

FAM FUNDS

Managed by
FENIMORE ASSET MANAGEMENT



FAM VALUE FUND

Semi-Annual Shareholder
Letter 2024

June 30, 2024

Dear Fellow FAM Value Fund Shareholder,

Equity markets have had a robust start to 2024 despite uncertainties about the timing of a Federal Reserve rate cut and the upcoming presidential election. The economy has demonstrated ongoing resilience with positive GDP (gross domestic product) growth, a growing and more balanced labor market, and moderating, though still elevated, inflation. This resilience is reflected in our portfolio, with approximately 80% of our holdings expected to increase profits in the current fiscal year.

The economic progress of our portfolio holdings has thus far been reflected in the performance of the FAM Value Fund Investor Shares (FAMVX), up 5.78% year-to-date. The fund outperformed our benchmark, the Russell Midcap Index[†], which returned 4.96%.¹

Artificial intelligence (AI) remains top of mind for market participants. We continue to evaluate how AI will impact businesses, the broader economy, and our own investment research workflows. Today, the future use cases of AI are still forming, but the investment to develop these future use cases, and the infrastructure to support AI's computing needs, are in full effect.

Although most of the profit growth of our portfolio holdings is occurring without the benefit of AI, several of our holdings are proving to be beneficiaries from the surge in AI related investment. Here are a few examples:

- For years, **ExlService Holdings (EXLS)** (2.02%)* has assisted organizations in arranging and manipulating data. Currently, this expertise is helping enterprises prepare data for AI applications for which the company also offers consulting services for implementation.
- **Amphenol (APH)** (4.65%), while not an AI focused company, has engineered interconnect products (e.g., connectors and cable assemblies) that have become ever faster and more power efficient. Today, these features are critical when training large language models (LLMs) in AI data centers and have positioned the business to be a leading supplier of interconnect products into AI infrastructure.

*Percentage is the company's weight in the portfolio as of 6/30/2024.

[†] FactSet as of 6/30/2024

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- **Microchip (MCHP)** (1.43%) and **Analog Devices (ADI)** (3.84%), both providers of semiconductor products and solutions, deliver the foundational hardware that helps enable the development and deployment of efficient and reliable AI systems. For example, MCHP provides a range of microcontrollers and microprocessors that are integral in processing and controlling AI algorithms. ADI provides power management solutions, especially important components when dealing with energy intensive AI workloads. We expect both companies to continue to benefit as the use of AI proliferates.

While we are pleased to see some of our holdings benefiting from these trends, we cannot predict where the future of AI will lead. However, we can assure you that we will continue to adhere to our stringent investment principles when allocating our capital.

Portfolio Activity

We initiated one new position and sold three holdings in the first half of 2024.

Purchases

The new company we purchased was **Keysight Technologies (KEYS)** (1.93%), a leading provider of electronic test and measurement equipment and services. Successful innovation and growth requires much periodic testing and KEYS, a market leader, is positioned to benefit from many advancements including 5G communication, battery electric vehicles, advanced semiconductors, robotics, satellites, and more. Originally a part of Hewlett Packard, KEYS has a long history of providing critical tools enabling the creation of new technologies. Long-term investors might recognize the name as we owned KEYS several years ago. The recent downturn in the communications industry capital spending cycle gave us the opportunity to reinitiate a position at what we consider an attractive entry point.

Sales

Our sales during the first half of year were **Dollar General (DG)** (0.00%), **Fortune Brands (FBIN)** (0.00%), and **T. Rowe Price (TROW)**(0.00%).

DG has a long history of earnings growth because it provides a unique combination of value, selection, and convenience to a largely underserved population. We sold the position as we believe the earnings power of the business has declined versus our prior expectations due to rising labor costs, higher rents, and a dramatic increase in shrink/theft. Management should continue to build stores and alter their assortment to attract more shoppers with fuller baskets. The profitability of doing so, however, is less certain going forward.

FBIN, a manufacturer of housing products, spun off its cabinet manufacturing business, Masterbrand, at the end of 2022. We subsequently sold our position in the spun-off entity. While we believe the remaining business, which includes brands such as Moen and Master Lock, is solid, we decided to sell the small position to free up capital for what we believe are higher-return opportunities.

TROW, an investment management firm, was expected to be a beneficiary of strong equity markets, precisely the type of market we are now experiencing. While the firm's equity investment strategies have performed well, investor flows, a key barometer, have not recovered as expected. As a result, we decided to move on from the position.

All three positions were positive contributors to the fund's performance over their respective holding periods.

Closing

While our level of portfolio activity will ebb and flow, our investment research process is in constant motion. Developed over Fenimore's 50-year history, this process is executed by our in-house research team. This year, our team has been exceptionally active, visiting company headquarters to monitor existing investments, attending conferences to discover new opportunities, and engaging with customers and suppliers at industry trade shows. We believe these efforts enhance our understanding of the individuals, processes, and cultures that drive economic growth in the businesses we own. Over the long term, this economic growth contributes to the potential returns we can achieve in the FAM Value Fund.

Thank you for your trust in us.

TOP 5 CONTRIBUTORS AND DETRACTORS*

12/31/2023 TO 6/30/2024

TOP 5 CONTRIBUTORS		
NAME	AVERAGE WEIGHT (%)	CONTRIBUTION (%)
Brown & Brown	7.22%	1.67%
Amphenol Corp.	3.97%	1.23%
Progressive Corp.	4.02%	1.09%
Markel Group	4.88%	0.53%
Stryker Corp.	4.21%	0.52%

This reflects the FAM Value 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 (%)
IDEX Corp.	5.74%	-0.51%
Waters Corp.	2.69%	-0.40%
Illinois Tool Works	3.69%	-0.38%
Graco	3.46%	-0.34%
CDW Corp.	7.85%	-0.24%

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 6/30/2024

FAM VALUE FUND	% OF PORTFOLIO
Brown & Brown	7.75%
CDW Corp.	7.52%
Ross Stores	7.09%
IDEX Corp.	5.22%
Markel Corp.	5.11%
Amphenol Corp.	4.65%
Vulcan Materials	4.46%
Stryker Corp.	4.26%
Progressive Corp.	4.25%
Brookfield Corp.	3.98%
TOTAL NET ASSETS	\$1,660,453,936

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

AVERAGE ANNUAL TOTAL RETURNS

AS OF 6/30/2024

	SINCE INCEPTION	10 YEAR	5 YEAR	3 YEAR	1 YEAR	TOTAL FUND OPERATING EXPENSES*
FAM VALUE FUND INVESTOR CLASS (1/2/87)	10.33%	9.39%	8.89%	4.77%	14.51%	1.17% (gross) 1.18%* (net)
INSTITUTIONAL CLASS (1/2/17)	10.37%	9.54%	9.10%	4.97%	14.72%	1.14% (gross) 0.99%* (net)

The performance data quoted represents past performance.

PERFORMANCE DISCLOSURES

Performance data quoted above is historical. Past performance is not indicative of future results, current performance may be higher or lower 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. All returns are net of expenses. To obtain performance data that is current to the most recent month-end for each fund as well as other information on the FAM Funds, please go to fenimoreasset.com or call (800) 932-3271.

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 annual operating expense as reported in the FAM Value Fund's audited financial statements for the Investor Class is 1.18%*

after net fee recoupment of 0.01% and the Institutional Class is 0.99% after fee waivers of (0.15)% as of December 31, 2023. The Advisor has contractually agreed, until May 1, 2025, 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.

†The Russell Midcap 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 very generally reflects the risk or investment style of the investments reported.