

# 2022 YEAR-END NEWSLETTER

## IN THIS ISSUE

- Investment Insights
- President's Message
- Research on the Road
- Investor Education & Planning
- Team Highlights
- FAM Small Cap Fund
- Let's Connect
- Supporting Our Community



## PRESIDENT'S MESSAGE

Christian Snyder, *President*

## INVESTMENT INSIGHTS John Fox, CEO



### LIKE SHIPBUILDERS, FENIMORE FOCUSES ON WEATHERING THE STORMS

I recently heard someone talking about how shipbuilders design their vessels to survive the most treacherous storm. Even though days on the sea are usually uneventful, shipbuilders must be sure their ships can weather any storm and sail into brighter days ahead.

That's a great analogy for how Fenimore strives to build our investment portfolios with what we deem to be quality businesses. The environment we've experienced this year reinforces that we have to be prepared for severe economic and market conditions.

#### Inflation

America's highest rate of inflation in more than 40 years is creating an adverse impact on our financial markets. Inflation prompted the Federal Reserve to increase short-term interest rates to try to slow the economy. This, in turn, has slowed corporate growth and earnings significantly in certain sectors and driven down stock prices almost across the board.

The good news is these turbulent times will come to an end and our ship is built for the long haul with what we believe are quality companies that can survive and navigate difficult surroundings.

#### Company Visits

Fenimore's investment analysts research businesses before investing and then stay in close contact with their leadership to help ensure that we understand their challenges and opportunities and have confidence in their ability to manage them. Our team regularly visits companies, tours facilities, and meets face-to-face with management from both existing holdings and prospective investments.

For example, I recently met with the leaders of one of our holdings. It's a national

manufacturer of brand-name home and security products. Approximately a quarter of their business is related to new home construction, and projections are that the housing industry could be down significantly in 2023. This firm is already preparing for a decline. We believe they are a quality business with strong management and respected products that has the potential for growth once the storm passes.<sup>1</sup>

#### Guided by Quality

Even in the midst of these tough times, we think the soundness of Fenimore's market-tested investment approach is evident. For nearly five decades, we have followed the same process — regardless of any short-term environment — and plan to do so for generations to come. The times may change, but our principles will not.

#### Looking Ahead

As we head into 2023, our team is neither optimistic nor pessimistic. No one can predict the future, so call us realistic. We remain committed to conducting firsthand, in-depth, company-level research to glean insights and monitor Fenimore's holdings. We believe we have a collection of quality businesses that create an ironclad ship to make it through these days and build wealth over the long term.

**Thank you for your ongoing confidence, and best wishes from our family to yours for a happy and healthy new year.**

## ENSURE, ELEVATE, EXPAND

It is my great pleasure to be writing to you for the first time as President. When Fenimore reached out to me, I wasn't looking for a new position. I was enjoying another leadership role at a successful financial institution.

However, it took just one conversation with Founder and Executive Chairman Tom Putnam and CEO John Fox for me to know Fenimore was the place I wanted to be. I am ecstatic to be here, proud to succeed Deb Pollard, and looking forward to helping our investors plan for and achieve their financial goals.

I believe what we do is truly different — it has been this way since our inception in 1974. Fenimore's quality standards, engaging entrepreneurial spirit, family-oriented culture, unwavering investment philosophy, devotion to investors, and deep commitment to community service set us apart. With Fenimore's heritage and differentiated approach to serving our investors resting on such sound footing, my plan is to ensure, elevate, and expand.

#### Ensure

We will continue to safeguard the two pillars that support everything we do:

- 1. Independent, In-Depth Investment Research:** Fenimore's approach is centered not on the clinical evaluation of stock market charts but on the firsthand evaluation of a company's quality characteristics, leaders, and strategies for long-term success. It's a straightforward, understandable philosophy that has helped our investors for decades.
- 2. Service Excellence:** The countless long-term relationships we have with our investors are astounding in my view. This speaks to the quality of our people and their dedication to serving you based on your specific needs. Our team is accessible and aims to serve with total integrity and transparency while hoping to earn your trust and be with you every step of the way.

#### Elevate

We continually seek to elevate your investor experience. In today's digital age, we want to meet you where you want to be met with the right balance of in-person and digital communications, and with relevant and timely information.

Our associates welcome your feedback — it has directly contributed to the improvement and evolution of our services over the years. I look forward to meeting you and listening to how we can better serve you.

#### Expand

Our team is passionate about what we do and believes we offer a distinctive investment experience as we help guide investors along life's journey. In the coming year, we will expand our reach and share Fenimore's story with even more people.

#### Long-Term View

When my wife and I relocated to Upstate New York with our two children eight years ago, we fell in love with the great outdoor experiences this region offers. We like to say we found our "forever home." I feel the same about Fenimore!

## RESEARCH ON THE ROAD

*Fenimore's research analysts had busy travel schedules in 2022. Their trips included more than 115 in-person meetings with leaders of our holdings and prospective holdings as well as facility tours. This personal, company-level fieldwork provides invaluable insights about your investments.*



<sup>1</sup> Specific investment described herein does not represent all investment decisions made by Fenimore. The reader should not assume that investment decisions identified and discussed were or will be profitable. Specific investment advice references provided herein are for illustrative purposes only and are not necessarily representative of investments that will be made in the future.



# INVESTOR EDUCATION & PLANNING

## IRA NEWS: 2022 CONTRIBUTION DEADLINE AND 2023 LIMITS

- Investors have until the tax filing deadline of April 17, 2023, to make a 2022 Individual Retirement Account (IRA) contribution.
- These are the new 2023 IRS annual limits for IRA contributions:
  - Maximum annual IRA contribution (under age 50) = \$6,500
  - Maximum annual IRA contribution (age 50 or over) = \$7,500
- 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 or to learn more.

## ALL ABOARD!

Tom Putnam, Fenimore's Founder and Executive Chairman, has a saying, "You have to be aboard the train before it leaves the station." His analogy pertains to investors who believe they can time the stock market.

"Market timers" hope they can catch the market at its highest or lowest point in an attempt to maximize returns — and they often let their emotions get in the way of rational decision making. They become fearful and sell when they should buy. The typical result is that they miss market upswings and their gains are much less than if they had just stayed the course. Trying to time the market does not work over the long term.

**Time in the Market — Not Market Timing**  
Nobel Prize laureate William Sharpe found that market timers have to be right most of the time just to equal the returns that buy-and-hold, long-term investors achieve. There is an overwhelming amount of research that shows that long-term investing — even through a stock market downturn — yields better results over the years than trying to time a decline, remove capital, and return when "things are better."

**What if the Market Drops?**  
Some investors are concerned that the train is going to sputter. They're right. At some juncture, it will — it's an inevitable part of the



*"You have to be aboard the train before it leaves the station."*

journey as we saw in 2022. But a temporary slowdown can also bring opportunities. When the market drops, Fenimore seeks to invest in what we believe are quality, well-managed businesses at a discount to our estimate of their economic worth. We try to use downturns to strengthen our mutual funds for the long haul.

The inability to predict stock market movements reinforces the importance of staying invested over time. There are plenty of statistics that demonstrate the negative impact to long-term returns if an investor misses just a small number of the stock market's best performing days over a 20-year span. *That's why it's so important to be on the train.*

This can potentially take advantage of the cyclical nature of the stock market and allows you to focus on long-term growth and ignore short-term market conditions.

- Since you always invest the same amount, you purchase more shares when the price is low and fewer shares when the price is high. DCA's premise is that your average cost per share may be less than your average price per share, thus potentially reducing your investment risk over time.
- DCA also allows for small investments that, when done consistently over time, can grow into big savings.

Automatic investing from your bank account is an easy way to make saving a habit.

*Dollar-cost averaging is a plan of continuous investment in securities regardless of their inconsistent prices. Of course, you must consider your financial ability to continually purchase shares. As with all investment methods, there is no performance guarantee.*

## REMOVE THE EMOTION FROM INVESTING WITH A SENSIBLE APPROACH

The flurry of stock market and economic news bombarding us every day can cause an investor to be fearful and make misguided decisions with their assets. The good news is that there is a calm and sensible investment approach, called dollar-cost averaging (DCA), that can help mitigate the angst.

- DCA is a long-term strategy that involves investing a fixed-dollar amount (into a mutual fund account for example) at regular intervals.



 **FAM FUNDS SHAREHOLDER SERVICES UPDATE**

## FENIMOREASSET.COM – AN INFORMATION RESOURCE

We believe Fenimore's in-house investor relations and research professionals are your best source for investment information. However, we also include educational material on our website to help you increase your investment knowledge and, as a result, your confidence.

- Check out:
- > **Resources - Investor Education**
  - > **Insights - Investment Insights**
  - > **Insights - Videos & Podcasts**
- at [FENIMOREASSET.COM](https://FENIMOREASSET.COM)

- Some of the great resources you'll find are:
- Our Investor Education Series of videos, including "Investing for What Matters Most," "Saving for a Child's College vs. Saving for Retirement," and "What Is a Roth Conversion?"
  - Annual FAM Funds and service updates
  - Market commentaries

## QUALITY INVESTING: ITS IMPACT DURING DOWN MARKETS

In this new Fenimore white paper, William Preston — Portfolio Manager of the FAM Dividend Focus Fund — details how Fenimore's mutual funds have performed in down markets over the decades and analyzes their quality characteristics.

- Highlights Include:**
- Achieving long-term investment goals usually depends on staying invested during down markets and having an established risk management process.
  - Fenimore's three equity mutual funds' performance statistics during down markets help quantify the potential benefits of our risk management approach.
  - 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.

**Please contact us if you'd like a copy emailed to you. It's also available on our website.**

## MOVE YOUR RETIREMENT SAVINGS WITHOUT LOSING TAX BENEFITS

When moving money between an IRA and retirement plan, it is important to understand the rules. Retirement savings accounts are portable:

- IRA-to-IRA
- IRA-to-retirement plan
- Retirement plan-to-IRA
- Retirement plan-to-retirement plan

There are many reasons for moving your retirement assets to another retirement savings account. Perhaps you've left a job, your financial circumstances have changed, or you're looking for ways to better maximize your retirement savings. Whatever the reason, there are portability options available. Some preserve the tax-deferred nature of your assets and some may have tax consequences.

Consider talking with your tax or financial advisor about what's best for your financial situation before moving your IRA or retirement plan money.

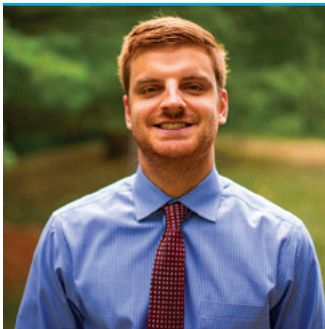


# WELCOME ABOARD!



**Christian Snyder** was named President of Fenimore Asset Management, bringing with him nearly two decades of experience in the financial services industry along with a solid track record of leadership and integrity. A Chartered Financial Analyst (CFA®), Christian previously served as Chief Operating Officer of the Wealth Strategies Group at Goldman Sachs Ayco Personal Financial Management. Prior to that, he served as the firm's Deputy General Counsel. Christian holds a Juris Doctor from Suffolk University Law School and bachelor's degree in mathematical economics from Colgate University.

**Joe LeRoy** joined our team as an Investor Relations professional who helps Fenimore's investors achieve their long-term financial goals. Joe has more than 18 years of financial services experience, including providing financial wellness services to Fortune 500 clients. He holds the CERTIFIED FINANCIAL PLANNER™ (CFP®) designation, and earned his bachelor's degree in economics and government from Saint Lawrence University.



**Hunter Frayne** joined Fenimore as Investment Research Associate. He is responsible for conducting in-depth, company-level research while adhering to Fenimore's market-tested investment approach. Hunter graduated with honors from the University of Connecticut with a double major in economics and philosophy.

**William “Billy” Wise** joined Fenimore as Director, a role in which he educates and informs financial professionals regarding our investment products. Billy has 16 years of experience working closely with financial advisors across the country. He is a Chartered Retirement Planning Counselor (CRPC®), an Accredited Investment Fiduciary (AIF®), and a Certified 401(k) Plan Administrator. Billy holds a bachelor's degree in political science from Trinity College.



## FAM FUNDS’ NEW TRUSTEE — WELCOME



**Yolanda Caldwell**, Chief Diversity Officer at The College of Saint Rose and an accomplished business consultant, joined FAM Funds’ Board of Independent Trustees. In her role at Saint Rose, Ms. Caldwell oversees the development of goals, strategies, and performance measures for inclusion and culture change. She also serves as director of The Women's Leadership Institute and BOLD Women's Leadership Network, and is owner and senior strategist at Titus Enterprises (a business consulting and event management firm).

# CONGRATULATIONS!

## PROMOTIONS

**Shannon Almy** was promoted from Relationship Manager to Senior Relationship Manager.

**Liza Baran** was promoted from Director of Shareholder Services to Director of Shareholder Services & Operations.

**Lauren Mayer** was promoted from Operations Associate to Senior Operations Associate.

## ACHIEVEMENTS

Senior Relationship Manager **Shannon Almy** and Relationship Manager **Erin Luciano** each earned the Retirement Income Certified Professional® (RICP®) designation from The American College of Financial Services. According to the college, “The RICP® educational curricula is the most complete and comprehensive program available to professional financial advisors looking to help their clients create sustainable retirement income.”

**Shaun Fagant**, Investor Relations; **Joe LeRoy**, CFP®, Investor Relations; and **Billy Wise**, AIF®, of our intermediary team, earned their Series 66, Series 63, and Series 7 investment industry licenses, respectively.

Thank You

# A FOND FAREWELL!

The Fenimore team said farewell this year to four longtime colleagues who completed their paths to retirement. They are:



**Deborah Nadeau**  
Senior Business Intelligence Associate

39 YEARS  
OF SERVICE



**George Chelius III**  
Principal

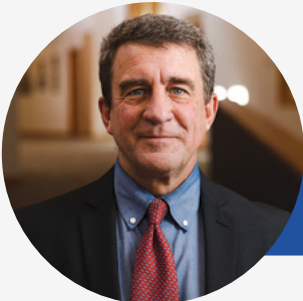
33 YEARS  
OF SERVICE



**Debra Pollard**  
President

30 YEARS  
OF SERVICE

“The past 30 years have been incredibly enriching and rewarding, and I can’t think of a better place to have built my career. Helping our investors plan for and achieve their financial goals has meant the world to me, as have the friendships I’ve made with those investors, my colleagues, and people throughout the community. I know that Christian and the team will continue the Fenimore tradition of excellence.”



**Peter Sweetser**  
Shareholder Relations

29 YEARS  
OF SERVICE

Each of these dedicated professionals made an incomparable impact on Fenimore’s progress, our investors, and our community. We thank them for their combined 131 years of service and wish them all the best in the years ahead!

10  
YEARS

CELEBRATING 10 YEARS

FAM  
SMALL CAP  
FUND



## A DECADE OF DILIGENT MANAGEMENT

Under the direction of Portfolio Managers Andrew Boord and Kevin Gioia, the FAM Small Cap Fund (FAMFX) pursues quality, solidly profitable, and sustainable small-cap companies with long-term growth potential.

Our team was proud to celebrate this anniversary in March. We will continue to strive to deliver strong long-term performance while mitigating risk. We are grateful and honored that you trust us with your hard-earned capital. Thank you for investing with us.

## LET'S CONNECT

We encourage you to provide us with feedback that will help enhance our communications and service. Please feel free to call **800-721-5391** or email us at [info@fenimoreasset.com](mailto:info@fenimoreasset.com).

We also welcome the opportunity to discuss your financial plan with you:

- At either our Albany or Cobleskill, NY, office.
- Via video conference.
- On the phone.

CONNECT  
WITH US ON



Manager of the **FAM FUNDS**

384 North Grand Street  
PO Box 310  
Cobleskill, NY 12043

[Fenimore 2022 Year-End Newsletter](#)

**Your Trusted Investment Partner**

**800-721-5391**

**[FENIMOREASSET.COM](https://fenimoreasset.com)**

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**Before investing, carefully read the fund's investment objectives, risks, charges and expenses. FAM Funds' prospectus or summary prospectus contains this and other important information about FAM Funds and should be read carefully before you invest or send money. To obtain a prospectus or summary prospectus for each fund as well as other information, please call us at 800-721-5391 or visit [fenimoreasset.com](https://fenimoreasset.com) for a prospectus or summary prospectus.**

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## SUPPORTING OUR COMMUNITY FOR GENERATIONS

### A Tradition of Giving

*Fenimore is committed to enriching our region through charitable giving, including community service and financial support. Our vision is to transform lives and transform communities for generations.*

### FAM 5K — Off and Running!

We were thrilled to host the FAM 5K "Fund" Run/Walk again! After a two-year hiatus, hundreds of participants and volunteers gathered and made this fall classic a special event. The proceeds from the race are donated to one of five local charities on a rotating basis.

This year's beneficiary was **Catholic Charities of Delaware, Otsego, and Schoharie Counties**. The other organizations the 5K benefits are Cobleskill Regional Hospital, Helios Care, Schoharie County Community Action Program, and The Arc Lexington.

### Partnerships and Projects

Our team is grateful that we were able to donate to many charities in 2022 and strengthen our relationships with them. Additionally, Fenimore's volunteerism included working on boards; coaching youth sports; serving summer lunches; thanking health care workers with gifts; loading food orders for pantries; teaching financial literacy to elementary students; giving Christmas presents to kids and seniors; and providing housewarming baskets to veterans.