FAM FUNDS
Managed by
FENIMORE ASSET MANAGEMENT

FAM VALUE FUND

Semi-Annual Shareholder Letter 2023

June 30, 2023

Dear Fellow Value Fund Shareholder,

As we entered 2023, we sensed much pessimism from market participants. In 2022, the stock market entered a bear market, inflation remained elevated, the Federal Reserve raised rates at a brisk pace, and the U.S. was headed toward a debt ceiling standoff in 2023. Then, just as the market began to feel some relief, several large U.S. banks failed and entered receivership by the FDIC. Given this context, it may surprise you that the market ended June 30 at a 14-month high and 24.42% above the October 2022 lows — this meets the criteria for a new bull market![1]

In our 2022 communications, we remained optimistic. Oftentimes, a market in decline and investor pessimism are a recipe for better prospective returns. So far, this is what we have witnessed through the first six months of the year with the FAM Value Fund (FAMVX) returning 7.24% versus the Russell Midcap Index's 9.01%.[2]

Despite the apparent headwinds, the economy has thus far remained resilient and the highly anticipated recession has yet to materialize. GDP (gross domestic product) growth is positive, the labor market is tight, and consumer spending has sustained at relatively strong levels.

Below the surface, though, there are crosscurrents. In several categories, including travel and health care procedures, demand is rebounding from pandemic-related constraints. Two portfolio companies, **Booking Holdings (BKNG)** and **Stryker Corporation (SYK)**, respectively, benefited from the bounce back. By contrast, in other areas of the economy, we have witnessed signs of moderation. For instance, following a pandemic surge, **CDW Corporation (CDW)** is seeing a reduction in demand for the technology hardware it distributes, such as mobile devices and laptops. **IDEX Corporation (IEX)** is experiencing slowing component orders in certain business lines because of declining biotech research funding.

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[1] *FactSet as of 6/30/2023*
[2] *FactSet as of 6/30/2023*

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While some moderation in demand is a natural part of the economic cycle, higher capital costs and higher interest rates have undoubtedly had an impact on many firms. The most striking example has been the sudden failure of several large banks. These failures proved to be isolated, but served as another reminder of the importance of understanding the business models and risks of what you own. Gaining this understanding is a key part of our research process at Fenimore Asset Management. Our portfolio companies are not immune to economic challenges, but we believe that owning growing, cash-generative businesses with solid balance sheets and skilled managers is the best way to navigate the inevitable crosscurrents.

Portfolio Activity

Purchases

We added to a handful of existing holdings in the first half of 2023. Before the onset of the bank failures in March, we consolidated and reduced our banking exposure, adding to **Pinnacle Financial Partners (PNFP)** with part of the proceeds from the sale of our **M&T Bank (MTB)** position (see below). We also took advantage of market volatility to add to our existing stakes in **Amphenol Corporation (APH)**, **Microchip Technology (MCHP)**, and **T. Rowe Price Group (TROW)**.

In the case of APH, we were able to take advantage of the moderation in demand, which hit the company harder than market participants expected in the areas of mobile devices and communications. The resulting volatility in the stock price afforded us the opportunity to add to our position at what we deemed to be an attractive price.

Lastly, we added to **Fortune Brands (FBIN)**. FBIN spun off its cabinets business into a stand-alone company called **MasterBrand (MBC)**. We sold MBC and reallocated the proceeds back into FBIN, which we believe better fits the profile of a business that meets our investment criteria.

Sales

We sold three of our holdings during the first half of 2023 and trimmed another. The three sales were the previously mentioned **MTB** and **MBC**, as well as **Black Knight (BKI)**. We sold MTB, a long-term holding, because we felt their growth prospects had diminished and were inferior to our other bank holdings, including PNFP. We sold BKI shortly after the news that its planned takeover by the Intercontinental Exchange (ICE) would be challenged by the Federal Trade Commission. We felt the sale was prudent given the challenge would extend an already protracted merger process. This, along with deterioration in the company's mortgage origination business, prompted us to move on from the position and use the proceeds elsewhere.

We also trimmed our stake in **CarMax (KMX)**. Our team first purchased KMX in 2004. Originally spun out of Circuit City in 2002, the enterprise has grown from 36 used-car outlets to 241 today. During this span, KMX has created a tremendous amount of value; however, the economics of the used-car industry has changed. The current environment of high used-car prices and increased interest rates has created affordability challenges for the consumer, impacting KMX and the entire industry. Additionally, new entrants, including Carvana (not held in the Value Fund), are changing the way consumers buy, trade, and finance cars by creating an online-only option. KMX is meeting this challenge by strengthening its own online capabilities, but it comes with added costs. The combination of lower unit demand and higher unit costs has squeezed profitability. With the uncertain outlook for used-vehicle affordability and KMX's increased cost structure, we took advantage of a recovery in the stock this year to trim our position and will continue to evaluate the company's long-term prospects.

Closing Thoughts

We continue to work diligently on your behalf to craft a portfolio that we believe can stand the test of time. We cannot predict where the crosscurrents will take our economy. What we can do is continue to deepen our understanding of the businesses we own, and those we may own in the future, while building relationships with the leaders running these firms, their competitors, and their customers.

Throughout 2023, we've been busy traveling the country — touring operating facilities, attending industry trade shows, and visiting with our business leaders at their company headquarters. These activities build our conviction in the people, processes, and management teams that come together to drive these businesses forward through all parts of the economic cycle.

Thank you for investing with us in the FAM Value Fund.

Top 5 Contributors and Detractors*
12/31/2022 to 6/30/2023

TOP 5 CONTRIBUTORS

NAME	AVERAGE WEIGHT (%)	CONTRIBUTION (%)
Brown & Brown	6.93%	1.48%
Vulcan Materials Co.	3.74%	1.10%
Graco	3.36%	0.96%
CarMax	2.63%	0.95%
Stryker Corp.	3.92%	0.92%

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

TOP 5 DETRACTORS

NAME	AVERAGE WEIGHT (%)	CONTRIBUTION (%)
Dollar General Corp.	2.11%	-0.83%
Pinnacle Financial Partners	1.43%	-0.50%
IDEX Corp.	6.44%	-0.36%
Fidelity National Information Services	1.65%	-0.35%
SouthState Corp.	1.80%	-0.25%

Past performance does not indicate future results.

John D. Fox, CFA
Portfolio Manager

Drew P. Wilson, CFA
Portfolio Manager

Marc D. Roberts, 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.*

TOP 10 HOLDINGS

AS OF 6/30/2023

FAM VALUE FUND	% OF PORTFOLIO
Brown & Brown, Inc.	7.59%
CDW Corp.	6.72%
IDEX Corp.	6.10%
Ross Stores	5.97%
Markel Corp.	4.89%
Vulcan Materials Co.	4.41%
Illinois Tool Works	4.18%
Stryker Corp.	4.17%
Graco	3.80%
Analog Devices	3.57%
TOTAL NET ASSETS	**$1,522,986,132**

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

AVERAGE ANNUAL TOTAL RETURNS

AS OF 6/30/2023

	SINCE INCEPTION	10 YEAR	5 YEAR	3 YEAR	1 YEAR	TOTAL FUND OPERATING EXPENSES*
FAM VALUE FUND INVESTOR CLASS (1/2/87)	10.22%	10.08%	8.49%	11.87%	16.11%	1.18% (gross) 1.18%* (net)
INSTITUTIONAL CLASS (1/2/17)	10.26%	10.21%	8.70%	12.08%	16.33%	1.14% (gross) 0.99%* (net)

The performance data quoted represents past performance.

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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 each Fund 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 on the FAM Funds, please go to fenimoreasset.com or call (800) 932-3271.

IMPORTANT RISK INFORMATION

Risk Disclosures: The principal risks of investing in the fund 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).

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**FAM Value Fund Disclosure: The Fund's total annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 1.18% for the Investor Class. The Fund's total annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 0.99% after fee waivers of (0.15)% for the Institutional Class. The Advisor has contractually agreed, May 1, 2024, 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 cap Net Fund Operating Expenses for Investor Shares at 1.18% and Institutional Shares at 0.99%.*

Institutional Class shares became available for sale on January 1, 2017. For performance prior to that date, this table includes the actual performance of the Fund's Investor Class (and uses the Fund's Investor Class' actual expenses), without adjustment. The performance results shown on this and the next page for the periods prior to January 1, 2017, the date of commencement of operations for Institutional Shares, are for the Investor Shares, which are subject to higher fees due to differences in the shareholder administrative services fees and certain other fees paid by each class. Institutional Shares and Investor Shares would have substantially similar performance results because the shares of each class are invested in the same portfolio securities of the Fund. Because of the difference in the level of fees paid by Investor Shares, the returns for the Investor Shares may be lower than the returns of the Institutional Shares.

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