AVE MARIA FOCUSED FUND

Q2 2020 COMMENTARY

The Ave Maria Focused Fund (AVEAX) (the "Fund") was started May 1, 2020. For the two months ended June 30, 2020, the only partially invested Ave Maria Focused Fund (the "Fund") was up 6.30%, compared to 9.92% for the benchmark S&P 500® Index.

	Since Inception#*	Gross/Net Prospectus Expense Ratio[1]
Ave Maria Focused Fund	6.30%	1.46%/1.26%
S&P 500® Index	9.92%	

Cumulative * Since Inception date is 5-1-2020

[1]The adviser has contractually agreed to limit the ordinary operating expenses (excluding Acquired Fund Fees and Expenses, interest, taxes, brokerage costs and extraordinary expenses) of the Ave Maria Focused Fund to an amount not exceeding 1.25% of the Fund's average daily net assets until at least May 1, 2023.

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 second quarter of 2020 was a fascinating time in economic history. The quarter began in the midst of a global pandemic that resulted in the shutdown of several sectors of the economy. The challenge of the pandemic was met with a strong response by the federal government, which included providing direct payments to affected businesses and individuals to increase liquidity within the financial system. What a great time to start a new mutual fund!

Guiding Principles:

Our goal for the Fund is to compound shareholder capital at a rate in excess of the Fund's benchmark, the S&P 500® Index. We believe that per-share economic earnings is the primary driver for growth of the value of a business and ultimately stock price appreciation. To find companies with the ability to grow their per-share economic earnings over a long period of time, we look for companies with the following attributes:

• Durable, forecastable, and growing earnings. Companies with these attributes often have a strong competitive advantage and an economic moat that differentiates them from competitors.

• The ability to earn a high return on incremental invested capital. It is a mistake to look for high historical returns on invested capital without analyzing whether new investments can return the high historical rate, or at least a satisfactory rate.

• A long runway for redeployment of capital within their existing business.

• Ethical management teams that are adept at both capital allocation and operational management.

We view a stock investment as owning a piece of a company's earnings. Since those earnings often will take time and patience to grow, we have a long-term focus. We buy companies that we believe can provide shareholders with the ability to earn high returns over a long-term period. A deep knowledge of our investments will aid us in having sufficient patience. Consequently, the portfolio will be more concentrated than a typical mutual fund. We believe a 20 stock portfolio removes a significant amount of idiosyncratic risk. Beyond 20 holdings, the marginal benefits of diversification are diminished. As St. Josemaria Escriva said, "Non multa, sed multum – not many things, but well." To be clear, we are not setting an artificial limit, but we do not anticipate owning materially more than 20 investments at a time. We expect most of our holdings to have a history exhibiting the above attributes.

Portfolio Activity:

We got off to a good start deploying the capital. We made investments in 17 companies in the first two months, deploying 82.7% of the Fund's capital. We expect to increase the concentration of the Fund's investments in many of these 17 companies and to add new investments during the second half of 2020. Below is a brief description of current holdings.

- Adobe, Inc. is a software business with three main segments. The largest segment licenses a suite of creative software products called Creative Cloud. We found a small video editing company that pays Adobe ~$10,000 per year in subscription fees. They tried to complete one project without using an Adobe product. They found that they could do it, but just the process of moving a file from one program to another materially increased the labor required for the project. If they removed Adobe products firmwide, they would incur an additional $42,000 in labor expenses. This exercise ignores any qualitative differences between Adobe products and competitors' products and is evidence of the company's competitive advantage. Adobe's Documents Cloud segment is centered around the Adobe-created Portable Document Format (PDF), where its products are the gold standard. The Digital Experience segment is comprised of products that provide tools for companies to manage their marketing and advertising campaigns. We believe that the synergy between content creation and marketing and advertising will allow Adobe to compound earnings at an attractive rate for a long time.

- Brookfield Asset Management, Inc. is an investment manager that focuses on real estate, infrastructure, renewable resources, private equity, public equity, and distressed assets. There is strong tailwind in movement towards alternative asset managers that should benefit Brookfield. Its funds are long-lived, which provide stability to its revenue stream. The company made a substantial investment into Oaktree Capital Group in 2019, which proved to be timely given Oaktree's focus on distressed investments.

- Change Healthcare, Inc. is a healthcare information technology company that provides software and services aimed at reducing friction between healthcare providers and payers. The cost for a healthcare provider to submit a claim to a payer is about $6.50. If the claim is denied due to an error, it costs about $130.00 to resolve the issue. One of Change's most profitable divisions provides a software solution for reducing these claims errors. The company's shares were split from McKesson Corp on March 10, 2020, during the COVID-19-related stock market sell-off. This transaction resulted in an attractive opportunity to purchase the stock below our estimate of the company's intrinsic value.

• Chemed Corporation owns two businesses, both of which have long histories of organic growth and margin expansion. Its Roto-Rooter business provides non-discretionary plumbing and restoration services. Its Vitas business is the leading provider of hospice services in the country. Both businesses should grow organically at attractive rates. The management team has proven to be an astute allocator of capital as well. Since 2007, Chemed has grown its revenue at a 5.1% compounded annual growth rate while returning 84.4% of its cash from operations to shareholders.

• Coresite Realty Corporation owns and operates data centers focused on interconnectivity. These interconnection nodes are critical for the functioning of the modern internet and continue to grow in importance as the economy transitions to a telecommute model. Coresite operates only in the U.S. We estimate that its data centers have 60% of the U.S. access points for Zoom and 17% for Amazon Web Services. We expect it to grow at an acceptable rate for the intermediate future, and we intend to hold it for a long time. Given its U.S. focus in an industry going global, it is also an attractive acquisition target.

• Equinix, Inc. owns and operates data centers focused on interconnectivity, like CoreSite. However, Equinix operates globally and is the world's leading operator. Our research uncovered that Equinix data centers contain a disproportionate amount of access points to the world's leading websites, content, and software services, which provides its data centers with wide moats.

• Ferrari N.V. is an auto manufacturer, but we view it as a leading luxury goods company. It has a substantial ability to raise prices due to a loyal customer base and long waiting periods for certain models. Specialty models can sell out before the model is even publicly announced. Demand for Ferraris exceeds supply, which allows for stable revenue growth. We believe growth will be strong in the intermediate future due to more aggressive pricing, a strong new model launch slate, a higher priced product mix, and a vehicle designed to address the needs of the Chinese market (where wealthy car owners don't drive, they are driven).

• Frontdoor, Inc. is the leading supplier of home warranties in the U.S. It has a long history of organic growth. We view our purchase price as attractive relative to the organic growth prospects of the warranty business. However, we are excited about the prospects of their recently launched Candu on-demand home services. We believe Candu has the potential to disrupt the sale and delivery process of home repairs. If successful, Candu can become more valuable than the company's current valuation.

• Mastercard Incorporated is a leading credit card network connecting thousands of banks around the world. The company acts as a toll road, earning a fee on each transaction taking place on its network. Mastercard is an extraordinary business, as incremental transactions on its network require little additional cost to support. The rise of e-commerce and the transition away from cash payments are global phenomena that we expect to provide Mastercard with a tailwind for years to come.

• Microsoft Corporation operates in a cloud platform oligopoly with Amazon and Google. Barriers to entry in the cloud business are huge, and size allows for the largest investment in infrastructure and talent. Additionally, Microsoft has the appearance of being a neutral operator. Cloud customers may have concerns with Google improperly using their data. Additionally, cloud customers may have concerns with Amazon, that in working with them, they are providing funding and proprietary information to a future competitor. Beyond the cloud business, Microsoft's legacy products still have growth potential and will benefit from the movement of perpetual licensed products to SaaS (software as a service). One examples is Office 365, a top-provisioned cloud application.

• Moody's Corporation is a credit rating agency operating an oligopoly with competitors Fitch and S&P Global. Credit ratings are often required by certain investors; consequently, credit ratings increase the demand for issues, thereby lowering the borrowing cost for issuers. The industry has high barriers to entry, as shown by new entrants failing to gain much ground.

• SBA Communications Corporation owns and operates the radio towers and other wireless infrastructure that we rely on for cellular devices. Zoning laws and local economies of scale make it highly difficult for competition to challenge SBA. Wireless data usage in the United States grew over 30% in 2019, and SBA will continue to be a beneficiary of this tailwind for many years.

• S&P Global, Inc. is a credit rating agency as well as the owner of market indices, including this Fund's benchmark, the S&P 500. S&P's credit rating agency enjoys the same economic advantages as its competitor, Moody's, described above. The indices business is also a high-quality business as market participants become standardized on S&P's intellectual property. Passive investment funds are required to pay fees to S&P as their assets grow, yet little additional investment from S&P is required to support this growth.

• Tyler Technologies, Inc. provides integrated information management solutions and services for the public sector in the United States and internationally. The company has a high amount of recurring revenue and a good customer base comprised of governments and governmental entities. The company has multiple levers to pull to generate growth. It has pricing power. It should benefit from a strong tailwind of governments replacing obsolete legacy systems. Tyler should capture market share from regional or niche competitors. It can broaden its offerings to its clients. Also, they can sell more services to existing clients. We believe they will grow their earnings at an attractive rate for a long time.

• Valvoline, Inc. was spun off from Ashland in 2016. Its instant oil change business is one of the most interesting opportunities in the retail sector. We estimate the cash-on-cash return for an instant oil change store to be over 50%. The stores have a long history of same-store-sales (SSS) growth, and the store count could grow at a double-digit rate for a long time. Compared to retailers with similar attributes, such as Ollie's Bargain Outlet and Five Below, Valvoline is substantially undervalued. The attractiveness of the instant oil change business is obfuscated by Valvoline's mature North American lubricants business and slower growing international business. We expect management to focus more on the instant oil change business. An activist could force a spinoff of the faster growing instant oil change business.

• Visa, Inc., like Mastercard described earlier, is a credit card network. The company earns high margins on incremental transactions while enjoying the long-term tailwind of declining cash payments.

• Waste Connections, Inc. is a waste hauler with a structural advantage. Just under half of its markets are contractually exclusive, giving Waste Connections a legal monopoly, while the company typically has a low-cost advantage in the remaining markets. The ability to acquire less sophisticated competitors at attractive prices gives Waste Connections a long runway for growth. The management team is one of the best we have come across.

In summary, the Fund's goal is to outperform its benchmark by acquiring and holding shares of high-quality companies that can grow per-share earnings at an above average rate. Thank you for partnering with us.

Your investment in the Ave Maria Focused Fund is appreciated.

IMPORTANT INFORMATION FOR INVESTORS

As of 6-30-20, the holding percentages of the stocks mentioned in this commentary are as follows: Equinix, Inc. (10.6%), Adobe, Inc. (10.3%), Microsoft Corporation (10.1%), Chemed Corporation (4.6%), S&P Global, Inc. (4.6%), Visa, Inc. Class A (4.5%), Waste Connections, Inc. (4.5%), Frontdoor, Inc. (4.3%), Mastercard Incorporated (4.2%), SBA Communications Corp. (4.2%), Valvoline, Inc. (4.1%), Coresite Realty Corporation (3.7%), Moody's Corporation (3.4%), Tyler Technologies, Inc. (2.7%), Ferrari N.V. (2.7%), Brookfield Asset Management (2.2%) and Change Healthcare, Inc (2.1%). 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 6-30-20: Equinix, Inc. (10.6%), Adobe, Inc. (10.3%), Microsoft Corporation (10.1%), Chemed Corporation (4.6%), S&P Global, Inc. (4.6%), Visa, Inc. Class A (4.5%), Waste Connections, Inc. (4.5%), Frontdoor, Inc. (4.3%), Mastercard Incorporated (4.2%) and SBA Communications Corp. (4.2%). 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. AVEAX is classified as non-diversified and may therefore invest a greater percentage of its assets in the securities of a limited number of issuers than a fund that is diversified. At times, the Fund may overweight a position in a particular issuer or emphasize investment in a limited number of issuers, industries or sectors, which may cause its share price to be more susceptible to any economic, business, political or regulatory occurrence affecting an issuer than a fund that is more widely diversified. The issuers that the Fund may emphasize will vary from time to time.

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 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.

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.*