



Q3 2022 Shareholder Letter

Fellow Shareholders,

Imagine waking up to the realization that you are set to fight Mike Tyson and have him punch you in the face for 6.5 straight hours. Now imagine that happens every morning. For a more detailed illustration of what I am referring to, here is a timeline of a typical day for any day during the last quarter:

Wait a second. I just realized this was how I started last quarter's shareholder letter. Would anyone notice if I just copied and pasted last quarter's note and applied it to this quarter? What has really changed? All we continue to talk about is rising rates, global inflation, Russia's war with Ukraine, and recession fears. The market opens, it goes down. On the days it goes up, it goes down by more the following day. It has been water torture. We discount the same news over and over and over and over again. I have always been one to respect the market, but watching some of the activity this year has led me to conclude that, today, it is even more inefficient than it has ever been. We've been fortunate to see the management of PBPB execute on turning around their business better and faster than original expectations. The reward is that PBPB's stock traded down to one-third of the price it traded at five years ago when it was a broken business with declining comps. In a 27-day period, we watched SCOR trade down for 24 days, rise on two days, with the remaining day flat. Did you see the news on SCOR that caused the decline? You wouldn't have because there wasn't any. Also, it isn't like the stock started its decline from a historically high valuation level; in fact, just a month ago, it was trading at one-quarter of the value of Nielsen's enterprise value/revenue. In these types of markets, valuation doesn't seem to matter. No, I don't think "the market is right" on SCOR; I actually think its lunacy. PBPB and SCOR are just two examples of why this isn't a market that needs to be respected. It is one that, with a three-year time horizon, we need to take advantage of to build value for TURN's shareholders.

Here is something I have rarely said in all my days of managing money. Instead of tiptoeing around "Mr. and Ms. Market" so as not to hurt its feelings and always saying the right thing like, "You need to respect the market and assume it is right," I choose a different path. I have seen such utter nonsense in the indiscriminate selling of so many names, regardless of news or valuation, that I do not believe the market is right. I believe the market is not right in ascribing a going out of business valuation for PBPB. I think SCOR being down 24 out of 27 trading days is irrational. I know that based on the current stock prices for many of our positions, I should probably be the one that feels stupid; but you know what, I think the market is stupid in how it currently ascribes value to many companies. That isn't to suggest we will be right for every holding of ours as we look into the future. It is my guess that I will look back at this market several years from now, and laugh at the price for many of our holdings. The market, especially for small and micro-capitalization stocks, has become completely inefficient with regards to valuing businesses based on potential performance over the next three years.

I love my job, and I love TURN. I have really enjoyed meeting so many of our shareholders over the years. We seek to answer every single request a shareholder makes to speak with us about our business. I would like to think we have been transparent in our prior shareholder letters as to how we think about the markets and very specific about what we own and why we own it. I hope by now everyone understands the careful consideration and focus we have taken in being good stewards of your investment in TURN. I am aligned with you through the purchase of over 500,000 shares of TURN since my arrival. I spend time combing over prior letters to make sure I don't repeat myself. Who wants to listen to a repeater? That said, the one thing I will never tire of repeating is the description and characterization of our investment process. I have been fortunate to have had a 30-year career of investing on behalf of individuals and institutions; all with the same Graham and Dodd Value contrarian approach. At TURN we enhance this process through our constructive activism. We have been through markets like this before, but each time you are in it, you never know when the selling will end. Every day feels like three days. But just like 1987, 1990, 1994, 1998, 2000, 2008, 2020, and every other period like it before, this will end. It just doesn't end when you want it to end. You never know when and how quickly the reward will come from the investments you make in companies you believe are undervalued in the current market.

I have always said the IQ of a management team revolves around the price of its company's stock and the financial results of the business it manages. I don't feel like I have a super-high IQ these days and trying to quantify how productive we were this quarter feels like searching for a needle in a haystack. Albert Einstein once said, "Try not to become a man of success. Rather become a man of value." To be honest, I don't feel like I have been a man of value in 2022. I just don't. But don't take that for anything other than that's how I view my contribution to TURN through three quarters of 2022. I could try and bang my head against the wall, but, in true 2022 fashion, if I did that, I would probably miss. I will say I believe this market has no idea where it is going to be in three months, let alone the next three years. We have always subscribed to the "you reap what you sow" school of hard work. Well, at TURN, we are sowing. That's what we do each and every day. Sow. Sow. Sow. I anticipate looking back three years from now and laughing at the investor who sold PBPB stock to us at \$4.60.

So that's that. I'm tired of writing about 2022 and the markets. Given all that has occurred, one of the lessons I have learned throughout the years is you better love what you own and believe what you own has significant upside, if and when the market dynamics change. Here are a few lessons learned from the years of dealing with prior bear markets, and how we are applying these lessons at TURN.

Make sure in bear markets (or any market) you aren't investing in buggy whip companies or companies that manufacture abacuses.

What were the highlights of the quarter for TURN? We updated our phone/internet systems to the new Verizon Yealink system. We actually saved our shareholders \$2,500 a year as a result. It is a welcome improvement to our old phone system; that said, I haven't picked up a call on our office phone since the pandemic started. Literally not one. Nobody, other than telemarketers, calls our office landline; it seems so 1986ish. We generally use our work cell phones and emails to communicate with shareholders. As a matter of fact, the new phone just rang and it startled me. It reminded me of a situation that occurred between myself and my nephew ten summers ago. Side bar (actually this whole paragraph is sidebar). I love newspapers. The Wall Street Journal, The Financial Times, The New York Times, The New York Post (for the sports) are some of my favorites. When I was at BlackRock, Bob Martorelli and I grabbed our newspapers at 11:25 am, headed to the building's cafeteria, and talked about what we were reading while we ate lunch. Each and every day we had this routine. Ten years ago, my nephew was living with us and we commuted to Manhattan together for the first day of his Wall Street summer intern job. We drove to Port Authority and then hopped on the E train. We were jammed in like sardines. I attempted to finish my newspaper (folding paper in half, then quarters, then eighths so as not to hit anyone in the face with the paper) through whatever COVID-like disease existed at the time in a typical New York City subway. I finished reading and as my stop was immediately before my nephew's, as I exited, I handed him the newspaper, he glared at me like I had 14 heads. He took a step back, threw his hands out at me in a two-handed Heisman Trophy pose; as if I was attempting to hand him a grenade. His generation didn't use physical newspapers, they read everything online. How dare I try and give him a newspaper? It was hysterical on the one hand, and caused me to make sure, as an investor, I always stayed open minded to how the world evolves and how technology causes behavioral changes. It was a reminder to not invest in buggy whips and abacuses where there are long-term secular headwinds. We make sure you pay value prices for businesses that we believe can grow over time. While that doesn't seem like a novel or new idea, value investors get themselves caught in value traps because they fall in love with how "cheap" a stock may be at what they think is a good value without comprehending that the business might never grow again.

Focus on what matters, not the noise.

What else is new at TURN this quarter? We got a new water cooler in the office: the Primo water dispenser. It cost \$220. It's fantastic and replaces our old one that we had for over five years before it broke. The water is so good. I hope all of you one day get to travel to be with us so you can experience the water (is it apparent now how very little I have to add in this letter?). The predecessor company to 180 spent approximately \$110,000 per year on travel and entertainment expenses for its employees. In 2021, we spent approximately \$6,800. This year, we have spent approximately \$9,100. I used to attend the Woolworth analyst meeting every year. I was a shareholder, and the investment thesis revolved around their real estate in New York City as well as their new growth company, Foot Locker. It was 1990, and the market resembled 2022; in terms of the direction of the market, the incessant recession talk, and the indiscriminate selling of companies viewed as "secondary"; similar to the ones TURN owns today. Woolworth used to have a nice breakfast for its annual meeting. That year, the breakfast was gone. The stock had

imploded amidst real estate fears and a retail recession. Only coffee was available. One shareholder stood up during the question-and-answer period and ushered the following comment for management; “I have been coming to this meeting forever. This is very upsetting.” “Me too,” I said to myself. The stock had precipitously declined and the business was suffering. He continued: “Every year you always offered people who came to this meeting crullers, pastries, and danishes. How can you not offer your shareholders a damn danish this year?” Oh brother. Really? The stock was imploding, the real estate market was crashing, and all you care about is the disappearance of crullers? That was a great lesson in ensuring that we need to focus on the things that matter, i.e., the business. This year there is so much noise out there, that at times (actually most of the time), it is hard to concentrate. We have to simply keep our blinders on (doesn’t mean we ignore reality) and try and find the appropriate investments that will double or triple over the next few years. That is what we are doing day in and day out. That said, I promise you, if you choose to visit us in Montclair, NJ, through good times and bad, we will always have water for you.

If you don’t have intellectual curiosity, you will never succeed.

We hired an analyst this quarter. His name is Matt Epstein, and he formerly worked at Evermore Global Advisors. His degrees come from NYU and Columbia, so he comes from the Graham and Dodd world (Benjamin Graham taught at Columbia). He loves investing and is quite intellectually curious. A long time ago, he couldn’t get into a conference that he wanted to attend. So, he called one of his companies that was presenting at the conference, found out one of the members of the management team had to cancel, and he assumed his identity, both name and photograph. He paraded around the conference with a badge that, I can promise you, had a picture that didn’t come close to resembling the person wearing it. That showed initiative and drive. We are happy he is here. That said, his dietary habits are painfully and annoyingly healthy. Lot of carrots and celery, which, actually the more I think about it, are a wonderful counterbalance to the ridiculousness of Daniel Wolfe’s eating habits. More often than not, for lunch at the desk, Daniel gets himself meatloaf and mashed potatoes or chicken milanese with some form of dessert to finish it off. But again, I digress. Matt was hired because he is always asking questions and always looking under rocks for new ideas; and he never stops. In the investing world, you have to know what you don’t know and ask questions to make you smarter. I always laugh at the investors who say they know exactly where the market will be in six months and have every answer to every question. I refer to them as the “often wrong, never in doubt” crowd. I wish I was that smart to have all the answers. We aren’t, so we will just keep asking questions. By the way, Matt loves physical newspapers and brings them into the office every day. He’s an old soul.

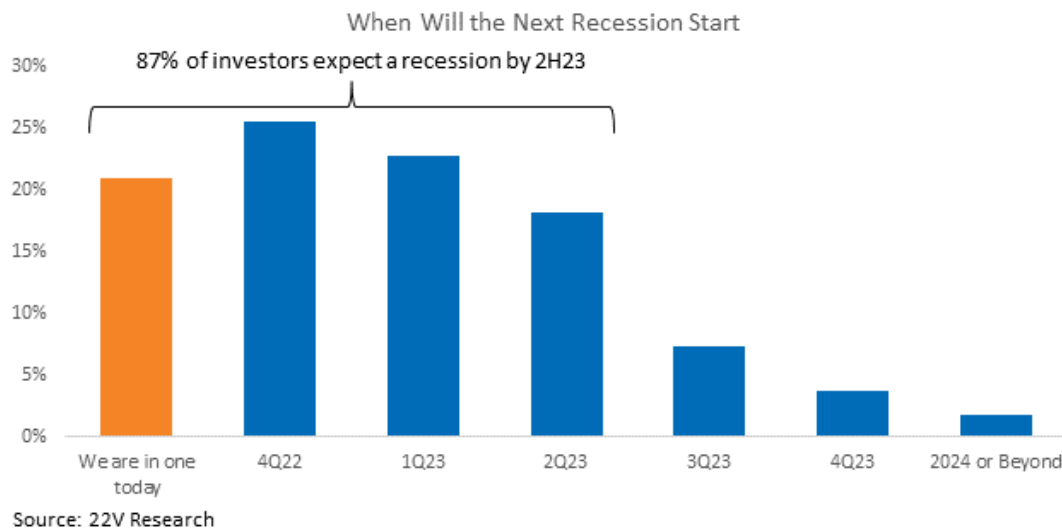
We will focus long term on slugging percentage, not batting average.

During my BlackRock days, I had a maddening conversation with an investment consultant who was responsible for selecting funds on behalf of their clients. She would come in once a month for a deep dive on our process, performance, and market outlook. For this one consultant, her firm had zero assets in my fund, but had \$1 billion in another value fund at Blackrock. To say that bothered me would be an understatement; after all, if you looked at our performance versus the other fund, we easily had better performance over a longer cycle (let’s say 5, 7, or 10 years). I asked the consultant to explain how that made any sense, and she chose to say she wasn’t in the market timing business, how it’s impossible to ever know when to invest in a fund, and to her, your batting average (number of times you beat the benchmark in a calendar year) was the most relevant statistic for judging a portfolio manager. My fund on average may have beaten the benchmark 65% of the time but the other fund did it 75% of the time. The consultant didn’t want to rely on timing. She just wanted to own the fund that beat the market the most on a frequency basis. I tried to reason with her by saying slugging percentage should mean way more when determining allocations. In other words, let’s say you gave our fund and the other fund a \$1 million dollar investment. Let’s say the end of the 10 years, due to a higher slugging percentage, my fund returned \$2.5 million versus the other fund returning \$2.2 million, I assume you would have wished you own my fund, right? The answer was still a resounding no!!!! She was fixated on not knowing what year we would have our outsized returns and thought it safe to simply own the fund that beat the market the most. I tried to explain that if you just bought my fund and held your investment in it you wouldn’t have to worry about timing. It was a similar exercise of taking my head and beating it against the wall until I bled. I lost my ability to debate the matter anymore as she could never see my point. She was intractable. It was at that point that I realized there was simply no reason to continue the conversation.

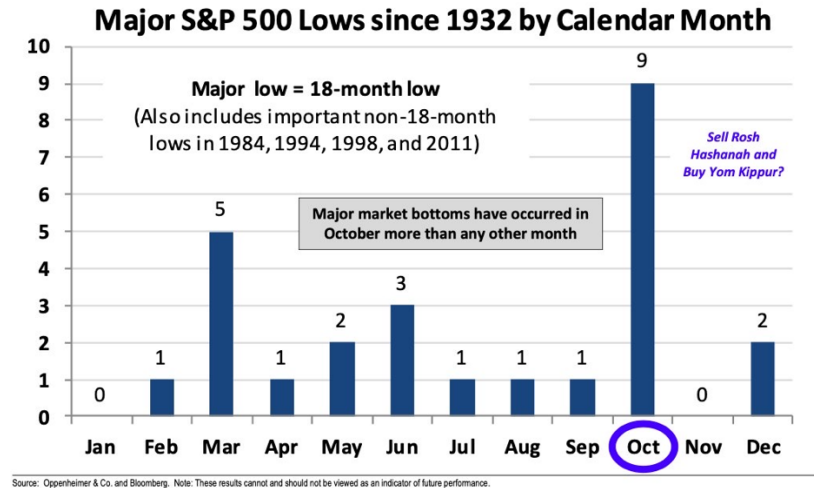
Slugging percentage is everything for the way we manage your money at TURN. I care about how much gold is at the end of the rainbow, not whether or not we beat the benchmark more often than the next fund. The idea is to create wealth for our investors and shareholders. If someone else beats the market slightly more than we do, but we

return more capital to the investor than the bench hugger, then I feel like we are doing our job. TURN is a concentrated non-diversified fund that makes big bets in a few companies with an eye towards at least doubling our money in each investment over a three-year cycle. The world doesn't need another diversified passive small cap fund. While I am very disappointed in how 2022 has so far played out, we have grown our cash and public related assets from \$19.9 million to \$67.5 million, and our inception to date gross total return for our strategy, including carried interest from the external capital we have managed is 239.0%. Do we want to do well every year? Of course we do. Is that the reality of investing? No, it is not. The goal of TURN is to return sizable gains to our investors over a cycle. There is nothing about 2022 that leads me to conclude we cannot generate outsized returns over the next five years similar to how we did since we started in 2017.

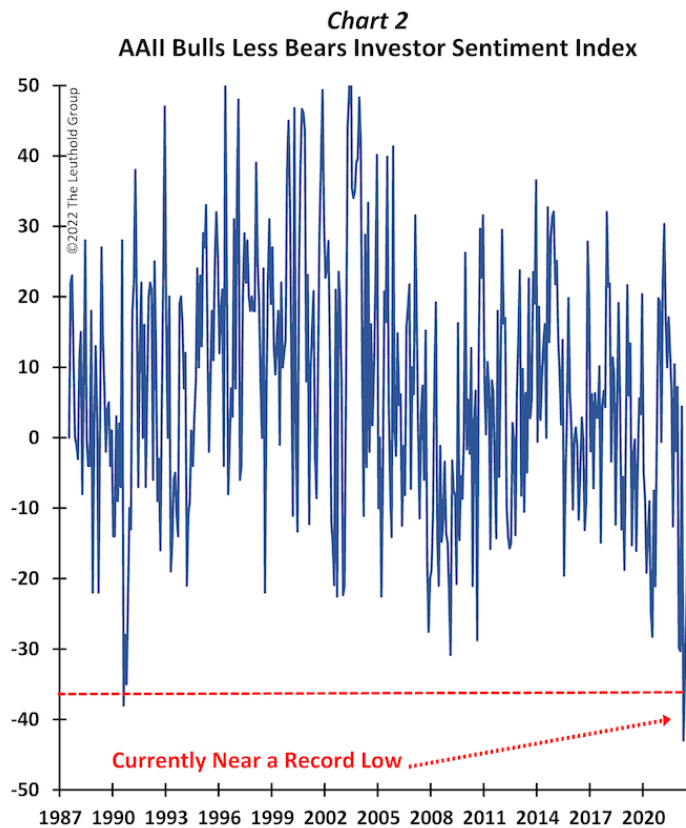
So those are few lessons learned; and there are countless others. Whether or not we have a recession at this point seems completely irrelevant to me as, shown in the chart below, 87% of respondents to a 22V Research poll believe we are already in one or will be by mid-2023. To me, from here, it shouldn't be news if we have a recession. For the record, we believe we are already in a recession. While it may seem bizarre saying we are in a recession given the fact that unemployment is below 4% and we have grown jobs each and every month this year, we have negative nominal growth for two quarters in a row because inflation is eating through the growth in the economy. An individual's buying capacity is less now than it was last year because wage growth is not keeping up with inflation. By definition, our buying power has receded from a year ago.



Here is the good news. The market isn't down 25% (or over 30% from its highs) for no reason. The market has declined *in advance* of an environment that reflects higher rates and the potential for a recession. Our belief is that this recessionary period is not a repeat of 2008 when leverage in the banking system (subprime mortgage) caused a massive global financial meltdown because today, in general, the balance sheets of companies are healthy and unemployment is relatively low. We think inflation has peaked although that doesn't mean it's going away tomorrow. We just don't expect inflation to take another stair step function higher from where it stands today, particularly since we are approaching the point in time where year-over-year comparisons will start from a base of high inflation. The US Fed funds rate increases of 2022 are already having a dampening effect on the economy. Thirty-year, fixed-rate mortgage rates are now at 7.5% versus 2.7% just 10 months ago. That substantial increase in interest rate is impacting the housing market. The Fed has moved aggressively and decisively to move rates higher, and it will indeed result in a slowing of the overall economy, not just the housing market. While we believe the Fed was entirely too late to the party, it doesn't matter. What does matter is we believe we are closer to a bottom than a top because equity prices have been decimated to levels that discount a very onerous period. Here is a history of the months in which the market bottomed in the last 90 years. October is far and away the month where markets bottom and pessimism is at its highest. We are in October. We have seen this movie before.



And for those that believe bull/bear sentiment is a contrary indicator to whether or not we are a bottom or a top, I offer the following chart published by the Leuthold Group. 2022 represents the most bearish moment for the market over the last 40 years. Really? Worse than 2008? That doesn't feel right to me.



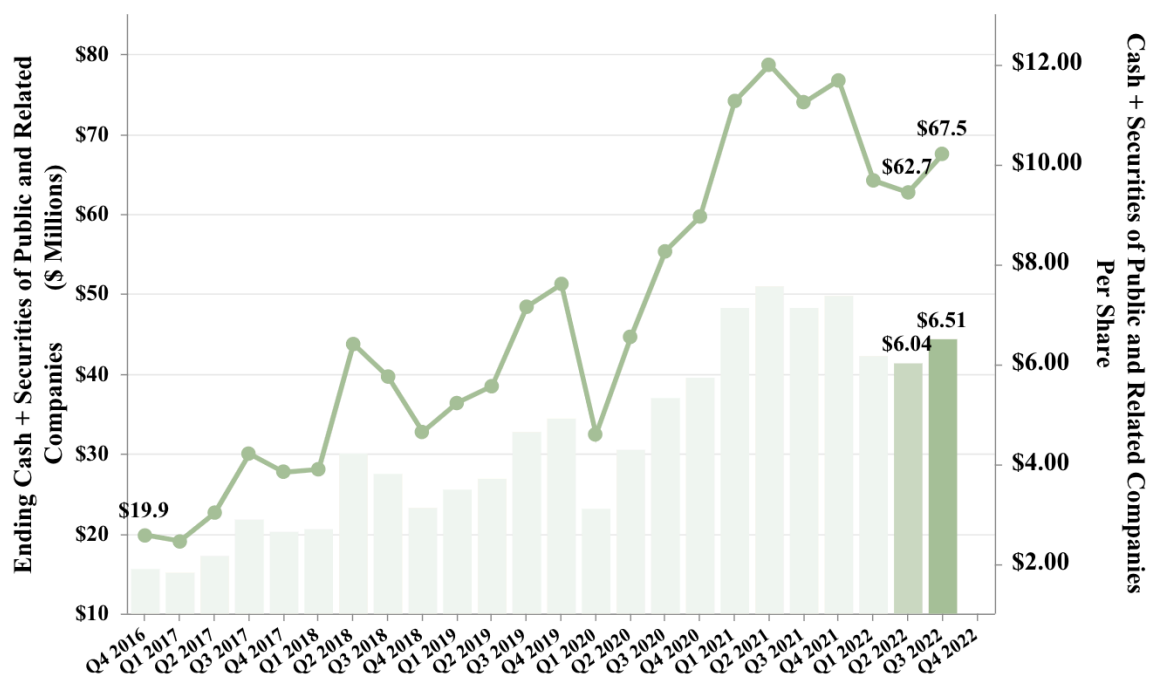
Not since the late 1970s has uncertainty surrounding monetary policy and the Federal Reserve been so pronounced. Of course, current anxiety about Fed actions is the direct consequence of the highest inflation in 40 years. Nonetheless, the aggressive policies enacted this year by the tough-talking and tough-acting Fed have led to some of the most pessimistic investor-sentiment readings in history. With that backdrop, let's dig into our results for the quarter.

NET ASSET VALUE PER SHARE

Our net asset value per share (“NAV”) decreased this quarter from \$8.35 to \$8.10, a -3.0% decline. 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 caused our NAV to decline by \$0.19, while our private portfolio companies increased our NAV by \$0.02. Operating expenses, net of reversal of certain deferred bonus accruals decreased NAV by \$0.08. Over the duration of our history, the public portfolio companies have increased our NAV by \$3.99 while at the same time, the private holdings have decreased our NAV by \$0.56.

	Quarter	YTD	1 Year	3 Year	5 Year	Inception to Date
	Q3 2022	Q4 2021- Q3 2022	Q3 2021- Q3 2022	Q3 2019- Q3 2022	Q3 2017- Q3 2022	Q4 2016- Q3 2022
Change in NAV	-3.0%	-24.0%	-21.9%	-11.5%	0.7%	15.4%
Change in Stock Price	-10.4%	-25.3%	-24.3%	-14.4%	5.2%	32.6%
Russell Microcap Index	-0.5%	-25.5%	-27.5%	21.9%	16.5%	29.5%
Russell Microcap Value Index	-2.0%	-18.8%	-18.0%	29.6%	27.8%	39.7%
Russell 2000	-2.2%	-25.1%	-23.5%	13.3%	18.9%	31.9%

This is just the first time since the inception of 180 that our book value has declined three quarters in a row. That said, you are fully aware that our primary goal since we started was to ensure that the bulk of our balance sheet be comprised of cash and public and related securities, which would allow our shareholders to more easily value TURN’s holdings. We believe it should also provide a floor for our stock price. As of the end of this quarter, approximately 80% of our net assets are now public and related assets that are valued based on prices in the public markets or using public market pricing as the main input to determine value. I would offer the following chart to provide some perspective on our performance over a longer period of time. We have increased our cash and public and related securities to a level greater than our share price, illustrating just how cheap we believe our stock is today. This difference expands further if you include the remaining private assets based on our NAV of \$8.10.



PUBLIC AND RELATED PORTFOLIO

In the chart below, you see our quarter to date, one-year, three-year, and inception-to-date performance numbers. For Q3 2022, we showed a gross total return for our public portfolio of -2.9%, versus a gross total return for the Russell Microcap Index of -0.5% and a gross total return for the Russell Microcap Value Index of -2.0%. Year to date, our -32.9% gross total return compares negatively to the -25.5% return for the Russell Microcap Index. Despite this year's performance, as seen in the chart below, our three-year, five-year, and inception to date numbers including the carry from our SMA show significant outperformance versus these benchmarks. While we have certainly hit a rough patch in performance, we are excited that we are potentially starting the next bull cycle with a bear market NAV of \$8.10. We believe many of our names have the ability to at least double and, if that occurs, we believe that should propel our NAV and share price higher.

	Quarter	YTD	1 Year	3 Year	5 Year	Inception to Date
	Q2 2022	Q4 2021-Q2 2022	Q2 2021-Q2 2022	Q2 2019-Q2 2022	Q2 2017-Q2 2022	Q4 2016-Q2 2022
TURN Public Portfolio Gross Total Return (Excluding SMA Carried Interest)	-2.9%	-32.9%	-28.9%	10.3%	96.7%	218.0%
TURN Public Portfolio Gross Total Return (Including SMA Carried Interest)	-2.9%	-32.9%	-31.7%	50.5%	182.4%	239.0%
Change in Stock Price	-10.4%	-25.3%	-24.3%	-14.4%	5.2%	32.6%
Russell Microcap Index	-0.5%	-25.5%	-27.5%	21.9%	16.5%	29.5%
Russell Microcap Value Index	-2.0%	-18.8%	-18.0%	29.6%	27.8%	39.7%
Russell 2000	-2.2%	-25.1%	-23.5%	13.3%	18.9%	31.9%

Let's dig into the significant sources of the changes in value in our public portfolio in Q3 2022. What you will see a lot of is the following: company reported better than expected results and the stock was down anyway. That is the definition of the market we have lived in.

Largest Decreases in Value

- **Potbelly Corporation (PBPB)** – PBPB reported strong Q2 2022 results and provided a healthy outlook for the second half of 2022. The company announced two franchise deals in late September, although it has not yet completed any re-franchising deals. Large franchise and re-franchise deals are critical milestones in ensuring the company is on a less-capital-intensive growth trajectory that should support a much higher share price. We are more than satisfied with the operational turnaround we have seen from this new management team. The pace of franchise deals has been slower than we would like, but in reality, given the backdrop of rising interest rates, global inflation, and a bear market in financial assets, we shouldn't be all that surprised with the pace of activity. Nothing we are currently seeing justifies a share price trading at one-third of the value it had when it was a completely broken business model just five years ago. We have a 13D on file and we will continue to engage with the management and Board to ensure the company takes the steps required to create significant shareholder value going forward. For the quarter, PBPB's stock declined by 20% and reduced our NAV by \$0.17 per share.
- **Comscore, Inc. (SCOR)** – The company reported improving financial results for Q2 2022 and announced the appointment of Jon Carpeneter as CEO and Nana Banjeree, an affiliate of Cerberus, as Chairman of the Board. SCOR began the process of overhauling the management team and focusing the company on delivering profitable growth and improved EBITDA margins. Cerberus bought \$1 million of stock at \$2.14 per share and there was additional insider buying from the management and Board during the quarter. Without looking at the screen, you might have thought these actions would have been received positively by investors and the market. Instead, SCOR was down 20% in the quarter and decreased our NAV by \$0.11 per share. We believe SCOR is grossly undervalued, in part because it trades at 20% of the value Nielsen received in its takeover led by Elliott Investment Management and Brookfield Business Partners.
- **Quantum Corporation (QMCO)** – We are hard pressed to find a company that has been completely ineffective and inept in managing itself through the global supply chain woes worse than QMCO. It has been severely punished for its inability to source parts needed for its tape products sold to Hyperscalers, which is a significant part of its business, and the part that is growing the fastest. Earlier in the year, the company conducted a rights offering to shore up its balance sheet and ensure it had staying power to weather the current environment. This quarter, the company reported revenue that was above guidance and analyst estimates, but margins continued to be pressured by supply chain problems and led to lower than expected EBITDA. While management stated that it believed the quarter's margins would be the low point, they did not provide clarity on how quickly the margins can return to historical levels. The truth is investors have completely lost confidence in this management team and will never give the company the benefit of the doubt until QMCO reports results that show improved execution on a consistent basis. QMCO is a classic case of a management team overpromising and underdelivering. We have and will continue to hold QMCO's Board and management team accountable for restoring value and will ramp up our activism, which may include a proxy contest if we don't believe the company is being run for its shareholders. The stock declined 24% in the quarter and decreased our NAV by \$0.10 per share.
- **Commercial Vehicle Group, Inc. (CVGI)** – CVGI reported Q2 results in line with expectations and called for improvements for operating performance in the second half following the start of renegotiating pricing of contracts from a significant number of its customers. CVGI also continues to win significant new business in the emerging electric truck market that is expected to drive further growth in future years. Similar to our other holdings; even though the stock was already trading at depressed values to start the quarter, it still declined 23% amidst recession fears and decreased our NAV by \$0.06 per share.
- **D-Wave Quantum, Inc. (QBTS)** – D-Wave Systems completed its public listing in August 2022 through a merger with DPCM Capital, Inc., (XPOA), a special purpose acquisition company. The newly listed company is called D-Wave Quantum, Inc., and trades under the symbol QBTS. 180 holds approximately

900,000 shares of QBTS. While this is clearly an important milestone for D-Wave and our efforts to monetize our legacy private portfolio, it is important to note that 180 cannot trade its shares of QBTS immediately. The shares of QBTS owned by 180 are subject to restrictions from trading until a registration statement is filed and deemed effective by the SEC; as well as an expiration of a lockup period that will last four-to-six months from the date of the business combination. Following the completion of its business combination and public listing, QBTS hosted its first earnings call where it noted that headwinds including delays in signing large deals and in moving between phases of its launch program from trials to deployment will result in slower than expected revenue growth. QBTS then lowered its revenue guidance to \$7-9 million for 2022, versus the initially anticipated and marketed revenue of \$11 million. Not a great way to start life as a public company. Now that QBTS is a public company we will include its performance in that of our public and related portfolio each quarter. For this quarter, we measure the change in value of QBTS as a public company from its opening price per share on the date it first traded as QBTS, inclusive of a discount for lack of marketability of 180's shares, to its price per share at the end of the quarter, also inclusive of a discount for lack of marketability. QBTS as a public company declined 7.5% in the quarter, and decreased our NAV by \$0.05 per share.

Largest Increases In Value

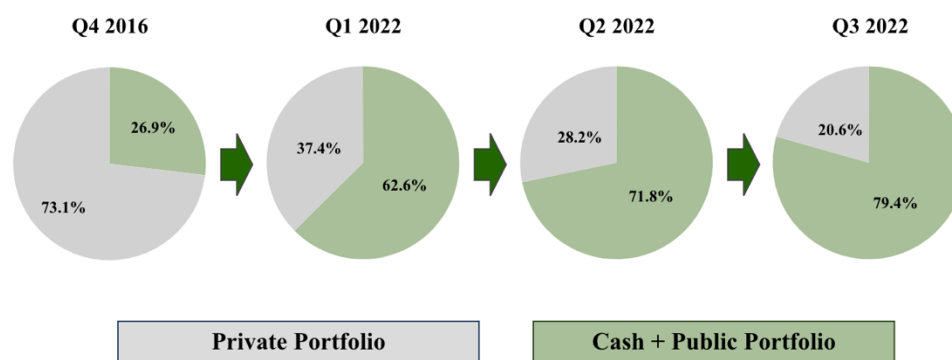
- Arena Group Holdings, Inc. (AREN) – AREN reported strong top line results for Q2 2022 but did report lower than expected EBITDA due to a shortfall in margin from the annual Sports Illustrated Swimsuit Issue. AREN's digital ad revenues, page views and all other operating metrics for its core digital business continue to grow showing the potential for its platform. If you remember from last quarter, AREN's stock sold off into the last days of last quarter due to confusion around the actual number of shares investors needed to buy following its inclusion in the Russell Index. It seemed investors thought the shares they needed to buy were much higher near the beginning of the announcement of inclusion versus the reality at the end. This confusion caused overbuying early and selling late into Q2 2022. AREN recently stated on its earnings call that it is currently at an inflection point where both inorganic and organic growth can occur without adding any meaningful cost along the way. We currently expect material increases in revenue, EBITDA, and free cash flow over the ensuing years. We believe in AREN's strategy of rolling up digital assets and integrating them across a single platform; and this approach should allow for better traffic across each individual site. AREN's stock recovered this quarter and increased 46%, and it increased our NAV by \$0.31 per share.
- Alta Equipment Group, Inc. (ALTG) – ALTG reported results for Q2 2022 that significantly surpassed all expectations with strong performance across all its businesses and geographies. The company increased its EBITDA guidance and announced the initiation of a dividend to common stockholders. We have consistently said ALTG's management team is one of the best amongst our portfolio holdings. Q2 2022 was a perfect example of why we feel that way about them. Keep it up, Ryan and Tony! ALTG's stock rose 23% in Q2 2022, and increased our NAV by \$0.12 per share.

We believe we have gotten to the point where many names in our universe have overly discounted (based on their valuations) the very bearish environment we are in. Our permanent capital allows us to make rational decisions on our investments, and we believe this is a distinct advantage in regard to our ability to generate returns greater than the indices over an investment cycle. We are never forced to sell unless we believe we should for analytical and investment process reasons. We have seen the benefits of having permanent capital during other periods of market dislocation during our five-year history, and we expect this period will be no different. Like the other weak periods of performance during the last five years, we hope to look back at this one and reflect that while it was painful wading through it, we were presented with some interesting investment opportunities that we believe have at least 100% upside. We have intentionally created a concentrated portfolio that has very low correlation to the broad indices. We are aware of the potential for episodic returns for our holdings, i.e., we believe we will get paid for most of our investments, we just can't say when.

LEGACY PRIVATE PORTFOLIO

We have already transformed our business over the last five years away from the historical venture capital model and towards public and public related securities. The sale of our potential future milestones from the acquisition of

Petra Pharma Corporation by Eli Lilly and Company, the sale of TARA Biosystems, Inc. to Valo Health, LLC and the public listing of QBTS have supercharged that transformation. Following these monetizations, 180's remaining private portfolio has only one material position, AgBiome, LLC. Our transformation started in June 2016, when I first joined the Board of Directors. At that time, our predecessor company's balance sheet was comprised of 73% private assets and 27% net cash and public and related securities. Today, following the events in Q3 2022, those percentages have flipped. Because of the greater transparency in the value of our holdings, it would make sense to us that our stock should narrow the discount it trades to our NAV. When we first took over the management of 180, we were very clear about what we hoped to accomplish, and I am pleased to report we have executed that strategy to the benefit of our shareholders.



With regard to the remaining legacy private portfolio, it increased NAV by \$0.02 per share, or approximately \$240,000, which includes the difference in value for D-Wave from June 30, 2022, to the opening price of trading as QBTS inclusive of the discount for lack of marketability. The increase in value of D-Wave attributed to the legacy private portfolio of approximately \$1.4 million, or \$0.13 per share, was partially offset by declines in the fair value of AgBiome (market comps), HALE.life Corporation (business risk), EchoPixel, Inc. (business risk) and the potential future payments from the acquisition of BioVex Group, Inc., by Amgen, Inc. (reduced probabilities).

EXPENSES

As 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 Q3 2022 our regular operating expenses equaled approximately \$927,000 versus approximately \$805,000 in Q3 2021. The primary sources of difference relate to higher accrual for audit fees, the timing of certain expenses related to tax preparation, added public relations and marketing costs, and the addition of Matt Epstein to the team. We will maintain a lean cost structure (outside of fixed expenses for being a public company) focusing our expenses on activities solely designed to enhance our investment performance or to increase our revenues from managing outside capital. As has been the case since my arrival, we have been consistent in saying the management team will only participate in a bonus pool if our performance warrants it. Our performance for 2022 to date doesn't warrant a bonus pool, and thus no performance-based bonuses are accrued as of the end of Q3 2022. The final assessment of any potential bonus pool will be made by our Compensation Committee of our Board of Directors at the end of the year.

TURN/NAV: SUM OF THE PARTS

As of the end of Q3 2022, TURN traded at 68% of NAV. Our securities of publicly traded and related companies, cash, and other assets net of liabilities were \$6.42 per share. Our stock price was \$5.49. If we receive 100% credit for the value of these assets net of liabilities, the market is ascribing a negative value of approximately \$0.93 per share, or -\$9.6 million, to our private portfolio. Put another way, we would have to pay someone \$9.6 million to take our private portfolio holdings off our balance sheet. That, in our view, is the definition of absurd! At the end of the day, the legacy private portfolio, other than AgBiome, is currently irrelevant to our future success. Given how painful the market has been in 2022, we think the current construct of our balance sheet has provided a true floor for

our share price. While none of 2022 has been fun, had 2017-2021 not occurred our share price would be nowhere near where it is trading today.

CONCLUSION

A very smart and seasoned “value” investor sent this to me the other day. It was a Bloomberg article quoting David Einhorn, another rather smart investor.

Hedge fund manager David Einhorn said he doesn't know if value investing will ever be in vogue again. “I don't know that it ever comes back,” the Greenlight Capital founder said Tuesday in an interview with Bloomberg Television on the sidelines of the Robin Hood Investors Conference in New York. Einhorn, 53, said most value investors are being put out of business, citing “serious changes to the market structure.” “There's just very few of us left,” he said, adding that most market participants these days are not trained or experienced in value investing, or have shifted to passive or quantitative investing. Fewer players means there's no one to notice what's happening to these companies and “nobody knows what anything is worth,” Einhorn said. “So there's an enormous number of companies that are dramatically mis-valued in ways that we haven't seen before.”

There are so many truths in what Einhorn says above, but I will say as I examine what we own and what has happened to what we own, his line about the enormous number of companies that are misvalued is dead on from our vantage point. We believe that mis-valuation is our opportunity as we look out a number of years. When we started, we told you we were going to construct a concentrated group of companies and use a Graham and Dodd process for selecting those companies; supplemented with an activist approach. In doing so, we knew that we would have less correlation with the indices (intentional) and have a portfolio that had a higher risk/reward profile than the average diversified small cap fund. For the first five years, we showed the benefit of our strategy, both in terms of our absolute and relative performance. 2022 has seen the opposite. When I first started my career at Merrill Lynch Asset Management, I did so at a time in 1990 when the fund I worked on suffered through a difficult year (both absolute and relative performance) on the eve of a recession and the Persian Gulf war. I wasn't feeling very smart. We had a great year in 1991 as the economy recovered and the markets reversed themselves. I felt really dumb during other periods also like 1994, 1998, 2001, 2008, 2020. Each of those periods preceded a significant run of positive absolute and relative performance. While some will try and convince us, “It's different this time,” we don't think it is. The causes of the bear market may be different than the last bear market, but the behavior of market participants is the same; i.e., indiscriminate selling of secondary companies regardless of price or valuation.

While it is never fun to live through nasty selloffs, we need washouts like the one we are currently experiencing to find the stocks that offer enormous upside. We intentionally run a concentrated portfolio of small cap companies. Way more often than not, our shareholders have seen the benefit of that strategy by benefiting when we get our stock picking right. Of course, with the upside potential comes periods like we are in where you see the risk of managing a concentrated portfolio. The market for microcaps is filled with inefficiencies and asymmetric risk/reward characteristics. If you get your stock picking right, you can achieve outsized returns. Based on our research, we believe many of the individual companies we own have upside of 100% over a three-year period. We have permanent capital and the opportunity to take advantage of the current dislocation is easier for us because we don't have to sell to service redemptions. We are here for the long haul and are going to make rational objective decisions that we hope lead to material value creation for our shareholders. As shown above, we haven't seen this level of bearishness in over 40 years. That is a contrary indicator. We believe the Fed's move to raise rates at such a rapid clip will indeed halt inflation and dampen growth. But that doesn't mean a Fed Funds rate at 4.5% is a number that will end the economy. We are adjusting to a new reality of higher rates, which is not a reality where stocks go to zero and we shift every asset we own to buying a ten-year treasury at 4%. The market always overshoots on the upside and does the same on the downside. We think many of our holdings are discounting for an environment that is not going to exist. While we are bullish on our ability to use this environment to create significant value over the next few years, I'm tired of talking about it. I have little desire to show another chart showing just how bearish the world has gotten and how that normally coincides with market bottoms. I have little energy to debate a newly created bear who wants to argue we are headed for a recession (we are in one) and why would you ever want to own equities. I'm tired of defending the share prices of PBPB, SCOR and other companies we own. To be honest the “rinse and repeat” nature of this market has bored us to a point where I'd rather talk about our new water dispenser and phone system rather than, for another second, analyze the global supply chain. On our names like PBPB and SCOR, I think

the market is wrong and we are right. There, I said it. What I do know is this letter will be documented and available to review two years from now. I can't wait to look back and see if our bullishness on the companies we own turns out to be warranted. We currently think we and our shareholders are going to be rewarded with material appreciation in our holdings from where they are as of the end of this quarter. Time will tell if we are right.



Kevin Rendino
Chairman and Chief Executive Officer

Forward-Looking Statements and Disclaimers

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