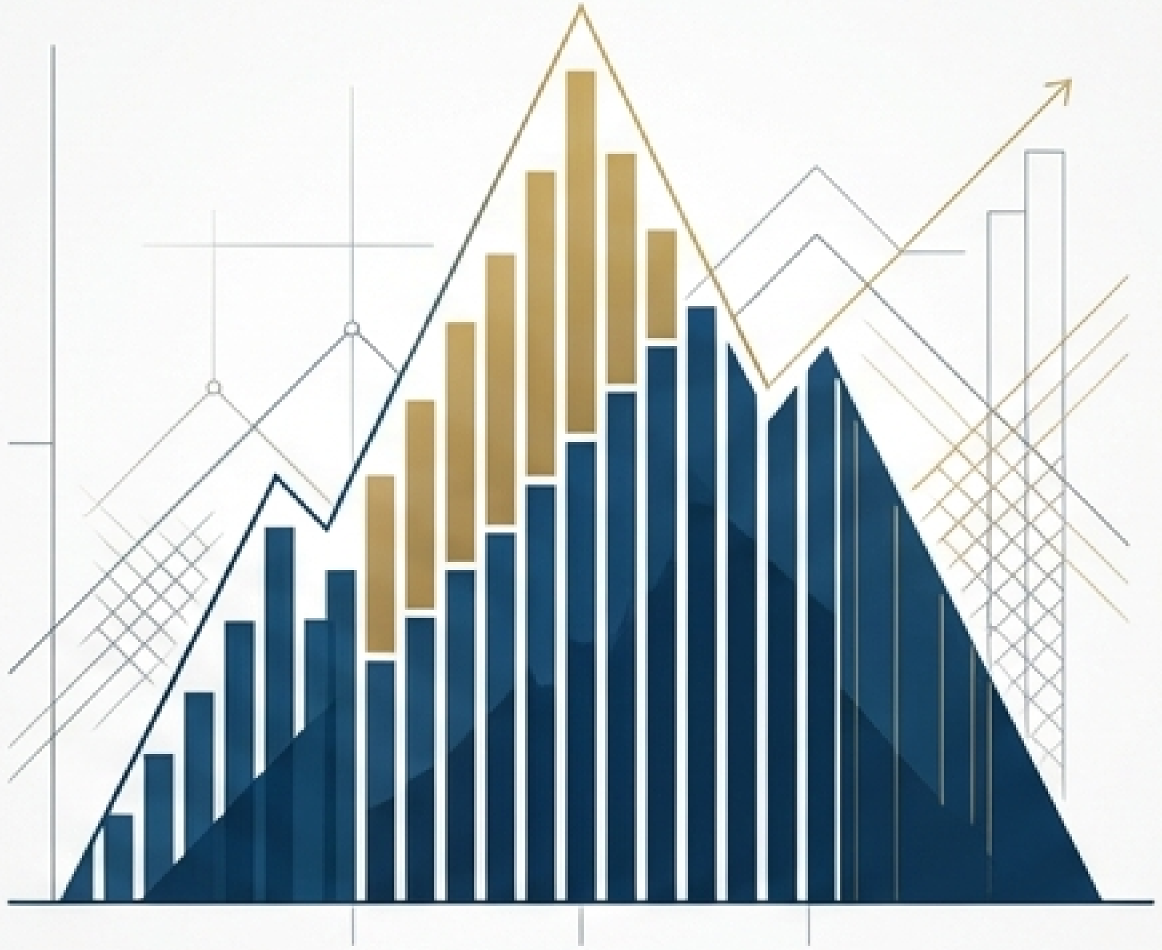


White Mountains Insurance Group (WTM): The Owner-Operator Advantage

A deep dive into capital allocation, strategic positioning, and the intrinsic value gap.

Investment Analysis: January 2026

The Investment Thesis: A Wolf in Sheep's Clothing

Compounding Book Value

Adjusted Book Value Per Share (ABVPS) is the North Star metric. Strategy focuses on long-term economic growth over quarterly earnings.

Valuation Arbitrage

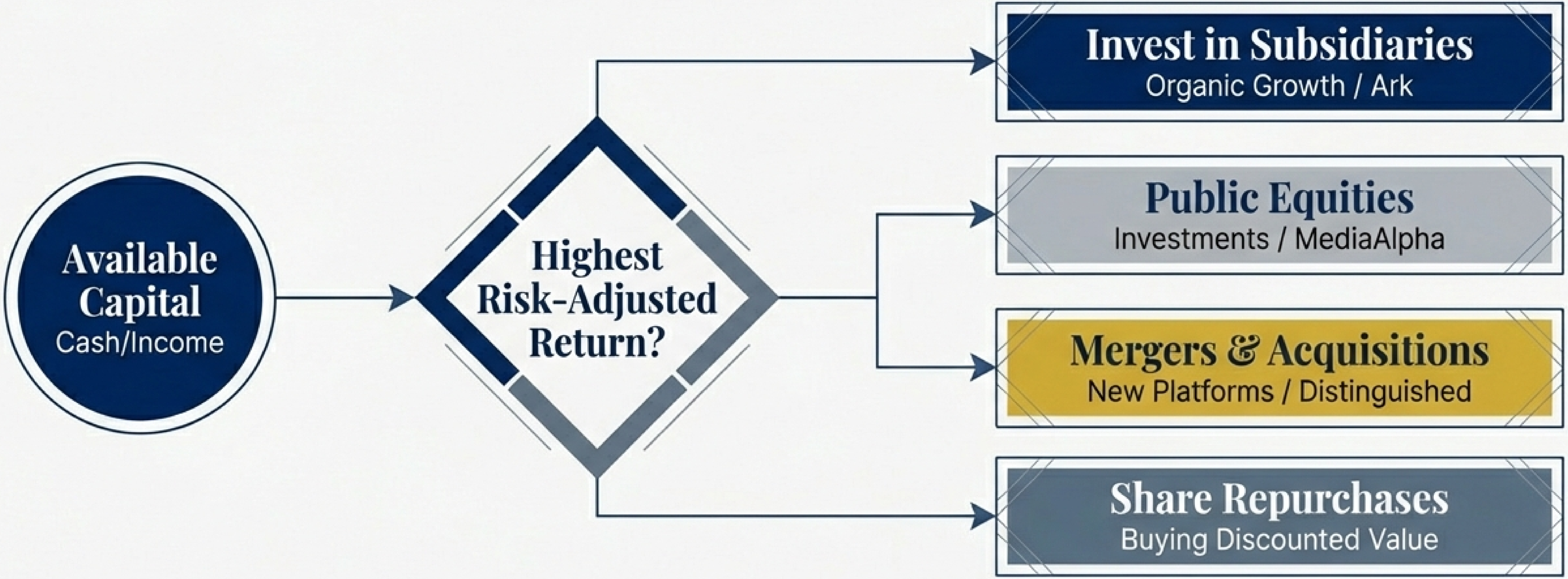
Buying assets at fair multiples and exiting at significant premiums. Proven by the recent Bamboo sale at 6x MOIC.

Cyclical Navigation

Deploying capital into hard markets (Ark) and harvesting during frothy valuations to reload the balance sheet.

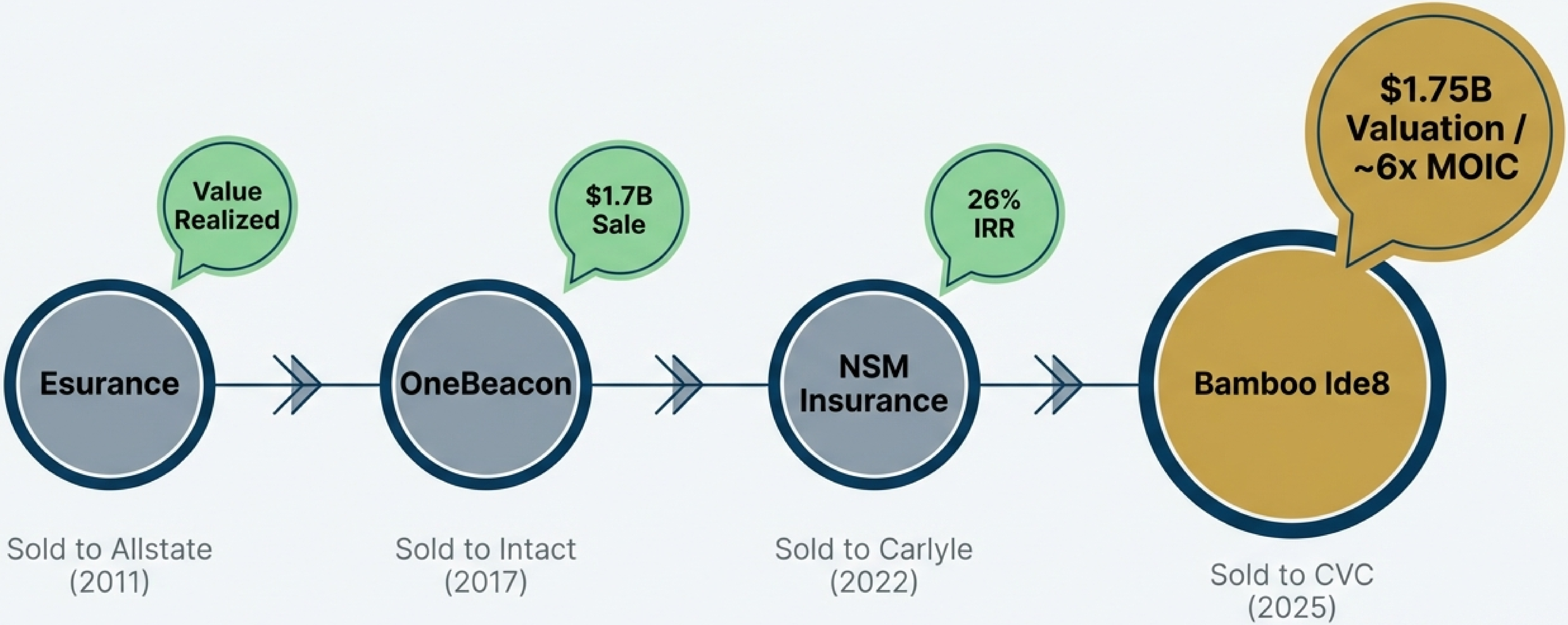
GAAP Book Value (Q3 '25)	Pro Forma Book Value	Dry Powder (Undeployed)
$1,851	~$2,176	~$1.1 Billion

Philosophy: Capital Allocation as the North Star



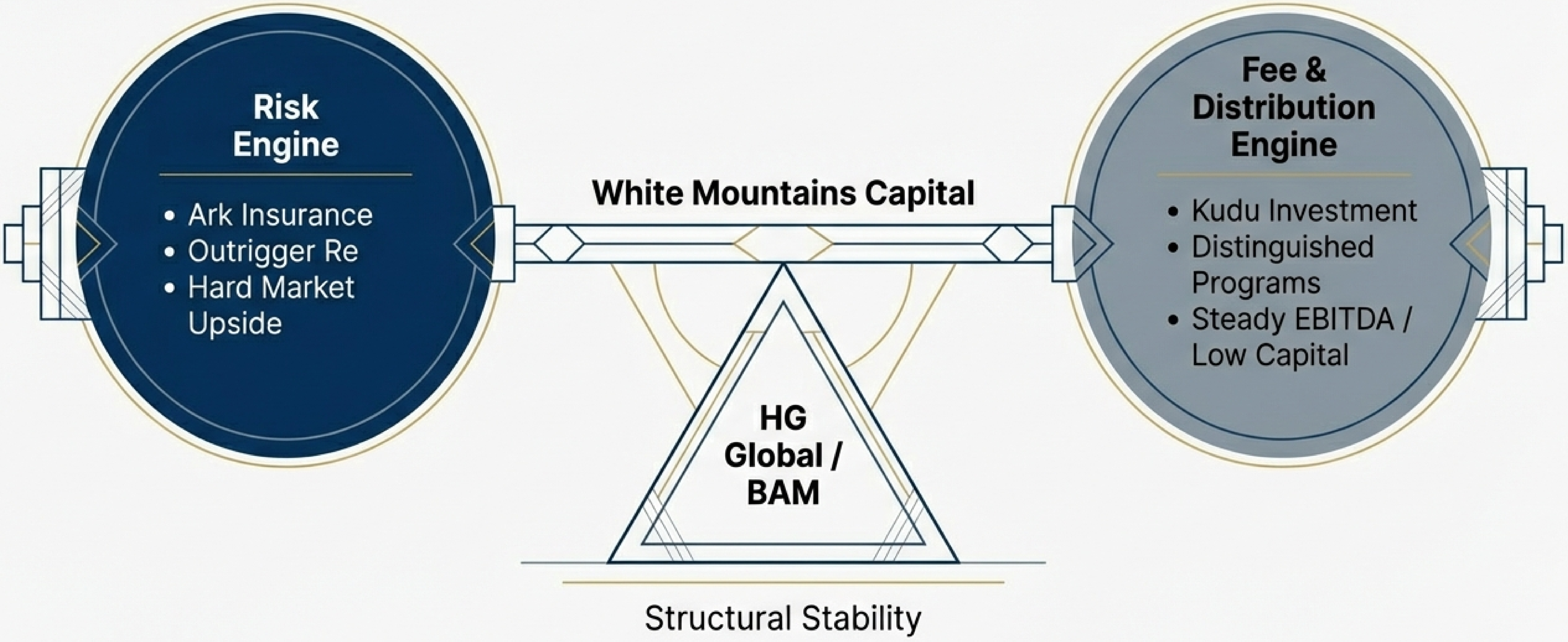
"Underwriting comes first, maintaining a disciplined balance sheet, investing for total return, and thinking like owners."

The Track Record: The Buy, Fix, Sell Cycle

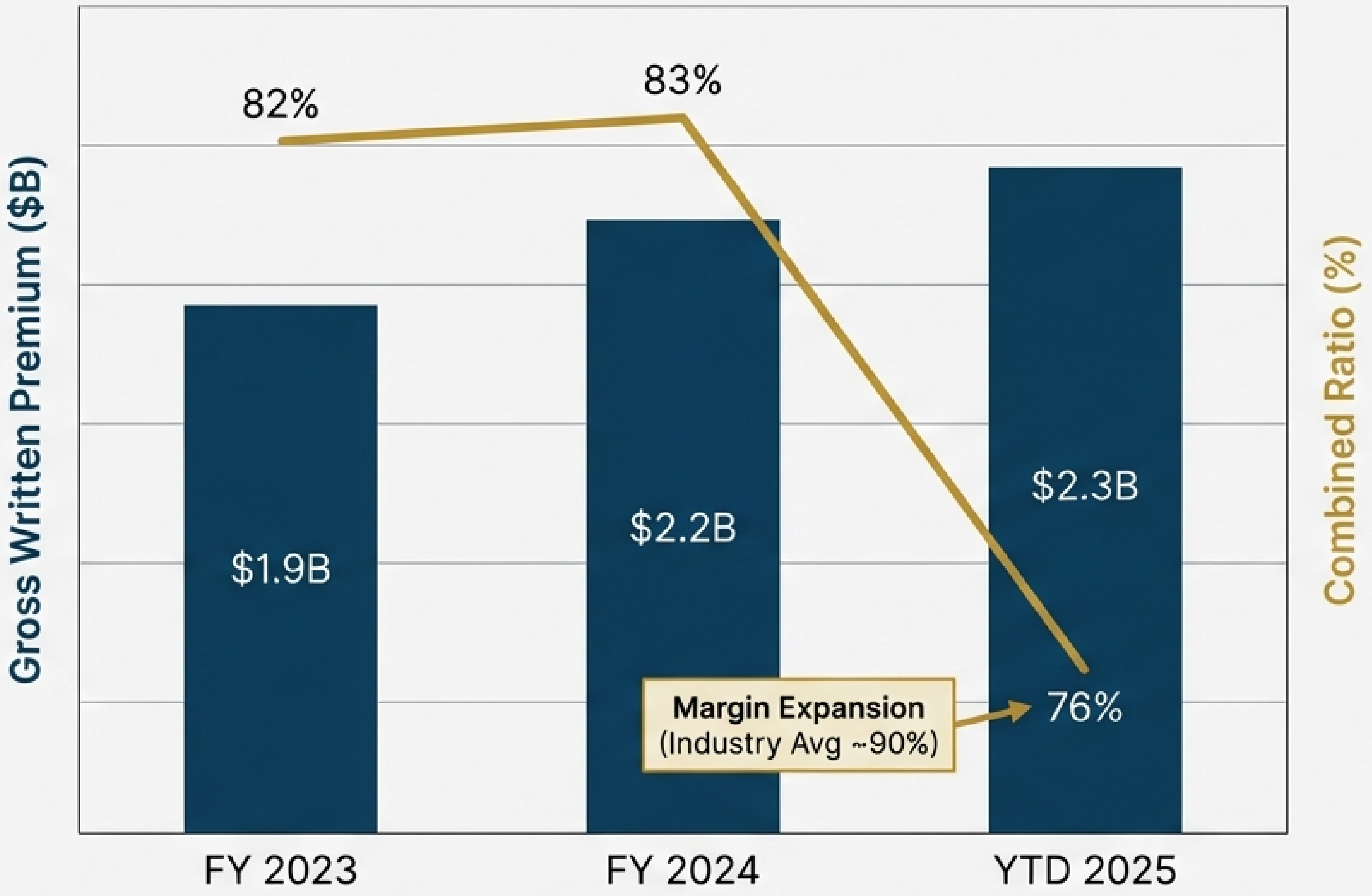


- **Entry:** Jan 2024 (~$285M)
- **Strategy:** Tech-enabled Homeowners MGA
- **Exit:** Oct 2025

Strategic Architecture: The Barbell Approach



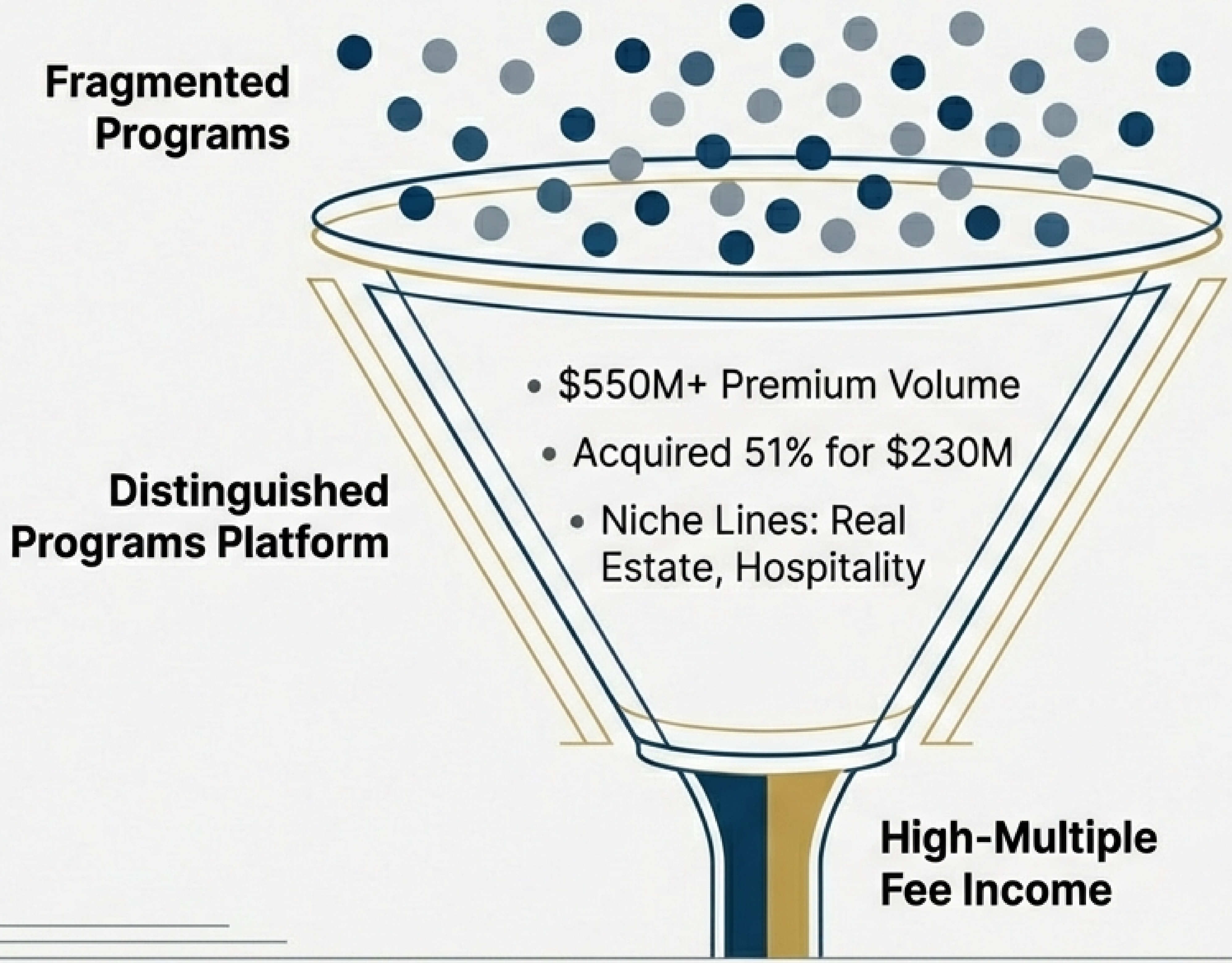
Operating Engine I: Ark & Outrigger (The Hard Market Play)



Outrigger Re Sidecar

- Generated $40M pre-tax income YTD.
- Allows scaling without betting the entire balance sheet.
- Third-party capital leverage.

Operating Engine II: The Distribution Pivot



Strategy Box

The Playbook: Buy & Build

Similar to the successful NSM strategy, WTM aggregates niche MGAs onto a scalable platform to drive multiple expansion (12x-15x EBITDA potential).

Operating Engine III: Kudu & BAM (The Ballast)

Kudu Investment Management

28 Firms

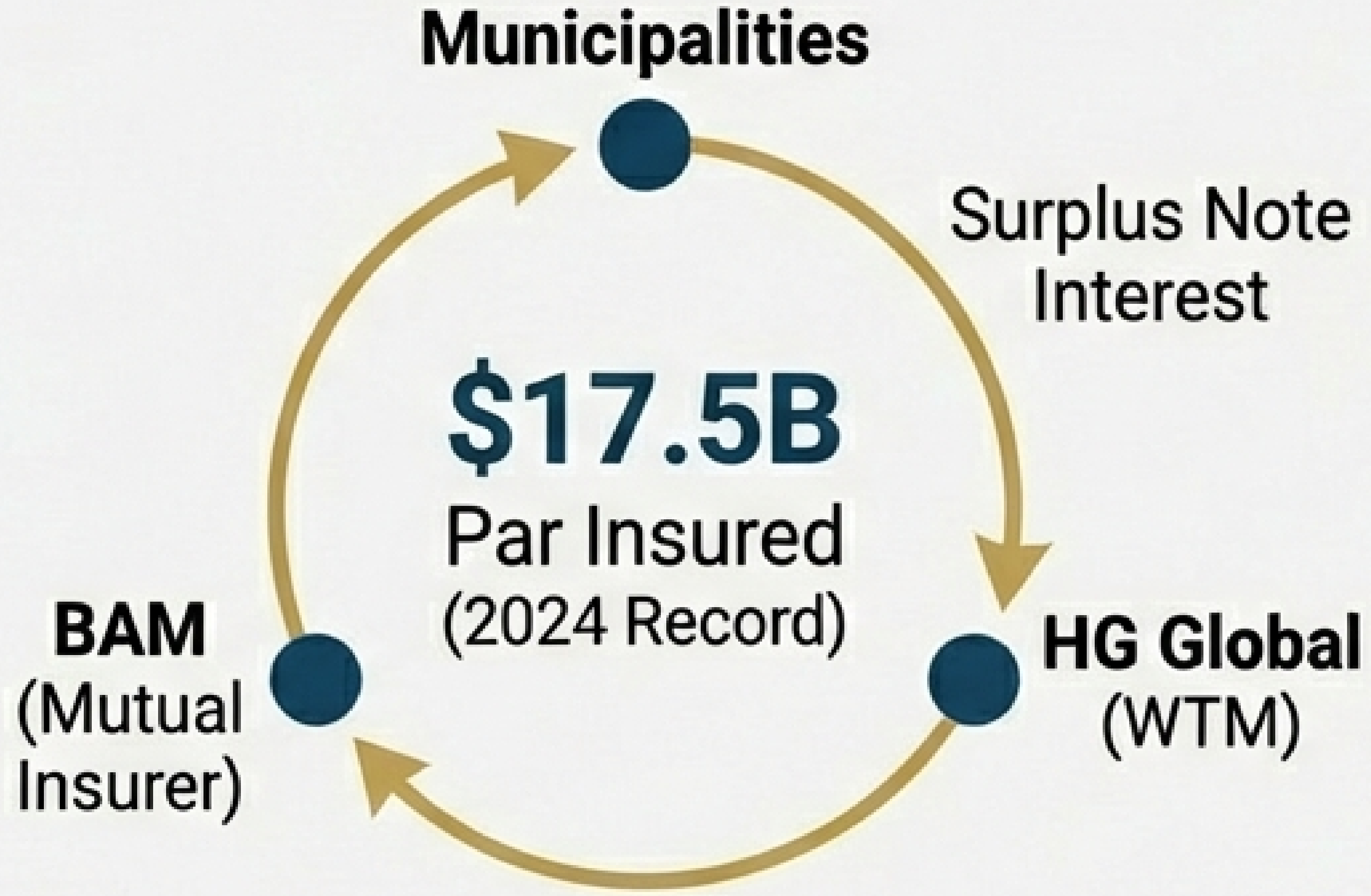
$100B+ AUM

9% ROE

Asset Mgmt Fees

Provides permanent capital to boutique asset managers for recurring revenue participation.

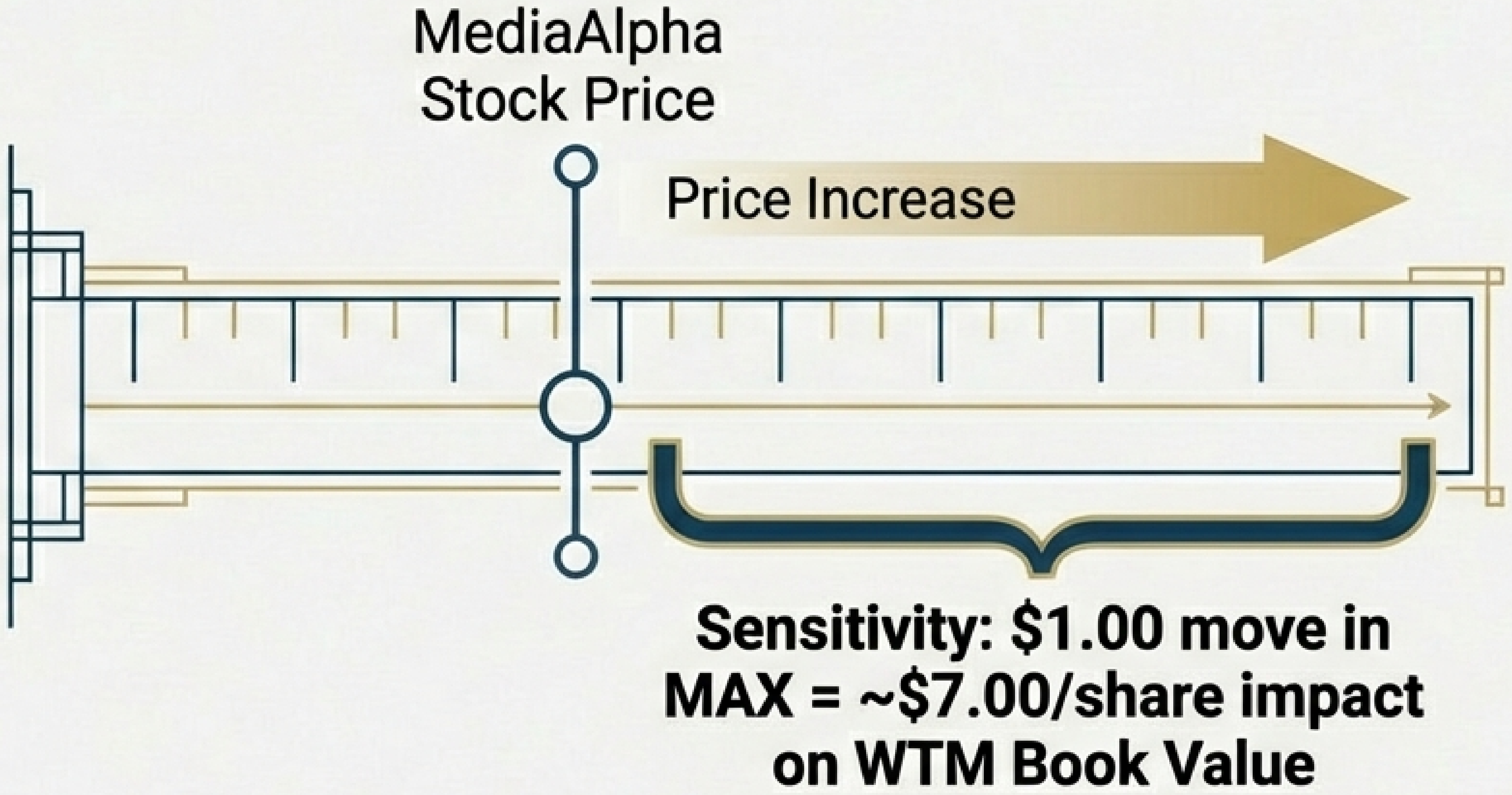
HG Global / BAM



A duopoly position in municipal bonds generating uncorrelated income.

The Hidden Variable: MediaAlpha & Investments

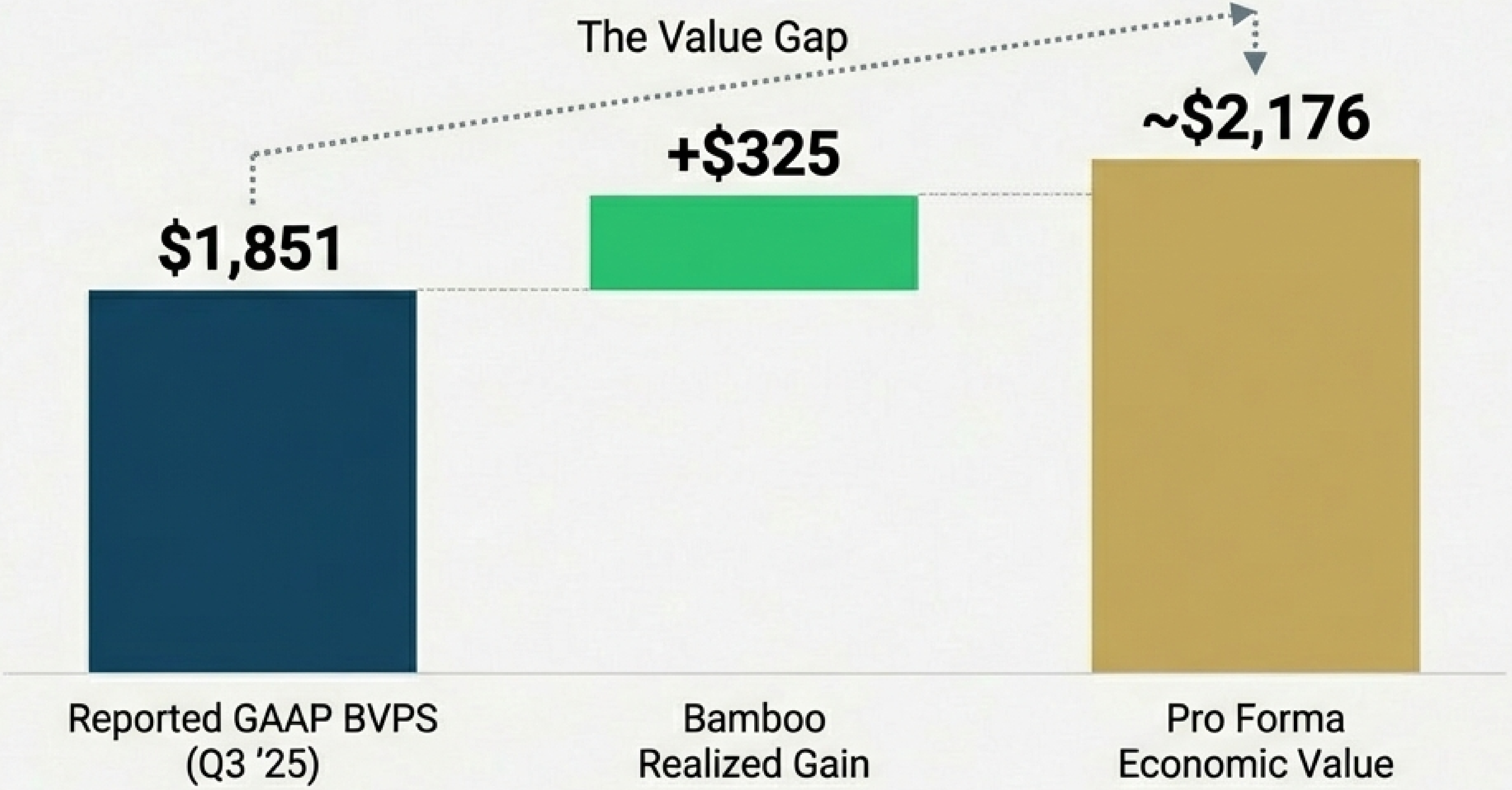
WTM owns ~17.9 million shares of MediaAlpha (NYSE: MAX). Mark-to-market fluctuations create EPS noise, but offer substantial upside optionality.



Strategic Diversification: White Mountains Partners recently acquired Enterprise Solutions (Electrical Contractor), expanding the owner-operator mandate.

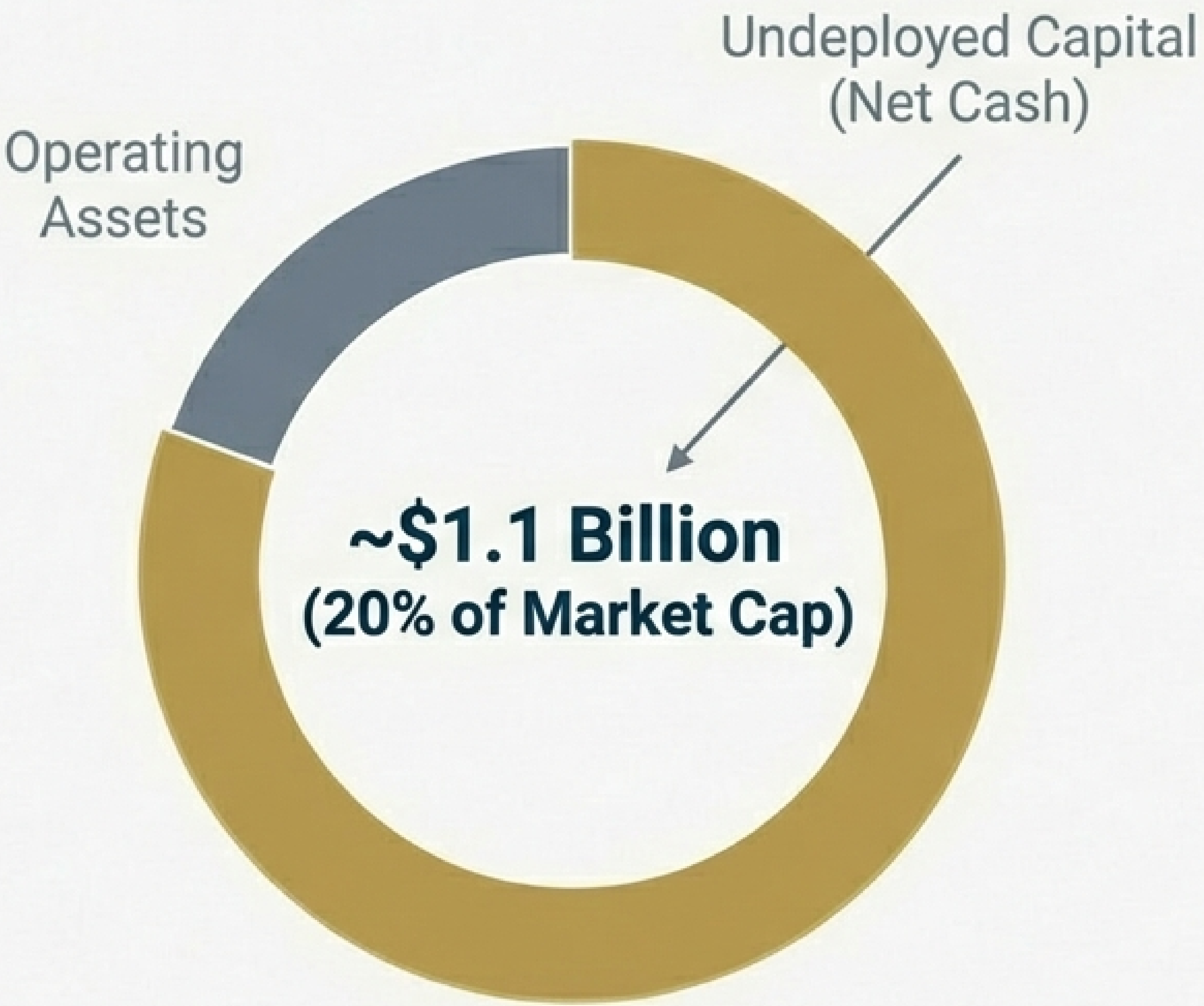
Financial Performance: Looking Past the Noise

Reconciling Reported GAAP Book Value with Economic Reality



Note: Standard EPS is distorted by unrealized investment gains. The The Pro Forma adjustment reflects the $1.75B Bamboo valuation crystallized in Q4 2025.

Capital Allocation: The $1.1 Billion Bazooka



Capital Deployment Discipline

- **The Call Option:** Significant dry powder to capitalize on market dislocations.
- **Tender Offer (Dec 2025):** Repurchased $131M at $2,050/share.
- **Price Discipline:** Management refused to fill the full $300M authorization, signaling strict adherence to intrinsic value limits.
- **Dividend:** Nominal $1.00/share to prioritize capital appreciation.

Leadership & Governance: The Torch Pass

Shareholder Alignment Checklist

Incentives
Comp tied to ABVPS growth (Target: 10yr Treasury + 700bps).

Ownership
Board and Executives hold substantial equity stakes.

Smart Money Base
Vanguard, Cooke & Bieler, River Road.

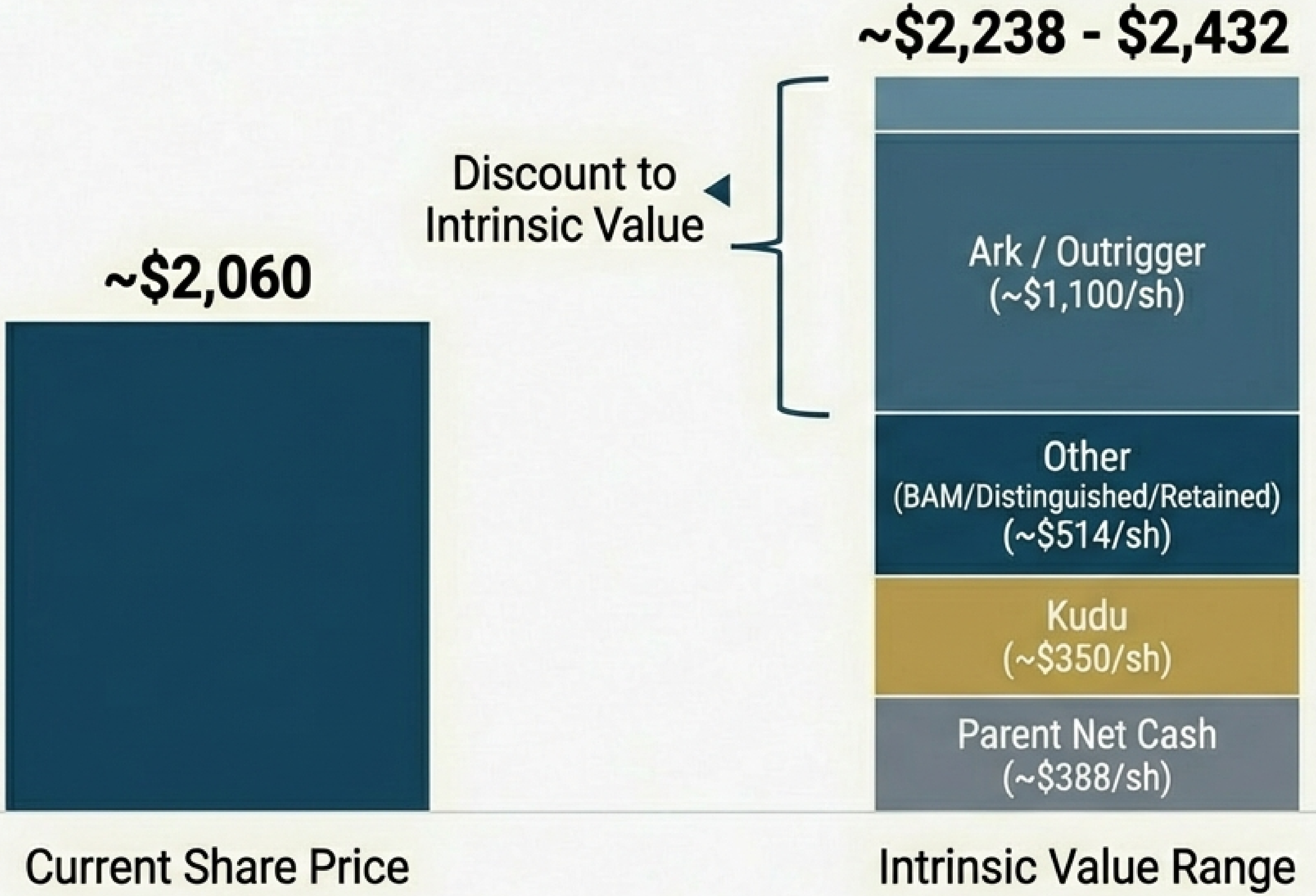
CEO Transition

Manning Rountree (Retiring)
Architect of Bamboo Sale

Liam Caffrey (Incoming)
Ex-McKinsey / Ex-Aon. Architect of Fee Strategy.

2025 — Jan 1, 2026 — 2026

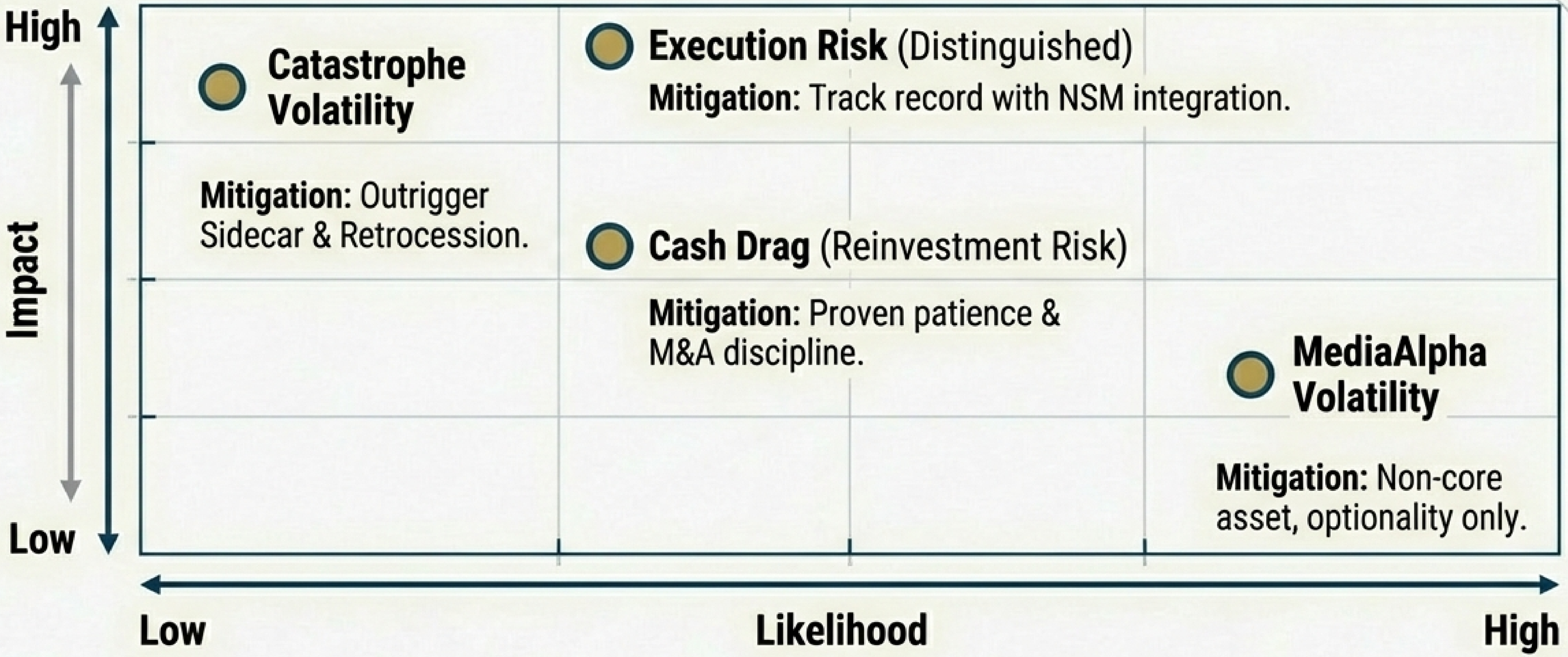
Valuation: The Sum-of-the-Parts (SOTP) Dislocation



Trading at ~0.95x Pro Forma Book Value vs Peers (Markel/ Arch) at 1.3x-1.5x.

Key Risks & Mitigations

Risk Landscape



The Verdict: Asymmetric Upside

Investment Checklist

Proven Stewardship
6x MOIC on Bamboo Sale demonstrates elite capital allocation.

Fortress Balance Sheet
$1.1 Billion in Dry Powder (20% of Market Cap).

Undervalued
Trading below Pro Forma Book Value with free M&A optionality.

Aligned Incentives
Management paid to grow per-share value, not empire building.

A Sleep Well at Night compounder for the patient investor.