



AVE MARIA BOND FUND

Q4 2021 COMMENTARY

For the three months ended December 31, 2021, the total return on the Ave Maria Bond Fund (AVEFX) was 0.84%, compared to the Bloomberg Intermediate U.S. Government/Credit Index at -0.57%. The returns for the Fund compared to its benchmark as of December 31, 2021 were:

	1 Yr.	3 Yrs.^	5 Yrs.^	10 Yrs.^	Since Inception^*	Prospectus Expense Ratio
Ave Maria Bond Fund	4.38%	6.08%	4.54%	4.08%	4.31%	0.43%
Bloomberg Intermediate U.S. Govt./Credit Index	-1.44%	3.86%	2.91%	2.38%	3.41%	

^ Annualized * Since Inception date is 5-1-2003

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. Call 1-866-AVE-MARIA or visit www.avemariafunds.com for the most current month-end performance.

For the 19th consecutive year, the Ave Maria Bond Fund ("the Fund") finished in positive territory. In fact, the Fund is one of only fifteen mutual funds out of a total of 3,428 to achieve positive performance every calendar year since the Fund's first full year in 2004. Additionally, 2021 was a banner year for the Fund, as the total return was 4.38% for the year, compared to -1.44% for the Bloomberg Intermediate U.S. Government/Credit Index. The combination of dividend-paying common stocks, U.S. TIPS, and the short-duration profile of the Fund all contributed positively to the outperformance compared to the benchmark.

The 10-year U.S. Treasury Note started the year yielding 0.9%, quickly rose to 1.7% by the end of the first quarter, and finished the year at 1.4%. With inflation running hot, the Federal Reserve (the Fed) has started scaling back their quantitative easing program implemented at the start of the pandemic. In addition, the Fed has indicated that short-term interest rates are set to increase beginning in March, so the pump looks primed for higher interest rates.

Corporate credit spreads spent most of the year hovering near all-time lows, except for November and December when rates widened marginally as financial markets reacted to the Fed's action. With low underlying interest rates and tight credit spreads, bond investors should be cautious, as small changes in either or both could cause substantial changes in bond prices.

In reviewing the performance of the Fund, the top contributors were the common stocks of Texas Pacific Land Corporation (royalty income - oil and gas), Chevron Corporation (integrated oils) and Watsco, Inc. (HVAC equipment & supplies distributor). The Fund's weakest performing assets were the common stocks of Western Union Company (money transfer services), VF Corporation (apparel) and Medtronic, PLC (medical devices).



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Interest rates and corporate credit spreads remain low and are expected to rise in the future. Therefore, the Fund will continue to be managed in a conservative manner. Bond maturities will be kept short and credit quality will remain high. Dividend-paying common stocks in the Fund continue to offer an attractive combination of income and price appreciation.

We appreciate your investment in the Ave Maria Bond Fund.

IMPORTANT INFORMATION FOR INVESTORS

As of 12-31-21, the holding percentages of the stocks mentioned in this commentary are as follows: Texas Pacific Land Corporation (1.3%), Chevron Corporation (1.4%), Watsco, Inc. (1.5%), Western Union Company (no longer held), VF Corporation (1.2%) and Medtronic, PLC (1.3%). Fund holdings are subject to change and should not be considered purchase recommendations. There is no assurance that the securities mentioned remain in the Fund's portfolio or that securities sold have not been repurchased. Fund holdings are subject to change and should not be considered purchase recommendations. The Fund's top ten holdings as of 12-31-21: U.S. Treasury Inflation Protected Sec. 0.50% due 04/15/24 (2.3%), Illinois Tool Works, Inc. 2.65% due 11/15/26 (2.2%), U.S. Treasury Note 2.875% due 11/30/23 (2.1%), U.S. Treasury Note 2.125% due 11/30/24 (2.1%), U.S. Treasury Note 1.625% due 08/31/22 (2.0%), U.S. Treasury Note 0.375% due 04/15/24 (2.0%), U.S. Treasury Note 0.50% due 03/31/25 (2.0%), Lockheed Martin Corporation (1.8%), U.S. Treasury Inflation Protected Sec. 0.375% due 07/15/27 (1.6%) and BlackRock, Inc. 3.20% due 03/15/27 (1.6%). The most current available data regarding portfolio holdings can be found on our website, www.avemariafunds.com. Current and future portfolio holdings are subject to risk.

The Adviser invests only in securities that meet the Fund's 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 Fund may underperform or outperform the stock market as a whole. All mutual funds are subject to market risk, including possible loss of principal. The Fund's investments in small- and mid-capitalization companies could experience greater volatility than investments in large-capitalization companies. The Fund invests primarily in fixed income securities and as a result the Fund is also subject to the following risks: interest rate risk, credit risk, credit rating risk and liquidity risk. The investment performance assumes reinvestment of dividends and capital gains distributions. Performance data reflects certain fee waivers and reimbursements. Without such waivers, performance would have been lower. The Bloomberg Intermediate U.S. Govt./Credit Index is the benchmark index used for comparative purposes for this fund. Indexes do not incur fees and it is not possible to invest directly in an index. The 10-Year U.S. Treasury note is a debt obligation issued by the United States government that matures in 10 years. A 10-year Treasury note pays interest at a fixed rate once every six months and pays the face value to the holder at maturity.

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 online at www.avemariafunds.com. Distributed by Ultimus Fund Distributors, LLC.



**AVE MARIA
MUTUAL FUNDS**