

ITEM 1: COVER PAGE

FENIMORE ASSET MANAGEMENT, INC.

Form ADV, Part 2A (the “*Brochure*”)

December 31, 2011

384 North Grand Street
Cobleskill, New York 12043-0310
(518) 234-4393
www.fenimoreasset.com

This Brochure provides information about the qualifications and business practices of Fenimore Asset Management, Inc. (“Fenimore”). If you have any questions about the contents of this Brochure, please contact us at (518) 234-4393 or at info@famfunds.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Fenimore also is available on the SEC’s website at www.adviserinfo.sec.gov.

Fenimore may refer to itself as a “registered investment adviser” or “RIA”. You should be aware that registration with the SEC does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

Not Applicable

ITEM 3: TABLE OF CONTENTS

<u>Item</u>		<u>Page</u>
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	3
4	Advisory Business	4
5	Fees and Compensation	6
6	Performance-Based Fees and Side-By-Side Management	9
7	Types of Clients	9
8	Methods of Analysis, Investment Strategies and Risk of Loss	10
9	Disciplinary Information	13
10	Other Financial Industry Activities and Affiliations	13
11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
12	Brokerage Practices	16
13	Review of Accounts	27
14	Client Referrals and Other Compensation	27
15	Custody	28
16	Investment Discretion	29
17	Voting Client Securities	29
18	Financial Information	30

ITEM 4: ADVISORY BUSINESS

Firm Overview

Fenimore Asset Management, Inc. (“Fenimore”) provides investment advisory services on a discretionary basis to its clients, including: (1) Fenimore Asset Management Trust (the “Trust”), an investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”), consisting of two separate investment series, FAM Value Fund and “FAM Equity-Income Fund (the “Registered Funds”); (2) separately managed investment advisory accounts for individuals, corporations, trusts, pension and profit sharing plans and non-profit organizations, engaged directly or through certain wrap fee programs; and (3) a privately placed pooled investment vehicle organized as a Delaware limited liability company (the “Private Fund” and, together with the Registered Funds, the “Funds”). Thomas O. Putnam, who founded Fenimore in 1974, is the majority shareholder and principal owner of Fenimore.

Fenimore also manages its corporate account, its employee 401(k) plan and accounts for certain employees and related family members. Fenimore receives no advisory fee for these accounts. In some instances, Fenimore may provide at no charge certain services such as reporting and order placement on securities owned by clients or their related persons, which Fenimore does not manage on a supervisory basis. Fenimore also manages a small number of accounts related to a charitable organization without payment of a fee, but has not offered such services in more than a decade and no longer offers such services. Collectively, the individuals and entities to whom Fenimore provides investment advisory services on a discretionary basis may be referred to herein as “clients” or “accounts.”

In connection with the management of each account, Fenimore seeks to establish an understanding of each client’s individual investment objectives and restrictions through, in the case of separate accounts, communications with the client or the client’s agent or representative (e.g., the sponsor of a wrap fee program through which the client obtains Fenimore’s services). Around these objectives, Fenimore formulates an investment program structured to achieve each client’s goals consistent with established investment guidelines and restrictions. However, advice is generally limited to the specific mandate for the account and Fenimore does not take into account other assets that may be owned by the client (except to the extent such assets may bear on, and be made a part of, the client’s stated investment guidelines and restrictions); Fenimore’s only responsibility with respect to diversification shall be to diversify the account in accordance with established investment guidelines.

Each Fund is managed only in accordance with its relevant and stated investment objectives, guidelines and restrictions and is not tailored to the individualized needs of any particular investor in the Fund (with respect to the Private Fund, each an “Investor” and, with respect to the Registered Funds, each a “Shareholder”). Accordingly, current and potential Shareholders or Investors must consider whether a Fund meets their investment objectives and risk tolerance prior to investing. Each Registered Fund’s investment objectives, guidelines and restrictions are set forth in the Trust’s prospectus and statement of additional information (the “Registration Statement”), which is available through Fenimore Securities, Inc. (“FSI”), the distributor of the

shares of the Registered Funds, or another authorized party and publicly through the SEC's EDGAR website. Similar information about the Private Fund is set forth in the Private Fund's Private Placement Memorandum ("PPM") and limited liability company operating agreement (together with the PPM, the "Governing Documents"), which are available to current and prospective Investors only through Fenimore or another authorized party. While this Brochure may be provided or otherwise available to Shareholders or Investors, and may include information about the Funds, this Brochure is intended solely to provide information about Fenimore and should not be considered to be an offer of interests or shares in any Fund.

Wrap Fee Program

Fenimore currently participates in certain programs sponsored by broker-dealers or banks (each a "Sponsor") which generally provide a package of advisory-related services for a fee, generally known as "wrap fee" programs (each a "Program"). Services available through a Program are described in each Sponsor's Form ADV, Part 2A, Appendix 1 (or "Wrap Brochure") which will generally be provided by the Sponsor along with this Brochure. Such services may include, among other things: (1) manager selection; (2) execution, generally without a transaction-specific commission or charge; (3) custodial services; (4) periodic monitoring of discretionary managers; and (5) account evaluation. Sponsors are generally responsible for most aspects of the client relationship, including for determining whether a particular Program is suitable or appropriate for the client based on the client's individual circumstances. However, Fenimore is also available to communicate with clients, as necessary or upon client request, as may be required by law or agreed upon among the parties.

Program Sponsors generally establish the financial circumstances, investment objectives and investment restrictions of each Program client through a client profile, questionnaire and/or investment policy statement ("Profile") as well as consultations between the client and the Sponsor's personnel. Each client typically completes a Profile and enters into a Program agreement with the Sponsor. In some Programs, clients may also be required to contract directly with the discretionary manager, such as Fenimore, or the discretionary manager may be a party to the Program agreement. In either case, Fenimore is not responsible for, and does not attempt to determine, whether, in the first instance, a particular Program is suitable or advisable for any given client. Rather, Fenimore is responsible for and will determine whether each wrap fee account referred to it is suitable for discretionary management by Fenimore based on the client's stated investment objectives and restrictions as determined by the wrap fee sponsor and/or set forth in the Profile. Fenimore reserves the right, in its sole discretion, to reject any wrap fee account referred to Fenimore for any reason, including, but not limited to, the client's investment goals and restrictions.

The Program agreement sets forth (and the Wrap Brochure describes) the services to be provided to the client by or on behalf of the Sponsor, and the associated fees. Program fees are generally charged by the Sponsor, quarterly in advance or arrears, based upon a percentage of the value of the client's assets under management, for the Program services as well as an amount sufficient to cover the investment advisory services of discretionary managers like Fenimore. As discussed in more detail in the section entitled "Fees and Compensation", Fenimore generally receives a

portion of the total wrap fee paid by each Program client advised by Fenimore. Program Sponsors collect the total wrap fee and remit the advisory portion to Fenimore.

In many cases, the wrap fee does not include, and clients may be separately subject to, additional fees and expenses such as: (1) commissions on transactions executed away from the Sponsor or the Sponsor's designated broker-dealer; (2) money market expenses on money market funds used as cash sweep vehicles; (3) dealer mark-ups or mark-downs on principal transactions; and (4) certain costs or charges imposed by third parties (*e.g.*, odd lot differentials, exchange fees and transfer taxes). As a result, clients should be aware that while fees paid to Fenimore with respect to accounts managed through Programs are often lower than for separate accounts directly managed by Fenimore under the same mandate, the overall fees and expenses associated with participation in a Program may exceed the aggregate costs of the services provided through the Program, if they were to be obtained separately (including, with respect to brokerage, transaction based commissions), depending upon such factors as: (1) the rate of the wrap fee; (2) the amount of account activity; and (3) the value of custodial and other services rendered.

Assets Under Management

As of September 30, 2011, Fenimore managed approximately \$1.4 billion in assets on a discretionary basis. Fenimore does not currently provide investment advice on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

Fenimore's advisory fees are described generally below and are detailed in relevant investment advisory agreements for separately managed accounts, the Governing Documents for the Private Fund and the Registration Statement for the Registered Funds. However, Fenimore reserves the right, in its sole discretion, to negotiate and to charge different fees for certain accounts based on the client's particular needs as well as overall financial condition, goals, risk tolerance and other factors unique to the client's particular circumstances. Additionally, Fenimore may waive or reduce fees charged to any Investor in the Private Fund in its sole and absolute discretion. In particular, Fenimore may waive or reduce advisory or Private Fund-related fees for clients or Investors who are associated with Fenimore. There may also be differences in fees paid by certain clients based on account inception dates. Fenimore does not currently charge performance based fees.

Clients of Fenimore (including, indirectly, Shareholders in the Registered Funds and Investors in the Private Fund) bear certain other fees, expenses and costs (in addition to Fenimore's advisory fees) which are incidental or related to the maintenance of an account or the buying, selling and holding of investments including, but not necessarily limited to: (1) custodial charges; (2) brokerage fees, commissions and other related transaction costs and expenses; (3) governmental charges, taxes and duties; (4) transfer fees, registration fees and other expenses associated with buying, selling or holding investments; (5) withholding taxes payable and required to be withheld by issuers or their agents; and (6) other fees and expenses authorized by or otherwise disclosed in the relevant investment advisory agreements for separately managed accounts, the Governing Documents for the Private Fund and the Registration Statement for the

Registered Funds (e.g., legal, accounting, offering and printing, regulatory or tax compliance expenses, operational expenses, audit expenses and administrative expenses). For additional information about brokerage practices, please refer to the section entitled “Brokerage Practices.”

Except as otherwise provided herein or in the relevant advisory agreements or Governing Documents, fee payments are divided into quarterly installments and due at the beginning of each quarter for the preceding quarter. Initial fees are calculated based upon the number of days in the quarterly period the account came under Fenimore’s management. All subsequent quarters are billed for the full quarter. Generally, Fenimore’s investment advisory agreements are mutually revocable at any time without penalty and continue in effect until written notice of termination is given by either party. There is no requirement for prepayment of fees, and in the event of termination, any outstanding fees are prorated for the number of days prior to termination.

Registered Fund Advisory Fees

Investment advisory services are provided to the Registered Funds at the annual rate of 1% of net assets computed and paid monthly. In advising the Registered Funds, Fenimore is subject to the supervision and direction of the Trust’s Board of Trustees. The advisory contract between Fenimore and a Registered Fund can be terminated without penalty by the Registered Fund, generally upon 30 days’ notice, and terminates automatically upon assignment as defined in the 1940 Act.

Private Fund Advisory Fees

Fenimore serves as managing member of the Private Fund. Services provided to the Private Fund by Fenimore, as managing member, include, in addition to investment advice: (1) organizing and managing their business affairs; (2) executing and reconciling trades; (3) preparing financial statements and providing audit support; (4) preparing tax related schedules; and (5) drafting, printing and distributing correspondence to Investors.

Compensation paid to Fenimore by or with respect to the Private Fund may vary depending on the nature of the services provided and the investment strategy utilized and are typically not negotiable – though, as noted above, Fenimore may waive or reduce fees payable by certain Investors in its discretion. For advisory services provided, the Private Fund pays to Fenimore an asset-based management fee monthly, in arrears, in an amount equal to 1%, *per annum*, of the net asset value of each Investor’s capital account (subject to any fee waivers or reductions granted to a particular Investor), adjusted, *pro rata*, for any capital contributions, withdrawals or distributions during a calendar month. The Private Fund may also bear certain other expenses, as described above and in more detail in the relevant Governing Documents.

Following the first anniversary of an Investor’s initial investment in the Private Fund, the Investor may withdraw all or a portion of its capital account quarterly, as of the last business day of the calendar quarter, upon thirty days’ prior written notice to Fenimore. The Private Fund may impose minimum withdrawal amounts and, except in the case of a full liquidation by an

Investor, require that a minimum capital account balance be maintained. In some cases, Fenimore may agree, in advance or from time to time, to waive, reduce or modify any such restrictions on withdrawals for an Investor or may establish separate classes of interests having different restrictions. Fenimore need not offer such waivers, reductions or modifications to all Investors and, therefore, some Investors may have more or less liquidity than others. Where Fenimore agrees to provide increased liquidity to an Investor and, particularly, where such an agreement is accompanied by enhanced information about the Private Fund's investments or operations (transparency), other Investors may be disadvantaged. Additionally, Fenimore may require an Investor to redeem all or part of its capital account upon provision of reasonable notice, or without such notice if necessary or appropriate to assure compliance with applicable law or the Private Fund's Governing Documents.

Separate Account Advisory Fees

Fees for separately managed accounts are based on an annual percentage of the account's assets under management, and may vary based on strategy, fee negotiation, and changes in fee schedules over time. Currently, the annual fee for equity accounts is 1% of assets under management up to \$10 million and .75% on all assets in excess of \$10 million. The annual fee for a fixed income portfolio, structured at the request of the client, is up to .50% of fixed income assets under management.

As noted below, client assets invested in a Fund are generally not included in the account's assets under management for purposes of calculating and charging separate account advisory fees.

If authorized by the particular client, fees may be billed directly to a client's account and paid from that account by the client's qualified custodian. The custodian will send quarterly statements showing all transactions in the account, including fees paid to Fenimore, directly to such clients in accordance with applicable law, with a copy to Fenimore.

Wrap Fee Program Advisory Fees

For fee arrangements with Program clients, the Program Sponsor collects the total wrap fee and remits the advisory portion to Fenimore. The advisory portion payable to Fenimore may vary from Program to Program and within a single Program based on the desired investment mandate. Information on the total wrap fee is included in the Wrap Brochure provided by the Sponsor. The current advisory portion payable to Fenimore generally ranges from 0.50% to 1.00%.

Valuation

Fenimore is compensated based on the market value of the accounts it manages. As a result, to the extent that Fenimore values a security higher than its current market value (or where such market values are unreliable), Fenimore may benefit by receiving a management fee that is increased by the impact, if any, of such valuation discrepancy. Additionally, where an Investor or Shareholder purchases or redeems interests in a Fund at a net asset value that is impacted by a

discrepancy in valuation, such Investor or Shareholder may receive a greater or lesser interest in (or increased or decreased redemption proceeds from) such Fund than would have been the case absent the discrepancy. Similarly, existing and continuing investors may be subject to dilution or accretion.

Accounts managed by Fenimore may, at any time or from time to time, invest in assets that are illiquid, thinly traded or otherwise difficult to value. As a result, Fenimore employs various valuation policies and procedures to mitigate the conflicts and potential for material pricing discrepancies in respect to account assets and to assure that assets are valued in good faith and as accurately as is reasonably practicable. Fenimore also may rely on values and information provided by third-party pricing services, custodians or (with respect to assets held by the Registered Funds) as determined by the Registered Funds' Pricing Committee.

Fenimore may be required to manually price or "fair value" one or more assets held by, or on behalf of, an account. Fair valuation may be necessary where pricing or valuation information with respect to an asset is not readily available or unreliable due to significant events. Fenimore's good faith judgment as to whether an event would constitute a "significant event" or whether a valuation is not readily available or otherwise unreliable may, in hindsight, prove to be incorrect.

Fenimore may use a variety of fair value techniques or methodologies and may rely on third-party service providers to assist in valuations when market quotations are not readily available or are believed by Fenimore to be unreliable. These processes, as well as any information and/or underlying assumptions utilized, will not always allow Fenimore to correctly capture the fair value of an asset; rather fair valuation is intended to yield a good faith approximation of the value of an asset and cannot be guaranteed to have reflected the actual or empirical value of any asset, as might be determined with the benefit of hindsight (particularly in periods of market distress) as fair value price adjustments may prove incorrect as to direction and magnitude.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Fenimore does not charge performance based fees; however, Fenimore may manage accounts (including the Funds) in which it or its personnel or affiliates have pecuniary interests alongside other accounts in which such persons have lesser (or no) pecuniary interest. As discussed in the section entitled "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading", Fenimore has adopted policies and procedures to address such conflicts of interest.

ITEM 7: TYPES OF CLIENTS

As discussed above, Fenimore's clients may include: (1) investment companies registered under the 1940 Act (*i.e.*, the Registered Funds); (2) separately managed investment advisory accounts for individuals, corporations, trusts, pension and profit sharing plans and non-profit organizations, engaged directly or through certain wrap fee programs; and (3) a privately placed pooled investment vehicle (*i.e.*, the Private Fund). The Private Fund is organized as a limited liability company under the laws of the State of Delaware. The Private Fund is excepted from the definition of an "investment company" under the 1940 Act in reliance on Section 3(c)(1) of that Act and offers its interests to Investors pursuant to Section 4(2) of, and Regulation D under,

the Securities Act of 1933, as amended (the “1933 Act”). As a result, this Brochure may discuss information relevant to such Investors, as necessary or appropriate. **Nonetheless, this Brochure is designed solely to provide information about Fenimore and should not be considered to be an offer of interests in the Private Fund.**

Investors in the Private Fund may include a variety of high net worth individuals and institutional investors (*e.g.*, trusts, employee benefit plans, endowments, foundations, corporations and other types of entities) wishing to invest in accordance with the Private Fund’s investment objective. Each Investor must meet certain eligibility requirements imposed by the exceptions and exemptions under which the Private Fund operates.

IMPORTANT NOTE:

The Private Fund may be offered only through its PPM, which is provided to current and eligible prospective Investors only by Fenimore or another authorized party. **In no event should this Brochure be considered to be an offer of interests in the Private Fund or relied upon in determining whether to invest in the Private Fund.**

This Brochure is not intended to, and does not, represent a complete discussion of the features, risks or conflicts associated with the Private Fund. While this Brochure may include information about the Private Fund, and may be provided to current or prospective Investors in the Private Fund (together with the Private Fund’s PPM, organizational documents and other related documents) prior to or in connection with such person’s consideration or execution of an investment in the Private Fund, or otherwise, this Brochure is designed solely to provide information about Fenimore for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in the PPM. To the extent that there is any conflict between discussions herein and similar or related discussions in the PPM, the PPM shall govern.

Private Clients. The minimum account size for individually managed accounts is generally \$1,000,000, but may vary based upon the type of account and relationship. In addition, Fenimore may reject any such account in its discretion. Given Fenimore’s selectivity in accepting private client accounts and the minimum account size, private clients generally are high net worth individuals, trusts, estates, charitable organizations or businesses. **This Brochure is not an offer of, or agreement to provide, private client advisory services directly to any recipient.**

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

This Item 8 describes the general investment strategies employed by Fenimore in managing client accounts as well as the primary risks associated with these investment strategies. However, it is not possible to identify all of the risks associated with investing and the particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies and the types of securities held.

Fenimore seeks to manage accounts so that risks are appropriate to the return potential for the strategy. However, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

Methods of Analysis and Investment Strategies

Fenimore's investment philosophy is based on the premise that securities should be selected for sound economic principles. In general, this means that stocks are selected for client portfolios based on their potential for economic growth, market recognition and capital gain while fixed income securities are selected based on their potential for financial stability and payment of all interest outstanding and return of principal in an unencumbered fashion.

Bonds and other fixed income securities are selected according to investor objectives and the analyzed risk of the investment. Security selection is determined, in part, by several stringent fundamental criteria. A company's demonstrated financial strength and profitability is analyzed through historic income and balance sheet data. Additional financial criteria include significant free cash flow, high return on capital, and growth in sales and earnings.

In executing an investment decision on behalf of a client in a particular fixed income security, we consider a number of factors such as price, coupon, yield-to-maturity, and duration. The credit rating from third party rating agencies is considered however we rely on our fundamental analysis in determining our view of the quality of the issuer. In addition, we review the terms of the fixed income security, including such facets as subordination, default, sinking fund, and early redemption provisions.

Fixed income instruments are reviewed on a continual basis to ensure that the underlying issuers are constantly capable of interest and principle repayment.

With respect to its equity investments, Fenimore employs a "value approach" in making investment decisions. This approach is based on Fenimore's belief that at any given point in time the stock price of a company may sell below the company's "true net worth". Factors considered in evaluating the true business worth include the company's current earnings and Fenimore's opinion as to its future earnings potential. After identifying a company whose securities are determined to have a favorable price-to-earnings relationship, Fenimore invests in such securities until the "true business worth" nears the market price of the company's securities. Fenimore seeks to invest in companies that are well-managed, financially sound and that are considered to be undervalued in the marketplace. Utilizing investment principles based on the teachings of Benjamin Graham and David Dodd, whose book *Securities Analysis* provides the foundation for valuing investing, Fenimore is categorized as a bottom-up manager. As such, Fenimore focuses on identifying, analyzing, and selecting individual companies that meet Fenimore's long-term growth expectation.

Material Investment Risks

Clients, Investors and Shareholders should understand that all investments are subject to risks and that the return and the principal value of investments fluctuate depending on general market conditions and other factors. There can be no assurance that any account will meet its stated investment objective. Accordingly, from time to time the value of an investment (including an account or an interest in the Funds) may be worth more or less than its original cost. The principal risks associated with any account or investment, as well as specific risks associated with certain strategies or investment objectives, are described below.

The risks associated with the types of equity investments that Fenimore generally makes are as follows:

Stock Market Risk – the value of stocks fluctuate in response to activities of individual companies and general stock market and economic conditions. Stock prices may decline over short or extended periods of time. Stocks are more volatile and riskier than some other forms of investments, which means that you could lose money on your investment.

Stock Selection Risk – the value stocks chosen for accounts are subject to the risk that the market may never realize their intrinsic value or their prices may go down.

Small Cap Risk – the stocks of small capitalization companies may not have the size, resources of other assets of large capitalization companies.

The risks associated with the types of fixed income investments that Fenimore generally makes are as follows:

Interest Rate Risk – the market values of fixed income securities are significantly affected by changes in interest rates. Generally, the longer the average maturity of the instruments in an investment portfolio, the more the value of the portfolio will fluctuate in response to interest rate changes.

Credit Risk – the value of fixed income securities generally decline if the credit rating of the issuer declines, and an issuer whose credit rating has declined may be unable to make payments of principal and/or interest.

Call Risk – various types of fixed income instruments may be called (redeemed) at the option of the issuer at a specified price before reaching their stated maturity date. This risk increases when interest rates are declining because issuers may find it desirable to refinance by issuing new instruments at lower interest rates.

More detail about risks is set forth in the Governing Documents (with respect to the Private Fund) and the Registration Statement (with respect to the Registered Funds).

ITEM 9: DISCIPLINARY INFORMATION

Not Applicable

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer. Fenimore is affiliated with Fenimore Securities, Inc. (“FSI”), which is a broker-dealer wholly-owned by Thomas O. Putnam, the majority shareholder of Fenimore. FSI is a limited purpose broker-dealer created for the purpose of distributing mutual funds affiliated with and advised by Fenimore. FSI does not execute any portfolio brokerage for the accounts managed by Fenimore.

Registered Investment Company. Fenimore furnishes investment advice to Fenimore Asset Management Trust (the “Trust”), an investment company registered under the 1940 Act. The Trust currently consists of FAM Value Fund and FAM Equity-Income Fund; however, additional series may be added to the Trust in the future. Fenimore does not generally charge its advisory clients a fee other than the fund’s fees on assets which are invested in such Funds, nor do Fenimore or any of its related persons generally receive additional advisory compensation on such assets. Thomas O. Putnam is also President, and a Trustee, of the Trust.

Private Fund. As described above, Fenimore serves as managing member of the Private Fund. From time to time and as appropriate, Fenimore may offer its clients the opportunity to invest in the Private Fund, but will not make such investments on a discretionary basis on the client’s behalf. As these may not be appropriate investments for all clients (and not all clients will be eligible to invest), not all clients will be offered the opportunity to invest and not all clients who are offered that opportunity will choose to invest. As with client investments in the Registered Funds, Fenimore clients investing in the Private Fund will not be charged any account-level fees with respect to their investment in the Private Fund but will be subject to the fees and expenses of the Private Fund as an Investor. Further information about the Private Fund is available in the Private Fund’s Governing Documents which will be provided to the relevant client prior to investment. Fenimore, Fenimore’s personnel (including Mr. Putnam) and Fenimore’s affiliates may have significant investments in the Funds. As discussed in the section entitled “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading”, Fenimore has adopted policies and procedures to address such conflicts of interest.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Fenimore acts as investment adviser to various accounts and may give advice and take action with respect to any client account, or for its own account, that may differ from action taken by Fenimore on behalf of other client accounts. Fenimore is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling, any security that Fenimore, its affiliates or their respective “Access Persons” (as defined by the 1940 Act and the Advisers Act) may buy or sell for its or their own account or for the account of any other client. Fenimore is not obligated to refrain from investing in securities held by accounts that it manages except to the

extent that such investments violate the Code of Ethics (“Code”) adopted by Fenimore, Fenimore Securities Inc. and the Trust.

Mr. Putnam expects that most of his personal securities investments will be made through the Funds. Also, other principals and employees of Fenimore or any related person(s) have direct or indirect interests in securities owned by or recommended to Fenimore’s clients. As these situations may lead to potential conflicts of interest, Fenimore has adopted procedures relating to personal securities transactions and insider trading that are designed to identify potential conflicts of interest, to prevent or mitigate actual conflicts of interest and to resolve such conflicts appropriately if they do occur.

Code of Ethics

Fenimore’s Code was adopted in accordance with both Advisers Act Rule 204A-1 and 1940 Act Rule 17j-1 to govern personal transactions by Access Persons of Fenimore, its affiliated broker-dealer and the Trust and to ensure that the interests of Access Persons do not conflict with the interests of Fenimore clients, including the Trust and its Shareholders and the Private Fund and its Investors. The Code includes standards of business conduct that require Access Persons to comply with the federal securities laws and to observe the fiduciary obligations of an investment adviser to its clients: A basic tenet of the Code is that the interests of clients must always be placed first.

The Code restricts the purchase and sale by Access Persons for their own accounts of any Covered Security (as defined in 1940 Act Rule 17j-1) within seven (7) days before or after execution of a transaction in any such security for clients. Access Persons also may not engage in a personal transaction in a security for which any order for a client is pending until such order is executed or withdrawn. Access Persons must notify the Chief Compliance Officer (“CCO”) or the CCO’s designee in order to pre-clear personal transactions in Covered Securities.

All Access Persons must provide quarterly reports of their personal transactions within 30 days of the end of each calendar quarter which may consist of monthly brokerage statements for all accounts in which they have a beneficial interest to the CCO. In addition, Access Persons must direct their brokers to send copies of all brokerage confirmations relating to all personal securities transactions in which they have a beneficial ownership interest.

The Code also requires all Access Persons and all Supervised Persons (as defined in the Advisers Act) of Fenimore to comply with ethical restraints relating to clients and their accounts, including restrictions on giving gifts to, and receiving gifts from, clients in violation of Fenimore’s gift policy.

A copy of the Fenimore Code of Ethics is available to any client or prospective client upon request.

Material Non-Public Information

Fenimore, and its related persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Fenimore and its related persons may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a Fenimore client. Accordingly, should such persons come into possession of material nonpublic or other confidential information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, their respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, their clients when following policies and procedures designed to comply with applicable law.

Fenimore has adopted a "Policy Statement on Insider Trading" in accordance with Advisers Act Section 204A which establishes procedures to prevent the misuse of material information by Fenimore's Supervised Persons. Among other things, these provisions include a requirement that Supervised Persons shall direct their brokers to forward copies of all personal securities transactions confirmations as well as brokerage statements for every account in which they or their immediate family members have a beneficial interest. These confirmations and statements are submitted to and reviewed by Fenimore's CCO.

Any officer, director, trustee or employee of Fenimore who fails to observe the above-described policies risks serious sanctions, including dismissal and personal liability.

Treatment of the Private Fund under the Code

From time to time, the Private Fund may consist substantially of Fenimore's own assets and/or personal investments made by Fenimore Access Persons ("Fenimore Investments"). Thus, investments for the Private Fund may be subject to certain restrictions until such time as the Fenimore Investments constitute less than 25% of the value of the total beneficial interests issued by the Private Fund. If at any time the Private Fund has in excess of 25% Fenimore Investments, it may be referred to herein as a "Proprietary Fund."

Transactions for a Proprietary Fund in securities which are being purchased or sold for other clients will wait behind such other clients' transactions, unless: (1) available liquidity is sufficient to satisfy client accounts and the Proprietary Fund simultaneously without materially impairing the value of the transaction, or (2) executing all such transactions concurrently is otherwise consistent with Fenimore's policies and procedures and applicable law.

Conflicts Related to the Funds

Fenimore may recommend that private clients invest in the Funds. Fenimore may recommend that private clients consider an investment in one or more Funds. A prospectus and other materials, such as the relevant Governing Documents, are provided to any client that indicates an

interest in such an investment. As noted above, clients should consider the information provided, independently, before making a decision to invest. Clients who are offered an opportunity to invest should understand that Fenimore receives advisory fees from the Funds as disclosed in Item 5, and in the Registration Statement or Governing Documents, as applicable. While shares in the Funds are not included in a private client's assets for purposes of determining the private client's management fee, the total amount of advisory fees paid to Fenimore when a private client invests in a Fund may exceed that which would have been paid had the assets instead been invested in other securities. Additionally, incidental expenses associated with an investment in a Fund may exceed those associated with private client accounts, and Funds may carry additional or different risks than direct investments.

Fenimore and its personnel and affiliates have significant investments in the Funds. Fenimore, Fenimore's personnel (including Mr. Putnam) and Fenimore's affiliates may have significant investments in the Funds. In addition, Fenimore's personnel (including but not limited to portfolio management personnel who are "knowledgeable employees" for purposes of the 1940 Act) and Fenimore's affiliates may (subject to eligibility requirements) invest in the Private Fund. Currently, Mr. Putnam has significant interests in the Private Fund.

These interests may create an incentive to favor a Fund over other client accounts when, for example, placing trades, aggregating orders, selling short or engaging in cross trades. Fenimore maintains policies and procedures, including the Code and policies and procedures regarding batch transactions (described in Item 12), reasonably designed to assure that Fenimore and its personnel service all client accounts in a manner consistent with the duties an adviser owes to its clients and applicable law and without considering such persons' ownership, compensatory or other pecuniary or financial interests.

To the extent that a Fund is deemed to be controlled by Fenimore and its related persons (generally, if more than 25% of a Fund's assets are attributable to proprietary and personal investments by Fenimore and its related persons), any transaction between the Fund and another account advised by Fenimore will be treated as a "principal transaction." Principal transactions require disclosure of, and consent by the other participating accounts to, the transaction on a transaction-specific basis. While these restrictions are intended to mitigate conflicts of interest, investors in the Private Fund should be aware that these restrictions may adversely impact performance.

ITEM 12: BROKERAGE PRACTICES

Generally, Fenimore is retained with respect to its individual accounts as well as its investment company clients on a discretionary basis and is authorized to make the following determinations in accordance with the client's specified investment objectives without client consultation or consent before a transaction is effected:

- Which securities to buy or sell.
- The total amount of securities to buy or sell.
- The broker or dealer through whom securities are bought or sold.

- The commission rates at which securities transactions for client accounts are effected.
- The prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

However, Fenimore may accept advisory accounts with limited discretion or where investments are client-directed pursuant to the management agreement.

Investment and Brokerage Decisions and Review

Investment and brokerage decisions for client accounts, to the extent such discretion has been granted to Fenimore, are made by Fenimore's portfolio managers and traders, with assistance from other relevant personnel. In placing brokerage for accounts with respect to which Fenimore has been granted brokerage discretion, Fenimore seeks to (1) determine the account's trading requirements, (2) select appropriate trading methods, venues and agents to execute the trades under the circumstances, (3) evaluate market conditions and liquidity and take appropriate steps to mitigate market impact, to the extent practicable, (4) maintain client confidentiality and proprietary information inherent in the decision to trade, and (5) review the results of executions on a periodic basis.

At least quarterly, relevant personnel within Fenimore review Fenimore's trading practices, including the quality of executions received and commission rates paid by discretionary accounts, in order to determine what changes, if any, should be made in its brokerage arrangements. Fenimore's goal in this process is to exercise reasonable, good faith judgment in seeking to execute trades through those brokers, dealers or other trading venues that Fenimore expects will consistently provide quality execution at acceptable cost. The following summarizes Fenimore's policies and procedures with respect to the exercise of investment and brokerage discretion on behalf of relevant client accounts.

Selection Criteria for Brokers and Dealers

Fenimore places orders for the purchase or sale of securities with the primary objective of obtaining prompt execution, at the most favorable price and execution readily obtainable under the circumstances, from responsible broker-dealers at competitive rates. Fenimore seeks to execute transactions only through brokers, dealers and other trading venues that can meet Fenimore's standards of quality. Fenimore also places value on useful brokerage and research assistance provided by brokers.

Fenimore's objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution with respect to its accounts' portfolio transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant. In applying these factors, Fenimore recognizes that different broker-dealers may have different execution capabilities with respect to different types of securities and transactions.

The factors include, but are not limited to: (1) Fenimore's knowledge of negotiated commission rates and spreads currently available; (2) the nature of the security being traded; (3) the size and type of the transaction; (4) the nature and character of the markets for the security to be purchased or sold; (5) the desired timing of the trade; (6) the activity existing and expected in the market for the particular security; (7) confidentiality; (8) the execution, clearance and settlement capabilities as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered; (9) Fenimore's knowledge of actual or apparent operational problems of any broker-dealer; (10) the broker-dealer's execution services rendered on a continuing basis and in other transactions; and (11) the reasonableness of spreads or commissions.

When buying or selling securities in dealer markets, Fenimore may, subject to best execution, deal directly with market makers either on a commission basis or on a "net" basis, without paying the market maker any commission, commission equivalent or markup/markdown other than the "spread." Net trades mean that the market maker profits from the "spread," that is, the difference between the price paid (or received) by Fenimore and the price received (or paid) by the market maker in trades with other broker-dealers or other customers. Most NASDAQ securities are now traded on a commission basis as more and more market makers shift from principal to agency trading. Fenimore may also use an Electronic Communications Network ("ECN") or Alternative Trading System ("ATS") to effect over-the-counter and listed trades when, in Fenimore's judgment, the use of an ECN or ATS may result in equal or more favorable overall executions for the transactions. Fenimore will pay a commission to an ECN or ATS that when added to the price is still better than the overall execution price that might have been attained trading "net" with a market maker.

Additionally, from time to time, Fenimore may cause its clients to engage in "step out" transactions in which the client pays commissions in respect of a transaction to one broker, but the transaction is executed by a second broker. Fenimore will only cause its clients to engage in such transactions to the extent that doing so is consistent with Fenimore's duty to seek best execution.

Fenimore does not enter into agreements with, or make commitments to, any broker-dealer that would bind Fenimore to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of interests in a Fund) through the placement of brokerage transactions. However, except for ERISA accounts and Registered Funds, when one or more broker-dealers is believed capable of providing equivalent quality of execution with respect to a particular portfolio transaction, Fenimore may select a broker-dealer in recognition of the past referral of the client for which the transaction is being executed, or of other clients, or in anticipation of possible future referrals from the broker-dealer. In doing so, unless otherwise specifically disclosed to the client, Fenimore does not pay higher commissions, concessions or mark-ups/downs than would otherwise be obtainable from broker-dealers that do not provide such referrals. Of course, clients may, as discussed below, limit Fenimore's discretion by directing Fenimore to trade through a particular broker-dealer, including one which may have referred that client to Fenimore. Additionally, Fenimore may exercise its discretion to execute transactions through any broker-

dealer, including one that may have also referred clients or sold Registered Fund shares, when the use of such a broker-dealer is consistent with Fenimore's duty to seek best execution. In these circumstances, Fenimore follows procedures reasonably designed to ensure that such referrals or Fund sales are not a factor in the decision to execute a trade, or a particular amount of trades, through such broker-dealer.

In some cases, a broker may be recommended to an individual account to provide custodial or other services for the client. In those cases, transactions are effected for the account through the custodial broker while maintaining the primary objective noted above of seeking the best price and execution at competitive commission rates.

Commission Rates or Equivalents Policy

Fenimore endeavors to be aware of current charges of eligible broker-dealers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of its accounts. As noted above, Fenimore periodically reviews the quality of executions received from broker-dealers who may be available to execute client transactions when evaluating Fenimore's best execution efforts. Any broker-dealer that has provided (or may reasonably be expected to provide) acceptable performance and whose financial condition and commission rates are acceptable to Fenimore may be selected to execute transactions for client accounts.

However, Fenimore will not select broker-dealers solely on the basis of "posted" commission rates nor always seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction. Fenimore uses a number of different broker-dealers and may pay higher commission rates to those whose execution abilities, brokerage and research services or other legitimate and appropriate services are particularly helpful in seeking good investment results for client accounts. Although Fenimore generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. As part of Fenimore's brokerage determinations, Fenimore recognizes that some brokerage firms are better at executing some types of orders than others. Thus, it may be in the best interest of clients to utilize a broker dealer whose commission rates are not the lowest, but whose executions may result in lower overall transaction costs or other benefits to client accounts. Certain transactions may involve specialized services on the part of the broker-dealer involved resulting in higher commissions or their equivalents than would be the case with transactions requiring more routine services. The overriding consideration in allocating client orders for execution is the attempt to maximize client profits (or minimize losses) through a combination of controlling transaction and securities costs and seeking the most effective uses of the brokers' relevant capabilities.

The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research, and other services which will help Fenimore in providing investment management services to clients.

Recognizing the value of these factors, Fenimore may cause managed accounts to pay a brokerage commission in excess of what another broker, who offers no research services and/or minimal transaction assistance, might have charged for the same transaction. Although, the extent to which commission rates or net prices charged reflects the value of these services, Fenimore makes a good faith determination that the amount of commission is reasonable in relation to the value of the research and brokerage services provided, viewed in terms of either the specific transaction or Fenimore's overall responsibilities to its clients.

“Soft Dollar” or Research/Execution Policy

In allocating brokerage, and consistent with Fenimore's policies and procedures, Fenimore takes into account the value of brokerage and research services provided by a broker-dealer, as long as such consideration does not jeopardize the objective of seeking best price and execution for client transactions. When appropriate under its discretionary authority and consistent with the duty to seek best execution, Fenimore may direct brokerage transactions for client accounts to broker-dealers who provide Fenimore with useful research and brokerage products and services.

Research services provided by a broker-dealer can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third party but provided by broker-dealer). The brokerage commissions used to acquire research (as well as brokerage) services in these arrangements are known as “soft dollars.” Fenimore may use soft dollars to acquire either type of research and any permissible brokerage services. However, Fenimore will not enter into any agreement or understanding with a broker-dealer that would obligate Fenimore to direct a specific amount of brokerage transactions or commissions in return for such research (or brokerage) services. Nonetheless, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent.

Fenimore may allocate client brokerage commissions for brokerage and research services that are also available for cash, where appropriate and permitted by law (or may choose to pay cash for certain services acquired from external sources). Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” that allows an investment adviser to pay for research and brokerage services with the commission dollars generated by client transactions. Under SEC interpretations, client commissions may be used for certain research- and brokerage-related products and services that assist Fenimore in meeting its clients' investment objectives or in managing client accounts. The receipt of these services in exchange for soft dollars benefits Fenimore by allowing Fenimore, at no cost to it, to (1) supplement its own research and analysis activities, (2) receive the views and information of individuals and research staffs of other securities firms, and (3) gain access to persons having special expertise on certain companies, industries, areas of the economy and market factors. Research and brokerage services acquired with soft dollars may include reports on the economy, industries, sectors and individual companies or issuers; statistical information; accounting and tax law interpretations; political analyses; reports on legal developments affecting portfolio securities; information on technical market actions; credit analyses; on-line quotation and trading systems; risk measurement; analyses of corporate responsibility issues; and financial and market database services. Soft

dollars benefit Fenimore in that Fenimore does not then need to produce or pay for the soft dollar items from its own resources. This creates a conflict of interest in that Fenimore may have an incentive to select broker-dealers based on Fenimore's interest in receiving soft dollar items rather than on the client's interest in receiving the most favorable execution. The safe harbor provides a way for investment advisers to manage this conflict.

Fenimore uses soft dollars consistent with the safe harbor provided by Section 28(e). As such, in determining whether to pay up for a particular execution, Fenimore evaluates whether the product or service provided by the broker:

- (1) consists of advice, analyses or reports containing substantive content with respect to appropriate subject matter(s) or (2) is sufficiently related to the effectuation, clearance or settlement of a transaction and is provided by and/or used during the time period commencing when Fenimore communicates with the relevant broker-dealer for the purpose of transmitting an order for execution and concluding when the funds or securities are delivered or credited to the account or accountholder's agent;
- provides lawful and appropriate assistance to Fenimore in carrying out its relevant responsibilities to client accounts; and
- is acquired for an amount of soft dollars which is reasonable in relation to the value of the product or service.

These determinations are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. Such opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type. Fenimore may select broker-dealers based on their assessment of each broker-dealer's ability to provide quality executions and their belief that the research, information and other services provided by such broker-dealer may benefit client accounts. It is not possible to place a dollar value on the quality executions or on the brokerage and/or research services Fenimore receives from broker-dealers effecting transactions in portfolio securities. Accordingly, broker-dealers selected by Fenimore may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions if Fenimore determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or Fenimore's overall duty to discretionary accounts.

Research obtained with soft dollars will not always be utilized by Fenimore for the specific account that generated the soft dollars. It should be noted that the value of brokerage and research services cannot be measured precisely and commissions paid for such services certainly cannot always be allocated to clients in direct proportion to the value of the services to each client. Because, as discussed below, Fenimore may batch client transactions, brokerage commissions attributable to one or more client accounts may be allocated to brokers who provide statistical data and other research used by Fenimore in managing the accounts of other clients, and vice versa. Although it is often inevitable (at least in the short run) that commissions paid by

one account may, in effect, subsidize services that benefited another account, since any distortions should balance out over time as Fenimore's various sources of research and brokerage services enable Fenimore to make better investment decisions and execute more effective trades, Fenimore does not usually attempt to allocate the relative costs or benefits of research or brokerage services among client accounts. Fenimore believes that, in the aggregate, the services it receives benefit clients and assist Fenimore in fulfilling its overall duty to clients.

Fenimore does not currently use soft dollars to pay for any specific service or for any portion of its "mixed use" items (products or services that provide both research and non-research benefits). However, if Fenimore should choose to obtain a particular product, it may use its available soft dollar credits and pay cash to make up any difference. Further, if the product or service obtained by Fenimore is a mixed use item, Fenimore may use soft dollars for the research portion and pay cash for the non-research portion. Although the allocation between soft dollars and cash is not always capable of precise calculation, Fenimore will make a good faith effort to allocate such items reasonably. Records of any such allocations and payments will be prepared.

When Fenimore accepts directives from a client to make a "best effort" to transact business with one or more specified brokers in consideration of services provided by such brokers to that client, only the particular client's own "soft dollars" are used. Unless contrary written instructions are provided by the client (see "Client-Directed Brokerage Transactions", below), primary consideration is still given to seeking best execution.

Batch Transaction Policy

It is the policy of Fenimore that when a decision is made to aggregate transactions on behalf of more than one account, such transactions will be allocated to all participating client accounts in a fair and equitable manner over time. Consistent with each participating client's investment advisory agreement, Fenimore may batch orders for more than one managed account to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges. Fenimore may include proprietary accounts and Proprietary Funds in such aggregate trades subject to its duty of seeking best execution and to the Code.

When decisions are made to purchase or sell the same securities simultaneously for more than one client account, Fenimore may aggregate several contemporaneous client trade orders for a specific security into a block order via the "Merge Orders" function in Moxy, the order management system provided by Advent™, an unaffiliated service provider. Orders entered for additional accounts which are placed with the trading desk after a block order has already begun work will be aggregated only with transactions not yet executed. Any portion of an existing block trade which has already been executed will be allocated only among the accounts participating in the initial block order and will not include accounts for which subsequent decisions were made to purchase or sell the same security. However, such subsequent orders, to the extent eligible to be block traded, will be aggregated with any remaining portion of an open order and will receive their allocation of any such executed orders in accordance with the applicable allocation methodology.

Fenimore may invest in limited availability or thinly traded securities in which it may be unable to acquire substantial positions. Because block orders for such securities are rarely completed in a single trade, and to avoid allocating tiny blocks of such securities, which may increase settlement and transaction costs, Fenimore generally uses the Random Allocation method based on Moxy's random allocation program and randomly fills the total amount for a client before randomly selecting the next client. On its own, the random allocation method would usually result in a partial fill for the last account selected. To avoid a partial fill, Fenimore will manually seek to identify an account with a pre-allocation request that matches the remaining shares. If such an account is identified, Fenimore will fill that account and place the account which would have received only a partial fill back in the group of accounts eligible for a fill on the next trading day. Random allocation should ensure that all eligible accounts have an opportunity to participate in such transactions over time. Random allocation is especially appropriate when the transaction size is too limited to be effectively allocated *pro rata* among all eligible managed accounts.

Fenimore may also consider the following when allocating trades: (1) cash flow changes (including available cash, redemptions, exchanges, capital additions and capital withdrawals) may provide a basis to deviate from a pre-established allocation as long as it does not result in an unfair advantage to specific accounts or types of accounts over time; (2) accounts with specialized investment objectives or restrictions emphasizing investment in a specific category of securities may be given priority over other accounts in allocating such securities; and (3) for bond trades, street convention and good delivery may dictate the minimum size and par amounts.

Pro rata allocation may be used when a batch order, which generally involves only non-directed accounts and seeks only liquid, actively traded securities, cannot be fully executed in a single day unless the client has expressly directed otherwise. The partial fill is generally allocated among the participating client accounts based on the size of each account's original order, subject to rounding in order to achieve "round lots". Unexecuted orders will continue until the block order is completed or until all component orders have been cancelled. New orders for the same security will be aggregated with any remaining unexecuted orders and will continue in the same manner. The Moxy system will be updated to reflect partial executions until the block order is completed or to reflect that outstanding orders have been cancelled. Fenimore will generally apply a minimum order allocation amount of 100 shares, which may be adjusted based on market convention associated with the particular security. If remaining positions are too small to satisfy the minimum order amount, Fenimore may decide to allocate the remaining shares to those accounts seeking large positions which were unfilled. Fenimore, may also decide to allocate remaining shares to those accounts whose orders would be completed as a result of the allocation.

Fenimore generally does not aggregate trades for accounts custodied at Schwab with the Funds or other client accounts that it manages due to minimum ticket charges which are imposed on those accounts by Schwab in lieu of custody fees. In addition, Fenimore generally will not aggregate trades for wrap fee clients with the Funds or other client accounts that it manages to the extent that wrap fee clients have directed their brokerage to the sponsoring broker-dealer under the wrap fee agreement and generally pay comprehensive fees which already include the costs of executing transactions through such broker-dealer. Orders for accounts custodied at

Schwab are generally aggregated only with each other and generally allocated randomly using the same random allocation program described above to select which Schwab accounts will participate in any given offering. Similarly orders for wrap fee clients will generally be aggregated only with each other within the particular wrap fee program and allocated in the same manner as the Schwab accounts. The same manual process described above is implemented for these accounts if random allocation would result in a partial fill for the last account selected.

Cross Trades

Fenimore may cause an account to purchase or sell securities from or to, as the case may be, another account in a “cross trade”. Fenimore has adopted policies and procedures designed to comply with applicable law with respect to cross trades including, with respect to cross trades involving a Registered Fund, Rule 17a-7 under the 1940 Act. These procedures are designed to assure that participating accounts are treated fairly and that an appropriate price is assigned to the crossed security. In certain circumstances, cross trades may reduce execution related costs for participating accounts. Under applicable law, ERISA accounts and Proprietary Funds may be limited in their ability to participate in cross trades. When Fenimore is unable (or chooses, in its discretion) not to execute the contemporaneous purchase of a security for one account and sale of the same security for another account as a cross trade but, instead, executes such a trade through the market, each client will bear transaction costs, the price at which the transaction is executed will differ for (and may be less favorable to) each client and Fenimore may, consistent with its Soft Dollar Practices, as described above, obtain certain permissible benefits in connection with the transaction. Fenimore typically will not hold transactions on the expectation or possibility that the opportunity for a cross trade may be presented.

Allocation of “New Issues”

If Fenimore determines to invest client accounts in “new issues”, as defined in relevant rules established by the Financial Industry Regulatory Authority (“FINRA”), such investments will be allocated fairly and consistently with FINRA Rule 5130 which limits the ability of broker-dealers, their affiliates and certain other persons (“restricted persons”) to participate in new issues. Only accounts that are eligible under FINRA Rule 5130 to participate in profits and losses attributable to new issues (“eligible accounts”) are permitted to receive allocations of new issues. Generally, Fenimore makes allocations of “new issues” on a *pro rata* basis among eligible accounts.

Fenimore’s Code requires that any investment in new issues by Access Persons be pre-cleared by the CCO.

Client-Directed Brokerage Transactions

While Fenimore generally selects broker-dealers for discretionary accounts, clients may direct Fenimore to use particular broker-dealers to execute portfolio transactions for their accounts. Clients choosing to designate the use of a particular broker-dealer should be aware that, in doing so, they limit or remove Fenimore’s discretion to select broker-dealers to execute account

transactions, which may adversely affect Fenimore's ability to seek best price and execution by, for example, negotiating commission rates or executing their orders utilizing the latest trading technology. Clients who have directed brokerage may not achieve best price and execution.

In addition, transactions for a client that directs brokerage may not be combined or "merged" for execution purposes with orders for the same securities for other accounts managed by Fenimore. Trades for a client that has directed use of a particular broker or dealer may be placed at the end of merged trading activity for a particular security. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the merged order. Under these circumstances, the direction by a client of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if Fenimore could negotiate commission rates, or select brokers or dealers based on best execution.

Considerations with respect to Wrap Fee Programs

As noted above, Fenimore may participate in various wrap-fee or similar programs (each a "Program") in which the Sponsor generally: (1) recommends Fenimore; (2) pays Fenimore's management fees on behalf of the wrap fee client; (3) executes the wrap fee client's portfolio transactions, generally without separate commission charges; (4) monitors Fenimore's performance; and (5) acts as custodian (or provides some combination of the foregoing services) all for a single fee paid by the wrap fee client to the Sponsor. Many Programs require that brokerage transactions ordinarily be directed through the Sponsor or another designated broker-dealer (the "Program Broker") or charged separately for transactions not executed through the Program Broker.

In evaluating a wrap fee arrangement, clients should recognize that Fenimore is typically not in a position to negotiate commissions or seek the best available combination of price and execution. Even under those Programs where Fenimore retains some discretion to select broker-dealers other than the Program Broker to execute client transactions in circumstances where Fenimore believes that another broker-dealer may provide "best execution", since the client has already paid an asset based charge that includes commissions on most transactions executed through the Program Broker (and since transactions executed away from the Program Broker would generally result in the client paying a commission, concession, dealer mark-up or mark-down, or other fees associated with the execution and/or settlement of the transaction in addition to the wrap fee), Fenimore typically expects that best execution will lie with the Program Broker. Moreover, clients participating in a Program with separate commission charges may execute a written directed brokerage instruction in favor of the Program Broker (or another broker) and such arrangements will be subject to the same considerations and consequences as any other client-directed brokerage arrangement – as described above.

As with client-directed brokerage transactions, Fenimore is often unable to freely select brokers to execute transactions on behalf of wrap fee clients. As a result, Fenimore may be unable to batch orders for wrap fee clients with orders for other clients. This may result in wrap fee clients

paying higher commissions or greater spreads than other clients, or receiving less favorable net prices and poorer executions than might be the case if Fenimore could negotiate commissions or spreads freely. Thus, wrap fee clients should consider the costs and benefits associated with a Program, as the overall costs of obtaining the Program services may be higher or lower than if such services were obtained outside of the Program, when determining whether a wrap fee Program is a suitable investment, given the client's own financial needs and circumstances.

Fenimore participates in the Schwab Institutional Manager ("SIM") program which is sponsored by Schwab. Through participation in the SIM program, clients of Fenimore who elect to place their accounts in custody with Schwab also receive Schwab brokerage services at commission rates established by Schwab in connection with transactions which Fenimore executes through Schwab's trading facilities. Schwab does not exercise investment discretion over these client accounts. In deciding to enter into the SIM program and to utilize Schwab's custody/brokerage services, Fenimore took into consideration Schwab's execution, clearance and settlement capabilities; its financial strength and resources; the quality of its service; and the commission rate which Schwab offers on client transactions for SIM program participants. Fenimore pays certain fees to Schwab in connection with its participation in SIM for various account services it receives from Schwab. In accordance with the terms of the SIM program, Fenimore may direct certain brokerage transactions to other brokers with settlement of the transaction in the client's account at Schwab. Schwab charges clients a nominal service fee to settle transactions placed with brokers other than Schwab.

Services Provided by a Prime Broker or Custodian

Fenimore may select one or more firms to serve as custodian ("Custodian") to hold the funds and securities of the Private Fund. The Custodian may also serve as the prime broker and may execute transactions on behalf of the Private Fund, consistent with best execution. In addition to custody and execution, a prime broker may provide other core functions (such as reporting, clearing, financing, securities lending, and Client service) as well as value added items (such as capital introductions, advanced research and analytics and technology services) to the Private Fund. Certain of these services may be outside the soft dollar safe harbor, described above, however the Private Fund is typically responsible for and benefits from such services.

Fenimore also may choose which broker effects a particular transaction and, on occasion, the amount of commission the Private Fund pays for such trade. Fenimore may "trade away" for specific trades, executing trades through brokers other than the Custodian in order to gain access to greater inventory or better price or execution. Fenimore may select Custodians that it believes will provide specific services to the Private Fund, allowing the Private Fund to operate effectively and efficiently by, for example, providing Fenimore with electronic access to account information and trade confirmations, bulk mailing of statements to Investors and access to specialized customer service personnel. The Custodian is generally compensated for its services through transaction based compensation as Fenimore executes trades through the Custodian in its role as prime broker.

Fenimore reserves the right, in its sole discretion, to change the brokerage arrangements described herein without further notice to investors in the Private Fund. However, Fenimore will, to the extent required by applicable law, provide appropriate notice upon opening such an account and upon any changes to relevant information about the Custodian or the manner of custody.

ITEM 13: REVIEW OF ACCOUNTS

Investment strategies for the Registered Funds, the Private Fund and the private accounts are monitored on an ongoing basis by the portfolio managers, investment analysts and/or other Fenimore personnel, in light of changing market conditions, securities prices and fundamental investment considerations. Thomas O. Putnam, Chief Investment Officer and John Fox, CFA, Director of Research, are the primary reviewers for the FAM Value Fund. Mr. Putnam and Paul C. Hogan, CFA, Research Analyst, are the primary reviewers for the FAM Equity-Income Fund. Mr. Putnam and Marc Roberts, CFA, Research Analyst, are the primary reviewers for the Private Fund. The primary reviewer for private accounts is Debra Perez, Senior Vice President, or may be determined on a case-by-case basis. With respect to private clients, the client's circumstances, including other investments, income level, tax status and needs, outstanding obligations and various other factors are reviewed periodically with the client.

Quarterly written reports are provided to each investor in the Registered Funds, each investor in the Private Fund, and each private client, showing the value of the account and the performance of the respective Registered Fund, Private Fund or account. This quarterly review is accompanied by written comments on the portfolio, the current market outlook and investment strategy. Fund investors and private clients also receive on a quarterly basis, written reports with respect to the market value of the securities in the applicable Fund or account. Financial statements are provided annually to investors in the Funds and the Private Fund. For private clients, financial statements and additional written reports may be required by the applicable investment agreements. Investment personnel are available for individual personal meetings with private clients upon request.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Use of Custodian or Prime Broker

Fenimore's use of a prime broker or Custodian with respect to the Private Fund may yield increased administrative ease and, therefore, increased profitability for Fenimore. A prime broker may introduce Investors to the Private Fund. Because an increase in the size of the Private Fund would likely result in additional compensation to a prime broker, a prime broker may receive a benefit from such introductions.

Schwab's SIM Program

As discussed above in Item 12, Fenimore participates in Schwab's SIM program. While there is no direct linkage between investment advice given and participation in the SIM program, certain

economic benefits are received by Fenimore which it would not otherwise receive if no clients participated in the SIM program by maintaining custody accounts at Schwab. The benefits which Fenimore receives include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving SIM program participants exclusively; access to block trading; ability to have access, for a fee, to an electronic communications network for client order entry and account information; receipt of compliance publications; the ability to have client advisory fees directly debited from client accounts (in accordance with applicable federal and state requirements); industry education and conference attendance; and access to certain investment companies which generally are available only to institutional investors. The benefits received through participation in the SIM program do not depend upon the amount of transactions directed to Schwab.

Referral Arrangements

Fenimore maintains various arrangements pursuant to which certain persons and entities may be compensated, directly or indirectly, for referring clients to Fenimore. To the extent deemed applicable, such arrangements are entered into in accordance with the terms and conditions of Rule 206(4)-3 under the Advisers Act. Arrangements have been entered into with independent third-parties including banks, brokerages and other financial institutions. The compensation paid for referrals varies and may include either fixed or annual fees or may depend upon the total amount of the assets referred and ultimately managed by Fenimore. Clients are advised of the nature of these arrangements prior to the time of the referral.

Among the parties Fenimore has entered into such referral arrangements with is the Bank of Greene County (“Bank”), a New York chartered banking institution. Under a written agreement, Fenimore pays the Bank a portion of each customer’s estimated annualized investment management fee received by Fenimore, based on the client’s initial investment and any subsequent additions to the account. These payments continue as long as each individual customer of the Bank referred to Fenimore maintains a Fenimore client account. The solicitation fee does not increase Fenimore’s usual advisory fees and compensates the Bank for ongoing client services which include regular telephone and in person contact for portfolio reviews, re-evaluations of client investment objectives and investment policy guidelines as needed and requested by the client, and such other services as may be needed from time to time to assist clients in understanding Fenimore’s advisory services.

ITEM 15: CUSTODY

Because Fenimore serves as managing member of the Private Fund, it may be deemed to have “custody” over the Private Fund’s assets within the meaning of Rule 206(4)-2 (the “Custody Rule”) under the Advisers Act. In conformity with the Custody Rule, Fenimore seeks to assure that Investors receive audited financial statements, annually, within 120 days following the conclusion of the Private Fund’s fiscal year. If you have invested in the Private Fund, you should review these audited financial statements carefully upon receipt and you should contact us immediately if you do not receive the audited financial statements in a timely manner.

With respect to private client accounts, if Fenimore is deemed to have custody over your account, your custodian will send you periodic account statements (generally on a quarterly basis) indicating the amounts of any funds or securities in your account as of the end of the statement period and any transactions in the account during the statement period. You should review these statements carefully. You should contact us immediately if you do not receive account statements from your custodian on at least a quarterly basis.

As noted in Item 13, Fenimore may provide you, separately, with reports or account statements providing information about your account. You should compare these carefully to the account statements you receive from your custodian (if applicable). If you should discover any discrepancy between the account statements, please contact us immediately.

ITEM 16: INVESTMENT DISCRETION

Fenimore currently manages only discretionary accounts. Each account is managed in accordance with the agreed upon investment objectives, which limit Fenimore's authority to purchase securities that are inconsistent with the investment objectives. Additionally, clients may (but typically do not) further limit Fenimore's discretion through reasonable restrictions on the account. These restrictions generally take the form of prohibitions on particular securities or types of securities that may be held in the account (*e.g.*, tobacco companies).

Prior to commencing management of a private client's account, Fenimore and the client will determine the investment objectives that will be followed by the account as well as any reasonable restrictions.

For the Funds, the investment objectives and restrictions are set forth in the relevant Governing Documents and Registration Statement, as applicable. Individual Investors or Shareholders in the Funds do not have authority to impose any restrictions upon Fenimore's discretion. For private clients, discretionary authority will be evidenced in writing, generally through the advisory agreement.

ITEM 17: VOTING CLIENT SECURITIES

Fenimore has written proxy voting policies and procedures as required by Advisers Act Rule 206(4)-6. Under these policies and procedures, Fenimore votes proxies relating to equity portfolio securities in the best interests of clients, unless the client contract specifies that Fenimore will not vote. Fenimore seeks to develop relationships with the management of portfolio companies to encourage transparency and improvements in the treatment of shareholders. Thus, Fenimore may engage in dialogue with the management of portfolio companies with respect to pending proxy voting issues. While Fenimore has written guidelines for certain issues on which votes may be cast, each vote is ultimately cast on a case-by-case basis, taking into consideration all relevant facts and circumstances at the time of the vote. Fenimore may cast proxy votes in favor of management proposals or seek to change the views of management, considering specific issues on their merits.

Fenimore's proxy administrator is responsible for ensuring that votes are cast and records are maintained. Fenimore's research analysts are responsible for considering the substantive issues relating to any vote, deciding how the shares will be voted, documenting the rationale for the decision and instructing the proxy administrator how to vote the proxies. In determining how to vote a given proxy, the analysts follow Fenimore's policies and procedures except to the extent superseded by client proxy voting policies or to the extent that a material conflict of interest is identified. If there is no material conflict of interest, the vote recommendation will be forwarded to Fenimore's proxy administrator to be cast. In the event of a personal material conflict of interest, the responsible analyst will refer the decision to another Fenimore analyst who has no such conflict. In the event of an organizational conflict, Fenimore will follow its procedures for resolving material conflicts as identified below.

Fenimore acknowledges its responsibility for identifying material conflicts of interest relating to voting proxies. Senior management, portfolio managers and research analysts of Fenimore must disclose to the proxy administrator any personal conflicts such as officer or director positions held by them, their spouses or close relatives in the portfolio company. Conflicts based on business relationships with Fenimore or any affiliates of Fenimore will only be considered to the extent that Fenimore has actual knowledge of such relationships. When a material conflict of interest between Fenimore's interests and its clients' interests appears to exist, Fenimore may eliminate the conflict by choosing one of several options which include: (1) vote in accordance with Fenimore's policies and procedures if it involves little or no discretion; (2) vote as recommended by a third party service if Fenimore utilizes such a service; (3) "mirror vote" the proxies in the same proportion as the votes of other proxy holders that are not Fenimore clients; (4) if possible, erect information barriers around the person or persons making voting decisions sufficient to insulate the decision from the conflict; (5) if practical, notify affected clients of the conflict of interest and seek a waiver of the conflict; or (6) if agreed upon in writing with the client, forward the proxies to affected clients allowing them to vote their own proxies.

Clients and Investors may obtain copies of Fenimore's written proxy voting policies and procedures as well as information on how proxies were voted for the client's account (or for the Private Fund) by requesting such information from Fenimore at the address and phone number listed on the cover of this Brochure. Fenimore will not disclose proxy votes for a client to other clients or third parties, other than as required for the Registered Funds, unless specifically requested, in writing, by the client. However, to the extent that Fenimore may serve as a subadviser to another adviser to a client, Fenimore will be deemed to be authorized to provide proxy voting records on such client accounts to such other adviser.

ITEM 18: FINANCIAL INFORMATION

Not Applicable

Debra Pollard Perez
384 North Grand Street
Cobleskill, NY 12043
(518) 234-4393

Dated: December 31, 2011

This brochure supplement provides information about Debra P. Perez that supplements Fenimore Asset Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact Charles Richter if you did not receive Fenimore Asset Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Debra P. Perez is available on the SEC's website at www.advisorinfo.sec.gov

Educational Background and Business Experience

Debra P. Perez was born in 1964 and educated post high school at Ithaca College earning a Bachelor of Science degree in Business Management in 1985 and Sage Graduate School earning a Masters of Business Administration degree in 1994.

Debra P. Perez's business experience for the past 5 years is with Fenimore Asset Management, Inc. (July 1992 – current) Debra is a Senior Vice President of Fenimore Asset Management, Inc. and Manager of Private Client Services.

Disciplinary Information

None

Other Business Activities

None

Additional Compensation

No one other than a client provides economic benefits to Debra P. Perez as an Investment Advisor Representative.

Supervision

Debra P. Perez is supervised by David Pollitzer, the President of the Firm. Questions concerning any aspect of personnel supervision should be directed to: David Pollitzer, President, at (518) 234-4393.

Shannon Almy
384 North Grand Street
Cobleskill, NY 12043
(518) 234-4393

Dated: December 31, 2011

This brochure supplement provides information about Shannon Almy that supplements Fenimore Asset Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact Charles Richter if you did not receive Fenimore Asset Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Shannon Almy is available on the SEC's website at www.advisorinfo.sec.gov

Educational Background and Business Experience

Shannon Almy was born in 1970 and educated post high school at SUNY Cobleskill earning a B.B.A. degree in Business Administration in 2007. In addition, she is attending the University at Albany and is expected to earn her M.B.A in 2012.

Shannon Almy's business experience for the past 5 years is with Fenimore Asset Management, Inc. (October 2002 – Current) Shannon is a Client Relationship Manager.

Disciplinary Information

None

Other Business Activities

None

Additional Compensation

No one other than a client provides economic benefits to Shannon Almy as an Investment Advisor Representative.

Supervision

Shannon Almy is supervised by Debra P. Perez, the Senior Vice President of the Firm. Questions concerning any aspect of personnel supervision should be directed to: Ms. Debra P. Perez, Senior Vice President, at (518) 234-4393.

Renee Barratiere
384 North Grand Street
Cobleskill, NY 12043
(518) 234-4393

Dated: December 31, 2011

This brochure supplement provides information about Renee Barratiere that supplements Fenimore Asset Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact Charles Richter if you did not receive Fenimore Asset Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Renee Barratiere is available on the SEC's website at www.advisorinfo.sec.gov

Educational Background and Business Experience

Renee Barratiere was born in 1962 and educated post high school at Tulsa Junior College.

Renee Barratiere's business experience for the past 5 years is with Fenimore Asset Management, Inc. (1999 – Current) Renee is a Senior Client Relationship Manager.

Disciplinary Information

None

Other Business Activities

None

Additional Compensation

No one other than a client provides economic benefits to Renee Barratiere as an Investment Advisor Representative.

Supervision

Renee Barratiere is supervised by Debra P. Perez, the Senior Vice President of the Firm.

Questions concerning any aspect of personnel supervision should be directed to: Ms. Debra P. Perez, Senior Vice President, at (518) 234-4393.

Christopher J. La Porta
384 North Grand Street
Cobleskill, NY 12043
(518) 234-4393

Dated: December 31, 2011

This brochure supplement provides information about Christopher J. La Porta that supplements Fenimore Asset Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact Charles Richter if you did not receive Fenimore Asset Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Christopher J. La Porta is available on the SEC's website at www.advisorinfo.sec.gov

Educational Background and Business Experience

Christopher J. La Porta was born in 1976 and educated post high school at Union College, Schenectady, NY; The University at Albany, Albany, NY. He earned a Bachelor of Arts degree in Economics in 1998; and a Masters of Business Administration in 2004, from the aforementioned institutions respectively.

Christopher J. La Porta's business experience for the past 5 years is with Fenimore Asset Management, Inc. (2005 – Current) Christopher is a Senior Client Relationship Manager.

Disciplinary Information

None

Other Business Activities

None

Additional Compensation

No one other than a client provides economic benefits to Christopher J. La Porta as an Investment Advisor Representative.

Supervision

Christopher J. La Porta is supervised by Debra P. Perez, the Senior Vice President of the Firm. Questions concerning any aspect of personnel supervision should be directed to: Ms. Debra P. Perez, Senior Vice President, at (518) 234-4393.

Sheryl McNerney
384 North Grand Street
Cobleskill, NY 12043
(518) 234-4393

Dated: December 31, 2011

This brochure supplement provides information about Sheryl McNerney that supplements Fenimore Asset Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact Charles Richter if you did not receive Fenimore Asset Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Sheryl McNerney is available on the SEC's website at www.advisorinfo.sec.gov

Educational Background and Business Experience

Sheryl McNerney was born in 1948. Sheryl McNerney's business experience for the past 5 years is with Fenimore Asset Management, Inc. (June 1982 – Current). Sheryl is a Client Relationship Manager.

Disciplinary Information

None

Other Business Activities

None

Additional Compensation

No one other than a client provides economic benefits to Sheryl McNerney as an Investment Advisor Representative.

Supervision

Sheryl McNerney is supervised by Debra P. Perez, the Senior Vice President of the Firm. Questions concerning any aspect of personnel supervision should be directed to: Ms. Debra P. Perez, Senior Vice President, at (518) 234-4393.