



CHADD GARCIA ON RELEVANT RADIO – MORNING AIR SHOW

APRIL 27, 2022

John Morales: Welcome back to Morning Air. I'm John Morales, along with Glenn Levens. Thanks so much for joining us on this Wednesday morning. Now, how many of you are currently investing in the markets? This weekend will be the Berkshire Hathaway's annual shareholders meeting. It's often been called the Woodstock of capitalism. Now, during this meeting, CEO Warren Buffett and Vice Chairman Charlie Munger answer shareholder questions about the economy, about investing, about their businesses, among some of the topics. While we may be at odds, we may not agree with them philosophically on many different issues, including the issue of life and abortion, their wisdom when it comes to investing has had a strong impact on our next guests. What bits of wisdom can the average investor or people in general learn from both Warren and Charlie? Joining us now for much more is Chadd Garcia, Vice President of Schwartz Investment Counsel, Inc., the lead portfolio manager of Ave Maria Focused Fund and the co portfolio manager of the Ave Maria Growth Fund. Good morning, Chadd. Welcome back to Morning Air. Great to be with you once again this morning.

Chadd Garcia: Good morning. Great to be on.

John Morales: Chadd. Let's talk about this annual meeting. First of all, why is it called the Woodstock of capitalism?

Chadd Garcia: Well, tens of thousands of people descend upon Omaha, Nebraska, every year to attend it. Several people come days early. There are plenty of ancillary events. There are stock pitching competitions for students at Creighton University. There are value investing conferences. There are several dinners that will be going on. And then the big event is 4 to 5 hours of questioning Warren and Charlie on Saturday.

John Morales: Absolutely. And I imagine, you know, these are two very successful men. Warren Buffett, of course, one of the world's richest men on the planet. What are some of the main bits of wisdom we can learn from Warren Buffett?

Chadd Garcia: Well, when you are looking at Warren, I think you can break his wisdom down into investment lessons. And he's one of the all-time investment greats. And then there's general life lessons. So, I think we can dive into to each of them. But with respect to investment lessons, I think one of the first lessons that always jumped out at me is invest in companies that you understand. So, know the businesses that you're invested in and the risks that you're taking with owning it. I think this goes along the lines of, you know, do your own homework; do your own work. And not to follow crowds into investments if they look lucrative but you don't understand the businesses.

John Morales: Absolutely. And it's super important to do your homework, like you said. And this is something that we can learn from Warren Buffett, who obviously always traditionally does his homework. It's really important to understand what companies invest in.

Chadd Garcia: Right? Right. One lesson that he often talks about is to invest in companies as an owner and not a speculator. And what he means is, don't think of buying a stock as buying a piece of paper. Think of it as buying a share of an entire company. If you own a car dealership in a town, you wouldn't sell it just because somebody offered you a higher price today than yesterday. You know, if you own a business, you're going to be in it for the long term - once you take that mindset, when investing in stocks.

John Morales: Would you say that it's common to watch the markets regularly when we invest? How can we have a long-term approach to investing?

Chadd Garcia: Well, I think Warren would advise one to not watch the markets regularly. If you if you look at his office, which you know, there are several pictures of it, you won't find a computer. You won't find a Bloomberg terminal with stock prices flashing on it. Wealth generation comes from compounding your capital over a long period of time. And so, if he's going to invest in a business, I think he's once said, if you won't own a business for ten years, don't own it for 10 minutes. So, he certainly has a long-term view. When

he's minus stock, he's not going to be in and out of it just because it might go up a little bit or down a little bit on a day-to-day basis.

John Morales: And obviously, when Warren Buffett speaks about investments, people listen. But he also has some interesting life lessons that he is passing on to many of us. What can we learn from Warren Buffett in terms of life lessons?

Chadd Garcia: One lesson I've been trying to teach my eight-year-old daughter is to have an inner scorecard, measure yourself on what's important to you and in adherence to your values, and don't worry what others think of you. I think that's one of the best lessons that Warren has.

John Morales: He's also big on talking about marrying the right person and really trying to take care of your body and your mind. And he has quite a bit of advice if you ask him about real life.

Chadd Garcia: Yeah. He does say to marry the right person. It's one of the most important decisions of your life, because the people that you associate with help determine the type of person you'll become. Followed by your spouse, be choosy on whom you associate with in business, your business partners, and what companies you go to work for. But with respect to taking care of your mind and body, he often talks to high school students, and whenever he does, he says, imagine that I will buy you a car on your 16th birthday. You can have any car that you want. But the catch is, it's the only one you're ever going to get the rest of your life. How will you take care of that car? Will you read the owner's manual? Will you get it serviced regularly? Because that is what you're given with your mind and body. You can't wait until you're 50 years old to start taking care of it. You need to start early on.

John Morales: Great advice, a wonderful perspective, Chadd, to prepare for our chat here this morning. I was actually watching some highlights of last year's annual meeting of with Berkshire. And it's interesting to see the two of these guys, two very high profile, very successful men in Warren Buffett, the CEO and the vice chairman of Berkshire and Charlie Munger, sitting there answering all these questions. Charlie also has a lot to offer, and he gives some advice on life lessons. What can we learn from Charlie?

Chadd Garcia: Charlie, of the two, he's more my favorite to listen to. I get a lot from his advice and him, like Warren, advises to read constantly. And if I can take this back to Warren's view of taking care of your mind and body, I mean, I think that one way of taking care of your mind is to read constantly. Charlie is approaching one hundred years old. Warren's 91. Their former colleague, Lou Simpson, who I knew personally, passed away this year at 85. All three of them are as sharp as they come, which is impressive given their age. And I think that one thing that they all have in common is that they all read constantly. We try to read 4 to 5 hours a day. And so, I think that reading is probably the key to keeping their minds sharp at their ages. Charlie also talks a fair amount with respect to reading, he says, try to go to bed every night a little wiser than you woke up.

John Morales: Great advice. Great advice.

Chadd Garcia: And then I think he's most known for using mental models. So, Charlie likes to read and learn about other disciplines and bring those learnings from those other disciplines into investing. And so, to put this into a little perspective, if you look at famous detectives, you know, Sherlock Holmes and Father Brown. Sherlock Holmes studied outside his field and used a multi-disciplinary approach to solving crimes. And Father Brown, you know, three years of hearing people's confessions, understood psychology and human nature, which aided him in solving crimes. And so, you know, use mental models and take a multidisciplinary approach to solving problems.

John Morales: Well, there's a lot of wisdom between these two guys. I had no idea that Charlie Munger was coming up on one hundred years old. I knew Warren was 90 plus, but my goodness, very impressive, especially when you actually hear these both of these guys talk, how sharp they are. It's amazing, Chadd.

Chadd Garcia: Right. Right. You know, they both came from Omaha. They're both Midwestern boys. They cherish old fashioned values. Family comes first, hard work, honesty, and integrity. They all have a positive attitude and they're big on America. You know, Warren attributes much of his success to belong to American business because of the ingenuity and the integrity and the work ethic of Americans. So, I think there's a lot to learn from them.

John Morales: A quick word, how we can put some of their insights into practice in terms of the Ave Maria Funds, what should our listeners look for?

Chadd Garcia: Well, in the Focused Fund, which I run, you know, we are value investors in the sense that we are trying to buy businesses at a price that is less than I think they're worth. And when we buy them, we hold them for a very long, long time and let the businesses grow. So, in that sense, it's very much in line with how Warren and Charlie manage the portfolio at Berkshire.

John Morales: And how is the Ave Maria Mutual Fund going?

Chadd Garcia: The Focused Fund finished 2021, up about 28%, which it compares to the S&P 400 Mid-Cap Growth Fund Index. That was up around 19% and it was in the top 15% of its Morningstar category.

John Morales: That sounds that sounds tremendous. Well, as always. Thanks so much for your perspective. Appreciate you joining us this morning, Chadd. Thanks again.

Chadd Garcia: Great. Have a good day.

John Morales: You, too. Chadd Garcia, vice president of Schwartz Investment Counsel, the lead portfolio manager for the Ave Maria Focused Fund.

IMPORTANT INFORMATION FOR INVESTORS

Total Returns as of 3-31-22

	Year to Date	1 Yr.	Since Inception ^{^*}	Gross/Net Prospectus Expense Ratio ¹
Ave Maria Focused Fund	-14.14%	5.05%	17.88%	1.30%/1.26%
S&P 500 [®] Index	-4.60%	15.65%	29.84%	
S&P MidCap 400 [®] Growth Index	-9.04%	-0.36%	27.65%	

[^] Annualized * Since Inception date is 5-1-2020

¹The 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.***

Berkshire Hathaway, Inc. is not held in either the Ave Maria Focused Fund or the Ave Maria Growth Fund.

Morningstar Percentile Rankings is the fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. In the Morningstar Large

Growth Fund Category, the Fund had the following percentile ranking as of 12/31/21: 1 year (161st out of 1,230 funds) and as of 3/31/22: 1 year (749th out of 1,233 funds).

Schwartz Investment Counsel, Inc., a registered investment adviser established in 1980, serves as investment adviser for Ave Maria Mutual Funds and invests only in securities that meet the Funds' 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 Funds may underperform or outperform the stock market as a whole.* All mutual funds are subject to market risk, including possible loss of principal. The thoughts and opinions expressed in this podcast are solely those of the person(s) speaking as of April 27, 2022.

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