointing investment performance.

- ❑ It's important to establish a “margin of safety” by investing in companies when prices are below our estimate of intrinsic value
- ❑ Maintaining our “farm team” is important. We have research coverage of companies with sustainable competitive advantages that we want to own at the right price, ready to invest when prices fall below our estimate of intrinsic value
- ❑ Our preferred fundamental valuation techniques include:
  - Discounted cash flows (primary focus)
  - Free cash flow yield
  - Earnings yield



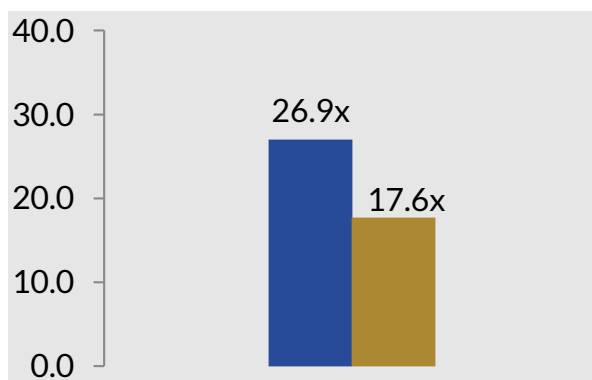
# AVE MARIA GROWTH FUND

## Portfolio Characteristics as of September 30, 2022\*

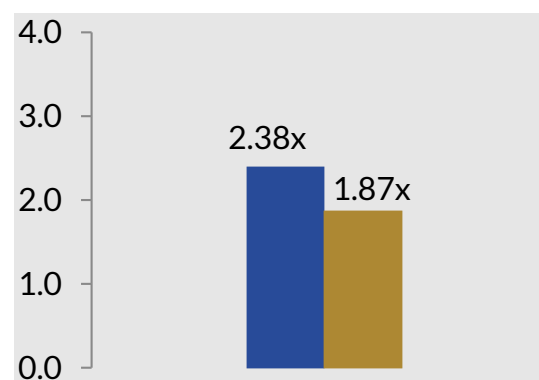
■ Ave Maria Growth Fund

■ S&P 500® Index

P/E (Trailing)



PEG Ratio

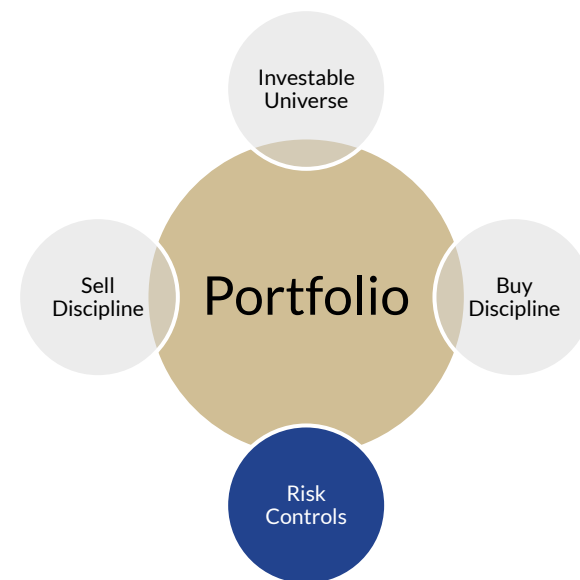


- Source: Bloomberg
- Note: PEG Ratio is calculated from the Bloomberg Forward P/E and the Bloomberg long-term EPS growth estimate. Bloomberg uses street consensus estimates.

# AVE MARIA GROWTH FUND

## Risk Controls

- ❑ Risk-reducing stock selection process using bottom-up stock selection based on fundamentals (well managed companies with low debt)
- ❑ Industry concentration limited to no more than 25%
- ❑ Position sizes generally limited to 3% at the time of purchase
- ❑ Portfolio holdings typically range from 30-45 issues



# AVE MARIA GROWTH FUND

## Sell Discipline

- ❑ Company becomes a violator of any moral screen established by our Catholic Advisory Board
- ❑ Stock price significantly exceeds our estimate of intrinsic value
- ❑ Company's economic moat is eroding, either due to internal or external factors (deteriorating fundamentals)
- ❑ Because we purchase companies with strong long-term prospects, we anticipate a low level of turnover



### Annual Turnover Ratio (last 10 years)

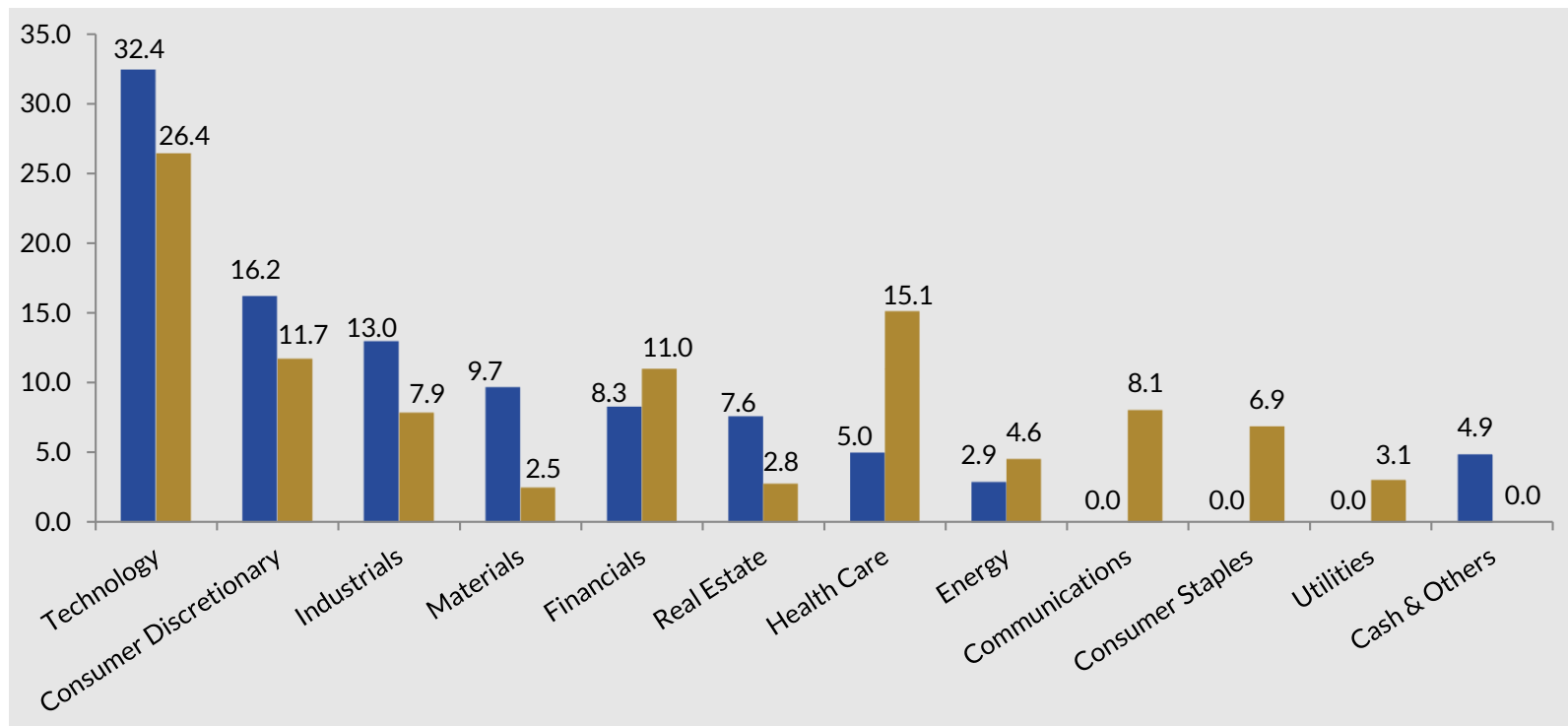
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
33%	18%	36%	32%	29%	26%	33%	15%	26%	25%

# AVE MARIA GROWTH FUND

## Economic Sector Breakdown as of September 30, 2022\*

■ Ave Maria Growth Fund

■ S&P 500® Index



\* Source: Morningstar. You cannot invest directly in an index.

# AVE MARIA GROWTH FUND

## Portfolio Top Holdings as of September 30, 2022

Top 10 Holdings*	50.8% of Net Assets
1. Copart, Inc.	6.8%
2. Texas Instruments, Inc.	6.0%
3. Microsoft Corporation	5.9%
4. Mastercard Incorporated	5.7%
5. O'Reilly Automotive, Inc.	5.1%
6. HEICO Corporation - Class A	4.9%
7. AptarGroup, Inc.	4.4%
8. S&P Global, Inc.	4.2%
9. Brookfield Asset Management, Inc.	4.1%
10. Iqvia Holdings, Inc.	3.7%

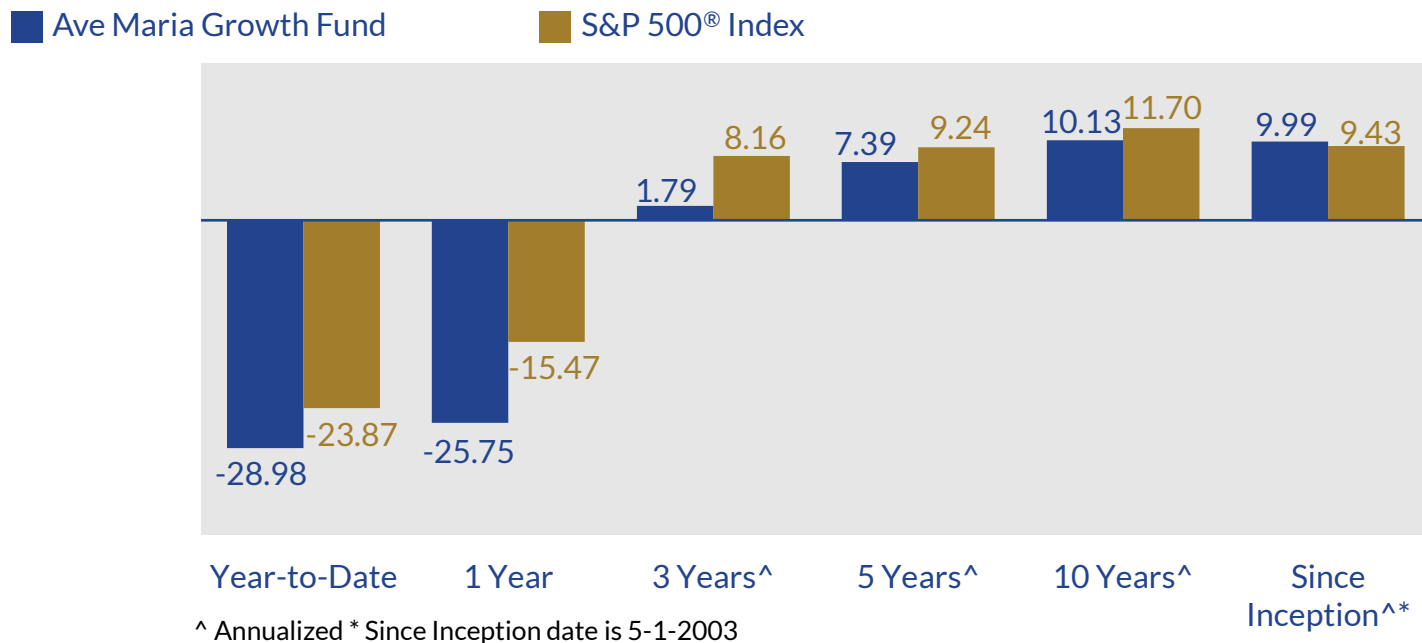
\* Fund holdings are for illustrative purposes, subject to change and should not be considered a recommendation to buy or sell securities.

The most current available data regarding portfolio holdings can be found on our website, [www.avemariafunds.com](http://www.avemariafunds.com). Current and future portfolio holdings are subject to risk.



# AVE MARIA GROWTH FUND

## Average Annual Total Returns (%) as of September 30, 2022



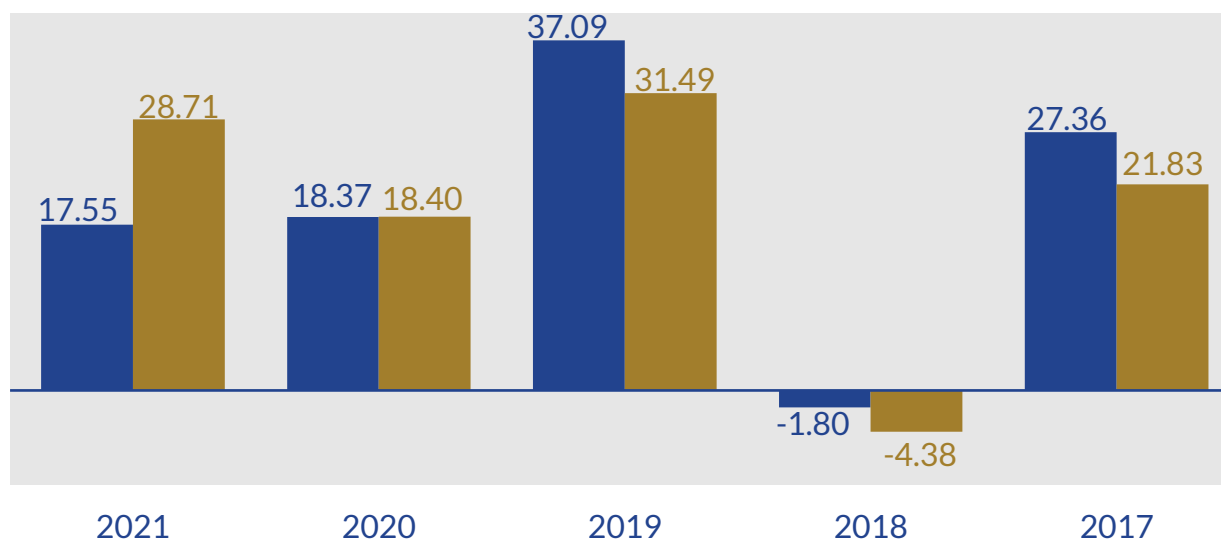
**Performance data quoted represents past performance, which is no guarantee of future results.** Investment return and principal value are historical and may fluctuate so that redemption value may be worth more or less than the original cost. Current performance may be lower or higher than what is quoted. Performance data reflects certain fee waivers and reimbursements. Without such waivers, performance would have been lower. Call 1-866-AVE-MARIA (1-866-283-6274) or visit [avemariafunds.com](http://avemariafunds.com) for the most current month-end performance. Expense ratio: 0.90%

# AVE MARIA GROWTH FUND

## Last Five Calendar Year Returns (%)

■ Ave Maria Growth

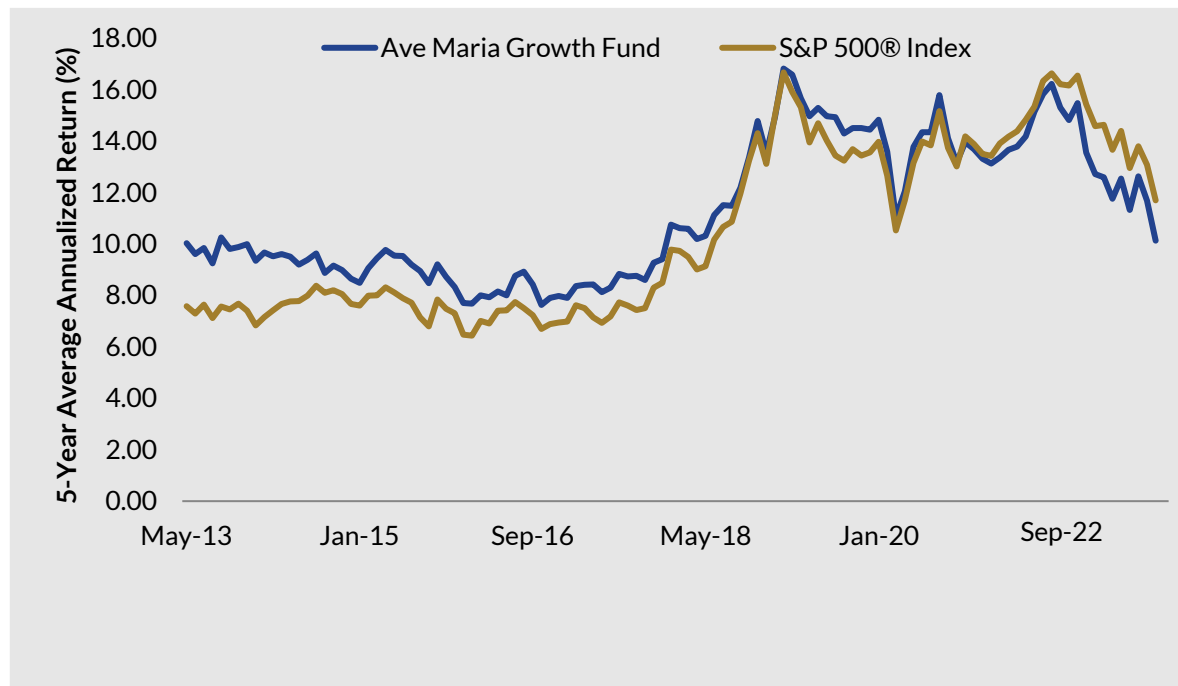
■ S&P 500® Index



*Performance data quoted represents past performance, which is no guarantee of future results. Investment return and principal value are historical and may fluctuate so that redemption value may be worth more or less than the original cost. Call 1-866-AVE-MARIA (1-866-283-6274) or visit [avemariafunds.com](http://avemariafunds.com) for the most current month-end performance.*

# AVE MARIA GROWTH FUND

## 10-Year Rolling Periods Summary (Inception to September 30, 2022)



For the 113 10-year rolling time periods, the Fund generated positive returns 100% of the time.

High  
(03/2009 to 02/2019):  
16.82%

Low  
(11/2006 to 10/2016):  
7.63%

Average 10-Year  
Rolling Period:  
11.24%

Performance data quoted represents past performance, which is no guarantee of future results.

# AVE MARIA GROWTH FUND

## Up and Down Market Summary



5 best S&P 500 Index rolling 3 month periods			
Rolling Period	S&P 500 Index	AVEGX	Relative Performance
Mar. 2009 - May 2009	25.83	21.32	-4.52
Apr. 2020 - June 2020	20.54	24.35	3.80
Apr. 2009 - June 2009	15.93	18.85	2.92
July 2009 - Sep. 2009	15.61	12.15	-3.46
June 2020 - Aug. 2020	15.48	11.94	-3.54

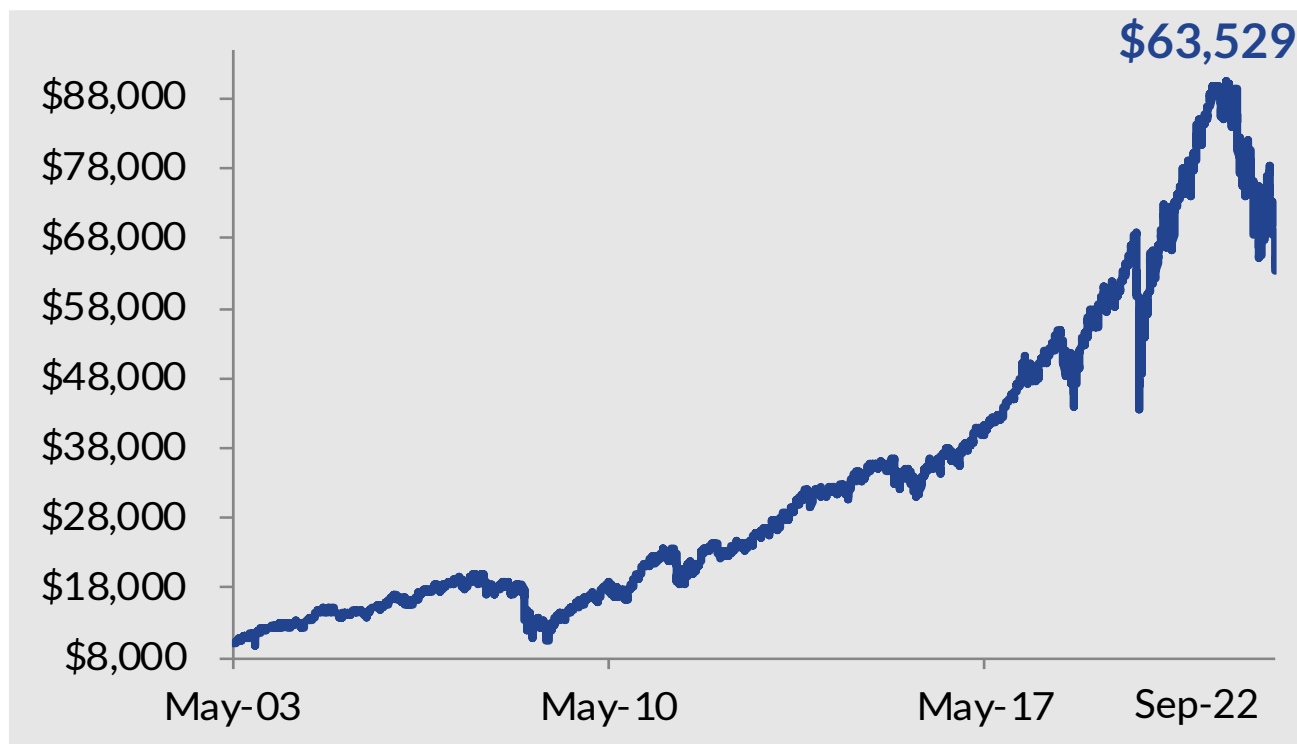


5 worst S&P 500 Index rolling 3 month periods			
Rolling Period	S&P 500 Index	AVEGX	Relative Performance
Sep. 2008 - Nov. 2008	-29.65	-29.51	0.14
Aug. 2008 - Oct. 2008	-23.11	-20.00	3.12
Oct. 2008 - Dec. 2008	-21.94	-23.18	-1.23
Jan. 2020 - Mar. 2020	-19.60	-20.44	-0.84
Dec. 2008 - Feb. 2009	-17.31	-12.04	5.26

Performance data quoted represents past performance, which is no guarantee of future results. This illustration is based on the 3-month rolling periods since the inception of the Ave Maria Growth Fund (5/1/03).

# AVE MARIA GROWTH FUND

## Growth of a Hypothetical \$10,000 Investment†

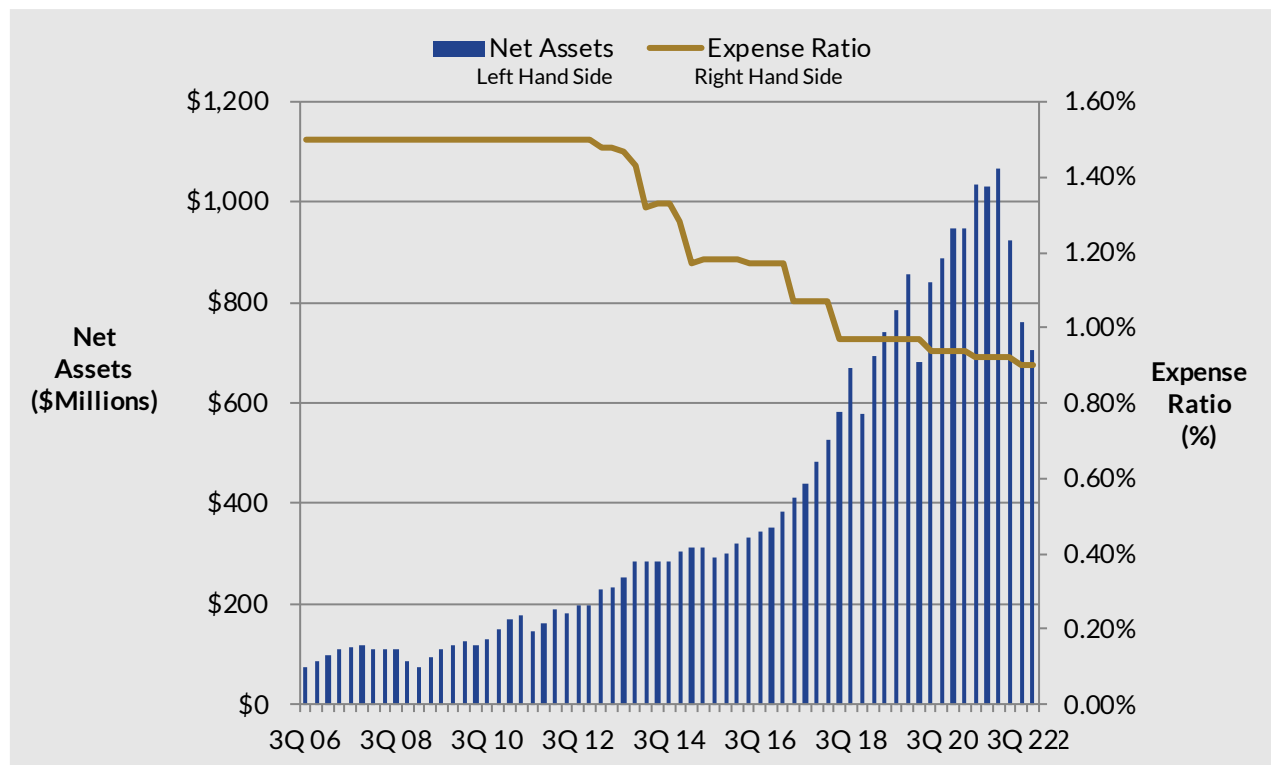


† From 5-1-03 to 9-30-22. Reflects reinvested distributions and the beneficial effect of any expense reduction and does not guarantee future results.

Performance data quoted represents past performance, which is no guarantee of future results.

# AVE MARIA GROWTH FUND

## Assets and Expenses



The expense ratio has decreased in recent years.



For additional information, call  
**1-866-AVE-MARIA (1-866-283-6274)**  
Or visit [avemariafunds.com](http://avemariafunds.com)

## IMPORTANT INFORMATION FOR INVESTORS

Schwartz Investment Counsel, Inc., a registered investment adviser established in 1980, serves as investment adviser for Ave Maria Mutual Funds and invests only in securities that meet the Funds' investment and religious requirements. The returns may be lower or higher than if decisions were based solely on investment considerations. The method of security selection may or may not be successful and the Funds may underperform or outperform the stock market as a whole. All mutual funds are subject to market risk, including possible loss of principal. The Funds' investments in small and mid capitalization companies could experience greater volatility than investments in large capitalization companies. AVEWX invests in foreign securities and securities issued by U.S. entities with substantial foreign operations. Investments in these securities can involve additional risks relating to political, economic or regulatory conditions in foreign countries. These risks include less stringent investor protection and disclosure standards of some foreign markets; fluctuations in foreign currencies; and withholding or other taxes. AVEFX invests primarily in fixed income securities and as a result the Fund is also subject to the followings risks: interest rate risk, credit risk, credit rating risk and liquidity risk. AVEDX invests primarily in dividend paying companies and it is possible these companies may eliminate or reduce their dividend payments. AVEAX is classified as non-diversified and may therefore invest a greater percentage of its assets in the securities of a limited number of issuers than a fund that is diversified. At times, the Fund may overweight a position in a particular issuer or emphasize investment in a limited number of issuers, industries or sectors, which may cause its share price to be more susceptible to any economic, business, political or regulatory occurrence affecting an issuer than a fund that is more widely diversified. The issuers that the Fund may emphasize will vary from time to time.

**Request a prospectus, which includes investment objectives, risks, fees, charges and expenses and other information that you should read and consider carefully before investing. The prospectus can be obtained by calling 1-866-283-6274 or it can be viewed at [www.avemariafunds.com](http://www.avemariafunds.com).** Distributed by Ultimus Fund Distributors, LLC. Schwartz Investment Counsel, Inc. is not affiliated with Ultimus Fund Distributors, LLC.