

BOUTIQUE OF THE WEEK

KNOW HOW

## INSIDE... AVE MARIA MUTUAL FUNDS

**LOCATION**



**SPECIALTY**

CATHOLIC VALUES-BASED INVESTING

**STRATEGIES**

RIISING DIVIDEND FUND, GROWTH FUND, VALUE FUND, WORLD EQUITY FUND AND BOND FUND

**FOUNDED**

1980

**AUM**

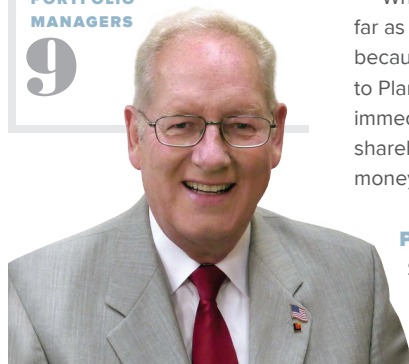
\$2.5bn

**EMPLOYEES**

21

**PORTFOLIO MANAGERS**

9



**NICOLE PIPER**

**HOW THE FIRM WAS FOUNDED:**

George Schwartz founded the firm in 1980. It began as an RIA and managed portfolios for high-net-worth individuals for several years before the mutual funds launched in 2001 at the suggestion of Schwartz's long-time friend Tom Monaghan.

Monaghan is known as the founder of Domino's Pizza, which he started in 1960. He also owned the Detroit Tigers from 1983 to 1992 and founded Ave Maria University, a Catholic college in Florida.

'He was very interested in doing something for Catholics, who were and are vehemently opposed to abortion,' Schwartz said of Monaghan. 'He wanted to have a mutual fund or a family of mutual funds that are specifically designed to avoid companies that support abortion in any way.'

**FLAGSHIP FUND OR STRATEGY:**

Schwartz said the firm's second fund, the Ave Maria Rising Dividend fund, would be considered its flagship fund. The \$870.5 million fund was launched in 2005 and is managed by Schwartz, Richard Platte and Joseph Skornicka.

The fund invests in firms that have a history of increasing their dividends regularly. Like all of Ave Maria's mutual funds, it filters out any stocks not deemed 'morally responsible.' The negative screen removes any firms that are involved in or fund abortion, stem cell research or pornography.

'When we invest in a company that is "clean," as far as we're concerned, if it becomes an offender because maybe they started contributing money to Planned Parenthood, we will sell that stock immediately,' Schwartz said. 'That's what our shareholders want. They don't want any of their money supporting abortion or pornography.'

**PROCESS:**

Schwartz and the rest of the investment team start with a bottom-up approach to stock selection. The fund's analysts, who all act as generalists, conduct research on the

investable universe and suggest investment ideas at the firm's weekly investment committee meetings.

'When we buy a stock – after we've done the research on it, and it is considered a good investment from a financial point of view, and it passes our screens – I'll send a personal letter to the chief executive officer of that company and tell him or her that we invested in the company because we think it's a good investment, and because that company doesn't violate any of our screens,' Schwartz said.

Schwartz doesn't just send thank you notes, though. He also sends letters to firms that are removed from funds for offending Ave Maria's moral screening.

**PHILOSOPHY:**

Asked to describe his investment philosophy in one sentence, Schwartz said he always aims to 'buy very high-quality stocks and bonds, and do it in a more responsible way to produce above average returns for our shareholders.'

While Ave Maria is a 'morally responsible investing firm,' Schwartz made it clear that the focus is just on family values and pro-life values, and not traditional ESG allocation screens.

'We're not socially responsible, so to speak – we're not ESG. We don't screen out for alcohol, tobacco, firearms or gambling. We don't screen out for so-called environmental issues and so forth.'

**ONE THEY GOT RIGHT:**

Schwartz said one of his favorite stock picks is Mastercard, which the firm bought two years ago at \$130 a share. He says it now sits at above \$260 a share. 'It's a great company with a great outlook,' he said. 'I would say it has a sustainable competitive advantage, is extremely profitable and is growing at an above-average rate.'

**ONE THAT COULD HAVE BEEN BETTER:**

One call that Schwartz said tested his faith was Nordstrom. The retail stock disappointed, and Schwartz recently sold out of the company.

'We underestimated the rate at which the brick-and-mortar retailers were going to get hit by online sales, and Nordstrom, we thought, was going to be able to dodge that bullet because of their focus on high-end women's apparel, mostly, but it didn't work out,' Schwartz said.

The decision to sell out of Nordstrom, he said, was made purely based on the retailer's inability to increase earnings and sales in the near term, and not because Nordstrom violated Ave Maria's moral stipulation. ■



# AVE MARIA MUTUAL FUNDS

1-866-AVE-MARIA (1-866-283-6274)

[avemariafunds.com](http://avemariafunds.com)

## IMPORTANT INFORMATION FOR INVESTORS

As of 3-31-21, the holding percentages of Mastercard Incorporated in Ave Maria Mutual Funds were as follows: Ave Maria Growth Fund (5.3%), Ave Maria World Equity Fund (4.9%), Ave Maria Focused Fund (3.7%), Ave Maria Rising Dividend Fund (0.0%), Ave Maria Value Fund (0.0%), and Ave Maria Bond Fund (0.0%). 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 Ave Maria Growth Fund's top ten holdings as of 3-31-21: Texas Instruments, Inc. (6.0%), Frontdoor, Inc. (5.4%), Mastercard Incorporated (5.3%), Lowe's Companies, Inc. (5.3%), Copart, Inc. (5.2%), Visa, Inc. Class A (5.1%), Change Healthcare, Inc. (4.7%), Microsoft Corporation (4.5%), HEICO Corporation - Class A (4.5%) and Broadridge Fin. Solutions, Inc. (4.4%). The Ave Maria World Equity Fund's top ten holdings as of 3-31-21: Mastercard Incorporated (4.9%), Iqvia Holdings, Inc. (4.7%), Microsoft Corporation (4.5%), Coca-Cola European Partners (4.2%), Accenture PLC (4.0%), Medtronic PLC (4.0%), Koninklijke Philips N.V. (3.9%), AXA SA (3.7%), Lowe's Companies, Inc. (3.5%) and Taiwan Semiconductor Mfg. (3.4%). The Ave Maria Focused 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).

**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 Funds' 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. AVEFX invests primarily in fixed income securities and as a result the Fund is also subject to the followings risks: interest rate risk, credit risk, credit rating risk and liquidity risk. AVEDX invests primarily in dividend paying companies and it is possible these companies may eliminate or reduce their dividend payments. 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.

**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 it can be viewed at [www.avemariafunds.com](http://www.avemariafunds.com). Distributed by Ultimus Fund Distributors, LLC.**