

# SCHWARTZ VALUE FOCUSED FUND

## Q2 2020 COMMENTARY

For the three months ended June 30, 2020, the total return on the Schwartz Value Focused Fund (RCMFX) was 28.62%, compared to the S&P 1500<sup>®</sup> Index at 20.77%. The Fund's performance versus its benchmark as of June 30, 2020 is as follows:

	Year to Date	1 Yr.	3 Yrs.^	5 Yrs.^	10 Yrs.^	Prospectus Gross/Net Expense Ratio
Schwartz Value Focused Fund	-7.17%	-2.77%	4.24%	3.52%	5.76%	1.63%/1.27%
S&P 1500 <sup>®</sup> Index	-4.08%	6.08%	9.91%	10.20%	13.75%	

^ Annualized

**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.** Call 1-800-449-9240 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, 2021.

In the S&P 1500<sup>®</sup>, returns were highly stratified by market cap – the larger the market cap, the better the performance. This is a continuation of the trend in recent years of investors' preference for large-cap stocks and the avoidance of mid-caps and small-caps, especially small-cap value stocks. Likewise, growth stocks continued their recent outperformance over value stocks. According to Morningstar, in the first half of the year, the best performing fund category was large-cap growth, with the average fund total return of +8.16%. In contrast, the worst performing category was small-cap value with the average fund total return of -23.13%. In the Morningstar mid-cap blend category, the average total return was -12.64%.

The table below shows the dominant performance of large-caps vs. small-caps, and growth vs. value stocks so far in 2020.

Index	Market Cap	6/30/20 YTD Total Return
S&P 500 <sup>®</sup>	Large-cap	-3.08%
S&P 500 <sup>®</sup> Growth		+7.93%
S&P 500 <sup>®</sup> Value		-15.52%
S&P 400 <sup>®</sup>	Mid-Cap	-12.78%
S&P 400 <sup>®</sup> Growth		-5.21%
S&P 400 <sup>®</sup> Value		-20.98%
S&P 600 <sup>®</sup>	Small-cap	-17.85%
S&P 600 <sup>®</sup> Growth		-11.54%
S&P 600 <sup>®</sup> Value		-24.46%

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Today's stock market, similar to the 1999-2000 internet bubble, has essentially become one of "haves" and "have-nots". The "haves" are a narrow group of large-cap, growth-oriented tech stocks with high prices, sky-high valuations, and a fanatical following on Wall Street. The "have-nots" are a much larger group of small and mid-cap value stocks with inexpensive valuations that few investors care about, currently. With the market's ongoing infatuation with large-cap growth stocks, the Fund's value-focused approach and small-cap holdings have hindered our relative performance.

The Fund's top 5 contributors to return in the first half of this year were:

<u>Company</u>	<u>Industry</u>	<u>Contribution to Return</u>
Barrick Gold Corp.	Metals & Mining	+3.87%
Pan American Silver Corporation	Metals & Mining	+1.34%
The Kroger Co.	Grocery	+0.46%
A.O. Smith Corporation	Specialty Industrials	+0.43%
Moody's Corporation	Financial Services	+0.42%

The Fund's top 5 detractors from return in the first half of this year were:

<u>Company</u>	<u>Industry</u>	<u>Contribution to Return</u>
Texas Pacific Land Trust	Oil/gas Royalties & Real Estate	-2.89%
Noble Energy, Inc.	Oil/gas Exploration & Production	-1.63%
Berkshire Hathaway, Inc.	Finance & Insurance	-1.10%
Madison Square Garden Ent.	Entertainment	-0.79%
TJX Companies, Inc.	Specialty Retail	-0.62%

In the first half, three stocks were liquidated from the portfolio: American Airlines Group, Inc., Delta Air Lines, Inc. and Apache Corporation. American Airlines and Delta were sold early in the year, as we anticipated the significant challenges airlines would face in the midst of a global pandemic. Apache Corporation was sold in favor of more attractive opportunities in the oil & gas sector. New positions were established in the following companies that meet our criteria of owning shares of high-quality businesses in strong financial condition that are selling at a discount to our estimate of intrinsic value: Alcon, Inc. (medical instruments & supplies), CME Group, Inc. (financial data & stock exchanges), Gentex Corporation (automotive & technology products) and Remy Cointreau (liquor & beverages).

We remain steadfast in the belief that our value-focused investment approach, using fundamental security analysis to identify stocks trading at a discount to intrinsic value, continues to be an excellent way to achieve superior long-term results.

Thank you for your investment in the Schwartz Value Focused Fund.

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### IMPORTANT INFORMATION FOR INVESTORS

As of 6-30-20, the holding percentages of the stocks mentioned in this commentary are as follows: Barrick Gold Corp. (12.6%), Pan American Silver Corporation (5.7%), The Kroger Co. (4.2%), A.O. Smith Corporation (2.9%), Moody's Corporation (2.6%), Texas Pacific Land Trust (20.4%), Noble Energy, Inc. (3.1%), Berkshire Hathaway, Inc. Class A (3.3%), Madison Square Garden Entertainment (0.5%), TJX Companies, Inc. (1.6%), Alcon, Inc. (1.2%), CME Group, Inc. (1.5%), Gentex Corporation (1.6%), and Remy Cointreau UNSP ADR (1.0%). 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 Fund's top ten holdings as of 6-30-20: Texas Pacific Land Trust (20.4%), Barrick Gold Corp. (12.6%), Pan American Silver Corporation (5.7%), Rosetta Stone, Inc. (5.4%), Graham Holdings Co. Class B (4.3%), Kroger Company (4.2%), Berkshire Hathaway, Inc. Class A (3.3%), Noble Energy, Inc. (3.1%), A.O. Smith Corporation (2.9%) and Markel Corporation (2.9%). The most current available data regarding portfolio holdings can be found on our website, [www.schwartzvaluefocusedfund.com](http://www.schwartzvaluefocusedfund.com). Current and future portfolio holdings are subject to risk.

This Fund is a non-diversified fund. Because the fund may invest in securities of smaller numbers of issuers, the Fund may be more exposed to the risks associated with and developments affecting an individual issuer than a fund that invests more widely. This may, therefore, have a greater impact on the Fund's performance. Performance can be affected by market and investment style risk. Mutual Fund investing involves risk and principal loss is possible. The Fund's investments in small- and mid-capitalization companies could experience greater volatility than investments in large-capitalization companies. **Past performance is no guarantee of future results.**

The investment performance assumes reinvestment of dividends and capital gains distributions. The quoted performance for the Fund includes performance of RCM Partners Limited Partnership for periods prior to July 20, 1993. It should be noted that: (1) the Fund's performance includes performance for periods before the Fund's registration statement became effective; (2) the Fund was not registered with the Securities and Exchange Commission and, therefore, was not subject to the investment restrictions imposed by law on registered mutual funds; and (3) if the Fund had been registered during such periods, performance may have been adversely affected. The S&P 1500<sup>®</sup> Index includes all stocks in the S&P 500<sup>®</sup>, S&P 400<sup>®</sup>, and S&P 600<sup>®</sup>. This index covers 90% of the market capitalization of U.S. stocks. Indexes do not incur fees and it is not possible to invest directly in an index.

***Prospective investors should read the prospectus carefully and consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus, which can be obtained by calling 1-800-449-9240 or online at [www.schwartzvaluefocusedfund.com](http://www.schwartzvaluefocusedfund.com), contains this and other important information. Distributed by Ultimus Fund Distributors, LLC.***