

## FUNDS & PERSONAL FINANCE

### MUTUAL FUND PROFILE

# Amen! With A Strict Moral Code, Fund's Lofty Return Is Heavenly

## 15% Weight In One Stock

No holdings engaged in abortion, pornography, embryonic stem cell study

BY PAUL KATZEFF  
INVESTOR'S BUSINESS DAILY

Want tips about how to invest in stocks and mutual funds? Check out \$365 million Ave Maria Value Fund (AVEMX).

Its holdings have powered the portfolio to a 5.40% return this year going into Tuesday. In contrast, the broad market in the form of the S&P 500 is down 15.61%. That's a whopping gap of about 21 percentage points. The fund's midcap blend rivals tracked by Morningstar Direct average a 11.68% setback.

In fact, the fund has outperformed all but one midcap blend portfolio so far this year.

Further, if you like a conservative approach to investing, Ave Maria Value is all the more worth a look-see.

"We look for established business models," said co-manager Ryan Kuyawa. "We want companies with durable earnings streams and consistent and predictable and durable cash flows. We want companies that have shown they know how to reinvest their cash flows at attractive rates of return for considerable periods of time."

Kuyawa added, "From there, we like to buy such businesses at attractive price points. But we're not a deep value fund.

We're not looking for businesses that have been significantly discounted. By and large, we have a quality bias."

And there are traits that Ave Maria avoids. "We're not pursuing companies that are more speculative in nature," Kuyawa said. "Or companies that have yet to produce any earnings."

In addition, the fund's formula for how to invest in stocks includes abstaining from stakes in stocks that do not pass what the fund calls its moral screens. It won't own companies engaged in abortion, pornography, embryonic cell research or in policies that it believes undermine the sacrament of marriage. The fund's investment strategy is aligned with Catholic Church doctrine, Kuyawa says.

That has barred the fund from putting shareholder money into megacap technology names such as Amazon.com (AMZN), Apple (AAPL) and Facebook (FB). "That's largely because of corporate contributions to Planned Parenthood," Kuyawa said.

Planned Parenthood Federation of America, or Planned Parenthood for short, is a nonprofit that provides reproductive health care and education.

Texas Pacific Land (TPL) is the poster child for Ave Maria Value's approach to how to invest in stocks. Texas Pacific arguably ranks as one of the stock market's greatest comeback stories ever. The company is the successor to the Texas and Pacific Railway. It went into bankrupt-

### Ave Maria Value



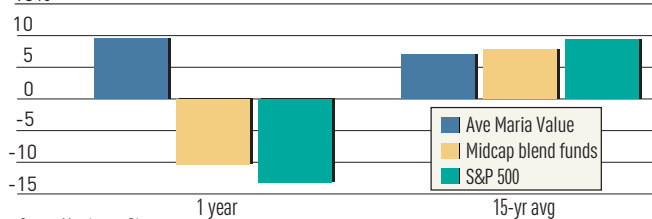
Ryan Kuyawa

- Load: None
- Expenses: 0.97%
- Symbol: AVEMX

#### Total returns as of 11/22/22

2021: 25.15%	3-yr. avg.: 14.00%
YTD: 7.75%	5-yr. avg.: 10.27%
	10-yr. avg.: 8.97%

#### 15% Total returns as of 11/22/22



Source: Morningstar Direct

#### Sector weightings

Fund as of 9/30/22, S&P 500 as of 10/31/22

	% of stock assets	% of S&P 500
<b>Cyclical</b>	<b>26.44%</b>	
Basic materials	6.29	2.27%
Consumer cyclical	7.84	10.58
Financial services	10.88	13.58
Real estate	1.43	2.75
<b>Economically sensitive 63.23</b>		
Communication services	4.73	7.46
Energy	39.50	5.36
Industrials	10.50	8.68
Technology	8.50	23.58
<b>Defensive 10.34</b>		
Consumer defensive	0.97	7.38
Health care	9.37	15.40
Utilities	0.00	2.96

cy in 1888.

The state put its land into a trust. That land is now a lot of the Permian Basin's surface area. Beneath its land sits oil, gas and water. Texas Pacific Land charges energy companies royalties on extracted fuel. It charges for water. It collects fees for hunting and grazing on its acres.

"They don't have to spend the money that energy companies do to extract and market energy," Kuyawa said. "All they have to do is collect royalties and en-

joy their high margins."

Texas Pacific has had a 25% compound annual growth rate since 1995, Kuyawa says. "We haven't sold any shares. Why would we want to?"

Ave Maria Value had a 15% weight in Texas Pacific as of Sept. 30. The per-barrel price of benchmark crude oil has slumped to about \$78 from about \$120 on June 10. But Texas Pacific energy stores are low-cost. Its reserves remain attractive to energy producers, Kuyawa says.

Texas Pacific's share price is up 103% this year.

### Blood Business

Haemonetics (HAE) is another case study in how to invest in stocks, Ave Maria Value style. The company makes systems for collecting and processing blood. The share price is up 56% this year.

One key to the company's success is that its equipment is largely automated, Kuyawa says.

A key tailwind for its stock comes from the fact that demand for its equipment is increasing because it is getting easier for entities that actually collect blood to corral donors.

The perceived fading of dan-

ger from the Covid-19 pandemic makes blood donors more willing to expose themselves to other people at donation sites, Kuyawa says.

In addition, rising inflation makes potential donors more eager to earn fees.

Donors are also looking for new sources of income as the time grows since people last received federal government Covid-19 stimulus payments in March 2021.

"Another catalyst for the stock is that the other key division of Haemonetics' business is its hospital segment, which is growing faster than its plasma business," Kuyawa said. "It will eclipse the plasma business

within a couple of years."

Its hospital segment aids hospitals with diagnostics to help inform treatment decisions, technologies to help avoid unnecessary transfusions, solutions to help optimize management of blood products and vascular closure technology.

Winmark (WINA) also shows this fund's approach to how to invest in stocks. Winmark is a franchisor of five retail businesses that specialize in buying and selling used goods.

Its Music Go Round line sells musical instruments. Plato's Closet sells adolescent and young adult clothes. Once Upon A Child deals in kids' clothes and toys. Play It Again

Sports deals in sports gear. And women's clothes go through the doors of Style Encore.

Share price is roughly flat this year. But Kuyawa and lead manager Timothy Schwartz like the stock because its low store penetration gives it a lot of room for growth, Kuyawa says.

And if a recession occurs, the firm stands to benefit. "During times of recession, their sales increase," he said. "That's because people trade down to save money. And as people get laid off, some decide to go into business for themselves as franchise operators. Winmark is a royalty business. So it's got nice cash flow with little capital expenditure."



# AVE MARIA MUTUAL FUNDS

1-866-AVE-MARIA (1-866-283-6274)

[avemariafunds.com](http://avemariafunds.com)

As of September 30, 2023	Year to Date	1 Yr.	3 Yrs.^	5 Yrs.^	10 Yrs.^	Since Inception^*	Prospectus Expense Ratio
Ave Maria Value Fund	1.04%	18.17%	16.49%	7.03%	6.86%	7.18%	0.94%
S&P MidCap 400 <sup>®</sup> Index	4.27%	15.51%	12.05%	6.06%	8.94%	8.87%	
Morningstar Mid-Cap Blend Fund Category Average	4.04%	14.02%	9.75%	5.67%	8.01%	na	

*Performance data quoted represents past performance, which is no guarantee of future results. Investment return and principal value are historical and may fluctuate so that redemption value may be worth more or less than the original cost. Current performance may be lower or higher than what is quoted.* Performance data reflects certain fee waivers and reimbursements. Without such waivers, performance would have been lower. Call 1-866-AVE-MARIA or visit [www.avemariafunds.com](http://www.avemariafunds.com) for the most current month-end performance.

## IMPORTANT INFORMATION FOR INVESTORS

As of 9-30-23, the holding percentages of the stocks in the Ave Maria Value Fund mentioned in this commentary are as follows; Texas Pacific Land Corporation (12.6%), Haemonetics Corporation (2.9%) and Winmark Corporation (2.7%). Fund holdings are subject to change and should not be considered purchase recommendations. There is no assurance that the securities mentioned remain in the Fund's portfolio or that securities sold have not been repurchased. The Fund's top ten holdings as of 9-30-23: Texas Pacific Land Corporation (12.6%), Pioneer Natural Resources Co. (4.7%), Schlumberger Limited (4.7%), Franco Nevada Corporation (4.1%), CDW Corp. (3.6%), ConocoPhillips (3.6%), Chesapeake Energy Corporation (3.5%), Occidental Petroleum Corporation (3.3%), St. Joe Company (3.2%) and Brown & Brown, Inc. (3.2%). The most current available data regarding portfolio holdings can be found on our website, [www.avemariafunds.com](http://www.avemariafunds.com).

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The investment performance assumes reinvestment of dividends and capital gains distributions. Performance data reflects certain fee waivers and reimbursements. Without such waivers, performance would have been lower. The S&P 400<sup>®</sup> Midcap Index is an unmanaged index created by Standard & Poor's made up of 400 midcap companies. The index is the most widely used index for mid-sized companies. Indexes do not incur fees and it is not possible to invest directly in an index.

**Request a prospectus, which includes investment objectives, risks, fees, charges and expenses and other information that you should read and consider carefully before investing. The prospectus can be obtained by calling 1-866-283-6274 or it can be viewed at [www.avemariafunds.com](http://www.avemariafunds.com). Distributed by Ultimus Fund Distributors, LLC.**