

# Regulation Best Interest Disclosure Guide

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This guide summarizes important information concerning the scope and terms of the brokerage services, we offer and details the material conflicts of interest that arise through our delivery of brokerage services to you. Fenimore Securities, Inc., (We, us, or the Firm) encourages you to review this information carefully, along with any applicable agreement(s) and disclosure documentation you may receive from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer. Our affiliate, Fenimore Asset Management, is registered with the SEC as an investment adviser, providing investment advisory services. This guide will focus on the brokerage services offered by Fenimore Securities, Inc. For more information on our investment advisory services and how they differ from brokerage, please review the Customer Relationship Summary (or Form CRS) available at [www.Fenimoreasset.com](http://www.Fenimoreasset.com). Our Form CRS contains important information about the types of brokerage services we offer, along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information.

Please carefully review and consider the information in each section below.

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## Brokerage Services

We are a limited purpose broker-dealer created for the recommendation and distribution of mutual funds affiliated with and advised by our affiliated investment advisor, Fenimore Asset Management.

### *Brokerage Services, Recommendations*

In relation to our brokerage services, we provide marketing materials and distribute literature for our affiliated investment advisor, as well as making recommendations to buy, sell, or hold assets. When we make a recommendation, it is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you.

It is important for you to understand that when our associated persons make a recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment. It is also your responsibility to monitor your investments and we encourage you to do so regularly. If you prefer on-going monitoring of investments, you should speak with an associated person about whether our affiliated advisory services relationship is more appropriate for you.

## Understanding Risk

It is important for you to understand that all investment activities involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. Higher-Risk investments generally have the potential for higher returns but also for greater losses. The higher your "risk tolerance," meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you decide to invest in higher-risk investments offering the potential for greater returns. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objective and risk tolerance best aligned with your investment goals and needs.

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with "Income" investors typically holding the smallest percentage of higher-risk investments, followed by "Growth and Income" investors holding some higher-risk investments, and finally "Growth" investors holding a significant portion of their portfolio in higher-risk investments. Risk tolerance also varies and we measure it on a continuum that increases from "Conservative" to "Moderate" to "Aggressive," and finally "Trading and Speculation." See the following for details.

<b>Investment Objective</b>	<b>Investment Objective Description</b>	<b>Risk Tolerance</b>	<b>Risk Tolerance Definition</b>
Income	Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.	Conservative	Conservative Income investors generally assume lower risk, but may still experience losses or have lower expected income returns.
		Moderate	Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns.
		Aggressive	Aggressive Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth & Income	Growth and Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets.	Conservative	Conservative Growth and Income investors generally assume a lower amount of risk, but may still experience losses or have lower expected returns.
		Moderate	Moderate Growth and Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns.
		Aggressive	Aggressive Growth and Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth	Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets.	Conservative	Conservative Growth investors generally assume a lower amount of risk, but may still experience increased losses or have lower expected growth returns.
		Moderate	Moderate Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns.
		Aggressive	Aggressive Growth investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses.
Trading and Speculation	Trading and Speculation investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital.		

## Brokerage Products

We are a limited purpose broker-dealer created for the purpose of distributing and making recommendations on our mutual funds affiliated with and advised by Fenimore Asset Management.

## Brokerage Fees and Our Compensation

It is important to consider that while a brokerage relationship can be a cost effective way of investing your assets, it is not for everyone given the fees and costs involved.

### *How We Are Compensated*

We receive compensation from our affiliate only to cover incurred expenses by an expense ratio agreement with our affiliate. Please refer our affiliate's mutual funds prospectus or offering documents on our website for additional details.

### *Operational Fees:*

Expense ratio of the funds are the only fees charged.

## Conflicts of Interest

A conflict of interest is a situation in which we engage in an activity where our interest is materially adverse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest. We will provide additional information related to our conflicts of interest in the following:

### *Recommendations of Advisory Products:*

We make recommendations with respect to of our affiliate's mutual funds.

### *Conflicts:*

Because our associated persons are compensated based on the revenues generated by our affiliate with respect to its limited retail customers, this creates an incentive for our associated persons to recommend products that generate more revenue for our affiliate, including products that have higher fees (e.g., in most cases, associated persons have an incentive to recommend mutual funds over ETFs). In addition, our associated persons have an incentive to recommend that retail customers invest in products on which they are indirectly compensated by our affiliated advisor. To the extent, our affiliate, wish to seed or otherwise increase the AUM of any of affiliated mutual funds, our affiliated investment advisor has an incentive to encourage our associated persons to recommend those affiliated mutual funds.

This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your agreement(s) and disclosure documents, our product guides and other information we make available to you.

We routinely review and assess the materiality of all conflicts present within our firm. On an annual basis, Senior Management of the firm look to ensure all conflicts are avoided, disclosed and mitigated.

## Compensation Related to Our Affiliate

Expense ratio of the funds are the only fees charged and paid by our affiliated advisor.

- Fenimore Asset Management– SEC registered investment advisor

## Additional Resources

Form CRS

<https://www.adviserinfo.sec.gov/IAPD/default.aspx>

Legal Disclosures

<https://fenimoreasset.com>