

Portfolio manager perspectives

'Income' no longer a 'dirty word,' says dividend fund manager

Investors realizing the value of dividends, claims Ave Maria's Platte; 'show me the money'

By Jeff Benjamin

For companies sitting on huge piles of money, paying out dividends is no longer optional, says Richard Platte, manager of the Ave Maria Rising Dividend Fund Ticker:(AVEDX).

"I'd like to think we're at the beginning of an improving environment for dividends," he said. "There is going to be less tolerance on the part of shareholders for companies [that have lots of cash] but don't pay a dividend."

Mr. Platte, who has managed the fund for Ave Maria Mutual Funds since it was launched in May 2005, applies a somewhat flexible and qualitative approach to building the portfolio, which comprises about 45 stocks.

For example, even though the fund tends to focus on larger companies, he's not afraid to invest in a company such as Cato Corp. Ticker:(CATO), an \$850 million specialty retailer with a 3.2% dividend yield.

"We're looking for companies with a history of increasing dividends, and we're not looking for just a penny more a year," he said. "Most important to us is the prospect of raising dividends going forward."

Along those lines, Mr. Platte said he pays attention to such details as reading managements' letters to shareholders to try to determine how the company views its relationship to shareholders.

"We're looking for companies that are treating shareholders as partners, because the success of this fund relies on the quality of the underlying investments," he said.

The fund's current dividend yield is 2.3%, which

compares with 1.8% for the S&P 500.

Mr. Platte said investors recognized and appreciated the benefits of dividend income during the financial crisis "because it gave them something to hang their hat on."

"Income is not a dirty word anymore," he added. "I think there is growing awareness among investors that dividends do matter, and people are increasingly saying, 'Show me the money.'"

While the financial services industry has become one of the weaker areas for dividends, Mr. Platte is getting a 4.2% yield from Federated Investors Inc. Ticker:(FII).

Abbott Laboratories Ticker:(ABT) is also contributing to the fund, with a 3.6% yield.

Then there is Paychex Inc. Ticker:(PAYX), a payroll processing company that has been struggling in the slower economy. Nevertheless, Paychex' dividend yield is hovering around 4%.

The fund, which has a five-star rating from Morningstar Inc., is up 11% from the start of the year, which compares with a 6% gain by the S&P 500 and a 5.5% average gain by Morningstar's large-blend-fund category.

Portfolio Manager Perspectives are regular interviews with some of the most respected and influential fund managers in the investment industry. For more information, please visit InvestmentNews.com/pmperspectives.

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AVE MARIA RISING DIVIDEND FUND

	Total Returns as of December 31, 2011				Expense Ratio
	1 Yr.	3 Yrs.^	5 Yrs.^	S.I.^*	
Ave Maria Rising Dividend Fund	4.63%	15.62%	3.48%	6.19%	1.02%
S&P 500® Index	2.11%	14.11%	-0.25%	3.33%	
Morningstar Large Blend Category Average	-1.33%	13.17%	-1.00%	na	

^ Annualized * Since Inception date is 5-2-2005

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.

Morningstar Ratings as of 12-31-11

	Overall Rating	3 Year Rating	5 Year Rating	Morningstar Category
Morningstar Rating	★★★★★	★★★★★	★★★★★	Large Blend
Number of Funds	1580	1580	1376	

Source: Morningstar 12-31-11. For each fund with at least a 3-year history, Morningstar calculates a risk-adjusted measure that accounts for variation in a fund's monthly performance (including the effects of all sales charges), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of each category receive a Morningstar Rating™ of 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. 2012, ©Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers, may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

IMPORTANT INFORMATION FOR INVESTORS

As of December 31, 2011, the holding percentages of the stocks mentioned in this article are as follows; CATO (2.3%), FII (1.7%), ABT (3.0%) and PAYX (2.6%). 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 12-31-11 were as follows; Exxon Mobil Corporation (4.1%), Lowe's Companies, Inc. (3.3%), 3M Company (3.2%), General Dynamics Corporation (3.1%), ConocoPhillips (3.0%), Illinois Tool Works, Inc. (3.0%), U.S. Bancorp (3.0%), Emerson Electric Co. (3.0%), Abbott Laboratories (3.0%) and Republic Services, Inc. (2.9%). Top holdings do not reflect cash, money market instruments or options/futures contracts holdings. The most currently available data regarding portfolio holdings can be found on our website, www.avemariafunds.com.

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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. 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.** Distributed by Ultimus Fund Distributors, LLC.

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