



by William Preston, CFA

PORTFOLIO MANAGER,
FAM DIVIDEND FOCUS FUND

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The assertions in this paper are based on Fenimore Asset Management's opinion. Fenimore Asset Management is manager of the FAM Funds.

Highlights Include:

- › Achieving long-term investment goals usually depends on staying invested during down markets and having an established risk management process.
- › The downside capture ratio of Fenimore's three equity mutual funds helps quantify the benefits of our risk management approach.
- › Fenimore Asset Management conducts firsthand research and seeks to invest in select, quality businesses. We believe it is our holdings' collective quality characteristics that have helped our mutual funds typically outperform during down markets.

Staying the Course

Fenimore Asset Management is dedicated to the delivery of long-term investment results through active management of portfolios constructed with our independent, in-depth research. In order to deliver on these long-term performance goals, we have learned the importance of staying invested through economic and market cycles rather than trying to time the stock market's lows and highs.

We are often reminded that the market and economy are different entities and that they can diverge — sometimes significantly. What this means is that even if we were experts at economic forecasting (we are not) and could predict when a recession would occur, there is no guarantee that our prediction would have any meaningful correlation with the market's direction.

This leaves us with two key thoughts:

1. The inability to predict stock market movements reinforces the importance of staying invested over time — and there are plenty of statistics that demonstrate the negative impact to long-term returns if an investor misses just a handful of the stock market's best performing days.

For example, Morningstar's "The Cost of Market-Timing" report analyzed the stock market from 2000 to 2019 which includes **5,035 trading days**.¹

| | | | |
|-------------------------------|---------------|---------------------|----------------|
| Invested for all trading days | = 6.1% return | 20 best days missed | = 0.1% return |
| 10 best days missed | = 2.4% return | 30 best days missed | = -1.9% return |

2. Equally important is having a process in place to manage risk during downturns to keep as many dollars as possible invested for potential long-term compounding.

Managing Risk

The conviction to stay invested during volatile market periods comes from having confidence in your risk management approach. At Fenimore, we manage risk (which we define as permanent loss of capital and not market volatility) by staying committed to our market-tested research process and only investing in what we deem to be quality businesses at reasonable prices.

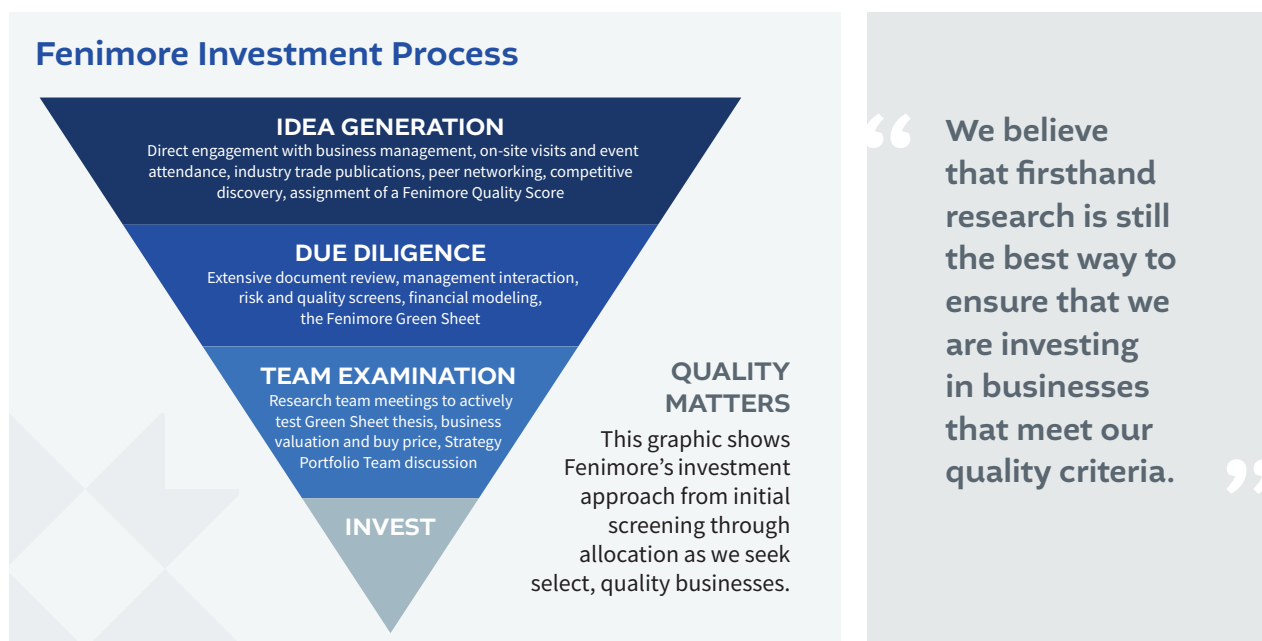
We believe a quality business has specific attributes, including:

- Strong free cash flow generation
- A track record of performing through different market cycles
- Little to no use of debt
- An astute, ethical, and experienced management team

¹Past performance is not indicative of future results. Morningstar, Inc. 2020. S&P 500 Index. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.

While many organizations use mathematical modeling, computer systems, and data analysis to make investment decisions, we believe that firsthand research is still the best way to ensure that we are investing in businesses that meet our quality criteria.

This active, company-level research provides invaluable insights that help reinforce our confidence in our holdings' abilities to persevere and potentially thrive during downturns.



Downside Capture Ratio

The downside capture ratio of Fenimore's three equity mutual funds helps quantify the benefits of our risk management approach.

- Downside capture ratio measures the performance of a fund against its benchmark index during market downturns.²
- A ratio of less than 100 indicates that the fund outperformed the index during historical downturns.

A recent evaluation of our funds revealed the following downside/upside capture data as of September 30, 2022. We specifically highlight the number of quarters during which the strategy's benchmark was down greater than 5% since each fund's inception.

| FAM VALUE FUND | | FAM DIVIDEND FOCUS FUND | | *FAM Value Fund and FAM Dividend Focus Fund Benchmark = Russell Midcap Index |
|--|-------------------------------|--|-------------------------------|---|
| FAMVX | | FAMEX | | |
| Downside Capture Ratio | Upside Capture Ratio | Downside Capture Ratio | Upside Capture Ratio | |
| 92.25% | 93.73% | 87.32% | 102.54% | |
| When Benchmark was Down > 5% (19 out of 141 Quarters)* | | When Benchmark was Down > 5% (17 out of 104 Quarters)* | | |
| Portfolio Outperformed 74% of the Time | By an Average of 5.63% | Portfolio Outperformed 88% of the Time | By an Average of 5.86% | <p><i>The Russell Midcap Index is an unmanaged index that measures the performance of a mid-cap segment of the U.S. equity universe. This benchmark is used for comparative purposes only and may not reflect the risk or investment style of the investments reported. Additionally, you cannot invest directly in an index.</i></p> |
| <p>Past performance is not indicative of future results. FactSet as of 9/30/2022.</p> | | | | |

²Calculation Methodologies = **Downside Capture Ratio:** (CAGR of product performance in down markets) / (CAGR of index performance in down markets) **Upside Capture Ratio:** (CAGR of product performance in up markets) / (CAGR of index performance in up markets)

| FAM SMALL CAP FUND | |
|--|------------------------|
| FAMFX | |
| Downside Capture Ratio | Upside Capture Ratio |
| 79.43% | 84.06% |
| When Benchmark was Down > 5% (6 out of 42 Quarters)* | |
| Portfolio Outperformed 83% of the Time | By an Average of 3.01% |

***FAM Small Cap Fund Benchmark = Russell 2000 Index**

The Russell 2000 Index is an unmanaged index that measures the performance of a small-cap segment of the U.S. equity universe. This benchmark is used for comparative purposes only and may not reflect the risk or investment style of the investments reported. Additionally, you cannot invest directly in an index.

Past performance is not indicative of future results. FactSet as of 9/30/2022.

- Fenimore’s market-tested investment approach shows that all three funds generated less than 100 downside capture ratios or, said differently, that they typically went down less than the benchmark during market downturns. We believe this is due to our quality holdings.

Look through Earnings

“Look through Earnings” — a term coined by Warren Buffett — aggregates a fund’s ownership of different companies, and their respective financial metrics, as if it were a single business. This allows an investor to view and compare the underlying fundamental performance of portfolios against indexes and other funds.

The following financial metrics demonstrate that our mutual funds tend to have higher profitable, lower leverage, and better returning businesses than our Russell benchmarks. We believe that this evidence also supports the quality of our holdings and their impact during down markets.

| FUND METRICS* (9/30/2022) | | | |
|---------------------------|---------------|-------------------|---------|
| | EBITDA MARGIN | NET DEBT / EBITDA | CF ROIC |
| FAM Value Fund | 26.4% | 1.6x | 15.2% |
| FAM Dividend Focus Fund | 25.8% | 1.5x | 15.8% |
| Russell Midcap Index | 19.8% | 1.7x | 13.6% |
| FAM Small Cap Fund | 17.9% | 1.5x | 14.6% |
| Russell 2000 Index | 15.5% | 1.7x | 10.9% |

*Operating Companies. All metrics are for 2022 expected, except CF ROIC = 2021 YE. EBITDA (earnings before interest, taxes, depreciation, and amortization); CF (cash flow) ROIC (return on invested capital).

Past performance is not indicative of future results. FactSet as of 9/30/2022.

The Power of Compounding

Knowing an investment strategy has demonstrated good downside protection can hopefully help an investor stay the course through turbulent market times. Pulling money out of the market at the wrong time can cause an investor to miss some of the best trading days and limit the amount of dollars available for long-term compounding.

As legendary investor Charlie Munger says,

“The first rule of compounding is to never interrupt it unnecessarily.”

Guided by Quality

As we have since 1974, Fenimore will continue to invest in what we believe are quality companies that are positioned to not only perform well in good times, but to endure the most challenging economic conditions — and even increase market share — while emerging on the other side poised for future growth.

Our firsthand, company-level research and active portfolio management should continue to help us mitigate risk on the downside and participate in the upside as we seek to create value for the long term.

IMPORTANT DISCLOSURE

Past performance is not indicative of future results, current performance may be lower or higher than the performance data quoted. Investment returns may fluctuate; the value of your investment upon redemption may be more or less than the initial amount invested.

Please consider a fund's investment objectives, risks, charges and expenses carefully before investing. The FAM Funds prospectus or summary prospectus contains this and other important information about the FAM Value Fund, FAM Dividend Focus Fund and FAM Small Cap Fund and should be read carefully before you invest or send money. The principal risks of investing in the Funds are: stock market risk (stocks fluctuate in response to the activities of individual companies and to general stock market and economic conditions), stock selection risk (Fenimore utilizes a value approach to stock selection and there is risk that the stocks selected may not realize their intrinsic value, or their price may go down over time), and small-cap risk (prices of small-cap companies can fluctuate more than the stocks of larger companies and may not correspond to changes in the stock market in general).

To obtain a prospectus or summary prospectus and for performance data that is current to the most recent month-end for each fund as well as other information on the FAM Value Fund, FAM Dividend Focus Fund, and FAM Small Cap Fund, please go to fenimoreasset.com or call (800) 932-3271.

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