FAM FUNDS
Managed by
FENIMORE ASSET MANAGEMENT

FAM SMALL CAP FUND

Semi-Annual Shareholder Letter 2025

June 30, 2025

Dear Fellow FAM Small Cap Fund Shareholder,

During the first half of 2025, the FAM Small Cap Fund (FAMFX – Investor Shares) declined -2.87%, slightly trailing the Russell 2000 Index[1] which fell -1.78%. While near-term results are important, we believe long-term results are much more meaningful. Over the past 10 years, the fund returned an annualized 8.48% compared to the Russell 2000's 7.12%. Since its inception on March 1, 2012, the Small Cap Fund delivered an annualized return of 10.56%, outpacing the Russell 2000's 9.13%.[2]

First Half of 2025 Recap

Pushed down by a wave of macro concerns including higher tariffs, debates over government finances, and conflict in the Middle East, the Russell 2000 Index of smaller companies bottomed on April 9 at 1733. At that point, the index was down -22% for the year. As investors grew more comfortable with economic conditions, "animal spirits" returned and the market rebounded. The Russell 2000 rose 26% from the bottom to close June 30 at 2175, which led to the year-to-date return of -1.78%.[3]

The list of highest returning stocks consisted of many enterprises that we consider too risky for quality-biased investors. They include cryptocurrencies, biotechs, gold miners, space exploration, and some on the more speculative side of artificial intelligence. While our team seeks rapidly growing companies, we prefer to invest in already profitable and more established, predictable businesses. Experience has shown us that investing on the cutting edge with unprofitable enterprises too closely resembles gambling — it is fun while it lasts, but the fun does not usually last long.

Top Contributors

In our fund, the three positions that contributed the most to performance were **Dutch Bros (BROS)** (5.5%),[4] **Trisura Group (TRRSF)** (3.9%), and **Frontdoor (FTDR)** (3.8%).

Dutch Bros is a growing system of more than 1,000 beverage shops featuring highly caffeinated and brightly colored sweet beverages like lattes and energy drinks. They were firing on all cylinders in the first quarter with revenues up an impressive 29% and adjusted earnings per share (EPS) surging 50%. Additionally, various new initiatives, like testing additional food options on shop menus and expanding penetration of mobile ordering, should position them to continue to grow rapidly for quite some time.

[1] The Russell 2000 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 very generally reflects the risk or investment style of the investments reported.

[2] FactSet as of 6/30/2025

[3] FactSet as of 6/30/2025

[4] Percentage is the company's weight in the portfolio as of 6/30/2025

Trisura is a specialty insurance company focused on Canada and, increasingly, America. Trisura posted a strong first quarter, including high profit margins and standout growth in their young U.S. surety business. As this dynamic — and we believe disciplined — insurer grows larger, they seem to be getting more respect from other investors. Our team thinks that the combination of good results and increased recognition explains the strong stock performance.

Frontdoor, the largest American provider of home warranty plans, posted a surprisingly strong first quarter earnings report, which drove the stock higher. Many investors were concerned that tariffs would drive costs up faster than warranties could be repriced to pass through these costs, but Frontdoor did a fine job managing both pricing and costs. With a strong start and optimism regarding the remainder of the year, they also raised their 2025 expectations for growth.

Top Detractors

The three largest detractors from fund performance were **CBIZ (CBZ)** (6.1%), **SPS Commerce (SPSC)** (3.1%), and **Landstar System (LSTR)** (2.5%).

CBIZ, one of our largest holdings, is essentially a big accounting firm plus a few related businesses like actuarial services and insurance brokerage. First quarter results, and guidance for the remainder of the year, were moderately pressured by a slowdown in demand for some of their project-based work (especially work connected to customers making acquisitions). The macro uncertainties caused many transactions to be delayed. Most of the remaining business lines, such as taxes and payroll, are highly recurring and thus less volatile. This modest economic sensitivity did not surprise us and we do not think it has any impact on the long-term value of the franchise.

SPS Commerce provides software that connects suppliers to major retailers. Each retailer has its own rule book on how suppliers must interact and exchange information with them. SPS provides the software required for suppliers to comply with retailers' systems. SPS has significant competitive advantages, in our view, and has grown consistently at a fast pace for years. Recently, however, earnings grew nicely, but the pace at which SPS added new suppliers to their network slowed and this frightened some investors. We believe that this is temporary, the result of the lumpy pace at which major retailers upgrade their systems. Upgrades historically induce more suppliers to switch to SPS, so we expect a return to a more normal pace of supplier additions.

Landstar System is a transportation broker, earning a commission each time they match a load between a shipper and a truck owner. Freight rates have been in a down cycle for about three years, mostly because too many trucks were ordered in response to the post-COVID supply chain shortages. Trucking has always had its own cycles, but this one has dragged on a long time, frustrating investors. Landstar also revealed a disappointing fraud loss in the first quarter which should be nonrecurring, but it did not help sentiment. In our opinion, despite the extended industry down cycle, Landstar remains competitively advantaged and highly profitable. We added to our position late in the second quarter.

Portfolio Activity

In the first half of 2025, we made one swap — selling a holding to fund the purchase of what we believed was a better opportunity. There were also five additions to existing positions and one trim.

Our new purchase was of **Baldwin Insurance Group (BWIN)** (3.0%), an insurance broker and manager of insurance programs. Our team began studying Baldwin around their 2019 initial public offering. We quickly realized it was a good business according to our criteria,

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made even better by their hard-charging leadership team. However, we were concerned that debt levels were excessive and that the organization infrastructure might not keep up with the quick pace of growth. Our research continued as they matured, paying down some debt and strengthening their back office. Finally, in recent months, the valuation seemed reasonable so we purchased shares. With youthful leadership, Baldwin has the potential to grow nicely for many years.

We sold our position in **Hagerty Insurance (HGTY)** (0.0%) primarily to help fund the purchase of shares in Baldwin. We admire Hagerty and believe they could keep taking market share in the insurance of collectable vehicles; however, our team prefers Baldwin. Additionally, it was difficult to build an adequately sized position in Hagerty as there is limited trading in their stock. Because of these factors, we opted to sell Hagerty and buy Baldwin.

Our five adds to existing positions all shared the characteristic that we thought their stock prices were cheap. Even the best firms face industry cycles, slow patches, and more. As long-term owners of many businesses, we have seen these cycles multiple times. Still our team does not take anything for granted and spends much time retesting our theses — trying to be sure that any slowdown is just temporary. Once we are comfortable that the issues should eventually pass, we like to add to our positions.

In this case, we took advantage of a slowdown in construction-related companies. With higher interest rates and some politically induced trepidation, both housing and commercial real estate sales were sluggish. As a result, profits were depressed at most firms connected to construction. This slowdown gave us opportunities to invest at what we thought were attractive prices. Three of our five adds in the first half were tied to construction — **Dream Finders Homes (DFH)** (3.3%), **Floor & Decor Holdings (FND)** (2.0%), and **SiteOne Landscape Supply (SITE**) (3.4%). Many of these shares were purchased near the April lows for stock prices.

Closing Thoughts

As we move into the second half of 2025, our team looks forward to hearing more about several important big-picture questions, such as:

- What will government policy look like, especially regarding tariffs, and how will that impact our holdings and the overall economy?
- Where are interest rates headed (both the short-term rates set by the Federal Reserve and longer-term rates set more by free markets)?
- Will the recent increase in speculation expand into a larger episode where investors allocate significant amounts of capital to wasteful speculation rather than productive assets?

While we closely monitor the key macro variables and give them their due respect, in our opinion the real key to the long-term compounding of capital is building in-depth knowledge of a few high-quality businesses. Therefore, our focus will continue to include company visits (both existing positions and new ideas), store visits, speaking to industry experts, and more.

Finally, we want to thank our fellow shareholders for entrusting us with your capital. It is truly an honor to serve you.

TOP 5 CONTRIBUTORS AND DETRACTORS*
12/31/2024 to 6/30/2025

TOP 5 CONTRIBUTORS		
NAME	AVERAGE WEIGHT (%)	CONTRIBUTION (%)
Dutch Bros	5.45	1.22
Trisura Group	3.19	0.75
Frontdoor	3.37	0.42
Brookfield Infrastructure Corp.	4.25	0.24
Dream Finders Homes	3.05	0.23

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

TOP 5 DETRACTORS		
NAME	AVERAGE WEIGHT (%)	CONTRIBUTION (%)
SPS Commerce	3.19	-0.86
CBIZ	6.75	-0.85
Landstar System	2.70	-0.54
Choice Hotels International	3.89	-0.50
Exponent	2.88	-0.46

Past performance does not indicate future results.

Andrew F. Boord
Portfolio Manager

Kevin D. Gioia, 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 6/30/2025

FAM SMALL CAP FUND	% OF PORTFOLIO
ExlService Holdings	6.66%
CBIZ	6.04%
Dutch Bros	5.45%
Colliers International Group	5.24%
Pinnacle Financial Partners	4.87%
Brookfield Infrastructure Corp.	4.33%
Trisura Group	3.83%
Frontdoor	3.74%
OneSpaWorld Holdings	3.63%
Choice Hotels International	3.51%
TOTAL NET ASSETS	**$415,692,570**

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

AVERAGE ANNUAL TOTAL RETURNS

AS OF 6/30/2025

	SINCE INCEPTION	10 YEAR	5 YEAR	3 YEAR	1 YEAR	TOTAL FUND OPERATING EXPENSES*
FAM SMALL CAP FUND INVESTOR CLASS (3/1/12)	10.56%	8.48%	13.90%	10.87%	9.31%	1.24% (gross) 1.24%* (net)
INSTITUTIONAL CLASS (3/1/12)	10.65%	8.60%	14.01%	10.98%	9.41%	1.14% (gross) 1.14%* (net)

The performance data quoted represents past performance.

**FAM Small Cap Fund Disclosure: The Fund's gross annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 1.24% for the Investor Class. The Fund's gross annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 1.14% for the Institutional Class. When excluding Acquired Funds Fees and Expenses, which are not direct costs paid by the Fund's shareholders and fee waivers, the gross annual operating expense as reported in the FAM Small Cap Fund's audited financial statements for the Investor Class is 1.23% and the Institutional Class is 1.13% as of December 31, 2024. The Advisor has contractually agreed, until May 1, 2026, 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 1.42% and Institutional Shares at 1.20%. There are no sales charges.*

Institutional Class shares became available for sale on January 1, 2016. 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, 2016, 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 ofthe difference in the level of fees paid by Investor Shares, the returns for the Investor Shares will be lower than the returns of the Institutional Shares.

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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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