

**AVE MARIA CATHOLIC  
VALUES FUND**

**AVE MARIA  
GROWTH FUND**

**AVE MARIA  
BOND FUND**



**ANNUAL REPORT**

**for the year ended  
DECEMBER 31, 2004**

**Ticker Symbols:  
AVEMX – AVEGX – AVEFX**

## Shareholder Accounts

c/o Ultimus Fund  
Solutions, LLC  
P.O. Box 46707  
Cincinnati, OH 45246  
1-888-726-9331



## Corporate Offices

3707 W. Maple Road  
Bloomfield Hills, MI 48301  
(248) 644-8500  
Fax (248) 644-4250

Dear Shareowner of:

Ave Maria Catholic Values Fund (AVEMX)  
Ave Maria Growth Fund (AVEGX)  
Ave Maria Bond Fund (AVEFX)

In managing these portfolios, we screen out companies that our Catholic Advisory Board has determined violate core teachings of the Roman Catholic Church. This eliminates from consideration all companies related to abortion, whether they support the culture of death directly or through contributions to Planned Parenthood. Also screened out are producers and distributors of pornography, and companies offering their employees non-marital partner benefits. After eliminating the offenders (approximately 400 public companies), there are still thousands of issues from which to choose in assembling the three investment portfolios. Our pro-life and pro-family message really seems to be resonating with Catholics and other like-minded people across the country. Currently, over 6,000 investors from 50 states have over \$300 million invested in the Ave Maria Mutual Funds.

Shareholders can take comfort in knowing that the Funds own reasonably priced shares of companies with good business characteristics, and fixed income instruments which are strictly investment grade. Our investment horizon is long-term, and no effort is made to outguess the near-term swings in the capital markets. That sort of short-term speculation can't be done successfully on a sustained basis. Rather, we apply the time-tested standards which prudent investors have always adhered to in producing favorable long-term results – diversification, fundamental analysis, and close attention to valuation. We have dedicated ourselves to these principles in the management of the Ave Maria Mutual Funds, as well as to the core Catholic values that underpin all our efforts.

With best wishes,

A handwritten signature in black ink that reads "George P. Schwartz". The signature is fluid and cursive.

George P. Schwartz, CFA  
President

February 15, 2005

**AVE MARIA MUTUAL FUNDS**  
**TABLE OF CONTENTS**

---

Ave Maria Catholic Values Fund:

Portfolio Manager Commentary .....	2
Performance .....	3
Ten Largest Equity Holdings .....	4
Asset Allocation .....	4
Schedule of Investments .....	5

Ave Maria Growth Fund:

Portfolio Manager Commentary .....	8
Performance .....	9
Ten Largest Equity Holdings .....	10
Asset Allocation .....	10
Schedule of Investments .....	11

Ave Maria Bond Fund:

Portfolio Manager Commentary .....	13
Performance .....	14
Ten Largest Holdings .....	15
Asset Allocation .....	16
Schedule of Investments .....	17

Statements of Assets and Liabilities..... 20

Statements of Operations ..... 21

Statements of Changes in Net Assets:

Ave Maria Catholic Values Fund.....	22
Ave Maria Growth Fund .....	23
Ave Maria Bond Fund .....	24

Financial Highlights:

Ave Maria Catholic Values Fund.....	25
Ave Maria Growth Fund .....	26
Ave Maria Bond Fund - Class I .....	27
Ave Maria Bond Fund - Class R .....	28

Notes to Financial Statements ..... 29

Report of Independent Registered Public Accounting Firm ..... 35

Board of Trustees and Executive Officers ..... 36

Catholic Advisory Board ..... 38

Federal Tax Information ..... 39

About Your Fund’s Expenses ..... 40

# AVE MARIA CATHOLIC VALUES FUND

## PORTFOLIO MANAGER COMMENTARY

---

Dear Fellow Shareowner:

In 2004, the Ave Maria Catholic Values Fund was up 20.1% (excluding sales loads) compared to 10.9% for the S&P 500 Index and 16.5% for the S&P 400 Mid Cap Index. Since inception on May 1, 2001 the Fund's returns continue to significantly exceed those of its benchmarks:

	Since 5-01-01 Inception Through 12-31-04	
	Total Return	
	Cumulative	Annualized
AVEMX	54.6%	12.6%
S&P 500 Index	1.7%	0.5%
S&P 400 Mid Cap Index	34.4%	8.4%

The Fund also enjoyed significant asset growth during the year. As of December 31, 2004 net assets exceeded \$248 million, and the number of shareholders grew to more than 5,000.

Once again this year our investments in well-managed companies paid off. For example, housing and consumer leisure stocks such as Pulte Homes, Inc., Brunswick Corporation, and Polaris Industries, Inc. performed very well, as did upscale retailers like Coach, Inc. and Brookstone, Inc. Energy holdings were added to significantly, upon concluding that oil and natural gas prices were likely to remain high indefinitely. Diamond Offshore Drilling, Inc., Input/Output, Inc. and XTO Energy, Inc. were each up over 50% for the year. Performance received an added boost when corporate buyers recognized the value of two of our holdings, Maxwell Shoe Co. and Prima Energy, and paid above-market prices to acquire them.

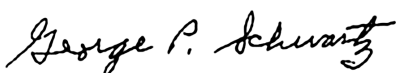
Conversely, a number of healthcare stocks were a drag on the portfolio including STERIS Corporation, Mylan Laboratories, Inc., and Hillenbrand Industries, Inc. Our positions in discount retailers, Christopher & Banks Corporation and Dollar Tree Stores, Inc., also suffered as high energy prices and slower than expected employment growth weighed on consumer spending. As is often the case, those short-term disappointments created additional buying opportunities at distressed prices for these retailers.

Other new positions this year include Everest Re Group, Ltd., Garmin Limited, Lifetime Hoan Corporation, Pier 1 Imports, Inc., Pioneer Natural Resources Company, Rockwell Collins, Inc. and Transocean, Inc. All were purchased at attractive prices that we believe underestimate the intrinsic value of each enterprise.

Before we invest in any company, it must pass the pro-life and pro-family screens that have been established by the Fund's Catholic Advisory Board. Also, we don't hesitate to sell them if they become violators after they are in the portfolio. Three companies were sold from the Fund during the year upon becoming offenders: Eli Lilly & Co., First Data Corp. and Snap-On Incorporated. We always request that the management of companies which become offenders reverse their offensive corporate policies, usually to no avail.

Thanks for investing in the largest Catholic mutual fund in the country.

Sincerely,



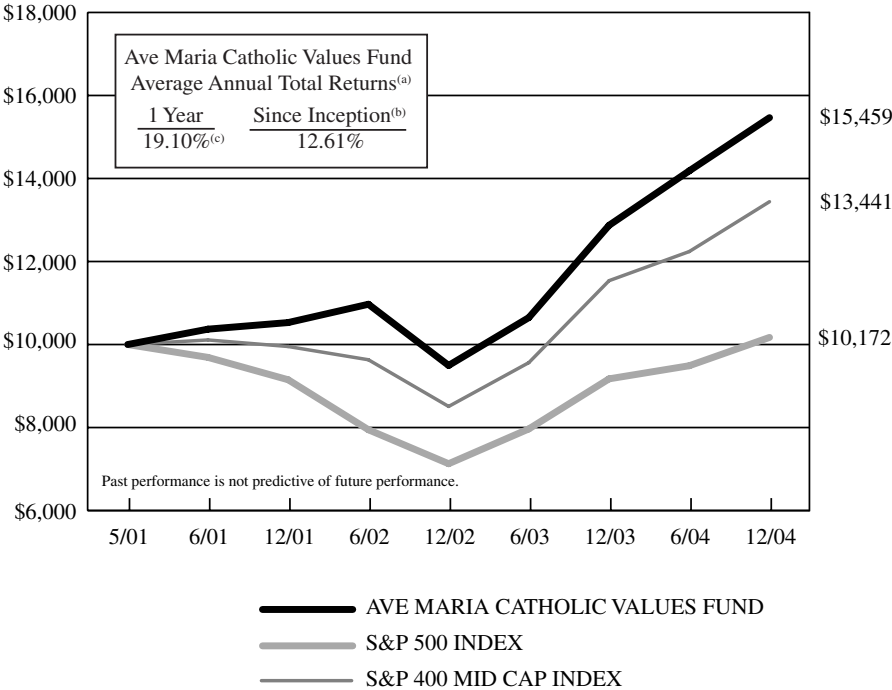
George P. Schwartz, CFA  
Co-Portfolio Manager



Gregory R. Heilman, CFA  
Co-Portfolio Manager

# **AVE MARIA CATHOLIC VALUES FUND** **PERFORMANCE (Unaudited)**

**Comparison of the Change in Value of a \$10,000 Investment  
in the Ave Maria Catholic Values Fund, the S&P 500 Index,  
and the S&P 400 Mid Cap Index**



<sup>(a)</sup> The returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(b)</sup> Represents the period from the commencement of operations (May 1, 2001) through December 31, 2004.

<sup>(c)</sup> The return shown reflects a 1% contingent deferred sales load.

# AVE MARIA CATHOLIC VALUES FUND

## TEN LARGEST EQUITY HOLDINGS

### December 31, 2004 (Unaudited)

Shares	Company	Market Value
360,000	STERIS Corporation .....	\$ 8,539,200
275,000	Sungard Data Systems, Inc. ....	7,790,750
440,000	Mylan Laboratories, Inc. ....	7,779,200
260,000	Dollar Tree Stores, Inc. ....	7,456,800
100,000	Polaris Industries, Inc. ....	6,802,000
65,000	General Dynamics Corporation .....	6,799,000
75,000	Everest Re Group, Inc. ....	6,717,000
130,000	Exxon Mobil Corporation .....	6,663,800
230,000	Ross Stores, Inc. ....	6,640,100
700,000	Input/Output, Inc. ....	6,188,000

## ASSET ALLOCATION

<u>Industry</u>	<u>% of Net Assets</u>
Aerospace/Defense .....	5.4%
Apparel & Textiles .....	3.6%
Building Materials & Construction .....	3.9%
Business Services .....	3.1%
Communication Equipment & Services.....	2.0%
Consumer Products .....	12.4%
Electronics .....	2.4%
Energy & Mining .....	12.6%
Environmental Services .....	0.6%
Finance.....	9.8%
Healthcare .....	13.1%
Industrial Products & Services .....	6.0%
Leisure & Entertainment.....	3.6%
Printing & Publishing .....	1.3%
Real Estate .....	1.2%
Retail .....	11.0%
Technology .....	3.1%
Cash Equivalents .....	4.9%
	<u>100.0%</u>

# AVE MARIA CATHOLIC VALUES FUND

## SCHEDULE OF INVESTMENTS

### December 31, 2004

Shares	COMMON STOCKS — 95.1%	Market Value
	<b>AEROSPACE/DEFENSE — 5.4%</b>	
84,400	Cubic Corporation .....	\$ 2,124,348
65,000	General Dynamics Corporation .....	6,799,000
40,000	Harris Corporation .....	2,471,600
50,000	Rockwell Collins, Inc. ....	1,972,000
		<u>13,366,948</u>
	<b>APPAREL &amp; TEXTILES — 3.6%</b>	
120,000	Jones Apparel Group, Inc. ....	4,388,400
50,000	Mohawk Industries, Inc. * .....	4,562,500
		<u>8,950,900</u>
	<b>BUILDING MATERIALS &amp; CONSTRUCTION — 3.9%</b>	
200,000	Champion Enterprises, Inc. * .....	2,364,000
125,000	Fleetwood Enterprises, Inc. * .....	1,682,500
90,000	Pulte Homes, Inc. ....	5,742,000
		<u>9,788,500</u>
	<b>BUSINESS SERVICES — 3.1%</b>	
5,000	Automatic Data Processing, Inc. ....	221,750
325,000	Fargo Electronics, Inc. * .....	4,871,425
120,000	Neogen Corporation * .....	2,718,000
		<u>7,811,175</u>
	<b>COMMUNICATION EQUIPMENT &amp; SERVICES — 2.0%</b>	
40,000	Alltel Corporation .....	2,350,400
75,000	CenturyTel, Inc. ....	2,660,250
		<u>5,010,650</u>
	<b>CONSUMER PRODUCTS - DURABLES — 8.6%</b>	
45,000	Brunswick Corporation .....	2,227,500
285,000	Craftmade International, Inc. ....	5,620,485
125,000	Furniture Brands International, Inc. ....	3,131,250
100,000	Harley-Davidson, Inc. ....	6,075,000
150,000	Leggett & Platt, Inc. ....	4,264,500
		<u>21,318,735</u>
	<b>CONSUMER PRODUCTS - NONDURABLES — 3.8%</b>	
135,000	Chattem, Inc. * .....	4,468,500
5,000	Coach, Inc. * .....	282,000
20,000	Fortune Brands, Inc. ....	1,543,600
200,000	Lifetime Hoan Corporation .....	3,180,000
		<u>9,474,100</u>
	<b>ELECTRONICS — 2.4%</b>	
40,000	Garmin Limited .....	2,433,600
75,000	Gentex Corporation .....	2,776,500
75,014	Spartan Corporation * .....	675,876
		<u>5,885,976</u>

# AVE MARIA CATHOLIC VALUES FUND

## SCHEDULE OF INVESTMENTS (Continued)

Shares	COMMON STOCKS — 95.1% (Continued)	Market Value
	<b>ENERGY &amp; MINING — 12.6%</b>	
30,000	Anadarko Petroleum Corporation .....	\$ 1,944,300
90,000	Diamond Offshore Drilling, Inc. ....	3,604,500
130,000	Exxon Mobil Corporation .....	6,663,800
700,000	Input/Output, Inc. * .....	6,188,000
130,000	Patterson-UTI Energy, Inc. ....	2,528,500
110,000	Pioneer Natural Resources Company .....	3,861,000
60,000	Transocean, Inc. * .....	2,543,400
110,000	XTO Energy, Inc. ....	3,891,800
		<u>31,225,300</u>
	<b>ENVIRONMENTAL SERVICES — 0.6%</b>	
75,000	Layne Christensen Company * .....	1,361,250
	<b>FINANCE - BANKS &amp; THRIFTS — 3.8%</b>	
60,000	BB&T Corporation .....	2,523,000
210,000	North Fork Bancorporation, Inc. ....	6,058,500
30,000	Synovus Financial Corporation .....	857,400
		<u>9,438,900</u>
	<b>FINANCE - INSURANCE — 6.0%</b>	
85,000	American International Group, Inc. ....	5,581,950
75,000	Everest Re Group, Ltd. ....	6,717,000
282,945	Unico American Corporation * .....	2,659,683
		<u>14,958,633</u>
	<b>HEALTHCARE — 13.1%</b>	
60,000	Beckman Coulter, Inc. ....	4,019,400
42,500	Hillenbrand Industries, Inc. ....	2,360,450
100,000	Lincare Holdings, Inc. * .....	4,265,000
80,000	Manor Care, Inc. ....	2,834,400
440,000	Mylan Laboratories, Inc. ....	7,779,200
360,000	STERIS Corporation * .....	8,539,200
60,000	Waters Corporation * .....	2,807,400
		<u>32,605,050</u>
	<b>INDUSTRIAL PRODUCTS &amp; SERVICES — 6.0%</b>	
10,000	3M Company .....	820,700
41,700	Balchem Corporation .....	1,446,573
10,000	Dover Corporation .....	419,400
80,000	Genuine Parts Company .....	3,524,800
65,000	Graco, Inc. ....	2,427,750
100,000	Simpson Manufacturing Company, Inc. ....	3,490,000
50,000	Teleflex, Inc. ....	2,597,000
		<u>14,726,223</u>
	<b>LEISURE &amp; ENTERTAINMENT — 3.6%</b>	
100,000	Monaco Coach Corporation .....	2,057,000
100,000	Polaris Industries, Inc. ....	6,802,000
		<u>8,859,000</u>



# AVE MARIA CATHOLIC VALUES FUND

## SCHEDULE OF INVESTMENTS (Continued)

Shares	COMMON STOCKS — 95.1% (Continued)	Market Value
	<b>PRINTING &amp; PUBLISHING — 1.3%</b>	
15,000	Courier Corporation .....	\$ 778,800
80,000	ProQuest Company * .....	<u>2,376,000</u>
		<u>3,154,800</u>
	<b>REAL ESTATE — 1.2%</b>	
25,000	Duke Realty Corporation .....	853,500
50,000	Health Care Property Investors, Inc. ....	1,384,500
20,000	Washington Real Estate Investment Trust.....	<u>677,400</u>
		<u>2,915,400</u>
	<b>RETAIL — 11.0%</b>	
170,000	Brookstone, Inc. * .....	3,323,500
275,000	Christopher & Banks Corporation.....	5,073,750
260,000	Dollar Tree Stores, Inc. * .....	7,456,800
15,000	Hibbett Sporting Goods, Inc. * .....	399,150
200,000	Pier 1 Imports Inc. ....	3,940,000
230,000	Ross Stores, Inc. ....	6,640,100
10,000	Tractor Supply Company * .....	<u>372,100</u>
		<u>27,205,400</u>
	<b>TECHNOLOGY — 3.1%</b>	
275,000	Sungard Data Systems, Inc. * .....	<u>7,790,750</u>
	<b>TOTAL COMMON STOCKS</b> (Cost \$177,525,812) .....	<u>\$ 235,847,690</u>

Face Amount	REPURCHASE AGREEMENTS <sup>(1)</sup> — 5.1%	Market Value
\$12,659,645	US Bank N.A., 1.60%, dated 12/31/04, due 01/03/05 repurchase proceeds: \$12,661,333 (Cost \$12,659,645) .....	<u>\$ 12,659,645</u>
	<b>TOTAL INVESTMENTS — 100.2%</b> (Cost \$190,185,457) .....	\$ 248,507,335
	<b>LIABILITIES IN EXCESS OF OTHER ASSETS — (0.2%) ..</b>	<u>( 437,030 )</u>
	<b>NET ASSETS — 100.0%</b> .....	<u>\$ 248,070,305</u>

\* Non-income producing security.

<sup>(1)</sup> Repurchase agreement is fully collateralized by \$12,659,645 FNMA, Pool #04-39-MF, 3.94%, due 05/25/34. The aggregate market value of the collateral at December 31, 2004 was \$12,912,862.

See notes to financial statements.

**AVE MARIA GROWTH FUND**  
**PORTFOLIO MANAGER COMMENTARY**

Dear Fellow Shareholders:

For 2004, the Ave Maria Growth Fund was up 21.5% (excluding sales loads) vs. 10.9% for the S&P 500 Index. Since inception on May 1, 2003, the Fund has done even better versus its benchmark.

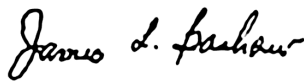
	Since 5-1-03 Inception through 12-31-04	
	Total Return	
	Cumulative	Annualized
Ave Maria Growth Fund (AVEGX)	49.9%	27.5%
S&P 500 Index	36.2%	20.3%

Morningstar has not yet assigned a star rating to this Fund (typically done after 3 years of operation). However, that firm’s analytics indicate that our portfolio holdings, in the aggregate, exceed the S&P 500 Index for the following measures of growth: historical earnings, estimated earnings, sales, cash flow and book value. The Fund’s top performing stocks were represented by a wide variety of industries and included: KB Home (home building), Polaris Industries, Inc. (all-terrain vehicles and snowmobiles), Garmin Ltd. (technology), and FactSet Research Systems, Inc. (business services).

In managing this portfolio, we look for large and mid-cap growth companies with proven records of success. Typically, these well-managed companies are financially powerful and have the ability to pay dividends at a rising rate. These traits lead us to believe that in 2005, investors will increasingly favor these fine companies.

The Fund finished 2004 with 1,745 shareholders and a net asset value of \$14.99 per share.

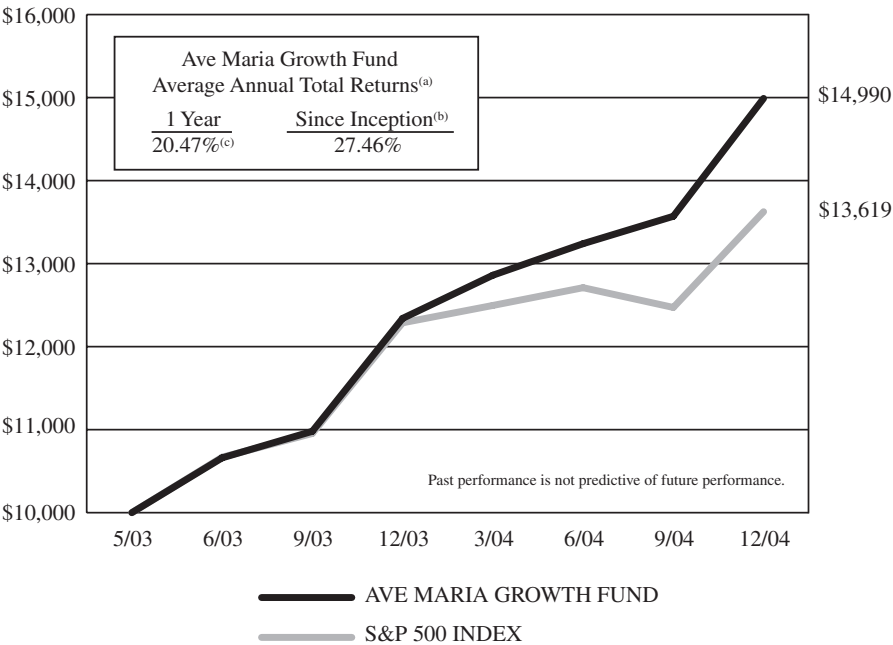
Respectfully submitted,



James L. Bashaw, CFA  
Portfolio Manager

# **AVE MARIA GROWTH FUND** **PERFORMANCE (Unaudited)**

**Comparison of the Change in Value of a \$10,000 Investment  
in the Ave Maria Growth Fund and the S&P 500 Index**



<sup>(a)</sup> The returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(b)</sup> Represents the period from the commencement of operations (May 1, 2003) through December 31, 2004.

<sup>(c)</sup> The return shown reflects a 1% contingent deferred sales load.

# AVE MARIA GROWTH FUND

## TEN LARGEST EQUITY HOLDINGS

### December 31, 2004 (Unaudited)

Shares	Company	Market Value
31,100	Garmin Ltd. ....	\$ 1,892,124
17,000	KB Home .....	1,774,800
24,200	Guidant Corporation .....	1,744,820
39,000	Patterson Companies, Inc. ....	1,692,210
45,150	Graco, Inc. ....	1,686,352
40,200	SEI Investments Company .....	1,685,586
37,700	Kellogg Company .....	1,683,682
26,200	C.R. Bard, Inc. ....	1,676,276
38,600	Biomet, Inc. ....	1,674,854
44,600	National City Corporation .....	1,674,730

## ASSET ALLOCATION

<u>Industry</u>	<u>% of Net Assets</u>
Aerospace/Defense .....	6.0%
Building Materials & Construction .....	3.4%
Business Services .....	3.1%
Consumer Products .....	2.9%
Electronics .....	6.3%
Finance.....	15.0%
Food & Tobacco .....	6.5%
Healthcare .....	19.6%
Industrial Products & Services .....	24.4%
Leisure & Entertainment.....	3.1%
Retail .....	7.2%
Cash Equivalents .....	2.5%
	<u>100.0%</u>

# AVE MARIA GROWTH FUND

## SCHEDULE OF INVESTMENTS

### December 31, 2004

Shares	COMMON STOCKS — 97.5%	Market Value
	<b>AEROSPACE/DEFENSE — 6.0%</b>	
22,200	Alliant Techsystems, Inc. *	\$ 1,451,436
15,700	General Dynamics Corporation .....	1,642,220
		<u>3,093,656</u>
	<b>BUILDING MATERIALS &amp; CONSTRUCTION — 3.4%</b>	
17,000	KB Home .....	<u>1,774,800</u>
	<b>BUSINESS SERVICES — 3.1%</b>	
27,000	FactSet Research Systems, Inc. ....	<u>1,577,880</u>
	<b>CONSUMER PRODUCTS - DURABLES — 2.9%</b>	
25,000	Harley-Davidson, Inc. ....	<u>1,518,750</u>
	<b>ELECTRONICS — 6.3%</b>	
31,100	Garmin Ltd. ....	1,892,124
64,000	Integrated Circuit Systems, Inc. * .....	1,338,880
		<u>3,231,004</u>
	<b>FINANCE - BANKS &amp; THRIFTS — 6.4%</b>	
44,600	National City Corporation .....	1,674,730
55,850	North Fork Bancorporation, Inc. ....	1,611,273
		<u>3,286,003</u>
	<b>FINANCE - INSURANCE — 5.3%</b>	
47,400	Arthur J. Gallagher & Company .....	1,540,500
27,700	Brown & Brown, Inc. ....	1,206,335
		<u>2,746,835</u>
	<b>FINANCE - MISCELLANEOUS — 3.3%</b>	
40,200	SEI Investments Company .....	<u>1,685,586</u>
	<b>FOOD &amp; TOBACCO — 6.5%</b>	
37,700	Kellogg Company .....	1,683,682
43,200	McCormick & Company, Inc. ....	1,667,520
		<u>3,351,202</u>
	<b>HEALTHCARE — 19.6%</b>	
24,900	Beckman Coulter, Inc. ....	1,668,051
38,600	Biomet, Inc. ....	1,674,854
26,200	C.R Bard, Inc. ....	1,676,276
24,200	Guidant Corporation .....	1,744,820
39,000	Patterson Companies, Inc. * .....	1,692,210
35,700	Waters Corporation * .....	1,670,403
		<u>10,126,614</u>

# AVE MARIA GROWTH FUND

## SCHEDULE OF INVESTMENTS (Continued)

Shares	COMMON STOCKS — 97.5% (Continued)	Market Value
	<b>INDUSTRIAL PRODUCTS &amp; SERVICES — 24.4%</b>	
45,000	AMETEK, Inc. ....	\$ 1,605,150
25,800	CLARCOR, Inc. ....	1,413,066
44,300	Donaldson Company, Inc. ....	1,443,294
27,600	Expeditors International of Washington, Inc. ....	1,542,288
37,900	Franklin Electric Company, Inc. ....	1,601,654
45,150	Graco, Inc. ....	1,686,352
26,200	Johnson Controls, Inc. ....	1,662,128
32,000	Mettler-Toledo International, Inc. * .....	1,641,920
		<u>12,595,852</u>
	<b>LEISURE &amp; ENTERTAINMENT — 3.1%</b>	
23,500	Polaris Industries, Inc. ....	<u>1,598,470</u>
	<b>RETAIL — 7.2%</b>	
28,900	Bed Bath & Beyond, Inc. * .....	1,151,087
67,500	Christopher & Banks Corporation .....	1,245,375
45,100	Ross Stores, Inc. ....	1,302,037
		<u>3,698,499</u>
	<b>TOTAL COMMON STOCKS</b> (Cost \$41,242,371) .....	<u>\$ 50,285,151</u>

Face Amount	REPURCHASE AGREEMENTS <sup>(1)</sup> — 2.1%	Market Value
\$1,058,620	US Bank N.A., 1.60%, dated 12/31/04, due 01/03/05 repurchase proceeds: \$1,058,761 (Cost \$1,058,620).....	<u>\$ 1,058,620</u>
	<b>TOTAL INVESTMENTS — 99.6%</b> (Cost \$42,300,991) .....	<u>\$ 51,343,771</u>
	<b>OTHER ASSETS IN EXCESS OF LIABILITIES — 0.4%</b> .....	<u>230,409</u>
	<b>NET ASSETS — 100.0%</b> .....	<u>\$ 51,574,180</u>

\* Non-income producing security.

<sup>(1)</sup> Repurchase agreement is fully collateralized by \$1,058,620 FNMA, Pool #04-39-MF, 3.94%, due 05/25/34. The aggregate market value of the collateral at December 31, 2004 was \$1,080,014.

See notes to financial statements.

# **AVE MARIA BOND FUND**

## **PORTFOLIO MANAGER COMMENTARY**

---

Dear Fellow Shareholders:

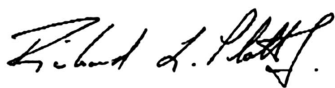
For 2004 the Ave Maria Bond Fund Class R had a total return of 5.06% (excluding sales loads). This compares favorably with a return of 3.04% for the Lehman Brothers Intermediate U.S. Government/Credit Index. Reflecting the impact of five Fed Funds rate increases during the year, short-term interest rates moved up dramatically in 2004. This did not carry through to intermediate and long maturity issues however, with long-term rates ending the year where they began. The result was a significantly flatter yield curve. Credit spreads (the yield differential between bonds of differing credit qualities) also tightened significantly during the year.

We believe 2005 should be similar to 2004 in terms of interest rate changes. Short-term interest rates will likely rise as the Fed ratchets up the Fed Funds rate some more. We do not expect intermediate and long-term rates to be directly affected by this tightening. The result will be a still flatter yield curve. Later in the year, the pattern of tightening credit spreads will likely reverse. In anticipation of that we have positioned the bond portfolio with heavy emphasis on U.S. Treasury and Agency issues of short and intermediate maturities. This is a conservative and defensive posture.

Up to 20% of the Fund can be invested in dividend paying stocks. As of December 31, 2004, common stocks represented 18.7% of the portfolio and contributed positively to the year's total return. These are stocks of financially sound companies and importantly have strong prospects for future dividend increases. Each of these companies increased their dividends during 2004. The equity portion of the Fund is designed to provide a secure and rising stream of income.

In managing the Fund, our focus remains on protecting principal while generating reasonable income.

With best regards,

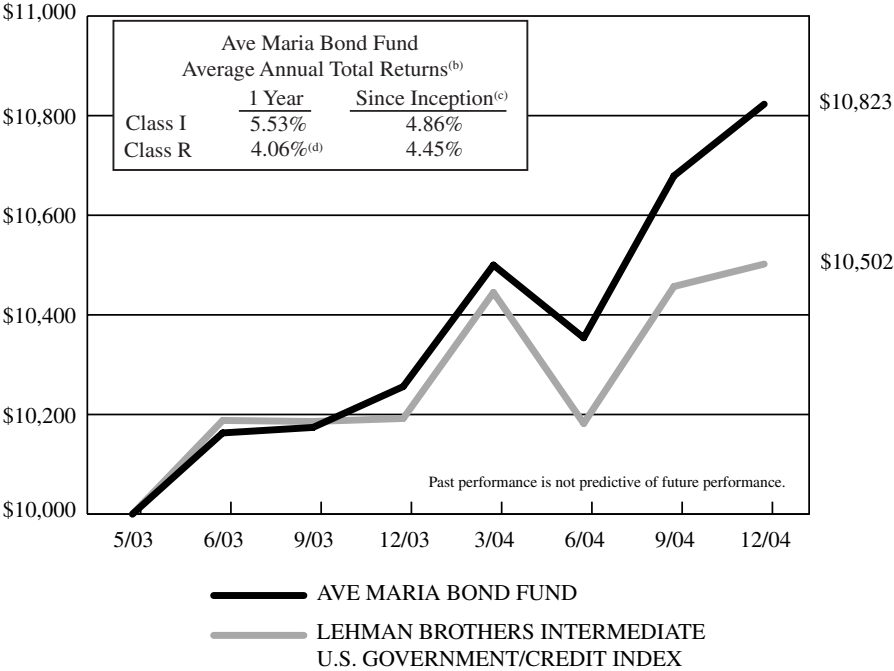
A handwritten signature in black ink, appearing to read "Richard L. Platte, Jr.", with a stylized flourish at the end.

Richard L. Platte, Jr., CFA  
Portfolio Manager

# AVE MARIA BOND FUND

## PERFORMANCE (Unaudited)

Comparison of the Change in Value of a \$10,000 Investment  
in the Ave Maria Bond Fund<sup>(a)</sup> and the Lehman Brothers  
Intermediate U.S. Government/Credit Index



<sup>(a)</sup> The line graph above represents performance of Class I shares only, which will vary from the performance of Class R shares based on the difference in fees paid by shareholders in the different classes.

<sup>(b)</sup> The returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(c)</sup> Represents the period from the commencement of operations (May 1, 2003) through December 31, 2004.

<sup>(d)</sup> The return shown reflects a 1% contingent deferred sales load.



**AVE MARIA BOND FUND**  
**TEN LARGEST HOLDINGS**  
**December 31, 2004 (Unaudited)**

Par Value	Company	Market Value
\$ 4,000,000	U.S. Treasury Note, 2.625%, due 05/15/08 .....	\$ 3,910,624
3,000,000	U.S. Treasury Note, 3.000%, due 11/15/07 .....	2,981,484
2,000,000	U.S. Treasury Note, 4.000%, due 11/15/12 .....	1,996,640
2,000,000	U.S. Treasury Note, 1.625%, due 04/30/05 .....	1,995,078
2,000,000	U.S. Treasury Note, 2.875%, due 11/30/06 .....	1,993,750
2,000,000	U.S. Treasury Note, 3.375%, due 10/15/09 .....	1,980,312
1,163,830	U.S. Treasury Inflation-Protection Notes, 3.875%, due 01/15/09 ..	1,304,444
1,000,000	Regions Financial Corporation, 7.000%, due 03/01/11 .....	1,141,145
1,000,000	United Technologies Corporation, 6.350%, due 03/01/11 .....	1,114,057
1,010,000	Dover Corporation, 6.250%, due 06/01/08 .....	1,097,598

**AVE MARIA BOND FUND**  
**ASSET ALLOCATION**  
**As of December 31, 2004 (Unaudited)**

	<u>% of Net Assets</u>
<b>U.S. GOVERNMENT AND AGENCY OBLIGATIONS</b>	
U.S. Treasuries .....	49.1%
U.S. Government Agencies .....	11.8%
<b>CORPORATE BONDS</b>	
<b><u>Industry</u></b>	
Finance .....	5.5%
Industrials .....	8.5%
Utilities .....	2.6%
<b>COMMON STOCKS</b>	
<b><u>Industry</u></b>	
Communication Equipment & Services .....	1.1%
Consumer Products .....	0.7%
Energy & Mining .....	2.3%
Finance .....	4.7%
Food & Tobacco .....	1.1%
Industrial Products & Services .....	1.1%
Real Estate .....	1.9%
Utilities .....	5.8%
Cash Equivalents .....	3.8%
	<u>100.0%</u>

# AVE MARIA BOND FUND

## SCHEDULE OF INVESTMENTS

### December 31, 2004

Par Value	U.S. GOVERNMENT AND AGENCY OBLIGATIONS — 60.9%	Market Value
	<b>U.S. TREASURIES — 49.1%</b>	
\$ 2,000,000	U.S. Treasury Note, 1.625%, due 04/30/05 .....	\$ 1,995,078
2,000,000	U.S. Treasury Note, 2.875%, due 11/30/06 .....	1,993,750
3,000,000	U.S. Treasury Note, 3.000%, due 11/15/07 .....	2,981,484
1,000,000	U.S. Treasury Note, 3.000%, due 02/15/08 .....	991,836
4,000,000	U.S. Treasury Note, 2.625%, due 05/15/08 .....	3,910,624
1,163,830	U.S. Treasury Inflation-Protection Notes, 3.875%, due 01/15/09 ...	1,304,444
1,000,000	U.S. Treasury Note, 3.000%, due 02/15/09 .....	981,602
2,000,000	U.S. Treasury Note, 3.375%, due 10/15/09 .....	1,980,312
2,000,000	U.S. Treasury Note, 4.000%, due 11/15/12 .....	1,996,640
1,000,000	U.S. Treasury Note, 4.000%, due 02/15/14 .....	986,211
		<u>19,121,981</u>
	<b>U.S. GOVERNMENT AGENCIES — 11.8%</b>	
1,000,000	Federal Farm Credit Bank, 4.480%, due 08/24/12.....	1,008,021
1,000,000	Federal Farm Credit Bank, 4.600%, due 12/27/12.....	1,014,074
500,000	Federal Home Loan Bank, 3.375%, due 07/21/08 .....	495,060
1,000,000	Federal Home Loan Bank, 5.477%, due 01/28/09.....	1,066,315
1,000,000	Federal Home Loan Bank, 4.375%, due 02/04/10.....	1,001,084
		<u>4,584,554</u>
	<b>TOTAL U.S. GOVERNMENT AND AGENCY OBLIGATIONS (Cost \$23,817,871) .....</b>	<b>\$ 23,706,535</b>

Par Value	CORPORATE BONDS — 16.6%	Market Value
	<b>FINANCE — 5.5%</b>	
\$ 1,000,000	Caterpillar Financial Services Corporation, 2.650%, due 01/30/06....	\$ 993,851
1,000,000	Regions Financial Corporation, 7.000%, due 03/01/11 .....	1,141,145
		<u>2,134,996</u>
	<b>INDUSTRIALS — 8.5%</b>	
1,000,000	Alcoa, Inc., 6.000%, due 01/15/12 .....	1,092,415
1,010,000	Dover Corporation, 6.250%, due 06/01/08.....	1,097,598
1,000,000	United Technologies Corporation, 6.350%, due 03/01/11 .....	1,114,057
		<u>3,304,070</u>
	<b>UTILITIES — 2.6%</b>	
1,000,000	National Rural Utilities Cooperative Finance Corporation, 6.000%, due 05/15/06 .....	1,035,818
	<b>TOTAL CORPORATE BONDS (Cost \$6,474,222).....</b>	<b>\$ 6,474,884</b>

# AVE MARIA BOND FUND

## SCHEDULE OF INVESTMENTS (Continued)

Shares	COMMON STOCKS — 18.7%	Market Value
	<b>COMMUNICATION EQUIPMENT &amp; SERVICES — 1.1%</b>	
7,000	Alltel Corporation .....	\$ 411,320
	<b>CONSUMER PRODUCTS - DURABLES — 0.7%</b>	
10,000	Leggett & Platt, Inc. ....	284,300
	<b>ENERGY &amp; MINING — 2.3%</b>	
10,000	Exxon Mobil Corporation .....	512,600
14,000	National Fuel Gas Company .....	396,760
		909,360
	<b>FINANCE - BANKS &amp; THRIFTS — 4.7%</b>	
12,000	BB&T Corporation .....	504,600
20,000	Huntington Bancshares, Inc. ....	495,600
11,000	National City Corporation .....	413,050
15,000	North Fork Bancorporation, Inc. ....	432,750
		1,846,000
	<b>FOOD &amp; TOBACCO — 1.1%</b>	
14,000	Conagra Foods, Inc. ....	412,300
	<b>INDUSTRIAL PRODUCTS &amp; SERVICES — 1.1%</b>	
10,000	Genuine Parts Company.....	440,600
	<b>REAL ESTATE — 1.9%</b>	
12,000	Duke Realty Corporation .....	409,680
10,000	Washington Real Estate Investment Trust.....	338,700
		748,380
	<b>UTILITIES — 5.8%</b>	
6,000	Dominion Resources, Inc. ....	406,440
10,000	Exelon Corporation.....	440,700
7,500	FPL Group, Inc. ....	560,625
10,000	Pinnacle West Capital Corporation .....	444,100
12,000	Southern Company (The).....	402,240
		2,254,105
	<b>TOTAL COMMON STOCKS (Cost \$6,271,615) .....</b>	<b>\$ 7,306,365</b>

# **AVE MARIA BOND FUND** **SCHEDULE OF INVESTMENTS (Continued)**

Face Amount	REPURCHASE AGREEMENTS <sup>(1)</sup> — 3.0%	Market Value
\$ 1,164,914	US Bank N.A., 1.60%, dated 12/31/04, due 01/03/05 repurchase proceeds: \$1,165,069 (Cost \$1,164,914).....	\$ 1,164,914
	TOTAL INVESTMENTS — 99.2% (Cost \$37,728,622) .....	\$ 38,652,698
	OTHER ASSETS IN EXCESS OF LIABILITIES — 0.8% ....	295,890
	NET ASSETS — 100.0% .....	\$ 38,948,588

<sup>(1)</sup> Repurchase agreement is fully collateralized by \$1,164,914 FNMA, Pool #04-39-MF, 3.94%, due 05/25/34. The aggregate market value of the collateral at December 31, 2004 was \$1,188,340.

See notes to financial statements.

# AVE MARIA MUTUAL FUNDS

## STATEMENTS OF ASSETS AND LIABILITIES

### December 31, 2004

	Ave Maria Catholic Values Fund	Ave Maria Growth Fund	Ave Maria Bond Fund
<b>ASSETS</b>			
Investment securities:			
At amortized cost .....	\$ 190,185,457	\$ 42,300,991	\$ 37,728,622
At market value (Note 1) .....	\$ 248,507,335	\$ 51,343,771	\$ 38,652,698
Receivable for capital shares sold .....	386,597	687,895	13,290
Dividends and interest receivable .....	148,965	33,582	294,129
Other assets .....	25,220	11,483	8,896
<b>TOTAL ASSETS</b> .....	<u>249,068,117</u>	<u>52,076,731</u>	<u>38,969,013</u>
<b>LIABILITIES</b>			
Payable for capital shares redeemed .....	287,419	15,125	100
Payable for investment securities purchased .....	—	369,643	—
Accrued investment advisory fees (Note 2) .....	576,920	82,940	841
Accrued distribution fees (Note 2) .....	51,590	10,264	1317
Payable to affiliate (Note 2) .....	30,400	6,100	4,000
Other accrued expenses .....	51,483	18,479	14,167
<b>TOTAL LIABILITIES</b> .....	<u>997,812</u>	<u>502,551</u>	<u>20,425</u>
<b>NET ASSETS</b> .....	<u>\$ 248,070,305</u>	<u>\$ 51,574,180</u>	<u>\$ 38,948,588</u>
<b>NET ASSETS CONSIST OF:</b>			
Paid-in capital .....	\$ 190,511,683	\$ 42,531,400	\$ 38,020,798
Undistributed net investment income .....	—	—	3,685
Undistributed net realized gains from security transactions....	—	—	29
Distributions in excess of net realized gains from security transactions .....	( 763,256 )	—	—
Net unrealized appreciation on investments .....	58,321,878	9,042,780	924,076
<b>NET ASSETS</b> .....	<u>\$ 248,070,305</u>	<u>\$ 51,574,180</u>	<u>\$ 38,948,588</u>
Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value) .....	<u>16,969,858</u>	<u>3,440,085</u>	
Net asset value, offering price and redemption price per share (Note 1) <sup>(a)</sup> .....	<u>\$ 14.62</u>	<u>\$ 14.99</u>	
<b>PRICING OF CLASS I SHARES</b>			
Net assets applicable to Class I shares .....			<u>\$ 32,457,950</u>
Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value) .....			<u>3,155,484</u>
Net asset value, offering price and redemption price per share (Note 1) .....			<u>\$ 10.29</u>
<b>PRICING OF CLASS R SHARES</b>			
Net assets applicable to Class R shares .....			<u>\$ 6,490,638</u>
Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value) .....			<u>631,677</u>
Net asset value, offering price and redemption price per share (Note 1) <sup>(a)</sup> .....			<u>\$ 10.28</u>

<sup>(a)</sup> Except with respect to Class I shares of the Ave Maria Bond Fund, redemption price will vary as subject to contingent deferred sales load (Note 1).

See notes to financial statements.

# AVE MARIA MUTUAL FUNDS

## STATEMENTS OF OPERATIONS

### For the Year Ended December 31, 2004

	Ave Maria Catholic Values Fund	Ave Maria Growth Fund	Ave Maria Bond Fund
<b>INVESTMENT INCOME</b>			
Dividend.....	\$ 1,909,864	\$ 370,214	\$ 176,877
Interest .....	108,677	7,917	895,146
Total Income .....	<u>2,018,541</u>	<u>378,131</u>	<u>1,072,023</u>
<b>EXPENSES</b>			
Investment advisory fees (Note 2).....	1,911,323	312,122	104,658
Distribution fees (Note 2) .....	477,831	78,031	8,533
Administration, accounting and transfer agent fees (Note 2).....	287,303	52,862	48,000
Trustees' fees and expenses .....	30,942	28,938	28,551
Legal and audit fees .....	50,415	16,729	18,259
Registration fees - Common.....	32,278	26,686	11,268
Registration fees - Class I.....	—	—	459
Registration fees - Class R .....	—	—	11,808
Postage and supplies .....	39,794	15,905	12,396
Custodian fees .....	22,983	10,215	6,096
Compliance service fees .....	11,861	7,050	6,832
Insurance expense .....	16,961	2,494	4,175
Reports to shareholders.....	5,790	2,253	1,352
Advisory board fees and expenses.....	2,070	2,070	2,070
Other expenses.....	14,352	6,059	8,127
TOTAL EXPENSES .....	<u>2,903,903</u>	<u>561,414</u>	<u>272,584</u>
Less: Fees waived and/or expenses reimbursed by the Adviser (Note 2)			
Common.....	( 36,934 )	( 93,231 )	( 147,127 )
Class I .....	—	—	( 459 )
Class R .....	—	—	( 6,688 )
NET EXPENSES .....	<u>2,866,969</u>	<u>468,183</u>	<u>118,310</u>
NET INVESTMENT INCOME (LOSS) .....	<u>( 848,428 )</u>	<u>( 90,052 )</u>	<u>953,713</u>
<b>REALIZED AND UNREALIZED GAINS ON INVESTMENTS</b>			
Net realized gains from security transactions .....	11,939,746	88,987	286,596
Net change in unrealized appreciation/ (depreciation) on investments .....	<u>25,552,126</u>	<u>7,175,089</u>	<u>625,970</u>
NET REALIZED AND UNREALIZED GAINS ON INVESTMENTS .....	<u>37,491,872</u>	<u>7,264,076</u>	<u>912,566</u>
NET INCREASE IN NET ASSETS FROM OPERATIONS .....	<u>\$ 36,643,444</u>	<u>\$ 7,174,024</u>	<u>\$ 1,866,279</u>

See notes to financial statements.

# AVE MARIA CATHOLIC VALUES FUND

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2004	Year Ended December 31, 2003
<b>FROM OPERATIONS</b>		
Net investment loss .....	\$ ( 848,428 )	\$ ( 299,726 )
Net realized gains from security transactions .....	11,939,746	5,135,575
Net change in unrealized appreciation/(depreciation) on investments .....	25,552,126	34,051,696
Net increase in net assets from operations .....	<u>36,643,444</u>	<u>38,887,545</u>
<b>FROM DISTRIBUTIONS TO SHAREHOLDERS</b>		
From net realized gains on investments .....	<u>( 11,172,077 )</u>	<u>( 977,801 )</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold .....	83,221,894	51,860,406
Reinvestment of distributions to shareholders .....	10,923,676	974,099
Payments for shares redeemed .....	<u>( 16,502,334 )</u>	<u>( 7,590,330 )</u>
Net increase in net assets from capital share transactions .....	<u>77,643,236</u>	<u>45,244,175</u>
<b>TOTAL INCREASE IN NET ASSETS .....</b>	<b>103,114,603</b>	<b>83,153,919</b>
<b>NET ASSETS</b>		
Beginning of year .....	144,955,702	61,801,783
End of year .....	<u><u>\$ 248,070,305</u></u>	<u><u>\$ 144,955,702</u></u>
<b>SUMMARY OF CAPITAL SHARE ACTIVITY</b>		
Shares sold .....	5,983,686	5,539,156
Shares issued in reinvestment of distributions to shareholders .....	750,253	76,400
Shares redeemed .....	<u>( 1,133,670 )</u>	<u>( 768,714 )</u>
Net increase in shares outstanding .....	5,600,269	4,846,842
Shares outstanding, beginning of year .....	11,369,589	6,522,747
Shares outstanding, end of year .....	<u><u>16,969,858</u></u>	<u><u>11,369,589</u></u>

See notes to financial statements.



# AVE MARIA GROWTH FUND

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2004	Period Ended December 31, 2003 <sup>(a)</sup>
<b>FROM OPERATIONS</b>		
Net investment loss .....	\$ ( 90,052 )	\$ ( 23,390 )
Net realized gains from security transactions .....	88,987	—
Net change in unrealized appreciation/(depreciation) on investments .....	7,175,089	1,867,691
Net increase in net assets from operations .....	<u>7,174,024</u>	<u>1,844,301</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold .....	30,047,463	13,264,851
Payments for shares redeemed .....	( 752,065 )	( 4,394 )
Net increase in net assets from capital share transactions .....	<u>29,295,398</u>	<u>13,260,457</u>
<b>TOTAL INCREASE IN NET ASSETS .....</b>	<b>36,469,422</b>	<b>15,104,758</b>
<b>NET ASSETS</b>		
Beginning of period .....	15,104,758	—
End of period .....	<u>\$ 51,574,180</u>	<u>\$ 15,104,758</u>
<b>SUMMARY OF CAPITAL SHARE ACTIVITY</b>		
Shares sold .....	2,271,166	1,224,821
Shares redeemed .....	( 55,526 )	( 376 )
Net increase in shares outstanding .....	2,215,640	1,224,445
Shares outstanding, beginning of period .....	1,224,445	—
Shares outstanding, end of period .....	<u>3,440,085</u>	<u>1,224,445</u>

<sup>(a)</sup> Represents the period from the commencement of operations (May 1, 2003) through December 31, 2003.  
See notes to financial statements.

# AVE MARIA BOND FUND

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2004	Period Ended December 31, 2003 <sup>(a)</sup>
<b>FROM OPERATIONS</b>		
Net investment income .....	\$ 953,713	\$ 488,579
Net realized gains (losses) from security transactions .....	286,596	( 2,359 )
Net change in unrealized appreciation/(depreciation) on investments .....	625,970	298,106
Net increase in net assets from operations .....	<u>1,866,279</u>	<u>784,326</u>
<b>FROM DISTRIBUTIONS TO SHAREHOLDERS</b>		
From net investment income, Class I .....	( 860,906 )	( 479,401 )
From net investment income, Class R .....	( 89,172 )	( 9,648 )
From net realized gains on investments, Class I .....	( 223,509 )	( 15,207 )
From net realized gains on investments, Class R .....	( 44,699 )	( 743 )
Net decrease in net assets from distributions to shareholders .....	<u>( 1,218,286 )</u>	<u>( 504,999 )</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
<b>CLASS I</b>		
Proceeds from shares sold .....	—	30,000,000
Reinvestment of distributions to shareholders .....	1,084,415	494,608
Net increase in net assets from Class I capital share transactions .....	<u>1,084,415</u>	<u>30,494,608</u>
<b>CLASS R</b>		
Proceeds from shares sold .....	5,057,877	1,504,260
Reinvestment of distributions to shareholders .....	114,761	5,698
Payments for shares redeemed .....	( 231,322 )	( 9,029 )
Net increase in net assets from Class R capital share transactions .....	<u>4,941,316</u>	<u>1,500,929</u>
<b>TOTAL INCREASE IN NET ASSETS</b> .....	<u>6,673,724</u>	<u>32,274,864</u>
<b>NET ASSETS</b>		
Beginning of period .....	32,274,864	—
End of period .....	<u>\$ 38,948,588</u>	<u>\$ 32,274,864</u>
<b>UNDISTRIBUTED NET INVESTMENT INCOME</b> .....	<u>\$ 3,685</u>	<u>\$ —</u>
<b>SUMMARY OF CAPITAL SHARE ACTIVITY</b>		
<b>CLASS I</b>		
Shares sold .....	—	3,000,000
Shares issued in reinvestment of distributions to shareholders .....	106,183	49,301
Net increase in shares outstanding .....	106,183	3,049,301
Shares outstanding, beginning of period .....	3,049,301	—
Shares outstanding, end of period .....	<u>3,155,484</u>	<u>3,049,301</u>
<b>CLASS R</b>		
Shares sold .....	494,261	149,207
Shares issued in reinvestment of distributions to shareholders .....	11,216	568
Shares redeemed .....	( 22,676 )	( 899 )
Net increase in shares outstanding .....	482,801	148,876
Shares outstanding, beginning of period .....	148,876	—
Shares outstanding, end of period .....	<u>631,677</u>	<u>148,876</u>

<sup>(a)</sup> Represents the period from the commencement of operations (May 1, 2003) through December 31, 2003.  
See notes to financial statements.

# AVE MARIA CATHOLIC VALUES FUND

## FINANCIAL HIGHLIGHTS

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

	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002	Period Ended December 31, 2001 <sup>(a)</sup>
Net asset value at beginning of period .....	\$ 12.75	\$ 9.47	\$ 10.50	\$ 10.00
Income (loss) from investment operations:				
Net investment income (loss) .....	( 0.05 )	( 0.03 )	( 0.01 )	0.02
Net realized and unrealized gains (losses) on investments .....	2.61	3.40	( 1.02 )	0.51
Total from investment operations .....	2.56	3.37	( 1.03 )	0.53
Less distributions:				
From net investment income .....	—	—	—	( 0.02 )
From net realized gains on investments.....	( 0.69 )	( 0.09 )	—	( 0.01 )
In excess of net realized gains on investments ...	—	—	—	( 0.00 )
Total distributions .....	( 0.69 )	( 0.09 )	—	( 0.03 )
Net asset value at end of period.....	\$ 14.62	\$ 12.75	\$ 9.47	\$ 10.50
Total return <sup>(c)</sup> .....	20.1%	35.6%	(9.8)%	5.3% <sup>(b)</sup>
Ratios/Supplementary Data:				
Net assets at end of period (000's).....	\$ 248,070	\$ 144,956	\$ 61,802	\$ 23,953
Ratio of net expenses to average net assets <sup>(d)</sup> .....	1.50%	1.50%	1.50%	1.50% <sup>(a)</sup>
Ratio of net investment income (loss) to average net assets .....	(0.44)%	(0.28)%	(0.14)%	0.39% <sup>(a)</sup>
Portfolio turnover rate .....	34%	58%	86%	44% <sup>(a)</sup>

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

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

<sup>(c)</sup> Total return is a measure of the change in value of an investment in the Fund over the periods covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. Returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(d)</sup> Absent investment advisory fees waived by the Adviser, the ratio of expenses to average net assets would have been 1.52%, 1.56%, 1.69%, and 2.09%<sup>(e)</sup> for the periods ended December 31, 2004, 2003, 2002, and 2001, respectively.

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

See notes to financial statements.

# AVE MARIA GROWTH FUND

## FINANCIAL HIGHLIGHTS

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

	Year Ended December 31, 2004	Period Ended December 31, 2003 <sup>(a)</sup>
Net asset value at beginning of period .....	\$ 12.34	\$ 10.00
Income (loss) from investment operations:		
Net investment loss .....	( 0.03 )	( 0.02 )
Net realized and unrealized gains on investments .....	2.68	2.36
Total from investment operations .....	2.65	2.34
Less distributions:		
From net investment income .....	—	—
From net realized gains on investments .....	—	—
Total distributions .....	—	—
Net asset value at end of period.....	\$ 14.99	\$ 12.34
Total return <sup>(c)</sup> .....	21.5%	23.4% <sup>(b)</sup>
Ratios/Supplementary Data:		
Net assets at end of period (000's).....	\$ 51,574	\$ 15,105
Ratio of net expenses to average net assets <sup>(d)</sup> .....	1.50%	1.49% <sup>(c)</sup>
Ratio of net investment loss to average net assets .....	(0.29)%	(0.36)% <sup>(c)</sup>
Portfolio turnover rate .....	3%	0%

<sup>(a)</sup> Represents the period from the initial public offering (May 1, 2003) through December 31, 2003.

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

<sup>(c)</sup> Total return is a measure of the change in value of an investment in the Fund over the periods covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. Returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(d)</sup> Absent fee waivers and expense reimbursements by the Adviser, the ratio of expenses to average net assets would have been 1.79% and 2.61%<sup>(c)</sup> for the periods ended December 31, 2004 and 2003, respectively.

<sup>(e)</sup> Annualized

See notes to financial statements.

# AVE MARIA BOND FUND - CLASS I

## FINANCIAL HIGHLIGHTS

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

	Year Ended December 31, 2004	Period Ended December 31, 2003 <sup>(a)</sup>
Net asset value at beginning of period .....	\$ 10.09	\$ 10.00
Income from investment operations:		
Net investment income .....	0.28	0.16
Net realized and unrealized gains on investments .....	0.27	0.10
Total from investment operations .....	0.55	0.26
Less distributions:		
From net investment income .....	( 0.28 )	( 0.16 )
From net realized gains on investments .....	( 0.07 )	( 0.01 )
Total distributions .....	(0.35 )	( 0.17 )
Net asset value at end of period.....	\$ 10.29	\$ 10.09
Total return <sup>(c)</sup> .....	5.5%	2.6% <sup>(b)</sup>
Ratios/Supplementary Data:		
Net assets at end of period (000's).....	\$ 32,458	\$ 30,773
Ratio of net expenses to average net assets <sup>(d)</sup> .....	0.30%	0.30% <sup>(c)</sup>
Ratio of net investment income to average net assets .....	2.77%	2.36% <sup>(c)</sup>
Portfolio turnover rate .....	47%	50% <sup>(c)</sup>

<sup>(a)</sup> Represents the period from the initial public offering (May 1, 2003) through December 31, 2003.

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

<sup>(c)</sup> Total return is a measure of the change in value of an investment in the Fund over the periods covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. Returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(d)</sup> Absent fee waivers and expense reimbursements by the Adviser, the ratio of expenses to average net assets would have been 0.72% and 0.71%<sup>(c)</sup> for the periods ended December 31, 2004 and 2003, respectively.

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

See notes to financial statements.

# AVE MARIA BOND FUND - CLASS R

## FINANCIAL HIGHLIGHTS

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

	Year Ended December 31, 2004	Period Ended December 31, 2003 <sup>(a)</sup>
Net asset value at beginning of period .....	\$ 10.09	\$ 10.00
Income from investment operations:		
Net investment income .....	0.24	0.14
Net realized and unrealized gains on investments .....	0.26	0.10
Total from investment operations .....	0.50	0.24
Less distributions:		
From net investment income .....	( 0.24 )	( 0.14 )
From net realized gains on investments .....	( 0.07 )	( 0.01 )
Total distributions .....	( 0.31 )	( 0.15 )
Net asset value at end of period.....	\$ 10.28	\$ 10.09
Total return <sup>(c)</sup> .....	5.1%	2.4% <sup>(b)</sup>
Ratios/Supplementary Data:		
Net assets at end of period (000's).....	\$ 6,491	\$ 1,502
Ratio of net expenses to average net assets <sup>(d)</sup> .....	0.70%	0.69% <sup>(c)</sup>
Ratio of net investment income to average net assets .....	2.37%	1.96% <sup>(c)</sup>
Portfolio turnover rate .....	47%	50% <sup>(c)</sup>

<sup>(a)</sup> Represents the period from the initial public offering (May 1, 2003) through December 31, 2003.

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

<sup>(c)</sup> Total return is a measure of the change in value of an investment in the Fund over the periods covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. Returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(d)</sup> Absent fee waivers and expense reimbursements by the Adviser, the ratio of expenses to average net assets would have been 1.31% and 2.49% <sup>(c)</sup> for the periods ended December 31, 2004 and 2003, respectively.

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

See notes to financial statements.

# **AVE MARIA MUTUAL FUNDS**

## **NOTES TO FINANCIAL STATEMENTS**

### **December 31, 2004**

---

#### **1. Significant Accounting Policies**

The Ave Maria Catholic Values Fund, the Ave Maria Growth Fund, and the Ave Maria Bond Fund (the Funds) are each a series of the Schwartz Investment Trust, a diversified open-end management investment company registered under the Investment Company Act of 1940 and established as an Ohio business trust under a Declaration of Trust dated August 31, 1992. The Ave Maria Catholic Values Fund commenced the public offering of its shares on May 1, 2001. The public offering of shares of the Ave Maria Growth Fund and the Ave Maria Bond Fund commenced on May 1, 2003. The Funds determine and make available for publication the net asset value of each of its shares on a daily basis.

The investment objective of the Ave Maria Catholic Values Fund is to seek long-term capital appreciation from equity investments in companies that do not violate the core values and teachings of the Roman Catholic Church. The investment objective of the Ave Maria Growth Fund is to seek long-term capital appreciation, using the growth style, from equity investments in companies that do not violate the core values and teachings of the Roman Catholic Church. The investment objective of the Ave Maria Bond Fund is to seek preservation of principal with a reasonable level of current income. See the Prospectus for more detailed information regarding the investment strategies of each Fund.

The Ave Maria Bond Fund offers two classes of shares: Class I shares (sold subject to a distribution fee of up to 0.10% of the average daily net assets attributable to Class I shares) and Class R shares (sold subject to a distribution fee of up to 0.25% of the average daily net assets attributable to Class R shares). Each class of shares represents an interest in the same assets of the Fund, has the same rights and is identical in all material respects except that (1) Class R bears the expenses of higher distribution fees; (2) certain other class specific expenses will be borne solely by the class to which such expenses are attributable; (3) Class I shares are not subject to the contingent deferred sales load described below; (4) each class has exclusive voting rights with respect to matters relating to its own distribution arrangements; and (5) Class I shares require an initial investment of \$25 million. Investment income earned, realized capital gains and losses, and unrealized appreciation and depreciation are allocated daily to each class of shares based upon its proportionate share of total net assets of the Fund. Class specific expenses are charged directly to the class incurring the expense. Common expenses which are not attributable to a specific class are allocated daily to each class of shares based upon its proportionate share of total net assets of the Fund.

Shares of each Fund are sold at net asset value. To calculate the net asset value, each 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 each Fund (except for Class I shares of the Ave Maria Bond Fund) are subject to a 1% contingent deferred sales load if redeemed within one year of their purchase.

# **AVE MARIA MUTUAL FUNDS** **NOTES TO FINANCIAL STATEMENTS (Continued)**

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

**(a) Valuation of investments** – Securities which are traded on stock exchanges or are quoted by NASDAQ are valued at the closing sales price as of the close of the regular session of trading on the New York Stock Exchange (NYSE) on the day the securities are being valued, or, if not traded on a particular day, at the closing bid price. 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 the regular session of trading on the NYSE on the day of valuation. Securities which are traded both in the over-the-counter market and on a stock exchange are valued according to the broadest and most representative market. 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. Short-term instruments (those with remaining maturities of 60 days or less) are valued at amortized cost, which approximates market value.

**(b) Income taxes** – It is each Fund’s policy to comply with the special provisions of Subchapter M 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 each 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.

The tax character of distributable earnings at December 31, 2004 was as follows:

	Ave Maria Catholic Values Fund	Ave Maria Growth Fund	Ave Maria Bond Fund
Undistributed ordinary income .....	\$ —	\$ —	\$ 12,039
Undistributed long-term gains .....	691	—	29
Net unrealized appreciation .....	57,557,931	9,042,780	915,722
Total distributable earnings .....	<u>\$ 57,558,622</u>	<u>\$ 9,042,780</u>	<u>\$ 927,790</u>



# AVE MARIA MUTUAL FUNDS

## NOTES TO FINANCIAL STATEMENTS (Continued)

The following information is based upon the federal income tax cost of the investment securities as of December 31, 2004:

	Ave Maria Catholic Values Fund	Ave Maria Growth Fund	Ave Maria Bond Fund
Gross unrealized appreciation.....	\$ 58,508,064	\$ 9,532,253	\$ 1,143,937
Gross unrealized depreciation.....	( 950,133 )	( 489,473 )	( 228,215 )
Net unrealized appreciation .....	<u>\$ 57,557,931</u>	<u>\$ 9,042,780</u>	<u>\$ 915,722</u>
Federal income tax cost.....	<u>\$ 190,949,404</u>	<u>\$ 42,300,991</u>	<u>\$ 37,736,976</u>

The difference between the federal income tax cost of portfolio investments and the financial statement cost for the Ave Maria Catholic Values 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). These “book/tax” differences are temporary in nature and are due to the tax deferral of losses on wash sales. The difference between the federal income tax cost of portfolio investments and the financial statement cost for the Ave Maria Bond Fund is due to certain timing differences in the recognition of the amortization of organizational costs. These “book/tax” differences are also temporary in nature.

For the year ended December 31, 2004, the Ave Maria Catholic Values Fund reclassified \$741,180 of its net investment loss against distributions in excess of net realized gains and \$107,248 against paid-in capital. For the year ended December 31, 2004, the Ave Maria Growth Fund reclassified \$88,987 of its net investment loss against realized gains and \$1,065 against paid-in capital. These reclassifications are reflected on the Statement of Assets and Liabilities. Such reclassifications, the result of permanent differences between the financial statement and income tax reporting requirements, have no effect on each Fund’s net assets or net asset value per share.

**(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. Discounts and premiums on fixed-income securities purchased are amortized using the interest method.

**(d) Dividends and distributions** – Dividends from net investment income, if any, are declared and paid annually in December for the Ave Maria Catholic Values Fund and the Ave Maria Growth Fund and are declared and paid monthly for the Ave Maria Bond Fund. Each Fund expects to distribute any net realized capital gains annually. Dividends and distributions to shareholders are recorded on the ex-dividend date. The tax character of distributions paid during the periods ended December 31, 2004 and December 31, 2003 were as follows:

# AVE MARIA MUTUAL FUNDS

## NOTES TO FINANCIAL STATEMENTS (Continued)

Period Ended	Ordinary Income	Long-Term Capital Gains (15%)	Total Distributions
<b>Ave Maria Catholic Values Fund:</b>			
December 31, 2004 .....	\$ —	\$ 11,172,077	\$ 11,172,077
December 31, 2003 .....	\$ —	\$ 977,801	\$ 977,801
<b>Ave Maria Bond Fund – Class I:</b>			
December 31, 2004 .....	\$ 1,020,957	\$ 63,458	\$ 1,084,415
December 31, 2003 .....	\$ 494,608	\$ —	\$ 494,608
<b>Ave Maria Bond Fund – Class R:</b>			
December 31, 2004 .....	\$ 121,180	\$ 12,691	\$ 133,871
December 31, 2003 .....	\$ 10,391	\$ —	\$ 10,391

There were no distributions for the Ave Maria Growth Fund for the periods ended December 31, 2004 and 2003.

**(e) Repurchase agreements** – The Funds 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 may be deemed to be loans by the Funds. It is each Fund's policy to take possession of U.S. Government obligations as collateral under a repurchase agreement and, on a daily basis, mark-to-market such obligations to ensure that their value, including accrued interest, is at least equal to the amount to be repaid to the Fund under the repurchase 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.

**(g) Common expenses** – Common expenses of the Trust are allocated among the Funds of the Trust based on relative net assets of each Fund or the nature of the services performed and the relative applicability to each Fund.

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

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

Pursuant to an Investment Advisory Agreement between the Funds and the Adviser, the Adviser is responsible for the management of each Fund and provides investment advice along with the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Funds. For such services, the Adviser receives from each of the Ave Maria Catholic Values Fund and the Ave Maria Growth

**AVE MARIA MUTUAL FUNDS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

Fund a quarterly fee equal to the annual rate of 1.00% of its average daily net assets. The Adviser receives from the Ave Maria Bond Fund a quarterly fee at the annual rate of 0.30% of the average value of its daily net assets.

The Adviser has contractually agreed to waive a portion of its advisory fees or reimburse a portion of operating expenses so that the net expenses of the Ave Maria Catholic Values Fund do not exceed 1.50% until at least May 1, 2005. The Adviser has contractually agreed to waive a portion of its advisory fees or reimburse a portion of operating expenses so that the net expenses of the Ave Maria Growth Fund do not exceed 1.50% and the net expenses of Class I and Class R shares of the Ave Maria Bond Fund do not exceed 0.30% and 0.70%, respectively, until at least May 1, 2007. For the year ended December 31, 2004, the Adviser waived investment advisory fees of \$36,934 with respect to the Ave Maria Catholic Values Fund; waived investment advisory fees of \$93,231 with respect to the Ave Maria Growth Fund; and waived all of its investment advisory fees of \$104,658 and reimbursed \$49,616 of other operating expenses (including \$42,469 of common expenses, \$459 of Class I expenses and \$6,688 of Class R expenses) with respect to the Ave Maria Bond Fund.

Any fee waivers or expense reimbursements by the Adviser are subject to repayment by the Funds for a period of three years from the end of the fiscal year during which such waivers or reimbursements occurred, provided the Funds are able to effect such repayment and remain in compliance with the undertaking by the Adviser to limit expenses of the Funds. As of December 31, 2004, the amount of fee waivers and expense reimbursements available for reimbursement to the Adviser are as follows:

Ave Maria Catholic Values Fund.....	\$ 203,553
Ave Maria Growth Fund.....	\$ 166,134
Ave Maria Bond Fund .....	\$ 245,101

As of December 31, 2004, the Adviser may recapture a portion of the above amounts no later than the dates as stated below:

	December 31, 2005	December 31, 2006	December 31, 2007
Ave Maria Catholic Values Fund .....	\$ 99,770	\$ 66,849	\$ 36,934
Ave Maria Growth Fund .....	\$ —	\$ 72,903	\$ 93,231
Ave Maria Bond Fund.....	\$ —	\$ 90,827	\$ 154,274

Pursuant to a Mutual Fund Services Agreement between the Funds and Ultimus, Ultimus supplies regulatory and compliance services, calculates the daily net asset value per share, maintains the financial books and records of the Funds, maintains the records of each shareholder's account, and processes purchases and redemptions of each Fund's shares. For the performance of these services, the Ave Maria Bond Fund pays Ultimus a monthly fee at an annual rate of 0.10% of its average daily net assets and each of the Ave Maria Catholic Values Fund and the Ave Maria Growth Fund pays Ultimus a monthly fee at an annual rate of 0.15% of its average daily net assets. The fee payable by each Fund is subject to a minimum monthly fee of \$4,000. For the year ended

**AVE MARIA MUTUAL FUNDS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

December 31, 2004, the Ave Maria Catholic Values Fund, the Ave Maria Growth Fund and the Ave Maria Bond Fund paid \$287,303, \$52,862 and \$48,000, respectively, to Ultimus for mutual fund services.

Schwartz Fund Distributors, Inc. (SFD) served as the principal underwriter for the distribution of shares of the Funds. During the year ended December 31, 2004, SFD collected \$6,365, \$3,000, and \$857 in contingent deferred sales loads on redemptions of shares of the Ave Maria Catholic Values Fund, Ave Maria Growth Fund, and Class R shares of the Ave Maria Bond Fund, respectively. Effective January 1, 2005, SFD ceased serving as the Funds principal underwriter and Ultimus Fund Distributors, LLC, an affiliate of Ultimus, assumed the role of principal underwriter for the Funds.

Each Fund has adopted a Shareholder Servicing Plan (the Plan), which allows the Funds to make payments to financial organizations (including the Adviser and other affiliates of each Fund) for providing account administration and personal and account maintenance services to Fund shareholders. The annual service fee may not exceed an amount equal to 0.25% of each Fund’s daily net assets (except that the service fee is limited to 0.10% of the average net assets of the Ave Maria Bond Fund allocable to Class I shares). During the year ended December 31, 2004, the total expenses incurred pursuant to the Plan were \$477,831, \$78,031, and \$8,533 for the Ave Maria Catholic Values Fund, the Ave Maria Growth Fund, and Class R shares of the Ave Maria Bond Fund, respectively. No expenses were incurred pursuant to the Plan for Class I shares of the Ave Maria Bond Fund.

**3. Investment Transactions**

During the year ended December 31, 2004, cost of purchases and proceeds from sales and maturities of investment securities, excluding short-term investments and U.S. government securities, were as follows:

	Ave Maria Catholic Values Fund	Ave Maria Growth Fund	Ave Maria Bond Fund
Purchases of investment securities.....	\$ 117,291,298	\$ 29,215,068	\$ 6,631,245
Proceeds from sales of investment securities .....	\$ 61,404,098	\$ 961,424	\$ 5,990,198

**4. Contingencies and Commitments**

The Funds indemnify the Trust's officers and trustees for certain liabilities that might arise from their performance of their duties to the Funds. Additionally, in the normal course of business the Funds enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Funds’ maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Funds that have not yet occurred. However, based on experience, the Funds expect the risk of loss to be remote.

# **AVE MARIA MUTUAL FUNDS**

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

---

To the Shareholders and Trustees

Ave Maria Catholic Values Fund, Ave Maria Growth Fund and Ave Maria Bond Fund

We have audited the accompanying statements of assets and liabilities of Ave Maria Catholic Values Fund, Ave Maria Growth Fund and Ave Maria Bond Fund (the "Funds"), including the schedules of investments, as of December 31, 2004, and the related statements of operations, changes in net assets, and financial highlights for the periods presented. These financial statements and financial highlights are the responsibility of the Funds' 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 the standards of the Public Company Accounting Oversight Board (United States). 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2004, by correspondence with the Funds' custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Ave Maria Catholic Values Fund, Ave Maria Growth Fund and Ave Maria Bond Fund as of December 31, 2004, the results of their operations, their changes net assets, and their financial highlights for the periods presented, in conformity with accounting principles generally accepted in the United States of America.

**DELOITTE & TOUCHE LLP**

Chicago, Illinois

February 11, 2005

# AVE MARIA MUTUAL FUNDS

## 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	63	Chairman of the Board/Trustee	Since 1992
* George P. Schwartz, CFA	3707 W. Maple Road Bloomfield Hills, MI	60	President/Trustee	Since 1992
John E. Barnds	640 Lakeside Birmingham, MI	72	Trustee	Since 2005
Peter F. Barry	3707 W. Maple Road Bloomfield Hills, MI	77	Trustee	Since 2004
Donald J. Dawson, Jr.	333 W. Seventh Street Royal Oak, MI	57	Trustee	Since 1993
Fred A. Erb	800 Old North Woodward Birmingham, MI	81	Trustee Emeritus	Since 1994
John J. McHale	2014 Royal Fern Court Palm City, FL	83	Trustee Emeritus	Since 1993
Sidney F. McKenna	1173 Banbury Circle Bloomfield Hills, MI	82	Trustee Emeritus	Since 1993
* Richard L. Platte, Jr., CFA	3707 W. Maple Road Bloomfield Hills, MI	53	Vice President and Secretary	Since 1993
* Timothy S. Schwartz	3707 W. Maple Road Bloomfield Hills, MI	33	Treasurer	Since 2000
Cynthia M. Dickinson	34600 W. Eight Mile Road Farmington Hills, MI	45	Chief Compliance Officer	Since 2004

\* 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.

Each Trustee oversees four portfolios of the Trust: the Ave Maria Catholic Values Fund, Ave Maria Growth Fund, Ave Maria Bond 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 Gregory J. Schwartz & Co., the Trust's primary selling agent.

George P. Schwartz, CFA is President and Chief Investment Officer of Schwartz Investment Counsel, Inc. and is the co-portfolio manager of the Ave Maria Catholic Values Fund.

# **AVE MARIA MUTUAL FUNDS**

## **BOARD OF TRUSTEES AND EXECUTIVE OFFICERS**

### **(Unaudited) (Continued)**

---

John E. Barnds is retired First Vice President of National Bank of Detroit.

Peter F. Barry is retired President of Cadillac Rubber & Plastics Company (a manufacturer of rubber and plastics components).

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).

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 and Secretary of Schwartz Investment Counsel, Inc. and is the portfolio manager of the Ave Maria Bond Fund.

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

Cynthia M. Dickinson is President of CMD Consulting, LLC (business consultant).

**AVE MARIA MUTUAL FUNDS**  
**CATHOLIC ADVISORY BOARD (Unaudited)**

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.

Member	Address	Age
Bowie K. Kuhn	136 Teal Pointe Lane, Ponta Vedra Beach, FL	78
Thomas S. Monaghan	One Ave Maria Drive, Ann Arbor, MI	68
Michael J. Novak	1150 17th Street, NW, Suite 1100, Washington, DC	71
Paul R. Roney	One Ave Maria Drive, Ann Arbor, MI	47
Phyllis Schlafly	7800 Bonhomme, St. Louis, MO	80

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 Corporation. Prior to December 1998, he was Chairman and Chief Executive Officer of Domino’s Pizza, Inc.

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

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



## **FEDERAL TAX INFORMATION (Unaudited)**

---

In accordance with federal tax requirements, the following provides shareholders with information concerning distributions from net realized gains made by the Ave Maria Catholic Values Fund and the Ave Maria Bond Fund and certain ordinary income dividends paid by the Ave Maria Bond Fund during the fiscal year ended December 31, 2004. On December 29, 2004, the Ave Maria Catholic Values Fund declared and paid a long-term capital gain distribution of \$0.6900 per share. The Ave Maria Bond Fund declared and paid a short-term capital gain and long-term capital gain distribution of \$0.0512 and \$0.0203, respectively. Periodically throughout the year, the Ave Maria Bond Fund paid ordinary income dividends totaling \$0.2788 per share for Class I and \$0.2424 per share for Class R. As provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003, 100% of the long-term capital gain distribution of \$0.6900 and \$0.0203 per share for the Ave Maria Catholic Values Fund and Ave Maria Bond Fund, respectively and a portion (18.5%) of the ordinary income dividends paid for the Ave Maria Bond Fund may be subject to a maximum tax rate of 15%. As required by federal regulations, shareholders received notification of their portion of the Fund's taxable capital gain distribution, if any, paid during the 2004 calendar year early in 2005.

# AVE MARIA MUTUAL FUNDS

## ABOUT YOUR FUND’S EXPENSES (Unaudited)

---

We believe it is important for you to understand the impact of costs on your investment. All mutual funds have operating expenses. As a shareholder of the Funds, you incur two types of cost: (1) transaction costs, including contingent deferred sales loads, and (2) ongoing costs, including management fees and other Fund expenses. The following examples are intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

A fund’s expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The expenses in the tables below are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The tables below illustrate each Fund’s costs in two ways:

Actual fund return – This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from each Fund’s actual return, and the third column shows the dollar amount of operating expenses that would have been paid by an investor who started with \$1,000 in the Funds. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for the Funds under the heading "Expenses Paid During Period."

Hypothetical 5% return – This section is intended to help you compare the Funds’ costs with those of other mutual funds. It assumes that each Fund had an annual return of 5% before expenses during the period shown, but that the expense ratio is unchanged. In this case, because the return used is not the Funds’ actual returns, the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess each Fund’s costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that expenses shown in the table are meant to highlight and help you compare ongoing costs only. The Funds do not charge a front-end sales load. However, a contingent deferred sales load of 1% is applied if you redeem your shares within one year of their purchase.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

More information about the Funds’ expenses, including historical annual expense ratios, can be found in this report. For additional information on operating expenses and other shareholder costs, please refer to the Funds’ prospectus.

# AVE MARIA MUTUAL FUNDS

## ABOUT YOUR FUND'S EXPENSES (Unaudited)

### (Continued)

#### Ave Maria Catholic Values Fund

	Beginning Account Value July 1, 2004	Ending Account Value Dec. 31, 2004	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$1,089.90	\$7.88
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$1,017.60	\$7.61

\* Expenses are equal to the Ave Maria Catholic Values Fund's annualized expense ratio of 1.50% for the period, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

#### Ave Maria Growth Fund

	Beginning Account Value July 1, 2004	Ending Account Value Dec. 31, 2004	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$1,132.20	\$8.04
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$1,017.60	\$7.61

\* Expenses are equal to the Ave Maria Growth Fund's annualized expense ratio of 1.50% for the period, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

#### Ave Maria Bond Fund – Class I

	Beginning Account Value July 1, 2004	Ending Account Value Dec. 31, 2004	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$1,045.30	\$1.54
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$1,023.63	\$1.53

\* Expenses are equal to the Ave Maria Bond – Class I's annualized expense ratio of 0.30% for the period, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

#### Ave Maria Bond Fund – Class R

	Beginning Account Value July 1, 2004	Ending Account Value Dec. 31, 2004	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$ 1,043.40	\$3.60
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$ 1,021.62	\$3.56

\* Expenses are equal to the Ave Maria Bond – Class R's annualized expense ratio of 0.70% for the period, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

**Ave Maria Mutual Funds**

series of  
Schwartz Investment Trust  
3707 W. Maple Road  
Bloomfield Hills, Michigan 48301  
(248) 644-8500

**Board of Trustees**

Gregory J. Schwartz, Chairman  
George P. Schwartz, CFA  
John E. Barnds  
Peter F. Barry  
Donald J. Dawson, Jr.  
Fred A. Erb, Emeritus  
John J. McHale, Emeritus  
Sidney F. McKenna, Emeritus

**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 M. Bridge, CPA, Assistant Treasurer  
Craig J. Hunt, Assistant Vice President  
Cynthia M. Dickinson, Chief Compliance Officer

**Catholic Advisory Board**

Bowie K. Kuhn, Chairman  
Thomas S. Monaghan  
Michael Novak  
Paul R. Roney  
Phyllis Schlafly

**Investment Adviser**

SCHWARTZ INVESTMENT COUNSEL, INC.  
3707 W. Maple Road  
Bloomfield Hills, Michigan 48301

**Distributor**

ULTIMUS FUND DISTRIBUTORS, LLC  
225 Pictoria Drive, Suite 450  
Cincinnati, Ohio 45246

**Primary Selling Agent**

GREGORY J. SCHWARTZ & CO., INC.  
3707 W. Maple Road  
Bloomfield Hills, Michigan 48301

**Custodian**

US BANK, N.A.  
425 Walnut Street  
Cincinnati, Ohio 45202

**Administrator**

ULTIMUS FUND SOLUTIONS, LLC  
P.O. Box 46707  
Cincinnati, Ohio 45246

**Independent Registered****Public Accounting Firm**

DELOITTE & TOUCHE LLP  
180 N. Stetson Ave.  
Chicago, IL 60606

**Legal Counsel**

SULLIVAN & WORCESTER LLP  
1666 K Street, NW, Suite 700  
Washington, D.C. 20006

A description of the policies and procedures the Funds use to determine how to vote proxies relating to portfolio securities is available without charge upon request by calling toll-free 1-888-726-9331, or on the Securities and Exchange Commission's website at <http://www.sec.gov>. Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is also available without charge upon request by calling toll-free 1-888-726-9331, or on the SEC's website <http://www.sec.gov>.



PDF Contract Proof# 1

FGS/Kelvyn Job# 33791

Client Name Ultimus

Please check the attached PDF file carefully to ensure proper conformance to your original file. FGS/Kelvyn will not be held liable for any errors in the PDF file once this PDF proof has been okayed to proceed with printing.

[ ] PDF file is OK TO PRINT, we have checked it for content, color breaks, pagination and formatting, I authorize FGS/Kelvyn to proceed with the job.

[ ] PDF file is not correct, DO NOT proceed with job.

Both this PDF Proof attachment **AND** the PDF file must be e-mailed to

**eproof@fgraphic.com**

in order for FGS/Kelvyn to continue with the job.

(Type name here)

(Type date here)

Authorized client "signature"

Date

If unable to type your name and date onto this PDF file, then print this page out on your printer, sign and date it and fax this sheet to 708.343.6552

Additional comments:

Additional comments:

Additional comments:

Additional comments:

Additional comments:

Additional comments: