FAM FUNDS
Managed by
FENIMORE ASSET MANAGEMENT

FAM DIVIDEND FOCUS FUND

Semi-Annual Shareholder Letter 2026

June 30, 2026

Dear Fellow FAM Dividend Focus Fund Shareholder,

At the midpoint of 2026, major market indices stood near record highs, but those results masked extraordinary differences beneath the surface. U.S. equity markets spent the first quarter of the year on uncertain footing as investors weighed conflict in the Middle East and the impact higher energy prices would have on global economic growth. Sentiment shifted forcefully in the second quarter as strong corporate earnings, led by artificial intelligence ("AI") infrastructure investment and a resilient economy, outweighed those concerns. The resulting narrow rally pushed U.S. equity markets to all-time highs.

Exposure to the semiconductor ecosystem, including chipmakers and companies supplying materials and equipment to support them, was the single most significant determinant of 2026's first-half returns for equity investors. The iShares Semiconductor ETF (SOXX), which tracks the performance of the semiconductor sector, increased 113% in the first half as extraordinary demand for chips and related infrastructure for AI data centers drove strong earnings growth across the entire industry. While the underlying demand is meaningful, investor enthusiasm appeared, at times, to border on exuberance.

Outside of semiconductors and other direct AI beneficiaries, results were far more mixed. Concerns about potential AI disruption extended across numerous industries with software serving as the most visible example, while many defensive and quality-oriented businesses also lagged. This sharp bifurcation beneath the broader market returns was an important driver of the Dividend Focus Fund's relative performance during the period.

30th Anniversary

April 1 marked 30 years since our Founder & Executive Chairman, Tom Putnam, and Portfolio Manager, Paul Hogan, launched the FAM Dividend Focus Fund (originally named Equity-Income Fund). Since its launch, the strategy has focused on owning what we believe are high-quality, mid-cap companies that grow their dividends over time. Reaching this milestone is a meaningful reflection of the durability of Fenimore's investment approach and the trust our shareholders have placed in us through many market cycles and periods of uncertainty. While markets have changed considerably over three decades, the investment principles established at the Dividend Focus Fund's inception in 1996 remain firmly in place.

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. 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.

Performance

In the first half of 2026, the Dividend Focus Fund returned 2.57% compared to 15.30%[1] for its benchmark, the Russell Midcap Index.[2] While we do not measure success over six months, recent relative performance has been disappointing. As we note above, the market particularly rewarded companies tied directly to AI infrastructure, as well as other risk-on themes, and punished businesses that had any perceived AI disruption risk.

Dividend growth has also been on the wrong side of recent investor preferences. In a market favoring rapid reinvestment and AI-related optionality, characteristics emphasized by our strategy — including durable and growing cash flows, capital discipline, and consistent shareholder returns — did not attract much investor attention.

The Dividend Focus Fund's largest contributors and detractors reflected the aforementioned divide. **Entegris (ENTG)** and **Microchip Technology (MCHP)** participated meaningfully in the semiconductor rally, while **Broadridge Financial Solutions (BR)** and **Jack Henry & Associates (JKHY)** were pressured by concerns about the potential impact of AI on software and information services businesses.

AI is the most important investment consideration in the market today, and we are dedicating substantial research time to understanding both its opportunities and risks. We believe AI is a revolutionary technology, but history suggests the ultimate winners may not be apparent at the outset. During the early years of the Internet, many of today's trillion-dollar companies were not public (or did not exist!). Our work extends beyond the current market leaders to the potential second- and third-order effects on industry structures, margins, labor productivity, capital requirements, and competitive advantages.

At the same time, our belief does not require us to chase every perceived beneficiary. We will not invest in businesses whose future earnings or valuations we cannot reasonably underwrite. Paying peak prices for what may prove to be peak-cycle earnings remains one of the clearest paths to a permanent loss of capital.

Importantly, maintaining our discipline has not required us to compromise on growth and the operating performance of our holdings remains stronger than recent performance suggests. Portfolio earnings increased approximately 12% in 2025 and are expected to grow 19% in 2026 and 14% in 2027.[3] Over the long term, we believe stock returns follow earnings growth. With share prices lagging fundamentals, valuations across much of the portfolio have become more compelling and, in our view, provide a more attractive foundation for long-term compounding.

Dividends

A key feature of the Dividend Focus Fund is concentrating on businesses that grow their dividends. While the dividend modestly contributes to the portfolio's total return, a sound dividend growth policy serves as an effective investment filter in our research process.

1. First, it demonstrates that the business generates more cash flow than it needs for reinvestment.
2. Second, management's commitment to growing dividends reflects their confidence in the stability and growth of that cash flow.
3. Finally, it enforces disciplined capital allocation, ensuring resources are deployed wisely.

[1,3] FactSet as of 6/30/26.

[2] 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.

Dividends of our holdings increased 10.5% over the past 12 months, with all but two increasing their dividend. The top three dividend growers were **Amphenol Corp. (APH, +51.5%)**, **Fastenal (FAST, +18.2%)**, and **Houlihan Lokey (HLI, +16.7%).**[4]

Portfolio Activity

Purchases

Portfolio activity was elevated during the first half as sharp company-level volatility, particularly among businesses outside the market's favored AI themes, created a broader opportunity set. We initiated five new positions: **Gildan Activewear (GIL), NASDAQ (NDAQ), Motorola Solutions (MSI), UniFirst Corp. (UNF),** and **LandBridge Co. (LB).** It has been several years since we added this many new businesses over such a short period. The activity is reminiscent of 2020 when market dislocation allowed us to initiate eight new positions during the year.

Gildan Activewear is a vertically integrated manufacturer of basic apparel, including activewear, underwear, socks, and intimates. Its recent acquisition of Hanesbrands should enhance scale and create meaningful operating synergies.

NASDAQ is a leading global technology platform for modern markets and provides advanced intelligence solutions to more than 3,800 financial institutions. The company has steadily shifted its business mix toward recurring, non-transactional revenue streams.

Motorola Solutions provides mission-critical communications, video security, and command-center technologies used by public-safety agencies and enterprises.

UniFirst is a smaller competitor to longtime holding Cintas. With UniFirst under agreement to be acquired by Cintas, the investment offered a discounted path to increase our Cintas exposure.

LandBridge owns strategically located land in the Delaware Basin and earns fees when energy and infrastructure operators use its land, with water-related activity representing an increasingly important source of economics.

We also added to **Houlihan Lokey (HLI), STERIS (STE), Verisk Analytics (VRSK),** and **Watsco (WSO).** These purchases reflected increased conviction in long-term fundamentals, more attractive valuations, or broader portfolio management considerations.

Sales

We exited four positions during the first half: **Roper Technologies (ROP), Agilent Technologies (A), FirstService Corp. (FSV),** and **GE HealthCare Technologies (GEHC).** In each case, we reallocated capital toward opportunities where we believed the combination of business quality, prospective earnings growth, valuation, and risk offered more attractive long-term prospects.

We also made modest trims across 17 positions. Some were used to manage position sizes or fund new purchases, while many were small, broad-based reductions made to meet Dividend Focus Fund outflows. We believe this disciplined, liquidity-driven approach helps preserve the portfolio's balance and avoids introducing unnecessary market-timing judgments.

Our sales also included securities redeemed in kind through ReFlow, a new fund-level process we began using during the period. ReFlow allows the Dividend Focus Fund to meet certain

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[4] *FactSet as of 6/30/2026*

redemptions without selling holdings in the market while shareholders continue to receive cash proceeds as usual. This approach can reduce trading costs and may help limit taxable capital-gain distributions to shareholders.

Closing Thoughts

As the Dividend Focus Fund enters its fourth decade, the past 30 years have reinforced that discipline matters most when our portfolio is out of favor. Market leadership will change, but businesses that sustain attractive returns on capital, grow their earnings power, and allocate capital wisely retain the ability to create long-term value. Dividend growth is one outcome of that underlying strength. We believe staying focused on these businesses remains one of the most durable paths to long-term compounding.

We are also delighted to welcome Bryan Engler, CFA®, to Fenimore as a Senior Investment Analyst supporting the Dividend Focus strategy. Bryan brings more than 20 years of investment experience, including prior roles as a portfolio manager and senior research analyst. His long-term, fundamental approach is aligned with Fenimore's, and his deep research background, analytical rigor, and fresh perspective are already strengthening our work. We believe his contributions will be highly valuable to the Dividend Focus Fund and our shareholders for years to come.

As always, we are grateful for the trust of our shareholders and thank you for your continued support.

Top 5 Contributors and Detractors*
12/31/2025 to 6/30/2026

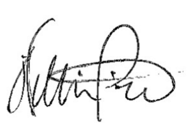
TOP 5 CONTRIBUTORS		
NAME	AVERAGE WEIGHT (%)	CONTRIBUTION (%)
Entegris	4.59	3.42
Trane Technologies	8.77	2.15
Microchip Technology	4.57	1.63
Ross Stores	7.15	1.18
Amphenol Corp.	3.25	1.03

This reflects the FAM Dividend Focus 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 (%)
Broadridge Financial Solutions	4.43	-2.21
STERIS	4.09	-0.72
Jack Henry & Associates	2.34	-0.69
Verisk Analytics	2.94	-0.66
Arthur J. Gallagher & Co.	6.01	-0.65

Past performance does not indicate future results.

Paul Hogan, CFA
Portfolio Manager



William Preston, 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.

**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 6/30/2026

FAM DIVIDEND FOCUS FUND	% OF PORTFOLIO
Trane Technologies	8.89%
HEICO Corp.	6.76%
Ross Stores	6.56%
Arthur J. Gallagher & Co.	6.19%
Stryker Corp.	5.30%
Microchip Technology	5.11%
Republic Services	4.97%
Martin Marietta Materials	4.95%
Entegris	4.64%
Vulcan Materials	4.61%
TOTAL NET ASSETS	**$636,109,804**

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

AVERAGE ANNUAL TOTAL RETURNS — AS OF 6/30/2026

	SINCE INCEPTION	10 YEAR	5 YEAR	3 YEAR	1 YEAR	TOTAL FUND OPERATING EXPENSES*
FAM DIVIDEND FOCUS FUND (4/1/96)	9.20%	10.71%	5.22%	6.67%	-2.61%	1.22% (gross) 1.22%*(net)

The performance data quoted represents past performance.

**FAM Dividend Focus Fund Disclosure: The Fund's gross annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 1.22%. The gross operating expense as reported in the FAM Dividend Focus Fund's audited financial statements as of December 31, 2025, is 1.21%. The Advisor has contractually agreed, until May 1, 2027, 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 1.26%. There are no sales charges.*

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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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