

Q4 2022

Overall Morningstar Rating™



as of 12/31/22 out of 295 Allocation -70% to 85% Equity Funds based on risk adjusted returns.

### Portfolio Managers



**Kevin R. O'Brien, CFA**  
30+ years experience  
15+ years with Prospector

*Previous Experience:*  
White Mountains Advisers, Mng. Director  
Co-manager, Neuberger Berman  
Genesis Fund (NBNX)



**Jason A. Kish, CPA, CFA**  
20+ years experience  
20+ years with Prospector

*Previous Experience:*  
Coopers & Lybrand, Auditor



**Steven R. Labbe, CFA**  
25+ years experience  
10+ years with Prospector

*Previous Experience:*  
Langen McAlleney, Analyst

### Founder/Chairman



**John D. Gillespie**  
30+ years experience  
20+ years with Prospector

*Previous Experience:*  
White Mountains Insurance, Director  
Ran T. Rowe Price Growth Stock  
Fund (PRGFX)

### Fund Information

Ticker / Cusip: PCAFX / 743588105

**Investment Objective:**  
Seeks capital appreciation.

**Fund Overview:** Value focused, all-cap equity fund with investments in common stock, convertible debt securities and corporate bonds.

**Inception Date:** September 28, 2007

**Total Net Assets:** \$274 million

**Number of Stocks/Bonds:** 56/11

#### Expense Ratios\*

Net expense ratio: 1.26%  
Gross expense ratio: 1.79%

\* as of 4/30/22; Manager has contractually agreed to waive a portion of fees and/or pay Fund expenses (excluding interest, taxes & extraordinary expenses) to limit the Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursement to 1.25% (Expense Cap) of the Fund's average daily net assets through 9/30/23. Net expense ratio is what the investor would pay.



# Prospector Capital Appreciation Fund (PCAFX)

### Firm History

Prospector Partners began in 1997 when **John Gillespie** reunited with his mentor, **Jack Byrne**, who became a founding investor of Prospector. Byrne was the legendary CEO of GEICO (acquired by Berkshire Hathaway), Fireman's Fund (acquired by AIG), and White Mountains Insurance Group. **Warren Buffett** referred to Jack Byrne as "the Babe Ruth of insurance."

John Gillespie began his career working directly for Byrne as a Senior Financial Analyst at GEICO. In addition to Byrne's investment with Prospector, he also hired Prospector to manage capital for White Mountains Insurance Group where Gillespie served as a Director from 1999 to 2015.

Prospector portfolio managers **Kevin O'Brien**, **Jason Kish**, and **Steve Labbe** played prominent roles in managing/analyzing investments for White Mountains. O'Brien also served as a Managing Director for White Mountains Advisers. Much of the investment philosophy at Prospector is inspired by the value investing principles of Jack Byrne.

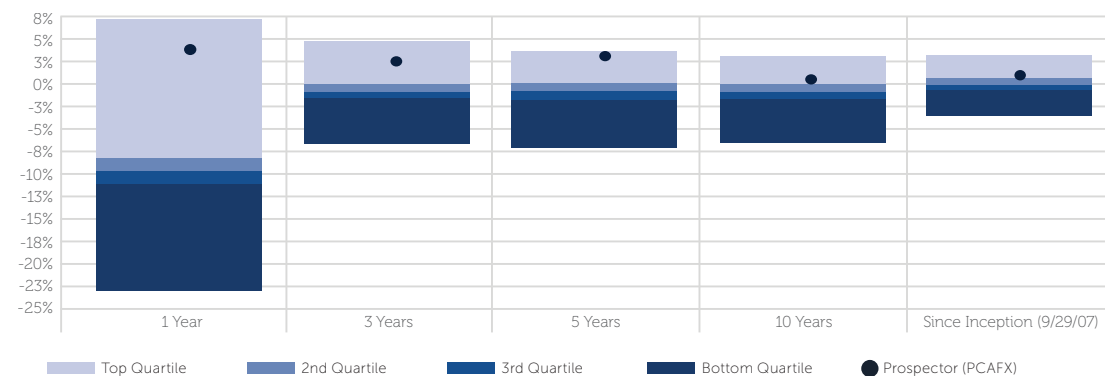
Performance <sup>+</sup> as of 12/31/22	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (9/28/07)
Prospector Capital Appreciation Fund	9.47%	-4.07%	-4.07%	7.95%	8.33%	8.71%	6.54%
Mstar peer group percentile rank	-	-	4	5	1	6	n/a
# of funds in category (Allocation - 70%-85% Equity)	-	-	321	295	278	221	n/a
S&P 500 Index	7.56%	-18.11%	-18.11%	7.66%	9.42%	12.56%	8.39%
Russell 3000 Value Index	12.18%	-7.98%	-7.98%	5.88%	6.50%	10.16%	6.38%
Mstar All. 70-85% Equity	7.88%	-14.96%	-14.96%	3.58%	4.51%	7.01%	4.53%

+Periods greater than 1 year are annualized.

Performance data quoted represents past performance and does not guarantee future results. Investment returns and principal value will fluctuate, and when sold, may be worth more or less than their original cost. The Fund imposes a 2.00% redemption fee on redemption of shares held 60 days or less. Performance data does not reflect the redemption fee. If reflected, total return would be reduced. Performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by calling 877-734-7862.

### Alpha vs. Peer Group as of 12/31/22

Calculation Benchmark: Russell 3000 Value TR USD



Prospector Partners is not affiliated with Warren Buffett or Berkshire Hathaway.

The Morningstar percentile ranking is based on the fund's total return percentile rank relative to all managed products that have the same category for the same time period. The highest (or most favorable) percentile rank is 1%, and the lowest (or least favorable) percentile rank is 100%. Morningstar total return includes both income and capital gains or losses and is not adjusted for sales charges. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Prospector Capital Appreciation Fund was rated 5-Stars, 5-Stars and 5-Stars against the following numbers of Allocation - 70% to 85% Equity funds over the following time periods: 295, 278, and 221 funds in the last three-, five-, and ten-year periods respectively.

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## Value investing from a credit perspective.

### Investment Process Hallmarks

#### Downside Risk Mitigation

- Always consider what can go wrong when seeking risk adjusted returns
- Prefer strong underlying franchise and asset value, companies with less financial leverage

#### Balance Sheet Analysis

- Balance sheets become harder to manipulate, receive less management focus
- Reliable place to uncover financial improvement or decay

#### Free Cash Flow Yield

- Indicates better business models and reflects owner-oriented behavior
- Decreases reliance on capital markets

#### Private Market Value

- Asset prices set by 3<sup>rd</sup> party private market transactions
- Acknowledges difference between GAAP accounting and intrinsic value

#### In-House Research

- Avoids group think and the Wall Street middle man; detailed meetings with company management support original insights
- Sector-focused analysts perform proprietary analysis

### Top Holdings as of 12/31/22

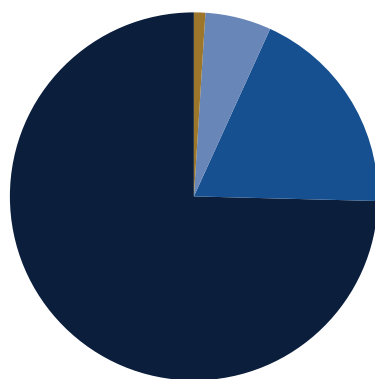
Eaton	3.3%
Merck & Co.	3.3%
Globe Life	3.0%
BioMarin Pharmaceutical, 0.559%, 08/01/2024	2.8%
Brown & Brown	2.7%
Hess	2.7%
Arthur J. Gallagher & Co	2.6%
Kaman, 3.250%, 05/01/2024	2.5%
Verint Systems, 0.250%, 04/15/2026	2.3%
Liberty Media, 2.125%, 03/31/2048	2.0%

Learn more at

[www.prospectorfunds.com](http://www.prospectorfunds.com)

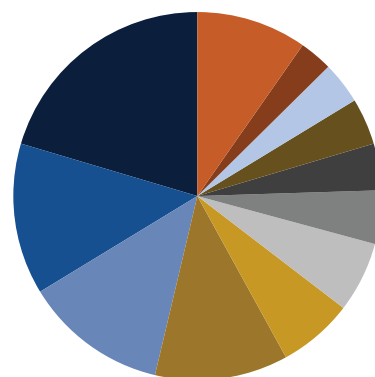
**PROSPECTOR**  
FUNDS

### Asset Allocation as of 12/31/22



Equities 74.6%	Cash & Equivalents 5.8%
Convertibles 18.6%	Exchange Traded Fund 1.0%

### Top Sectors as of 12/31/22



Insurance 20.4%	Banks 6.6%	Materials 4.1%
Industrials 13.3%	Cons. Staples 6.2%	Diver. Fin. Svcs 3.7%
Health Care 12.6%	Energy 4.7%	Cons. Disc. 2.9%
IT 11.7%	Real Estate 4.1%	Comm. Svcs 2.9%

\*Excludes Cash & Equivalents, 5.8%

### Portfolio Characteristics\*

	PCAFX	S&P 500
Number of Bonds	11	0
Number of Stocks	56	502
Market Cap (\$bn; median)	14411	29564
Price/Earnings Ratio	14.5X	16.9X
Price/Book Ratio	2.4X	3.6X
Price/Sales Ratio	2.2X	2.5X
Price/Cash Flow Ratio	12.9X	13.1X
Return on Equity	16.8	27.8
Debt-to Total-Capital	35.7	44.1
Active Share	90.6	

\*Portfolio data as of 12/31/22  
(data only includes equity security characteristics)  
Source: Factset

### Portfolio Statistics\*\*

	PCAFX Mstar Cat.+	S&P 500
Cumulative Return (%)	162.78	242.79
Annualized Return (%)	6.54	8.41
Batting Average (%)	44.81	100.00
Correlation	0.91	1.00
Std Dev	13.77	16.24
Beta	0.77	1.00
Up Capture Ratio	76.39	100.00
Down Capture Ratio	76.32	100.00
Max Drawdown (%)	-39.14	-50.95

\*\*Source: Morningstar, Inc  
Time Period; 10/1/07-12/31/22  
Data: Total, Monthly Returns  
+Morningstar Category: Allocation - 70-85% Equity

Mutual Fund investing involves risk. Principal loss is possible. Prospecter Funds invest in small and medium capitalization companies that tend to have limited liquidity and greater price volatility than large capitalization companies. Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales. The funds may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. The funds use of derivative instruments involves the risk that such instruments may not work as intended due to unanticipated developments in market conditions or other causes.

The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The Morningstar category consists of portfolios that typically invest in U.S. stocks of various sizes and styles where neither growth nor value characteristics predominate. Russell 3000 Value Index includes stocks from the Russell 3000 Index with lower price-to-book ratios and lower expected growth rates. One can not invest in an index. Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security. Fund holdings exclude short term holdings. References to other funds should not be interpreted as an offer of these securities.

Batting average is a statistical measure used to measure a manager's ability to meet or beat an index. Active Share is a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index. Alpha is the measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. Annual Turnover Ratio indicates the percentage of the mutual fund's portfolio holdings that are bought and sold in a given year. Beta is a measure of a fund's sensitivity to market movements; beta of the market is 1.00 by definition. Correlation is a statistical measure that indicates the extent to which two or more variables fluctuate together. Down Capture Ratio is the statistical measure of an investment manager's overall performance in down-markets. Free Cash Flow Yield is an overall return evaluation ratio on a stock that standardizes the free cash flow per share that a company expects to earn against its market price per share. Maximum drawdown is the maximum loss from a peak to a trough of a portfolio, before a new peak is attained. Price/book ratio compares a firm's market to book value by dividing price per share by book value per share. Price/earnings ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings. Price/cash flow ratio is a stock valuation indicator that measures the value of a stock's price to its cash flow per share. Price/sales ratio is a valuation ratio that compares a company's stock price to its revenues. Sharpe Ratio is a risk-adjusted measure calculated by using standard deviation and excess return to determine reward per unit of risk. Standard Deviation is a statistical measurement of dispersion about an average, which depicts how widely returns varied over a certain period of time. Up Capture Ratio is the statistical measure of an investment manager's overall performance in up-markets.

The Fund's investment objectives, risks, fees and expenses must be considered carefully before investing. The prospectus contains this and other important information and may be obtained by calling 877-734-7862. Read it carefully before investing.

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