

**Shareholder Accounts**

c/o Ultimus Fund  
Solutions, LLC  
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**Corporate Offices**

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Dear Shareholder:

The Ave Maria Catholic Values Fund is gaining increased notice from Catholic investors looking for good investment performance without abandoning the core teachings of their Catholic faith. The Fund now has 1,100 shareholders from 45 states who have invested over \$60 million dollars.

For the year ended December 31, 2002, the Ave Maria Catholic Values Fund was down 9.8%, while the S&P 500 was down 22.1% and NASDAQ was down 31.6%. 2002 marked the third year in a row that the broad stock market finished down. This hasn't happened in 60 years and only three times in the past two centuries. The Dow Jones Industrial Average and the S&P 500 posted their worst losses since 1977 and 1974, respectively. With three years of declining stock prices, many stocks are severely depressed, which has created the opportunity for those shares to produce high returns in the future.

The investment performance of the Fund since its inception on May 1, 2001, is as follows:

Since 5-1-01 Inception  
thru 12-31-02

AVEMX	– 5.0%
S&P 500	–28.7%

This favorable comparison is the result of our disciplined, value-oriented investment philosophy. In addition, no money was invested in companies that blew up. We avoided all of the scandal-ridden companies like Adelphia, Enron, Tyco, Consecro, Global Crossing, WorldCom, UAL, and K-Mart. This bit of good fortune was not by coincidence. As a matter of investment policy, we simply don't speculate on over-priced, debt-laden companies with questionable accounting practices. The Fund's portfolio is composed of well researched, low-risk, profitable, conservatively run companies. (Importantly, none violate the moral guidelines established by our Catholic Advisory Board.) In managing the portfolio, we sidestepped the landmines by avoiding the popular stocks, which had become so overpriced. Buying what's popular can make for good cocktail-party conversation, but it usually produces poor investment results.

Our investment management process involves searching for solid long-term investments. We want strong balance sheets and good earnings growth prospects at a reasonable price. Shareholders can take comfort in knowing that the Fund owns portions of excellent companies and hasn't paid inflated prices. No effort is made to outguess the near-term swings in the stock market. That sort of speculation can't successfully

be done consistently, since short-term price moves are caused by unpredictable shifts in investor psychology and by events that cannot be anticipated.

We were fortunate to augment our analytical staff during 2002, by hiring Scott A. Goginsky, CFA from Atlanta, Georgia. As Senior Research Associate, he works to uncover investment opportunities for the Ave Maria Catholic Values Fund. Scott, along with the rest of our talented staff of investment research specialists, analyzes numerous stocks before selections are made for the Fund. Research is crucial to portfolio management success. As Warren Buffett says:

“The market, like the Lord, helps those who help themselves. But, unlike the Lord, the market does not forgive those who know not what they do.”

The Federal Reserve’s aggressive interest-rate cuts and the record number of mortgage refinancings have led to increased personal disposable income, which has allowed consumers to support the economy. Indications are that this will continue in 2003. Accordingly, the portfolio is well represented with high-quality retailers and consumer products companies such as Ross Stores, Inc., Brookstone, Inc., and Coach, Inc. Sizeable industrial companies, including Automatic Data Processing, Inc., Esterline Technologies Corporation, and DeVry, Inc., which were added to the portfolio in recent months, should benefit from an increase in capital and IT spending this year. In the financial sector, recent additions include American International Group, Inc. and H&R Block, Inc. Both are industry leaders with extraordinary management teams and are expected to produce above-average growth in earnings and cash flow.

There are many reasons for optimism. The economy finally appears to be responding to the Fed’s stimulative monetary policy and corporate earnings are improving. Valuations on equities are at the lowest level in years, and improvements are being made in corporate governance. There is also the very real possibility of changes in the tax code favoring equity ownership. Eliminating the double taxation of dividends would have a very positive impact on capital formation and indirectly reduce the capital-gains tax. The glass is more than half-full for investors willing to look forward instead of backward. An expeditious resolution of the impending war in Iraq could help fuel a bull market in 2003. I am more favorably inclined towards equities than at any time in the past 20 years. Investors may be surprised at how well the U.S. equity market performs over the next few years from its current depressed level. The well-selected value stocks in our portfolio, none of which violate the core teachings of the Catholic Church, may do especially well.

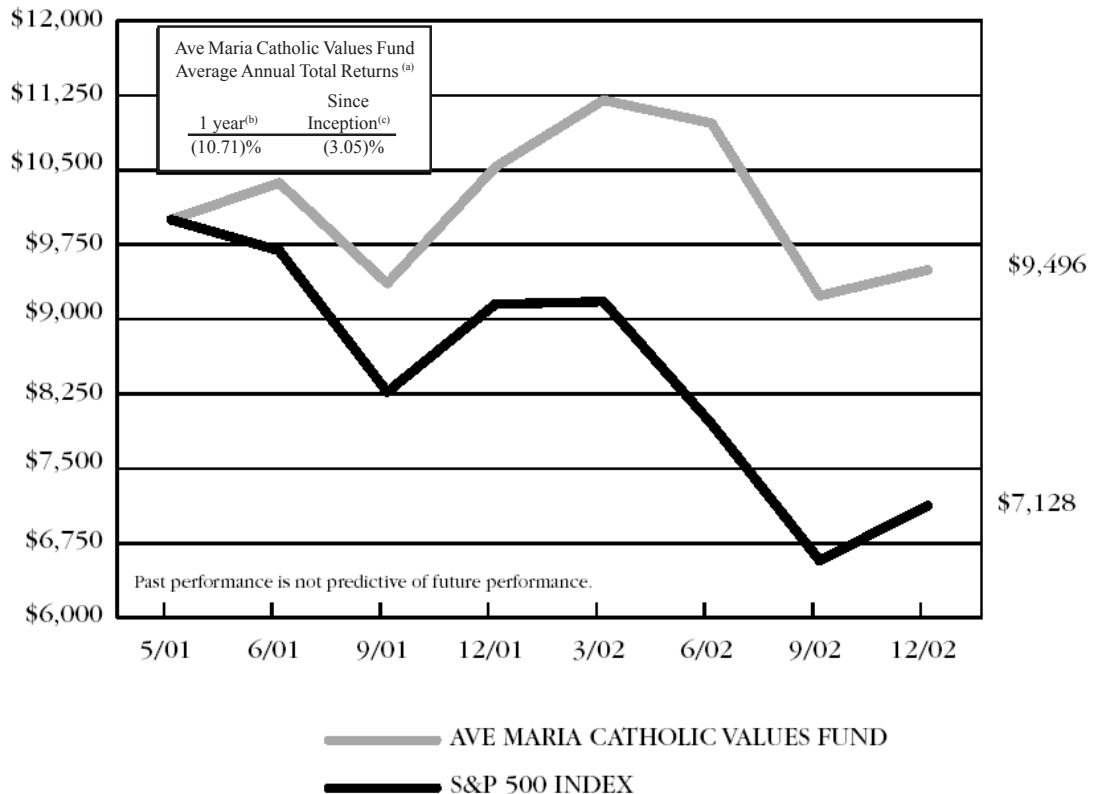
With best regards,

A handwritten signature in black ink, reading "George P. Schwartz". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

George P. Schwartz, CFA  
President

January 31, 2003

## COMPARISON OF THE CHANGE IN VALUE OF A \$10,000 INVESTMENT IN THE AVE MARIA CATHOLIC VALUES FUND AND THE S&P 500 INDEX



- (a) The returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.
- (b) Return includes a contingent deferred sales charge of 1% on redemptions of Fund shares made within one year of their purchase.
- (c) Represents the period from the commencement of operations (May 1, 2001) through December 31, 2002.

**AVE MARIA CATHOLIC VALUES FUND**  
**TEN LARGEST EQUITY HOLDINGS**  
**December 31, 2002**

<b>Shares</b>	<b>COMPANY</b>	<b>Market Value</b>
65,000	H&R Block, Inc. ....	\$2,613,000
135,000	Esterline Technologies Corporation ....	2,385,450
120,000	ProQuest Company ....	2,352,000
150,000	Brookstone, Inc. ....	2,169,000
85,000	Sears, Roebuck and Company ....	2,035,750
65,000	Genuine Parts Company ....	2,002,000
75,000	Hibbett Sporting Goods, Inc. ....	1,794,000
52,500	Coach, Inc. ....	1,728,300
45,000	Health Care Property Investors, Inc. ....	1,723,500
20,000	General Dynamics Corporation ....	1,587,400

**AVE MARIA CATHOLIC VALUES FUND**  
**SCHEDULE OF INVESTMENTS**  
**December 31, 2002**

<u>Shares</u>	<u>COMMON STOCK - 99.8%</u>	<u>Market Value</u>
	<b>AEROSPACE/DEFENSE - 10.4%</b>	
135,000	Esterline Technologies Corporation *	\$ 2,385,450
20,000	General Dynamics Corporation	1,587,400
60,000	Harris Corporation	1,578,000
9,000	Northrop Grumman Corporation	<u>873,000</u>
		<u>6,423,850</u>
	<b>APPAREL &amp; TEXTILES - 2.3%</b>	
40,000	Jones Apparel Group, Inc.*	<u>1,417,600</u>
	<b>BUILDING MATERIALS &amp; CONSTRUCTION - 6.6%</b>	
425,000	Champion Enterprises, Inc. *	1,211,250
350,000	Crown Pacific Partners, L.P.*	626,500
200,000	Fleetwood Enterprises, Inc.*	1,570,000
40,000	Monaco Coach Corporation*	<u>662,000</u>
		<u>4,069,750</u>
	<b>BUSINESS &amp; INDUSTRIAL PRODUCTS - 1.5%</b>	
7,500	3M Company	<u>924,750</u>
	<b>BUSINESS SERVICES - 3.1%</b>	
25,000	Concord EFS, Inc. *	393,500
105,000	Neogen Corporation *	<u>1,539,405</u>
		<u>1,932,905</u>
	<b>COMMUNICATION EQUIPMENT &amp; SERVICES - 4.6%</b>	
17,500	Alltel Corporation	892,500
25,000	CenturyTel, Inc.	734,500
95,400	Hector Communications Corporation *	<u>1,206,810</u>
		<u>2,833,810</u>

## SCHEDULE OF INVESTMENTS (continued)

<u>Shares</u>	<u>COMMON STOCK - 99.8% (continued)</u>	<u>Market Value</u>
<b>CONSUMER PRODUCTS - DURABLES - 3.7%</b>		
70,000	Brunswick Corporation	\$ 1,390,200
40,000	Leggett & Platt, Inc.	897,600
		<u>2,287,800</u>
<b>CONSUMER PRODUCTS - NONDURABLES - 3.9%</b>		
52,500	Coach, Inc.*	1,728,300
15,000	Fortune Brands, Inc.	697,650
		<u>2,425,950</u>
<b>EDUCATION - 1.7%</b>		
65,000	DeVry, Inc.*	<u>1,079,650</u>
<b>ELECTRONICS - 1.4%</b>		
20,000	Littlefuse, Inc.*	337,200
64,800	Sparton Corporation*	511,920
		<u>849,120</u>
<b>ENERGY &amp; MINING - 4.2%</b>		
10,000	Anadarko Petroleum Corporation	479,000
27,500	Exxon Mobil Corporation	960,850
15,000	Forest Oil Corporation *	413,400
75,000	Input/Output, Inc.*	318,750
20,000	Prima Energy Corporation *	447,200
		<u>2,619,200</u>
<b>ENVIRONMENTAL SERVICES - 1.0%</b>		
75,000	Layne Christensen Company *	<u>615,000</u>
<b>FINANCE - BANKS &amp; THRIFTS - 4.6%</b>		
35,000	BB&T Corporation	1,294,650
27,500	SunTrust Banks, Inc.	1,565,300
		<u>2,859,950</u>

## SCHEDULE OF INVESTMENTS (continued)

<u>Shares</u>	<u>COMMON STOCK - 99.8% (continued)</u>	<u>Market Value</u>
	<b>FINANCE - INSURANCE - 2.5%</b>	
17,500	American International Group, Inc.	\$ 1,012,375
12,500	American Physicians Capital, Inc.*	235,125
100,000	Unico American Corporation	315,000
		<u>1,562,500</u>
	<b>FINANCE - MISCELLANEOUS - 4.2%</b>	
65,000	H&R Block, Inc.	<u>2,613,000</u>
	<b>HEALTHCARE - 6.0%</b>	
37,500	Beckman Coulter, Inc.	1,107,000
30,000	Boston Scientific Corporation*	1,275,600
50,000	Eclipsys Corporation*	267,500
50,000	Manor Care, Inc. *	930,500
5,000	STERIS Corporation*	121,250
		<u>3,701,850</u>
	<b>INDUSTRIAL PRODUCTS &amp; SERVICES - 11.0%</b>	
20,000	AptarGroup, Inc.	624,800
10,000	Automatic Data Processing, Inc.	392,500
40,000	Dover Corporation	1,166,400
65,000	Genuine Parts Company	2,002,000
10,000	Graco, Inc.	286,500
20,000	Simpson Manufacturing Company, Inc. *	658,000
27,500	Snap-on, Inc.	773,025
10,000	Teleflex, Inc.	428,900
20,000	Waters Corporation*	435,600
		<u>6,767,725</u>
	<b>INFORMATION TECHNOLOGY - 0.7%</b>	
20,900	Quality Systems, Inc. *	<u>420,090</u>

## SCHEDULE OF INVESTMENTS (continued)

<u>Shares</u>	<u>COMMON STOCK - 99.8% (continued)</u>	<u>Market Value</u>
	<b>PRINTING &amp; PUBLISHING - 4.9%</b>	
15,000	Courier Corporation	\$ 687,600
120,000	ProQuest Company*	<u>2,352,000</u>
		<u>3,039,600</u>
	<b>REAL ESTATE - 5.1%</b>	
45,000	Health Care Property Investors, Inc.	1,723,500
55,000	Washington Real Estate Investment Trust	<u>1,402,500</u>
		<u>3,126,000</u>
	<b>RETAIL - 15.7%</b>	
150,000	Brookstone, Inc. *	2,169,000
25,000	Dollar Tree Stores, Inc.*	614,250
75,000	Hibbett Sporting Goods, Inc.*	1,794,000
35,000	Ross Stores, Inc.	1,483,650
85,000	Sears, Roebuck and Company	2,035,750
30,000	TJX Companies, Inc.	585,600
100,000	Toys “R” Us, Inc.*	<u>1,000,000</u>
		<u>9,682,250</u>
	<b>TECHNOLOGY - 0.7%</b>	
70,000	Cable Design Technologies Corporation*	<u>413,000</u>
	<b>TOTAL COMMON STOCK (Cost \$62,947,294)</b>	<u>\$ 61,665,350</u>



SCHEDULE OF INVESTMENTS (continued)

Face Amount	EPURCHASE AGREEMENTS <sup>(1)</sup> - 0.2%	Market Value
\$ 155,474	Fifth Third Bank, 0.35%, dated 12/31/02, due 01/02/03, repurchase proceeds: \$155,477 (Cost \$155,474)	\$ 155,474
	TOTAL INVESTMENTS - 100.0% (Cost \$63,102,768)	\$ 61,820,824
	LIABILITIES IN EXCESS OF OTHER ASSETS - (0.0%)	(19,041)
	NET ASSETS - 100.0%	\$ 61,801,783

\* Non-income producing security.

<sup>(1)</sup> Repurchase agreements are fully collateralized by U.S. Government obligations.

See notes to financial statements.

# AVE MARIA CATHOLIC VALUES FUND

## STATEMENT OF ASSETS AND LIABILITIES

### December 31, 2002

#### ASSETS

Investments, at value (cost of \$63,102,768 ) (Note 1)	\$61,820,824
Cash	139,505
Receivable for capital shares sold	161,610
Receivable for securities sold	369,796
Dividends and interest receivable	63,014
Other assets	14,248
<b>TOTAL ASSETS</b>	<b><u>62,568,997</u></b>

#### LIABILITIES

Payable for investment securities purchased	580,390
Accrued investment advisory fees (Note 2)	133,135
Accrued distribution fees (Note 2)	13,239
Payable to affiliate (Note 2)	8,000
Other accrued expenses	32,450
<b>TOTAL LIABILITIES</b>	<b><u>767,214</u></b>

<b>NET ASSETS</b>	<b><u>\$ 61,801,783</u></b>
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#### NET ASSETS CONSIST OF:

Paid-in capital	\$68,031,246
Accumulated net realized losses from security transactions	(4,947,519)
Net unrealized depreciation on investments	(1,281,944)
<b>NET ASSETS</b>	<b><u>\$61,801,783</u></b>

Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value)	<u>6,522,747</u>
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Net asset value and offering price per share <sup>(a)</sup>	<u>\$ 9.47</u>
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<sup>(a)</sup> Redemption price varies based on length of time held (Note 1).

See notes to financial statements.

**AVE MARIA CATHOLIC VALUES FUND**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2002**

**INVESTMENT INCOME**

Dividends and interest	\$ 712,630
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**EXPENSES**

Investment advisory fees (Note 2)	525,983
Distribution fees (Note 2)	131,506
Administration, accounting and transfer agent fees (Note 2)	79,910
Trustees' fees and expenses	33,327
Legal and audit fees	25,884
Registration fees	20,107
Custodian fees	17,624
Advisory board fees and expenses	14,263
Postage and supplies	13,588
Reports to shareholders	12,282
Insurance expense	8,686
Other expenses	5,584
<b>TOTAL EXPENSES</b>	<b>888,744</b>
Fees waived by the Adviser (Note 2)	(99,770)
<b>NET EXPENSES</b>	<b>788,974</b>

<b>NET INVESTMENT LOSS</b>	<b>(76,344)</b>
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**REALIZED AND UNREALIZED LOSSES ON INVESTMENTS**

Net realized losses from security transactions	(4,937,741)
Net change in unrealized appreciation/depreciation on investments	(2,301,756)

<b>NET REALIZED AND UNREALIZED LOSSES ON INVESTMENTS</b>	<b>(7,239,497)</b>
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<b>NET DECREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ (7,315,841)</b>
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See notes to financial statements.

# AVE MARIA CATHOLIC VALUES FUND

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, <u>2002</u>	Period Ended December 31, <u>2001<sup>(a)</sup></u>
<b>FROM OPERATIONS</b>		
Net investment income (loss)	\$ (76,344)	\$ 36,889
Net realized gains (losses) from security transactions	(4,937,741)	20,943
Net change in unrealized appreciation/depreciation on investments	(2,301,756)	1,019,812
Net increase (decrease) in net assets from operations	<u>(7,315,841)</u>	<u>1,077,644</u>
<b>FROM DISTRIBUTIONS TO SHAREHOLDERS</b>		
From net investment income	-	(36,889)
From net realized gains on investments	-	(20,943)
Distributions in excess of realized gains	-	(9,778)
Net decrease in net assets from distributions to shareholders	<u>-</u>	<u>(67,610)</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold	46,588,060	23,627,011
Reinvestment of distributions to shareholders	-	67,396
Payments for shares redeemed	(1,423,248)	(751,629)
Net increase in net assets from capital share transactions	<u>45,164,812</u>	<u>22,942,778</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	37,848,971	23,952,812
<b>NET ASSETS</b>		
Beginning of period	<u>23,952,812</u>	<u>-</u>
End of period	<u><u>\$ 61,801,783</u></u>	<u><u>\$ 23,952,812</u></u>
<b>SUMMARY OF CAPITAL SHARE ACTIVITY</b>		
Shares sold	4,381,372	2,346,628
Shares issued in reinvestment of distributions to shareholder	-	6,423
Shares redeemed	(139,989)	(71,687)
Net increase in shares outstanding	<u>4,241,383</u>	<u>2,281,364</u>
Shares outstanding, beginning of period	<u>2,281,364</u>	<u>-</u>
Shares outstanding, end of period	<u><u>6,522,747</u></u>	<u><u>2,281,364</u></u>

<sup>(a)</sup> Represents the period from the commencement of operations (May 1, 2001) through December 31, 2001.

See notes to financial statements.

# AVE MARIA CATHOLIC VALUES FUND

## FINANCIAL HIGHLIGHTS

### Per Share Data for a Share Outstanding Throughout Each Period

	Year Ended Dec. 31, 2002	Period Ended Dec. 31, 2001 <sup>(a)</sup>
Net asset value at beginning of period	<u>\$ 10.50</u>	<u>\$ 10.00</u>
Income (loss) from investment operations:		
Net investment income (loss)	(0.01)	0.20
Net realized and unrealized gains (losses) on investments	<u>(1.02)</u>	<u>0.51</u>
Total from investment operations	<u>(1.03)</u>	<u>0.53</u>
Less distributions:		
From net investment income	-	(0.02)
From net realized gains on investments	-	(0.01)
In excess of net realized gains on investments	<u>-</u>	<u>(0.00)</u>
Total distributions	<u>-</u>	<u>(0.03)</u>
Net asset value at end of period	<u>\$ 9.47</u>	<u>\$ 10.50</u>
Total return	<u>(9.8)%</u>	<u>5.3%<sup>(c)</sup></u>
Ratios/Supplementary Data:		
Ratio of net expenses to average net assets <sup>(b)</sup>	1.50%	1.50% <sup>(d)</sup>
Ratio of net investment income (loss) to average net assets	(0.14)%	0.39% <sup>(d)</sup>
Portfolio turnover rate	86%	44% <sup>(d)</sup>
Net assets at end of period (000's)	\$ 61,802	\$ 23,953

<sup>(a)</sup> Represents the period from the initial public offering (May 1, 2001) through December 31, 2001.

<sup>(b)</sup> Absent investment advisory fees waived by the Adviser, the ratio of expenses to average net assets would have been 1.69% and 2.09%<sup>(d)</sup> for the periods ended December 31, 2002 and 2001, respectively.

<sup>(c)</sup> Not annualized.

<sup>(d)</sup> Annualized.

See notes to financial statements.

# AVE MARIA CATHOLIC VALUES FUND

## NOTES TO FINANCIAL STATEMENTS

### December 31, 2002

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#### 1. Significant Accounting Policies

Ave Maria Catholic Values Fund (the Fund) is a series of Schwartz Investment Trust, a diversified open-end management investment company established as an Ohio business trust under a Declaration of Trust dated August 31, 1992. The Fund is registered under the Investment Company Act of 1940 and commenced the public offering of its shares on May 1, 2001. The Fund determines and makes available for publication the net asset value of its shares on a daily basis.

The investment objective of the Fund is to seek long-term capital appreciation from equity investments in companies that operate in a way that does not violate the core values and teachings of the Roman Catholic Church. See the Prospectus for more detailed information regarding the investment strategies of the Fund.

Shares of the Fund are sold at net asset value. To calculate the net asset value, the Fund's assets are valued and totaled, liabilities are subtracted, and the balance is divided by the number of shares outstanding. The offering price and redemption price per share is equal to the net asset value per share, except that shares of the Fund are subject to a 1% contingent deferred sales load if redeemed within one year of their purchase.

The following is a summary of significant accounting policies followed by the Fund:

**(a) Valuation of investments** — Securities which are traded on stock exchanges are valued at the last reported sale price as of the close of the regular session of trading on the New York Stock Exchange on the day the securities are being valued, or, if not traded on a particular day, at the closing bid price. Securities that are quoted by NASDAQ are valued at the last reported sale price, or, if not traded on a particular day, at the mean between the closing bid and asked prices as reported by NASDAQ. Securities traded in the over-the-counter market, and which are not quoted by NASDAQ, are valued at the average of the highest current independent bid and lowest current independent offer as of the close of trading on the day of valuation. Securities (and other assets) for which market quotations are not readily available are valued at their fair value as determined in good faith in accordance with consistently applied procedures established by and under the general supervision of the Board of Trustees.

**(b) Income taxes** — It is the Fund's policy to comply with the special provisions of the Internal Revenue Code applicable to regulated investment companies. As provided therein, in any fiscal year in which the Fund so qualifies and distributes at least 90% of its taxable income, the Fund (but not the shareholders)

will be relieved of federal income tax on the income distributed. Accordingly, no provision for income taxes has been made.

In order to avoid imposition of the excise tax applicable to regulated investment companies, it is also the Fund's intention to declare as dividends in each calendar year at least 98% of its net investment income and 98% of its net realized capital gains plus undistributed amounts from prior years.

For the year ended December 31, 2002, the Fund reclassified its net investment loss of \$76,344 against paid-in-capital on the Statement of Assets and Liabilities. Such reclassification, the result of permanent differences between the financial statement and income tax reporting requirements, has no effect on the Fund's net assets or net asset value per share.

For federal income tax purposes, the cost of portfolio investments amounted to \$63,673,369 at December 31, 2002. The composition of unrealized appreciation (the excess of value over tax cost) and unrealized depreciation (the excess of tax cost over value) was as follows:

Gross unrealized appreciation	\$ 3,902,740
Gross unrealized depreciation	(5,755,285)
Net unrealized depreciation	<u>\$ (1,852,545)</u>

The difference between the federal income tax cost of portfolio investments and the financial statement cost for the Fund is due to certain timing differences in the recognition of capital losses under income tax regulations and accounting principles generally accepted in the United States of America (GAAP).

As of December 31, 2002, the Fund had a capital loss carryforward of \$4,376,918 for income tax purposes, which expires December 31, 2010. This capital loss carryforward may be utilized in future years to offset net realized capital gains, if any, prior to distributing such gains to shareholders.

The tax character of distributable earnings at December 31, 2002 was as follows:

Unrealized Depreciation	Capital Loss Carryforward	Total Distributable Earnings
\$ (1,852,545)	\$ (4,376,918)	\$ (6,229,463)

**(c) Security transactions and investment income** — Security transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recognized on the accrual basis. Realized gains and losses on security transactions are determined on the identified cost basis.

**(d) Dividends and distributions** — Dividends from net investment income and net capital gains, if any, are declared and paid annually in December. Dividends and distributions to shareholders are recorded on the ex-dividend date. The tax character of distributions paid during the periods ended December 31, 2002 and December 31, 2001 were as follows:

Period Ended	Ordinary Income
December 31, 2002	\$ -
December 31, 2001	\$ 67,610

**(e) Repurchase agreements** — The Fund may enter into repurchase agreements (agreements to purchase securities subject to the seller's agreement to repurchase them at a specified time and price) with well-established registered securities dealers or banks. Repurchase agreements are the equivalent of loans by the Fund. The Fund's policy is to take possession of the underlying securities and, on a daily basis, mark to market such securities to ensure that the value, including accrued interest, is at least equal to the amount to be repaid to the Fund under the agreement.

**(f) Estimates** — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **2. Investment Advisory Agreement and Transactions with Related Parties**

The President of the Fund is also the President and Chief Investment Officer of Schwartz Investment Counsel, Inc. (the Adviser). Certain other trustees and officers of the Fund are officers of the Adviser, or of Schwartz Fund Distributors, Inc. (the Distributor), the Fund's principal underwriter, or of Ultimus Fund Solutions, LLC (Ultimus), the administrative, accounting and transfer agent for the Fund.

Pursuant to an Investment Advisory Agreement between the Fund and the Adviser, the Adviser is responsible for the management of the Fund and provides investment advice along with the necessary personnel, facilities,



equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays the Adviser a quarterly fee equal to the annual rate of 1.0% of its average daily net assets. The Adviser has contractually agreed, until at least May 1, 2004, to waive a portion of its advisory fees or to reimburse the Fund's operating expenses to the extent necessary so that the Fund's ordinary operating expenses do not exceed an amount equal to 1.5% annually of its average net assets. For the year ended December 31, 2002, the total of such waivers was \$99,770. Any fee waivers or expense reimbursements by the Adviser are subject to repayment by the Fund for a period of three years from the end of the fiscal year during which such waivers or reimbursements occurred, provided the Fund is able to effect such repayment and remain in compliance with the undertaking by the Adviser to limit expenses of the Fund.

As of December 31, 2002, the amount available for reimbursement for fees that have been waived by the Advisor is \$157,040. Of this amount, \$57,270 must be recaptured prior to December 31, 2004, and \$99,770 must be recaptured prior to December 31, 2005, or the amounts are forfeited.

The Distributor serves as the principal underwriter for the distribution of shares of the Fund. During the year ended December 31, 2002, the Distributor collected \$3,673 in contingent deferred sales loads on redemptions of Fund shares.

The Fund has adopted a Shareholder Servicing Plan (the Plan), which allows the Fund to make payments to financial organizations for providing account administration and personal and account maintenance services to Fund shareholders. The annual service fee may not exceed .25% of the Fund's daily net assets. For the year ended December 31, 2002, the total expenses incurred pursuant to the Plan were \$131,506.

Pursuant to a Mutual Fund Services Agreement between the Fund and Ultimus, Ultimus supplies regulatory and compliance services, calculates the daily net asset value per share, maintains the financial books and records of the Fund, maintains the records of each shareholder's account, and processes purchases and redemptions of the Fund's shares. For the performance of these services, the Fund pays Ultimus a fee, payable monthly, at an annual rate of .15% of its average daily net assets, subject to a minimum monthly fee of \$4,000.

### **3. Investment Transactions**

Cost of purchases and proceeds from sales and maturities of investments other than short-term investments, for the year ended December 31, 2002, were \$88,883,614 and \$42,649,151, respectively.

## **AVE MARIA CATHOLIC VALUES FUND INDEPENDENT AUDITORS' REPORT**

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To the Shareholders and Trustees of Ave Maria Catholic Values Fund:

We have audited the accompanying statement of assets and liabilities of Ave Maria Catholic Values Fund (the "Fund"), including the schedule of investments, as of December 31, 2002, and the related statement of operations for the year then ended, and the statements of changes in net assets and the financial highlights for the year ended December 31, 2002 and the period May 1, 2001 (Fund inception) through December 31, 2001. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2002, by correspondence with the Fund's custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Ave Maria Catholic Values Fund as of December 31, 2002, the results of its operations, the changes in its net assets, and the financial highlights for the respective periods stated above, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

January 24, 2003  
Columbus, Ohio

## AVE MARIA CATHOLIC VALUES FUND

### BOARD OF TRUSTEES AND EXECUTIVE OFFICERS (UNAUDITED)

Overall responsibility for management of the Trust rests with the Board of Trustees. The Trustees serve during the lifetime of the Trust and until its termination, or until death, resignation, retirement or removal. The Trustees, in turn, elect the officers of the Trust to actively supervise its day-to-day operations. The officers have been elected for an annual term. The following are the Trustees and executive officers of the Trust:

Trustee	Address	Age	Position Held with the Trust	Length of Time Served
* Gregory J. Schwartz	3707 W. Maple Road, Bloomfield Hills, MI	61	Chairman of the Board/Trustee	Since 1992
* George P. Schwartz, CFA	3707 W. Maple Road, Bloomfield Hills, MI	58	President/Trustee	Since 1992
Donald J. Dawson, Jr.	333 W. Seventh Street, Royal Oak, MI	55	Trustee	Since 1993
Fred A. Erb	800 Old North Woodward, Birmingham, MI	79	Trustee	Since 1994
**Bowie K. Kuhn	136 Teal Pointe Lane, Ponta Vedra Beach, FL	76	Trustee	Since 2001
John J. McHale	2014 Royal Fern Court, Palm City, FL	81	Trustee	Since 1993
Sidney F. McKenna	1173 Banbury Circle, Bloomfield Hills, MI	80	Trustee	Since 1993
* Richard L. Platte, Jr., CFA	3707 W. Maple Road, Bloomfield Hills, MI	51	Vice President and Secretary	Since 1993
* Timothy S. Schwartz	3707 W. Maple Road, Bloomfield Hills, MI	31	Treasurer	Since 2000

\* Gregory J. Schwartz, George P. Schwartz, Richard L. Platte, Jr. and Timothy S. Schwartz, as affiliated persons of Schwartz Investment Counsel, Inc., the Fund's investment adviser, are "interested persons" of the Trust within the meaning of Section 2(a)(19) of the Investment Company Act of 1940. Gregory J. Schwartz and George P. Schwartz are brothers, and Timothy S. Schwartz is the son of George P. Schwartz and the nephew of Gregory J. Schwartz.

\*\* Bowie K. Kuhn is an "interested person" of the Trust by virtue of his membership on the Catholic Advisory Board.

Each Trustee oversees two portfolios of the Trust: the Ave Maria Catholic Values Fund and the Schwartz Value Fund. The principal occupations of the Trustees and executive officers of the Trust during the past five years and public directorships held by the Trustees are set forth below:

Gregory J. Schwartz is Chairman of Schwartz Investment Counsel, Inc., the Fund's investment adviser.

George P. Schwartz, CFA is President and Chief Investment Officer of Schwartz Investment Counsel, Inc. and is the portfolio manager of the Fund.

Donald J. Dawson, Jr. is Chairman of Payroll 1, Inc. (a payroll processing company).

Fred A. Erb is the Chairman and Chief Executive Officer of Edgemere Enterprises, Inc. (a real estate investment, development and management company) and Chairman of D.I.Y. Home Warehouse (a retail building supplies company).

Bowie K. Kuhn is President of The Kent Group (business, sports and financial consultant), and is the former Commissioner of Major League Baseball.

John J. McHale is retired as the President of the Montreal Expos (a major league baseball team).

Sidney F. McKenna is retired Senior Vice President of United Technologies Corporation (a major manufacturer of aircraft engines and other industrial products).

Richard L. Platte, Jr., CFA is Executive Vice President, Secretary and Treasurer of Schwartz Investment Counsel, Inc.

Timothy S. Schwartz is Vice President of Schwartz Investment Counsel, Inc.

## AVE MARIA CATHOLIC VALUES FUND

### CATHOLIC ADVISORY BOARD MEMBERS (UNAUDITED)

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The Catholic Advisory Board reviews the companies selected by the Adviser to ensure that the companies operate in a way that is consistent with the teachings and core values of the Roman Catholic Church. The Catholic Advisory Board evaluates companies using publicly available information, information from the Adviser, and information from shareholders and other sources in making its recommendations. The following are the members of the Catholic Advisory Board, each of whom has held office since his or her appointment on April 26, 2001.

<u>Member</u>	<u>Address</u>	<u>Age</u>
Bowie K. Kuhn	136 Teal Pointe Lane, Ponta Vedra Beach, FL	76
Thomas S. Monaghan	One Ave Maria Drive, Ann Arbor, MI	65
Michael Novak	1150 17th Street, NW, Suite 1100, Washington, DC	69
Paul R. Roney	One Ave Maria Drive, Ann Arbor, MI	45
Phyllis S. Schlafly	7800 Bonhomme, St. Louis, MO	78
Thomas J. Sullivan	401 Washington Ave, Avon-by-the-Sea, NJ	67

Bowie K. Kuhn is President of The Kent Group (business, sports and financial consultant), and is the former Commissioner of Major League Baseball.

Thomas S. Monaghan is Chairman of the Ave Maria Foundation (a non-profit foundation supporting Roman Catholic organizations) and Chairman of Domino's Farms Corp. Prior to December 1998, he was Chairman and Chief Executive Officer of Domino's Pizza, Inc.

Michael Novak is a theologian, author, columnist and former U.S. ambassador. He is Director of Social and Political Studies of the American Enterprise Institute.

Paul R. Roney is Executive Director of the Ave Maria Foundation and President of Domino's Farms Corporation. Prior to December 1998, he was Treasurer of Domino's Pizza, Inc.

Phyllis S. Schlafly is an author, columnist and radio commentator. She is President of Eagle Forum (an organization promoting conservative and pro-family values).

Thomas J. Sullivan is retired Executive Vice President of The McGraw-Hill Companies.

Additional information regarding the Fund's Trustees, executive officers and Catholic Advisory Board members may be found in the Fund's Statement of Additional Information and is available without charge upon request by calling 1-888-726-9331.

### **Ave Maria Catholic Values Fund**

a series of

Schwartz Investment Trust

3707 W. Maple Road

Bloomfield Hills, Michigan 48301

(248) 644-8500

### **Board of Trustees**

Donald J. Dawson, Jr.

Fred A. Erb

Bowie K. Kuhn

John J. McHale

Sidney F. McKenna

George P. Schwartz, CFA

Gregory J. Schwartz, Chairman

### **Officers**

George P. Schwartz, CFA, *President*

Richard L. Platte, Jr., CFA, *V.P./Secretary*

Timothy S. Schwartz, *Treasurer*

Robert G. Dorsey, *Assistant Secretary*

John F. Splain, *Assistant Secretary*

Mark J. Seger, CPA, *Assistant Treasurer*

Theresa A. Minogue, CPA, *Assistant Treasurer*

Craig J. Hunt, *Assistant Vice President*

### **Catholic Advisory Board**

Bowie K. Kuhn, *Chairman*

Thomas S. Monaghan

Michael Novak

Paul R. Roney

Phyllis S. Schlafly

Thomas J. Sullivan

### **Investment Adviser**

SCHWARTZ INVESTMENT COUNSEL, INC.

3707 W. Maple Road

Bloomfield Hills, Michigan 48301

### **Distributor**

SCHWARTZ FUND DISTRIBUTORS, INC.

3707 W. Maple Road

Bloomfield Hills, Michigan 48301

### **Custodian**

FIFTH THIRD BANK

38 Fountain Square Plaza

Cincinnati, Ohio 45263

### **Administrator**

ULTIMUS FUND SOLUTIONS, LLC

P.O. Box 46707

Cincinnati, Ohio 45246

### **Auditors**

DELOITTE & TOUCHE LLP

155 E. Broad St.

Columbus, Ohio 43215

### **Legal Counsel**

SULLIVAN & WORCESTER LLP

1666 K Street, NW, Suite 700

Washington, D.C. 20006

# **AVE MARIA CATHOLIC VALUES FUND**

a series of

## **SCHWARTZ INVESTMENT TRUST**



**ANNUAL REPORT**  
for the year ended  
**DECEMBER 31, 2002**

**Ticker Symbol: AVEMX**