



AVE MARIA BOND FUND

Q4 2018 COMMENTARY

For the three months ended December 31, 2018, the total return on the Ave Maria Bond Fund (AVEFX) was -0.95%, compared to the Bloomberg Barclays Intermediate U.S. Government/Credit Index at 1.65%. The returns for the Fund compared to its benchmark as of December 31, 2018 were:

| | 1 Yr. | 3 Yrs.^ | 5 Yrs.^ | 10 Yrs.^ | Since Inception^* | Prospectus Expense Ratio |
|---|-------|---------|---------|----------|-------------------|--------------------------|
| Ave Maria Bond Fund | 0.41% | 3.02% | 2.39% | 4.26% | 3.97% | 0.50% |
| Bloomberg Barclays Intermediate U.S. Govt./Credit Index | 0.88% | 1.70% | 1.86% | 2.90% | 3.32% | |

^ 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.

Economic growth was strong in 2018 as GDP grew over 3% in the year and unemployment fell to 3.8%. With inflation running over 2%, the Federal Reserve (the Fed) has continued to raise short-term rates and may do more so in 2019. Additionally, the Fed is scaling back its balance sheet of U.S. Treasuries and mortgages, which tends to put upward pressure on long-term rates.

Corporate credit spreads widened during 2018, offering opportunities to selectively purchase bonds of exceptional companies at attractive prices. The Fund was able to capitalize on this opportunity, especially during the turbulent fourth quarter. The ten-year U.S. Treasury started the year yielding 2.4%, and after spending much of the year above 3.0%, ended at 2.7%.

In reviewing the performance of the Fund, dividend-paying common stocks were a slight drag on overall performance in 2018. Still, the three top-performing assets were the common stocks of RPM International, Inc. (specialty chemicals), Cisco Systems, Inc. (communications equipment), and Medtronic, PLC (medical devices). The Fund's weakest-performing assets were the common stocks of Fifth Third Bancorp (banks), PNC Financial Services Group, Inc. (banks), and 3M Company (specialty chemicals).

The Fund continues to be managed in a conservative manner and on a total return basis, has never had a down year since its inception in 2003. With interest rates low by historical standards, we continue to keep the average bond maturity short and credit quality high. On a long-term basis, the equity component of the Fund is likely to continue to add to total returns.

We appreciate your investment in the Ave Maria Bond Fund.



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IMPORTANT INFORMATION FOR INVESTORS

As of 12-31-18, the holding percentages of the stocks mentioned in this commentary are as follows: RPM International, Inc. (1.1%), Cisco Systems, Inc. (no longer held), Medtronic, PLC (1.1%), Fifth Third Bancorp (no longer held), PNC Financial Services Group, Inc. (1.2%) and 3M Company (1.2%). 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 12-31-18: U.S. Treasury Note 1.50% due 10/31/19 (3.1%), U.S. Treasury Note 2.75% due 09/30/20 (1.6%), U.S. Treasury Note 2.25% due 02/29/20 (1.5%), U.S. Treasury Note 2.00% due 07/31/20 (1.5%), U.S. Treasury Note 1.875% due 02/28/22 (1.5%), U.S. Treasury Note 1.75% due 04/30/22 (1.5%), U.S. Treasury Note 1.75% due 05/31/22 (1.5%), Moody's Corp. 5.50% due 09/01/20 (1.5%), Ecolab, Inc. 4.35% due 12/08/21 (1.4%) and Texas Instruments, Inc. (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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MUTUAL FUNDS

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

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