



SCHWARTZ INVESTMENT TRUST

Ave Maria Catholic Values Fund

Ave Maria Growth Fund

Ave Maria Rising Dividend Fund

Ave Maria Opportunity Fund

Ave Maria Bond Fund

*Annual Report*  
2006

**Shareholder Accounts**

c/o Ultimux Fund  
Solutions, LLC  
P.O. Box 46707  
Cincinnati, OH 45246  
(888) 726-9331

**Corporate Offices**

3707 W. Maple Road  
Suite 100  
Bloomfield Hills, MI 48301  
(248) 644-8500  
Fax (248) 644-4250

Dear Shareowner of:

Ave Maria Catholic Values Fund (AVEMX), started May 1, 2001

Ave Maria Growth Fund (AVEGX), started May 1, 2003

Ave Maria Bond Fund (AVEFX), started May 1, 2003

Ave Maria Rising Dividend Fund (AVEDX), started May 2, 2005

Ave Maria Opportunity Fund (AVESX), started May 1, 2006

Ave Maria Money Market Account, started July 1, 2006

The family of Ave Maria Mutual Funds continued to grow in 2006, with the addition of the Ave Maria Opportunity Fund (AVESX), a small-cap focused mutual fund, and the Ave Maria Money Market Account. With these two new investment vehicles added to our list of offerings, pro-life and pro-family investors have an even wider array of diversification options.

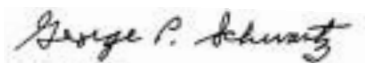
On July 1, 2006, Schwartz Investment Counsel, Inc., the investment manager of all the Ave Maria Mutual Funds, entered into a joint venture with Federated Securities, Inc. to offer the Ave Maria Money Market Account. This money market Fund is managed by Federated, and adheres to the same moral principles as all the Ave Maria Mutual Funds. Federated Securities, Inc. is Pittsburgh-based and is one of the largest and oldest managers of money market funds in the country. We are blessed to be in partnership with this highly respected firm.

As portfolio managers of the Ave Maria Mutual Funds, we screen out companies based on the guidelines established by our Catholic Advisory Board. This eliminates from consideration companies related to abortion, pornography, and companies which offer their employees non-marital partner benefits. Apparently that approach has appeal; at least 15,000 people, at last count, have invested in the Ave Maria Mutual Funds.

Importantly, the investment performance of all the Ave Maria Funds has been respectable. I'm happy to report that Morningstar\* has recently rated each of our three Funds which are more than three years old – Catholic Values, Growth, and Bond – a 4-star rating (out of 5 stars). Our investment research emphasis on fundamentals with a long-term focus seems to be working.

Thanks for being a shareowner.

Sincerely,

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

George P. Schwartz, CFA  
President

January 31, 2007

\* Source: Morningstar 12/31/06. For each fund with at least a 3-year history, Morningstar calculates a risk-adjusted measure that accounts for variation in a fund's monthly performance (including the effects of all sales charges), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive a Morningstar Rating™ of 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Ave Maria Catholic Values Fund was rated against 378 and 310 mid-cap blend funds, and received Morningstar Ratings of 3 stars and 4 stars for the 3 and 5 year periods, respectively. The Ave Maria Growth Fund was rated against 823 mid-cap growth funds and received Morningstar Rating of 4 stars for the 3 year period. The Ave Maria Bond Fund was rated against 951 intermediate-term bond funds and received Morningstar Rating of 4 stars for the 3 year period. © 2006. Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers, may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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*This report is for the information of shareholders of the Ave Maria Mutual Funds, but it may also be used as sales literature when preceded or accompanied by a current prospectus, which gives details about charges, expenses, investment objectives and operating policies of the Funds. The Ave Maria Funds are distributed by Ultimus Fund Distributors, LLC.*

**AVE MARIA CATHOLIC VALUES FUND**  
**PORTFOLIO MANAGER COMMENTARY**

Dear Fellow Shareowner:

The Ave Maria Catholic Values Fund had a 14.2% total return in 2006 compared to 15.8% for the S&P 500 Index and 10.3% for the S&P 400 MidCap Index. Since inception on May 1, 2001, the Fund has outperformed both benchmarks:

From 5-01-01 (Inception) Through 12-31-06  
Total Returns

	<u>Cumulative</u>	<u>Annualized</u>
Ave Maria Catholic Values Fund (AVEMX)	86.7%	11.7%
S&P 500 Index	23.6%	3.8%
S&P 400 MidCap Index	66.9%	9.5%

For the third consecutive year the stock market finished strong following a lackluster first half. 2006’s second half gain was fueled by double-digit corporate profit growth, declining energy prices and the Federal Reserve’s decision to refrain from further rate hikes after July. We anticipate a continuation of economic trends that should provide a favorable environment for equities in 2007, not withstanding a slower rate of corporate profit growth.

The Fund’s investment return in 2006 can be attributed to a broad range of stocks across many industries, but notable out-performers included Input/Output, Inc., Fargo Electronics, Inc., Thor Industries, Inc., The Sherwin Williams Company, Meadowbrook Insurance Group, Inc., and Dollar Tree Stores, Inc. Stocks with the largest negative impact were ProQuest Company, Lifetime Brands, Inc., Mohawk Industries, Inc., and Pulte Homes, Inc. A number of the weaker performers are related to residential construction, but notably many of them recovered nicely late in the year.

In 2006 we sold shares of six companies as a result of their changed corporate policies, which violated the Fund’s moral screens. These holdings were liquidated, as we were unable to persuade these companies to change their offensive behavior.

Other significant eliminations from the Fund in the second half of this year were: Lincare Holdings, Inc. because of concerns over reduced Medicare reimbursement rates; Christopher & Banks Corporation, First Marblehead Corporation and Core Laboratories N.V., which appreciated beyond our price objectives, and SEMCO Energy, Inc. due to deteriorating fundamentals.

The Fund took advantage of opportunities to invest in a number of larger capitalization companies this year including United Technologies Corporation, Legg Mason, Inc., Johnson Controls, Inc., Stryker Corporation and ITT Corporation. We are finding more attractive values in larger companies as

## **AVE MARIA CATHOLIC VALUES FUND**

### **PORTFOLIO MANAGER COMMENTARY (Continued)**

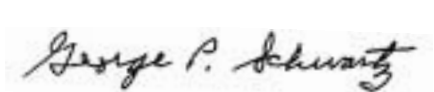
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corporate, hedge fund and private equity buyout activity has bid up the stock prices of many smaller companies. One notable area of exception is the insurance industry where we now own a number of small specialty insurers purchased at attractive valuations including American Safety Insurance Holdings, Ltd., The Hanover Insurance Group Inc., Meadowbrook Insurance Group, Inc., Unico American Corporation, and United Fire & Casualty Company.

As of December 31, 2006, the Ave Maria Catholic Values Fund was 4-star rated by Morningstar\* (out of 310 mid-cap blend funds). Overall Morningstar Rating™ for a fund is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) rating metrics.

Thank you for being a shareowner. It's our privilege to manage the Fund for you.

Sincerely,



George P. Schwartz, CFA  
Co-Portfolio Manager

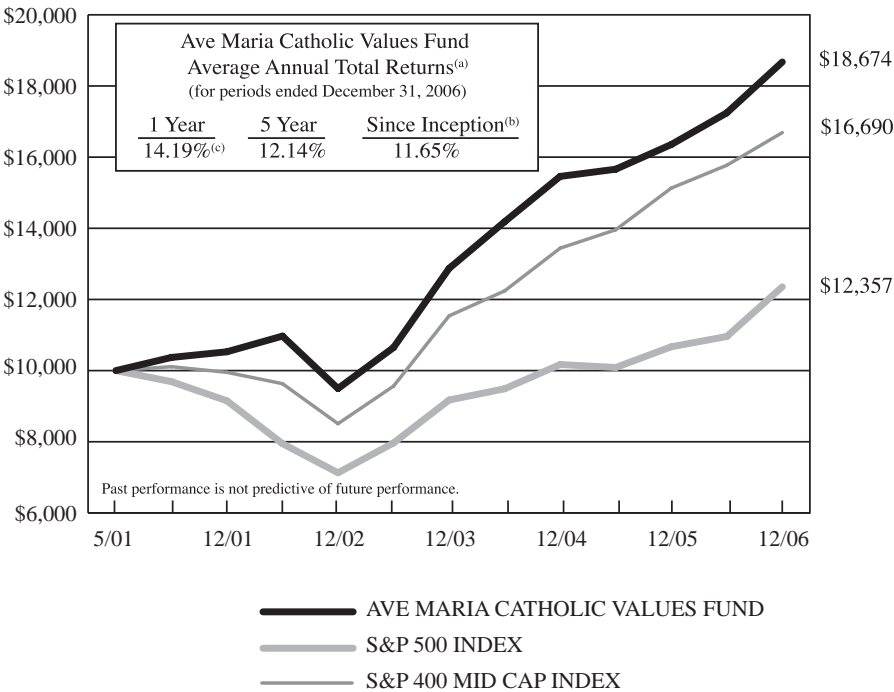


Gregory R. Heilman, CFA  
Co-Portfolio Manager

\* Source: Morningstar 12/31/06. For each fund with at least a 3-year history, Morningstar calculates a risk-adjusted measure that accounts for variation in a fund's monthly performance (including the effects of all sales charges), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive a Morningstar Rating™ of 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Ave Maria Catholic Values Fund was rated against 378 and 310 mid-cap blend funds, and received Morningstar Ratings of 3 stars and 4 stars for the 3 and 5 year periods, respectively. © 2006. Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers, may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

# **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, 2006.



# AVE MARIA CATHOLIC VALUES FUND

## ANNUAL TOTAL RATES OF RETURN

### COMPARISON WITH MAJOR INDICES (Unaudited)

	AVE MARIA CATHOLIC VALUES FUND	S&P 500 INDEX	S&P 400 MIDCAP INDEX	NASDAQ COMPOSITE <sup>(a)</sup>	VALUE LINE COMPOSITE <sup>(b)</sup>	CONSUMER PRICE INDEX
2001 <sup>(a)</sup>	5.3%	-8.5%	-0.5%	-10.1%	-7.3%	0.0%
2002	-9.8%	-22.1%	-14.5%	-31.5%	-28.6%	2.4%
2003	35.6%	28.7%	35.6%	50.0%	37.4%	1.9%
2004	20.1%	10.9%	16.5%	8.6%	11.5%	3.3%
2005	5.8%	4.9%	12.6%	1.4%	2.0%	3.4%
2006	14.2%	15.8%	10.3%	9.5%	11.0%	2.5%

## AVERAGE ANNUAL TOTAL RETURNS

### As of December 31, 2006 (Unaudited)

	AVE MARIA CATHOLIC VALUES FUND	S&P 500 INDEX	S&P 400 MIDCAP INDEX	NASDAQ COMPOSITE <sup>(a)</sup>	VALUE LINE COMPOSITE <sup>(b)</sup>	CONSUMER PRICE INDEX
3 Years	13.2%	10.4%	13.1%	6.4%	8.1%	3.1%
5 Years	12.1%	6.2%	10.9%	4.4%	4.4%	2.7%
Since Inception	11.7%	3.8%	9.5%	1.9%	2.5%	2.4%

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

<sup>(b)</sup> Excluding dividends.

# AVE MARIA CATHOLIC VALUES FUND

## TEN LARGEST EQUITY HOLDINGS

### December 31, 2006 (Unaudited)

Shares	Company	Market Value	% of Net Assets
625,000	Gentex Corporation .....	\$ 9,725,000	3.8%
680,000	Input/Output, Inc. ....	9,268,400	3.6%
225,000	Kinetic Concepts, Inc. ....	8,898,750	3.4%
290,000	Dollar Tree Stores, Inc. ....	8,729,000	3.4%
185,000	RC2 Corporation .....	8,140,000	3.2%
470,000	Lifetime Brands, Inc. ....	7,722,100	3.0%
200,000	Zebra Technologies Corporation - Class A ....	6,958,000	2.7%
150,000	Thor Industries, Inc. ....	6,598,500	2.6%
100,000	Sherwin-Williams Company (The) .....	6,358,000	2.5%
30,000	Student Loan Corporation (The) .....	6,219,000	2.4%

## ASSET ALLOCATION (Unaudited)

Sector	% of Net Assets
Aerospace & Defense .....	3.6%
Building Materials & Construction .....	6.8%
Business Services .....	2.3%
Consumer - Durables .....	9.2%
Consumer - Nondurables .....	11.4%
Consumer - Retail .....	7.2%
Energy & Mining .....	8.5%
Finance.....	14.8%
Healthcare .....	10.0%
Industrial Products & Services .....	12.2%
Real Estate .....	0.7%
Technology .....	6.5%
Cash Equivalents, Other Assets and Liabilities .....	6.8%
	<u>100.0%</u>

# AVE MARIA CATHOLIC VALUES FUND

## SCHEDULE OF INVESTMENTS

### December 31, 2006

Shares	COMMON STOCKS — 93.2%	Market Value
	<b>AEROSPACE &amp; DEFENSE — 3.6%</b>	
30,000	American Science and Engineering, Inc. *	\$ 1,785,300
80,000	General Dynamics Corporation	5,948,000
40,000	Mine Safety Appliances Company	1,466,000
		<u>9,199,300</u>
	<b>BUILDING MATERIALS &amp; CONSTRUCTION — 6.8%</b>	
100,000	American Woodmark Corporation	4,185,000
232,400	Champion Enterprises, Inc. *	2,175,264
125,000	Pulte Homes, Inc.	4,140,000
70,000	Ryland Group, Inc. (The)	3,823,400
100,000	Simpson Manufacturing Company, Inc.	3,165,000
		<u>17,488,664</u>
	<b>BUSINESS SERVICES — 2.3%</b>	
65,000	Diebold, Incorporated	3,029,000
138,000	Neogen Corporation *	3,063,600
		<u>6,092,600</u>
	<b>CONSUMER - DURABLES — 9.2%</b>	
297,000	Craftmade International, Inc.	5,334,120
40,000	Harley-Davidson, Inc.	2,818,800
250,000	Leggett & Platt, Inc.	5,975,000
40,000	Polaris Industries, Inc.	1,873,200
50,000	Stanley Furniture Company, Inc.	1,072,500
150,000	Thor Industries, Inc.	6,598,500
		<u>23,672,120</u>
	<b>CONSUMER - NONDURABLES — 11.4%</b>	
85,000	Chattem, Inc. *	4,256,800
470,000	Lifetime Brands, Inc.	7,722,100
185,000	RC2 Corporation *	8,140,000
100,000	Sherwin-Williams Company (The)	6,358,000
35,000	VF Corporation	2,872,800
		<u>29,349,700</u>
	<b>CONSUMER - RETAIL — 7.2%</b>	
160,000	Chico's FAS, Inc. *	3,310,400
290,000	Dollar Tree Stores, Inc. *	8,729,000
100,000	Ross Stores, Inc.	2,930,000
125,000	Zale Corporation *	3,526,250
		<u>18,495,650</u>
	<b>ENERGY &amp; MINING — 8.5%</b>	
20,000	Anadarko Petroleum Corporation	870,400
50,000	ConocoPhillips	3,597,500
35,000	Exxon Mobil Corporation	2,682,050
680,000	Input/Output, Inc. *	9,268,400

# AVE MARIA CATHOLIC VALUES FUND

## SCHEDULE OF INVESTMENTS (Continued)

Shares	COMMON STOCKS — 93.2% (Continued)	Market Value
	<b>ENERGY &amp; MINING — 8.5% (Continued)</b>	
50,000	Patterson-UTI Energy, Inc. ....	\$ 1,161,500
100,000	Southwestern Energy Company * .....	3,505,000
5,000	Transocean Inc. * .....	404,450
10,000	XTO Energy Inc. ....	470,500
		<u>21,959,800</u>
	<b>FINANCE - BANKS &amp; THRIFTS — 2.3%</b>	
45,000	BB&T Corporation .....	1,976,850
75,000	Synovus Financial Corporation.....	2,312,250
60,000	TCF Financial Corporation .....	1,645,200
		<u>5,934,300</u>
	<b>FINANCE - INSURANCE — 7.9%</b>	
210,000	American Safety Insurance Holdings, Ltd. * .....	3,895,500
50,000	Everest Re Group, Ltd. ....	4,905,500
75,000	Hanover Insurance Group Inc. ....	3,660,000
230,000	Meadowbrook Insurance Group, Inc. * .....	2,274,700
282,945	Unico American Corporation * .....	3,700,921
55,000	United Fire & Casualty Company .....	1,938,750
		<u>20,375,371</u>
	<b>FINANCE - SERVICES — 4.6%</b>	
60,000	Legg Mason, Inc. ....	5,703,000
30,000	Student Loan Corporation (The).....	6,219,000
		<u>11,922,000</u>
	<b>HEALTHCARE — 10.0%</b>	
35,000	Beckman Coulter, Inc. ....	2,093,000
225,000	Kinetic Concepts, Inc. * .....	8,898,750
80,000	Manor Care, Inc. ....	3,753,600
170,000	Mylan Laboratories Inc. ....	3,393,200
35,000	Stryker Corporation .....	1,928,850
115,000	Waters Corporation * .....	5,631,550
		<u>25,698,950</u>
	<b>INDUSTRIAL PRODUCTS &amp; SERVICES — 12.2%</b>	
60,000	Balchem Corporation.....	1,540,800
65,000	Caterpillar Inc. ....	3,986,450
625,000	Gentex Corporation .....	9,725,000
50,000	Genuine Parts Company .....	2,371,500
150,000	Graco, Inc. ....	5,943,000
25,000	ITT Corporation .....	1,420,500
30,000	Johnson Controls, Inc. ....	2,577,600
12,500	Stericycle, Inc. * .....	943,750
15,000	Teleflex Incorporated.....	968,400
35,000	United Technologies Corporation .....	2,188,200
		<u>31,665,200</u>

# **AVE MARIA CATHOLIC VALUES FUND** **SCHEDULE OF INVESTMENTS (Continued)**

Shares	COMMON STOCKS — 93.2% (Continued)	Market Value
	<b>REAL ESTATE — 0.7%</b>	
50,000	Health Care Property Investors, Inc. ....	\$ 1,841,000
	<b>TECHNOLOGY — 6.5%</b>	
150,000	ADTRAN, Inc. ....	3,405,000
25,000	Alltel Corporation .....	1,512,000
18,000	CenturyTel, Inc. ....	785,880
126,000	Sparton Corporation * .....	1,055,880
100,000	Stratasys, Inc. * .....	3,141,000
200,000	Zebra Technologies Corporation - Class A * .....	6,958,000
		<u>16,857,760</u>
	<b>TOTAL COMMON STOCKS</b> (Cost \$196,183,716) .....	<u>\$ 240,552,415</u>

Shares	CASH EQUIVALENTS — 8.2%	Market Value
12,410,990	Federated Treasury Obligations Money Market Fund .....	\$ 12,410,990
8,733,561	Federated Government Obligations Money Market Fund .....	<u>8,733,561</u>
	<b>TOTAL CASH EQUIVALENTS</b> (Cost \$21,144,551) .....	<u>\$ 21,144,551</u>
	<b>TOTAL INVESTMENTS AT MARKET VALUE — 101.4%</b> (Cost \$217,328,267) .....	\$ 261,696,966
	<b>LIABILITIES IN EXCESS OF OTHER ASSETS — (1.4%) ..</b>	<u>( 3,685,307 )</u>
	<b>NET ASSETS — 100.0%</b> .....	<u>\$ 258,011,659</u>

\* Non-income producing security.  
 See notes to financial statements.

# AVE MARIA GROWTH FUND

## PORTFOLIO MANAGER COMMENTARY

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Dear Fellow Shareholders:

For the year ended December 31, 2006, the Ave Maria Growth Fund had a total return of 15.8% equaling the return of the S&P 500 Index. For the three years ended December 31, 2006, the Fund's total return was 12.2% annualized compared with 10.4% annualized for the S&P 500 Index. Since inception (May 1, 2003), the Fund's total return has been 16.3% annualized compared with 14.7% annualized for the S&P 500 Index.

The top five performing issues in the Ave Maria Growth Fund for 2006 were:

SEI Investments Company (Asset Management)	+61.5%
Mettler-Toledo International Inc. (Electronic Weighing Equipment)	+43.1%
Harley-Davidson, Inc. (Motorcycle Manufacturer)	+39.6%
FactSet Research Systems, Inc. (Database Software)	+37.7%
Franklin Electric Company, Inc. (Submersible Pumps)	+34.6%

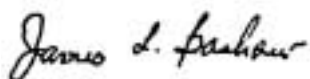
The bottom five performing issues were:

Frontier Oil Corporation (Oil & Gas Refining & Marketing)	-14.2%
Varian Medical Systems, Inc. (Healthcare)	-11.9%
Landstar System, Inc. (Trucking)	-11.5%
Brown & Brown, Inc. (Insurance Broker)	-7.4%
The Black & Decker Corporation (Household Appliances)	-5.4%

The Fund is diversified among eight out of eleven S&P 500 economic sectors: Consumer Staples 6.1%, Consumer Cyclicals 15.5%, Financial 14.1%, Transportation 5.1%, Energy 7.7%, Capital Goods 18.9%, Technology 15.6%, and Healthcare 17.0%.

As of December 31, 2006, the Ave Maria Growth Fund was 4-star rated by Morningstar\* (out of 823 mid-cap growth funds). Overall Morningstar Rating™ for a fund is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) rating metrics.

Respectfully,



James L. Bashaw, CFA  
Portfolio Manager

# **AVE MARIA GROWTH FUND**

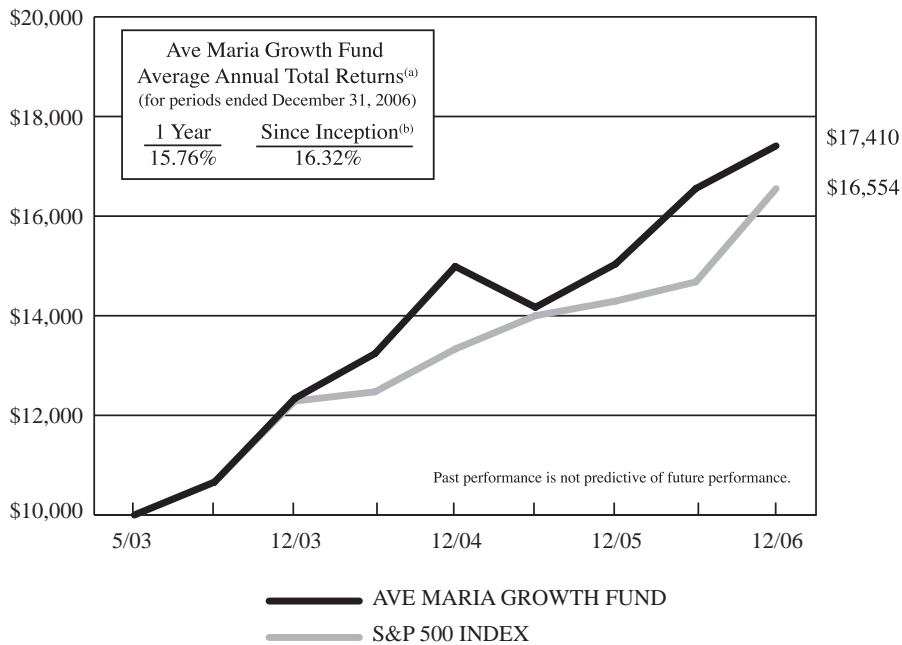
## **PORTFOLIO MANAGER COMMENTARY (Continued)**

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\* Source: Morningstar 12/31/06. For each fund with at least a 3-year history, Morningstar calculates a risk-adjusted measure that accounts for variation in a fund's monthly performance (including the effects of all sales charges), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive a Morningstar Rating™ of 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Ave Maria Growth Fund was rated against 823 mid-cap growth funds and received Morningstar Rating of 4 stars for the 3 year period. © 2006. Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers, may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

# **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, 2006.



# AVE MARIA GROWTH FUND

## TEN LARGEST EQUITY HOLDINGS

### December 31, 2006 (Unaudited)

Shares	Company	Market Value	% of Net Assets
74,000	Biomet, Inc. ....	\$ 3,053,980	3.6%
50,950	FactSet Research Systems, Inc. ....	2,877,656	3.4%
48,000	SEI Investments Company ....	2,858,880	3.4%
60,100	XTO Energy, Inc. ....	2,827,705	3.3%
72,900	McCormick & Company, Inc. ....	2,811,024	3.3%
50,500	Stryker Corporation ....	2,783,055	3.3%
39,400	Harley-Davidson, Inc. ....	2,776,518	3.3%
96,400	Brown & Brown, Inc. ....	2,719,444	3.2%
34,000	Black & Decker Corporation (The) ....	2,718,980	3.2%
42,500	Rockwell Collins, Inc. ....	2,689,825	3.2%

## ASSET ALLOCATION (Unaudited)

Sector	% of Net Assets
Aerospace & Defense .....	7.4%
Consumer - Durables .....	11.5%
Consumer - Nondurables .....	6.1%
Consumer - Retail .....	4.0%
Energy & Mining .....	8.1%
Finance.....	14.0%
Healthcare .....	19.3%
Industrial Products & Services .....	25.9%
Technology .....	3.0%
Cash Equivalents, Other Assets and Liabilities .....	0.7%
	<u>100.0%</u>

# AVE MARIA GROWTH FUND

## SCHEDULE OF INVESTMENTS

### December 31, 2006

Shares	COMMON STOCKS — 99.3%	Market Value
	<b>AEROSPACE &amp; DEFENSE — 7.4%</b>	
18,000	Alliant Techsystems, Inc. *	\$ 1,407,420
29,200	General Dynamics Corporation .....	2,171,020
42,500	Rockwell Collins, Inc. ....	2,689,825
		<u>6,268,265</u>
	<b>CONSUMER - DURABLES — 11.5%</b>	
34,000	Black & Decker Corporation (The) .....	2,718,980
39,400	Harley-Davidson, Inc. ....	2,776,518
38,200	Polaris Industries, Inc. ....	1,788,906
53,900	Toro Company (The).....	2,513,357
		<u>9,797,761</u>
	<b>CONSUMER - NONDURABLES — 6.1%</b>	
48,200	Kellogg Company .....	2,412,892
72,900	McCormick & Company, Inc. ....	2,811,024
		<u>5,223,916</u>
	<b>CONSUMER - RETAIL — 4.0%</b>	
53,100	Bed Bath & Beyond Inc. * .....	2,023,110
46,300	Ross Stores, Inc. ....	1,356,590
		<u>3,379,700</u>
	<b>ENERGY &amp; MINING — 8.1%</b>	
59,000	Frontier Oil Corporation .....	1,695,660
48,800	Occidental Petroleum Corporation .....	2,382,904
60,100	XTO Energy, Inc. ....	2,827,705
		<u>6,906,269</u>
	<b>FINANCE - BANKS &amp; THRIFTS — 2.4%</b>	
56,200	National City Corporation .....	2,054,672
	<b>FINANCE - INSURANCE — 4.9%</b>	
50,400	Arthur J. Gallagher & Co. ....	1,489,320
96,400	Brown & Brown, Inc. ....	2,719,444
		<u>4,208,764</u>
	<b>FINANCE - SERVICES — 6.7%</b>	
50,950	FactSet Research Systems, Inc. ....	2,877,656
48,000	SEI Investments Company .....	2,858,880
		<u>5,736,536</u>
	<b>HEALTHCARE — 19.3%</b>	
29,300	Beckman Coulter, Inc. ....	1,752,140
74,000	Biomet, Inc. ....	3,053,980
30,100	C. R. Bard, Inc. ....	2,497,397
55,500	Patterson Companies, Inc. * .....	1,970,805
50,500	Stryker Corporation .....	2,783,055
47,000	Varian Medical Systems, Inc. * .....	2,235,790
43,600	Waters Corporation * .....	2,135,092
		<u>16,428,259</u>

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

Shares	COMMON STOCKS — 99.3% (Continued)	Market Value
	<b>INDUSTRIAL PRODUCTS &amp; SERVICES — 25.9%</b>	
66,900	AMETEK, Inc. ....	\$ 2,130,096
61,800	CLARCOR, Inc. ....	2,089,458
35,200	Danaher Corporation .....	2,549,888
61,400	Donaldson Company, Inc. ....	2,131,194
49,100	Expeditors International of Washington, Inc. ....	1,988,550
46,300	Franklin Electric Company, Inc. ....	2,379,357
53,400	Graco, Inc. ....	2,115,708
39,600	ITT Corporation .....	2,250,072
27,300	Johnson Controls, Inc. ....	2,345,616
55,400	Landstar System, Inc. ....	2,115,172
		<u>22,095,111</u>
	<b>TECHNOLOGY — 3.0%</b>	
31,900	Mettler-Toledo International Inc. * .....	<u>2,515,315</u>
	<b>TOTAL COMMON STOCKS</b> (Cost \$72,487,143) .....	<u>\$ 84,614,568</u>

Shares	CASH EQUIVALENTS — 0.9%	Market Value
790,318	Federated Treasury Obligations Money Market Fund (Cost \$790,318) .....	<u>\$ 790,318</u>
	<b>TOTAL INVESTMENTS AT MARKET VALUE — 100.2%</b> (Cost \$73,277,461) .....	<u>\$ 85,404,886</u>
	<b>LIABILITIES IN EXCESS OF OTHER ASSETS — (0.2%) ....</b>	<u>( 194,182 )</u>
	<b>NET ASSETS — 100.0%</b> .....	<u><u>\$ 85,210,704</u></u>

\* Non-income producing security.  
 See notes to financial statements.

# AVE MARIA RISING DIVIDEND FUND

## PORTFOLIO MANAGER COMMENTARY

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Dear Fellow Shareholders:

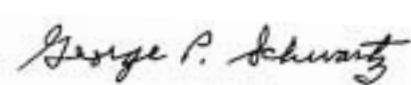
The total return for the Ave Maria Rising Dividend Fund in 2006 was 17.9%. This compares with 15.8% for the S&P 500 Index and 17.3% for the S&P 500 Dividend Aristocrat Index. Important contributions to performance came from a variety of industries, including FPL Group, Inc. (a Florida utility), The Sherwin-Williams Company (paint), Diebold, Incorporated (automated teller machines), and Thor Industries, Inc. (recreational vehicles). Performance was adversely effected by: Pulte Homes, Inc. (homebuilder), Cato Corporation (retailer), and Automatic Data Processing, Inc. (payroll processor). Over the course of the year, shares of six companies were sold because of changes in their corporate policies, which violated our pro-life/pro-family screens.

As of December 31, 2006, the Ave Maria Rising Dividend Fund held shares of 38 companies across 15 industries. Of these stocks, 89% raised their dividend during 2006. Investing in companies that have regularly raised their dividend is a defining characteristic of this Fund. A company with a long history of rising dividends is almost always indicative of balance sheet integrity and sound underlying business fundamentals. It goes without saying that in order to increase dividends over many years, companies must also generate growth in earnings and cash flow. Importantly, when making investment decisions for the Fund, we don't just look at historical results; we look forward, too, in an effort to anticipate what the future may hold for these fine companies. Before we buy shares of any company for the Fund, our research analysts have to show the likelihood of continued earnings and dividend increases for that company. In addition, valuation is a critical component of the portfolio management process.

Here is another benefit to this style of investing. One can take comfort in the knowledge that the Boards of Directors of the companies in which we've invested really seem to understand that the assets they are entrusted with managing, belong to the shareholders. Companies represented in the Ave Maria Rising Dividend Fund have Boards which have demonstrated respect for the interests of their shareholders.

We appreciate your commitment and strive to merit your confidence.

With best regards,



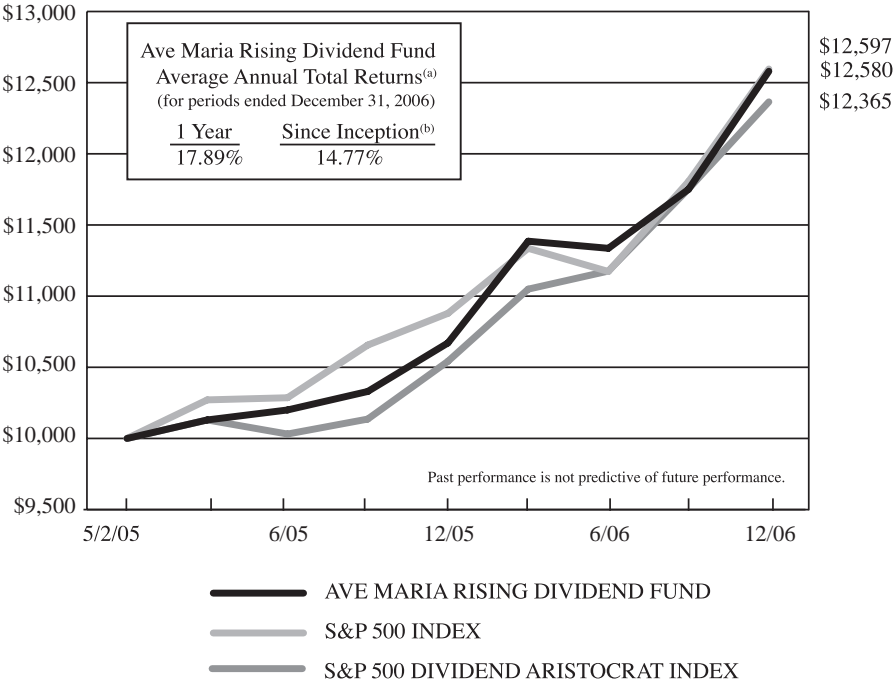
George P. Schwartz, CFA  
Co-Portfolio Manager



Richard L. Platte, Jr., CFA  
Co-Portfolio Manager

# **AVE MARIA RISING DIVIDEND FUND** **PERFORMANCE (Unaudited)**

**Comparison of the Change in Value of a \$10,000 Investment  
in the Ave Maria Rising Dividend Fund, the S&P 500 Index,  
and the S&P 500 Dividend Aristocrat 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 2, 2005) through December 31, 2006.

# AVE MARIA RISING DIVIDEND FUND

## TEN LARGEST EQUITY HOLDINGS

### December 31, 2006 (Unaudited)

Shares	Company	Market Value	% of Net Assets
65,000	RPM International Inc. ....	\$ 1,357,850	3.9%
45,000	Arthur J. Gallagher & Co. ....	1,329,750	3.8%
28,500	Diebold, Incorporated ....	1,328,100	3.8%
100,000	ServiceMaster Company (The) ....	1,311,000	3.7%
45,000	TCF Financial Corporation ....	1,233,900	3.5%
25,000	Genuine Parts Company ....	1,185,750	3.4%
38,000	Synovus Financial Corporation ....	1,171,540	3.3%
25,000	Polaris Industries, Inc. ....	1,170,750	3.3%
75,000	Gentex Corporation ....	1,167,000	3.3%
38,000	Masco Corporation ....	1,135,060	3.2%

## ASSET ALLOCATION (Unaudited)

Sector	% of Net Assets
Aerospace & Defense .....	1.5%
Building Materials & Construction .....	4.9%
Business Services .....	7.5%
Consumer - Durables .....	7.6%
Consumer - Nondurables .....	12.1%
Consumer - Retail .....	4.2%
Energy & Mining .....	2.2%
Finance.....	21.4%
Healthcare .....	9.7%
Industrial Products & Services .....	22.1%
Printing & Publishing .....	1.5%
Technology .....	0.6%
Utilities.....	2.8%
Cash Equivalents, Other Assets and Liabilities .....	1.9%
	<u>100.0%</u>

# AVE MARIA RISING DIVIDEND FUND

## SCHEDULE OF INVESTMENTS

### December 31, 2006

Shares	COMMON STOCKS — 98.1%	Market Value
	<b>AEROSPACE &amp; DEFENSE — 1.5%</b>	
7,000	General Dynamics Corporation .....	\$ 520,450
	<b>BUILDING MATERIALS &amp; CONSTRUCTION — 4.9%</b>	
38,000	Masco Corporation .....	1,135,060
17,500	Pulte Homes, Inc. ....	579,600
		<u>1,714,660</u>
	<b>BUSINESS SERVICES — 7.5%</b>	
28,500	Diebold, Incorporated .....	1,328,100
100,000	ServiceMaster Company (The) .....	1,311,000
		<u>2,639,100</u>
	<b>CONSUMER - DURABLES — 7.6%</b>	
41,000	Leggett & Platt, Inc. ....	979,900
25,000	Polaris Industries, Inc. ....	1,170,750
12,000	Thor Industries, Inc. ....	527,880
		<u>2,678,530</u>
	<b>CONSUMER - NONDURABLES — 12.1%</b>	
25,000	Hormel Foods Corporation .....	933,500
20,000	J.M. Smucker Company (The) .....	969,400
15,000	Kellogg Company .....	750,900
12,000	Sherwin-Williams Company (The) .....	762,960
10,000	VF Corporation .....	820,800
		<u>4,237,560</u>
	<b>CONSUMER - RETAIL — 4.2%</b>	
32,000	Cato Corporation - Class A (The) .....	733,120
25,000	Ross Stores, Inc. ....	732,500
		<u>1,465,620</u>
	<b>ENERGY &amp; MINING — 2.2%</b>	
10,000	Exxon Mobil Corporation .....	<u>766,300</u>
	<b>FINANCE - BANKS &amp; THRIFTS — 12.5%</b>	
25,000	BB&T Corporation .....	1,098,250
32,500	Citizens Republic Bancorp .....	861,250
38,000	Synovus Financial Corporation .....	1,171,540
45,000	TCF Financial Corporation .....	1,233,900
		<u>4,364,940</u>
	<b>FINANCE - INSURANCE — 3.8%</b>	
45,000	Arthur J. Gallagher & Co. ....	<u>1,329,750</u>
	<b>FINANCE - SERVICES — 5.1%</b>	
10,000	Legg Mason, Inc. ....	950,500
4,000	Student Loan Corporation (The) .....	829,200
		<u>1,779,700</u>

# AVE MARIA RISING DIVIDEND FUND

## SCHEDULE OF INVESTMENTS (Continued)

Shares	COMMON STOCKS — 98.1% (Continued)	Market Value
	<b>HEALTHCARE — 9.7%</b>	
13,500	Beckman Coulter, Inc. ....	\$ 807,300
8,000	Becton, Dickinson & Company .....	561,200
20,000	Manor Care, Inc. ....	938,400
20,000	Stryker Corporation .....	1,102,200
		<u>3,409,100</u>
	<b>INDUSTRIAL PRODUCTS &amp; SERVICES — 22.1%</b>	
15,000	Caterpillar Inc. ....	919,950
75,000	Gentex Corporation .....	1,167,000
25,000	Genuine Parts Company .....	1,185,750
15,000	Graco, Inc. ....	594,300
12,000	Johnson Controls, Inc. ....	1,031,040
65,000	RPM International Inc. ....	1,357,850
20,000	Stanley Works (The) .....	1,005,800
7,000	W.W. Grainger, Inc. ....	489,580
		<u>7,751,270</u>
	<b>PRINTING &amp; PUBLISHING — 1.5%</b>	
15,000	R.R. Donnelley & Sons Company .....	<u>533,100</u>
	<b>TECHNOLOGY — 0.6%</b>	
3,500	Alltel Corporation .....	<u>211,680</u>
	<b>UTILITIES — 2.8%</b>	
18,000	FPL Group, Inc. ....	<u>979,560</u>
	<b>TOTAL COMMON STOCKS (Cost \$30,978,680) .....</b>	<u>\$ 34,381,320</u>
Shares	CASH EQUIVALENTS — 3.1%	Market Value
1,104,702	Federated Treasury Obligations Money Market Fund (Cost \$1,104,702) .....	<u>\$ 1,104,702</u>
	<b>TOTAL INVESTMENTS AT MARKET VALUE — 101.2% ..</b> (Cost \$32,083,382) .....	<u>\$ 35,486,022</u>
	<b>LIABILITIES IN EXCESS OF OTHER ASSETS — (1.2%) ..</b>	<u>( 434,917 )</u>
	<b>NET ASSETS — 100.0% .....</b>	<u>\$ 35,051,105</u>

See notes to financial statements.



# **AVE MARIA OPPORTUNITY FUND**

## **PORTFOLIO MANAGER COMMENTARY**

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Dear Fellow Shareholders:

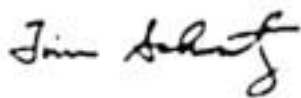
The Ave Maria Opportunity Fund ended 2006 with a net asset value per share of \$10.55, which along with a year-end distribution of \$.28 per share, gave shareholders an 8.3% total return since the Fund's inception on May 1, 2006. In comparison, the Russell 2000 Index produced a total return of 4.4%, and the S&P 600 SmallCap Index a total return of 2.2% during the same period.

Stocks which contributed notably to the positive performance during the year included American Science and Engineering, Inc. (x-ray detection machines), Champion Enterprises, Inc. (manufactured housing), Fargo Electronics, Inc. (identification card printers), Gentex Corporation (automotive mirrors), Input/Output, Inc. (energy), and Yak Communications Inc. (telecommunications). Under-performers in the portfolio were Lifetime Brands, Inc. (consumer products), Mine Safety Appliances Company (first responder & military equipment), Stanley Furniture Company, Inc., and TVI Corporation (decontamination & infection control equipment).

In managing this Fund, emphasis is placed on selecting well-managed, small and mid-sized companies that have proprietary products and/or a unique industry niche. We want companies with excellent business characteristics, including a dominant market position, above average profit margins, excess free cash flow, high returns on equity with little or no debt, and strong growth potential. At the time of purchase, the company's stock price must be selling at a discount to its intrinsic value. Recent additions to the portfolio that have some or all of these characteristics include A.S.V., Inc. (earth moving equipment), Foot Locker, Inc. (athletic retailing), Harris Corporation (defense communications), MTS Systems Corporation (simulation systems), Raven Industries, Inc. (industrial manufacturing), and Select Comfort Corporation (Sleep Number beds). Recently, these companies' stock prices have been under pressure, owing to near-term difficulties. This situation affords value investors like us an opportunity to establish a position at an attractive price. When the temporary problems subside, the share prices of these companies should resume an upward trajectory.

Your interest and investment in the Ave Maria Opportunity Fund is very much appreciated.

With best regards,

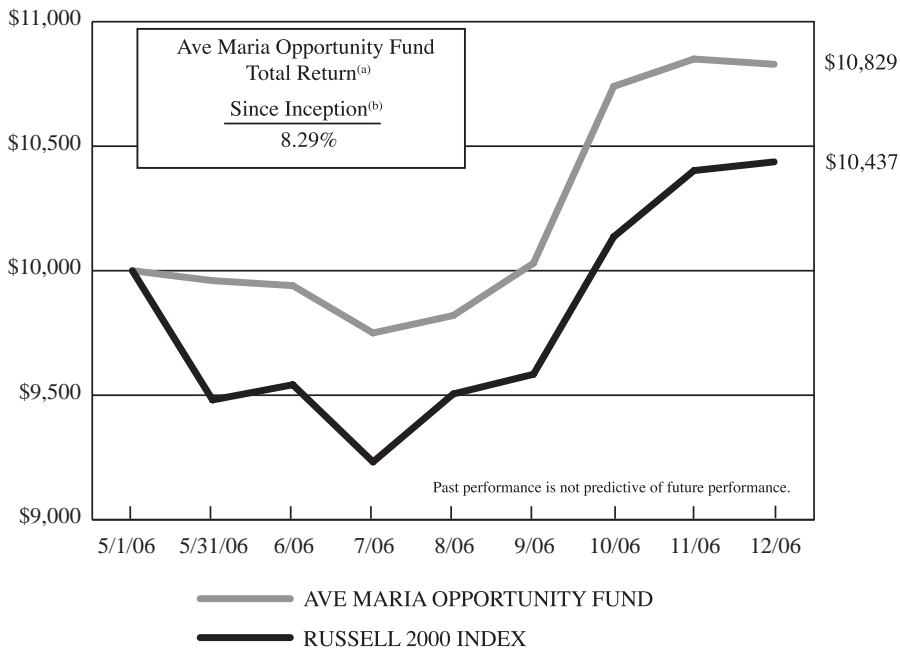


Timothy S. Schwartz  
Portfolio Manager

# AVE MARIA OPPORTUNITY FUND

## PERFORMANCE (Unaudited)

Comparison of the Change in Value of a \$10,000 Investment  
in the Ave Maria Opportunity Fund and the Russell 2000 Index



<sup>(a)</sup> The return shown does 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, 2006) through December 31, 2006.

# AVE MARIA OPPORTUNITY FUND

## TEN LARGEST EQUITY HOLDINGS

### December 31, 2006 (Unaudited)

Shares	Company	Market Value	% of Net Assets
25,000	Zebra Technologies Corporation - Class A ....	\$ 869,750	4.9%
45,000	Gentex Corporation .....	700,200	4.0%
17,500	Graco, Inc. ....	693,350	3.9%
50,000	Input/Output, Inc. ....	681,500	3.8%
40,000	Lifetime Brands, Inc. ....	657,200	3.7%
15,000	Kinetic Concepts, Inc. ....	593,250	3.3%
40	Ohio Savings Financial Corporation .....	466,000	2.6%
25,000	Craftmade International, Inc. ....	449,000	2.5%
15,000	TCF Financial Corporation .....	411,300	2.3%
15,000	Century Bancorp, Inc. - Class A .....	409,500	2.3%

## ASSET ALLOCATION (Unaudited)

Sector	% of Net Assets
Aerospace & Defense .....	2.6%
Building Materials & Construction .....	4.0%
Business Services .....	3.5%
Consumer - Durables .....	9.2%
Consumer - Nondurables .....	7.9%
Consumer - Retail .....	3.0%
Energy & Mining .....	7.0%
Finance.....	18.6%
Healthcare .....	5.6%
Industrial Products & Services .....	14.0%
Technology .....	10.7%
Utilities.....	0.3%
Cash Equivalents, Other Assets and Liabilities .....	13.6%
	<u>100.0%</u>

# AVE MARIA OPPORTUNITY FUND

## SCHEDULE OF INVESTMENTS

### December 31, 2006

Shares	COMMON STOCKS — 86.4%	Market Value
	<b>AEROSPACE &amp; DEFENSE — 2.6%</b>	
2,000	American Science and Engineering, Inc. *	\$ 119,020
7,500	Harris Corporation .....	343,950
		<u>462,970</u>
	<b>BUILDING MATERIALS &amp; CONSTRUCTION — 4.0%</b>	
2,500	American Woodmark Corporation .....	104,625
20,000	A.S.V., Inc. * .....	325,400
30,000	Champion Enterprises, Inc. * .....	280,800
		<u>710,825</u>
	<b>BUSINESS SERVICES — 3.5%</b>	
15,000	ServiceMaster Company (The) .....	196,650
10,000	Superior Uniform Group, Inc. ....	128,600
125,000	TVI Corporation * .....	293,750
		<u>619,000</u>
	<b>CONSUMER - DURABLES — 9.2%</b>	
25,000	Craftmade International, Inc. ....	449,000
10,000	Leggett & Platt, Inc. ....	239,000
5,000	Polaris Industries, Inc. ....	234,150
12,500	Select Comfort Corporation * .....	217,375
7,500	Stanley Furniture Company, Inc. ....	160,875
7,500	Thor Industries, Inc. ....	329,925
		<u>1,630,325</u>
	<b>CONSUMER - NONDURABLES — 7.9%</b>	
15,000	Acme United Corporation .....	216,150
10,000	Hartmarx Corporation * .....	70,600
40,000	Lifetime Brands, Inc. ....	657,200
10,000	Prestige Brands Holdings, Inc. * .....	130,200
7,500	RC2 Corporation * .....	330,000
		<u>1,404,150</u>
	<b>CONSUMER - RETAIL — 3.0%</b>	
5,000	Christopher & Banks Corporation .....	93,300
2,500	Conn's, Inc. * .....	58,175
5,000	Dollar Tree Stores, Inc. * .....	150,500
5,000	Foot Locker, Inc. ....	109,650
2,000	Ross Stores, Inc. ....	58,600
2,500	Zale Corporation * .....	70,525
		<u>540,750</u>
	<b>ENERGY &amp; MINING — 7.0%</b>	
50,000	Input/Output, Inc. * .....	681,500
12,500	Patterson-UTI Energy, Inc. ....	290,375
7,500	Southwestern Energy Company * .....	262,875
		<u>1,234,750</u>

# AVE MARIA OPPORTUNITY FUND

## SCHEDULE OF INVESTMENTS (Continued)

Shares	COMMON STOCKS — 86.4% (Continued)	Market Value
	<b>FINANCE - BANKS &amp; THRIFTS — 8.6%</b>	
15,000	Century Bancorp, Inc. - Class A .....	\$ 409,500
40	Ohio Savings Financial Corporation .....	466,000
15,000	TCF Financial Corporation .....	411,300
6,000	United Bankshares, Inc. ....	231,900
		<u>1,518,700</u>
	<b>FINANCE - INSURANCE — 8.2%</b>	
10,000	American Safety Insurance Holdings Ltd. * .....	185,500
12,000	Arthur J. Gallagher & Co. ....	354,600
10,000	Fremont Michigan InsuraCorp, Inc. - Class A * .....	255,000
4,000	Hanover Insurance Group Inc. ....	195,200
25,000	Meadowbrook Insurance Group, Inc. * .....	247,250
3,200	Unico American Corporation * .....	41,856
5,000	United Fire & Casualty Company .....	176,250
		<u>1,455,656</u>
	<b>FINANCE - SERVICES — 1.8%</b>	
1,500	Student Loan Corporation (The).....	<u>310,950</u>
	<b>HEALTHCARE — 5.6%</b>	
2,500	Beckman Coulter, Inc. ....	149,500
15,000	Kinetic Concepts, Inc. * .....	593,250
5,000	Waters Corporation * .....	244,850
		<u>987,600</u>
	<b>INDUSTRIAL PRODUCTS &amp; SERVICES — 14.0%</b>	
5,000	Applied Industrial Technologies, Inc. ....	131,550
4,000	Balchem Corporation.....	102,720
45,000	Gentex Corporation .....	700,200
17,500	Graco, Inc. ....	693,350
2,500	Matthews International Corporation - Class A .....	98,375
12,500	RPM International Inc. ....	261,125
4,000	Strattec Security Corporation * .....	186,400
15,000	Sun Hydraulics Corporation .....	307,650
		<u>2,481,370</u>
	<b>TECHNOLOGY — 10.7%</b>	
15,000	ADTRAN, Inc. ....	340,500
7,500	MTS Systems Corporation .....	289,650
7,500	Raven Industries, Inc. ....	201,000
6,000	Stratasys, Inc. * .....	188,460
25,000	Zebra Technologies Corporation - Class A * .....	869,750
		<u>1,889,360</u>
	<b>UTILITIES — 0.3%</b>	
10,000	SEMCO Energy, Inc. * .....	<u>61,000</u>
	<b>TOTAL COMMON STOCKS</b> (Cost \$14,283,625) .....	<u>\$ 15,307,406</u>

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

Shares	CASH EQUIVALENTS — 9.8%	Market Value
867,331	Federated Treasury Obligations Money Market Fund .....	\$ 867,331
867,331	Federated Government Obligations Money Market Fund .....	867,331
	<b>TOTAL CASH EQUIVALENTS</b> (Cost \$1,734,662) .....	<u>\$ 1,734,662</u>

Face Amount	REPURCHASE AGREEMENTS <sup>(1)</sup> — 3.6%	Market Value
\$ 640,054	U.S. Bank N.A., 4.100%, dated 12/29/06, due 01/02/07 repurchase proceeds: \$640,345 (Cost \$640,054) .....	<u>\$ 640,054</u>
	<b>TOTAL INVESTMENTS AT MARKET VALUE — 99.8%</b> (Cost \$16,658,341) .....	\$ 17,682,122
	<b>OTHER ASSETS IN EXCESS OF LIABILITIES — 0.2%.....</b>	<u>32,304</u>
	<b>NET ASSETS — 100.0%</b> .....	<u><u>\$ 17,714,426</u></u>

\* Non-income producing security.

<sup>(1)</sup> Repurchase agreement is fully collateralized by \$640,054 FGCI, Pool # G11649, 4.50%, due 02/01/2020. The aggregate market value of the collateral at December 31, 2006 was \$653,327.

See notes to financial statements.

# **AVE MARIA BOND FUND**

## **PORTFOLIO MANAGER COMMENTARY**

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Dear Fellow Shareholders:

In 2006, the Ave Maria Bond Fund (Retail Class) had a total return of 6.0%. This compares favorably with the return on the Lehman Brothers Intermediate Government/Credit Index of 4.1%. The average maturity of the bond portfolio was shorter than that of the index for much of the year. This was additive to performance in an environment of generally rising interest rates. Throughout the year, we emphasized the purchase of very high quality bonds. Equities represented 17.8% of the portfolio at year end, and contributed positively to performance with 93% of those companies raising their dividends during the year. One issue was sold because of a change in its corporate policies, which resulted in the violation of our pro-life/pro-family screens.

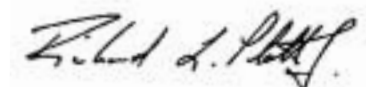
Between June, 2004 and June, 2006 the Federal Reserve raised the Fed Funds rate on seventeen different occasions, moving that rate from 1.0% to 5.25%, where it currently stands. We believe this marks the peak in the Fed Funds rate for the current interest rate cycle. Last year, long-term interest rates moved up, much less than short-term rates, which are more directly impacted by Fed policy. The result is a negatively sloped yield curve with short-term rates higher than long-term rates.

Much has been made of the fact that the investment world is awash in liquidity. One of the effects of this phenomenon has been the low compensation investors receive for assuming more risk. This has expressed itself in the bond market as very small differences in yield for bonds with significant differences in credit ratings. Another way to view this situation is that there is little “give-up” in yield for owning high quality. Quality is cheap. Therefore, we have stressed purchases of U.S. Treasuries and Agencies (governments), the highest quality bonds available, and relatively short maturities which reduce volatility.

I'm happy to report that the Ave Maria Bond Fund (Retail Class) is 4-star rated by Morningstar\* (out of 951 intermediate-term bond funds). Overall Morningstar Rating™ for a fund is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) rating metrics.

Thanks for investing in the Ave Maria Bond Fund.

With best regards,



Richard L. Platte, Jr., CFA  
Portfolio Manager

# **AVE MARIA BOND FUND**

## **PORTFOLIO MANAGER COMMENTARY (Continued)**

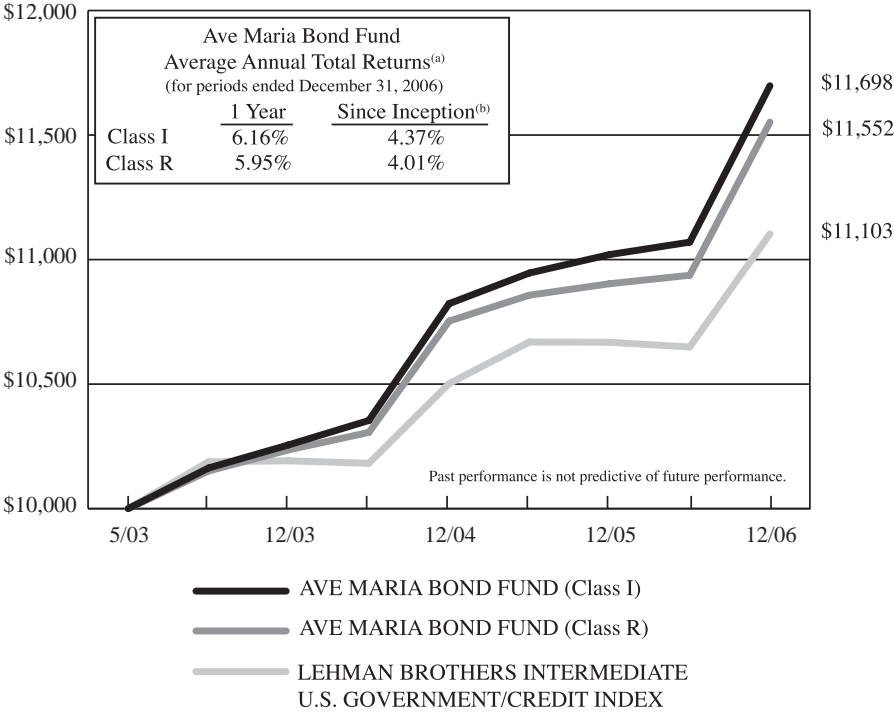
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\* Source: Morningstar 12/31/06. For each fund with at least a 3-year history, Morningstar calculates a risk-adjusted measure that accounts for variation in a fund's monthly performance (including the effects of all sales charges), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive a Morningstar Rating™ of 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Ave Maria Bond Fund was rated against 951 intermediate-term bond funds and received Morningstar Rating of 4 stars for the 3 year period. © 2006 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers, may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.



# AVE MARIA BOND FUND PERFORMANCE (Unaudited)

Comparison of the Change in Value of a \$10,000 Investment  
 in the Ave Maria Bond Fund and the Lehman Brothers  
 Intermediate U.S. Government/Credit 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, 2006.

# AVE MARIA BOND FUND

## TEN LARGEST HOLDINGS

### December 31, 2006 (Unaudited)

Par Value	Holding	Market Value	% of Net Assets
\$ 4,000,000	U.S. Treasury Note, 3.750%, due 05/15/08 ....	\$ 3,938,752	9.5%
3,000,000	U.S. Treasury Note, 2.625%, due 05/15/08 ....	2,910,468	7.1%
3,000,000	U.S. Treasury Note, 4.125%, due 05/15/15 ....	2,880,585	7.0%
2,000,000	U.S. Treasury Note, 3.375%, due 02/15/08 ....	1,965,078	4.8%
1,500,000	U.S. Treasury Note, 4.375%, due 08/15/12 ....	1,478,437	3.6%
1,500,000	U.S. Treasury Note, 4.250%, due 10/15/10 ....	1,476,797	3.6%
1,230,700	U.S. Treasury Inflation-Protection Note, 3.875%, due 01/15/09 .....	1,264,544	3.1%
1,000,000	United Technologies Corporation, 6.350%, due 03/01/11 .....	1,039,772	2.5%
1,000,000	Southern Power Company, 6.250%, due 07/15/12 .....	1,033,199	2.5%
999,420	U.S. Treasury Inflation-Protection Note, 2.500%, due 07/15/16 .....	1,006,994	2.4%

## ASSET ALLOCATION (Unaudited)

	% of Net Assets
<b>U.S. GOVERNMENT AND AGENCY OBLIGATIONS</b>	
U.S. Treasuries .....	50.4%
U.S. Government Agencies .....	10.7%
<b>CORPORATE BONDS</b>	
<u>Sector</u>	
Consumer Products.....	2.4%
Finance .....	4.7%
Food & Tobacco .....	1.5%
Industrials .....	3.7%
Utilities .....	2.5%
<b>COMMON STOCKS</b>	
<u>Sector</u>	
Business Services .....	1.6%
Consumer - Durables .....	1.6%
Energy & Mining .....	0.7%
Finance .....	6.4%
Industrial Products & Services.....	1.8%
Real Estate .....	1.0%
Utilities .....	4.7%
Cash Equivalents, Other Assets and Liabilities.....	6.3%
	<u>100.0%</u>

# AVE MARIA BOND FUND

## SCHEDULE OF INVESTMENTS

### December 31, 2006

Par Value	U.S. GOVERNMENT AND AGENCY OBLIGATIONS — 61.1%	Market Value
	<b>U.S. TREASURIES — 50.4%</b>	
\$ 2,000,000	U.S. Treasury Note, 3.375%, due 02/15/08 .....	\$ 1,965,078
3,000,000	U.S. Treasury Note, 2.625%, due 05/15/08 .....	2,910,468
4,000,000	U.S. Treasury Note, 3.750%, due 05/15/08 .....	3,938,752
1,230,700	U.S. Treasury Inflation-Protection Note, 3.875%, due 01/15/09 ..	1,264,544
1,000,000	U.S. Treasury Note, 3.000%, due 02/15/09 .....	964,062
1,000,000	U.S. Treasury Note, 3.375%, due 10/15/09 .....	964,766
1,500,000	U.S. Treasury Note, 4.250%, due 10/15/10 .....	1,476,797
1,500,000	U.S. Treasury Note, 4.375%, due 08/15/12 .....	1,478,437
1,000,000	U.S. Treasury Note, 4.000%, due 02/15/14 .....	957,227
3,000,000	U.S. Treasury Note, 4.125%, due 05/15/15 .....	2,880,585
1,000,000	U.S. Treasury Note, 4.500%, due 02/15/16 .....	984,062
999,420	U.S. Treasury Inflation-Protection Note, 2.500%, due 07/15/16....	1,006,994
		<u>20,791,772</u>
	<b>U.S. GOVERNMENT AGENCIES — 10.7%</b>	
1,000,000	Federal Farm Credit Bank, 4.480%, due 08/24/12 .....	975,602
1,000,000	Federal Farm Credit Bank, 4.600%, due 12/27/12 .....	980,529
500,000	Federal Home Loan Bank, 3.375%, due 07/21/08 .....	487,394
1,000,000	Federal Home Loan Bank, 4.375%, due 02/04/10 .....	979,716
1,000,000	Federal Home Loan Bank, 5.000%, due 09/01/10 .....	1,002,253
		<u>4,425,494</u>
	<b>TOTAL U.S. GOVERNMENT AND AGENCY OBLIGATIONS (Cost \$25,531,262) .....</b>	<b>\$ 25,217,266</b>

Par Value	CORPORATE BONDS — 14.8%	Market Value
	<b>CONSUMER PRODUCTS — 2.4%</b>	
\$ 1,000,000	Harley-Davidson, Inc. - 144A <sup>(a)</sup> , 3.625%, due 12/15/08 .....	\$ 968,894
	<b>FINANCE — 4.7%</b>	
1,000,000	Caterpillar Financial Services Corporation, 4.750%, due 02/17/15 .....	954,497
1,000,000	Marshall & Ilsley Bank, 5.250%, due 09/04/12 .....	1,002,867
		<u>1,957,364</u>
	<b>FOOD &amp; TOBACCO — 1.5%</b>	
600,000	Hormel Foods Corporation, 6.625%, due 06/01/11.....	630,372
	<b>INDUSTRIALS — 3.7%</b>	
500,000	Johnson Controls, Inc., 5.250%, due 01/15/11 .....	496,059
1,000,000	United Technologies Corporation, 6.350%, due 03/01/11 .....	1,039,772
		<u>1,535,831</u>

# AVE MARIA BOND FUND

## SCHEDULE OF INVESTMENTS (Continued)

Par Value	CORPORATE BONDS — 14.8% (Continued)	Market Value
	<b>UTILITIES — 2.5%</b>	
\$ 1,000,000	Southern Power Company, 6.250%, due 07/15/12 .....	\$ 1,033,199
	<b>TOTAL CORPORATE BONDS</b> (Cost \$6,256,926).....	\$ 6,125,660

Shares	COMMON STOCKS — 17.8%	Market Value
	<b>BUSINESS SERVICES — 1.6%</b>	
50,000	ServiceMaster Company (The).....	\$ 655,500
	<b>CONSUMER - DURABLES — 1.6%</b>	
10,000	Leggett & Platt, Inc. ....	239,000
15,000	Newell Rubbermaid Inc. ....	434,250
		<u>673,250</u>
	<b>ENERGY &amp; MINING — 0.7%</b>	
8,000	National Fuel Gas Company.....	<u>308,320</u>
	<b>FINANCE - BANKS &amp; THRIFTS — 4.6%</b>	
15,000	BB&T Corporation .....	658,950
10,000	Citizens Republic Bancorp .....	265,000
15,000	National City Corporation.....	548,400
15,000	TCF Financial Corporation .....	411,300
		<u>1,883,650</u>
	<b>FINANCE - INSURANCE — 1.8%</b>	
25,000	Arthur J. Gallagher & Co. ....	<u>738,750</u>
	<b>INDUSTRIAL PRODUCTS &amp; SERVICES — 1.8%</b>	
35,000	RPM International Inc. ....	<u>731,150</u>
	<b>REAL ESTATE — 1.0%</b>	
10,000	Duke Realty Corporation .....	<u>409,000</u>
	<b>UTILITIES — 4.7%</b>	
12,000	FPL Group, Inc. ....	653,040
12,000	Pinnacle West Capital Corporation.....	607,680
18,000	Southern Company .....	663,480
		<u>1,924,200</u>
	<b>TOTAL COMMON STOCKS</b> (Cost \$6,203,865) .....	\$ 7,323,820

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

Shares	CASH EQUIVALENTS — 4.8%	Market Value
1,959,237	Federated Treasury Obligations Money Market Fund .....	\$ 1,959,237
30,204	Federated Government Obligations Money Market Fund .....	30,204
	<b>TOTAL CASH EQUIVALENTS</b> (Cost \$1,989,441) .....	<u>\$ 1,989,441</u>
	<b>TOTAL INVESTMENTS AT MARKET VALUE — 98.5%</b> (Cost \$39,981,494) .....	\$ 40,656,187
	<b>OTHER ASSETS IN EXCESS OF LIABILITIES — 1.5%.....</b>	<u>605,639</u>
	<b>NET ASSETS — 100.0%</b> .....	\$ 41,261,826

(a) 144A - This is a restricted security that was sold in a transaction exempt from Rule 144A of the Securities Act of 1933. This security may be sold in transactions exempt from registration, normally to qualified institutional buyers.

See notes to financial statements.

# AVE MARIA MUTUAL FUNDS

## STATEMENTS OF ASSETS AND LIABILITIES

### December 31, 2006

	Ave Maria Catholic Values Fund	Ave Maria Growth Fund	Ave Maria Rising Dividend Fund	Ave Maria Opportunity Fund	Ave Maria Bond Fund
<b>ASSETS</b>					
Investment securities:					
At amortized cost .....	\$ 217,328,267	\$ 73,277,461	\$ 32,083,382	\$ 16,658,341	\$ 39,981,494
At market value (Note 1) .....	\$ 261,696,966	\$ 85,404,886	\$ 35,486,022	\$ 17,682,122	\$ 40,656,187
Receivable for capital shares sold .....	242,155	152,765	31,302	30,351	248,630
Dividends and interest receivable .....	277,344	91,056	65,132	21,477	375,280
Other assets .....	27,954	12,806	8,537	12,479	11,101
<b>TOTAL ASSETS</b> .....	<u>262,244,419</u>	<u>85,661,513</u>	<u>35,590,993</u>	<u>17,746,429</u>	<u>41,291,198</u>
<b>LIABILITIES</b>					
Payable for investment securities purchased .....	3,438,803	—	420,299	—	—
Payable for capital shares redeemed .....	54,281	224,067	30,053	1,253	6,181
Payable to Adviser (Note 2) .....	639,128	190,964	74,707	18,104	2,424
Payable to affiliate (Note 2) .....	32,300	10,700	4,400	4,000	4,000
Accrued distribution fees (Note 2) .....	30,093	8,099	—	—	4,868
Other accrued expenses .....	38,155	16,979	10,429	8,646	11,899
<b>TOTAL LIABILITIES</b> .....	<u>4,232,760</u>	<u>450,809</u>	<u>539,888</u>	<u>32,003</u>	<u>29,372</u>
<b>NET ASSETS</b> .....	<u>\$ 258,011,659</u>	<u>\$ 85,210,704</u>	<u>\$ 35,051,105</u>	<u>\$ 17,714,426</u>	<u>\$ 41,261,826</u>
<b>NET ASSETS CONSIST OF:</b>					
Paid-in capital .....	\$ 214,269,263	\$ 73,082,950	\$ 31,648,372	\$ 16,720,823	\$ 40,588,552
Undistributed/(Distributions in excess of) net investment income .....	—	—	—	258	( 1,440 )
Accumulated undistributed/(Distributions in excess of) net realized gains from security transactions .....	( 626,303 )	329	93	( 30,436 )	21
Net unrealized appreciation/(depreciation) on investments .....	44,368,699	12,127,425	3,402,640	1,023,781	674,693
<b>NET ASSETS</b> .....	<u>\$ 258,011,659</u>	<u>\$ 85,210,704</u>	<u>\$ 35,051,105</u>	<u>\$ 17,714,426</u>	<u>\$ 41,261,826</u>
Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value) .....	<u>15,641,099</u>	<u>4,949,680</u>	<u>2,902,503</u>	<u>1,679,454</u>	
Net asset value, offering price and redemption price per share (Note 1) .....	<u>\$ 16.50</u>	<u>\$ 17.22</u>	<u>\$ 12.08</u>	<u>\$ 10.55</u>	
<b>PRICING OF CLASS I SHARES</b>					
Net assets applicable to Class I shares .....					<u>\$ 17,880,112</u>
Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value) .....					<u>1,741,856</u>
Net asset value, offering price and redemption price per share (Note 1) .....					<u>\$ 10.26</u>
<b>PRICING OF CLASS R SHARES</b>					
Net assets applicable to Class R shares .....					<u>\$ 23,381,714</u>
Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value) .....					<u>2,280,686</u>
Net asset value, offering price and redemption price per share (Note 1) .....					<u>\$ 10.25</u>

See notes to financial statements.

# AVE MARIA MUTUAL FUNDS

## STATEMENTS OF OPERATIONS

### For the Year Ended December 31, 2006<sup>(a)</sup>

	Ave Maria Catholic Values Fund	Ave Maria Growth Fund	Ave Maria Rising Dividend Fund	Ave Maria Opportunity Fund	Ave Maria Bond Fund
<b>INVESTMENT INCOME</b>					
Dividend .....	\$ 2,997,724	\$ 846,457	\$ 736,655	\$ 168,085	\$ 373,674
Interest .....	132,577	22,258	22,961	66,474	1,673,840
Total Income .....	<u>3,130,301</u>	<u>868,715</u>	<u>759,616</u>	<u>234,559</u>	<u>2,047,514</u>
<b>EXPENSES</b>					
Investment advisory fees (Note 2) .....	2,467,162	726,474	229,848	112,052	155,008
Distribution fees (Note 2) .....	616,788	181,618	—	—	—
Distribution fees - Class R (Note 2) .....	—	—	—	—	49,765
Administration, accounting and transfer agent fees (Note 2) .....	370,007	109,000	49,354	32,000	53,031
Legal and audit fees .....	52,587	36,317	30,617	21,310	31,577
Postage and supplies .....	73,878	38,004	19,453	6,566	23,071
Trustees' fees and expenses .....	25,177	25,177	25,177	12,355	25,177
Registration fees - Common .....	28,135	20,198	22,674	13,012	7,844
Registration fees - Class I .....	—	—	—	—	1,330
Registration fees - Class R .....	—	—	—	—	10,542
Custodian fees .....	23,848	9,131	6,367	7,597	5,783
Insurance expense .....	20,855	6,824	3,139	932	6,431
Reports to shareholders .....	19,894	9,365	3,076	1,038	3,236
Compliance service fees .....	15,992	5,254	2,787	1,431	4,378
Advisory board fees and expenses .....	4,650	4,650	4,650	1,900	4,650
Other expenses .....	22,455	8,314	5,733	3,151	10,937
TOTAL EXPENSES .....	<u>3,741,428</u>	<u>1,180,326</u>	<u>402,875</u>	<u>213,344</u>	<u>392,760</u>
Less fees waived and/or expenses reimbursed by the Adviser (Note 2):					
Common .....	( 40,693 )	( 90,617 )	( 19,794 )	( 73,278 )	( 176,062 )
Class I .....	—	—	—	—	( 1,330 )
Class R .....	—	—	—	—	( 586 )
NET EXPENSES .....	<u>3,700,735</u>	<u>1,089,709</u>	<u>383,081</u>	<u>140,066</u>	<u>214,782</u>
<b>NET INVESTMENT INCOME/(LOSS) .....</b>	<u>( 570,434 )</u>	<u>( 220,994 )</u>	<u>376,535</u>	<u>94,493</u>	<u>1,832,732</u>
<b>REALIZED AND UNREALIZED GAINS ON INVESTMENTS</b>					
Net realized gains from security transactions	10,818,434	712,003	748,365	342,668	260,709
Net realized gains from in-kind redemptions (Note 1) .....	18,457,383	2,014,638	1,733,646	—	—
Net change in unrealized appreciation/ (depreciation) on investments .....	<u>4,564,102</u>	<u>7,996,624</u>	<u>2,332,107</u>	<u>1,023,781</u>	<u>704,922</u>
<b>NET REALIZED AND UNREALIZED GAINS ON INVESTMENTS .....</b>	<u>33,839,919</u>	<u>10,723,265</u>	<u>4,814,118</u>	<u>1,366,449</u>	<u>965,631</u>
<b>NET INCREASE IN NET ASSETS FROM OPERATIONS .....</b>	<u>\$ 33,269,485</u>	<u>\$ 10,502,271</u>	<u>\$ 5,190,653</u>	<u>\$ 1,460,942</u>	<u>\$ 2,798,363</u>

<sup>(a)</sup> Except for the Ave Maria Opportunity Fund, which represents the period from the commencement of operations (May 1, 2006) through December 31, 2006.

See notes to financial statements.

# AVE MARIA CATHOLIC VALUES FUND

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2006	Year Ended December 31, 2005
<b>FROM OPERATIONS</b>		
Net investment loss .....	\$ ( 570,434 )	\$ ( 675,749 )
Net realized gains from security transactions .....	10,818,434	6,419,904
Net realized gains from in-kind redemptions (Note 1) .....	18,457,383	25,684,514
Net change in unrealized appreciation/(depreciation) on investments .....	4,564,102	( 18,517,281 )
Net increase in net assets from operations .....	<u>33,269,485</u>	<u>12,911,388</u>
<b>FROM DISTRIBUTIONS TO SHAREHOLDERS</b>		
From net realized gains on investments .....	<u>( 10,545,124 )</u>	<u>( 6,556,047 )</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold .....	52,002,346	71,427,677
Reinvestment of distributions to shareholders .....	9,595,000	4,811,260
Payments for shares redeemed .....	<u>( 72,685,160 )</u>	<u>( 84,289,471 )</u>
Net decrease in net assets from capital share transactions .....	<u>( 11,087,814 )</u>	<u>( 8,050,534 )</u>
<b>TOTAL INCREASE/(DECREASE) IN NET ASSETS .....</b>	11,636,547	( 1,695,193 )
<b>NET ASSETS</b>		
Beginning of year .....	246,375,112	248,070,305
End of year .....	<u>\$ 258,011,659</u>	<u>\$ 246,375,112</u>
<b>ACCUMULATED UNDISTRIBUTED NET INVESTMENT INCOME.....</b>	<u>\$ —</u>	<u>\$ —</u>
<b>SUMMARY OF CAPITAL SHARE ACTIVITY</b>		
Shares sold.....	3,249,139	4,855,617
Shares issued in reinvestment of distributions to shareholders .....	578,360	316,942
Shares redeemed .....	<u>( 4,543,268 )</u>	<u>( 5,785,549 )</u>
Net decrease in shares outstanding .....	( 715,769 )	( 612,990 )
Shares outstanding, beginning of year.....	<u>16,356,868</u>	<u>16,969,858</u>
Shares outstanding, end of year .....	<u>15,641,099</u>	<u>16,356,868</u>

See notes to financial statements.



# AVE MARIA GROWTH FUND

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2006	Year Ended December 31, 2005
<b>FROM OPERATIONS</b>		
Net investment loss .....	\$ ( 220,994 )	\$ ( 197,932 )
Net realized gains from security transactions .....	712,003	195,655
Net realized gains from in-kind redemptions (Note 1) .....	2,014,638	5,019,059
Net change in unrealized appreciation/(depreciation) on investments .....	7,996,624	( 4,911,979 )
Net increase in net assets from operations .....	<u>10,502,271</u>	<u>104,803</u>
<b>FROM DISTRIBUTIONS TO SHAREHOLDERS</b>		
From net realized gains on investments .....	<u>( 711,674 )</u>	<u>( 170,748 )</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold .....	27,242,598	33,341,319
Reinvestment of distributions to shareholders .....	668,695	145,383
Payments for shares redeemed .....	<u>( 16,052,538 )</u>	<u>( 21,433,585 )</u>
Net increase in net assets from capital share transactions .....	<u>11,858,755</u>	<u>12,053,117</u>
<b>TOTAL INCREASE IN NET ASSETS .....</b>	<b>21,649,352</b>	<b>11,987,172</b>
<b>NET ASSETS</b>		
Beginning of year .....	63,561,352	51,574,180
End of year .....	<u>\$ 85,210,704</u>	<u>\$ 63,561,352</u>
<b>ACCUMULATED UNDISTRIBUTED NET INVESTMENT INCOME.....</b>	<u>\$ —</u>	<u>\$ —</u>
<b>SUMMARY OF CAPITAL SHARE ACTIVITY</b>		
Shares sold.....	1,667,583	2,275,713
Shares issued in reinvestment of distributions to shareholders .....	38,564	9,634
Shares redeemed .....	<u>( 993,409 )</u>	<u>( 1,488,490 )</u>
Net increase in shares outstanding .....	712,738	796,857
Shares outstanding, beginning of year.....	4,236,942	3,440,085
Shares outstanding, end of year .....	<u>4,949,680</u>	<u>4,236,942</u>

See notes to financial statements.

# AVE MARIA RISING DIVIDEND FUND

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2006	Period Ended December 31, 2005 <sup>(a)</sup>
<b>FROM OPERATIONS</b>		
Net investment income .....	\$ 376,535	\$ 154,951
Net realized gains from security transactions .....	748,365	5,878
Net realized gains from in-kind redemptions (Note 1) .....	1,733,646	—
Net change in unrealized appreciation/(depreciation) on investments .....	2,332,107	1,070,533
Net increase in net assets from operations .....	<u>5,190,653</u>	<u>1,231,362</u>
<b>FROM DISTRIBUTIONS TO SHAREHOLDERS</b>		
From net investment income .....	( 376,535 )	( 155,062 )
From net realized gains on investments .....	( 748,272 )	( 5,912 )
Net decrease in net assets from distributions to shareholders .....	<u>( 1,124,807 )</u>	<u>( 160,974 )</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold .....	16,397,640	24,214,318
Reinvestment of distributions to shareholders .....	711,266	115,204
Payments for shares redeemed .....	( 11,366,258 )	( 157,299 )
Net increase in net assets from capital share transactions .....	<u>5,742,648</u>	<u>24,172,223</u>
<b>TOTAL INCREASE IN NET ASSETS</b> .....	9,808,494	25,242,611
<b>NET ASSETS</b>		
Beginning of period .....	25,242,611	—
End of period .....	<u>\$ 35,051,105</u>	<u>\$ 25,242,611</u>
<b>ACCUMULATED UNDISTRIBUTED NET INVESTMENT INCOME</b> .....	<u>\$ —</u>	<u>\$ —</u>
<b>SUMMARY OF CAPITAL SHARE ACTIVITY</b>		
Shares sold .....	1,432,894	2,387,085
Shares issued in reinvestment of distributions to shareholders .....	59,190	11,154
Shares redeemed .....	( 972,858 )	( 14,962 )
Net increase in shares outstanding .....	519,226	2,383,277
Shares outstanding, beginning of period .....	2,383,277	—
Shares outstanding, end of period .....	<u>2,902,503</u>	<u>2,383,277</u>

<sup>(a)</sup> Represents the period from the commencement of operations (May 2, 2005) through December 31, 2005.

See notes to financial statements.

# AVE MARIA OPPORTUNITY FUND

## STATEMENT OF CHANGES IN NET ASSETS

	Period Ended December 31, 2006 <sup>(a)</sup>
<b>FROM OPERATIONS</b>	
Net investment income.....	\$ 94,493
Net realized gains from security transactions.....	342,668
Net change in unrealized appreciation/(depreciation) on investments .....	<u>1,023,781</u>
Net increase in net assets from operations .....	<u>1,460,942</u>
<b>FROM DISTRIBUTIONS TO SHAREHOLDERS</b>	
From net investment income.....	( 94,235 )
From net realized gains on investments .....	<u>( 373,104 )</u>
Net decrease in net assets from distributions to shareholders .....	<u>( 467,339 )</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>	
Proceeds from shares sold.....	18,868,063
Reinvestment of distributions to shareholders.....	91,678
Payments for shares redeemed.....	<u>( 2,238,918 )</u>
Net increase in net assets from capital share transactions .....	<u>16,720,823</u>
<b>TOTAL INCREASE IN NET ASSETS .....</b>	<b>17,714,426</b>
<b>NET ASSETS</b>	
Beginning of period.....	<u>—</u>
End of period .....	<u>\$17,714,426</u>
<b>ACCUMULATED UNDISTRIBUTED NET INVESTMENT INCOME .....</b>	<b>\$ 258</b>
<b>SUMMARY OF CAPITAL SHARE ACTIVITY</b>	
Shares sold.....	1,880,754
Shares issued in reinvestment of distributions to shareholders.....	8,641
Shares redeemed.....	<u>( 209,941 )</u>
Net increase in shares outstanding.....	1,679,454
Shares outstanding, beginning of period .....	<u>—</u>
Shares outstanding, end of period.....	<u>1,679,454</u>

<sup>(a)</sup> Represents the period from the commencement of operations (May 1, 2006) through December 31, 2006.

See notes to financial statements.

# AVE MARIA BOND FUND

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2006	Year Ended December 31, 2005
<b>FROM OPERATIONS</b>		
Net investment income .....	\$ 1,832,732	\$ 1,792,490
Net realized gains from security transactions .....	260,709	277,837
Net change in unrealized appreciation/(depreciation) on investments .....	704,922	( 954,305 )
Net increase in net assets from operations .....	<u>2,798,363</u>	<u>1,116,022</u>
<b>FROM DISTRIBUTIONS TO SHAREHOLDERS</b>		
From net investment income, Class I .....	( 1,135,731 )	( 1,391,917 )
From net investment income, Class R .....	( 700,257 )	( 401,832 )
From net realized gains on investments, Class I .....	( 114,092 )	( 206,354 )
From net realized gains on investments, Class R .....	( 146,596 )	( 71,805 )
Net decrease in net assets from distributions to shareholders .....	<u>( 2,096,676 )</u>	<u>( 2,071,908 )</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
<b>CLASS I</b>		
Proceeds from shares sold .....	135,000	15,155,714
Reinvestment of distributions to shareholders .....	16,961	1,255,136
Payments for shares redeemed .....	( 30,709,371 )	( 128 )
Net increase/(decrease) in net assets from Class I capital share transactions .....	<u>( 30,557,410 )</u>	<u>16,410,722</u>
<b>CLASS R</b>		
Proceeds from shares sold .....	8,193,903	12,343,959
Reinvestment of distributions to shareholders .....	774,275	437,119
Payments for shares redeemed .....	( 2,804,300 )	( 2,230,831 )
Net increase in net assets from Class R capital share transactions .....	<u>6,163,878</u>	<u>10,550,247</u>
<b>TOTAL INCREASE/(DECREASE) IN NET ASSETS .....</b>	<b>( 23,691,845 )</b>	<b>26,005,083</b>
<b>NET ASSETS</b>		
Beginning of year .....	<u>64,953,671</u>	<u>38,948,588</u>
End of year .....	<u>\$ 41,261,826</u>	<u>\$ 64,953,671</u>
<b>ACCUMULATED UNDISTRIBUTED/(OVERDISTRIBUTED)</b>		
<b>NET INVESTMENT INCOME .....</b>	<u>\$ ( 1,440 )</u>	<u>\$ 1,816</u>
<b>SUMMARY OF CAPITAL SHARE ACTIVITY</b>		
<b>CLASS I</b>		
Shares sold .....	13,478	1,487,398
Shares issued in reinvestment of distributions to shareholders .....	1,689	123,286
Shares redeemed .....	( 3,039,466 )	( 13 )
Net increase/(decrease) in shares outstanding .....	( 3,024,299 )	1,610,671
Shares outstanding, beginning of year .....	<u>4,766,155</u>	<u>3,155,484</u>
Shares outstanding, end of year .....	<u>1,741,856</u>	<u>4,766,155</u>
<b>CLASS R</b>		
Shares sold .....	811,940	1,215,210
Shares issued in reinvestment of distributions to shareholders .....	76,363	43,058
Shares redeemed .....	( 277,651 )	( 219,911 )
Net increase in shares outstanding .....	610,652	1,038,357
Shares outstanding, beginning of year .....	<u>1,670,034</u>	<u>631,677</u>
Shares outstanding, end of year .....	<u>2,280,686</u>	<u>1,670,034</u>

See notes to financial statements.

# AVE MARIA CATHOLIC VALUES FUND

## FINANCIAL HIGHLIGHTS

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

	Year Ended December 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
Net asset value at beginning of year .....	\$ 15.06	\$ 14.62	\$ 12.75	\$ 9.47	\$ 10.50
Income/(loss) from investment operations:					
Net investment loss .....	(0.04)	(0.04)	(0.05)	(0.03)	(0.01)
Net realized and unrealized gains/(losses) on investments.....	2.18	0.89	2.61	3.40	(1.02)
Total from investment operations .....	2.14	0.85	2.56	3.37	(1.03)
Less distributions:					
From net realized gains on investments .....	(0.70)	(0.41)	(0.69)	(0.09)	—
Net asset value at end of year.....	\$ 16.50	\$ 15.06	\$ 14.62	\$ 12.75	\$ 9.47
Total return <sup>(a)</sup> .....	14.2%	5.8%	20.1%	35.6%	(9.8)%
Ratios/Supplementary Data:					
Net assets at end of year (000's) .....	\$ 258,012	\$ 246,375	\$ 248,070	\$ 144,956	\$ 61,802
Ratio of net expenses to average net assets <sup>(b)</sup> .....	1.50%	1.50%	1.50%	1.50%	1.50%
Ratio of net investment loss to average net assets.....	(0.23)%	(0.28)%	(0.44)%	(0.28)%	(0.14)%
Portfolio turnover rate .....	59%	61%	34%	58%	86%

<sup>(a)</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. The returns shown do not reflect any reduction for sales charges, nor do they reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(b)</sup> Absent investment advisory fees waived by the Adviser, the ratio of expenses to average net assets would have been 1.52%, 1.51%, 1.52%, 1.56% and 1.69% for the years ended December 31, 2006, 2005, 2004, 2003 and 2002, respectively.

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, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004	Period Ended December 31, 2003 <sup>(a)</sup>
Net asset value at beginning of period.....	\$ 15.00	\$ 14.99	\$ 12.34	\$ 10.00
Income/(loss) from investment operations:				
Net investment loss.....	( 0.04 )	( 0.05 )	( 0.03 )	( 0.02 )
Net realized and unrealized gains on investments	2.40	0.10	2.68	2.36
Total from investment operations.....	2.36	0.05	2.65	2.34
Less distributions:				
From net realized gains on investments .....	( 0.14 )	( 0.04 )	—	—
Net asset value at end of period .....	\$ 17.22	\$ 15.00	\$ 14.99	\$ 12.34
Total return <sup>(b)</sup> .....	15.8%	0.3%	21.5%	23.4% <sup>(c)</sup>
Ratios/Supplementary Data:				
Net assets at end of period (000's).....	\$ 85,211	\$ 63,561	\$ 51,574	\$ 15,105
Ratio of net expenses to average net assets <sup>(d)</sup> .....	1.50%	1.50%	1.50%	1.49% <sup>(e)</sup>
Ratio of net investment loss to average net assets ....	(0.30)%	(0.34)%	(0.29)%	(0.36)% <sup>(e)</sup>
Portfolio turnover rate .....	13%	29%	3%	0%

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

<sup>(b)</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. The returns shown do not reflect any reduction for sales charges, nor do they reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

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

<sup>(d)</sup> Absent fee waivers and expense reimbursements by the Adviser, the ratio of expenses to average net assets would have been 1.62%, 1.64%, 1.79% and 2.61% <sup>(e)</sup> for the periods ended December 31, 2006, 2005, 2004 and 2003, respectively.

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

See notes to financial statements.

# AVE MARIA RISING DIVIDEND FUND

## FINANCIAL HIGHLIGHTS

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

	Year Ended December 31, 2006	Period Ended December 31, 2005 <sup>(a)</sup>
Net asset value at beginning of period .....	\$ 10.59	\$ 10.00
Income from investment operations:		
Net investment income .....	0.14	0.08
Net realized and unrealized gains on investments .....	1.75	0.59
Total from investment operations .....	1.89	0.67
Less distributions:		
From net investment income .....	( 0.14 )	( 0.08 )
From net realized gains on investments .....	( 0.26 )	( 0.00 ) <sup>(b)</sup>
Total distributions .....	( 0.40 )	( 0.08 )
Net asset value at end of period.....	\$ 12.08	\$ 10.59
Total return <sup>(c)</sup> .....	17.9%	6.7% <sup>(d)</sup>
Ratios/Supplementary Data:		
Net assets at end of period (000's) .....	\$ 35,051	\$ 25,243
Ratio of net expenses to average net assets <sup>(e)</sup> .....	1.25%	1.24% <sup>(f)</sup>
Ratio of net investment income to average net assets .....	1.23%	1.19% <sup>(f)</sup>
Portfolio turnover rate .....	65%	21% <sup>(f)</sup>

<sup>(a)</sup> Represents the period from the initial public offering (May 2, 2005) through December 31, 2005.

<sup>(b)</sup> Amount rounds to less than \$0.01 per share.

<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. The returns shown do not reflect any reduction for sales charges, nor do they reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

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

<sup>(e)</sup> Absent investment advisory fees waived by the Adviser, the ratio of expenses to average net assets would have been 1.31% and 1.43%<sup>(f)</sup> for the periods ended December 31, 2006 and 2005, respectively.

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

See notes to financial statements.

# AVE MARIA OPPORTUNITY FUND

## FINANCIAL HIGHLIGHTS

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

	Period Ended December 31, 2006 <sup>(a)</sup>
Net asset value at beginning of period .....	\$ 10.00
Income from investment operations:	
Net investment income.....	0.06
Net realized and unrealized gains on investments.....	0.77
Total from investment operations.....	0.83
Less distributions:	
From net investment income.....	( 0.06 )
From net realized gains on investments .....	( 0.22 )
Total distributions.....	( 0.28 )
Net asset value at end of period.....	\$ 10.55
Total return <sup>(b)</sup> .....	8.3% <sup>(c)</sup>
Ratios/Supplementary Data:	
Net assets at end of period (000's) .....	\$ 17,714
Ratio of net expenses to average net assets <sup>(d)</sup> .....	1.24% <sup>(e)</sup>
Ratio of net investment income to average net assets .....	0.84% <sup>(e)</sup>
Portfolio turnover rate.....	102% <sup>(e)</sup>

<sup>(a)</sup> Represents the period from the initial public offering (May 1, 2006) through December 31, 2006.

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

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

<sup>(d)</sup> Absent investment advisory fees waived by the Adviser, the ratio of expenses to average net assets would have been 1.90% <sup>(e)</sup> for the period ended December 31, 2006.

<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, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004	Period Ended December 31, 2003 <sup>(a)</sup>
Net asset value at beginning of period.....	\$ 10.10	\$ 10.29	\$ 10.09	\$ 10.00
Income/(loss) from investment operations:				
Net investment income .....	0.38	0.33	0.28	0.16
Net realized and unrealized gains/ (losses) on investments .....	0.23	( 0.15 )	0.27	0.10
Total from investment operations.....	0.61	0.18	0.55	0.26
Less distributions:				
From net investment income .....	( 0.38 )	( 0.33 )	( 0.28 )	( 0.16 )
From net realized gains on investments .....	( 0.07 )	( 0.04 )	( 0.07 )	( 0.01 )
Total distributions.....	( 0.45 )	( 0.37 )	( 0.35 )	( 0.17 )
Net asset value at end of period .....	\$ 10.26	\$ 10.10	\$ 10.29	\$ 10.09
Total return <sup>(b)</sup> .....	6.2%	1.8%	5.5%	2.6% <sup>(c)</sup>
Ratios/Supplementary Data:				
Net assets at end of period (000's).....	\$ 17,880	\$ 48,115	\$ 32,458	\$ 30,773
Ratio of net expenses to average net assets <sup>(d)</sup> .....	0.30%	0.30%	0.30%	0.30% <sup>(e)</sup>
Ratio of net investment income to average net assets .....	3.67%	3.32%	2.77%	2.36% <sup>(e)</sup>
Portfolio turnover rate .....	21%	22%	47%	50% <sup>(e)</sup>

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

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

<sup>(d)</sup> Absent fee waivers and expense reimbursements by the Adviser, the ratio of expenses to average net assets would have been 0.65%, 0.61%, 0.72% and 0.71% <sup>(e)</sup> for the periods ended December 31, 2006, 2005, 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 2006	Year Ended December 31, 2005	Year Ended December 31, 2004	Period Ended December 31, 2003 <sup>(a)</sup>
Net asset value at beginning of period.....	\$ 10.08	\$ 10.28	\$ 10.09	\$ 10.00
Income/(loss) from investment operations:				
Net investment income .....	0.35	0.30	0.24	0.14
Net realized and unrealized gains/ (losses) on investments .....	0.24	( 0.16 )	0.26	0.10
Total from investment operations.....	0.59	0.14	0.50	0.24
Less distributions:				
From net investment income .....	( 0.35 )	( 0.30 )	( 0.24 )	( 0.14 )
From net realized gains on investments .....	( 0.07 )	( 0.04 )	( 0.07 )	( 0.01 )
Total distributions.....	( 0.42 )	( 0.34 )	( 0.31 )	( 0.15 )
Net asset value at end of period .....	\$ 10.25	\$ 10.08	\$ 10.28	\$ 10.09
Total return <sup>(b)</sup> .....	6.0%	1.4%	5.1%	2.4% <sup>(c)</sup>
Ratios/Supplementary Data:				
Net assets at end of period (000's).....	\$ 23,382	\$ 16,839	\$ 6,491	\$ 1,502
Ratio of net expenses to average net assets <sup>(d)</sup> .....	0.60%	0.61%	0.70%	0.69% <sup>(e)</sup>
Ratio of net investment income to average net assets .....	3.37%	3.01%	2.37%	1.96% <sup>(e)</sup>
Portfolio turnover rate .....	21%	22%	47%	50% <sup>(e)</sup>

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

<sup>(b)</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. The returns shown do not reflect any reduction for sales charges, nor do they reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

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

<sup>(d)</sup> Absent fee waivers and expense reimbursements by the Adviser, the ratio of expenses to average net assets would have been 0.94%, 0.92%, 1.31% and 2.49% <sup>(e)</sup> for the periods ended December 31, 2006, 2005, 2004 and 2003, respectively.

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

See notes to financial statements.

# **AVE MARIA MUTUAL FUNDS**

## **NOTES TO FINANCIAL STATEMENTS**

### **December 31, 2006**

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

The Ave Maria Catholic Values Fund, the Ave Maria Growth Fund, the Ave Maria Rising Dividend Fund, the Ave Maria Opportunity Fund (formerly the Ave Maria Small Cap Fund) and the Ave Maria Bond Fund (collectively, the “Funds”) are each a diversified series of the Schwartz Investment Trust (the “Trust”), an 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 Ave Maria Rising Dividend Fund commenced the public offering of its shares on May 2, 2005. The Ave Maria Opportunity Fund commenced the public offering of its shares on May 1, 2006. 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 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 core values and teachings of the Roman Catholic Church. The investment objective of the Ave Maria Rising Dividend Fund is to provide increasing dividend income over time, long-term growth of capital, and a reasonable level of current income from investments in dividend-paying common stocks of companies that do not violate core values and teachings of the Roman Catholic Church. The investment objective of the Ave Maria Opportunity Fund is long-term capital appreciation from equity investments in companies that do not violate 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 Funds’ Prospectus for 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) each class has exclusive voting rights with respect to matters relating to its own distribution arrangements; and (4) 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.

AVE MARIA MUTUAL FUNDS

NOTES TO FINANCIAL STATEMENTS (Continued)

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 are equal to the net asset value per share for each Fund. Prior to September 1, 2006, shares of the Ave Maria Catholic Values Fund, the Ave Maria Growth Fund and Class R shares of the Ave Maria Bond Fund were subject to a contingent deferred sales charge ("CDSC").

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

**(a) Valuation of investments** – Securities which are traded on stock exchanges 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 which are quoted by NASDAQ are valued at the NASDAQ Official Closing Price. Securities traded in the over-the-counter market are valued at the last reported sales price or, if there is no reported sale on the valuation date, at the most recently quoted bid price. 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 a Fund so qualifies and distributes at least 90% of its taxable income, such 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, 2006 was as follows:

	Ave Maria Catholic Values Fund	Ave Maria Growth Fund	Ave Maria Rising Dividend Fund	Ave Maria Opportunity Fund	Ave Maria Bond Fund
Undistributed ordinary income .....	\$ —	\$ —	\$ —	\$ 266	\$ 2,024
Undistributed long-term gains .....	932	329	93	—	21
Net unrealized appreciation .....	43,741,464	12,127,425	3,402,640	993,337	671,229
Total distributable earnings .....	<u>\$ 43,742,396</u>	<u>\$ 12,127,754</u>	<u>\$ 3,402,733</u>	<u>\$ 993,603</u>	<u>\$ 673,274</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, 2006:

	Ave Maria Catholic Values Fund	Ave Maria Growth Fund	Ave Maria Rising Dividend Fund	Ave Maria Opportunity Fund	Ave Maria Bond Fund
Gross unrealized appreciation .....	\$ 46,609,342	\$ 13,765,474	\$ 3,716,643	\$ 1,434,114	\$ 1,211,464
Gross unrealized depreciation .....	(2,867,878)	(1,638,049)	(314,003)	(440,777)	(540,235)
Net unrealized appreciation .....	<u>\$ 43,741,464</u>	<u>\$ 12,127,425</u>	<u>\$ 3,402,640</u>	<u>\$ 993,337</u>	<u>\$ 671,229</u>
Federal income tax cost.....	<u>\$ 217,955,502</u>	<u>\$ 73,277,461</u>	<u>\$ 32,083,382</u>	<u>\$ 16,688,785</u>	<u>\$ 39,984,958</u>

The difference between the federal income tax cost of portfolio investments and the financial statement cost for the Ave Maria Catholic Values Fund and the Ave Maria Opportunity 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. 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.

During the year ended December 31, 2006, the Ave Maria Catholic Values Fund, the Ave Maria Growth Fund and the Ave Maria Rising Dividend Fund realized \$18,457,383, \$2,014,638 and \$1,733,646, respectively, of net capital gains resulting from in-kind redemptions – in which shareholders who redeemed Fund shares received securities held by the Fund rather than cash. The Funds recognize a gain on in-kind redemptions to the extent that the value of the distributed securities on the date of redemption exceeds the cost of those securities. Such gains are not taxable to the Funds and are not required to be distributed to shareholders.

For the year ended December 31, 2006, the Ave Maria Catholic Values Fund and the Ave Maria Growth Fund reclassified \$570,434 and \$220,994, respectively, of their net investment loss against paid-in capital. Also, the Ave Maria Catholic Values Fund, the Ave Maria Growth Fund, and the Ave Maria Rising Dividend Fund reclassified their net capital gains resulting from in-kind redemptions of \$18,457,383, \$2,014,638 and \$1,733,646, respectively, against paid-in capital. These reclassifications are reflected on the Statements 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 securities sold are determined on a specific identification basis. Discounts and premiums on fixed-income securities purchased are amortized using the interest method.

# AVE MARIA MUTUAL FUNDS

## NOTES TO FINANCIAL STATEMENTS (Continued)

**(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, the Ave Maria Growth Fund and the Ave Maria Opportunity Fund. Dividends from net investment income, if any, are declared and paid quarterly for the Ave Maria Rising Dividend 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 years ended December 31, 2006 and December 31, 2005 was as follows:

Year Ended	Ordinary Income	Long-Term Capital Gains	Total Distributions
<b>Ave Maria Catholic Values Fund:</b>			
December 31, 2006.....	\$ —	\$ 10,545,124	\$ 10,545,124
December 31, 2005.....	\$ —	\$ 6,556,047	\$ 6,556,047
<b>Ave Maria Growth Fund:</b>			
December 31, 2006.....	\$ —	\$ 711,674	\$ 711,674
December 31, 2005.....	\$ —	\$ 170,748	\$ 170,748
<b>Ave Maria Rising Dividend Fund:</b>			
December 31, 2006.....	\$ 719,951	\$ 404,856	\$ 1,124,807
December 31, 2005.....	\$ 160,974	\$ —	\$ 160,974
<b>Ave Maria Opportunity Fund:</b>			
December 31, 2006.....	\$ 467,339	\$ —	\$ 467,339
<b>Ave Maria Bond Fund - Class I:</b>			
December 31, 2006.....	\$ 1,135,731	\$ 114,092	\$ 1,249,823
December 31, 2005.....	\$ 1,391,917	\$ 206,354	\$ 1,598,271
<b>Ave Maria Bond Fund - Class R:</b>			
December 31, 2006.....	\$ 700,257	\$ 146,596	\$ 846,853
December 31, 2005.....	\$ 401,832	\$ 71,805	\$ 473,637

**(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 obligations issued or guaranteed by the U.S. Government or its agencies of instrumentalities 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 generally accepted accounting principles in the United States of America 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.

# AVE MARIA MUTUAL FUNDS

## NOTES TO FINANCIAL STATEMENTS (Continued)

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**(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 Agreements and Transactions with Related Parties

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

Pursuant to Investment Advisory Agreements between the Trust 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, the Ave Maria Growth Fund and the Ave Maria Opportunity Fund a quarterly fee at the annual rate of 1.00% of its average daily net assets. The Adviser receives from the Ave Maria Rising Dividend Fund and the Ave Maria Bond Fund a quarterly fee at the annual rate of 0.75% and 0.30%, respectively, of average 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 and the Ave Maria Opportunity Fund do not exceed 1.50% and 1.25%, respectively, until at least May 1, 2009. 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. 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 Rising Dividend Fund do not exceed 1.25%, until at least May 1, 2010. For the year ended December 31, 2006, the Adviser waived investment advisory fees of \$40,693 with respect to the Ave Maria Catholic Values Fund; waived investment advisory fees of \$90,617 with respect to the Ave Maria Growth Fund; waived investment advisory fees of \$19,794 with respect to the Ave Maria Rising Dividend Fund; waived investment advisory fees of \$73,278 with respect to the Ave Maria Opportunity Fund; and waived all of its investment advisory fees of \$155,008 and reimbursed \$22,970 of other operating expenses (including \$21,054 of common expenses, \$1,330 of Class I expenses and \$586 of Class R expenses) with respect to the Ave Maria Bond Fund.

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

Any fee waivers or expense reimbursements by the Adviser are subject to repayment by the Funds for a period of three years from the time such waivers or reimbursements occurred, provided the Funds are able to effect such repayment and remain in compliance with any undertaking by the Adviser to limit expenses of the Funds. As of December 31, 2006, the amount of fee waivers and expense reimbursements available for reimbursement to the Adviser are as follows:

Ave Maria Catholic Values Fund.....	\$ 110,787
Ave Maria Growth Fund.....	\$ 264,396
Ave Maria Rising Dividend Fund.....	\$ 44,436
Ave Maria Opportunity Fund .....	\$ 73,278
Ave Maria Bond Fund .....	\$ 503,065

As of December 31, 2006, the Adviser may recapture a portion of the above amounts no later than the dates as stated below:

	December 31, 2007	December 31, 2008	December 31, 2009
Ave Maria Catholic Values Fund .....	\$ 36,934	\$ 33,160	\$ 40,693
Ave Maria Growth Fund .....	\$ 93,231	\$ 80,548	\$ 90,617
Ave Maria Rising Dividend Fund.....	\$ —	\$ 24,642	\$ 19,794
Ave Maria Opportunity Fund .....	\$ —	\$ —	\$ 73,278
Ave Maria Bond Fund .....	\$ 154,274	\$ 170,813	\$ 177,978

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, the Ave Maria Growth Fund, the Ave Maria Rising Dividend Fund and the Ave Maria Opportunity 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 December 31, 2006, the Ave Maria Catholic Values Fund, the Ave Maria Growth Fund, the Ave Maria Rising Dividend Fund, the Ave Maria Opportunity Fund and the Ave Maria Bond Fund paid \$370,007, \$109,000, \$49,354, \$32,000 and \$53,031, respectively, to Ultimus for mutual fund services.

Pursuant to a Distribution Agreement between the Funds and the Distributor, the Distributor serves as the Funds’ exclusive agent for the distribution of its shares. Effective September 1, 2006, shares of the Ave Maria Catholic Values Fund, the Ave Maria Growth Fund and Class R shares of the Ave Maria Bond Fund are no longer subject to a CDSC. During the year ended December 31, 2006, the Distributor received \$1,337, \$2,091, and \$565 of CDSC’s imposed on redemptions of shares of the Ave Maria Catholic Values Fund, the Ave Maria Growth Fund, and Class R shares of the Ave Maria Bond Fund, respectively.



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

The Ave Maria Catholic Values Fund, the Ave Maria Growth Fund and the Ave Maria Bond Fund have 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 personnel 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, 2006, the total expenses incurred pursuant to the Plan were \$616,788, \$181,618, and \$49,765 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, 2006, 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 Rising Dividend Fund	Ave Maria Opportunity Fund	Ave Maria Bond Fund
Purchases of investment securities.....	\$ 139,122,836	\$ 21,861,568	\$ 24,084,902	\$ 23,231,489	\$ 4,424,315
Proceeds from sales of investment securities .....	\$ 162,598,439	\$ 9,546,997	\$ 18,711,674	\$ 9,290,532	\$ 13,577,560

**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.

**5. New Accounting Pronouncements**

On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 (FIN 48) "Accounting for Uncertainty in Income Taxes." FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken in the course of preparing each Fund’s tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be booked as a tax expense in the current year and recognized as: a liability for unrecognized tax benefits; a reduction of an income tax refund receivable; a reduction of deferred tax asset; an increase in deferred tax liability; or a

# **AVE MARIA MUTUAL FUNDS**

## **NOTES TO FINANCIAL STATEMENTS (Continued)**

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combination thereof. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006. At this time, management is evaluating the implications of FIN 48 and its impact on the financial statements has not yet been determined.

In September 2006, the Financial Accounting Standards Board issued Statement on Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements." This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The changes to current generally accepted accounting principles from the application of this Statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. As of December 31, 2006, each Fund does not believe the adoption of SFAS No. 157 will impact the amounts reported in the financial statements, however, additional disclosures may be required about the inputs used to develop the measurements and the effect of certain of the measurements reported on the statement of changes in net assets for a fiscal period.

# **AVE MARIA MUTUAL FUNDS**

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

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To the Shareholders and Board of Trustees  
Ave Maria Catholic Values Fund, Ave Maria Growth Fund,  
Ave Maria Rising Dividend Fund, Ave Maria Opportunity 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, Ave Maria Rising Dividend Fund, Ave Maria Opportunity Fund, and Ave Maria Bond Fund (the “Funds”), including the schedules of investments, as of December 31, 2006, 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. The Funds are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the 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, 2006, by correspondence with the custodian and brokers. 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, Ave Maria Growth Fund, Ave Maria Rising Dividend Fund, Ave Maria Opportunity Fund, and Ave Maria Bond Fund as of December 31, 2006, the results of their operations, the changes in their net assets, and the 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 9, 2007

# 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/Officer	Address	Age	Position Held with the Trust	Length of Time Served
<i>Interested Trustees:</i>				
* Gregory J. Schwartz	3707 W. Maple Road Bloomfield Hills, MI	65	Chairman of the Board/Trustee	Since 1992
* George P. Schwartz, CFA	3707 W. Maple Road Bloomfield Hills, MI	62	President/Trustee	Since 1992
<i>Independent Trustees:</i>				
John E. Barnds	640 Lakeside Road Birmingham, MI	74	Trustee	Since 2005
Peter F. Barry	3707 W. Maple Road Bloomfield Hills, MI	79	Trustee	Since 2004
Donald J. Dawson, Jr.	333 W. Seventh Street Royal Oak, MI	59	Trustee	Since 1993
Fred A. Erb	800 Old North Woodward Birmingham, MI	83	Trustee Emeritus	Since 1994
Sidney F. McKenna	1173 Banbury Circle Bloomfield Hills, MI	84	Trustee Emeritus	Since 1993
<i>Executive Officers:</i>				
* Richard L. Platte, Jr., CFA	3707 W. Maple Road Bloomfield Hills, MI	55	Vice President and Secretary	Since 1993
* Timothy S. Schwartz	3707 W. Maple Road Bloomfield Hills, MI	35	Treasurer	Since 2000
* Becky S. Renaud	3707 W. Maple Road Bloomfield Hills, MI	34	Chief Compliance Officer	Since 2006
* Gregory J. Schwartz, George P. Schwartz, Richard L. Platte, Jr., Timothy S. Schwartz and Becky S. Renaud, as affiliated persons of Schwartz Investment Counsel, Inc., the Funds' 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 six portfolios of the Trust: the Ave Maria Catholic Values Fund, the Ave Maria Growth Fund, the Ave Maria Rising Dividend Fund, the Ave Maria Opportunity Fund, the 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., Inc., a registered broker-dealer.

## **AVE MARIA MUTUAL FUNDS**

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

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

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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 and the Ave Maria Rising Dividend Fund.

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 Chairman and Chief Executive Officer of Edgemere Enterprises, Inc. (a real estate investment, development and management company).

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 and the co-portfolio manager of the Ave Maria Rising Dividend Fund.

Timothy S. Schwartz is Vice President and Treasurer of Schwartz Investment Counsel, Inc. and is the portfolio manager of the Ave Maria Opportunity Fund.

Becky S. Renaud is Chief Financial Officer and Chief Compliance Officer of Schwartz Investment Counsel, Inc.

# 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 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:

Member	Address	Age	Length of Time Served
Bowie K. Kuhn	136 Teal Pointe Lane, Ponta Vedra Beach, FL	80	Since 2001
Lawrence Kudlow	One Dag Hammarskjold Plaza, 26th Floor, New York, NY	59	Since 2005
Thomas S. Monaghan	One Ave Maria Drive, Ann Arbor, MI	70	Since 2001
Michael Novak	1150 17th Street, NW, Suite 1100, Washington, DC	73	Since 2001
Paul R. Roney	One Ave Maria Drive, Ann Arbor, MI	49	Since 2001
Phyllis Schlafly	7800 Bonhomme, St. Louis, MO	82	Since 2001

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

Lawrence Kudlow is the host of CNBC’s “Kudlow & Company” and a nationally syndicated columnist.

Thomas S. Monaghan is Chairman of the Ave Maria Foundation (a non-profit foundation supporting Roman Catholic organizations) and Chancellor of Ave Maria University. 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 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 (888) 726-9331.

## **AVE MARIA MUTUAL FUNDS**

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

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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, the Ave Maria Growth Fund, the Ave Maria Rising Dividend Fund, the Ave Maria Opportunity Fund and the Ave Maria Bond Fund and certain ordinary income dividends paid by the Ave Maria Rising Dividend Fund and the Ave Maria Bond Fund during the fiscal year ended December 31, 2006. On December 28, 2006, the Ave Maria Catholic Values Fund declared and paid a long-term capital gain distribution of \$0.7006 per share; the Ave Maria Growth Fund declared and paid a long-term capital gain distribution of \$0.1448 per share; the Ave Maria Rising Dividend Fund declared and paid a short-term capital gain distribution of \$0.1203 per share and declared and paid a long-term capital gain distribution of \$0.1418; the Ave Maria Opportunity Fund declared and paid an ordinary income dividend of \$0.0565 and declared and paid a short-term capital gain distribution of \$0.2237; and the Ave Maria Bond Fund declared and paid a long-term capital gain distribution of \$0.0655 per share. Periodically throughout the year, the Ave Maria Rising Dividend Fund paid ordinary income dividends totaling \$0.1359 per share. Periodically throughout the year, the Ave Maria Bond Fund paid ordinary income dividends totaling \$0.3820 per share for Class I shares and \$0.3518 per share for Class R shares. As provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003, 100% of the long-term capital gain distribution of \$0.7006, \$0.1448, \$0.1418 and \$0.0655 per share for the Ave Maria Catholic Values Fund, the Ave Maria Growth Fund, the Ave Maria Rising Dividend Fund and the Ave Maria Bond Fund, respectively, 6.52% of the short-term capital gain distribution of \$0.2237 per share for the Ave Maria Opportunity Fund and a percentage (100%, 100% and 15.09%) of the ordinary income dividends paid for the Ave Maria Rising Dividend Fund, the Ave Maria Opportunity Fund and the Ave Maria Bond Fund, respectively, may be subject to a maximum tax rate of 15%. Early in 2007, as required by federal regulations, shareholders received notification of their portion of the Funds' taxable gain distribution, if any, paid during the 2006 calendar year.

## AVE MARIA MUTUAL FUNDS

### ABOUT YOUR FUND'S EXPENSES (Unaudited)

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We believe it is important for you to understand the impact of costs on your investment. As a shareholder of the Funds, you incur two types of costs: (1) transaction costs 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 mutual fund's ongoing costs are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The ongoing costs reflected in the tables below are based on an investment of \$1,000 made at the beginning of the most recent semi-annual period (July 1, 2006) and held until the end of the period (December 31, 2006).

The tables that follow 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 sales load.

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, 2006	Ending Account Value December 31, 2006	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$1,082.90	\$7.88
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$1,017.64	\$7.63

\* 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 184/365 (to reflect the one-half year period).

#### **Ave Maria Growth Fund**

	Beginning Account Value July 1, 2006	Ending Account Value December 31, 2006	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$1,051.70	\$7.76
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$1,017.64	\$7.63

\* 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 184/365 (to reflect the one-half year period).

#### **Ave Maria Rising Dividend Fund**

	Beginning Account Value July 1, 2006	Ending Account Value December 31, 2006	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$1,109.70	\$6.65
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$1,018.90	\$6.36

\* Expenses are equal to the Ave Maria Rising Dividend Fund's annualized expense ratio of 1.25% for the period, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

# AVE MARIA MUTUAL FUNDS

## ABOUT YOUR FUND'S EXPENSES (Unaudited)

### (Continued)

#### Ave Maria Opportunity Fund

	Beginning Account Value July 1, 2006	Ending Account Value December 31, 2006	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$1,089.40	\$6.58
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$1,018.90	\$6.36

\* Expenses are equal to the Ave Maria Opportunity Fund's annualized expense ratio of 1.25% for the period, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

#### Ave Maria Bond Fund – Class I

	Beginning Account Value July 1, 2006	Ending Account Value December 31, 2006	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$1,056.70	\$1.56
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$1,023.69	\$1.53

\* Expenses are equal to the Ave Maria Bond Fund – Class I's annualized expense ratio of 0.30% for the period, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

#### Ave Maria Bond Fund – Class R

	Beginning Account Value July 1, 2006	Ending Account Value December 31, 2006	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$1,056.30	\$3.11
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$1,022.18	\$3.06

\* Expenses are equal to the Ave Maria Bond Fund – Class R's annualized expense ratio of 0.60% for the period, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

**AVE MARIA MUTUAL FUNDS**  
**OTHER INFORMATION (Unaudited)**

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 (888) 726-9331, or on the Securities and Exchange Commission’s (“SEC”) 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 (888) 726-9331, or on the SEC’s website <http://www.sec.gov>.

The Trust files a complete listing of portfolio holdings for each of the Funds with the SEC as of the first and third quarters of each fiscal year on Form N-Q. The filings are available free of charge, upon request, by calling (888) 726-9331. Furthermore, you may obtain a copy of the filing on the SEC’s website at <http://www.sec.gov>. The Trust’s Forms N-Q may also be reviewed and copied at the SEC’s Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

**RESULTS OF A SPECIAL MEETING OF  
SHAREHOLDERS OF AVE MARIA OPPORTUNITY  
FUND HELD ON JULY 28, 2006 (Unaudited)**

On July 28, 2006, a Special Meeting of Shareholders of the Ave Maria Opportunity Fund was held for the purpose of voting on the following Proposals:

- Proposal 1: To approve or disapprove the removal of “small capitalization companies” from the Fund’s investment objective, resulting in the following investment objective: Long-term capital appreciation from equity investments in companies that do not violate the core values and teachings of the Roman Catholic Church.
- Proposal 2: To approve or disapprove the elimination of the Fund’s fundamental investment policy requiring it to invest, under normal circumstances, at least 80% of its net assets in common stocks of small capitalization companies meeting the Fund’s religious criteria.

The total number of shares of the Ave Maria Opportunity Fund present in person or by proxy represented approximately 98.2% of the shares entitled to vote at the meeting. Each of the Proposals was approved by shareholders. The results of the voting with respect to both Proposals were as follows:

Affirmative	Against	Abstain
1,576,465.689	0	0



Ave Maria Catholic Values Fund

Ave Maria Growth Fund

Ave Maria Rising Dividend Fund

Ave Maria Opportunity Fund

Ave Maria Bond Fund

### **Ave Maria Mutual Funds**

series of

Schwartz Investment Trust

3707 W. Maple Road

Suite 100

Bloomfield Hills, Michigan 48301

### **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

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

Becky S. Renaud, Chief Compliance Officer

### **Catholic Advisory Board**

Bowie K. Kuhn, Chairman

Lawrence Kudlow

Thomas S. Monaghan

Michael Novak

Paul R. Roney

Phyllis Schlafly

### **Investment Adviser**

SCHWARTZ INVESTMENT COUNSEL, INC.

3707 W. Maple Road

Suite 100

Bloomfield Hills, Michigan 48301

### **Distributor**

ULTIMUS FUND DISTRIBUTORS, LLC

225 Pictoria Drive, Suite 450

Cincinnati, Ohio 45246

### **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

111 S. Wacker Drive

Chicago, Illinois 60606

### **Legal Counsel**

SULLIVAN & WORCESTER LLP

1666 K Street, NW, Suite 700

Washington, DC 20006



Schwartz Investment Counsel, Inc.

Established 1980

3707 WEST MAPLE ROAD • SUITE 100 • BLOOMFIELD HILLS, MICHIGAN 48301

[www.schwartzinvest.com](http://www.schwartzinvest.com)

**AVE MARIA CATHOLIC VALUES FUND**

**\*\*SUPPLEMENTAL TAX INFORMATION FOR 2006\*\***

**Ave Maria Catholic Values Fund paid the following distribution in 2006:**

<b>Record Date</b>	<b>Ex- Dividend Date</b>	<b>Long-Term Capital Gain Distribution Per Share</b>
<b>12/27/2006</b>	<b>12/28/2006</b>	<b>\$0.7006</b>

**Federal Taxation**

As provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003, capital gain distributions paid by the Fund may be subject to a maximum tax rate of 15%. These distributions are taxable whether received in cash or reinvested in additional shares of the Fund. Complete information for your account will be computed and reported in conjunction with your 2006 Form 1099-DIV.

A Form 1099-DIV, "Dividends and Distributions," has been provided to all non-exempt shareholders who earned gross taxable dividends of \$10 or more during 2006. The information on Form 1099-DIV will be sent to the Internal Revenue Service and should be utilized in the preparation of your 2006 federal income tax return.

**AVE MARIA GROWTH FUND**

**\*\*SUPPLEMENTAL TAX INFORMATION FOR 2006\*\***

**Ave Maria Growth Fund paid the following distribution in 2006:**

<b>Record Date</b>	<b>Ex- Dividend Date</b>	<b>Long-Term Capital Gain Distribution Per Share</b>
<b>12/27/2006</b>	<b>12/28/2006</b>	<b>\$0.1448</b>

**Federal Taxation**

As provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003, capital gain distributions paid by the Fund may be subject to a maximum tax rate of 15%. These distributions are taxable whether received in cash or reinvested in additional shares of the Fund. Complete information for your account will be computed and reported in conjunction with your 2006 Form 1099-DIV.

A Form 1099-DIV, "Dividends and Distributions," has been provided to all non-exempt shareholders who earned gross taxable dividends of \$10 or more during 2006. The information on Form 1099-DIV will be sent to the Internal Revenue Service and should be utilized in the preparation of your 2006 federal income tax return.

## **AVE MARIA RISING DIVIDEND FUND**

### **\*\*SUPPLEMENTAL TAX INFORMATION FOR 2006\*\***

**Ave Maria Rising Dividend Fund paid the following distributions in 2006:**

<b>Record Date</b>	<b>Ex-Dividend Date</b>	<b>Income Dividend Per Share</b>	<b>Short-Term Capital Gain Distribution Per Share</b>	<b>Long-Term Capital Gain Distribution Per Share</b>	<b>Percentage of Qualified Dividend Income</b>
<b>3/30/2006</b>	<b>3/31/2006</b>	<b>\$0.0200</b>			<b>100.00%</b>
<b>6/29/2006</b>	<b>6/30/2006</b>	<b>\$0.0300</b>			<b>100.00%</b>
<b>9/28/2006</b>	<b>9/29/2006</b>	<b>\$0.0400</b>			<b>100.00%</b>
<b>12/27/2006</b>	<b>12/28/2006</b>	<b>\$0.0459</b>			<b>100.00%</b>
<b>12/27/2006</b>	<b>12/28/2006</b>		<b>\$0.1203</b>		<b>89.55%</b>
<b>12/27/2006</b>	<b>12/28/2006</b>			<b>\$0.1418</b>	<b>-----</b>

### **Federal Taxation**

Income dividends and short-term capital gain distributions paid during 2006 are taxable as ordinary dividends for federal tax purposes. These distributions are taxable whether received in cash or reinvested in additional shares of the Fund. As provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003, certain dividends and capital gain distributions paid by the Fund may be subject to a maximum tax rate of 15%. During 2006, all income dividends and 89.55% of short-term capital gains paid by the Fund were classified as "Qualified Dividends." Complete information for your account will be computed and reported in conjunction with your 2006 Form 1099-DIV.

A Form 1099-DIV, "Dividends and Distributions," has been provided to all non-exempt shareholders who earned gross taxable dividends of \$10 or more during 2006. The information on Form 1099-DIV will be sent to the Internal Revenue Service and should be utilized in the preparation of your 2006 federal income tax return.

**AVE MARIA OPPORTUNITY FUND**

**\*\*SUPPLEMENTAL TAX INFORMATION FOR 2006\*\***

**Ave Maria Opportunity Fund paid the following distributions in 2006:**

<b>Record Date</b>	<b>Ex-Dividend Date</b>	<b>Income Dividend Per Share</b>	<b>Short-Term Capital Gain Distribution Per Share</b>	<b>Percentage of Qualified Dividend Income</b>
<b>12/27/2006</b>	<b>12/28/2006</b>	<b>\$0.0565</b>		<b>100.00%</b>
<b>12/27/2006</b>	<b>12/28/2006</b>		<b>\$0.2237</b>	<b>6.52%</b>

**Federal Taxation**

Income dividends and short-term capital gain distributions paid during 2006 are taxable as ordinary dividends for federal tax purposes. These distributions are taxable whether received in cash or reinvested in additional shares of the Fund. As provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003, certain dividends and capital gain distributions paid by the Fund may be subject to a maximum tax rate of 15%. During 2006, all income dividends and 6.52% of the short-term capital gains paid by the Fund were classified as "Qualified Dividends." Complete information for your account will be computed and reported in conjunction with your 2006 Form 1099-DIV.

A Form 1099-DIV, "Dividends and Distributions," has been provided to all non-exempt shareholders who earned gross taxable dividends of \$10 or more during 2006. The information on Form 1099-DIV will be sent to the Internal Revenue Service and should be utilized in the preparation of your 2006 federal income tax return.



## **AVE MARIA BOND FUND – CLASS R**

### **\*\*SUPPLEMENTAL TAX INFORMATION FOR 2006\*\***

**Ave Maria Bond Fund – Class R paid the following distributions in 2006:**

<b>Record Date</b>	<b>Ex-Dividend Date</b>	<b>Income Dividend Per Share</b>	<b>Long-Term Capital Gain Distribution Per Share</b>	<b>Percentage of Qualified Dividend Income</b>
<b>1/30/2006</b>	<b>1/31/2006</b>	<b>\$0.0259</b>		<b>15.09%</b>
<b>2/27/2006</b>	<b>2/28/2006</b>	<b>\$0.0255</b>		<b>15.09%</b>
<b>3/30/2006</b>	<b>3/31/2006</b>	<b>\$0.0304</b>		<b>15.09%</b>
<b>4/27/2006</b>	<b>4/28/2006</b>	<b>\$0.0294</b>		<b>15.09%</b>
<b>5/30/2006</b>	<b>5/31/2006</b>	<b>\$0.0285</b>		<b>15.09%</b>
<b>6/29/2006</b>	<b>6/30/2006</b>	<b>\$0.0314</b>		<b>15.09%</b>
<b>7/28/2006</b>	<b>7/31/2006</b>	<b>\$0.0326</b>		<b>15.09%</b>
<b>8/30/2006</b>	<b>8/31/2006</b>	<b>\$0.0317</b>		<b>15.09%</b>
<b>9/28/2006</b>	<b>9/29/2006</b>	<b>\$0.0306</b>		<b>15.09%</b>
<b>10/30/2006</b>	<b>10/31/2006</b>	<b>\$0.0325</b>		<b>15.09%</b>
<b>11/29/2006</b>	<b>11/30/2006</b>	<b>\$0.0289</b>		<b>15.09%</b>
<b>12/27/2006</b>	<b>12/28/2006</b>	<b>\$0.0244</b>		<b>15.09%</b>
<b>12/27/2006</b>	<b>12/28/2006</b>		<b>\$0.0655</b>	<b>-----</b>

### **Federal Taxation**

Income dividends paid during 2006 are taxable as ordinary dividends for federal income tax purposes. These distributions are taxable whether received in cash or reinvested in additional shares of the Fund. As provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003, certain dividends and long-term capital gain distributions paid by the Fund may be subject to a maximum tax rate of 15%. During 2006, 15.09% of income dividends paid by the Fund were classified as “Qualified Dividends.” Complete information for your account will be computed and reported in conjunction with your 2006 Form 1099-DIV.

A Form 1099-DIV, “Dividends and Distributions,” has been provided to all non-exempt shareholders who earned gross taxable dividends of \$10 or more during 2006. The information on Form 1099-DIV will be sent to the Internal Revenue Service and should be utilized in the preparation of your 2006 federal income tax return.

## **AVE MARIA BOND FUND – CLASS R**

### **\*\*SUPPLEMENTAL TAX INFORMATION FOR 2006 (Continued)\*\***

#### **State Taxation**

The state taxation of regulated investment company dividends that are derived in whole or in part from interest on federal obligations varies from state to state. Please consult your tax adviser concerning the taxation of regulated investment company dividends in your state.

During 2006, Ave Maria Bond Fund – Class R derived its income from securities issued by the following:

Common Stocks	15.24%
U.S. Treasury Obligations	49.23%
Federal Home Loan Bank	5.31%
Federal Farm Credit Bank	4.30%
Corporate Obligations	20.84%
Money Market Funds	3.01%
Repurchase Agreements	<u>2.07%</u>
	<u>100.00%</u>

As of December 31, 2006, the portfolio of Ave Maria Bond Fund – Class R was invested as follows:

Common Stocks	18.02%
U.S. Treasury Obligations	51.14%
Federal Home Loan Bank	6.07%
Federal Farm Credit Bank	4.81%
Corporate Obligations	15.07%
Money Market Funds	<u>4.89%</u>
	<u>100.00%</u>