

# ***CM Advisors Family of Funds*** **Annual Report 2022**

## **CM Advisors Fixed Income Fund**

February 28, 2022

This report and the financial statements contained herein are submitted for the general information of the shareholders of the CM Advisors Family of Funds (the "Trust"). This report is not authorized for distribution to prospective investors of the Trust unless preceded or accompanied by an effective prospectus. Mutual fund shares are not deposits or obligations of, or guaranteed by, any depository institution. Shares are not insured by the FDIC, Federal Reserve Board or any other agency, and are subject to investment risks, including possible loss of principal amount invested.



Dear Shareholders,

In last year's letter, we discussed the enormous amount of additional liquidity and stimulus that both the Federal Reserve (the "Fed") and Congress injected into the economy in response to COVID-19, and the likelihood that inflation would exceed the Fed's long standing 2% inflation target; all the while, interest rates and real yields were at record low levels. We believe such a backdrop is not conducive to owning a portfolio of longer-dated bonds. Anticipating this, we positioned the CM Advisors Fixed Income Fund (the "Fund") to hold shorter-maturity bonds that are less harmed by rising real yields. With inflation now front-page news, and our concerns being realized, we continue to believe the Fund is well positioned for the environment we see ahead.

The Fed's response to the economic impact of COVID-19 placed an unprecedented level of stimulus directly into the savings accounts of consumers, driving a significant increase in the demand for goods and services. At the same time, COVID-19 protocols created labor shortages, manufacturing inefficiencies, and transportation bottlenecks, all restricting global supply chains. The combination of increased demand and restricted supply pushed inflation to nearly twice the Fed's targeted 2% rate by the spring of 2021.

Initially, the Fed, Treasury Secretary, White House, and most economists saw the supply chain bottlenecks as a short-term issue and believed the above-trend inflation was transitory and would naturally return to the 2% target by year-end 2021. However, by the fall of 2021, with the CPI inflation index running above 6%, the Fed admitted it was clearly wrong and signaled it would initiate a rate hiking and balance sheet normalization cycle starting in March 2022. The Fed officially began this cycle on March 16, 2022, by raising the federal funds rate 25 basis points (i.e. 0.25%).

The Fed's goal in raising the federal funds rate and tapering its bond purchases is to raise interest rates enough to slow the economy and lower inflation to the target rate. While these actions are simple on paper, the Fed is in a difficult position.

On the one hand, if the Fed over-tightens and causes a recession, it will be right back to where it started. The Fed would be forced to drop rates significantly and inject more stimulus into the system - likely accompanied by another round of Congressional deficit spending.

On the other hand, the Fed cannot allow run-away inflation. While most understand the Fed is in a difficult spot, we believe it is even trickier than most envision and will ultimately force the Fed to accept inflation above its targeted 2% level rather than face a near-term deep recession. It is our view that the underlying inflationary forces have been slowly building for many years, were exacerbated by COVID-19, and now further complicated by the Russian - Ukrainian War.

For the past 25 years, several significant deflationary forces have combined to keep a lid on inflation. There are three areas that stand out to us as having kept inflation in check:

- Outsourced manufacturing to China: With the admittance of China to the World Trade Organization (WTO) in 2001, U.S. corporations were encouraged to outsource manufacturing to China. While this expanded global trade and reduced import prices, it also resulted in lower wages for U.S. workers.

- Accelerated technology adoption: For decades, the U.S. has led the world in technology adoption, enabling new industries and replacing labor with automation while increasing throughput and productivity.
- Cheap and abundant energy: Since the mid 1980's, the U.S. has benefited from cheap and abundant energy supplies. The cost of energy as a percentage of personal income has been declining since 1980, reaching an all-time low in April of 2020.

Combined, these forces have put downward pressure on inflation for nearly three decades, keeping inflation, as measured by the Personal Consumption Expenditures (PCE), well contained and range-bound between 1% and 2.5%.

Over the last several years, however, the deflationary impact of these forces has begun to dissipate and now reverse.

- Our relationship with China has changed both economically and geopolitically. As the wealth of Chinese consumers continues to expand along with rising wages, an increasing portion of the Chinese manufacturing base is directed to internal consumption, raising import prices for U.S. consumers. Additionally, increased trade tensions, intellectual property theft, and shipping bottlenecks have led U.S. companies to re-shore manufacturing, which has increased domestic demand for labor and capital, largely eliminating the Chinese deflationary pressures of the past.
- Technology still drives efficiencies. Higher throughput increases productivity and enables new forms of business. However, in many ways, semiconductors are the basic raw material for technological advancement. Nearly EVERYTHING now requires semiconductors, and the world finds itself significantly short of semiconductor capacity. It will take several years to add adequate capacity. In the meantime, we've witnessed widespread semiconductor shortages, rising chip prices, and missed delivery dates.
- The era of cheap and abundant energy is over! Barring a deep recession, it's now highly probable that over the next 12 to 18 months, demand for oil will exceed the world's capacity to produce it. At the same time, we strongly believe that renewable energy cannot and will not replace the world's need for oil and gas in any reasonable timeframe. As it is, the world lacks enough production capacity of nearly all metals to satisfy the demand implied by most "energy transition" estimates. Since it will likely take close to a decade to add additional mining capacity to the market, these "green" metals are also likely to be in short supply. Furthermore, the key metals for renewables (copper, aluminum, nickel, lithium, steel, etc.) all require large amounts of oil and gas to mine and produce. Rising energy prices will increase the cost of mining these metals, making the transition even more costly. While decarbonization is a necessary goal, we believe the anti-fossil fuel proponents call to "shut down" the oil and gas industry is a monumental miscalculation in the speed, cost, and ability to "go green" in a short period of time. According to S&P Global Commodity Insights, wind combined with solar accounted for just 10.4% of global power generation last year. With supply constraints for "green" metals already evident and additional capacity taking a decade to bring to market, it's becoming painfully obvious that we need all forms of energy to address the energy and commodity crisis that we've now entered.

We believe this reversal of the three forces that helped keep inflation well anchored near the Fed's 2% target rate is contributing to the increased inflationary pressures we now face. Additionally, COVID-19 stimulus checks pulled forward demand, while COVID-19 protocols restricted supply and disrupted transportation networks, exposing the fragility of supply chains and the tightness of supply. Most recently, the Russian-Ukrainian War has exposed the interconnectedness of world energy and the strategic miscalculation of speed, ease, and cost of the transition to renewables. While some of the inflationary pressures will prove transitory, most are not, which we believe sets up a difficult period as the Fed attempts to fight inflation without creating a recession. We expect this will lead to increased volatility in financial markets and ultimately higher yields and lower bond prices as the Fed continues to raise the federal funds rate. In anticipation of this, we have positioned the Fund to hold shorter maturity bonds that are less harmed by rising real yields. We patiently wait for the time when real yields on longer-dated Treasury bonds and spreads on corporate bonds rise to a level worthy of investment. In the meantime, we will happily remain in shorter-dated bonds, avoiding the price declines of longer-dated bonds as the Fed raises interest rates. This strategy served us well in 2021. For the fiscal year ended February 28, 2022, the Fund returned 1.17% which compared favorably to the Bloomberg U.S. Aggregate Bond index (the "Index") which returned (2.64%).

*Past performance is not predictive of future performance. Investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted. Performance data current to the most recent month-end are available by calling 1-888-859-5856.*

*An investor should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. The Fund's prospectus contains this and other important information. To obtain a copy of the Fund's prospectus please visit our website at [www.cmadvisorsfunds.com](http://www.cmadvisorsfunds.com) or call 1-888-859-5856 and a copy will be sent to you free of charge. Please read the prospectus carefully before you invest. The Fund is distributed by Ultimus Fund Distributors, LLC.*

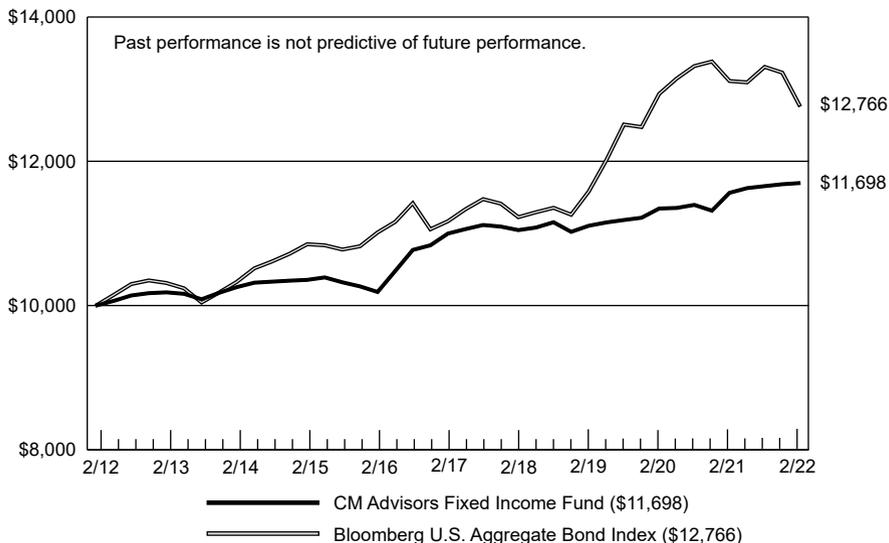
*The Letter to Shareholders seeks to describe some of the investment adviser's current opinions and views of the financial markets. Although the investment adviser believes it has a reasonable basis for any opinions or views expressed, actual results may differ, sometimes significantly so, from those expected or expressed. The securities held by the Fund that are discussed in the Letter to Shareholders were held during the period covered by this Report. They do not comprise the entire investment portfolio of the Fund, may be sold at any time and may no longer be held by the Fund. For a complete list of securities held by the Fund as of February 28, 2022, please see the Schedule of Investments sections of the annual report. The opinions of the Adviser with respect to those securities may change at any time.*

*Statements in the Letter to Shareholders that reflect projections or expectations for future financial or economic performance of the Fund and the market in general and statements of the Fund's plans and objectives for future operations are forward-looking statements. No assurance can be given that actual results or events will not differ materially from those projected, estimated, assumed, or anticipated in any such forward-looking statements. Important factors that could result in such differences, in addition to factors noted with such forward-looking statements, include, without limitation, general economic conditions, such as inflation, recession, and interest rates. Past performance is not a guarantee of future results.*

# CM Advisors Fixed Income Fund

## Performance Information (Unaudited)

### Comparison of the Change in Value of a \$10,000 Investment in CM Advisors Fixed Income Fund versus the Bloomberg U.S. Aggregate Bond Index



Average Annual Total Returns (for the periods ended February 28, 2022)			
	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
CM Advisors Fixed Income Fund	1.17%	1.24%	1.58%
Bloomberg U.S. Aggregate Bond Index	(2.64%)	2.71%	2.47%

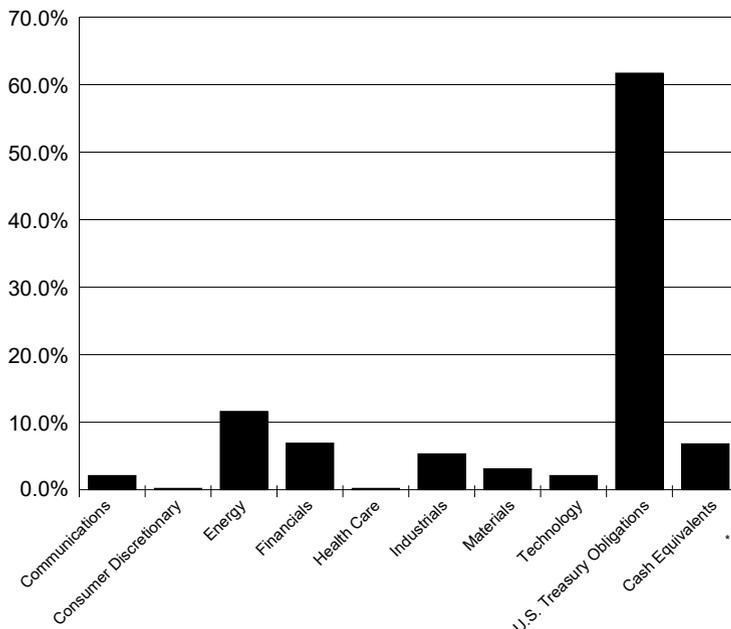
This graph depicts the performance of CM Advisors Fixed Income Fund (the "Fund") versus the Bloomberg U.S. Aggregate Bond Index. The graph assumes an initial \$10,000 investment at February 28, 2012 and that any dividends or capital gain distributions are reinvested in shares of the Fund. It is important to note that the Fund is a professionally managed mutual fund while indices are not available for investment and are unmanaged. The comparison is shown for illustrative purposes only.

**Performance quoted above represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. An investor may obtain performance data, current to the most recent month-end, by calling shareholder services at 1-888-859-5856.**

The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Average annual total returns are historical in nature and assume reinvestment of dividends.

**CM Advisors Fixed Income Fund**  
**Supplementary Portfolio Information**  
**February 28, 2022 (Unaudited)**

**Asset Allocation\***  
**(% of Net Assets)**



\* As of February 28, 2022, the Fund held no securities in the Consumer Staples, Real Estate & Utilities sectors.

**Top 10 Long-Term Holdings**

<b>Security Description</b>	<b>% of Net Assets</b>
U.S. Treasury Notes, 2.750%, due 11/15/23	22.0%
PHI Group, Inc.	7.7%
Eaton Corporation, 8.100%, due 08/15/22	3.5%
U.S. Treasury Notes, 1.750%, due 05/31/22	3.4%
U.S. Treasury Notes, 1.875%, due 04/30/22	3.4%
U.S. Treasury Notes, 2.250%, due 04/15/22	3.4%
U.S. Treasury Notes, 0.375%, due 03/31/22	3.4%
U.S. Treasury Notes, 0.125%, due 06/30/22	3.4%
U.S. Treasury Notes, 0.125%, due 07/31/22	3.4%
U.S. Treasury Notes, 0.125%, due 08/31/22	3.4%

# CM Advisors Fixed Income Fund

## Schedule of Investments

February 28, 2022

<b>COMMON STOCKS — 7.7%</b>	<b>Shares</b>	<b>Value</b>
<b>Energy — 7.7%</b>		
<b>Oil &amp; Gas Services &amp; Equipment — 7.7%</b>		
PHI Group, Inc. (Cost \$1,609,094) .....	149,912	\$ 2,248,680
<b>CORPORATE BONDS — 23.8%</b>	<b>Par Value</b>	<b>Value</b>
<b>Communications — 2.1%</b>		
<b>Cable &amp; Satellite — 1.1%</b>		
Tele-Communications, Inc., 10.125%, due 04/15/22 .....	\$ 300,000	\$ 300,325
<b>Telecommunications — 1.0%</b>		
Lumen Technologies, Inc., 5.800%, due 03/15/22 .....	300,000	300,150
<b>Consumer Discretionary — 0.2%</b>		
<b>Automotive — 0.2%</b>		
General Motors Corporation, 4.875%, due 10/02/23 .....	50,000	52,222
<b>Energy — 3.9%</b>		
<b>Oil &amp; Gas Producers — 3.9%</b>		
EQT Corporation,		
3.000%, due 10/01/22 .....	486,000	490,082
6.624%, due 02/01/25 .....	600,000	648,132
		1,138,214
<b>Financials — 6.9%</b>		
<b>Banking — 4.4%</b>		
JPMorgan Chase & Company, 1.100%, due 06/22/26 ..	650,000	599,083
Wells Fargo & Company, 4.125%, due 08/15/23 .....	650,000	670,790
		1,269,873
<b>Insurance — 2.3%</b>		
Enstar Group Ltd., 4.500%, due 03/10/22 .....	675,000	675,278
<b>Specialty Finance — 0.2%</b>		
International Lease Finance Corporation,		
5.875%, due 08/15/22 .....	50,000	50,968
<b>Health Care — 0.2%</b>		
<b>Biotech &amp; Pharma — 0.2%</b>		
AbbVie, Inc., 2.900%, due 11/06/22 .....	50,000	50,494
<b>Industrials — 5.3%</b>		
<b>Industrial Support Services — 1.8%</b>		
United Rentals North America, Inc.,		
5.500%, due 05/15/27 .....	500,000	515,800

# CM Advisors Fixed Income Fund

## Schedule of Investments (Continued)

<b>CORPORATE BONDS — 23.8% (Continued)</b>	<b>Par Value</b>	<b>Value</b>
<b>Industrials — 5.3% (Continued)</b>		
<b>Machinery — 3.5%</b>		
Eaton Corporation, 8.100%, due 08/15/22 .....	\$ 1,000,000	\$ <u>1,031,137</u>
<b>Materials — 3.1%</b>		
<b>Chemicals — 2.4%</b>		
Mosaic Company (The), 3.250%, due 11/15/22 .....	685,000	<u>693,582</u>
<b>Steel — 0.7%</b>		
Carpenter Technology Corporation, 4.450%, due 03/01/23 .....	200,000	<u>201,266</u>
<b>Technology — 2.1%</b>		
<b>Technology Hardware — 2.0%</b>		
Corning, Inc., 7.250%, due 08/15/36 .....	500,000	<u>589,827</u>
<b>Technology Services — 0.1%</b>		
Thomson Reuters Corporation, 4.300%, due 11/23/23 ..	30,000	<u>31,034</u>
<b>Total Corporate Bonds</b> (Cost \$6,759,902) .....		\$ <u>6,900,170</u>

<b>U.S. TREASURY OBLIGATIONS — 61.7%</b>	<b>Par Value</b>	<b>Value</b>
<b>U.S. Treasury Inflation-Protected Notes — 2.0%</b>		
2.375%, due 01/15/25 .....	\$ 517,622	\$ <u>585,065</u>
<b>U.S. Treasury Notes — 59.7%</b>		
0.375%, due 03/31/22 .....	1,000,000	1,000,157
2.250%, due 04/15/22 .....	1,000,000	1,002,394
1.875%, due 04/30/22 .....	1,000,000	1,002,543
1.750%, due 05/31/22 .....	1,000,000	1,003,186
0.125%, due 06/30/22 .....	1,000,000	998,682
0.125%, due 07/31/22 .....	1,000,000	998,008
0.125%, due 08/31/22 .....	1,000,000	997,226
0.125%, due 09/30/22 .....	1,000,000	996,406
0.125%, due 10/31/22 .....	1,000,000	995,658
0.125%, due 11/30/22 .....	1,000,000	994,258
0.125%, due 12/31/22 .....	1,000,000	992,969
2.750%, due 11/15/23 .....	6,250,000	<u>6,394,287</u>
		<u>17,375,774</u>
<b>Total U.S. Treasury Obligations</b> (Cost \$17,779,826) .....		\$ <u>17,960,839</u>

# **CM Advisors Fixed Income Fund**

## **Schedule of Investments (Continued)**

<b>MONEY MARKET FUNDS — 6.3%</b>	<b>Shares</b>	<b>Value</b>
Allspring Treasury Plus Money Market Fund - Institutional Class, 0.01% <sup>(a)</sup> (Cost \$1,844,651) .....	1,844,651	\$ 1,844,651
<b>Total Investments at Value — 99.5%</b> (Cost \$27,993,473) .....		\$ 28,954,340
<b>Other Assets in Excess of Liabilities — 0.5%</b> .....		143,584
<b>Net Assets — 100.0%</b> .....		\$ 29,097,924

<sup>(a)</sup> The rate shown is the 7-day effective yield as of February 28, 2022.

See accompanying notes to financial statements.

# CM Advisors Fixed Income Fund

## Statement of Assets and Liabilities

February 28, 2022

### ASSETS

Investments in securities:

At cost .....	\$ 27,993,473
At value (Note 2) .....	\$ 28,954,340
Dividends and interest receivable .....	138,466
Receivable from Advisor (Note 5) .....	11,739
Other assets .....	22,929
TOTAL ASSETS .....	<u>29,127,474</u>

### LIABILITIES

Payable to administrator (Note 5) .....	5,470
Other accrued expenses .....	24,080
TOTAL LIABILITIES .....	<u>29,550</u>

**NET ASSETS**..... \$ 29,097,924

### Net assets consist of:

Paid-in capital .....	\$ 30,525,140
Accumulated deficit .....	(1,427,216)
<b>Net Assets</b> .....	<u>\$ 29,097,924</u>

Shares of beneficial interest outstanding  
(unlimited number of shares authorized, \$0.001 par value) ..... 2,699,613

Net asset value, redemption price and offering price per share ..... \$ 10.78

See accompanying notes to financial statements.

# CM Advisors Fixed Income Fund

## Statement of Operations

Year Ended February 28, 2022

<b>INVESTMENT INCOME</b>	
Dividends .....	\$ 449,998
Interest .....	527,063
TOTAL INVESTMENT INCOME .....	<u>977,061</u>
<b>EXPENSES</b>	
Investment advisory fees (Note 5) .....	152,813
Legal fees .....	47,096
Registration and filing fees .....	45,291
Fund accounting fees (Note 5) .....	27,051
Trustees' fees (Note 5) .....	27,000
Administration fees (Note 5) .....	24,739
Transfer agent fees (Note 5) .....	17,750
Audit and tax services fees .....	16,960
Compliance support services fees .....	8,538
Custody and bank service fees .....	6,921
Distributor service fees (Note 5) .....	6,000
Pricing fees .....	5,804
Printing of shareholder reports .....	5,769
Postage and supplies .....	5,032
Insurance expense .....	3,050
Other expenses .....	12,513
TOTAL EXPENSES .....	412,327
Advisory fees waived by Advisor (Note 5) .....	(146,511)
NET EXPENSES .....	<u>265,816</u>
<b>NET INVESTMENT INCOME</b> .....	<u>711,245</u>
<b>REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS</b>	
Net realized gains from investment transactions .....	19,585
Net change in unrealized appreciation (depreciation) on investments .....	(365,731)
<b>NET REALIZED AND UNREALIZED LOSSES ON INVESTMENTS</b> .....	<u>(346,146)</u>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b> .....	<u>\$ 365,099</u>

See accompanying notes to financial statements.

**CM Advisors Fixed Income Fund**  
**Statements of Changes in Net Assets**

	Year Ended February 28, 2022	Year Ended February 28, 2021
<b>FROM OPERATIONS</b>		
Net investment income .....	\$ 711,245	\$ 558,791
Net realized gains (losses) from investment transactions .....	19,585	(75,722)
Net change in unrealized appreciation (depreciation) on investments .....	(365,731)	48,405
Net increase in net assets resulting from operations .....	<u>365,099</u>	<u>531,474</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b> .....	<u>(735,709)</u>	<u>(648,265)</u>
<b>FROM CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold .....	59,141	5,047,047
Net asset value of shares issued in reinvestment of distributions to shareholders .....	680,032	600,137
Payments for shares redeemed .....	(3,704,142)	(25,725,305)
Net decrease in net assets from share transactions .....	<u>(2,964,969)</u>	<u>(20,078,121)</u>
<b>TOTAL DECREASE IN NET ASSETS</b> .....	(3,335,579)	(20,194,912)
<b>NET ASSETS</b>		
Beginning of year .....	32,433,503	52,628,415
End of year .....	<u>\$ 29,097,924</u>	<u>\$ 32,433,503</u>
<b>CAPITAL SHARE ACTIVITY</b>		
Shares sold .....	5,425	465,897
Shares reinvested .....	62,706	55,818
Shares redeemed .....	(339,914)	(2,383,351)
Net decrease in shares outstanding .....	(271,783)	(1,861,636)
Shares outstanding, beginning of year .....	2,971,396	4,833,032
Shares outstanding, end of year .....	<u>2,699,613</u>	<u>2,971,396</u>

See accompanying notes to financial statements.

# CM Advisors Fixed Income Fund

## Financial Highlights

Per share data for a share outstanding throughout each year:

	Years Ended				
	February 28, 2022	February 28, 2021	February 29, 2020	February 28, 2019	February 28, 2018
Net asset value at beginning of year .....	\$ 10.92	\$ 10.89	\$ 10.90	\$ 11.20	\$ 11.57
Income (loss) from investment operations:					
Net investment income .....	0.26	0.16	0.22	0.31	0.28
Net realized and unrealized gains (losses) on investments .....	(0.13)	0.05 <sup>(a)</sup>	0.01	(0.25)	(0.23)
Total from investment operations .....	0.13	0.21	0.23	0.06	0.05
Less distributions from:					
Net investment income .....	(0.27)	(0.18)	(0.24)	(0.30)	(0.29)
Net realized gains .....	—	—	—	(0.06)	(0.13)
Total distributions .....	(0.27)	(0.18)	(0.24)	(0.36)	(0.42)
Net asset value at end of year .....	\$ 10.78	\$ 10.92	\$ 10.89	\$ 10.90	\$ 11.20
Total return <sup>(b)</sup> .....	1.17%	1.92%	2.15%	0.55%	0.43%
<b>Ratios and supplemental data:</b>					
Net assets at end of year (000's) .....	\$ 29,098	\$ 32,434	\$ 52,628	\$ 64,219	\$ 66,965
Ratio of total expenses to average net assets .....	1.35%	1.18%	0.96%	0.90%	0.87%
Ratio of net expenses to average net assets .....	0.87% <sup>(c)</sup>	0.96% <sup>(c)</sup>	0.96%	0.90%	0.87%
Ratio of net investment income to average net assets .....	2.33% <sup>(c)</sup>	1.44% <sup>(c)</sup>	2.00%	2.75%	2.43%
Portfolio turnover rate .....	37%	4%	20%	28%	35%

<sup>(a)</sup> Represents a balancing figure derived from other amounts in the financial highlights table that captures all other changes affecting net asset value per share. This per share amount does not correlate to the aggregate of the net realized and unrealized losses on the Statement of Operations for the same period, primarily due to the timing of sales and redemptions of the Fund's shares in relation to fluctuating market values of the Fund's portfolio.

<sup>(b)</sup> Total return is a measure of the change in value of an investment in the Fund over the periods covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. The returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(c)</sup> Ratio was determined after investment advisory fee waivers (Note 5).

See accompanying notes to financial statements.

# **CM Advisors Fixed Income Fund**

## **Notes to Financial Statements**

**February 28, 2022**

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### **1. Organization**

CM Advisors Fixed Income Fund (the “Fund”) is a diversified no-load series of CM Advisors Family of Funds (the “Trust”), which was organized as a Delaware statutory trust and is registered under the Investment Company Act of 1940, as amended (the “1940 Act”) as an open-end management investment company.

The investment objective of the Fund is to seek to preserve capital and maximize total return.

### **2. Significant Accounting Policies**

The Fund follows accounting and reporting guidance under Financial Accounting Standards Board Accounting Standards Codification Topic 946, “Financial Services – Investment Companies.” The following is a summary of significant accounting policies followed by the Fund. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

**Investment Valuation** – The Fund’s portfolio securities are generally valued at their market values determined on the basis of available market quotations as of the close of regular trading on the New York Stock Exchange (typically 4:00 p.m. Eastern time). Securities, including common stocks, listed on an exchange or quoted on a national market system are valued at the last sales price. Securities which are quoted by NASDAQ are valued at the NASDAQ Official Closing Price. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the most recent bid price. To the extent that the Fund is invested in other open-end investment companies, including money market funds, that are registered under the 1940 Act and not traded on an exchange, the Fund’s net asset values (“NAVs”) are calculated based upon the NAVs reported by such registered open-end investment companies; the prospectuses for these registered open-end investment companies explain the circumstances under which they will use fair value pricing and the effects of using fair value pricing. Fixed income securities are typically valued based on prices provided by an independent pricing service. Securities and assets for which representative market quotations are not readily available (e.g., if the exchange on which the portfolio security is principally traded closes early or if trading of the particular portfolio security is halted during the day and does not resume prior to the Fund’s NAV calculation) or which cannot be accurately valued using the Fund’s normal pricing procedures are valued at fair value as determined in good faith under policies approved by the Trust’s Board of Trustees (the “Board”) and will be classified as Level 2 or 3 within the fair value hierarchy (see below), depending on the inputs used. A portfolio security’s “fair value” price may differ from the price next available for that portfolio security using the Fund’s normal pricing procedures.

GAAP establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements.

Various inputs are used in determining the value of the Fund’s investments. These inputs are summarized in the three broad levels listed below:

- Level 1 – quoted prices in active markets for identical securities

# CM Advisors Fixed Income Fund

## Notes to Financial Statements (Continued)

- Level 2 – other significant observable inputs
- Level 3 – significant unobservable inputs

Corporate bonds and U.S. Treasury obligations held by the Fund are classified as Level 2 since values are based on prices provided by an independent pricing service that utilizes various “other significant observable inputs” including bid and ask quotations, prices of similar securities and interest rates, among other factors.

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. The inputs used to measure the fair value of a particular security may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement of that security falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

The following is a summary of the Fund’s investments and the inputs used to value the investments as of February 28, 2022 by security type:

	Level 1	Level 2	Level 3	Total
Common Stocks .....	\$ —	\$ 2,248,680	\$ —	\$ 2,248,680
Corporate Bonds .....	—	6,900,170	—	6,900,170
U.S. Treasury Obligations .....	—	17,960,839	—	17,960,839
Money Market Funds .....	1,844,651	—	—	1,844,651
Total .....	<u>\$ 1,844,651</u>	<u>\$ 27,109,689</u>	<u>\$ —</u>	<u>\$ 28,954,340</u>

Refer to the Fund’s Schedule of Investments for a listing of the securities by asset type and sector and industry type. The Fund did not hold any assets or liabilities that were measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as of or during the year ended February 28, 2022.

**Share Valuation** – The NAV per share of the Fund is calculated on each business day by dividing the total value of the Fund’s assets, less liabilities, by the number of shares outstanding. The offering price and redemption price per share of the Fund is equal to the NAV per share.

**Investment Transactions and Investment Income** – Investment transactions are accounted for on trade date. Dividend income is recorded on the ex-dividend date. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Interest income is accrued as earned. Discounts and premiums on fixed income securities purchased are amortized using the effective interest method. Realized gains and losses on investments sold are determined on a specific identification basis, which is the same basis used for federal income tax purposes. Withholding taxes on foreign dividends, if any, have been provided for in accordance with the Fund’s understanding of the applicable country’s tax rules and rates.

**Dividends and Distributions** – Dividends arising from net investment income, if any, are declared and paid quarterly to shareholders of the Fund. Distributions from net realized capital gains, if any, are generally declared and distributed annually. The amount of distributions from net investment income and net realized capital gains are determined

# CM Advisors Fixed Income Fund

## Notes to Financial Statements (Continued)

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in accordance with federal income tax regulations, which may differ from GAAP. These “book/tax” differences are either temporary or permanent in nature and are primarily due to differing treatments of net short-term capital gains. Dividends and distributions are recorded on the ex-dividend date.

The tax character of distributions paid during the years ended February 28, 2022 and 2021 was ordinary income.

On March 31, 2022, the Fund paid an ordinary income dividend of \$0.0210 per share to shareholders of record on March 30, 2022.

**Estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of increase (decrease) in net assets from operations during the reporting period. Actual results could differ from those estimates.

### 3. Federal Income Tax

The Fund has qualified and intends to continue to qualify each year as a “regulated investment company” under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). Qualification generally will relieve the Fund of liability for federal income taxes to the extent 100% of its net investment income and net realized capital gains are distributed in accordance with the Code.

In order to avoid imposition of the excise tax applicable to regulated investment companies, it is also the Fund’s intention to declare as dividends in each calendar year at least 98% of its net investment income (earned during the calendar year) and 98.2% of its net realized capital gains (earned during the twelve months ended October 31) plus undistributed amounts from prior years.

The following information is computed on a tax basis for each item as of February 28, 2022:

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Tax cost of portfolio investments .....	\$ 27,993,506
Gross unrealized appreciation .....	\$ 1,054,323
Gross unrealized depreciation .....	(93,489)
Net unrealized appreciation .....	960,834
Undistributed ordinary income .....	33,657
Accumulated capital and other losses .....	(2,421,707)
Accumulated deficit .....	\$ (1,427,216)

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The difference between the federal income tax cost of portfolio investments and the financial statement cost for the Fund is due to certain timing differences in the recognition of capital gains or losses under income tax regulations and GAAP. These “book/tax” differences are temporary in nature and are due to the tax deferral of losses on wash sales.

# **CM Advisors Fixed Income Fund**

## **Notes to Financial Statements (Continued)**

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During the year ended February 28, 2022, the Fund utilized \$19,712 of long-term capital loss carryforwards.

As of February 28, 2022, the Fund had short-term capital loss carryforwards of \$217,796 and long-term capital loss carryforwards of \$2,203,911 for federal income tax purposes. These capital loss carryforwards, which do not expire, may be utilized in future years to offset realized capital gains, if any, prior to distributing such gains to shareholders.

The Fund recognizes the benefits or expenses of uncertain tax positions only if the position is “more-likely-than-not” of being sustained assuming examination by tax authorities. Management has reviewed the tax positions taken on federal income tax returns for all open tax years (generally, three years) and has concluded that no provision for unrecognized tax benefits or expenses is required in these financial statements.

### **4. Investment Transactions**

During the year ended February 28, 2022, cost of purchases and proceeds from sales and maturities of investment securities, other than short-term investments and U.S. Government obligations, were as follows:

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Cost of purchases of investment securities .....	\$ 1,921,191
Proceeds from sales and maturities of investment securities .....	\$ 4,568,302

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Cost of purchases and proceeds from sales and maturities of long-term U.S. Government obligations during the year ended February 28, 2022 were:

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Cost of purchases of investment securities .....	\$ 6,053,320
Proceeds from sales and maturities of investment securities .....	\$ 4,000,000

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### **5. Transactions with Related Parties**

#### **INVESTMENT ADVISORY AGREEMENT**

The Fund pays a monthly advisory fee to Van Den Berg Management I, Inc. (d/b/a CM Fund Advisors) (the “Advisor”) calculated at the annual rate of 0.50% of its average daily net assets. The Advisor has entered into an Expense Limitation Agreement (the “ELA”) with the Fund under which it has agreed until July 1, 2022 to waive its fees and to assume other expenses of the Fund, if necessary, in an amount that limits the Fund’s total operating expenses (exclusive of interest, taxes, brokerage commissions, other expenditures which are capitalized in accordance with GAAP, other extraordinary expenses not incurred in the ordinary course of the Fund’s business, dividend expense on securities sold short, Acquired Fund Fees and Expenses, and amounts, if any, under a Rule 12b-1 Plan) to not more than 0.87% of its average daily net assets. The ELA cannot be terminated prior to July 1, 2022 without the approval of the Board. Accordingly, during the year ended February 28, 2022, the Advisor waived \$146,511 of its investment advisory fees. These fees are not available for recoupment by the Advisor.

Certain Trustees and officers of the Trust are also officers of the Advisor.

# **CM Advisors Fixed Income Fund**

## **Notes to Financial Statements (Continued)**

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### **OTHER SERVICE PROVIDERS**

Ultimus Fund Solutions, LLC (“Ultimus”) provides administration, accounting, and transfer agency services to the Fund. The Fund pays Ultimus fees in accordance with the agreements for its services. In addition, the Fund pays out-of-pocket expenses including, but not limited to, postage, supplies and certain costs related to the pricing of its portfolio securities. Certain officers of the Trust are also officers of Ultimus, or of Ultimus Fund Distributors, LLC (the “Distributor”).

Pursuant to the terms of a Distribution Agreement with the Trust, the Distributor serves as the Fund’s principal underwriter. The Distributor is a wholly-owned subsidiary of Ultimus. The Distributor receives service fees from the Fund for such services.

### **COMPENSATION OF TRUSTEES**

Trustees and officers affiliated with the Advisor or Ultimus are not compensated by the Fund for their services. Each Trustee who is not an affiliated person of the Advisor or Ultimus receives an annual retainer of \$10,000, paid quarterly; a fee of \$2,000 for attendance at each in-person meeting of the Board of Trustees; and a fee of \$500 for attendance at each telephonic meeting of the Board of Trustees. The Fund reimburses each Trustee and officer for his or her travel and other expenses relating to attendance at Board or committee meetings.

## **6. Contingencies and Commitments**

The Fund indemnifies the Trust’s officers and Trustees for certain liabilities that might arise from the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

## **7. Subsequent Events**

The Fund is required to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed as of the date of the Statement of Assets and Liabilities. For non-recognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Fund is required to disclose the nature of the event as well as an estimate of the financial effect, or a statement that such an estimate cannot be made. Management has evaluated subsequent events through the issuance of these financial statements and has noted no such events other than the ordinary income dividend paid on March 31, 2022, as discussed in Note 2.

# **CM Advisors Fixed Income Fund**

## **Report of Independent Registered Public Accounting Firm**

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**To the Board of Trustees of CM Advisors Family of Funds  
and the Shareholders of CM Advisors Fixed Income Fund**

### **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities of CM Advisors Fixed Income Fund, a series of shares of beneficial interest in CM Advisors Family of Funds (the “**Fund**”), including the schedule of investments, as of February 28, 2022, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended and the financial highlights for each of the years in the five-year period then ended, and the related notes (collectively referred to as the “**financial statements**”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of February 28, 2022, and the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended and its financial highlights for each of the years in the five-year period then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“**PCAOB**”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities law and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

## ***CM Advisors Fixed Income Fund***

### **Report of Independent Registered Public Accounting Firm (Continued)**

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Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of February 28, 2022 by correspondence with the custodian. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.



**BBD, LLP**

*We have served as the auditor of one or more of the Funds in the CM Advisors Family of Funds since 2005.*

**Philadelphia, Pennsylvania**

**April 26, 2022**

## **CM Advisors Fixed Income Fund**

### **About Your Fund's Expenses (Unaudited)**

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We believe it is important for you to understand the impact of costs on your investment. As a shareholder of the Fund, you incur ongoing costs, including management fees and other operating expenses. Ongoing costs, which are deducted from the Fund's gross income, directly reduce the investment return of the Fund.

A mutual fund's ongoing costs are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The examples below are based on an investment of \$1,000 made at the beginning of the most recent semi-annual period (September 1, 2021) and held until the end of the period (February 28, 2022).

The table below illustrates the Fund's costs in two ways:

**Actual fund return** – This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the Fund's actual return, and the fourth column shows the dollar amount of expenses that would have been paid by an investor who started with \$1,000 in the Fund. You may use the information here, together with the amount you invested, to estimate the ongoing costs that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for the Fund under the heading "Expenses Paid During Period."

**Hypothetical 5% return** – This section is intended to help you compare the Fund's ongoing costs with those of other mutual funds. It assumes that the Fund had an annual return of 5% before expenses during the period shown, but that the expense ratio is unchanged. In this case, because the return used is not the Fund's actual return, the results do not apply to your investment. The example is useful in making comparisons because the U.S. Securities and Exchange Commission (the "SEC") requires all mutual funds to calculate expenses based on a 5% return. You can assess the Fund's ongoing costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that expenses shown in the table are meant to highlight and help you compare ongoing costs only. The Fund does not charge transaction fees, such as purchase or redemption fees, nor does it impose any sales loads.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

## **CM Advisors Fixed Income Fund**

### **About Your Fund's Expenses (Unaudited) (Continued)**

More information about the Fund's expenses, including annual expense ratios, can be found in this report. For additional information on operating expenses and other shareholder costs, please refer to the Fund's prospectus.

	<b>Beginning Account Value September 1, 2021</b>	<b>Ending Account Value February 28, 2022</b>	<b>Net Expense Ratio<sup>(a)</sup></b>	<b>Expenses Paid During Period<sup>(b)</sup></b>
Based on Actual Fund Return .....	\$1,000.00	\$1,003.70	0.87%	\$4.32
Based on Hypothetical 5% Return (before expenses) .....	\$1,000.00	\$1,020.48	0.87%	\$4.36

<sup>(a)</sup> Annualized, based on the Fund's most recent one-half year expenses.

<sup>(b)</sup> Expenses are equal to the Funds' annualized expense ratio multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

## **CM Advisors Fixed Income Fund**

### **Other Information (Unaudited)**

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The Trust files a complete listing of portfolio holdings for the Fund with the SEC as of the end of the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The filings are available upon request, by calling 1-888-859-5856. Furthermore, you may obtain a copy of these filings on the SEC's website at [www.sec.gov](http://www.sec.gov).

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge upon request by calling toll-free 1-888-859-5856, or on the SEC's website at [www.sec.gov](http://www.sec.gov). Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is also available without charge upon request by calling toll-free 1-888-859-5856, or on the SEC's website at [www.sec.gov](http://www.sec.gov) and on the Fund's website [www.cmadvisorsfunds.com](http://www.cmadvisorsfunds.com).

### **Liquidity Risk Management Program (Unaudited)**

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The Fund has adopted and implemented a written liquidity risk management program as required by Rule 22e-4 (the "Liquidity Rule") under the Investment Company Act. The program is reasonably designed to assess and manage the Fund's liquidity risk, taking into consideration, among other factors, the Fund's investment strategy and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources. The Fund's Board of Trustees approved the appointment of a Liquidity Risk Committee, which includes representatives from CM Fund Advisors, the Fund's investment adviser. The Liquidity Risk Committee is responsible for the program's administration and oversight and for reporting to the Board on at least an annual basis regarding the program's operation and effectiveness. The Liquidity Risk Committee updated its assessment of the Fund's liquidity risk profile, considering additional data gathered from June 1, 2020 to May 31, 2021 (the "Review Period") and the adequacy and effectiveness of the liquidity risk management program's operations during the Review Period in order to prepare a written report for the Board of Trustees (the "Report") for consideration at its meeting held on October 25, 2021. The Report concluded that (i) the Fund's liquidity risk management program is reasonably designed to prevent violations of the Liquidity Rule and (ii) the Fund's liquidity risk management program has been effectively implemented.

# CM Advisors Fixed Income Fund

## Information about Trustees and Executive Officers (Unaudited)

The business and affairs of the Trust are managed under the direction of the Trustees. Information concerning the Trustees and officers of the Trust is set forth on the following pages. Generally, each Trustee serves an indefinite term or until his resignation, death, or otherwise as specified in the Trust's organizational documents. Any Trustee may be removed at a meeting of shareholders by a vote meeting the requirements of the Trust's organizational documents. The officers are elected for annual terms. The Statement of Additional Information of the Funds includes additional information about the Trustees and officers and is available, without charge, upon request by calling the Funds' toll-free at 1-888-859-5856.

Name, Address and Year of Birth	Position(s) Held with Trust	Length of Service	Principal Occupation(s) During Past 5 Years	Number of Funds Overseen	Other Directorships of Public Companies Held During Past 5 Years
<b>Independent Trustees</b>					
Mark F. Ivan 805 Las Cimas Parkway Suite 305 Austin, TX 78746 Year of birth: 1956	Trustee	Since 5/2003	Mr. Ivan has been the President of Ivan Capital Management, Inc. since June 1996.	1	None
Richard M. Lewis 805 Las Cimas Parkway Suite 305 Austin, TX 78746 Year of birth: 1959	Trustee	Since 5/2003	Mr. Lewis has been the Chief Financial Officer of Evolve Cellular Inc. (previously Worldcall Interconnect Inc.) since 2012. Mr. Lewis has also been Chief Financial Officer of USFon Inc., a non-profit telecommunication and information services company, since July 2012.	1	None
<b>Interested Trustee and Executive Officers</b>					
James D. Brilliant* 805 Las Cimas Parkway, Suite 305 Austin, Texas 78746 Year of birth: 1966	Trustee  President and Chairman	Since 5/2003  Since 6/2020	Mr. Brilliant is Co-Chief Investment Officer, Chief Financial Officer and Portfolio Manager of the Advisor and a member of the Advisor's investment committee. He has been with the Advisor since 1986 and is a Chartered Financial Analyst (CFA).	1	None
Scott Van Den Berg 805 Las Cimas Parkway, Suite 305 Austin, Texas 78746 Year of birth: 1967	Secretary  Treasurer	Since 5/2003  Since 6/2020	Mr. Van Den Berg is President, Chief Operating Officer, and Portfolio Manager of the Advisor and a member of the Advisor's investment committee. Previously, he served as Chief Compliance Officer until 2017. He has been with the firm since 1992 and is a Certified Financial Planner (CFP) and a Chartered Retirement Plan Specialist (CRPS).	1	None

## CM Advisors Fixed Income Fund

### Information about Trustees and Executive Officers (Unaudited) (Continued)

Name, Address and Year of Birth	Position(s) Held with Trust	Length of Service	Principal Occupation(s) During Past 5 Years	Number of Funds Overseen	Other Directorships of Public Companies Held During Past 5 Years
Lisa A. Stroud 805 Las Cimas Parkway, Suite 305 Austin, Texas 78746 Year of birth: 1973	Chief Compliance Officer	Since 10/2017	Ms. Stroud has served as CCO for the Advisor since 2016. Previously, she served as Project Manager at the Advisor from 2010 to 2016. Ms. Stroud has been with the Advisor since 2002 and is a Chartered Mutual Fund Counselor (CMFC) and Investment Adviser Certified Compliance Professional (IACCP).	1	None

\* Mr. Brilliant is an Interested Trustee because he is an officer and employee of the Advisor as well as the son-in-law of Arnold Van Den Berg, Chief Executive Officer of the Advisor, and the brother-in-law of Scott Van Den Berg, President of the Advisor.

# **CM Advisors Fixed Income Fund**

## **Approval of Investment Advisory Agreement (Unaudited)**

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The Board, including the Independent Trustees voting separately, has reviewed and approved the continuance of the Investment Advisory Agreement with the Advisor for CM Advisors Fixed Income Fund (the "Fixed Income Fund") for an additional annual term. This approval took place at a meeting held by telephone conference (due to circumstances related to the COVID-19 pandemic in reliance on the exemptive relief granted by the SEC regarding certain in-person voting requirements) on February 7, 2022, at which a majority of the Trustees, including a majority of the Independent Trustees, were present.

During their deliberations, the Board was advised by legal counsel and reviewed a substantial amount of information provided by the Advisor in response to requests of the Board and legal counsel.

In determining whether to approve continuation of the Advisory Agreement, the Trustees recalled their review of the materials related to the Fixed Income Fund and the Advisor throughout the preceding twelve months and their various discussions with Trust management and the Advisor regarding the operations and performance of the Fund during that time period. The Trustees further considered those materials and discussions and other numerous factors, including:

The nature, extent, and quality of the services provided by the Advisor. In this regard, the Trustees considered the services being provided by the Advisor to the Fixed Income Fund including, without limitation, its investment advisory services during the previous twelve-month period, its coordination of services for the Fixed Income Fund among the Fund's various service providers, its compliance procedures and practices, and its efforts to promote the Fund and assist in its distribution. Further, the Trustees noted that the Trust's president, secretary, treasurer, chief compliance officer, principal executive officer, and principal financial officer are employees of the Advisor and they each serve the Trust without additional compensation from the Fund. Following a consideration of all of this information as well as additional information in the Advisor Memorandum (e.g., descriptions of the Advisor's business and the Advisor's Form ADV), the Board determined that the quality, extent, and nature of the services provided by the Advisor are satisfactory and adequate for the Fixed Income Fund.

The investment performance of the Fixed Income Fund and the Advisor. In this respect, the Board compared the near- and long-term performance of the Fixed Income Fund with the performance of its benchmark index, custom peer group of comparable funds managed by other advisors, and Morningstar category (Short Term Bond Funds Under \$400 Million, True No-Load). The Trustees concluded that the Advisor had reasonably explained the Fund's performance results. In addition, the Trustees considered the consistency of the Advisor's management of the Fixed Income Fund with the Fund's investment objective and policies. After discussion of the Fund's short-term and long-term investment performance, the Advisor's experience in managing the Fund, and other factors, the Board determined that the investment performance of the Fixed Income Fund was acceptable.

The costs of the services provided and profits realized by the Advisor from its relationship with the Fixed Income Fund. With regard to this matter, the Board reviewed the Advisor's staffing, personnel, and methods of operating; the Advisor's compliance policies and procedures; the financial condition of the Advisor and its level of commitment to the Fixed Income Fund; the level of commitment to the Fund by the principals of the Advisor; the Fund's asset levels; the Advisor's previous payment of startup costs for the Fund; the

# **CM Advisors Fixed Income Fund**

## **Approval of Investment Advisory Agreement (Unaudited)**

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Fund's overall expenses; the Advisor's estimated costs in managing the Fund and the corresponding profitability to the Advisor of managing the Fund; the Advisor's statements at the meeting with respect to its continued support for the operation of the Fund; and the differences in fees and services provided to the Advisor's other clients that may be similar to the Fund. Further, the Board considered the Expense Limitation Agreement of the Fixed Income Fund with the Advisor and reviewed the Advisor's current and past fee waivers and expense reimbursements for the Fund under the Expense Limitation Agreement. In addition, the Board considered the Advisor's representation that it intends to continue the Expense Limitation Agreement for the Fixed Income Fund until at least July 1, 2023.

The Trustees then considered potential benefits to the Advisor in managing the Fixed Income Fund, such as promotion of the Advisor's name and the ability of the Advisor to place small accounts into the Fund.

In addition, the Trustees compared the fees and expenses of the Fixed Income Fund and comparable funds, noting the differences in the types of funds being compared, the style of investment management, the size of comparable funds and the nature of the investment strategies. Further, the Trustees compared the fees paid by the Fund to the fees paid by other clients of the Advisor and, keeping in mind the limitations of comparing different types of managed accounts and the different levels of service typically associated with such accounts, observed that the fee structures applicable to the Advisor's other clients utilizing similar strategies were not indicative of any unreasonableness regarding the advisory fees proposed to be payable by the Fixed Income Fund. After making these comparisons and upon further consideration and discussion of the foregoing, the Board determined that the expected profit realized by the Advisor in connection with the management of the Fixed Income Fund for the next year is not unreasonable and that the management fees paid to the Advisor by the Fixed Income Fund are within the range of what would have been negotiated at arm's length.

The extent to which economies of scale would be realized as the Fixed Income Fund grows and whether management fee levels reflect these economies of scale for the benefit of the Fund's investors. With regard to this matter, the Board noted that the fee arrangement of the Fixed Income Fund with the Advisor involves both a management fee and an Expense Limitation Agreement. The Trustees stated that the Fixed Income Fund has experienced benefits from the Expense Limitation Agreement throughout the years. The Trustees further noted that, although the management fee would remain the same at all asset levels, the Fixed Income Fund would likely benefit from economies of scale under its agreements with service providers other than the Advisor. Following further discussion of the asset level of the Fixed Income Fund and expectations for growth and levels of fees, the Board determined that, at the Fund's current and projected asset levels for the next year, the Fund's fee arrangements with the Advisor are reasonable in relation to the nature and quality of services being provided by the Advisor.

The Advisor's practices regarding brokerage and portfolio transactions. With respect to this matter, the Board reviewed the Advisor's standards, and performance in utilizing those standards, to seek best execution for portfolio transactions for the Fund. The Board noted that the fixed income portfolio transactions of the Fixed Income Fund are generally principal transactions executed in over-the-counter markets on a net basis. Additionally, the Trustees considered the historical portfolio turnover rates for the Fixed Income Fund; the process by which evaluations are made of the overall reasonableness

## ***CM Advisors Fixed Income Fund***

### **Approval of Investment Advisory Agreement (Unaudited)**

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of any commissions paid; the method and basis for selecting and evaluating the broker-dealers used; any anticipated allocation of portfolio business to persons affiliated with the Advisor; and the extent to which the Fund allocates portfolio business to broker-dealers who provide research, statistical or other services ("soft dollars"). After further discussion, the Trustees concluded that the Advisor's practices regarding brokerage and portfolio transactions were satisfactory.

Possible conflicts of interest. In evaluating the possibility for conflicts of interest, the Trustees reviewed such matters as the experience and abilities of the advisory personnel assigned to the Fixed Income Fund; the basis of decisions to buy or sell securities for the Fund and/or the Advisor's other accounts; the method for the bunching of portfolio securities transactions; and the substance and administration of the Advisor's code of ethics. Following further consideration and discussion, the Board determined that the Advisor's standards and practices regarding the identification and mitigation of potential conflicts of interest were satisfactory.

Conclusion. After additional discussion of the factors stated above and in reliance on the information provided by the Advisor and Trust management, and considering the totality of all factors discussed and information presented at this meeting and previous meetings, the Board stated its agreement to approve the continuance of the Advisory Agreement. It was noted that in the Trustees' deliberations regarding the approval of the continuance of the Advisory Agreement, the Trustees did not identify any particular information or factor that was all-important or controlling, and that each individual Trustee may have attributed different weights to the various factors noted above.

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**CM Advisors Fixed Income Fund**  
a series of  
**CM Advisors Family of Funds**

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**For Shareholder Service Inquiries:**

Ultimus Fund Solutions, LLC  
P.O. Box 46707  
Cincinnati, OH 45246-0707

**Toll-Free Telephone:**

1-888-859-5856

**For Investment Advisor Inquiries:**

Van Den Berg Management I, Inc.  
(d/b/a CM Fund Advisors)  
805 Las Cimas Parkway, Suite 305  
Austin, Texas 78746

**Toll-Free Telephone:**

1-888-859-5856

**World Wide Web @:**

[www.cmadvisorsfunds.com](http://www.cmadvisorsfunds.com)

Investment in the Fund is subject to investment risks, including the possible loss of some or all of the principal amount invested. No investment strategy works all the time, and past performance is not necessarily indicative of future performance.

*The performance information quoted in this report represents past performance, which is not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.*

**An investor should consider the investment objectives, risks, and charges and expenses of the Fund carefully before investing. The prospectus contains this and other information about the Fund. A copy of the prospectus is available at [www.cmadvisorsfunds.com](http://www.cmadvisorsfunds.com) or by calling Shareholder Services at 1-888-859-5856. The prospectus should be read carefully before investing.**

**For More Information on your CM Advisors Family of Funds:**

See Our Web site @ [www.cmadvisorsfunds.com](http://www.cmadvisorsfunds.com) or

Call Our Shareholder Services Group Toll-Free at 1-888-859-5856