



# Ave Maria World Equity Fund

Q2 2017  
Investment  
Commentary

For the three months ended June 30, 2017, the total return on the Ave Maria World Equity Fund (AVEWX) was 4.01%, compared to the S&P Global 1200® index at 4.31%. The returns for the Ave Maria World Equity Fund compared to its benchmark as of June 30, 2017 were:

	Year to Date	1 Yr.	3 Yrs.^	5 Yrs.^	Since Inception^*	Gross/Net Prospectus Expense Ratio
Ave Maria World Equity Fund	10.17%	16.47%	3.07%	9.22%	7.12%	1.46%/1.26%
S&P Global 1200® Index	11.40%	19.47%	5.97%	11.89%	9.53%	

^ Annualized \* Since Inception date is 4-30-2010

**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 adviser has contractually agreed to limit the Fund's ordinary operating expenses to an amount not exceeding 1.25% of the Fund's average daily net assets until at least May 1, 2018.

The first six months of 2017 was a strong period for the global equity markets. The European equity market also reached double-digit returns (all returns cited in local currency) as the economy strengthened slightly and elections seemed to indicate that any populist wave had been delayed after the "Brexit" vote of last year. In the U.K., equities were up mid-single digits, despite the economic and political outlook remaining somewhat uncertain due to Brexit. The Japanese stock market was up high single digits as its economy grew for the fifth straight quarter in a row...for the first time in over a decade! Finally, the U.S. equity market also did well, despite a lot of political drama. We believe the U.S. market is driven by a solid earnings and economic outlook, helped by the prospects for lower government regulation and perhaps a tax cut.

The Fund benefitted from stock selection in the consumer staples, industrials and real estate sectors. Consumer staples was the largest positive contributor to performance due to a combination of favorable stock selection and an over-weighted position. Three stocks were up over 25%: Coca-Cola European Partners, Heineken NV, and Nestle. The first two played catch-up after being weak during the second half of 2016 for no apparent reason, while Nestle received a market boost when a well-known corporate activist announced a position in the stock. The industrials segment also performed nicely, with a handful of our stocks up over 15% during the period. U.S. based AMETEK, Inc. led the way, but Europe based Koninklijke Phillips Electronics N.V. and Siemens AG also contributed positively. In the real estate sector, Toronto based FirstService Corp. was up due to strong earnings growth and a better than expected acquisition pipeline. The stock price moved so much it exceeded our estimate of fair value, and we sold it for a nice gain.

Conversely, holdings in the energy sector negatively impacted performance of the Fund as oil prices fell during the period. Holdings of higher-beta energy services stocks, Halliburton Company and Schlumberger Limited, were the largest detractors. We still like their longer term prospects and continue to hold the stocks. In consumer discretionary, shares of Bridgestone Corp., a Japanese tire-maker, were up around 20%, but shares



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of U.K. advertiser WPP PLC, and Japanese auto-maker, Toyota Motor, were both in negative territory. We sold our position in Toyota due to concerns largely surrounding the auto cycle, and are closely watching WPP due to the changing advertising landscape.

Nine positions were eliminated from the Fund since December 31, 2016, in favor of what we believe to be more attractive investment opportunities: Amgen, Inc. (biotechnology), Discovery Communications, Inc. (broadcasting), Emerson Electric Co. (electrical components & equipment), FirstService Corporation (real estate services), International Flavors & Fragrances, Inc. (specialty chemicals), QUALCOMM Incorporated (semiconductors), Reinsurance Group of America (reinsurance), Toyota Motor Corporation (auto manufacturing) and Western Union (data processing & outsourced services).

Five new positions were added to the Fund: Axalta Coating Systems Ltd. (specialty chemicals), Bank of New York Mellon Corp. (asset management & custody banks), Hexcel Corporation (aerospace & defense), Johnson Controls International PLC (building products) and Mastercard Incorporated (data processing & outsourced services).

We continue to search for high quality, larger capitalization, attractively valued, globally oriented companies and believe the portfolio to be well positioned in such equities.

Thank you for your continued interest in the Ave Maria World Equity Fund.



## IMPORTANT INFORMATION FOR INVESTORS

As of 6-30-17, the holding percentages of the stocks mentioned in this commentary are as follows; Coca-Cola European Partners (3.7%), Heineken NV (2.3%), Nestle (2.3%), AMETEK, Inc. (2.1%), Koninklijke Phillips Electronics N.V. (3.1%), Siemens AG (2.4%), FirstService Corp. (no longer held), Halliburton Company (1.3%), Schlumberger Limited (1.6%), Bridgestone Corp. (2.5%), WPP PLC (2.4%) Toyota Motor (no longer held), Axalta Coating Systems Ltd. (1.9%), Bank of New York Mellon Corp. (2.9%), Hexcel Corporation (1.6%), Johnson Controls International PLC (1.7%) and Mastercard Incorporated (2.5%). 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 6-30-17: Zimmer Biomet Holdings, Inc. (4.3%), AXA SA (4.2%), Shire PLC ADR (4.1%), Coca-Cola European Partners (3.7%), Medtronic PLC (3.6%), TE Connectivity Limited (3.5%), Citigroup, Inc. (3.5%), Lowe's Companies, Inc. (3.4%), Diageo PLC ADR (3.1%) and Koninklijke Philips Electronics NV (3.1%). 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. AVEWX invests in foreign securities and securities issued by U.S. entities with substantial foreign operations. Investments in these securities can involve additional risks relating to political, economic or regulatory conditions in foreign countries. These risks include less stringent investor protection and disclosure standards of some foreign markets, fluctuations in foreign currencies, and withholding or other taxes.

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 Global 1200® is a global index, capturing approximately 70% of the world's capital markets. It is a composite of 31 local markets from seven headline indices, many of which are accepted leaders in their regions. S&P 500® Index is a commonly recognized, market capitalization weighted index of 500 widely held equity securities, designed to measure broad U.S. equity performance. The S&P Europe 350 consists of 350 leading blue-chip companies drawn from 16 developed European markets. S&P/TOPIX 150 represents the large cap universe for Japan. It includes 150 highly liquid securities of leading, blue chip companies from each of the Global Industry Classification Standard (GICS®) sectors of the Japanese market. 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.***