FAM DIVIDEND FOCUS FUND

Semi-Annual Shareholder Letter 2022

June 30, 2022

Dear Fellow Dividend Focus Fund Shareholder,

When we wrote to you a year ago in the 2021 Semi-Annual Letter, we emphasized that the most important question regarding the future path of the economy and stock market was the magnitude and duration of the inflationary pressures that were building.

In the first half of 2022, a combination of events, most notably the Russia-Ukraine War, pushed inflationary pressures into a worse-than-expected outcome and forced the Federal Reserve ("The Fed") to raise interest rates more aggressively to fight against it. While these actions can be effective in curbing long-term inflation expectations, they've had the negative knock-on effects of lowering stock valuations (the amount an investor is willing to pay for a dollar in earnings) and increasing the probability of an economic recession in America.

It was this monetary policy backdrop that fueled one of the largest first-half declines ever for U.S. equity markets, including a -21.57% drop in the Russell Midcap Index. Of course, the FAM Dividend Focus Fund ("the Fund") was not immune to these macroeconomic pressures and declined -21.13%, slightly better than our Russell Midcap benchmark.[1]

What's interesting about this bear market is how much it pre-empted any material slowdown in business activity. In the first half of the year, our investment research team met face-to-face with more than a dozen management teams of our holdings and a common takeaway was how well demand for goods and services had held up despite rising interest rates and waning consumer sentiment.

In fact, 23 of the 27 companies in the Fund are still forecasting positive earnings growth for 2022. This would result in an approximately 13% weighted average earnings growth rate for the portfolio. This means the decline in the Fund's performance to date has been entirely driven by valuation contraction. The portfolio's price-to-earnings ratio, a measure of valuation, decreased 31% since the beginning of the year.[2] Of course, profit outlooks can still be cut and valuations can continue to compress from here. However, we are confident these downturns provide us with opportunities for better long-term return prospects.

Dividend growth rates for the Fund's holdings also continue to hold up very well. We believe a sound dividend growth policy is an indicator that the company generates more cash than is needed to run the business and that management is confident in the stability and growth of the operation's future cash generation.

[1] FactSet as of 6/30/2022
[2] FactSet as of 6/30/2022

Since the beginning of the year, 16 of 27 of our holdings have announced dividend increases, with the average increase being 13%. This continues to outpace the rate of inflation. The list includes six companies that, in their most recent quarter, paid dividends that were more than 20% higher than the prior year time period, including: **CDW (CDW)**, **Cintas (CTAS)**, **Entegris (ENTG)**, **Microchip Technology (MCHP)**, **Paychex (PAYX)**, and **Pool Corporation (POOL)**.[3]

Portfolio Activity

During the first half of 2022, our portfolio turnover ticked up slightly after 18 months of almost no activity. We remain very happy with the composition of the Fund, but looked to take advantage of the recent increase in market volatility to augment positions in some of our existing names while also investing in a new company.

Purchases
Our four additions during the first half of the year were in label and tag maker **Avery Dennison (AVY)**, business process outsourcer **Genpact (G)**, replacement aircraft parts manufacturer **HEICO (HEI.A)**, and payroll processor **Paychex (PAYX)**.

We initiated a position in **Watsco (WSO)**, a market-leading HVAC distributor primarily in the sunbelt states. This was the Fund's first new purchase since November 2020. **Watsco** experienced robust demand over the last two years and we believe they remain well-positioned to benefit from secular tailwinds including higher energy efficiency standards, refrigerant changes, demand for improved indoor air quality, and growing electrification of heating and cooling equipment.

Sales
We also exited two positions. The first was data center **Digital Realty (DLR)**, which we believed would be negatively impacted by rising interest rates and struggles with growing customer concentration among large technology titans — namely Google, Amazon, Facebook, and Microsoft.

The other sale was our small position in **Graco (GGG)**, a maker of industrial spraying equipment. We did not have reservations about GGG as we did DLR, but rather looked to concentrate capital in other names.

We also trimmed our position in **First Hawaiian Bank (FHB)**, a regional bank in Hawaii. Like GGG, we used the proceeds to help fund purchase activity.

Closing Thoughts

As we look to the second half of the year, uncertainty undoubtedly remains high. The magnitude and duration of the inflationary environment and whether the Fed's policies will force the U.S. economy into a recession remain unknown (and, in our opinion, unanswerable with any certainty).

And while we spend considerable time trying to ensure our companies can navigate these turbulent times, our focus remains on compounding over the long term. We feel confident that our holdings' long-term prospects are intact and that, on-average, they should continue to deliver profit and dividend growth in excess of inflation.

As always, we are incredibly grateful to all our shareholders and thank you for your continued support.

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[3] *FactSet as of 6/30/2022*

TOP 5 CONTRIBUTORS AND DETRACTORS*
12/31/2021 TO 6/30/2022

TOP 5 CONTRIBUTORS		
NAME	AVERAGE WEIGHT (%)	CONTRIBUTION (%)
Hanover Insurance Group	3.40%	0.38%
Jack Henry & Associates	3.91%	0.34%
Watsco	0.32%	-0.08%
Arthur J. Gallagher & Co.	6.74%	-0.05%
Republic Services	3.41%	-0.05%

This reflects the FAM Dividend Focus Fund's best and worst performers, in descending order, based on individual stock performance and portfolio weighting. Past performance does not indicate future results.

TOP 5 DETRACTORS		
NAME	AVERAGE WEIGHT (%)	CONTRIBUTION (%)
Entegris	5.15%	-2.04%
Trane Technologies	5.20%	-1.97%
Microchip Technology	5.05%	-1.92%
Pool Corp.	4.00%	-1.70%
Ross Stores	3.81%	-1.65%

Past performance does not indicate future results.

Paul C. Hogan, CFA
Portfolio Manager

William W. Preston, CFA
Portfolio Manager

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Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost.

**Reflects top contributors and top detractors to the fund's performance based on each holding's contribution to the overall fund's return for the period shown. The information provided does not reflect all positions purchased, sold or recommended for advisory clients during the period shown. It should not be assumed that future investments will be profitable or will equal the performance of the security examples discussed. Past performance is no guarantee, nor is it indicative, of future results. For more detailed information on the calculation and methodology as well as a complete list of every holding's contribution to the overall fund's performance during the time period shown, please call (800) 932-3271 or visit the fund's website at famfunds.com. Portfolio composition will change due to ongoing management of the fund. References to individual securities are for informational purposes only and should not be construed as an offer or a recommendation, by the fund, the portfolio managers, or the fund's distributor, to purchase or sell any security or other financial instrument. The summary is not advice, a recommendation or an offer to enter into any transaction with Fenimore or any of its affiliated funds. The portfolio holdings as of the most recent quarter most recent quarter.*

***All investing involves risk including the possible loss of principal. Before investing, carefully read the fund's prospectus which includes investment objectives, risks, charges, expenses and other information about the fund. Please call us at 800-932-3271 or visit fenimoreasset.com for a prospectus or summary prospectus. Past performance and Morningstar ratings are not an indicator of a fund's future returns.*

Securities offered through Fenimore Securities, Inc. Member FINRA/SIPC, and advisory services offered through Fenimore Asset Management, Inc.

TOP 10 HOLDINGS

AS OF 6/30/2022

FAM DIVIDEND FOCUS FUND	% OF PORTFOLIO
Arthur J. Gallagher & Co.	7.64%
CDW Corp.	6.68%
Trane Technologies	5.08%
Air Products & Chemicals	4.86%
Microchip Technology	4.71%
Genpact	4.67%
Entegris	4.56%
Stryker Corp.	4.46%
Broadridge Financial Solutions	4.44%
Jack Henry & Associates	4.40%
TOTAL NET ASSETS	**$511,848,959**

The portfolios are actively managed and current holdings may be different.

AVERAGE ANNUAL TOTAL RETURNS AS OF 6/30/2022

	SINCE INCEPTION	10 YEAR	5 YEAR	3 YEAR	1 YEAR	TOTAL FUND OPERATING EXPENSES*
FAM DIVIDEND FOCUS FUND (4/1/96)	9.03%	11.59%	9.87%	6.36%	-12.71%	1.23% (gross) 1.22%*(net)

The performance data quoted represents past performance.

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**FAM Dividend Focus Fund Disclosure: The Fund's total annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 1.23%. The total operating expense as reported in the FAM Dividend Focus Fund's audited financial statements as of December 31, 2021 is 1.22%. The Advisor has contractually agreed, until May 1, 2022, to waive fees and/or reimburse the Fund certain expenses (excluding interest, taxes, brokerage costs, Acquired Fund Fees and Expenses, dividend expense and extraordinary expenses) to the extent necessary to maintain Net Fund Operating Expenses for Investor Shares at 1.26%.*

FENIMOREASSET.COM

800.932.3271 • 518.234.7462 • F 518.234.7793 384 North Grand Street, PO Box 399, Cobleskill, NY 12043