FAM VALUE FUND

Semi-Annual Shareholder Letter 2026

June 30, 2026

Dear Fellow FAM Value Fund Shareholder,

Introduction

U.S. equities delivered a strong first half of 2026, with the S&P 500 Index returning 10.21%. Small- and mid-cap stocks performed even better with the Russell 2000 Index (small-cap stocks) returning 22.57% and the Russell Midcap Index returning 15.30%.[1] Beneath those strong index returns, however, dramatic shifts in the market's narrative drove sharp swings in individual stock prices. All three indices were flat to down at the end of the first quarter before surging in the second, with the S&P 500 posting its best quarterly return in six years.

The FAM Value Fund also delivered a strong first half, returning 7.91% (FAMVX – Investor Shares). This is the portfolio's ninth-best, first-half performance in more than 30 years.[2] We trailed our benchmark, the Russell Midcap,[3] largely because of the powerful rally in artificial intelligence ("AI") infrastructure beneficiaries during the second quarter. Like the broader market, nearly all of the Value Fund's gains came during the last three months. Understanding why the market changed so dramatically between the first and second quarters goes a long way toward explaining both our relative performance and portfolio activity.

Bottlenecks

Equity markets are complex systems, so explanations of performance are almost always incomplete. Broadly speaking, U.S. equity market performance during 2026's first half was driven by rising earnings expectations, increased optimism surrounding AI, and a resurgence of retail investor enthusiasm. These forces were closely intertwined and each could easily warrant its own letter. In many ways, it was a story of bottlenecks. Some suddenly appeared. Others unexpectedly disappeared. In each case, investors quickly rewarded those who stood to benefit — and punished those who did not.

Iran's retaliatory attempt to block the Strait of Hormuz created one of the first major bottlenecks. Nearly one-fifth of the world's oil supply passes through this narrow shipping lane, so even the possibility of a disruption sent energy markets scrambling. Oil prices surged, gasoline prices and inflation expectations moved higher, and energy stocks became one of the market's strongest performers in the first quarter.

Meanwhile, AI-powered coding tools such as Claude Code and OpenAI's Codex removed a bottleneck: the need to know how to code to build software. For decades, this required skilled programmers. Suddenly, anybody could speak the software they wanted into existence with plain English. Investors immediately questioned the value of software firms and many of the

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

businesses that supported them. The stocks of enterprise software companies, IT consultants, data providers, and business intermediaries sold off sharply.

But coding was only the beginning. AI was no longer just helping people work, it was beginning to do the work itself.

During the first quarter, investors questioned whether the trillions of dollars being invested in AI infrastructure would ever earn an adequate return. The AI bubble debate intensified as investors wondered how we would ever use all that computing capacity. AI could answer questions, write emails, summarize documents, and even generate computer code, but there still had to be a "human in the loop" to direct every step. As long as humans remained as the bottleneck, the answer appeared to be no. Those concerns helped drive the "Mag 7,"[4] which had previously led the AI rally, lower during the quarter.

That changed during the second quarter with the emergence of AI agents. For the first time, AI could be given a job, work through dozens of steps on its own (sometimes for hours), and return with the task completed. AI was no longer just helping people work. It was beginning to do the work itself, removing the human bottleneck. Investors suddenly imagined every business — and eventually every individual — deploying hundreds or even thousands of AI workers operating around the clock, each consuming computing power as they worked.

Almost overnight, the market's question changed from, "How will we ever use all this computing power?" to, "How will we ever build enough?" The land grab for AI infrastructure was suddenly on, creating new bottlenecks in things like GPUs, chips, networking equipment, and power transformers. The companies supplying these critical building blocks — particularly memory chip manufacturers[5] — became some of the market's biggest winners during the second quarter.

Portfolio Activity

Investors familiar with Fenimore's philosophy know that we invest with an owner's mindset. We evaluate every investment as if we are buying the entire company, not just a few shares. That means we do not invest based on headlines, market trends, or the latest speculative fad. Instead, we look for outstanding businesses with strong balance sheets and capable management teams.

The volatility of the first half of 2026 created an unusual number of opportunities, and we acted on several of them. In fact, we made more portfolio changes in the past six months than we often make in an entire year, with nearly all the activity driven by the market dynamics discussed above. A summary of those changes follows.

Purchases

- **Arthur J. Gallagher (AJG)** is one of the largest commercial insurance brokers serving the middle and upper markets. We have owned its close peer, Brown & Brown (BRO), for many years in the Value Fund, but regulatory ownership limits prevented us from adding to that position. AJG offered an attractive way to increase our exposure to the insurance brokerage industry while adding a business with a different market focus and strategy.

[4] The term used to describe the seven mega-cap technology companies that have led much of the U.S. stock market's performance in recent years: Apple (AAPL), Microsoft (MSFT), NVIDIA (NVDA), Amazon (AMZN), Alphabet (GOOGL), Meta Platforms (META), and Tesla (TSLA).

[5] Among U.S.-listed memory companies, SanDisk (SNDK) gained approximately 258% during the second quarter, while Micron Technology (MU) rose approximately 242%, making them two of the best-performing stocks in the S&P 500 Index.

- **Ryan Specialty (RYAN)** is another leading insurance broker with a focus on the specialty and wholesale markets. We were able to purchase both RYAN and AJG at prices we believe were attractive because of a combination of temporary soft earnings growth and investor concerns about AI disrupting the brokerage industry. We believe both concerns are overstated and created an opportunity to invest in two outstanding businesses at attractive valuations.
- **S&P Global (SPGI)** is an information services provider with leading market shares in credit rating (S&P Ratings), equity indices (S&P 500), fixed income data and analytics, commodities pricing (Platts), and automotive industry data (Polk, CARFAX). Our team followed S&P for years and finally had an opportunity to buy in as software and information companies sold off on AI disintermediation fears.
- **Thermo Fisher Scientific (TMO):** We view TMO as a leading "picks-and-shovels" provider to the life sciences industry, supplying essential tools, consumables, and services across drug discovery and production. Despite a slowdown in sales growth from post-COVID normalization and lower biotech research funding, we believe TMO is well positioned to resume growth as government and private funds return and research labs replace old instruments.
- **Tyler Technologies (TYL)** is the leading software provider to state and local governments, supported by a large installed base, exceptional customer retention, and high switching costs. Concerns that AI could disrupt software firms created an opportunity to purchase shares as we believe the market was overlooking the mission-critical nature of Tyler's products and the complexity of replacing them. Our recent attendance at the company's customer conference reinforced our conviction that Tyler's customer relationships, competitive position, and long-term growth opportunity remain as strong as ever.

Sales

- **EOG Resources (EOG)** is a very well-run oil exploration and production (E&P) company, in our opinion, with some of the most oil- and gas-rich holdings in the U.S. With conflicts first in Venezuela and then the Mideast, oil prices — and energy sector stocks — were rerated for a long-absent "risk premium." We took the opportunity to sell our EOG shares to fund the purchases mentioned above, which we believe improves the quality and expected return of the portfolio.

Adds & Trims

We added to existing positions in **Agilent (A)** and **Landstar (LSTR).**

We trimmed our holdings of **Amphenol Corp. (APH), CDW Corp. (CDW), ExlService Holdings (EXLS), Keysight Technologies (KEYS),** and **Ross Stores (ROST).**

Introducing ReFlow

During the first half of the year, we engaged the firm ReFlow to give us another tool for managing the Value Fund's taxable capital gains. We will describe the service in more detail in our Annual Letter, but the basic idea is straightforward. As part of normal portfolio management, we often have opportunities to trim appreciated holdings. Rather than selling those shares and realizing taxable gains, we can, in certain situations, deliver them in-kind to ReFlow when it redeems shares it has purchased in the Value Fund — a transaction that removes the appreciated positions without realizing the embedded gains. Although this will not eliminate capital gains, it should allow us to reduce them over time while giving us greater flexibility in managing the portfolio.

Closing Thoughts

AI is one of the highest-stakes technological innovations of our lifetime — not only because of the enormous capital being invested, but because of its potential to reshape how people live and work. Yet no one can say with confidence what the economics of AI will look like just a couple of years from now. Because AI has become such an important driver of capital markets, we expect volatility to remain elevated.

For long-term investors, volatility creates opportunity. We have built a deep bench of businesses we understand and would like to own and are prepared to act when prices become disconnected from intrinsic value. If markets remain volatile, we expect to continue to be more active than usual, using that volatility as we seek to improve the quality and expected return of the FAM Value Fund.

Thank you for your continued trust and partnership.

TOP 5 CONTRIBUTORS AND DETRACTORS*

12/31/2025 to 6/30/2026

TOP 5 CONTRIBUTORS		
NAME	AVERAGE WEIGHT (%)	CONTRIBUTION (%)
Keysight Technologies	5.26	2.96
Analog Devices	5.81	2.18
Amphenol Corp.	5.65	1.70
Ross Stores	7.80	1.53
IDEX Corp.	4.98	1.27

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 (%)
Brown & Brown	4.75	-1.14
ExlService Holdings	1.93	-1.06
Markel Group	5.95	-0.64
Booking Holdings	2.86	-0.59
Brookfield Corp.	5.56	-0.44

Past performance does not indicate future results.

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.*

TOP 10 HOLDINGS

AS OF 06/30/2026

FAM VALUE FUND	% OF PORTFOLIO
Ross Stores	6.81%
Amphenol Corp.	6.59%
Analog Devices	6.30%
Markel Group	5.78%
IDEX Corp.	5.38%
Keysight Technologies	5.02%
Brookfield Corp.	4.88%
Vulcan Materials	4.83%
Brown & Brown	4.43%
Fastenal	4.12%
TOTAL NET ASSETS	**$1,819,065,551**

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

AVERAGE ANNUAL TOTAL RETURNS

AS OF 06/30/2026

	SINCE INCEPTION	10 YEAR	5 YEAR	3 YEAR	1 YEAR	TOTAL FUND OPERATING EXPENSES*
FAM VALUE FUND INVESTOR CLASS (1/2/87)	10.38%	10.64%	7.31%	12.31%	8.18%	1.18% (gross) 1.18%* (net)
INSTITUTIONAL CLASS (1/2/17)	10.43%	10.84%	7.51%	12.51%	8.36%	1.13% (gross) 1.00%* (net)

The performance data quoted represents past performance.

**FAM Value Fund Disclosure: The Fund's gross and net annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 1.18% for the Investor Class, and the gross annual operating expense ratio is 1.13% for the Institutional Class along with a net annual operating expense ratio of 1.00% after fee waivers of (0.13)%. The annual operating expense as reported in the FAM Value Fund's audited financial statements for the Investor Class is 1.17% and the Institutional Class is 0.99% after fee waivers of (0.13)% as of December 31, 2025. 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 1.18% 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.

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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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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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