



# AVE MARIA FOCUSED FUND

## Q1 2021 COMMENTARY

For the three months ended March 31, 2021, the total return on the Ave Maria Focused Fund (AVEAX) was 4.59%, compared to the S&P 500® Index which returned 6.17%. The returns for the Ave Maria Focused Fund compared to its benchmark as of March 31, 2021 were:

	Year to Date	Since Inception#*	Gross/Net Prospectus Expense Ratio <sup>1</sup>
Ave Maria Focused Fund	4.59%	30.43%	2.72%/1.26%
S&P 500® Index	6.17%	42.57%	

# Cumulative \* Since Inception date is 5-1-2020

<sup>1</sup>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](http://www.avemariafunds.com) for the most current month-end performance.

### New Investments:

- APi Group Corporation is a leading provider of safety, specialty, and industrial services. Many of the services are statutorily mandated, which mitigates changes in economic cycles. 40% of its revenue is recurring, a metric management is working to get above 50%. They have a service first, projects second go to market strategy, which is unique in their industry and leads to higher margins. They should be able to redeploy ample amounts of excess cash as they make tuck-in acquisitions at accretive valuations (they have completed over 60 acquisitions since 2005). Additionally, the company has a long history of organic growth, which we expect to continue. The company recently went public via a merger with a special purpose acquisition corporation and has minimal sell-side analyst coverage. We expect the company's multiple to re-rate higher, as they execute on their plans, new sell-side analysts initiate coverage, and they hold their first investor day later this month.

### Other Portfolio Changes:

We reduced positions in three companies during the quarter to manage portfolio concentration. We sold a material amount of Change Healthcare, Inc. as its price rose due to the announcement of it being acquired by United Health Group. We added to eight existing holdings as new money was invested into the fund. We'd like to spend more time on two additions to existing holdings.

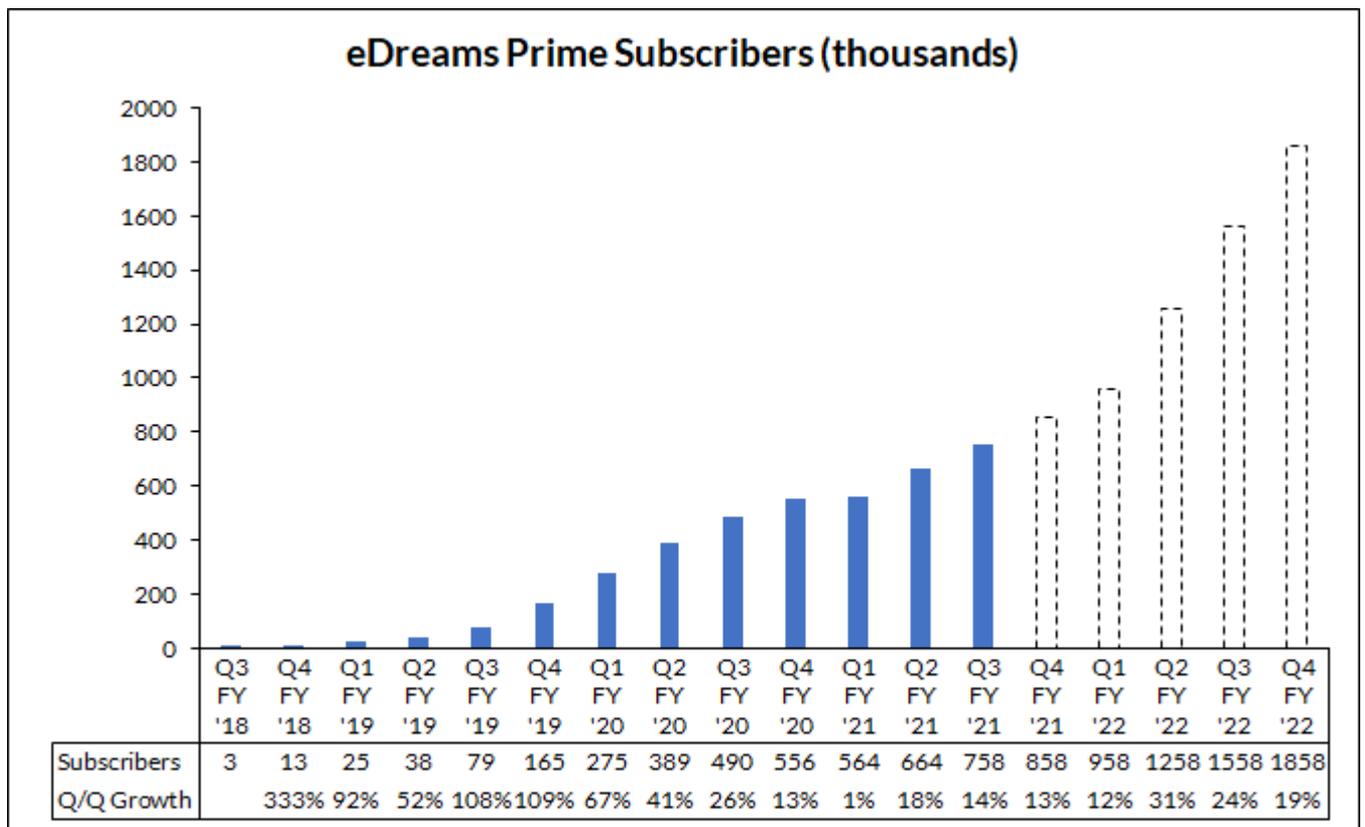
- GFL Environmental, Inc. was added to in size during the quarter. The company provided strong, multi-year forward guidance, and we are confident they can achieve it. Additionally, the company announced a substantial and attractive acquisition, which should increase the intrinsic value of the company. The first shares the portfolio acquired in mid-November are up 41.3% as of the end of the quarter.



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• Our position in eDreams ODIGEO was also added in size during the quarter, making it one of the top positions in the fund. eDreams’ operations should rebound rapidly as the COVID-19 vaccine is rolled out in Europe. The company is seeing forward bookings in the UK, whose government provided specific dates for the end of lockdowns. Furthermore, the company’s Prime program is up to 758,000 paying members, growing 100,000 members per quarter, which we believe will grow to 300,000 members per quarter after the lockdowns end. With their Prime program, eDreams is leading the transition to a subscription-based model in travel, as they have the largest and fastest growing travel subscription program. Companies with subscription-based business models are often rewarded by the market in their stock price, and rightly so, as subscriptions make revenue streams more durable and can lower customer acquisition cost. We estimate that the value of the Prime program alone is materially higher than the quarter-end price of the company at €4.71 per share. We believe there is a large discrepancy between eDreams’ trading price and its intrinsic value. The charts below show Prime’s growth history and our estimates for future growth, as well as estimates for the value of Prime under various scenarios.





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Value of Prime at Various Subscription Levels Capitalized at Various FCF Yields										
FCF Yield	Number of Subscriptions (thousands)									
	750	1,000	1,250	1,500	1,750	2,000	2,250	2,500	2,750	3,000
2.5%	€ 6.58	€ 10.12	€ 13.65	€ 17.19	€ 20.73	€ 24.26	€ 27.80	€ 31.33	€ 34.87	€ 38.41
3.0%	€ 4.81	€ 7.76	€ 10.71	€ 13.65	€ 16.60	€ 19.55	€ 22.49	€ 25.44	€ 28.39	€ 31.33
3.5%	€ 3.55	€ 6.08	€ 8.60	€ 11.13	€ 13.65	€ 16.18	€ 18.71	€ 21.23	€ 23.76	€ 26.28
4.0%	€ 2.60	€ 4.81	€ 7.02	€ 9.23	€ 11.44	€ 13.65	€ 15.86	€ 18.07	€ 20.28	€ 22.49
4.5%	€ 1.87	€ 3.83	€ 5.80	€ 7.76	€ 9.72	€ 11.69	€ 13.65	€ 15.62	€ 17.58	€ 19.55
5.0%	€ 1.28	€ 3.05	€ 4.81	€ 6.58	€ 8.35	€ 10.12	€ 11.89	€ 13.65	€ 15.42	€ 17.19
5.5%	€ 0.80	€ 2.40	€ 4.01	€ 5.62	€ 7.22	€ 8.83	€ 10.44	€ 12.05	€ 13.65	€ 15.26
6.0%	€ 0.39	€ 1.87	€ 3.34	€ 4.81	€ 6.29	€ 7.76	€ 9.23	€ 10.71	€ 12.18	€ 13.65

Multiple of 3/31/21 Closing Price of EUR 4.71										
FCF Yield	Number of Subscriptions (thousands)									
	750	1,000	1,250	1,500	1,750	2,000	2,250	2,500	2,750	3,000
2.5%	1.4x	2.1x	2.9x	3.6x	4.4x	5.2x	5.9x	6.7x	7.4x	8.2x
3.0%	1.0x	1.6x	2.3x	2.9x	3.5x	4.2x	4.8x	5.4x	6.0x	6.7x
3.5%	0.8x	1.3x	1.8x	2.4x	2.9x	3.4x	4.0x	4.5x	5.0x	5.6x
4.0%	0.6x	1.0x	1.5x	2.0x	2.4x	2.9x	3.4x	3.8x	4.3x	4.8x
4.5%	0.4x	0.8x	1.2x	1.6x	2.1x	2.5x	2.9x	3.3x	3.7x	4.2x
5.0%	0.3x	0.6x	1.0x	1.4x	1.8x	2.1x	2.5x	2.9x	3.3x	3.6x
5.5%	0.2x	0.5x	0.9x	1.2x	1.5x	1.9x	2.2x	2.6x	2.9x	3.2x
6.0%	0.1x	0.4x	0.7x	1.0x	1.3x	1.6x	2.0x	2.3x	2.6x	2.9x

### Top 10 Positions as a Percent of the Total Portfolio (as of March 31, 2021)

1. GFL Environmental, Inc.	8.8%
2. APi Group Corporation	8.1%
3. Equinix, Inc.	8.1%
4. Microsoft Corporation	8.1%
5. eDreams ODIGEO ADR	7.7%
6. Frontdoor, Inc.	7.3%
7. Adobe, Inc.	4.7%
8. Valvoline, Inc.	4.1%
9. Chemed Corporation	3.8%
10. Mastercard Incorporated	3.7%

When the Fund began in May of last year, the initial holdings were dominated by large, technology focused companies. Given the prevailing valuations and risks to the global economy, we deemed those companies as most attractive. Going forward, we expect smaller and potentially higher growth companies to comprise a larger portion of the portfolio. This is beginning to happen with the top ten positions, which includes GFL Environmental, Inc., APi Group Corporation, eDreams ODIEGO, Frontdoor, Inc., Valvoline, Inc. and Chemed Corporation.

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



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## IMPORTANT INFORMATION FOR INVESTORS

As of 3-31-21, the holding percentages of the stocks mentioned in this commentary are as follows: APi Group Corporation (8.1%), Change Healthcare, Inc. (0.8%), GFL Environmental, Inc. (8.8%) and eDreams ODIGEO ADR (7.7%). 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 3-31-21: GFL Environmental, Inc. (8.8%), APi Group Corporation (8.1%), Equinix, Inc. (8.1%), Microsoft Corporation (8.1%), eDreams ODIGEO ADR (7.7%), Frontdoor, Inc. (7.3%), Adobe, Inc. (4.7%), Valvoline, Inc. (4.1%), Chemed Corporation (3.8%) and Mastercard Incorporated (3.7%). The most current available data regarding portfolio holdings can be found on our website, [www.avemariafunds.com](http://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. 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<sup>®</sup> 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](http://www.avemariafunds.com). Distributed by Ultimus Fund Distributors, LLC.***



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