13D Activist Fund

A Qualitatively Analyzed Portfolio of Activism

April 12, 2023

Class I YTD Net Return: 4.97% Russell 2500 YTD: 3.39% AUM: $190 million

In the first quarter of 2023, the I shares (DDDIX) returned 4.97%, net of fees and expenses (versus 3.39% for the Russell 2500)[1,2]. This is the type of performance we expect during a market without growth stock headwinds and with increased shareholder activism. In the first quarter of 2023 we have already seen five brand name activists with campaigns at Salesforce, Trian engaging at Disney, Starboard Value filing 13Ds at Rogers Corp. and Ritchie Brothers Auctioneers, Third Point settling for board representation at Bath & Body Works, Impactive Capital settling for board seats at Envestnet, Inclusive Capital Partners with a trio of campaigns in Europe including a board seat at Vistry Group, ValueAct Capital commencing a proxy fight at Seven & i in Japan and Carl Icahn nominating a slate at Illumina. And this is just some of the activist activity this year. Shareholder activism is back in a big way and poised to flourish.

Fund Net Performance[1,2]

	MTD	QTD	YTD	1 Year	3 Year	5 Year	10 Year	ITD
13D Activist Fund I	-2.71%	4.97%	4.97%	-11.78%	20.85%	6.43%	9.31%	11.53%
Russell 2500 TR Index	-3.75%	3.39%	3.39%	-10.39%	19.42%	6.65%	9.07%	10.87%
HFRI Activist Index	-2.05%	5.55%	5.55%	-7.47%	15.84%	3.97%	5.05%	6.77%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
13D Activist Fund I	**21.27%**	**36.58%**	**15.46%**	**-10.92%**	**19.57%**	**23.78%**	**-13.47%**	**27.15%**	**18.93%**	**19.55%**	**-17.51%**
Russell 2500 TR	17.88%	36.80%	7.07%	-2.90%	17.59%	16.81%	-10.00%	27.77%	19.99%	18.18%	-18.37%
HFRI Activist Index	20.94%	16.05%	6.57%	1.15%	10.38%	5.45%	-10.42%	17.26%	10.31%	16.09%	-16.38%

Past performance does not guarantee future results. The fund performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses. For the most recent month end performance information, visit www.13DActivistFund.com or call 1-877-413-3228.

Shareholder activism is simple in concept but complex in execution. It is a strategy where top value investors identify undervalued companies and actively become their own catalyst to close the valuation gap instead of waiting for the market to hopefully recognize this value dislocation. It is a strategy that was facing severe headwinds during the last five years when we experienced a bull market fueled by growth stocks. Activist catalysts lost a lot of their value in a market where index funds were returning high double digits annually, low interest rates were propping up growth stocks and if you did not own FAANG it was difficult to outperform. Those markets have changed drastically, and things are very different now. We are now in a stock-pickers market and are seeing a huge resurgence of shareholder activism for the following reasons:

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[1] Data is presented through 03/31/2023, unless otherwise stated. Returns are shown for the Fund's Class I share class (DDDIX) net of the Total Expense Ratio of 1.51%. Inception to date (ITD) returns are calculated on an annualized basis using daily performance. All returns include dividend and capital gain distributions. The Total Expense Ratio represents the expense ratio applicable to investors and is comprised of 13D's management fee, indirect expenses such as the costs of investing in underlying funds and other expenses as noted in the Fund's Prospectus. There is neither a front-end load nor a deferred sales charge for DDDIX. Please see the Fund's Prospectus.

[2] Indices are provided for general comparison purposes only and may include holdings that are substantially different than investments held by the Fund and do not reflect the strategy of the Fund. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition and other material characteristics that may differ from the Fund. The indices do not reflect the deduction of fees or expenses. Performance of equity indices reflects the reinvestment of dividends. Indices are unmanaged and investors cannot invest in an index.

- *More Opportunities for Value Investors*. With the markets having their worst year since 2008 and small, mid and large cap stocks all retreating in 2022, the gap between price and value significantly grew for many stocks leading to many more opportunities for value investors and activists. Activists were seeing stocks on their screens that they never thought they would see at this low of a price. That is what leads to five of them jumping into a company like Salesforce at the same time.

- *Flat/Down Markets.* When markets are down, it is harder for underperforming management to hide and it is easier to get support from other shareholders. In flat markets where you cannot rely on beta for your returns, the alpha generated by activist catalysts is much more valuable.

- *Higher Interest Rates.* When interest rates are low, management can finance their way out of bad business plans. In a higher interest rate market, there might be less strategic (i.e., M&A) activism but financial (i.e., balance sheet) activism becomes more important and there is a premium on longer-term operational and corporate governance activism.

- *Universal Proxy.* We believe that the universal proxy enacted in September of 2022 is a game changer in corporate governance activism. It will lead to more director nominations by experienced activists and novice activists, more success in dissidents getting board seats and more settlements. But, most of all, it will lead to more qualified boards as the competing directors' respective qualifications will become more important than the activist's plan in a proxy fight.

Activism has been a strategy that has been around in some form for centuries. In fact, the first activist campaign ever was in the early 17th century at the first public company ever – the Dutch East India Company. But modern-day shareholder activism goes back two or three decades as a strategy that was born and evolved over time to continuously demonstrate understandable and repeatable success. When top activists take a large stake in underperforming companies and actively institute a value creating agenda, they have seen incredible success. The top 10 activists (in terms of 13D outperformance) over their fund history are[3]:

Activist	**# Of Campaigns**	**Average Return[4]**	**S&P 500 Avg. Return**	**Delta**
Impactive Capital	7	60.42%	-.27%	60.69%
Sachem Head	8	59.34%	9.52%	49.82%
ValueAct Capital	89	56.91%	17.07%	39.84%
Mantle Ridge	3	42.92%	11.91%	31.01%
Sarissa Capital	13	46.28%	21.20%	25.08%
Engaged Capital	21	44.05%	20.54%	23.51%
Elliott Associates	85	39.13%	18.77%	20.36%
JANA Partners	50	25.76%	9.14%	16.62%
Trian Fund	13	61.75%	45.47%	16.28%
Starboard Value	111	26.95%	11.34%	15.61%
Average	**40**	**46.35%**	**16.47%**	**29.88%**

Many newer investors are not aware of this, and many veteran investors need to be reminded of it because activist funds have for the most part underperformed the markets over the last five years. But we have left the growth part of the investment cycle and are re-entering the value part. In markets like this, we expect activist funds to more consistently outperform, but their fund performance has never matched their 13D performance as depicted in the chart above. The chart shows how activists do with their activist campaigns, but it would take permanent capital

[3] Source: 13D Monitor as of 03/27/2023.

[4] Average returns are calculated using the activists' average purchase price versus the trading price on the date of the 13D exit filing. For live 13D positions, returns are calculated using the activists' average purchase price versus the closing price on 03/27/2023. 13D outperformance is measured against the S&P 500 over the same period. The S&P 500 is provided for illustrative purposes only. Indices are unmanaged, and investors cannot invest in an index. Please see end of document for additional disclosures regarding indices presented. Returns do not reflect the performance of the 13D Activist Fund, or any vehicle managed by 13D Management LLC or its affiliates. **Past Performance Does Not Guarantee Future Results.** There can be no guarantee that any strategy will be successful.

and unlimited time for them to be 100% activist. Accordingly, these results are diluted by everything else they do – shorting, passive investments, macro investments, investments in special purpose acquisition companies (SPACs), etc. For example, when Bill Ackman used to do activism, he did it better than anyone. And during that time, in 2013, he said that 55% of Pershing Square's portfolio has been in active investments with the other 45% in cash and passive investments but that the 55% of active investments produces more than 90% of Pershing Square's returns. This dispersion of returns is true among all activist funds and we hope we will start seeing activists focus more on activism in 2023 and not de distracted and diluted by other non-core strategies.

It is not a fluke that activism works when done correctly. Good activists are good value investors who do not wait for the market to recognize the value gap. They are their own catalyst to close the valuation gap. If all activists did were help a company trade at its true intrinsic value faster than it would without the activist involvement, expediting that return alone would create alpha. But that is not all activists do. In most cases, the activist will have a long-term value creating plan to implement as an active shareholder or, more often as a board member. When they take board seats, they will often be among the most prepared directors at board meetings. They do not just read the board materials before the meetings, they work deeply on the company throughout the year. They work with their respective investment teams to create comprehensive financial models to determine how to best use cash , or to propose the best strategic decision and they are bringing that work product to the boardroom to discuss with the rest of the board. And their primary concern is shareholder value – that is how they get paid for their work – by the stock price going up. Moreover, they gladly pay for the costs of the activist campaign, but the benefits accrue to all shareholders.

During the first quarter, we added two new positions: Bath & Body Works, Inc. (BBWI) and Rogers Corp. (ROG).

Bath & Body Works, Inc.

Bath & Body Works, Inc. is an investment by Third Point. Third Point is a multi-strategy hedge fund founded by Dan Loeb, that will selectively take activist positions. Dan Loeb is one of the true pioneers in the field of shareholder activism and definitely one of a handful of activists who shaped what has become modern day shareholder activism. He invented the poison pen letter in a time when a poison pen was often necessary, and as times have changed, he has transitioned from the poison pen to the power of the argument. Third Point has amicably gotten board representation at companies like Baxter and Disney, but also will not hesitate to launch a proxy fight if they are being ignored.

Bath & Body Works operates a specialty retailer of home fragrance, body care, soaps and sanitizer products. In August 2021, Bath & Body Works (formerly known as L Brands, Inc.) completed the separation of its Victoria's Secret business. BBWI is a solid company and brand that has a long history of good performance and years of delivering 20%+ operating margins[5]. During the COVID pandemic, the Company gained customers and did well, but this year the tides have turned while the Company has been in a leadership transition phase, facing a tough macroeconomic environment and made a series of execution missteps.

On May 12, 2022, Andrew Meslow stepped down as CEO and Board Chair, Sarah Nash, was appointed as Interim CEO; on August 15, 2022, Chris Cramer resigned from the COO role and the Company announced that it would not fill the position. The Company awarded Nash stock options valued at an astronomical $18 million to serve as Interim CEO despite her having been paid an annual $700,000 to serve as Board Chair[6]. Increased the President's salary by 15% to $1 million and signed retention agreements with the President, CFO, Chief Legal Officer and Corporate Secretary and Head of Human Resources where they are paid an additional combined $5.5 million cash bonus for continuous employment through May 2023[7]. No wonder Third Point states in its 13D filing that it is concerned about executive compensation and excessive awards being made. To put it into context, one of BBWI's larger peers, Ulta Beauty, Inc., pays its CEO $8.5 million and its highest paid non-employee director $300,312[8].

[5] Source: Yahoo Finance as of 04/01/2023.
[6] Source: sec.gov, Company filing on Form 8-K dated 03/11/2022.
[7] Source: sec.gov, Company filing on Form N-Q dated 09/09/2022.
[8] Source: sec.gov, Company Annual Proxy Statement for 2021 fiscal year end as of 4/20/2022.

To exacerbate the leadership issues, in 2022, the Company bought back $1.3 billion in stock at ~$49 per share prior to multiple cuts in earnings guidance sending the stock to $30 per share. And through this all the Company could have been communicating better to the market as it does not even have an internal investor relations executive, which is unusual for a company of this size, particularly one whose stock price is struggling. On a positive note, on December 1, 2022, Gina Boswell took over as the new CEO after what seemed to be a comprehensive search to find a qualified CEO. However, the missteps since the Company spun off Victoria's Secret on August 3, 2021, have clearly indicated that management needs better counsel from the board and members with experience in capital allocation, executive compensation, market communication and who will hold management accountable.

I am not sure I have seen a board that needed shareholder representation more than this board. The good news is that this is a good company with a strong brand that under the right leadership will generate shareholder value. Third Point is not coming in here to make strategic changes and they certainly are not targeting a new CEO who appears to be qualified for the position. On the contrary, they are looking for board refreshment to support the new CEO and put her in the best position to succeed. The only negative to Boswell is that she has never been a public company CEO before. That is alright, it just means that it is even more important to have a strong board to advise and support her. That means a board who can guide capital allocation decisions, such as buying back shares at thoughtful prices; that has experience with investors and communicating with the market; and will be diligent about paying management fairly but not excessively. There is not a lot of change that is needed here, just continued refreshment of the board with experienced retail and personal care executives and directors with financial expertise. On March 6, 2023, the Company issued a press release announcing the appointment of Thomas J. Kuhn, who was introduced and recommended by Third Point, to the board as a new independent director, effective March 10th. Third Point announced that in light of Kuhn's appointment, coupled with other recent appointment of Lucy Brady of Conagra and Steve Voskull of The Hershey Company, they no longer intend to nominate directors for election at the Company's 2023 Annual Meeting.

Rogers Corp.

Rogers Corp. is an investment by Starboard Value. Starboard is a very successful activist investor and has extensive experience helping companies focus on operational efficiency and margin improvement. Starboard also has a successful track record in the information technology sector. In 50 prior engagements, it has an average return of 34.95% versus 14.68% for the S&P 500 over the same period[9].

Rogers manufactures a variety of products, many of which are small volume customized products that have a long life cycle. Historically, Rogers has been known for its innovation and many of its products were invented by the company or have strong brand recognition. This has given them strong pricing power and good gross margins. Because of this, they have not had to be as diligent operationally and their manufacturing and operational execution has not been optimal.

In November 2021, DuPont agreed to acquire the Company for $277 per share (19x EBITDA at the time), a healthy premium that was rationalized by the projection that Rogers would generate $270 million of EBITDA in 2022[10]. However, between signing and closing, quarter after quarter Rogers' operating margins went down, ultimately from 17% pre-deal announcement to 11% by September 2022. By this point, DuPont would have been paying a 30x multiple, and their shareholders were no longer happy with the deal. The deal ended up not closing because it did not get China regulatory approval by the drop-dead date, but it is likely that due to the deteriorating operations of Rogers, DuPont was happier to pay the $162.5 million termination fee[11] than buy the company for $5.2 billion.

The problem with Rogers is not at the top line – they have strong organic growth with 30% to 35% exposure to industries with secular tailwinds, such as electric vehicles and assisted driving. The Company's issues are with its operations, and these issues are self-inflicted. Like many companies, it has supply chain issues, but its

[9] Average returns are calculated using the activists' average purchase price versus the trading price on the date of the 13D exit filing. For live 13D positions, returns are calculated using the activists' average purchase price versus the closing price on 04/05/2023. Source: 13D Monitor as of 04/05/2023.
[10] Source: investors.dupont.com.com, press release as of 11/01/2022.
[11] Source: investors.dupont.com.com, press release as of 11/02/2021.

manufacturing yields have been bad, and missteps have led to delays which meant having to use air freight instead of ocean, which is much more expensive. When a company has operational challenges, this issue gets exacerbated when management loses focus and that is exactly what happened here. After the deal was signed with DuPont, management lost focus and started to coast to their change-of-control payments. Unfortunately, instead it led to DuPont walking from the deal, these payments never happening and a precipitous drop in the stock price. It also may have led to Bruce Hoechner departing as CEO at the end of 2022 and being replaced by Colin Gouveia, Senior Vice President and General Manager of Rogers' Elastomeric Material Solutions (EMS) business.

A new CEO with a renewed focus is just what this company needs. Having a couple of Starboard directors on the board to support management in executing their plan, but holding them accountable if they cannot, would magnify the efficacy of the new CEO. On February 26, 2023, Starboard and the Company entered into an Agreement, pursuant to which the Company agreed to appoint Armand F. Lauzon, Jr. (former President and CEO at C&D Technologies, Inc) and Anne K. Roby (former Executive Vice President at Linde plc) to the board of directors[12]. Growth is not an issue here and helping companies focus on operational efficiency and margin improvement is what Starboard does best, ideally from a board level. Having Starboard representation on the board would help management stay focused and get the support it needs.

While Starboard's primary objective here is operational, when an activist engages with a company, it often puts that company in pseudo-play getting the attention of strategic investors and private equity. This phenomenon is magnified in a situation where a company just terminated an acquisition at a price that is over 90% higher than where the stock was trading when Starboard got involved with the Company. There could definitely be potential acquirers coming out of the woodwork here. While Starboard is not advocating for any strategic transaction, the firm is an economic animal with fiduciary duties. If an offer came in at the right price, Starboard would weigh that against shareholder value as a standalone entity and do what it believes to be best for shareholders. However, a strategic transaction would make the most sense after the company fixes margins.

During the quarter, we exited LivePerson, Inc. (LPSN), Pedatrix Medical Group, Inc. (MD) and Papa John's International Inc (PZZA) when the activists involved decreased their positions below 5% and exited their 13D filings.

We are excited to announce that Paul Massie has joined 13D Management in March 2023 to serve as our Client Portfolio Specialist to lead the Fund's marketing opportunities and provide ongoing support to our clients. Prior to joining the firm, Paul spent 3 years as Head of National Accounts at Innovative Portfolios, a boutique manager. Prior to that he spent over 13 years at New York Life and NYLIM with a focus on raising assets in the RIA, and Private Bank & Trust channels. He received his CFA Charter in 2010, and the CAIA in 2014. Paul graduated from S.U.N.Y. Cortland with a B.A. in Economics.

We appreciate your support and please feel free to call with any questions.

Ken Squire

[12] Source: sec.gov. Rogers' Form 8-K filed 2/27/2023.

Important Disclosure Information

This material is not an offer to sell the Fund's securities and is not soliciting an offer to buy the Fund's securities. All investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. Before investing, please read the Fund's prospectus and shareholder reports to learn about its investment strategy and potential risks. This and other information about the Fund is contained in the Fund's prospectus and summary prospectus, which can be obtained from the Fund's website www.13DActivistFund.com or by calling 1-877-413-3228. Please read the prospectus carefully before investing.

The views expressed in this update are as of the date of this letter. These views and any portfolio holdings discussed in this update are subject to change at any time based on market or other conditions. The Fund disclaims any duty to update these views, which may not be relied upon as investment advice. In addition, references to specific companies' securities should not be regarded as investment recommendations or indicative of the Fund's portfolio as a whole. **References to certain specific companies' securities, revenue and operations is obtained from unaffiliated third parties and is subject to subsequent adjustments. 13D makes no assurances as to the accuracy or completeness thereof.**

No Assurance of Investment Return. In considering any investment performance information contained in the Materials, prospective investors should bear in mind that past or estimated performance is not necessarily indicative of future results and there can be no assurance that a Fund will achieve comparable results, implement its investment strategy, achieve its objectives or avoid substantial losses or that any expected returns will be met.

Important Risks: Mutual Fund investing involves risk including loss of principal. There can be no guarantee that any strategy will be successful. Overall stock market risks will affect the value of individual instruments in which the Fund invests. Factors such as economic growth, market conditions, interest rate levels, and political events affect the U.S. securities markets. When the value of the Fund's investments goes down, your investment in the Fund decreases in value and you could lose money. The Fund is a non-diversified investment company, which makes the value of the Fund's shares more susceptible to certain risks than shares of a diversified investment company. The Fund has a greater potential to realize losses upon the occurrence of adverse events affecting a particular issuer. The value of small or medium capitalization company stocks may be subject to more abrupt or erratic market movements than those of larger, more established companies or the market averages in general. An investor should also consider the Fund's investment objective, charges, expenses, and risk carefully before investing.

Index Comparison: Historical performance results for investment indices have been provided for general comparison purposes only. Indices may include holdings that are substantially different than investments held by the Fund and do not reflect the strategy of the Fund. It should not be assumed that your account holdings correspond directly to any comparative indices. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition and other material characteristics that may differ from the Fund. The indices do not reflect the deduction of fees or expenses. Performance of equity indices reflects the reinvestment of dividends. Indices are unmanaged and investors cannot invest in an index or category. Index data is obtained from unaffiliated third parties and is subject to subsequent adjustments. 13D makes no assurances as to the accuracy or completeness thereof.

Glossary. The **Russell 2500 TR Index** is a broad index, featuring 2,500 stocks that cover the small- and mid-cap market capitalizations. The Russell 2500 is a market cap-weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of United States-based listed equities. **HFRI Event Driven Activist Index** includes strategies which over a given market cycle would expect to have greater than 50% of the portfolio in activist positions. The HFRI indices are updated 3x per month and as a result the numbers reflected herein may not be final and are subject to change. Data obtained from Hedge Fund Research Inc. **S&P 500** Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies. The S&P is a float-weighted index, meaning company market capitalizations are adjusted by the number of shares available for public trading. **EBITDA**, or earnings before interest, taxes, depreciation, and amortization, is a measure of a company's overall financial performance and is used as an alternative to net income. "**FAANG**" is an acronym referring to the stocks of the five most popular and best-performing American technology companies. These include Meta (META), Amazon (AMZN), Apple (AAPL), Netflix (NFLX); and Alphabet (GOOG) which were consistently among the highest-growth stocks in the market. "**Alpha**" refers to excess returns earned on investment above the benchmark return. "**Beta**" is a measure of the volatility–or systematic risk–of a security or portfolio compared to the market as a whole. **A special purpose acquisition company (SPAC)** is a company without commercial operations and is formed strictly to raise capital through an initial public offering (IPO) for the purpose of acquiring or merging with an existing company.

Top 10 Holdings as of 03/31/2023: Howmet Aerospace 6.58%; TreeHouse Foods 5.91%; Dollar Tree 5.48%; Insight Enterprise 5.40%; Freshpet 5.08%; ARAMARK 4.96%; Crown Holdings 4.41%; MDU Resources 4.15%; Alkermes 3.81%; Southwest Gas Holdings 3.65%. Allocations should not be viewed as predictive composition of the Fund's portfolio, which may change at any time.

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