FAM FUNDS
Managed by
FENIMORE ASSET MANAGEMENT

Chairman's Commentary

Semi-Annual Report 2020

June 30, 2020

Dear Fellow Shareholder,

The past few months have been difficult, to say the least. During this sobering time, our thoughts and prayers go out to you and your families. Like many others, I have lost friends to the coronavirus and know many whose lives or livelihoods have been permanently altered by it. As I reflect on conversations I have had with our investors, how businesses and organizations have adapted to the circumstances, and our Fenimore Team, one word keeps coming to mind – resilience.

Nobody had a playbook for dealing with the abrupt closure and staged reopening of wide swaths of the global economy, and few people were prepared to shelter in place for months, but we Americans have fortitude. And we are forging ahead. Though we face a daunting near term as we slowly reopen the economy and people get back to work and normal activities, I am confident that the collective resilience that has carried us through these extraordinary days so far, will carry us through to a better place.

Our associates are optimistic about the future too. I would like to share with you what we have been doing on your behalf through the first half of 2020.

Fenimore Resilience

In mid-March, while the world slowed to a standstill, here at Fenimore we implemented our business continuity plan. With only a few minor hitches we were up and running, serving our shareholders while ensuring the safety of our colleagues. We, like many, adapted using frequent Zoom meetings and other digital tools to help with collaboration and coordination. It was business as usual but with a different view. Associates are slowly making their way back to the office and, while it may be a long time before we are all here at once, our commitment to providing unparalleled investment management services remains.

Equity Market Resilience

It was a tale of two quarters in U.S. equity markets. During the first quarter, fear and uncertainty about the pandemic's toll on the American economy, as well as a historic collapse in oil prices, drove the S&P 500 Index down more than 30% in less than a month. In the second quarter, U.S. equities exhibited unprecedented resiliency by recouping most of the first quarter losses. There seemed to be hope that massive fiscal and monetary stimulus and extraordinary efforts to develop a vaccine would stunt the economic impact of nationwide shutdowns. In the end, the S&P 500 Index returned -3.1% for the first half of the year, while smaller companies, as measured by the Russell 2000 Index, returned -12.3%.[1]

With this as a backdrop, our mutual funds performed largely as we expected by outperforming their benchmarks during the precipitous decline and underperforming them on the ensuing recovery. During the first six months, the FAM Value Fund returned -11.7%, FAM Dividend Focus Fund -8.7%, and FAM Small Cap Fund -15.7%.

[1] Bloomberg, as of 6/30/2020

Process Resilience

We have been asked what our Investment Research Analysts do with 14,000+ collective work hours annually when we typically invest in less than 10 new companies across the mutual funds in any given year. Some of that time is spent monitoring our existing holdings and keeping abreast of developments in their competitive landscape; however, even more time is spent creating and maintaining an inventory of companies that we would like to own at a reasonable price — a shopping list, if you will.

All this preparation, in-depth knowledge of our holdings, and a well-vetted idea inventory paid off in the head-spinning volatility of the first half of 2020 from our viewpoint. Despite the rapidity of the decline and rebound, we were able to initiate positions in what we believe are 19 fantastic new businesses while also adding to existing ones. This level of activity is highly unusual for us. Included in our new names are a semiconductor manufacturer, uniform provider, pool supply wholesaler, and a cloud-based supply chain services firm. At the same time, we trimmed or sold holdings whose balance sheets had become strained or earnings power was impaired as a result of the pandemic.

Warren Buffett has a saying, "When it's raining gold, reach for a bucket, not a thimble." It was raining gold in March. While we were tremendously active, we did not know how long it would rain and if even bigger nuggets would be falling from the sky in the future. Consequently, we were buying at a very deliberate pace. We did not grab the bucket, but we brought much more than a thimble. Unfortunately, the unprecedented speed of the recovery prevented us from doing as much we wanted. That said, we are very pleased with what we were able to do in such a short time. In each Fund, we feel we improved the collective business quality and balance sheets while establishing partnerships with a fresh cadre of talented managers.

Business Resilience

Our analysts seek to invest in competitively advantaged, conservatively financed, market leading companies in growing industries. These types of businesses tend to have natural resiliency in times of economic crisis. This is one of the reasons they typically outperform in the early stages of a market downturn. Even more, we try to partner with management teams whose long-term vision, creativity, and industriousness increases the likelihood of not only surviving difficult times but exiting them in a better competitive position. During the initial stages of the lockdown, the Research Team talked to the majority of our holdings' management teams and saw countless examples of ingenuity. This included rapidly rerouting supply chains, reconfiguring plants, and creating entirely new customer facing capabilities. To be sure, some of our companies will be dealing with the effects of this for some time, but we feel great about their stewardship.

Outlook

As I write this, a resurgence of COVID-19 cases in America's southern states is creating concern of another wave of lockdowns and business restraints that could cripple the economy. Renewed fears and new restrictions are interrupting the recovery of some economic activity we monitor such as restaurant and retail traffic. We would not be surprised to see heightened volatility continue as the market gets rocked by factors including: fear of resurgence, fear of a second wave later in the year, the election, hopes for more stimulus, hopes for a widely available vaccine, U.S./China relations, and the outlook for oil. In our experience, near- to mid-term uncertainty is as high as it has been since the Great Financial Crisis — and uncertainty often results in volatility.

Longer term, however, we believe that more used cars will be sold, more patients will undergo physical therapy, more truckloads will be hauled, and more insurance will be written. Fenimore believes that our approach of investing in resilient businesses run by adept management teams is one of the best ways to compound wealth over time.

Thank you for the trust you have placed in us. If you have any questions or concerns, please call us at 800-932-3271. Our associates look forward to the opportunity to assist you.

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

Performance data quoted above is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost.

FAM VALUE FUND TOP 10 HOLDINGS

As of 6/30/20

Name	% of Total Net Assets
Brown & Brown, Inc.	6.41%
IDEX Corp.	6.18%
Ross Stores, Inc.	5.66%
CDW Corporation	5.32%
CarMax, Inc.	4.66%
Markel Corporation	4.60%
Brookfield Asset Management Inc. - Class A	4.46%
Illinois Tool Works, Inc.	4.16%
Berkshire Hathaway	3.62%
Air Products & Chemicals	3.47%
TOTAL NET ASSETS	$1,220,033,599

FAM DIVIDEND FOCUS FUND TOP 10 HOLDINGS

As of 6/30/20

Name	% of Total Net Assets
CDW Corp.	6.20%
Air Products & Chemicals	5.97%
Broadridge Financial Solutions	5.94%
Microchip Technology, Inc.	5.85%
Arthur J. Gallagher & Co.	5.75%
Stryker Corporation	4.92%
Ross Stores	4.61%
Genpact Limited	4.47%
Trane Technologies	4.38%
Entegris, Inc.	4.13%
TOTAL NET ASSETS	$406,538,768

FAM SMALL CAP FUND TOP 10 HOLDINGS

As of 6/30/20

Name	% of Total Net Assets
CBIZ, Inc.	5.34%
Frontdoor, Inc.	5.20%
ExlService Holdings, Inc.	4.73%
Entegris, Inc.	4.53%
Floor & Decor Holdings, Inc.	4.45%
Monro, Inc.	4.32%
Choice Hotels International	4.20%
Landstar System, Inc.	4.05%
Ollie's Bargain Outlet	3.80%
Hostess Brands, Inc.	3.70%
TOTAL NET ASSETS	$182,407,450

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

AVERAGE ANNUAL TOTAL RETURNS AS OF JUNE 30, 2020
The performance data quoted represents past performance.

	SINCE INCEPTION	10 YEAR	5 YEAR	3 YEAR	1 YEAR	TOTAL FUND OPERATING EXPENSES*
FAM VALUE FUND *Investor Class (1/2/87)*	10.07%	10.92%	7.27%	6.22%	-4.49%	1.20%*
Institutional Class (1/2/17)	10.09%	N/A	N/A	6.42%	-4.30%	1.12%*
FAM DIVIDEND FOCUS FUND	8.89% (4/1/96)	12.39%	10.33%	9.24%	-2.00%	1.26%*
FAM SMALL CAP FUND *Investor Class (3/1/12)*	8.60%	N/A	3.32%	0.36%	-7.74%	1.29%*
Institutional Class (1/1/16)	8.67%	N/A	N/A	0.48%	-7.65%	1.20%*

Important Disclosures:

Performance data quoted above is historical. Past performance is not indicative of future results, current performance may be higher or lower than the performance data quoted. Investment returns may fluctuate; the value of your investment upon redemption may be more or less than the initial amount invested. All returns are net of expenses. To obtain performance data that is current to the most recent month-end for each fund as well as other information on the FAM Funds, please go to fenimoreasset.com or call (800) 932-3271.

Please consider a fund's investment objectives, risks, charges and expenses carefully before investing. The FAM Funds prospectus or summary prospectus contains this and other important information about each Fund and should be read carefully before you invest or send money. To obtain a prospectus or summary prospectus for each fund as well as other information on the FAM Funds, please go to fenimoreasset.com or call (800) 932-3271.

Risk Disclosures: The principal risks of investing in the fund are: stock market risk (stocks fluctuate in response to the activities of individual companies and to general stock market and economic conditions), stock selection risk (Fenimore utilizes a value approach to stock selection and there is risk that the stocks selected may not realize their intrinsic value, or their price may go down over time), and small-cap risk (prices of small-cap companies can fluctuate more than the stocks of larger companies and may not correspond to changes in the stock market in general).

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**FAM Value Fund Disclosure: The Fund's total annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 1.26% after fee waivers of (0.01)% for the Investor Class. The Fund's total annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 1.00% after fee waivers of (0.12)% for the Institutional Class. When excluding Acquired Funds Fees and Expenses, which are not direct costs paid by the Fund's shareholders, and fee waivers, the total annual operating expense as reported in the FAM Value Fund's audited financial statements for the Investor Class is 1.18% after a fee waiver of (0.01%) and the Institutional Class is 0.99% after a fee waiver of (0.12%) as of 12/31/19. The Advisor has contractually agreed, 5/1/2021, to waive fees and/or reimburse the Fund certain expenses (excluding interest, taxes, brokerage costs, Acquired Fund Fees and Expenses, dividend expense and extraordinary expenses) to the extent necessary to maintain Net Fund Operating Expenses for Investor Shares at 1.18% and Institutional Shares at 0.99%.*

Institutional Class shares became available for sale on January 1, 2017. For performance prior to that date, this table includes the actual performance of the Fund's Investor Class (and uses the Fund's Investor Class' actual expenses), without adjustment. The performance results shown on this and the next page for the periods prior to January 1, 2017, the date of commencement of operations for Institutional Shares, are for the Investor Shares, which are subject to higher fees due to differences in the shareholder administrative services fees and certain other fees paid by each class. Institutional Shares and Investor Shares would have substantially similar performance results because the shares of each class are invested in the same portfolio securities of the Fund. Because of the difference in the level of fees paid by Investor Shares, the returns for the Investor Shares may be lower than the returns of the Institutional Shares.

**FAM Dividend Focus Fund Disclosure: The Fund's total annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 1.26%. The total operating expense as reported in the FAM Dividend Focus Fund's audited financial statements as of 12/31/19 is 1.24%. The Advisor has contractually agreed, until 5/1/2021, to waive fees and/or reimburse the Fund certain expenses (excluding interest, taxes, brokerage costs, Acquired Fund Fees and Expenses, dividend expense and extraordinary expenses) to the extent necessary to maintain Net Fund Operating Expenses for Investor Shares at 1.26%.*

**FAM Small Cap Fund Disclosure: The Fund's total annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 1.29% for the Investor Class. The Fund's total annual operating expense ratio as stated in the fee table of the Fund's most recent prospectus is 1.20% for the Institutional Class. When excluding Acquired Funds Fees and Expenses, which are not direct costs paid by the Fund's shareholders and fee waivers, the total annual operating expense as reported in the FAM Small Cap Fund's audited financial statements for the Investor Class is 1.28% and* *the Institutional Class is 1.19% as of 12/31/19. The Advisor has contractually agreed, until 5/1/2021, to waive fees and/or reimburse the Fund certain expenses (excluding interest, taxes, brokerage costs, Acquired Fund Fees and Expenses, dividend expense and extraordinary expenses) to the extent necessary to maintain Net Fund Operating Expenses for Investor Shares at 1.42% and Institutional Shares at 1.20%.*

Institutional Class shares became available for sale on January 1, 2016. For performance prior to that date, this table includes the actual performance of the Fund's Investor Class (and uses the Fund's Investor Class' actual expenses), without adjustment. The performance results shown on this and the next page for the periods prior to January 1, 2016, the date of commencement of operations for Institutional Shares, are for the Investor Shares, which are subject to higher fees due to differences in the shareholder administrative services fees and certain other fees paid by each class. Institutional Shares and Investor Shares would have substantially similar performance results because the shares of each class are invested in the same portfolio securities of the Fund. Because of the difference in the level of fees paid by Investor Shares, the returns for the Investor Shares will be lower than the returns of the Institutional Shares.