



# AVE MARIA VALUE FUND

## Q3 2018 COMMENTARY

The Ave Maria Value Fund (AVEMX) had a total return of 5.78% for the three months ended September 30, 2018, compared to 3.86% for the S&P MidCap 400. The returns for the Fund compared to its benchmark as of September 30, 2018:

	Year to					Since	Prospectus
	Date	1 Yr.	3 Yrs.^	5 Yrs.^	10 Yrs.^	Inception^*	Expense
							Ratio
Ave Maria Value Fund	9.53%	17.07%	12.97%	6.70%	8.26%	7.23%	1.21%
S&P MidCap 400 <sup>®</sup> Index	7.49%	14.21%	15.68%	11.91%	12.49%	9.69%	

^ Annualized \* Since Inception date is 5-1-2001

**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.

The Fund's positive Q3 performance was the result of strong share price appreciation in several portfolio holdings across a variety of industry sectors:

<u>Company</u>	<u>Industry Sector</u>	<u>Q3 Performance</u>
Avid Bioservices, Inc.	Biopharmaceuticals	+81%
Texas Pacific Land Trust	Real Estate	+24%
HEICO Corporation	Aerospace Products	+24%
Zimmer Biomet Holdings, Inc.	Medical Devices	+18%
Delta Air Lines, Inc.	Airlines	+17%

The main detractors from performance included the automotive retailer AutoNation, Inc. (-14%), investment brokerage Interactive Brokers Group, Inc. (-14%), and oil and gas exploration & production company Noble Energy, Inc. (-11%).

During the quarter, the Fund established new positions in the following four companies that were trading at prices below our estimate of intrinsic value:

1) Athene Holding Ltd. – Athene is a retirement services company that issues, reinsures, and acquires retirement savings products. Founded in 2009 during the height of the financial crisis, Athene was able to acquire business on favorable terms due to motivated sellers. The company is conservatively run by an experienced management team.

2) KKR & Co., Inc. – Originally a private equity firm, KKR is a leading asset management firm that went public in 2010 as a limited partnership. In July 2018, the company converted to a traditional c-corporation. KKR has a long history of growth in assets under management, revenue, and earnings.



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3) Platform Specialty Products Corporation – Platform Specialty is a global, diversified producer of high-technology specialty chemicals. Earlier this year, the company announced plans to sell its agrochemicals business for \$4.2 billion, which represents 50% of revenue for the firm, in order to pay down debt.

4) Rosetta Stone, Inc. – Rosetta Stone develops and markets a broad array of software-based language-learning and literacy solutions for the educational, enterprise and consumer markets. Through its Lexia division, Rosetta Stone is the industry leader in English literacy software for the K-12 education market. The company is growing double-digits and has no debt.

We liquidated two stocks from the portfolio during the quarter based upon their share price reaching our estimate of intrinsic value: Cognizant Technology Solutions Corporation (IT services) and Tractor Supply Company (Specialty Retail). In addition, Federated Investors, Inc. (Asset Management) was liquidated due to deteriorating fundamentals.



**AVE MARIA**  
**MUTUAL FUNDS**

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01-02-011519



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## IMPORTANT INFORMATION FOR INVESTORS

As of 9-30-18, the holding percentages of the stocks mentioned in this commentary are as follows; Avid Bioservices, Inc. (0.8%), Texas Pacific Land Trust (8.5%), HEICO Corporation (5.7%), Zimmer Biomet Holdings, Inc. (3.8%), Delta Air Lines, Inc. (2.8%), AutoNation, Inc. (0.8%), Interactive Brokers Group, Inc. (1.7%), Noble Energy Inc. (2.4%), Athene Holding Ltd. (1.2%), KKR & Co., Inc. (0.8%), Platform Specialty Products Corporation (0.5%) and Rosetta Stone, Inc. (0.6%). 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 9-30-18: Texas Pacific Land Trust (8.5%), HEICO Corporation - Class A (5.7%), InterXion Holding NV (4.1%), Zimmer Biomet Holdings, Inc. (3.8%), Qurate Retail, Inc. (3.8%), American Airlines Group, Inc. (3.6%), Arrow Electronics, Inc. (3.0%), Spectrum Brand Holdings, Inc. (2.9%), Liberty Media Corporation Series C (2.9%) and Delta Air Lines, Inc. (2.8%). The most current available data regarding portfolio holdings can be found on our website, [www.avemariafunds.com](http://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 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 400<sup>®</sup> Midcap Index is an unmanaged index created by Standard & Poor's made up of 400 midcap companies. The index is the most widely used index for mid-sized 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, 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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