AVE MARIA
MUTUAL FUNDS

FOCUS ON THE LONG-TERM

A HISTORICAL PERSPECTIVE

When equity markets exhibit extreme volatility, fear and uncertainty often runs rampant. For some investors, the knee jerk reaction is to abandon equity holdings and seek cover until the storm ends. While it is painful to see stock prices and account balances decline, in our opinion, riding out the storm is the best course of action for long-term investors. Perhaps even better, market dips may be a good time to add to equity positions when prices are lower. As contrarian investors, we see volatility as an opportunity to purchase high-quality companies at discounted prices and encourage our investors to stay the course and even add to their equity positions – where appropriate.

This guide provides a historical perspective of four strategies for long-term investors:

1. IGNORE THE HEADLINES
2. THE CASE FOR COMMON STOCKS
3. BUY AND HOLD
4. PATIENCE IS REWARDED

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IGNORE THE HEADLINES

We are constantly bombarded by the media on the financial catastrophe du jour be it by television, the internet or "tweets." Sensationalism can cause even the most seasoned investor to question their long-term plans and wonder if they should flee for safer havens. However, history shows many events that dominate the short term often recede into nothingness when viewed over an extended period of time. The table below shows a crisis that transpired in each calendar year from 1975 to 2020 and the annual return of the S&P 500® Index. In summary, investors best strategy may be to ignore the headlines and adhere to a well-constructed, long-term plan.

S&P 500 INDEX RETURN

YEAR	Event/Crisis	Return %
1975	Assassination attempts on President Gerald Ford	37.23
1976	Pol Pot becomes prime minister of Cambodia	23.93
1977	Pact signed by 15 countries to curb nuclear weapons	-7.16
1978	Framework for Peace in Middle East signed at Camp David	6.57
1979	Soviet invasion of Afghanistan	18.61
1980	Iran Hostage Crisis	32.50
1981	Assassination attempt on President Ronald Reagan	-4.92
1982	Falklands War	21.55
1983	Terrorist attack kills 237 US Marines in Beirut	22.56
1984	Toxic gas leaks at Union Carbide plant in Bhopal, India	6.27
1985	U.S. budget balancing bill enacted	31.73
1986	U.S. planes attack Libya	18.66
1987	Iran-Contra Affair	5.25
1988	Canada and U.S. reach free trade agreement	16.61
1989	Fall of Berlin Wall	31.69
1990	Persian Gulf War	-3.10
1991	Dissolution of the USSR	30.47
1992	North American Free Trade Agreement signed	7.62
1993	Bombing of World Trade Center in New York	10.08
1994	Russians attack secessionist Republic of Chechnya	1.32
1995	Oklahoma City Federal Building attacked	37.58
1996	Britain alarmed by outbreak of "mad cow" disease	22.96
1997	European Union plans to admit six nations	33.36
1998	White House sex scandal	28.58
1999	Y2K worries	21.04
2000	Terrorist attack on U.S.S. Cole in Yemen	-9.10
2001	September 11 attacks on United States	-11.89
2002	Enron scandal	-22.10
2003	U.S. and Britain launch war on Iraq	28.68
2004	Tsunami devastates Asia	10.88
2005	Hurricanes Katrina and Rita	4.91
2006	North Korea explodes nuclear device	15.79
2007	30,000 U.S. Troops in Iraq	5.49
2008	U.S. financial crisis	-37.00
2009	U.S. government bailout of AIG	26.46
2010	Massive number of U.S. home foreclosures	15.06
2011	S&P downgrades U.S. from AAA	2.11
2012	Fiscal Cliff Concerns	16.00
2013	Government Shutdown	32.39
2014	Ebola Outbreak	13.69
2015	ISIS Terrorist Attacks	1.38
2016	Great Britain "Brexit"	11.96
2017	Russia Investigation	21.83
2018	US Levies Tariffs on Canada, EU & Mexico	-4.38
2019	Trump Impeachment Hearings	31.49
2020	Covid-19 Pandemic	18.40

From 1975 - 2020, the equity market experienced 38 positive years and 8 negative years resulting in a 12.28% annualized return

Source: Mellon Analytical Solutions, Inc. January 2021

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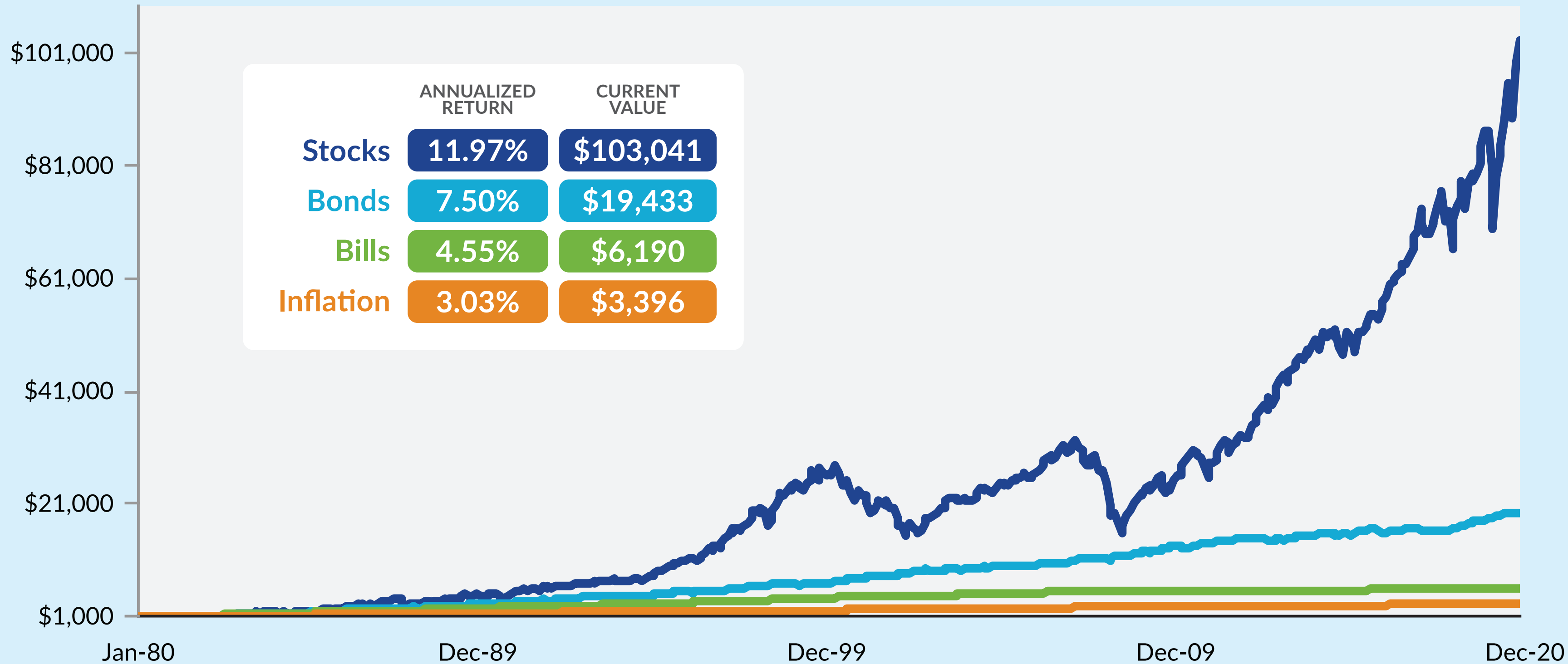
THE CASE FOR COMMON STOCKS

Since 1980, the world has experienced the same problems seen throughout history: wars, economic cycles, natural disasters as well as political turmoil. During this time, the predominant trend for common stocks has been upward. Investors should consider this historical perspective when contemplating asset allocation decisions. The graph below shows performance of major asset classes from January 1, 1980 to December 31, 2020.

GROWTH OF $1,000 FROM 1980 TO PRESENT[1]



	ANNUALIZED RETURN	CURRENT VALUE
Stocks	11.97%	$103,041
Bonds	7.50%	$19,433
Bills	4.55%	$6,190
Inflation	3.03%	$3,396

Source: Mellon Analytical Solutions, January 2021

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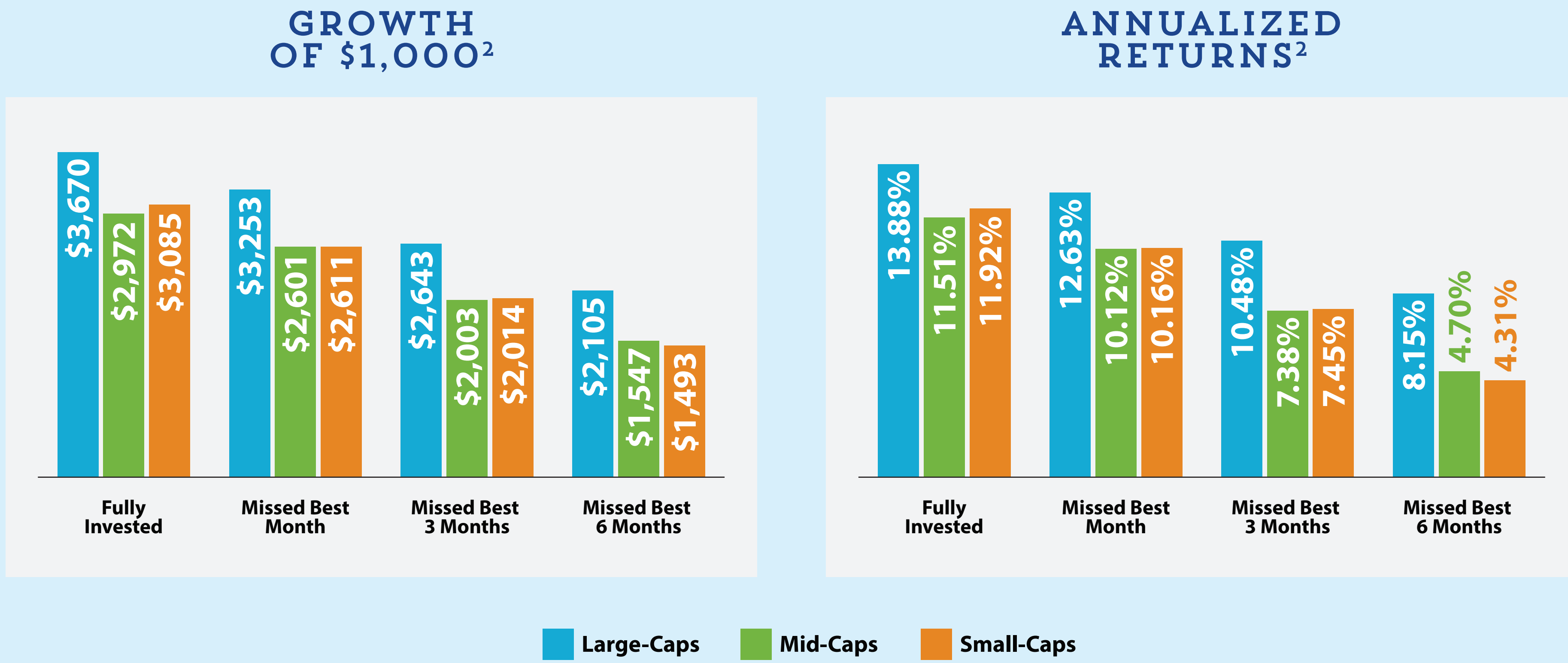
BUY AND HOLD

"Buy and hold" is a simple strategy that entails buying an investment and holding it for the long-term. This strategy has proven to be successful for many investors. While market volatility may tempt investors to abandon their carefully crafted long-term plans, history shows that riding out the rough periods can prove to be fruitful. Keep in mind, even the best investments will experience periods of under performance. The charts below tell the tale of missing the best one, three and six months for the 10-year period ended December 31, 2020 in both dollar and percentage terms.



10 Year Period Ending December 31, 2020

Source: Mellon Analytical Solutions, January 2021

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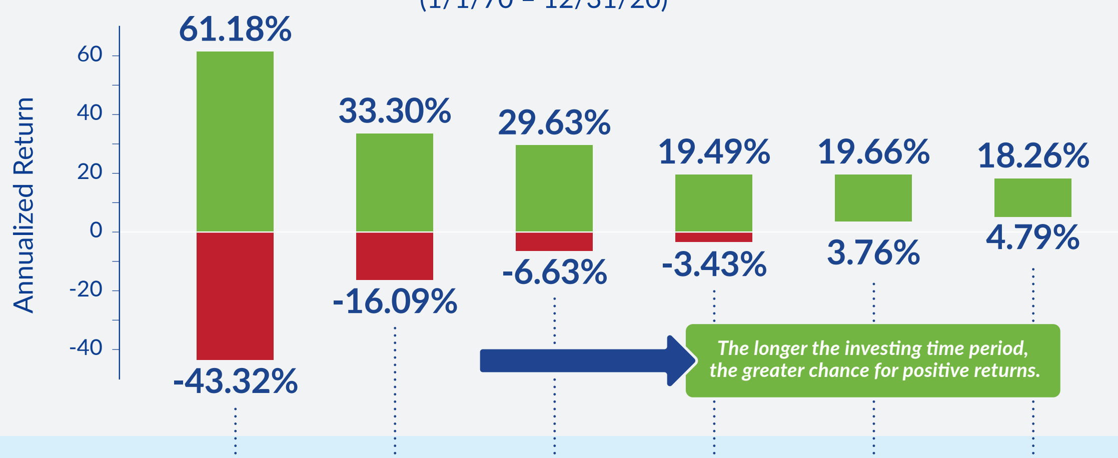
PATIENCE IS REWARDED

In times of extreme equity market volatility some investors are tempted to abandon their holdings and seek so-called safer havens such as cash or bonds. Unfortunately, short-term thinking can be detrimental to long-term success. The graph and table below show various rolling time periods for the S&P 500® Index.

S&P 500 INDEX ROLLING RETURNS

(1/1/70 – 12/31/20)



	1 YEAR	3 YEARS	5 YEARS	10 YEARS	15 YEARS	20 YEARS
% Positive Periods	81%	86%	90%	95%	100%	100%
Period Average	12.05%	11.03%	10.97%	11.13%	11.27%	11.39%
Total Rolling Periods	601	577	553	493	433	373
Positive Rolling Periods	486	496	498	469	433	373
Highest Return (Date Range)	7/82 to 6/83	8/84 to 7/87	8/82 to 7/87	9/90 to 8/00	8/82 to 7/97	4/80 to 3/00
Lowest Return (Date Range)	3/08 to 2/09	4/00 to 3/03	3/04 to 2/09	3/99 to 2/09	9/00 to 8/15	4/00 to 3/20

Source: Mellon Analytical Solutions, January 2021

FINAL THOUGHTS

SUCCESSFUL INVESTORS ARE LONG-TERM ORIENTED

No one knows when the COVID-19 crisis will be over. There are always uncertainties. In our 50+ years of experience managing other people's money, we've seen multiple market downturns.

WE USE HISTORY AS A GUIDE

There was a bear market in 2020 and then stocks rallied. History shows that stocks go up far more often than they go down.

STOCKS ON SALE

Market collapses create some terrific opportunities to buy shares of truly great companies at bargain prices – well below their intrinsic value. The uncertainty and fear of market participants facilitated stock prices going on sale. As always, we seek to take advantage of buying opportunities to produce good long-term investment results.

PRO-LIFE AND PROUD OF IT

We adhere to our moral mandates. Most of our shareholders invest in the Ave Maria Mutual Funds at least in part because of what we DON'T do – invest in companies that conflict with their moral beliefs. This will not change.

WE EAT OUR OWN COOKING

Our portfolio managers have invested in the funds they manage in some very large dollar amounts. Their money is invested along with yours. Many of our senior management team and portfolio managers have purchased additional shares of our equity mutual funds over the past several months.

As always, thank you for being an Ave Maria Mutual Funds shareholder. Our team is working diligently on your behalf. The trust you have placed in us reinforces our effort to make prudent investment decisions in a morally responsible way.

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DISCLAIMERS

Past performance does not guarantee future results. You cannot invest directly in an index. The performance data does not represent fund performance and should not be considered representative of fund performance.

[1] Diversification does not prevent loss. You cannot invest directly in an index. The performance data does not represent fund performance and should not be considered representative of fund performance. Stocks are represented by the S&P 500® Index, a capitalization weighted unmanaged index of 500 widely traded stocks, created by Standard & Poor's. The index is considered to represent the performance of the stock market in general. Bonds are represented by the Bloomberg Barclays US Aggregate Bond Index, which measures the performance of the U.S. dollar-denominated, investment-grade, fixed-rate, taxable bond market, which includes Treasuries (i.e. public obligations of the U.S. Treasury), government-related issues (i.e. agency, sovereign, supranational, and local authority debt), corporate debt obligations, mortgage-backed securities (i.e. agency fixed-rate and hybrid adjustable rate mortgage (ARM) pass-through securities), asset-backed securities and commercial mortgage-backed securities. Bills are represented by the BofA Merrill Lynch 3-Month U.S. Treasury Bill Index, an unmanaged index that measures returns of three-month Treasury Bills. Inflation is represented by the US Consumer Price Index, a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living. Indexes do not incur fees and it is not possible to invest directly in an index.

[2] Large-Caps are represented by the S&P 500® Index, a capitalization weighted unmanaged index of 500 widely traded stocks, created by Standard & Poor's. The index is considered to represent the performance of the stock market in general. Mid-Caps are represented by the S&P MidCap 400® Index, an unmanaged index created by Standard & Poor's made up of 400 midcap companies. The index is the most widely used index for mid-sized companies. Small-Caps are represented by the S&P SmallCap 600® Index, an unmanaged index created by Standard & Poor's made up of 600 small-cap companies. The index is commonly used to show the performance of small-cap stocks.

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Request a prospectus, which includes investment objectives, risks, fees, 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.

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