# AVE MARIA VALUE FUND

## Q2 2023 COMMENTARY

The Ave Maria Value Fund (AVEMX) had a total return of -0.26% for the three months ended June 30, 2023, compared to 4.85% for the S&P MidCap 400® Index. The returns for the Fund compared to its benchmark as of June 30, 2023:

| | Year to Date | 1 Yr. | 3 Yrs.^ | 5 Yrs.^ | 10 Yrs.^ | Since Inception^* | Prospectus Expense Ratio |
|---|---|---|---|---|---|---|---|
| Ave Maria Value Fund | -3.66% | 11.02% | 17.16% | 7.21% | 6.97% | 7.04% | 0.94% |
| S&P MidCap 400® Index | 8.84% | 17.61% | 15.44% | 7.79% | 10.21% | 9.19% | |

^ Annualized * Since Inception date is 5-1-2001

***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 six month period ended June 30, 2023, the Fund's underperformance can be attributed to: 1) declining oil & natural gas prices and the negative impact on energy-related stocks; 2) value stocks underperformance vs. growth stocks; and 3) relative weakness in small and mid-cap stocks compared to large-cap stocks.

After back-to-back strong years in 2021 and 2022, our energy-related holdings have performed poorly so far in 2023. Since peaking in June last year, oil prices have been on a steady downward trajectory due to a combination of factors, including rising interest rates, fears of an economic slowdown, weaker than expected Chinese demand, and concern about the sustainability of OPEC+'s ongoing production cuts. Due to a myriad of factors, we believe oil prices are headed higher from their currently depressed levels, and our high-quality, energy-related companies are well positioned to benefit.

Value stocks, including many of our portfolio holdings, are currently out of favor. Lately, the major stock market indices have been led by a narrow group of richly valued, growth-oriented, mega-cap tech stocks, including Apple, Amazon, Alphabet (Google), Meta (Facebook), Tesla, and Nvidia. With market participants currently enamored with these "glamour" stocks, the Fund's value-focused investments, consisting of primarily small and mid-cap stocks, have languished thus far in 2023.

The Fund's five best performing securities in the first half of 2023 were:

| Company | Industry | YTD Return |
|---|---|---|
| Winmark Corp. | Specialty Retail | +40.70% |
| A.O. Smith Corporation | Specialty Machinery | +28.34% |
| Mirion Technologies, Inc. | Radiation Detection/Measurement | +27.84% |
| Alcon, Inc. | Medical Instruments & Supplies | +20.14% |
| Brown & Brown, Inc. | Insurance Brokers | +20.02% |

The Fund's five worst performing securities in the first half of 2023 were:

| Company | Industry | YTD Return |
|---|---|---|
| Texas Pacific Land Corporation | Real estate/Royalties | -43.61% |
| Hingham Institution for Savings | Regional Banks | -18.66% |
| Chesapeake Energy Corporation | Oil & Gas Exploration/Prod. | - 7.49% |
| Pioneer Natural Resources Co. | Oil & Gas Exploration/Prod. | - 5.46% |
| Bowlero Corp. | Bowling Centers | - 5.39% |

During the past six months, we liquidated a handful of stocks that had reached our estimate of intrinsic value and used the proceeds to establish new positions in five companies: Armstrong World Industries, Inc. (Building Products), ConocoPhillips (Oil & Natural Gas E&P), Occidental Petroleum Corporation (Oil & Natural Gas E&P), Permian Basin Royalty Trust (Oil & Natural Gas Royalties), and Wheaton Precious Metals Corp. (Commodity Royalties). All five new holdings meet our security selection criteria of owning shares of high-quality businesses in sound financial condition run by shareholder-friendly management teams that are selling at prices significantly below our estimate of intrinsic value.

The Fund continues to be managed with a value-focused investment approach, using fundamental security analysis to identify stocks trading at a discount to intrinsic value. We believe this approach continues to be an excellent way to achieve superior long-term results.

Thank you for your investment in the Ave Maria Value Fund.

**IMPORTANT INFORMATION FOR INVESTORS**

As of 6-30-23, the holding percentages of the stocks mentioned in this commentary are as follows; Winmark Corp. (2.6%), A.O. Smith Corporation (2.4%), Mirion Technologies, Inc. (3.4%), Alcon, Inc. (2.6%), Brown & Brown, Inc. (2.8%), Texas Pacific Land Corporation (9.7%), Hingham Institution for Savings (3.8%), Chesapeake Energy Corporation (3.6%), Pioneer Natural Resources Co. (5.4%), Bowlero Corp. (0.9%), Armstrong World Industries, Inc. (2.8%), ConocoPhillips (3.3%), Occidental Petroleum Corporation (3.2%), Permian Basin Royalty Trust (2.5%), and Wheaton Precious Metals Corp. (2.3%). 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. The Fund's top ten holdings as of 6-30-23: Texas Pacific Land Corporation (9.7%), Pioneer Natural Resources Co. (5.4%), Franco Nevada Corporation (4.7%), Schlumberger Limited (4.6%), Haemonetics Corporation (3.9%), Hingham Institution for Svgs. (3.8%), Chesapeake Energy Corporation (3.6%), CDW Corp. (3.5%), Mirion Technologies, Inc. (3.4%) and ConocoPhillips (3.3%). 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 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 S&P 400® Midcap Index is 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. Indexes do not incur fees and it is not possible to invest directly in an index.

***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.*