FAM Funds
MANAGED BY FENIMORE ASSET MANAGEMENT, INC.

February 28, 2008

Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Proposed Rule for Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies (File Number S7-28-07)

Dear Ms Morris:

I am writing on behalf of the Fenimore Asset Management Trust (FAM Funds) concerning the proposed rule for Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies. We appreciate the opportunity to provide our input with respect to this proposed rule. In general, we are very supportive of the proposed changes and provisions for a summary section in the statutory prospectus and a separate summary prospectus (together, the "summary provisions"). For the most part, we agree that the summary provisions will provide shareholders with a simpler, clearer understanding of their investments and result in savings to the funds. Nevertheless, we have serious reservations about certain aspects of the proposed rule.

Neither the text of the proposed release nor the Hypothetical Summary Prospectus prepared by the SEC Staff address the disclosure of Acquired Funds Fees and Expenses ("AFFE")[1] as a part of Total Operating Expense in the summary provisions' fee table or the fee example[2]. The question therefore arises as to whether it is the intention of the Staff to require AFFE disclosure in the summary provisions as per Item 3(f) of Form N-1A.

[1] In its release concerning Funds of Funds Investments (Release Nos. 33-8703; IC -27399; File No. S7-18-03) the Commission revised the fee table disclosure requirements for funds of funds to include Acquired Funds Fees and Expenses ("AFFE") in the calculation of Total Operating Expenses. The Commission estimated that half of all funds registered under Forms N-1A and N-2 are subject to the AFFE disclosures (see page 45 of the Fund of Funds Release). Most of these funds, including our FAM Value Fund and FAM Equity Income Fund, are not a fund of funds in the traditional sense as they do not invest over ten percent of their assets in other investment companies.

[2] We are providing feedback to the Commission in response to requests for comments located at pages 33 and 51of the Proposed Rule.

We believe, strongly, that unless a fund is a fund of funds in the traditional sense (10% or more of its assets are invested in other funds) it is not in the best interest of shareholders to require the inclusion of AFFE in the calculation of Total Operating Expenses in the fee table and fee example of the summary provisions. In many cases, including both of our Funds, extensive footnotes are required in the fee table and fee example to explain the effect and significance of AFFE. For example, absent explanation, shareholders may be confused by the disparate reporting of Total Operating Expenses in the statutory prospectus (which includes AFFE) versus the Annual Report (which excludes AFFE). As the SEC staff noted in footnote 72 of the Fund of Funds Release, "We agree that this potential discrepancy may be confusing to investors, and have revised the instructions to permit the funds to address this discrepancy in a clarifying footnote to the fee table." Therefore the inclusion of AFFE in the summary sections would lead either to extensive footnotes or shareholder confusion due to the lack of explanation provided in the footnotes.

The SEC stated its goals for the proposed rule in the following manner:

- The current proposal provides for a layered approach to disclosure in which key information is sent or given to the investor and more detailed information is provided online and, upon request, is sent in paper or by email. (p. 42)
- …. the proposal has the potential to result in funds providing investors with more useable information than they receive today in a format that investors are more likely to use and understand. (p. 42)
- …. we do not intend the Summary Prospectus to be a self-contained document, but rather one element in a layered disclosure regime that results in the simultaneous provision of information to investors through multiple means. Indeed, we intend the Summary Prospectus to provide investors with better, more useable access to the information in the statutory prospectus, SAI, and shareholder reports than they have today. (p. 66-67)

The detail and footnotes required for meaningful AFFE disclosure in the summary provisions is not consistent with any of these stated goals.

FAM Funds believes that in order for the SEC to achieve its stated goals, AFFE should not be a part of fee table or fee example disclosure of Total Operating Expense in the summary provisions. This disclosure, along with the explanatory notes, is currently in the Statutory Prospectus and can be referenced and/or incorporated by reference as the Staff deems appropriate. Disclosure of AFFE in the summary provisions will only increase the acknowledged confusion to investors created by the differences in reporting found in the audited financial statements in the annual shareholder reports versus the summary provisions.

Thank you for the opportunity to comment on this matter. If you have any questions regarding our comments or need additional information, please contact me at (518) 234-7400.

Sincerely,

Thomas O. Putnam
President
Fenimore Asset Management Trust

cc: The Honorable Christopher Cox
The Honorable Paul Atkins
The Honorable Kathleen Casey
Andrew Donahue, Division of Investment Management
Paul Schott Stevens, President and CEO Investment Company Institute

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The proposed release discusses revising the parenthetical following the heading "Annual Fund Operating Expenses" in the fee table[1]. We feel that the current parenthetical "expenses that are deducted from Fund assets" is less confusing than the proposed "ongoing expenses that you pay each year as a percentage of the value of your investment". "Ongoing expenses" implies that certain fees, such as expense reimbursements, fee waiver arrangements, and acquired fund fees and expenses may be of a permanent nature.

Expense reimbursements, fee waiver arrangements, and acquired fund fees and expenses are items that can be discontinued at a future date through certain actions taken by an individual fund, such as selling acquired funds or discontinuing fee waivers. The current language does not imply that the expense reimbursements, fee waiver arrangements, and acquired fund fees and expenses may not be included in future years.

[1] We are providing feedback to the Commission in response to requests for comments located at page 33 of the Proposed Rule.

This proposed change may also present a contradiction to language permitted by instructions to Form N-1A describing the noted expenses. We prefer that the current language, "expenses that are deducted from Fund assets" be changed to read, "expenses that are deducted directly or indirectly from Fund assets".

Thank you for the opportunity to comment on this matter. If you have any questions regarding our comments or need additional information, please contact me at (518) 234-7400.

Sincerely,

Thomas O. Putnam
President
Fenimore Asset Management Trust