AVE MARIA FOCUSED FUND

Q3 2023 COMMENTARY

For the three months ended September 30, 2023, the total return on the Ave Maria Focused Fund (AVEAX) was -2.37%, compared to the S&P MidCap 400® Growth Index which returned -3.25%. The returns for the Ave Maria Focused Fund compared to its benchmark as of September 30, 2023 were:

	Year to Date	1 Yr.	3 Yrs.^	Since Inception^*	Prospectus Expense Ratio[1]
Ave Maria Focused Fund	21.03%	36.02%	3.95%	6.90%	1.14%
S&P MidCap 400® Growth Index	6.88%	16.20%	7.62%	13.03%	

^ Annualized   * 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, 2024.

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.***

Alternative asset managers

We are dedicating a significant portion of the third-quarter letter to a discussion of alternative asset managers, which comprise 31.3% of the Fund's assets through three strategic holdings.

An alternative manager specializes in non-traditional strategies such as private equity, private credit, and hedge funds, using capital typically sourced from ultra-high net worth individuals, pension funds, endowments, and sovereign wealth funds. Alternative manager investment funds are typically subject to extended lock-up periods that vary with the investment type: one to three years for hedge funds, approximately five years for private equity funds, and a decade or more for infrastructure funds. These funds levy management fees, typically between 1% and 2% per annum of the assets under management (AUM). Should the investments yield positive returns, carried interest is generated, which is a success fee, typically constituting 20% of the profit that exceeds a predefined hurdle rate.

The economics of alternative managers align well with the attributes we look for in an investment. The prolonged fund life cycles may provide a reliable and predictable stream of earnings. In the case of the alternative asset managers owned by the Fund, we also anticipate substantial growth in their earnings over an extended period. Management of private investment funds is an inherently capital light business model, allowing these companies to generate high returns on invested capital. Finally, the reported financials of alternative managers are often complicated, leading to undervaluation in the market and an investment opportunity for the Fund. This state of undervaluation should abate over time as investors learn how to parse through the reported financials to get to the true economic earnings. Recently, alternative managers have started to repurchase vast amounts of their own stock, which is a catalyst for increasing valuations. The Fund currently owns three alternative asset managers: Apollo Global Management, Brookfield Corporation and DigitalBridge Group, Inc.

Apollo Global (Apollo)

Apollo was added to the Fund this quarter. Historically, Apollo has excelled in traditional leveraged buyout and leveraged loan markets, establishing itself as a premier buyout firm. In 2009, Apollo launched Athene, a retirement services provider specializing in fixed-rate annuities. Athene quickly ascended to become the leading fixed-rate annuity provider in the US, providing Apollo with nearly a half a trillion dollars of perpetual capital to invest. Apollo predominantly invests this capital in investment-grade private credit, sourcing investment opportunities through 16 origination platforms. These platforms deploy capital into aircraft financing, fleet financing, senior debt, non-agency home loans, and other assets. The investment grade credit market is vast – estimated at $40 trillion. By leveraging Athene's liability origination capabilities and the asset origination capabilities of Apollo's various platforms, Apollo is poised to grow to over $1 trillion in AUM over the next five years.

Brookfield Corporation (Brookfield)

Brookfield has been a cornerstone holding since the Fund's inception. Among the three alternative managers in the Fund, it is the most intricate and diversified. Brookfield focuses on investments across infrastructure, private equity, renewable resources, real estate, and private credit. Besides management of traditional private funds, it also invests through publicly traded partnerships, providing it with an ample amount of permanent capital which it invests. Brookfield is endowed with a substantial balance sheet, as it invests the firm's capital alongside its private and public fund investors. Future growth is anticipated through the expansion of its funds, as many institutional investors are underinvested in infrastructure. Additionally, Brookfield, like Apollo, appreciates the investment capital that a retirement services platform can provide. Its nascent insurance business, currently managing $100 billion of assets, holds significant potential. If Brookfield hits its 5-year growth targets, the value of the insurance business alone could equal the current market capitalization of Brookfield.

DigitalBridge

DigitalBridge started its life with particularly complicated financials as the two data center businesses it owned directly obfuscated the economics of its asset management business. However, DigitalBridge plans to divest enough of their ownership in these two businesses that they will no longer be required to consolidate them in their reported financials. Consequently, its reported financials will be much simpler to analyze and reflect the profile of a pure-play alternative asset manager. DigitalBridge differentiates itself by focusing exclusively on digital infrastructure, an asset class that institutional allocators are severely under allocated to. DigitalBridge is actively fundraising for its third flagship investment fund. With an expected 11-year fund life, this fund could generate fees for the company and its investors for a long time.

We are confident that these three alternative investment managers will grow their respective businesses substantially over the next five years. This should provide ample growth in their stock prices and, consequently, the Fund's positions in them.

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The Fund added two new positions in the quarter. The Fund initiated a position in Apollo, which grew to be 5.9% of the Fund's assets by the end of the quarter. The Fund also initiated a small position in Nvidia Corporation, which is the leading manufacturer of graphic processing units that are the computing power behind much of the artificial intelligence industry.

Thank you for partnering with us. Your investment in the Ave Maria Focused Fund is appreciated.

IMPORTANT INFORMATION FOR INVESTORS

As of 9-30-23, the holding percentages of the stocks mentioned in this commentary are as follows: Apollo Global Management (5.9%), Brookfield Corporation* (10.4%), DigitalBridge Group, Inc. (15.0%) and Nvidia Corporation (0.5%), 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: eDreams ODIGEO SA (17.3%), DigitalBridge Group, Inc. (15.0%), APi Group Corporation (14.4%), Brookfield Corporation* (10.4%), GFL Environmental, Inc. (8.4%), Apollo Global Management (5.9%), Orion Engineered Carbons SA (5.5%), Green Plains, Inc. (4.0%), First Watch Restaurant Group (3.3%) and Permian Basin Royalty Trust (2.9%). 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.
*Combination of Brookfield Corporation and Brookfield Reinsurance, Ltd.

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. The S&P MidCap 400® Growth Index is an unmanaged benchmark representing medium-size U.S. growth 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 online at www.avemariafunds.com. *Distributed by Ultimus Fund Distributors, LLC.*

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