Ave Maria Bond Fund

Q1 2018
Investment Commentary

For the three months ended March 31, 2018, the total return on the Ave Maria Bond Fund (AVEFX) was -0.78%, compared to the Bloomberg Barclays Intermediate U.S. Government/Credit Index at -0.98%. The returns for the Fund compared to its benchmark as of March 31, 2018 were:

	Year to Date	1 Yr.	3 Yrs.^	5 Yrs.^	10 Yrs.^	Since Inception^*	Prospectus Expense Ratio
Ave Maria Bond Fund	-0.78%	1.98%	2.58%	2.89%	3.97%	4.10%	0.51%
Bloomberg Barclays Intermediate U.S. Govt./Credit Index	-0.98%	0.35%	0.94%	1.25%	2.92%	3.36%	

^ Annualized * Since Inception date is 5-1-2003

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 for the most current month-end performance.

During the quarter, fixed-income price reductions were pervasive, as interest rates increased across the entire yield curve and credit spreads widened. The ten-year U.S. Treasury started the year yielding 2.41% and increased quickly through February, almost reaching 3%. By quarter-end, the ten-year bond had rallied to yield 2.74%.

The Federal Reserve ("the Fed") increased the Fed Funds rate in March to 1.5%-1.75%. While the March increase was priced into the market, the Fed's projections for additional hikes over the next two years were not. Perhaps inflation is on the horizon and the Fed, under the leadership of Jerome Powell, is more hawkish. We believe increasing interest rates are a step in the right direction as Central Bank actions have kept rates artificially low for almost a decade. Regardless, interest rates are increasing, and may happen faster than most are expecting.

Corporate credit spreads widened during the quarter as volatility picked up and sell-offs due to leveraged mergers and acquisitions caused investors to reassess risk in the asset class. For much of 2017, the Ave Maria Bond Fund favored U.S. Treasuries over corporate debt, as we were convinced investors were not being adequately compensated for taking additional risk. While credit spreads remain below historic averages, we are seeing increased opportunities at the short-end of the curve in corporate debt.

In reviewing the performance of the Fund, the three top-performing assets were the common stocks of Cisco Systems, Inc. (communications equipment), Omnicom Group, Inc. (advertising & marketing) and PNC Financial Services (banking). The Fund's weakest-performing assets were the common stocks of United Parcel Service, Inc. (courier services), Exxon Mobil Corporation (integrated oils) and Diageo PLC (beverages).

The Fund continues to be managed in a conservative manner, both with respect to interest rate risk and credit risk, with a short duration and high credit quality. Dividend-paying common stocks continue to play an important role in the Fund, offering an attractive combination of income and potential capital appreciation.

We appreciate your investment in the Ave Maria Bond Fund.

IMPORTANT INFORMATION FOR INVESTORS

As of 3-31-18, the holding percentages of the stocks mentioned in this commentary are as follows; Cisco Systems, Inc. (1.1%), Omnicom Group, Inc. (no longer held), PNC Financial Services (0.5%), United Parcel Service, Inc. (1.3%), Exxon Mobil Corporation (1.2%) and Diageo PLC ADR (1.1%). 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 3-31-18: U.S. Treasury Note 1.375% due 12/31/18 (3.2%), U.S. Treasury Note 1.50% due 10/31/19 (3.2%), U.S. Treasury Note 3.875% due 05/15/18 (1.6%), U.S. Treasury Note 2.00% due 07/31/20 (1.6%), U.S. Treasury Note 1.875% due 02/28/22 (1.6%), U.S. Treasury Note 1.75% due 04/30/22 (1.6%), U.S Treasury Note 1.75% due 05/31/22 (1.6%), United Parcel Service, Inc. (1.3%), U.S. Treasury Note 1.25% due 12/15/18 (1.3%) and U.S. Treasury Note 2.25% due 03/31/21 (1.3%). The most current available data regarding portfolio holdings can be found on our website, www.avemariafunds.com.

The Adviser invests only in securities that meet the Fund's investment and religious requirements. The returns may be lower or higher than if decisions were based solely on investment considerations. The method of security selection may or may not be successful and the Fund may underperform or outperform the stock market as a whole. All mutual funds are subject to market risk, including possible loss of principal. The Fund's investments in small- and mid-capitalization companies could experience greater volatility than investments in large-capitalization companies. The Fund invests primarily in fixed income securities and as a result the Fund is also subject to the following risks: interest rate risk, credit risk, credit rating risk and liquidity risk. 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 Bloomberg Barclays Intermediate U.S. Govt./Credit Index is the benchmark index used for comparative purposes for this fund. The S&P 500® Index is a capitalization weighted unmanaged index of 500 widely traded stocks, created by Standard & Poor's. The index is considered to represent the performance of the stock market in general. Indexes do not incur fees and it is not possible to invest directly in an index. The 10-Year U.S. Treasury note is a debt obligation issued by the United States government that matures in 10 years. A 10-year Treasury note pays interest at a fixed rate once every six months and pays the face value to the holder at maturity.

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

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