

Fellow Shareholders,

I really don't want to be that person that is constantly repeating himself without actually knowing if he has told the story or made the statement before. In this particular case, I am going to be consciously repeating myself and making a statement that has become so obvious. So here goes...

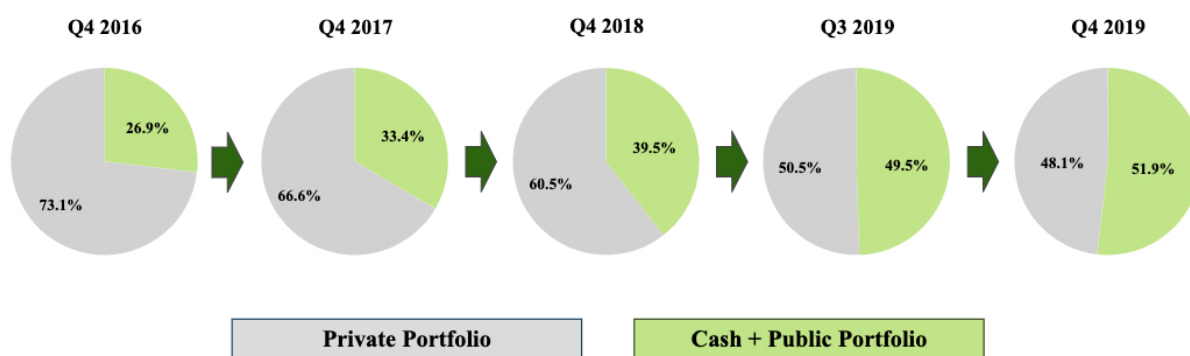
Our decision to change our strategy from a business development company (BDC) investing in venture capital companies to a closed end fund investing in small capitalization public companies with a constructive activist approach has yielded significant and positive returns for our shareholders. I think it is fair to say that it has been a game changer. Over the three years since we made this change, our net asset value per share (NAV) increased significantly from \$2.34 to \$3.06, despite only being able to access on average 37% of our balance sheet. This NAV growth of 30.8% is net of all expenses and outpaced our relevant benchmark, the Russell Microcap Index (RMICRO), which increased by 20.5% over the same period. We have a more liquid and robust balance sheet now with over 50% of our assets in cash and public securities, making it much easier for investors to value us. As of December 31, 2019, our cash (net of unsettled trades) and public securities equate to a value of \$1.65 per share, up from \$0.64 per share as of the end of 2016.

During the last three years, our share price increased 55.8%, beating not only the RMICRO, which increased by 20.5%, but also the S&P 500 Index (SPX), which increased by 53.1%. In this past quarter, the gross total return of our public holdings was 7.7% and added \$0.13 to our NAV. This gain was offset in part by a 3.6%, or \$0.06, decline in the value of our private holdings. In 2019, the gross total return of our public holdings was 70.8% and added \$0.72 to our NAV, while our private holdings decreased in value by 7.8% and reduced our NAV by \$0.13. Finally, for the three years since we began executing on our strategy, we achieved a gross total return of 210% from our public holdings, adding \$1.18 to our NAV. Over the same three years, our private holdings declined 3%, and caused a \$0.06 reduction to our NAV. While our fourth quarter 2019 public stock performance trailed the performance of RMICRO of 13.4%, our 2019 gross total return of our public holdings of 70.8% decimated the RMICRO's total return of 22.4%.

The world has gone passive. With each new high in the market, the mindlessness of the overall market becomes more evident. For instance, in 2019, there were \$204.1 billion of net withdrawals from actively managed U.S. stock funds, while at the same time passively managed funds had new inflows of \$162.7 billion. One of the reasons I left BlackRock in 2012 was that I found it harder and harder to add alpha by investing in the largest market capitalization companies that existed in the United States. I wanted to invest in a part of the market where good stock picking could take advantage of market inefficiencies. That is why we have been focused on the microcap universe of companies, where the market is so much more inefficient due to factors including less indexing, limited analyst coverage, and low liquidity. We love the notion that this part of the stock market has very low correlation to the rest of the robotic world of index investing. We also like that if you are right in your stock picking, many opportunities in the microcap world afford asymmetric risk/return opportunities. I think it is fair to say after analyzing 180's performance over the last three years, our correlation to the market is quite low. Our performance is highly dependent on the specific news and fundamentals relating to a highly concentrated portfolio of 7 to 10 stocks rather than a diversified basket of 100+ names.

Our new company is now three years in the making. Our stated goal is that one day, every dollar we manage will be either in the form of cash or in public securities. As you can see from the two charts below, we have made considerable progress on that front, and in fact, for the first-time, our cash and our public securities represent more than half of our total assets. We have taken the liquid portion of our balance sheet from \$19.9 million to \$51.2 million.





While we would love to monetize our private holdings at a faster rate, we will absolutely not sell them for the sake of selling them. We will sell them only when we believe such sale makes sense for shareholders. In the meantime, we will continue to manage 180 in the way that we believe will maximize shareholder returns, specifically through small cap public company constructive activism.

NET ASSET VALUE PER SHARE

Our NAV increased this quarter from \$3.05 to \$3.06. Our Fund has three principal components to the variance in our NAV: our public portfolio, our private portfolio, and our expenses. For the quarter, our public portfolio companies increased our NAV by \$0.13, while our private portfolio companies reduced NAV by \$0.06. Operating expenses, including 2019 bonuses, decreased NAV by \$0.06. If there ever was a need to repeat why Harris & Harris Group needed to become something else other than a venture capital fund, this was a good quarter and year to reiterate that notion.

	Quarter Q4 2019	1 Year 2019	3 Year Q4 2016-Q4 2019
TURN Change in NAV	0.3%	15.9%	30.8%
Russell Microcap Index	13.4%	22.4%	20.5%
Russell Microcap Value Index	10.4%	21.1%	19.1%
Russell 2000	9.9%	25.5%	28.0%

Public Portfolio

Fortunately, since the inception of 180, our focus on investing in publicly traded companies with our constructive activist approach has generated significant returns. This quarter, 180's public portfolio gross total return was 7.7% versus the 13.4% for the Russell Microcap Index. Our fourth quarter, one-year and three-year performance is highlighted in the chart below.¹ All in all, I would characterize our performance as substandard for this past quarter, but exceptional for the year and for the three years of our existence.

	Quarter Q4 2019	1 Year 2019	3 Year Q4 2016-Q4 2019
TURN Public Portfolio Gross Total Return	7.7%	70.8%	210.0%
Russell Microcap Index	13.4%	22.4%	20.5%
Russell Microcap Value Index	10.4%	21.1%	19.1%
Russell 2000	9.9%	25.5%	28.0%

¹ Past performance shown in the tables above and throughout this letter is not an indication or guarantee of future performance. Amounts gross unrealized and realized total returns compounded on a quarterly basis. 180 is an internally managed registered closed end fund and does not have an external manager that is paid fees based on assets and/or returns. 180 also has approximately 48 percent of its investment portfolio in legacy privately held investments. Please see 180's filings with the SEC, including its 2019 Annual Report filed on Form N-CSR for information on its expenses and expense ratios.

Almost three years ago, we embarked on a new strategy to invest in small public companies. Since then, we have increased our NAV by \$1.18 from our investments in public companies. Over that same period, our private portfolio decreased our NAV by \$0.06. At the risk of repeating myself, 180's shareholders have greatly benefited from our strategy change. Let's dig into the significant sources of the changes in value in our public portfolio in Q4 2019.

Sources of material increases in value:

- Quantum Corporation (NASDAQ:QMCO) completed the restatement of its financial statements and is now up to date with all of its filings with the SEC. This milestone allowed the company to publicly discuss everything the new management team has been working on over the past two years to clean up the organization and set it up for future growth. It also enabled QMCO's management to communicate an important message: tape is not a melting ice cube. In fact, tape is experiencing a resurgence due to the desire for hyperscale cloud computing providers to incorporate low-use, ultra-low-cost data storage options into their product offerings. Tape also has the advantage that data stored on it is impervious to hacking while not in use. The company announced expected EBITDA for its fiscal year 2020 of \$50-55 million, or a 55-70% increase from the prior year. Immediately following this announcement, the stock rallied from \$3.69 to \$5.00 and ended Q3 2019 at \$5.70. The stock continued to move higher in Q4 2019 and closed at \$7.42 at year end as more and more investors are taking notice of QMCO's phoenix-like rise from the ashes. Our average cost is \$2.62 per share. We sold approximately 10% of our position in QMCO during the quarter at an average price per share of \$6.26. For the quarter, QMCO increased our NAV by \$0.10.

Through the first part of Q1 2020, we sold an additional 284,100 shares at an average price per share of \$7.50. With QMCO's stock price decline to about \$5.30 in the last month as a result of softer than expected guidance for the March 2020 quarter, we are inclined to reverse ourselves and buy the stock given our current belief in the long-term growth story for the company.

- Mersana Therapeutics, Inc. (NASDAQ:MRSN) added \$0.04 to our NAV as the stock rallied from \$1.58 to \$5.73 during the quarter. We believe anticipation for Q1 2020 updates on on-going clinical trials drove the share price higher. We sold 201,100 shares during the quarter at an average price per share of \$5.81. We sold our remaining 100,000 shares in Q1 2020 at an average price per share of \$7.35.

Sources of material decreases in value:

- TheMaven, Inc. (OTC:MVEN) completed the acquisition of TheStreet, Inc. in August 2019, and the digital rights to Sports Illustrated in Fall 2019. MVEN continues to work on the integration of both acquisitions. On October 7, 2019, MVEN raised \$15 million in capital from existing and new investors in conjunction with conversion of \$5 million of its outstanding debt into preferred stock that will convert into common stock at \$0.70 per share. We invested \$1 million in this round of financing. Our initial investment in preferred stock purchased in June 2019 converts into common stock at \$0.50 per share. MVEN is a media coalition of professional content destinations, operating exclusively on a shared digital publishing, advertising, and distribution platform. MVEN provides a major media scale alternative to news and information on social platforms. The high-scale, unified platform offers operating leverage to all participants in MVEN's ecosystem by eliminating all non-content operating expenses. MVEN's distributed operating leverage enables its entire suite of services to be provided on a revenue share basis, which creates lower, non-fixed operating costs than if a media company was forced to run its own platform and digital ad sales team. MVEN provides distribution across 100+ million monthly users in a single platform, allowing advertisers to be more successful with return on investments in marketing. As of now, MVEN is essentially a \$160 million revenue startup. MVEN currently trades over the counter. MVEN is in the process of completing its financial statements so they can be up to date with all filings with the SEC. It is our expectation that after getting up to date with all filings sometime this year, MVEN will up-list to a national stock exchange. Although there were no material negative developments this quarter, the stock decreased 5.9%, resulting in a \$0.02 reduction in our NAV.

Other notable positions:

- Synacor, Inc. (NASDAQ:SYNC) is a holding we have discussed extensively in our previous communications with shareholders. As you know, we joined SYNC's Board of Directors in March 2019. While SYNC's third quarter report was generally better than expected, the loss of AT&T as a customer continued to be an overhang on its share price. SYNC completed a reduction in staff in an effort to right size its business without AT&T. SYNC's focus is now the growth of its software business. For the quarter, SYNC increased NAV by \$0.01.

In February 2020, SYNC announced the signing of an agreement for the company to merge with Qumu Corporation (NASDAQ:QUMU), an enterprise video service platform delivering live and on demand corporate video. According to SYNC, the combined company is expected to have over \$120 million in annual revenue on a pro forma basis. This will include an estimated \$70 million in software revenue, about 70% of which is recurring. SYNC stated that the deal is expected to be accretive on both an adjusted EBITDA and adjusted EPS basis in the first fiscal year after close with expected annualized operational synergies of \$4-5 million and excluding purchase accounting adjustments. SYNC noted that, upon closing of the deal with QUMU, SYNC stockholders are expected to own approximately 64.4% and QUMU shareholders are expected to own approximately 35.6% of the stock of the combined company. After closing, the combined business will trade on the Nasdaq under the ticker “SYNC”. SYNC further noted that this transaction has been unanimously approved by the Boards of Directors of both companies and is expected to close mid-2020, subject to obtaining required approval from the stockholders of both SYNC and QUMU, and satisfaction of other customary closing conditions.

- Lantronix, Inc. (NASDAQ: LTRX) announced the acquisition of Intrinsic Technologies Corp, a company that provides product development and edge computing modules. LTRX also reported September 2019 results, that were viewed favorably. LTRX increased 6% and increased NAV by \$0.01.

Also in Q4 2019, we entered into a subscription agreement with B. Riley Principal Merger Corp. (“BRPM”), a blank check corporation, to invest \$4 million in conjunction with BRPM’s merger with Alta Equipment Holdings, Inc. (“ALTG”), a provider of premium materials handling equipment, construction equipment, cranes, warehouse solutions, power generation equipment, and contractors’ rental equipment. Alta operates a branch network of locations in the US Midwest and Northeast that offers its customers a one-stop-shop for most of their equipment needs by providing sales, parts, service, and rental functions under one roof. The merger closed on February 14, 2020, with more than 89 percent, or approximately \$128 million, of the capital initially invested in BRPM remaining in the entity to support the transaction. 180’s \$4 million investment purchased 421,053 shares of ALTG’s common stock, as well as warrants for the purchase of an additional 150,000 shares of ALTG’s common stock at a strike price of \$11.50. Alta’s common stock and warrants trade on the NYSE under the symbols ALTG and ALTGW, respectively.

Alta is headquartered in Livonia, Michigan, and began as a family owned business that was founded on the sale and service of forklifts. In 2008, the company’s current Chief Executive Officer, Ryan Greenawalt, rejoined the company after working in the financial services industry. Since returning to the company, Mr. Greenawalt has successfully completed and integrated 16 acquisitions that have expanded the company’s addressable markets from primarily forklifts to other industrial and construction equipment. These acquisitions also expanded the geographic reach from primarily Michigan to other states in the Midwest and in the Northeast. Along with organic growth of its existing business, consolidation is a core piece of Alta’s strategy to grow the company. Alta has established itself as a reliable partner for the original equipment manufacturers (OEMs) that supply the equipment and parts Alta sells to its customers, which has led Alta to become a partner of choice for consolidation of dealerships. Two acquisitions closed simultaneous with the merger with BRPM that expanded the company’s reach into New York, Vermont and Florida.

ALTG estimated its revenues in 2019 will be approximately \$645 million including revenues generated by NITCO, which the company acquired that year. Through organic growth and the acquisitions completed at the time of the merger, ALTG estimates revenues for 2020 will be approximately \$1.1 billion, with approximately \$390 million of these revenues generated by the acquired companies that coincided with the merger with BRPM. At this level of revenues, ALTG estimates it will generate \$121 million of adjusted EBITDA and \$39.9 million of levered free cash flow. Our cost basis per share of \$9.50 equates to an entry valuation of approximately 5.4x adjusted EBITDA. We believe ALTG’s valuation is low with the potential for significant upside from both EBITDA growth and multiple expansion, particularly since ALTG generates positive levered free cash flow.

We are excited to be shareholders of ALTG and look forward to being a part of the company’s growth as a newly listed public company.

Private Portfolio

Now to the bad news. For the quarter, our private portfolio declined by approximately \$1.8 million or \$0.06 per share. Nanosys had the largest decrease in value (-\$0.05/share) due to business-related factors, followed by a decrease in value in ORIG3N (-\$0.02/share) also due to business-related factors. We had a decrease in value in D-Wave Systems (-\$0.01/share) due to financing-related factors. The largest increases in value were AgBiome (+\$0.01/share) and Petra Pharma (+\$0.01/share), both as a result of financing-related factors.

While we continue to believe there are companies in the portfolio that hold promise to build value, the timelines and potential exit values for these companies are highly uncertain. We have often talked about our desire to shepherd our existing private portfolio to exits or explore opportunities to sell our positions in those companies. This year, our public holdings added \$0.72 to our NAV while our private portfolio caused our NAV to decline by \$0.13. In the last three years, our public portfolio has increased our NAV by \$1.18 while our private portfolio has decreased our NAV by \$0.06.

The pace at which we are able to monetize investments in our private portfolio has been disappointing. I am often asked the question, “Why aren’t you selling your private portfolio faster?” To be clear, our ability to force liquidity events is very limited since we don’t own controlling stakes in any of our private holdings. We also do not need to sell our private holdings in a fire sale to fund our operations. The success of our public investing strategy has led to the improvement of our balance sheet, which had \$51.2 million or \$1.65 per share in cash and public securities as of year-end. We have the luxury of being able to sell our private holdings when we believe it makes sense for shareholders rather than being forced to do so to survive.

EXPENSES:

As we have noted in previous letters, we have dramatically reduced our cost structure under our new strategy. In 2016, before our Fund’s change in investment focus and management team, our operating expenses, excluding stock-based compensation and interest on outstanding debt, averaged approximately \$1.3 million per quarter. For Q4 2019, our operating expenses net of sublease income equaled approximately \$939,000, including a non-cash expense of approximately \$130,000 for our legacy medical benefit retirement obligations, due to a lower discount rate in 2019 versus 2018. In Q4 2018, we had a non-cash benefit of approximately \$180,000.

Based on the overall positive results for the entirety of 2019, the Compensation Committee of our Board of Directors voted to accrue an additional \$977,000 in the fourth quarter of 2019 for bonuses for 180 employees. As a reminder, the bonus pool includes the deferral of one-third of the full amount for payment in future years only if our individual and corporate performance is persistent. We note that in 2018, despite the increase in our NAV and our public stock picking performance outpacing the RMICRO (+19.5% for 180 vs. -13.0% for RMICRO), we recommended a bonus pool of \$0.

To show alignment with our shareholders, it is noteworthy to mention that I have invested 73% of my total 2016-2018 compensation in TURN stock through open-market purchases. On an after-tax basis, the amount would be greater than 100%. In total, the board and management team own 4.9% of TURN. We are aligned with our shareholders.

TURN/NAV: SUM OF THE PARTS:

As of the end of Q4 2019, TURN traded at 70% of its NAV. Our public securities, cash, and other assets net of liabilities were \$1.53 per share. Our stock price was \$2.15. If we received 100% credit for the value of these assets net of liabilities, the market is ascribing a value of approximately \$0.62 per share, or \$19.3 million, to our private portfolio. Given our private assets are valued at approximately \$47.6 million, the market is discounting the value of our private portfolio assets by 59.5% as of the end of Q4 2019. As we grow our cash and liquid securities, the discount our stock trades to NAV should narrow. At the beginning of our strategy in 2017, we had 27% of our cash and total investments in cash and public securities, and we were trading at a 41% discount to NAV. At the end of Q4 2019, we had 51.9% of our cash and total investments in cash and public securities, and we traded at a 30% discount to NAV. We’re making progress, but there is more work to be done.

In three short years, we have created an exciting new business for our shareholders. In 2019, our 70.8% performance for our public holdings is yet another strong indicator that constructive activism, coupled with a rigid Graham and Dodd value approach to investing, can lead to terrific investment performance. I stare at our stock price all day, every day. Over our tenure, TURN’s share price increased 55.8%, while RMICRO is up only 20.5%. The large cap growth-dominated S&P 500 is up 53.1% largely driven by the FAANG group of companies. You have a belief in our strategy, and I am truly appreciative of your support. I think by now you can tell I am a big believer in transparency. Every day we come to work, we make decisions designed to benefit all of us as shareholders. The market has come a very long way since the economic disaster of 2008. Today, the economy is performing quite well, inflation remains in check, and unemployment is at generational lows. That said, we will have election year volatility to navigate, and early on, we are already dealing with supply chain disruptions due to the Coronavirus. I would expect volatility to increase as the year unfolds. Let’s remember that in March 2009, the S&P 500 bottomed at an intra-day low of 667. Today it sits north of 3200. There is a lot of good news built into this market. We keep that in mind every time we look at new companies and the holdings that make up our existing portfolio.

Finally, it is with appreciation, and a bit of sadness, that Chuck Ramsey, an esteemed member of our Board of Directors has notified us that he will not stand for re-election at our upcoming annual meeting of shareholders. I have had the privilege of working alongside Chuck both as an independent director and now, given my position as CEO, as my “boss”. Chuck has served as a member of our Board since October 2002. Since 1997, he has been a consultant in the area of human resources and venture capital. He is a retired founder and principal of Ramsey/Beirne Associates, Inc., an executive search firm that specialized in recruiting top officers for high-technology companies, many of which were backed by venture capital. Chuck has been the consummate professional and has really helped us think through best practices as it relates to building corporate organizational structures. Chuck has been in the “people business” his entire career, and he is on the short list of some of the best “people” I have ever come across. On behalf of 180, I want to thank Chuck for all he has done for the remaking of our business (including recruiting me!), and we wish him the very best as time moves forward. We will look to add a new member who has skillsets that can aid us in our world of small cap activist investing.

Thank you for your continued support.

A handwritten signature in blue ink, appearing to read 'Kevin Rendino', written over a horizontal line.

Kevin Rendino
Chairman and Chief Executive Officer