



AVE MARIA BOND FUND

Q3 2020 COMMENTARY

For the three months ended September 30, 2020, the total return on the Ave Maria Bond Fund (AVEFX) was 1.83%, compared to the Bloomberg Barclays Intermediate U.S. Government/Credit Index at 0.61%. The returns for the Fund compared to its benchmark as of September 30, 2020 were:

	Year to Date	1 Yr.	3 Yrs.^	5 Yrs.^	10 Yrs.^	Since Inception ^{^*}	Prospectus Expense Ratio
Ave Maria Bond Fund	2.12%	3.84%	3.92%	4.06%	3.68%	4.17%	0.49%
Bloomberg Barclays Intermediate U.S. Govt./Credit Index	5.92%	6.32%	4.43%	3.39%	2.91%	3.71%	

[^] 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.

The outperformance of the Fund during the quarter was largely attributable to our holdings in common stocks. In this rock-bottom interest rate world, high-quality, dividend-paying common stocks continue to offer superior current income and long-term price appreciation potential.

The yield on the 10-year U.S. Treasury note opened and closed the quarter at ~0.65%. Short-term interest rates are expected to remain low for many years, as the Federal Reserve has all but assured investors that the Fed Funds rate will be held near zero at least until 2023. However, as often happens in financial markets, when something is considered a near certainty, the opposite can happen.

Corporate credit spreads tightened modestly in the quarter, as corporate earnings increased more than expected and forecasts were increased. Currently, spreads are near pre-Covid-19 levels and are tight in a historical context. But when looking at corporate bonds against Treasuries, some rock-solid credits yield more than twice that of comparable Treasuries.

In reviewing the performance of the Fund, the three top-performing assets were the common stocks of United Parcel Service, Inc. (courier services), Watsco, Inc. (industrial wholesale & rental) and VF Corporation (apparel). The Fund's weakest-performing assets were the common stocks of Texas Pacific Land Trust (exploration & production), Chevron Corporation (integrated oils) and Royal Dutch Shell PLC (integrated oils).

More than 80% of the Fund's assets remain committed to U.S. Treasuries and high-grade corporate bonds of short maturities. The average duration of the fixed-income portion of the Fund is 3.2 years.

We appreciate your investment in the Ave Maria Bond Fund.



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IMPORTANT INFORMATION FOR INVESTORS

As of 9-30-20, the holding percentages of the stocks mentioned in this commentary are as follows: United Parcel Service, Inc. (1.9%), Watsco, Inc. (1.6%) VF Corporation (1.4%), Texas Pacific Land Trust (0.8%), Chevron Corporation (1.4%) and Royal Dutch Shell PLC (no longer held). 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. Fund holdings are subject to change and should not be considered purchase recommendations. The Fund's top ten holdings as of 9-30-20: U.S. Treasury Note 1.375% due 01/31/21 (2.6%), United Parcel Service, Inc. (1.9%), BlackRock, Inc. 3.20% due 03/15/27 (1.9%), Electronic Arts, Inc. 4.80% due 03/01/26 (1.7%), Kellogg Company (1.7%), Medtronic PLC (1.6%), Watsco, Inc. (1.6%), Stryker Corp. 3.375% due 05/15/24 (1.5%), Illinois Tool Works, Inc. 2.65% due 11/15/26 (1.5%) and BlackRock, Inc. (1.4%). The most current available data regarding portfolio holdings can be found on our website, www.avemariafunds.com. Current and future portfolio holdings are subject to risk.

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. 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.



**AVE MARIA
MUTUAL FUNDS**

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

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