



Dear Fellow Shareholder,

While the seasons change, Fenimore Asset Management, the investment advisor to FAM Funds, has an evergreen investment philosophy. It is a consistent investment approach that has helped us pilot numerous economic and financial market cycles. Based on our experience of more than four decades, we are convinced that this perennial focus — regardless of factors such as macroeconomic events, geopolitical threats, or fluctuating stock prices — is the best way to protect and grow wealth over the long term.

One of the benefits of having an in-house service team is that we hear your feedback daily. This gives us the pulse on what our shareholders may be thinking. For example, some investors are a bit anxious and feel that we are due for a market correction because of the long upturn we have enjoyed since 2009. Others want to know if they should try to time the market because stock prices have hit all-time highs again and again. Some of you who have talked with us are approaching or in retirement, so your concerns are intensified. I would like to address these topics.

Managing Risk

We cannot stress the subject of mitigating risk enough, especially in our rapidly changing world. Managing risk is crucial to an effective long-term plan for preserving and creating wealth. Many may seem adept at managing money during upturns, but fail to have a sound strategy for enduring and taking advantage of downturns. Our research efforts enable us to know the quality businesses behind the stocks we hold very well and this gives us the confidence to maintain, and even increase, our shares in these stable companies when the market drops.

It is important to reiterate that Fenimore defines risk as permanent loss of capital — not short-term stock price volatility. We see market declines as opportunities to invest in quality businesses at bargain prices for the long term. We do not make macroeconomic predictions and speculate with our investors' assets. From January through September, our Research Team has visited or spoken with more than 230 companies and met with managers, competitors, and customers in pursuit of knowing our investments as well as possible. This "business first" process has strong economic underpinnings because, over time, stock prices tend to follow earnings growth and corporate earnings have historically grown faster than inflation.

Fenimore's methodical, risk-conscious investment approach is designed to help reduce current and future risk as we focus on growing your capital over the long term. We want you to reach your financial goals as smoothly, calmly, and safely as possible. Although we cannot eliminate risk, we seek to minimize it and maximize potential long-term gains.

Market Timing

You have heard us beat on this drum before. It is proven that an investor just cannot time the market with ongoing success. Nobel Laureate William Sharpe determined that stock market timers must be correct an astonishing 82% of the time just to equal the returns that buy-and-hold, long-term investors achieve. While long-term investors are steady, market timers sweat over determining the best time to get in or out of the market.

Market timers hope they can catch the market at its highest or lowest point in an attempt to maximize returns and often let their emotions get in the way of rational decision making. They become fearful and sell when they should buy. The typical result is that they miss market upswings and their gains are much less than what they would have been if they had just stayed the course. We saw this during the financial crisis several years ago. An overwhelming amount of research shows that long-term investing, even through a stock market downturn, yields better results than trying to guess when there will be a decline, remove capital, and return when “things are better.”

Accessible, Available, and Approachable Team

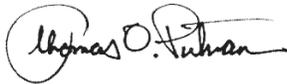
Whether it is retirement or other life circumstances, we understand that everyone’s situation is unique and that some of you have genuine concerns about a potential stock market decline. Therefore, we encourage you to visit us in Albany or Cobleskill — or call FAM Shareholder Services at **800-932-3271** — to discuss your financial needs. Our associates and retirement specialists are here to help you so that you can make an informed decision.

Outlook

We still believe it is a good environment for stocks over the long run. The Research Team is very pleased with our inventory of quality opportunities to invest in when the price is right. Fortunately, because of our disciplined and patient approach that focuses on a select number of premium enterprises, we do not have to worry ourselves with short-term market conditions. We just have to purchase shares in a few more excellent businesses each year as we continually strive to improve the overall quality of the Funds’ holdings.

Thank you for investing with us and for your long-term outlook. Rest assured, our analysts will continue to employ our time-tested, long-lasting investment approach no matter what lies ahead.

Sincerely,



Thomas O. Putnam
Founder & Chairman

The Golden Rule

I must underscore that our hearts go out to the hurricane victims, including many of our investors. It always amazes me how people step up to help those in need during these devastating events. They put differences aside and treat others the way they would want to be treated. We pray these difficult days will transform into buds of hope in the near future.

This letter is intended for FAM Shareholders and is authorized for distribution only when preceded or accompanied by a prospectus or summary prospectus for the FAM Value Fund, FAM Equity-Income Fund and FAM Small Cap Fund. Past performance is not indicative of future results. Investment returns may fluctuate: the value of your investment upon redemption may be more or less than the initial amount invested. Please read the prospectus or summary prospectus for more complete details, including investment objectives, risk considerations and expenses, before you invest. FAM Funds are distributed by Fenimore Securities, Inc., Cobleskill, NY 12043 (800) 932-3271. Current performance numbers are available at www.famfunds.com. Member FINRA/SIPC

