FAM FUNDS
Managed by
FENIMORE ASSET MANAGEMENT

FAM VALUE FUND
Annual Shareholder Letter 2025

December 31, 2025

Dear Fellow FAM Value Fund Shareholder,

Highlights from 2025 included the resilience of the U.S. economy and financial markets. Early in the year, equities experienced heightened volatility following the Trump administration's "Liberation Day" tariff announcements, which renewed uncertainty around global trade and corporate cost structures. These developments unfolded alongside ongoing geopolitical tensions, including the war in Ukraine and continued conflict in the Middle East as well as volatility in interest-rate and currency markets.

U.S. economic data during the year sent mixed signals, increasingly reflecting what we would describe as a two-speed economy. On one hand, areas tied to artificial intelligence ("AI") investment and a deregulatory policy backdrop remained sources of strength, supporting optimism around long-term productivity gains and corporate earnings growth. On the other, the broader economy showed signs of moderation with hiring slowing and wage growth easing. Despite these crosscurrents, economic growth proved more durable than many feared, investor confidence improved as the year progressed, and equity markets ultimately delivered strong returns both in the United States and globally.

In 2025, the FAM Value Fund (FAMVX — Investor Shares) returned 4.92%, lagging our benchmark, the Russell Midcap Index,[1] which returned 10.60%. Performance relative to broader benchmarks reflected market dynamics that favored speculative activity among smaller market-capitalization companies and enthusiasm for a narrow group of large corporations tied to the AI buildout, as the Russell 2000 Index[2] and S&P 500 Index[3] returned 12.81% and 17.88%, respectively.[4]

At the same time, many high-quality businesses received less investor attention despite solid earnings power, strong balance sheets, and durable long-term growth potential. We believe

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[1] 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.Any index comparisons are provided for illustrative purposes only; indexes are unmanaged, not available for direct investment, and do not reflect the fees, expenses, or transaction costs associated with an actively managed mutual fund.

[2] 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. Any index comparisons are provided for illustrative purposes only; indexes are unmanaged, not available for direct investment, and do not reflect the fees, expenses, or transaction costs associated with an actively managed mutual fund.

[3] The S&P 500 is a stock index that tracks the share prices of 500 of the largest U.S. publicly traded companies. This benchmark is used for comparative purposes only and may not reflect the risk or investment style of the investments reported. Any index comparisons are provided for illustrative purposes only; indexes are unmanaged, not available for direct investment, and do not reflect the fees, expenses, or transaction costs associated with an actively managed mutual fund.

[4] FactSet as of 12/31/25.

this dynamic helped create attractive opportunities within the portfolio and underscores the importance of maintaining a disciplined investment approach, particularly during periods of narrow market leadership.

While we do own companies that have benefited meaningfully from AI-related investment, including Amphenol which generated a total return of 96.09% during the year and ranked among the top performers in the S&P 500,[5] the portfolio was not as exposed to these trends when compared to our benchmark or the broader market.

We have been through periods like this before. While we are not suggesting that today's environment constitutes a market bubble, another notable period marked by a wide divergence between technology-exposed areas of the market and everything else occurred during the Technology Bubble of the late 1990s and early 2000s.

The pressure during that period was immense. In 1999, as speculative excess intensified, the tech-heavy NASDAQ surged 85.59% while the S&P 500 generated a 21.04% total return. In contrast, the FAM Value Fund declined -8.97% as valuation discipline was widely dismissed and investor attention shifted away from underlying business fundamentals.[6]

Just one year later, those dynamics reversed. In 2000, the NASDAQ fell -39.37% while the S&P 500 declined -9.10% on a total-return basis. During that same time, the FAM Value Fund returned 19.21%,[7] delivering strong positive returns while broader equity markets declined as investor focus shifted back toward business fundamentals, balance-sheet strength, and sustainable earnings power. Our style of investing came back into favor — and not just for a single year.

From the peak of the Technology Bubble on March 10, 2000 — when the tech-heavy NASDAQ Composite Index reached an all-time closing high — the FAM Value Fund generated a cumulative return of 1,005.49% (9.76% annualized) compared to a cumulative return of 690.99% (8.34% annualized) for the S&P 500. This resulted in meaningful outperformance over more than 25 years.[8]

This record reflects a consistent commitment to discipline. Despite sustained pressure to deviate from Fenimore's market-tested process, our research team remained focused on business fundamentals and long-term cash flow generation rather than chasing market trends. That discipline — tested during one of the most challenging market environments — proved instrumental to the Value Fund's long-term success and remains central to our investment philosophy today.

Portfolio Activity

Purchases

We initiated a position in **Landstar System (LSTR)** during the second half of the year. We owned Landstar previously, with our most recent ownership period beginning in 2017, during which we built the position over several years. We exited the investment in 2021 as the company benefited from a surge in truckload activity coming out of the COVID period. During that time, pronounced supply-demand imbalances drove earnings higher and pushed the stock price meaningfully upward, allowing us to sell opportunistically. When we exited the position, we also noted that we might own the business again.

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[5] FactSet as of 12/31/25.

[6] FactSet as of 12/31/25. All NASDAQ returns shown are price returns. Comparable total-return data was not readily available

[7,8] FactSet as of 12/31/25.

Landstar operates an asset-light transportation model owning no trucks and employing no drivers. Instead, it partners with a network of independent owner/operators who value the flexibility and access to loads the platform provides. This structure allows Landstar to grow without significant capital investment while generating strong free cash flow. The industry sold off following a prolonged freight downturn giving us what we believe was an attractive re-entry point.

We also purchased **Agilent Technologies (A)**, reallocating capital from our exit of Waters Corporation (discussed below). Agilent benefits from many of the same secular trends that drive demand for analytical instrumentation and life sciences, and we believe the company is beginning to benefit from a rebound in demand after a period of customer digestion following the COVID-era surge in instrument sales.

Sales

We fully exited our position in **McCormick & Company (MKC)** during the first half of the year. Our rationale for the sale is discussed in greater detail in our 2025 Semi-Annual Letter.

We also exited **Waters Corporation (WAT)** following the company's announcement of a large, transformative acquisition of assets from Becton, Dickinson and Company (BD), specifically its Biosciences & Diagnostic Solutions business, for approximately $17.5 billion. The transaction represented a meaningful strategic expansion beyond Waters' historical core, introducing integration, execution, and business-mix considerations that fell outside our original investment thesis. While we continue to respect the quality of the underlying Waters franchise, we chose to reallocate capital toward opportunities that offered exposure to similar end markets without the uncertainty associated with a materially changing strategic direction.

Additions & Trims

Earlier in the year, we added to seven existing holdings during periods of market volatility, reflecting our confidence in the long-term earnings power of these businesses despite near-term uncertainty. More details on these additions are provided in our 2025 Semi-Annual Letter.

During the year, we continued to actively manage position sizing, trimming several holdings that had grown to larger weights in the portfolio. This included **Brown & Brown (BRO), Ross Stores (ROST),** and **Amphenol (APH)**. In the case of Amphenol, the trim also reflected our view that the benefits of elevated AI-related spending are now more fully reflected in the stock price. We also continued to trim **Berkshire Hathaway (BRK.A).**

In **Zebra Technologies (ZBRA)**, we both purchased and sold shares, maintaining a relatively consistent position size while harvesting losses in higher-cost tax lots to help reduce the Value Fund's capital gains distribution.

Across all portfolio activity, our focus remained unchanged: invest in what we believe are high-quality businesses at attractive valuations, manage risk thoughtfully, and remain attentive to tax efficiency while maintaining a long-term perspective.

Closing Thoughts

As we close, we want to recognize the lasting impact of John Fox's career and leadership at Fenimore, as well as his instrumental role in the investment results discussed above. John joined the FAM Value Fund as co-portfolio manager on May 1, 2000, and retired from the Fund on September 30, 2025. Beyond investment results, his influence is reflected in the mentorship he provided, the thought leadership he produced, and his role in honing an investment process grounded in discipline, patience, and long-term thinking.

That process — refined over decades and tested across multiple market cycles — continues

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to guide how we manage the portfolio today. We remain firmly committed to it and have no intention of wavering, particularly when market conditions test conviction. Our confidence in staying the course is reinforced by our own history and the benefits this approach has delivered to investors over the long term.

That confidence is also supported by the current fundamentals of the companies we own. Across the portfolio, sales and earnings growth have generally tracked in line with our expectations and management teams continue to execute well despite an evolving macro and policy environment. Balance sheets remain strong, competitive positions are intact, and the long-term outlook for our holdings remains positive in our view. Taken together, we believe this combination of a proven investment process and resilient underlying businesses positions the Value Fund well as we look ahead.

Thank you for your continued trust and partnership.

TOP 5 CONTRIBUTORS AND DETRACTORS*

1/1/2025 to 12/31/2025

TOP 5 CONTRIBUTORS		
NAME	AVERAGE WEIGHT (%)	CONTRIBUTION (%)
Amphenol Corp.	5.94	4.48
Ross Stores	6.93	1.53
Markel Group	6.05	1.32
Brookfield Corp.	5.74	1.13
Analog Devices	3.83	1.06

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 (%)
Zebra Technologies Corp.	3.33	-1.67
Brown & Brown	7.60	-1.58
CDW Corp.	5.45	-1.07
IDEX Corp.	4.51	-0.71
Waters Corp.	1.71	-0.71

Past performance does not indicate future results.

Drew P. Wilson, CFA
Portfolio Manager

Marc D. Roberts, CFA
Portfolio Manager

The opinions expressed herein are those of the portfolio managers as of the date of the report and are subject to change. There is no guarantee that any forecast made will come to pass. This material does not constitute investment advice and is not intended as an endorsement of any specific investment.

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.*

TOP 10 HOLDINGS

AS OF 12/31/2025

FAM VALUE FUND	% OF PORTFOLIO
Ross Stores	7.49%
Markel Group	6.50%
Brookfield Corp.	6.15%
Brown & Brown	5.62%
Amphenol Corp.	5.34%
Vulcan Materials	4.77%
Analog Devices	4.39%
Keysight Technologies	4.38%
Progressive Corp.	4.35%
IDEX Corp.	4.31%
TOTAL NET ASSETS	**$1,744,727,630**

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

AVERAGE ANNUAL TOTAL RETURNS

AS OF 12/31/2025

	SINCE INCEPTION	10 YEAR	5 YEAR	3 YEAR	1 YEAR	TOTAL FUND OPERATING EXPENSES*
FAM VALUE FUND INVESTOR CLASS (12/31/86)	10.30%	10.37%	8.72%	12.07%	4.92%	1.17% (gross) 1.18%* (net)
INSTITUTIONAL CLASS (12/31/86)	10.35%	10.56%	8.92%	12.29%	5.11%	1.13% (gross) 0.99%* (net)

The performance data quoted represents past performance.

**FAM Value Fund Disclosure: The Fund's gross annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 1.17% 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 1.13% 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 (0.14)% 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 1.18% and Institutional Shares at 0.99%. There are no sales charges.*

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.

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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FENIMOREASSET.COM

800.932.3271 • 518.234.7462 • F 518.234.7793 384 North Grand Street, PO Box 399, Cobleskill, NY 12043

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