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Eric began, "I wrote an article for our last newsletter about retail and the title was, 'Survival of the Fittest.' The reason for the title was because we think our retailers are among the fittest in the retail space. They are the cream of the crop." Eric went on to say that it would seem that over the past year-and-a-half or so that retail would be a pretty dicey area to be invested in given the pressures on consumers and their spending, but actually three of the companies that Fenimore holds in client portfolios have done very well. Eric then spoke about each retailer.

Ross Stores has a similar business model to Marshall's, but Ross Stores is focused mainly on the West Coast and down South. They have approximately 1,000 stores and are in the right place at the right time. As consumers' wallets have been pressured and people are looking to save money, you can go to a Ross Stores and get very good, quality brand name merchandise at 40 to 50% off.

Bed Bath & Beyond is a household name. The one key event that happened was that their primary competitor, Linens 'n Things, went out of business abdicating market share to Bed Bath & Beyond. That has been a very good boost for Bed Bath which is a very conservative company. They don't carry any debt on the balance sheet, whereas Linens 'n Things, about three years ago, went through a leveraged buy-out and piled a ton of debt on their balance sheet. It turned out they couldn't pay off the debt and that's why they went bankrupt. Since Bed Bath & Beyond is a prudent, strong player, they continue to perform well.

The third business, CarMax, has used car superstores throughout the country. Typically, a CarMax superstore will have 400 cars on the lot. "They are all used cars and they have a no-haggle pricing policy. The price you see on the car is the price you pay. You won't get it for any less, and you won't pay any more," Eric said. It's a model that many consumers like because it takes away the frustrations of buying a car. It's a very well-run company. They have come through the recession in a good position and are starting to open stores again. Eric concluded, "We feel very good about CarMax for the long-term and have done pretty well in the retail space overall."