

January 2013 Partner Letter

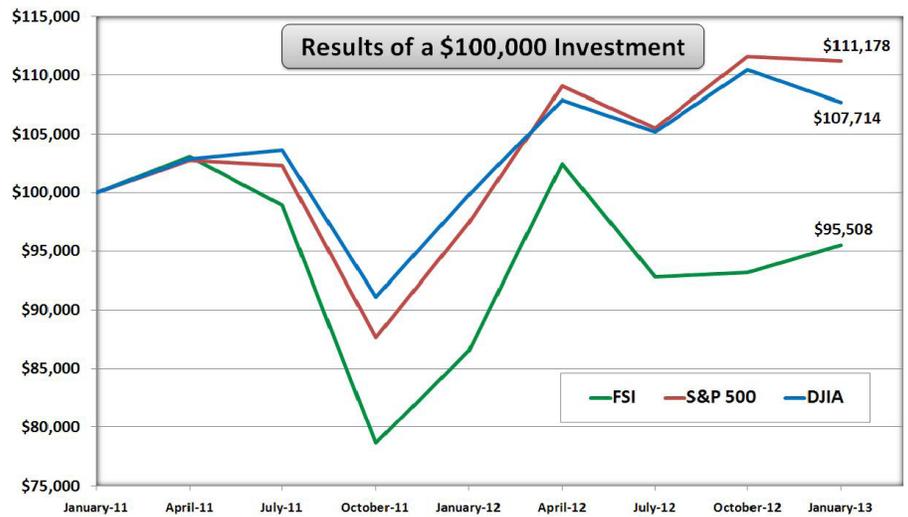
“Do not spoil what you have by desiring what you have not; remember that what you now have was once among the things you only hoped for.”

- Epicurus

“Feeling gratitude and not expressing it is like wrapping a present and not giving it.”

- William Arthur Ward

With the start of a new year, it's nice to take a moment and reflect on all the amazing people in our lives. Like patience, gratitude seems to be it's own reward; we wanted to concentrate on all the people we're thankful for in our lives. Granted, a letter full of "thank you's" is unorthodox for a normally financial-themed letter, but FSI's never been afraid of challenging the status quo.



From Jake

Lonnie -- My chief investment officer, co-instructor, co-author, co-conspirator, mentor. Thank you for always being there to slow me down when I'm getting ahead of myself and for coming up with more than your share of the good ideas. You're irreplaceable.

Lindsay -- My wife, co-parent, social planner, co-pilot. Thank you for looking out for me in every non-business-related way there is. The kids and I are lucky to have you.

Ash & Drew -- My boys. Thank you for keeping me young (despite the gray hair I suspect you're giving me) and helping me enjoy some of the smaller miracles in life. You're a constant source of amusement.

My family -- Thank you for your never-ending generosity with us. We're blessed.

From Lonnie

Heather -- Thank you for your unconditional support of my business endeavors. I don't know where I would be without you!

Jake -- The perfect partner in every sense of the word.

Warren Buffett -- I will never be able to repay you for the great impact you've had on my life!

Family -- Wow, is it a blessing to have supportive family!

From The Both of Us

Our Partners -- Thank you for all your advice and support over the years. We couldn't find a better group, and we're ecstatic to imagine the next 30 years we'll have working together. We're here to serve!

Our Students -- Thank you for challenging us intellectually and listening to our ideas-- it's a blast for us. We love your energy and enthusiasm, keeping sharing it with us, please.

UC Davis Graduate School of Management - We appreciate the opportunity to teach our passion and give back to our alma mater.

Ann Rafter -- Our Head of Client Relations. Thank you for helping FSI treat its partners right and for doing a lot of the dirty work to keep FSI running smoothly. You give us the gift of time and are an unsung hero.

Pathway Investment Group -- Our off-shore fund affiliate. Thank you, Gustavo and Santiago, for navigating the non-US investment seas with us and for allowing us to help people outside of the US. You guys are great to work with.

Scott Dinsmore & Mike McCoy -- Fellow aspiring-Buffett fund managers. Thank you for being there to share ideas and inspire us. The runway is long, my friends.

Mohnish Pabrai & Guy Spier -- Thank you serving as exemplary role models for the next wave of fund managers. You inspire us to be better investors, but more importantly, better humans. As I imagine you feel about Mr. Buffett and Mr. Munger, we feel that way about you.

Angie Harrison & Kevin Tse -- Our fund administrators. Thank you taking care of us and being there to answer our (sometimes rookie) questions. Even though we aren't your biggest clients, we'd never know that by the way you treat us.

Charles Schwab -- Our asset custodian and platform. Thank you for providing us with the tools to meet our clients' investing needs for an insanely low price. The only thing better than your value-proposition is your customer service.

Investing With FSI

The next opening to invest in the pooled fund will be April 1st. For new partners, please allow at least 2-3 weeks to complete the paperwork and for funds to clear. For adding money to an existing account, please allow at least a week for everything to process.

For orphaned IRAs, there are no quarterly windows to worry about. We're ready to help when you are. We encourage you to call or send us an email, we'll take it from there to ensure the process is easy, painless, and turnkey for you. Whether it's an IRA from an old job or you're transitioning and need to do something intelligent with your 401k, we're here to help.

Thank you for your continued trust, referrals and support. If you have any questions, please don't hesitate to call or email. We're never too busy to help you or people you care about!

Warm regards,



Jacob L. Taylor, *Managing Partner*



Lonnie J. Rush, *Managing Partner*

Risks associated with investing in the Farnam Street Investors Fund include: investing in common stocks, value-oriented investment strategies, investing in smaller companies, foreign securities and a managed fund, risks of political and international crises. This report does not constitute an offer or solicitation of any transaction in any securities. The Farnam Street Investors Fund is offered by prospectus only. Investors should consider the Fund's investment objectives, risks, charges, and expense. The prospectus contains this and other information about the Fund and should be read carefully before investing. To obtain a copy of the prospectus, please call us at (916) 932-2046, or visit our website at www.farnamstreetinvestments.com, where an online prospectus is available.

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