



AVE MARIA FOCUSED FUND

Q3 2021
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

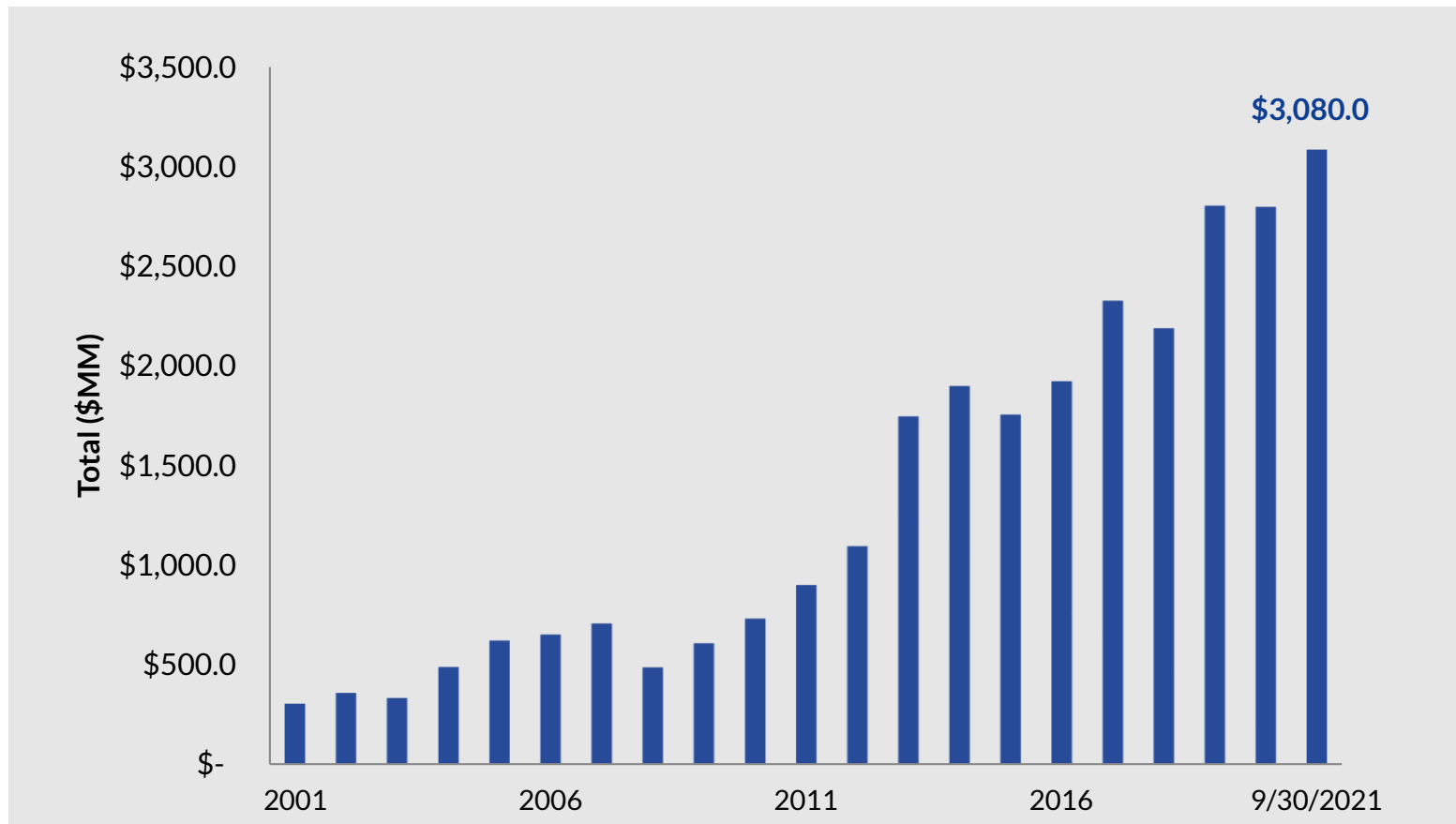
SCHWARTZ INVESTMENT COUNSEL, INC.

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.

Growth of Assets Under Management



SCHWARTZ INVESTMENT COUNSEL, INC.

Equity Investment Discipline

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

SCHWARTZ INVESTMENT COUNSEL, INC.

Experienced Portfolio Managers



George P. Schwartz, CFA

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



Chadd M. Garcia, CFA

Years of investment experience	Funds managed
17	Focused, Growth



Timothy S. Schwartz, CFA

Years of investment experience	Fund managed
23	Value



Adam P. Gaglio, CFA

Years of investment experience	Funds managed
8	Focused, Growth

SCHWARTZ INVESTMENT COUNSEL, INC.

Experienced Portfolio Managers



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



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



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



AVE MARIA FOCUSED FUND

AVE MARIA FOCUSED FUND

Investment Objective

The Ave Maria Focused Fund (AVEAX) investment objective is capital appreciation from companies of all sizes and geographies that offer above-average potential for growth in free cash flow per share. As a non-diversified fund, the Fund may invest a substantial portion of its assets in a small numbers of issuers, industries, or sectors.

Investment Strategy

- ❑ Seek to invest in companies with durable, forecastable, and growing earnings. Companies with these attributes often have a strong competitive advantage and an economic moat that differentiates from its competitors
- ❑ Seek to invest in companies with the ability to earn high rates of return on incremental invested capital
- ❑ Seek to invest in companies with a long runway for redeployment of capital within their existing businesses
- ❑ Seek to invest in companies with management teams that are adept in both capital allocation and operational management
- ❑ The Fund aims to pay reasonable prices for its holdings and own them for a long time

AVE MARIA FOCUSED FUND

Investment Process



AVE MARIA FOCUSED FUND

Investable Universe

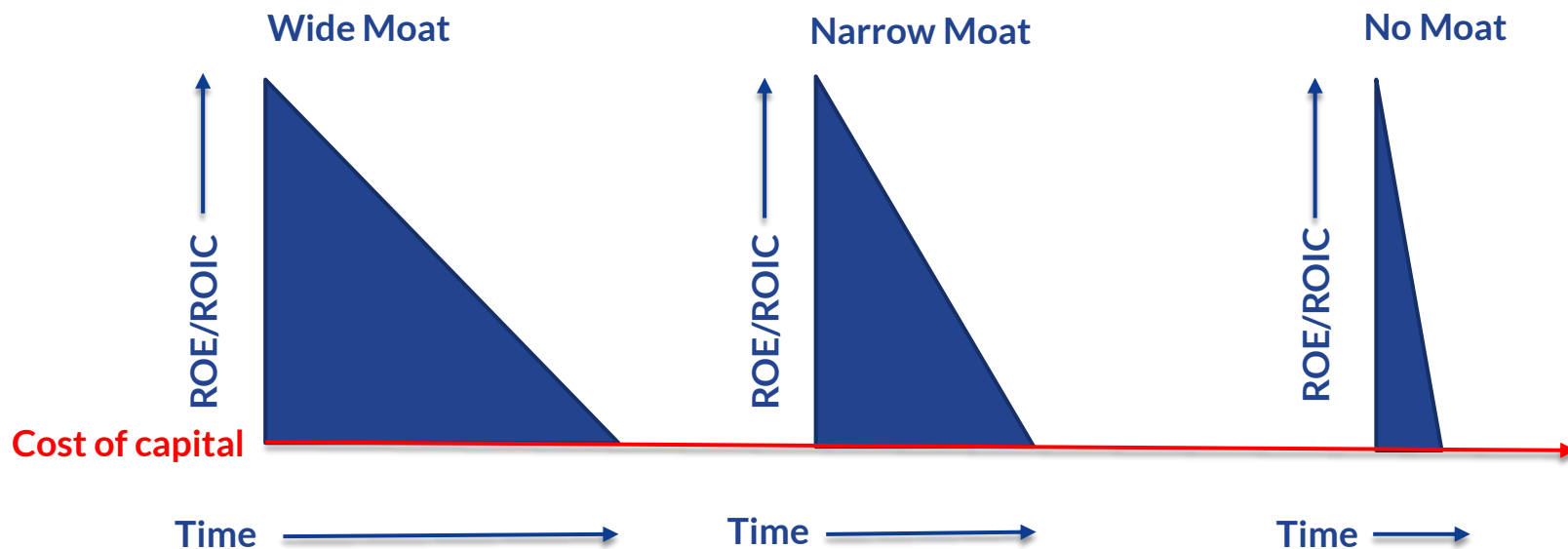
- ❑ We exclude stocks inconsistent with core values and teachings of the Roman Catholic Church. This excludes about 5% of the companies in the Russell 3000® Index
- ❑ We may invest in foreign companies, either indirectly through depositary receipts or directly
- ❑ AVEAX uses a growth at a reasonable price (GARP) strategy, focusing on companies with sustainable competitive advantages and high returns on incremental invested capital
- ❑ AVEAX may buy companies of any size



AVE MARIA FOCUSED 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
- Return on Incremental Invested Capital is an indication of the strength of the moat



AVE MARIA FOCUSED 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
 - Chemed, Ferrari, Green Plains, Moody's, Rice Acquisition Corp., S&P Global, TPL, Waste Connections
 - Customer switching costs: Tight integration with a customer's business, monetary costs, and non-monetary costs
 - Adobe, Autodesk, Microsoft, Tyler
 - Network effect: Value of the product or service increases with the number of users
 - Equinix, Mastercard, Visa, NextDC
 - Sustainable cost advantage: Cheaper processes, better locations, and unique resources
 - eDreams, GFL, Valvoline



AVE MARIA FOCUSED 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

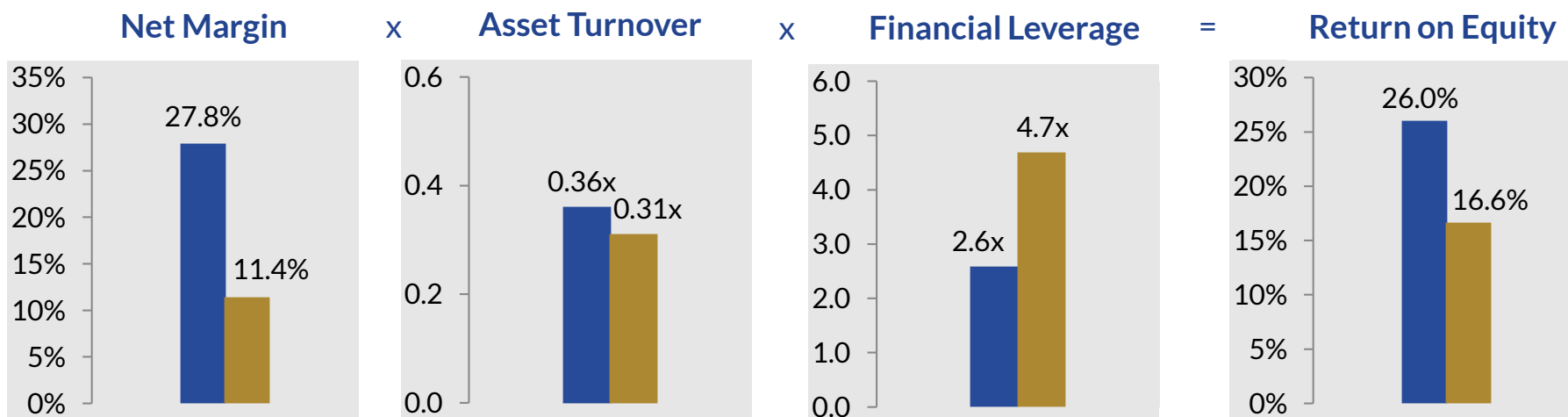
$$\begin{array}{ccccccc} \text{Net Margin} & \times & \text{Asset Turnover} & \times & \text{Financial Leverage} & = & \text{Return on Equity} \\ \downarrow & & \downarrow & & \downarrow & & \downarrow \\ \frac{\text{Net Income}}{\text{Sales}} & \times & \frac{\text{Sales}}{\text{Total Assets}} & \times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

AVE MARIA FOCUSED FUND

Portfolio Characteristics as of September 30, 2021*

■ Ave Maria Focused Fund

■ S&P 500® Index



■ AVEAX 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 FOCUSED FUND

Buy Discipline

The managers purchase an investment after completing due diligence only if the managers believe in the investment's ability to generate at least a 15% total return CAGR over a 5-year time horizon

- ❑ Our preferred fundamental valuation techniques include:
 - Discounted cash flows (primary focus)
 - Free cash flow yield
 - Earnings yield
- ❑ Fundamental research – due diligence – includes, but is not limited to, reading several years of financial reports and earnings call transcripts, discussions with management, competitors, suppliers, customers, and former employees



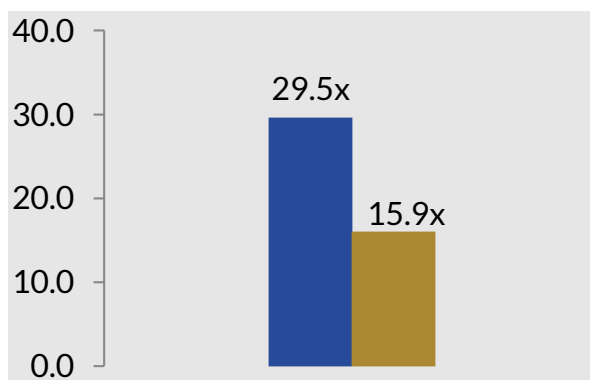
AVE MARIA FOCUSED FUND

Portfolio Characteristics as of September 30, 2021*

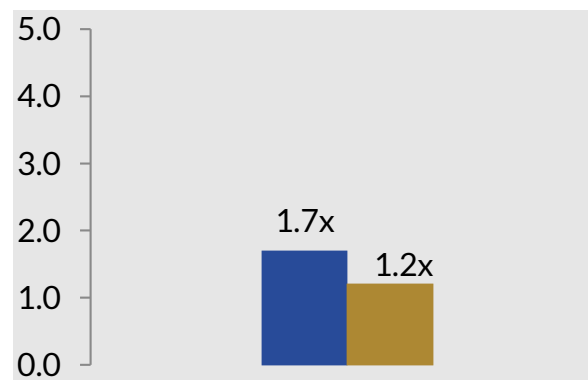
■ Ave Maria Focused Fund

■ S&P 500® Index

Price/Free Cash Flow (NTM)



PEG Ratio



- Source: Capital IQ
- Note: PEG Ratio is calculated by dividing the Price/FCF (NTM) by the 3-year Free Cash Flow CAGR. Additionally, APG, CHE, GPPE, and RICE were excluded due to lack of forward FCF estimates. P/FCF and PEG Ratio calculated as of [10/11/21](#).

AVE MARIA FOCUSED FUND

Risk Controls

- ❑ Risk-reducing stock selection process using bottom-up stock selection based on fundamentals (high quality companies)
- ❑ Portfolio is monitored on an ongoing basis
- ❑ Industry concentration limited to no more than 25%, based on purchase price
- ❑ The Fund has a regulatory limit of 50% (based on purchase price) of cumulative positions representing 5% or greater of the Fund's assets
- ❑ Portfolio holdings typically range from 20-25 issues



AVE MARIA FOCUSED FUND

Sell Discipline

- ❑ Company becomes a violator of any moral screen established by our Catholic Advisory Board
- ❑ Company's economic moat is eroding, either due to internal or external factors (deteriorating fundamentals)
- ❑ Company is deviating from our investment thesis
- ❑ Because we purchase companies with strong long-term prospects, we anticipate a low level of turnover (16% in 2020)



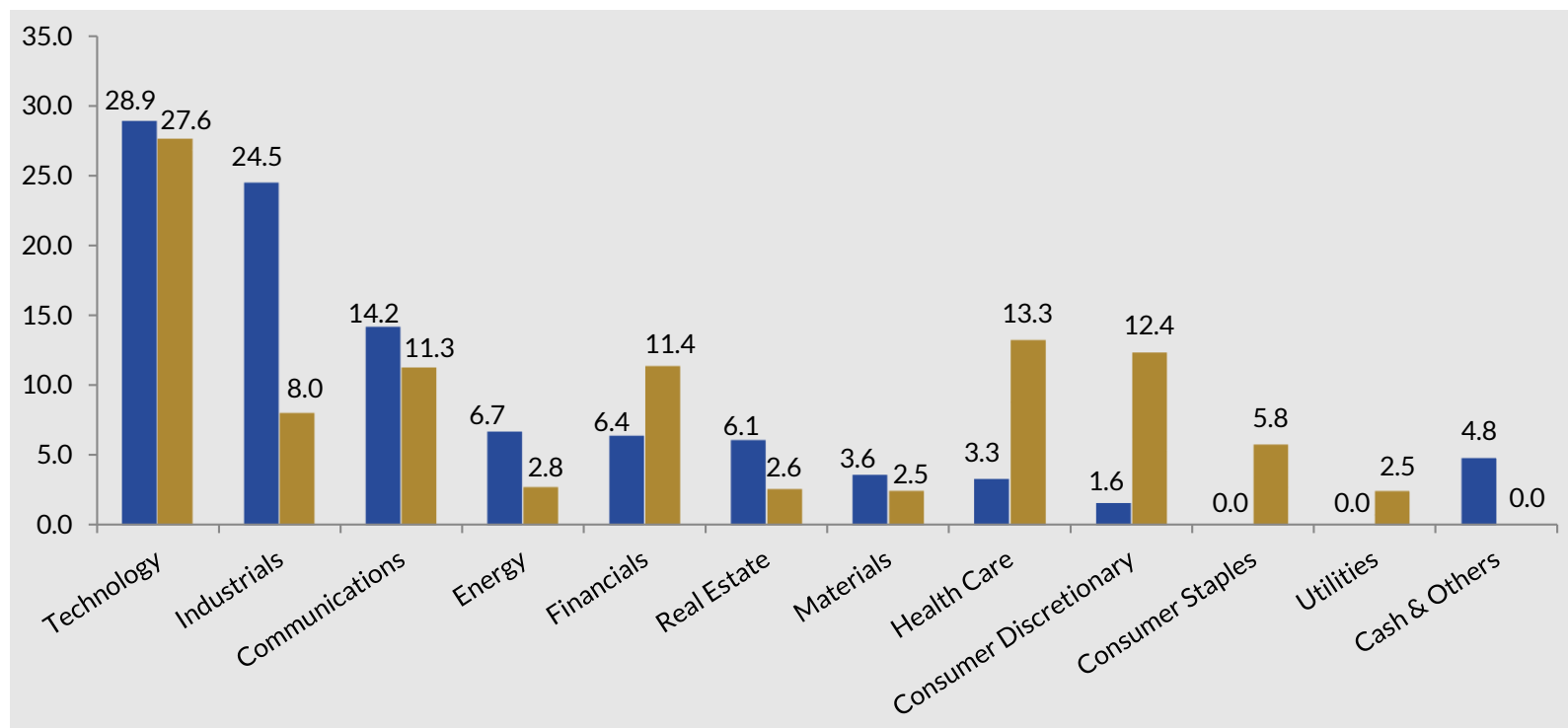
AVE MARIA FOCUSED FUND

Economic Sector Breakdown as of September 30, 2021*

■ Ave Maria Focused Fund

■ S&P 500® Index

The Fund is a non-diversified fund. Consequently, we anticipate its sector breakdown to differ from that of the benchmark



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

For Financial Professional Use Only.

AVE MARIA FOCUSED FUND

Investment Situations That We Like

We find the below situations are good places to look for companies that exhibit the attributes found in our Investment Strategy

- ❑ Companies with Changing Business Model
 - Switch from project-based business model to service-based model (Example: APi Group)
 - Licensing model to SaaS model (Examples: Adobe, Autodesk, Microsoft, Tyler)
 - Transaction-based model to subscription model (Example: eDreams)
 - Commodity producer to producer of high-value products (Example: Green Plains)
 - Switch from selling wholesale to retail (Example: Autodesk)
- ❑ Companies with Hidden Value
 - Business with hidden assets (Examples: Frontdoor, GFL, Green Plains, Valvoline, Waste Connections)

AVE MARIA FOCUSED FUND

Portfolio Top Holdings as of September 30, 2021

Top 10 Holdings*	65.6% of Net Assets
1. eDreams ODIGEO ADR	14.2%
2. GFL Environmental, Inc.	8.9%
3. APi Group Corporation	8.8%
4. Microsoft Corporation	7.1%
5. NEXTDC Ltd.	5.5%
6. Green Plains, Inc.	4.8%
7. Frontdoor, Inc.	4.5%
8. Adobe, Inc.	4.2%
9. Equinix, Inc.	4.0%
10. Valvoline, Inc.	3.6%

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

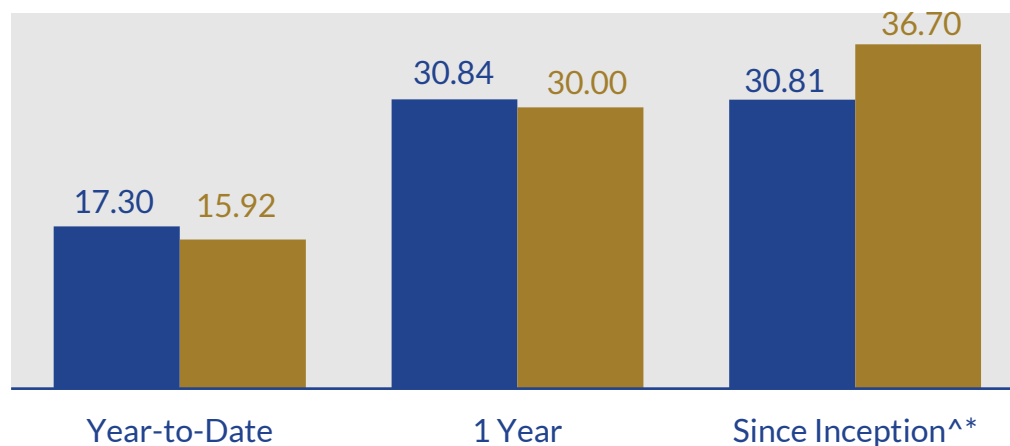
The most current available data regarding portfolio holdings can be found on our website, www.avemariafunds.com. Current and future portfolio holdings are subject to risk.

AVE MARIA FOCUSED FUND

Average Annual Total Returns (%) as of September 30, 2021

■ Ave Maria Focused Fund ■ S&P 500® Index

Cash drag during 2020 caused the since inception returns to lag the Benchmark as it took time to fully deploy the Fund and build a portfolio of high-quality companies.

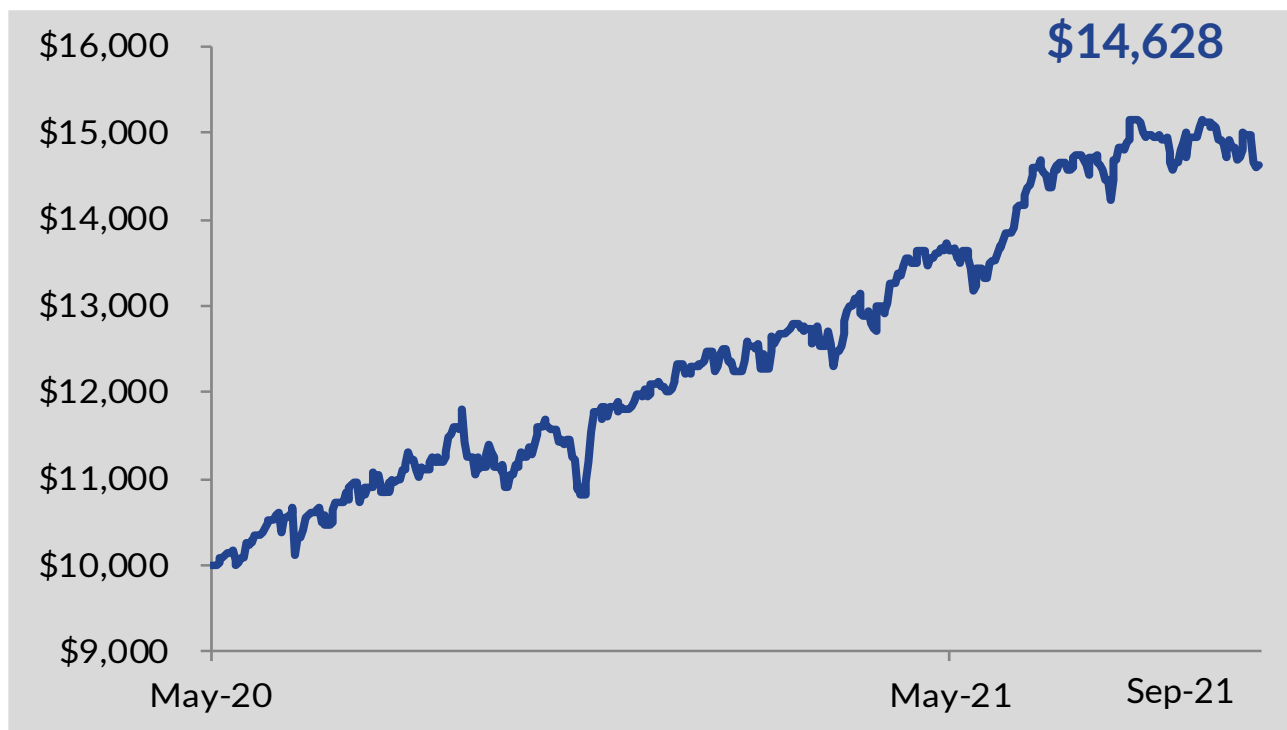


[^] Annualized * Since Inception date is 5-1-2020

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 for the most current month-end performance. Expense ratio: 1.30% (Gross), 1.26% (Net). Contractually agreed upon until May 1, 2023.

AVE MARIA FOCUSED FUND

Growth of a Hypothetical \$10,000 Investment†



† From 5-1-20 to 9-30-21. Reflects reinvested distributions and the beneficial effect of any expense reduction and does not guarantee future results.

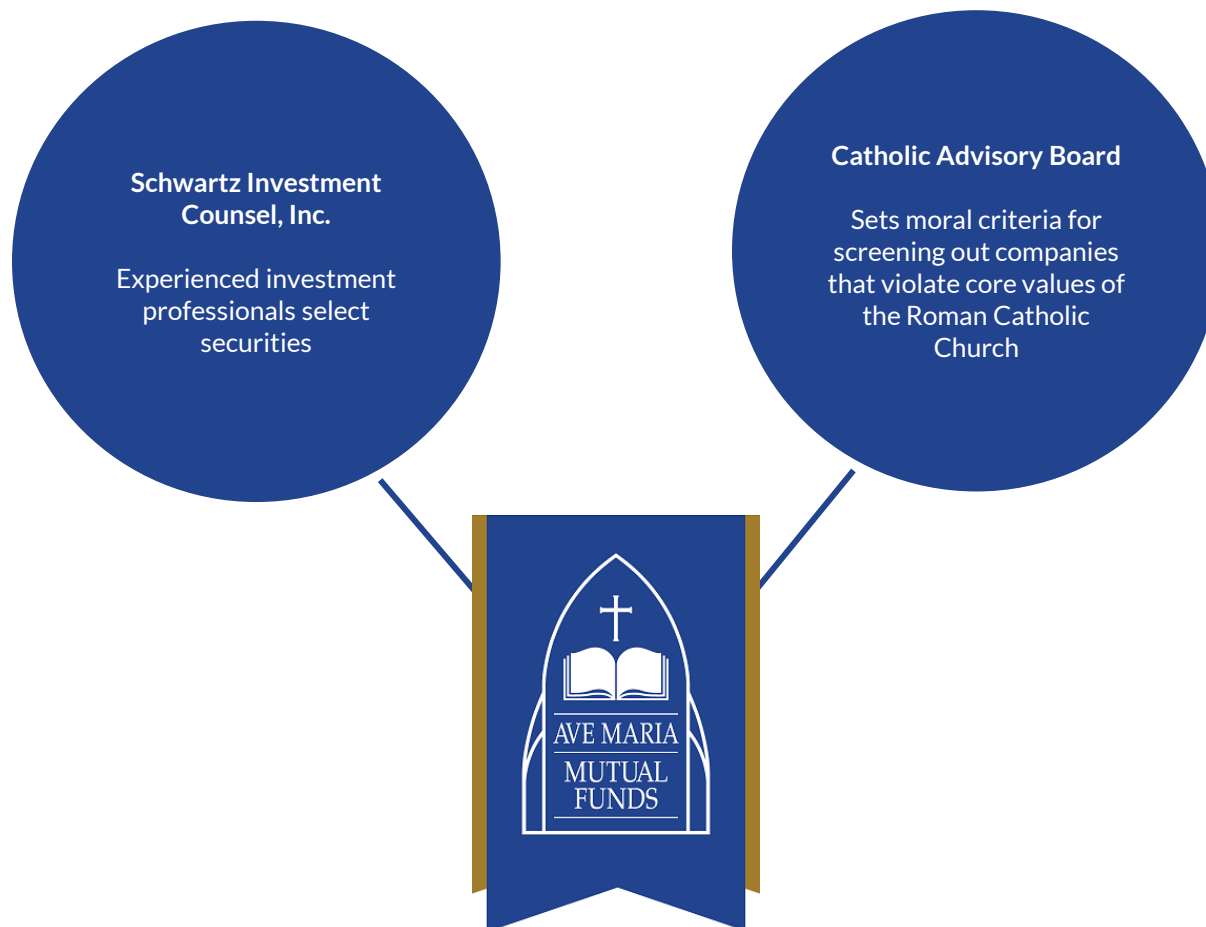
Performance data quoted represents past performance, which is no guarantee of future results.



AVE MARIA 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

- ❑ 66 Schools & Universities
- ❑ 14 Endowment Funds
- ❑ 44 Foundations
- ❑ 64 Dioceses
- ❑ 60 Churches
- ❑ 152 Other Organizations

As of 12-31-20

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.



Robby George, PhD
Professor,
Princeton
University



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



Gloria Purvis
Columnist and
Media
Commentator



Father Riccardo, Emeritus
Executive Director,
ACTS XXIX



Paul Roney, CPA
President of
Domino's Farms
Corporation



Lila Rose
President of Live
Action



His Eminence Adam Cardinal Maida
Archbishop of
Detroit, Emeritus

Episcopal
Advisors



His Excellency Allen Vigneron
Archbishop of
Detroit

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

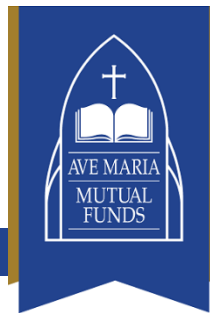
Companies engaged in
embryonic stem cell
research

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.



For additional information, call
1-866-AVE-MARIA (1-866-283-6274)
Or visit 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. Distributed by Ultimus Fund Distributors, LLC. Schwartz Investment Counsel, Inc. is not affiliated with Ultimus Fund Distributors, LLC.