

2021 YEAR-END NEWSLETTER

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PRESIDENT'S MESSAGE

Deb Pollard, *President*

INVESTMENT INSIGHTS John Fox, CEO



CONFIDENCE COMES FROM KNOWING OUR COMPANIES

While my update shares good news surrounding Fenimore's holdings and the broader economy, it comes with somber reflection on the many people whose lives have been upended by the pandemic. Our associates wish them better days ahead.

As I write this in early December, the U.S. Gross Domestic Product and some other economic health indicators are at all-time highs. The housing market is booming and jobless claims recently hit the lowest level since 1969. Consumers are spending and, as a result, overall corporate earnings are on a record pace, with more of the same projected for 2022.¹ This is potentially good news for stock prices, which typically track corporate earnings over time.

I'm optimistic about the health of Fenimore's holdings, the economy, and the stock market — despite the pandemic, inflationary pressures, supply-chain bottlenecks, and other short-term issues.

Investors often ask me, "How does Fenimore manage its investments so confidently when the future is so unsure?"

My answer,

"You don't have to know the future, but you do have to know your companies."

For example:

1. Early in the pandemic, I spoke with the leader of one of our long-term industrial holdings. He said he expected the U.S. to soon be in the midst of an economic shutdown, that it would be at least a year before we returned to any sense of normalcy, and that they were ready. He said their revenue could decrease by as much as 50% and they could still break even

due to their financial profile. This was a solid business, in our opinion, and these insights gave us confidence to maintain our stake even as the stock price dropped significantly. Since then, the stock price rebounded to its pre-pandemic level and beyond. We are very pleased with the results.

2. Our research analysts conducted an in-depth review of a longtime automobile industry holding in the spring of 2020. We wanted to assess if they could survive with their showrooms closed due to the virus. With their management team, \$600 million in cash, access to ample credit, and manageable debt, we believed they could. Our thesis was correct and we estimate that they have a long runway for growth.

While these two examples worked out well, there are inevitably holdings that become disappointments. We learn from these experiences and continually strive for excellence.

We can never know the future, but our researchers know our holdings and their management. This gives us the confidence we need to execute Fenimore's long-term strategy: buying stock in what we deem to be quality businesses that meet our rigorous standards and are ideally positioned to do well in good times and persevere through adversity.

Thank you for the trust you show in our team.

ENHANCING CONNECTIONS/ CONTINUAL LEARNING

The author John Naisbitt once wrote, "We are drowning in information but starved for knowledge."

That was 1982. Before the internet. Before email. When you could count the number of TV channels on two or three hands. Today, truly useful knowledge is even harder to come by due to an information deluge from countless communications sources.

Fenimore is committed to providing you with the straightforward investment knowledge you need as timely and conveniently as possible. It's part of our commitment to superior, personalized service.

When it comes to communicating, we believe:

- **Knowledge builds confidence.** The better you understand what you are invested in and why, the more confidence you have in your investment plan. Fenimore's distinctive, firsthand knowledge of the companies behind your investments is crucial and helps to maintain a long-term focus regardless of any stock market, economic, or geopolitical uncertainty.
- **One-on-one conversations help keep you on track.** With so much information available, sometimes you just need to talk through choices and plans for the future. We welcome the opportunity to meet and discuss your investments and life goals at our Albany or Cobleskill offices. If in-person meetings aren't feasible, we're happy to schedule virtual sessions or speak by phone. Please call us at **800-721-5391**. (There's no call center here — Fenimore's associates answer the phone.)
- **Convenience matters.** Our goal is to provide you with the investment intelligence you need when and where you want it. Not everyone learns the same way or likes the same communications channels, so we continually strive to connect with you in various ways. Check out "Tech Connect" on page 3 for details.
- **Feedback helps raise the bar.** Are we delivering the information you want in the way you want it? Is our service meeting your expectations? Our associates are interested in hearing your feedback, so please contact us with any suggestions. We also plan to send you periodic surveys to proactively seek your input.
- **Quality people are key.** Our talented people help make investment information understandable. Thanks to more and more investors trusting us with their assets, we added and promoted team members to meet the growing need for meaningful communication, including a Shareholder Relations professional and Digital Engagement Associate (see "Team Highlights" on page 3).

Sharing our knowledge with you clearly, conveniently, and in a timely fashion is just one important part of Fenimore's pledge of service excellence. We hope to earn your trust and be with you every step of the way.

In addition to exceptional service, we're dedicated to helping our community thrive through financial and volunteer support (read "In the Community" on page 4). These service commitments were foundational items of our culture before I joined Fenimore in 1992 and I'm thrilled — and humbled — by the opportunity to carry on these traditions well into the future.

Warmest wishes for a happy and healthy New Year!

RESEARCH ON THE ROAD

Fenimore's Investment Research Analysts travel to meet with the leaders of our holdings at their headquarters, facilities, industry events, and investor days. In our experience, this is the "X factor" for truly knowing companies and having confidence in an investment.

William Preston, CFA
Portfolio Manager, FAM Dividend Focus Fund

¹ FactSet as of 11.30.2021

INVESTOR EDUCATION & PLANNING

THE POWER OF NOW

One of the most common things we hear from investors — of all ages — is that they wish they started saving earlier. There is often a sense of regret about not participating in positive returns when the stock markets are performing well.

Conversely, no one has ever complained to us about saving too early.

In our experience, if you have the money, the best time to start saving is today. It is never too late or too early to invest.

Long-Term Compounding Can Be Meaningful

It's the “rolling snowball” effect. Put simply, compounding pays you earnings on your reinvested earnings. The longer your money works for you, the more exciting the numbers can become.

Fenimore's Investor Relations teams are available to help you prioritize your long-term financial goals and fine-tune your investment strategy. Whether you are starting your first job, preparing for a child's college expenses, or planning for retirement, we're here to help.

CHARITABLY INCLINED

Making gifts to charities can create a ripple effect and positively impact multiple parties — the charity and its beneficiaries/causes and the donor. Giving is widely considered to be “hereditary,” so charitable giving also sets a great example for our next generation.

Here are some strategies to consider:

- For 2021, individuals who do not itemize may be able to deduct up to \$300 worth of qualified charitable cash gifts (\$600 if you are married filing jointly).
- Gifting shares of highly appreciated securities can provide multiple benefits.
- If you are at least 70½, you can make a qualified charitable distribution (QCD) — a tax-free charitable donation directly from your IRA. A QCD allows you to be a benefactor



to charities while excluding up to \$100,000 annually from your gross income. These gifts, also known as “charitable IRA rollovers,” would otherwise be taxable IRA distributions.

- Donor-advised funds can serve as an excellent vehicle to facilitate charitable giving in a tax-efficient manner.

Fenimore Asset Management does not provide tax, legal, or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal, or accounting advice. You should consult your own tax, legal, and accounting advisors before engaging in any transaction.

THERE'S STILL TIME — MAKE YOUR 2021 IRA CONTRIBUTION

Investors have until the tax filing deadline of April 15, 2022, to make a 2021 Individual Retirement Account (IRA) contribution.

IRAs are one of the most powerful retirement savings tools available. An IRA is a personal savings plan that offers specific tax benefits.

- Even if you're contributing to a 401(k) or other plan at work, you might also consider investing in an IRA.

- The two major types of IRAs are Traditional and Roth.
- Practically anyone with taxable compensation can open and contribute to a Traditional IRA.
- Both Traditional and Roth IRAs feature tax-sheltered growth of earnings. However, there are important differences between these two IRAs with respect to eligibility and taxation.

Please contact us to discuss your situation and learn more.

IRA REQUIRED MINIMUM DISTRIBUTION UPDATE

What is a required minimum distribution (RMD)? Once you reach age 72, you are required to take minimum distributions from your Traditional IRAs and most employer-sponsored retirement plans. You can always take more than the required amount if you choose.

The IRS life expectancy tables for RMDs are changing in 2022 and going forward. What this means is that the life expectancy factors are increasing, so investors will be able to take less money out next year relative to the 2021 table.

If you have questions about your RMD, please contact us.

DO YOUR ANNUAL REVIEW



Account Beneficiaries

Did you know that your beneficiary designations supersede what is written in any legal document such as a trust or will?

Therefore, we recommend that you review, and update as necessary, both your primary and contingent account beneficiaries annually. If your situation has changed, there may be unintended consequences from your beneficiary designations.

KEEP YOUR CONTACT INFORMATION CURRENT

It is important to keep your account contact information current — including an email address and phone number. This helps us connect with you in a timely manner.

For more educational materials on investment matters, please visit [FENIMOREASSET.COM/RESOURCES](https://fenimoreasset.com/resources).



DESIGNED FOR THE LONG TERM

Tom Putnam, Founder & Executive Chairman

Since our beginning, a community of Fenimore's investor relations associates has been helping you plan for the future. Meanwhile, our management team has been doing this same type of long-term planning for Fenimore's business operations. We want to ensure that we continue to be there throughout your life's journey with the same trusted, well-reasoned, independent, and consistent investment management you desire and deserve.

We approach our succession planning in a steady and strategic way:

- We continually seek new generations of talented people (we have associates ranging in age from 23 to my 77) and then provide them with the knowledge, experience, and opportunity to grow and accept increasing responsibilities. You saw this planning manifest itself in recent years as I transitioned to my current position as Executive Chairman, with John Fox succeeding me as CEO. Deb Pollard was also promoted to President and Anne Putnam was named Senior Vice President.
- Additionally, it has been our practice to have at least two Portfolio Managers on each of Fenimore's investment strategies for both separately managed accounts and mutual funds. Planning ahead, we added Portfolio Managers to each strategy within the past few years. This not only provides a diversity of perspectives to decision-making, but it ensures that knowledge of the strategies is not concentrated in any one individual — it's a team effort.

The next step in Fenimore's carefully designed evolution is now in place. After serving as a Portfolio Manager on each strategy since their inception, I recently relinquished those responsibilities to my fellow managers and am directing my full attention to my role as Executive Chairman. In practice, this transition has been in effect for some time as my focus has been to advise, challenge, and inspire fresh thinking, with the ultimate decision-making firmly in the hands of the other managers.

Let me assure you that this is not “good-bye.” Fenimore has been part of my fabric since we founded the firm in 1974 — I enjoy it too much to move on! Going forward, the areas where I can deliver the greatest value to you and my colleagues are:

- Mentoring the next generation of firm leaders and ensuring adherence to our mission, culture, and investment philosophy
- Overseeing Fenimore's goals as set by the senior management team
- Leading our board of directors and developing new members
- Underscoring our community service and support

Everything I do is squarely focused on you, our investors, and the perpetuation of the values that have guided us since the start. This includes serving you with honesty and integrity, striving for excellence in all we do, and, quite simply, being a friend.

I have never been more confident in the future.
Best wishes for a wonderful and safe 2022!

TECH CONNECT

Fenimore’s team works diligently to find the proper balance between human and electronic communications as we strive for service excellence. Our associates prefer connecting with you personally, first and foremost, but also use technology to enhance our services and deliver knowledge in timely and convenient ways. During 2021, we hope you benefited from our outreach via some or all of these technologies:

Video Conferencing

Our professionals met with many people face-to-face on their computer screens. We’re just a click away!



Virtual Investor Meetings

- **FAM Funds Annual Shareholder Informational Meeting:** The theme was “Designed for the Long Term” as we focused on how Fenimore and its mutual funds are built-to-last. We also provided service and fund updates.
- **Fenimore Talks | Stocks:** This annual event, where our Investment Research Analysts discuss the businesses behind the stocks in which we invest, is held in partnership with the University at Albany.

Video excerpts from these events are available at FENIMOREASSET.COM/insights/videos-podcasts.

Investor Education Series Webinars

Topics included:

- **Cybersecurity Awareness:** It highlighted what you should know about cybersecurity threats; how to identify potential digital attacks; and helpful tips to protect your personal information.
- **Investing for What Matters Most:** This session helped investors understand the basics of saving; different types of accounts and tax considerations; and Fenimore’s investment approach.
- **Roth Conversions:** Details were shared about this strategy for moving pre-tax dollars into a Roth IRA for potential tax-free growth, including the advantages and disadvantages to a conversion.

Enhanced Shareholder Online Portal

FAM Funds shareholders can view and access their account online via our upgraded portal, featuring streamlined navigation and security enhancements.

- Go to FENIMOREASSET.COM, click on Account Access in the upper right-hand corner, and then FAM Funds to get started.
- We are already considering new features to the portal based on feedback we received via a shareholder survey that was conducted after the site’s launch.

Social Media

We’ve increased our messaging and engagement on LinkedIn and Twitter to connect with more people throughout the country, raise awareness, and educate.



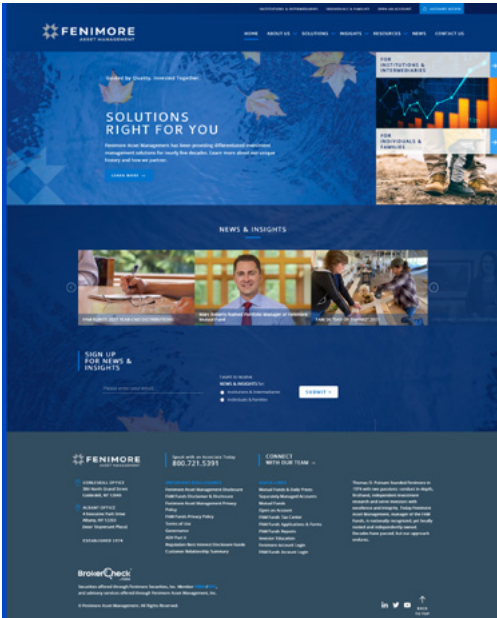
DocuSign

Fenimore began to introduce DocuSign for our investors. This includes its secure eSignature feature to sign and send documents electronically. We are committed to expanding DocuSign’s availability to you in the future so that you can transmit your required documentation to us as conveniently and safely as possible.

Redesigned FENIMOREASSET.COM

Our new website:

- Delivers more educational materials.
- Provides an intuitive and enhanced user experience.
- Is designed with mobile devices as a primary consideration.
- Offers investors the opportunity to contact us at their convenience.
- Features a more modern design that integrates our new logo and colors.



FENIMORE TEAM HIGHLIGHTS

WELCOME ABOARD



Shaun Fagant, Shareholder Relations, joined our FAM Funds Shareholder Services team. Shaun serves existing and prospective shareholders and helps them understand our investment approach as well as each mutual fund’s strategy. Previously, he was a Team Leader at Ayco (a Goldman Sachs Company) overseeing a team of financial planners and working one-on-one with investors. Shaun has more than 15 years of financial planning experience and earned his master’s degree in Business Administration from the University of Massachusetts.



Michael Weaver, Business Development Specialist, joined our Sales team and is responsible for managing our firm’s CRM and optimizing data and reporting procedures while providing other sales support. Michael earned his bachelor’s degree in Economics from Siena College in May 2021 with minors in both Business and Data Science.

CONGRATULATIONS

Anne Putnam, Senior Vice President, is now the director of sales for our entire firm. Anne has worked at Fenimore for 15 years in various capacities. Prior to this promotion, she was the head of sales for the Intermediary Group.

Marc Roberts, CFA, was named as a **FAM Value Fund Portfolio Manager**. Marc joined Fenimore in 2007 as an Investment Research Analyst and became a Portfolio Manager of the FAM Small Cap Fund in 2012. In 2016, he relocated to Chicago and continued his career in the investment industry before returning to Fenimore in March 2020.

Renee Barratiere, Senior Relationship Manager for Fenimore Client Services, passed the investment industry’s Series 66 licensing exam. Renee has been a member of our team for 21 years.

Shannon Almy, Relationship Manager for Fenimore Client Services, is working toward earning the Retirement Income Certified Professional (RICP) designation and passed the second of three exams. Shannon’s tenure here spans 19 years.

Rachel Crisafulli was promoted to **Digital Engagement Associate**. In her new role, Rachel oversees Fenimore’s digital presence as we seek to connect with investors via various communications channels. Rachel has been with us for four years.

Erin Luciano, Relationship Manager for Fenimore Client Services, was promoted to her current position while also earning the Certified IRA Professional (CIP) designation. Erin joined Fenimore three years ago.

Investment Research Associate Antonio Hebert, a two-year member of our Investment Research team, is working toward earning the Chartered Financial Analyst (CFA) designation. Antonio passed the first of three exams.



IN THE COMMUNITY

Corporate Citizenship

We are committed to serving our community with care through financial and volunteer support. Fenimore partners with many nonprofit organizations throughout Upstate New York and beyond with a focus on the arts, education, and human services. Our team is dedicated to being a good neighbor and making a positive impact for generations.

FAM 5K “Day of Thanks”

The Annual FAM 5K “Fund” Run/Walk’s mission endured this year despite its COVID-related cancellation as we thanked, promoted, and assisted the five local charities the race supports:

- Catholic Charities of Delaware, Otsego, and Schoharie Counties
- Cobleskill Regional Hospital
- Helios Care
- Schoharie Arc
- Schoharie County Community Action Program

During this off year, we helped raise public awareness about each organization through videos we produced on each, social media posts, and ads in local papers.

On September 25, Fenimore’s associates gathered to also express our gratitude to our friends at the Cobleskill Fairgrounds who curate this historic landmark where the FAM 5K is typically held. Our team scraped, painted, built, and helped batten down the hatches to prepare the important community venue for winter.

FAM FUNDS SHAREHOLDERS: WRITING & MAILING CHECKS

- Please make checks payable to: **FAM Funds**
- Please mail checks, with appropriate form if applicable, to:

FAM Funds
PO Box 46707
Cincinnati, OH 45246-0707

ALBANY & COBLESKILL, NY OFFICES

We welcome the opportunity to discuss your individual plan with you. Please call 800-721-5391 to speak with an Investor Relations Associate or to schedule an in-person meeting or video conference.



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800-721-5391
FENIMOREASSET.COM

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Clients or prospective clients should consider the investment objectives, risks, and charges and expenses carefully before investing. You may obtain a copy of the most recent mutual fund prospectus by calling 800-932-3271 and/or visiting www.fenimoreasset.com.

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