

Fellow Shareholders,

Before I get to the myriad of thoughts I have following the worst first quarter in the history of the US stock market, let's make sure I do not bury the lede. On the one hand, our NAV declined 30.7% to \$2.12. While that decline outperformed the Russell Microcap Index by 130 basis points and the Russel Microcap Value Index by 520 basis points, does anyone care? Down 30.7% is down 30.7%. The subsequent good news I have to share following the quarter is three-fold. 1) On April 30, 2020, one of our privately held life science portfolio companies, signed a definitive agreement to be acquired by an undisclosed buyer. We currently believe the transaction will close in mid-to-late Q2 2020. This definitive agreement and the closing of the transaction are material events for 180 and its shareholders. We will receive approximately \$4.4 million in cash at closing. Approximately \$400,000 additional proceeds will be held in escrow for one year from the date of closing. We will also be eligible to receive up to approximately \$81 million in potential future payments for achievement of undisclosed milestones. We will go into more detail on this acquisition and what it means for 180 later in this letter. 2) Our public portfolio investments rebounded in April 2020 with a 18.9% gross total return. That return is 370 basis points better than the Russell Microcap Index and 790 basis points better than the Russell Microcap Value Index. 3) We received a mandate from a pension plan to manage \$25 million in a separately managed account. Taking points 1 and 2 and applying them to our share price, we are now trading AT our current cash and public portfolio investments, which effectively says the market is valuing our private portfolio at zero. I think we proved once again that our private portfolio, let alone one company in it isn't worth zero. I have to be honest, 180's share price and valuation has moved into the world of the absurd.

I was working at BlackRock in 2008 through the financial housing crisis. That period was described by Warren Buffet as "an economic Pearl Harbor." It was a self-inflicted crisis. A mass increase in the supply of subprime mortgage debt was followed by high default rates and a surge in foreclosures. These events led to an implosion of mortgage loans that were packaged into financial instruments called mortgage-backed securities and sold to unsuspecting investors. The dream of everyone owning their own home turned into financial ruin for many individuals and institutions. There was enough blame to go around. Subprime mortgage lenders like Countrywide Credit, Ameriquest Mortgage, and New Century Financial lowered their credit standards and issued loans to low-rated borrowers. Many of these borrowers lied about their financial profile in order to secure mortgages from these and other lenders. Subprime borrowers stopped making payments on their loans and had their homes foreclosed on. These defaults led to write-offs that crippled those companies. Then, even worse, major financial institutions like Bear Stearns and Lehman Brothers decided to stuff their balance sheets by bundling subprime mortgages and prime mortgages into securities they would sell to pension funds or insurance companies. When the music stopped playing, many of these banks found themselves unable to sell the mortgage-backed securities that included these defaulting loans and could not survive the write-offs.

From 1988 to 2006, I worked at Merrill Lynch, one of the most storied financial institutions our country has ever known. Under the leadership (or lack thereof) of Stan O'Neal, Merrill Lynch decided it would be a good idea to sell its asset management business (15% year-over-year growth evidently wasn't good enough) to BlackRock for essentially 1x the inevitable earnings per share the business would earn under the leadership of BlackRock. Merrill decided they wanted to be the hub of the sub-prime mortgage business where Merrill would originate, package and then sell these mortgage loans to customers. In just over a three year period, Merrill put almost \$100 billion of mortgage bonds, including \$40 billion of the lowest-rated mortgages, onto its balance sheet. With one seat left in the game of musical chairs, Merrill had no seat. The company was forced to sell itself to Bank of America for a fraction of what it was once worth and lost its independence. In just a three-year period, Stan O'Neal's strategy destroyed what was for 100 years, a successful, venerable financial institution that served as part of the backbone for the American financial markets. How greedy and how sad.

I have said many times that I thought that period of time was a once in a lifetime disaster. I was wrong. It was a once in a 12-year disaster. In the first quarter of 2020, the market deteriorated in one month almost as much as the market declined over an 18 month period back in 2007-2009. From start to finish (October 2007 to March 2009) the S&P 500 declined 55%. From February 19, 2020, to March 23, 2020, the S&P 500 declined 34%. That change was in one month. From its earlier peak in January to its low in March, the Russell Microcap Index and the Russell Microcap Value Index collapsed 44% and 45%, respectively.

I said in my letter to you on March 24, 2020, "To be clear, it is our view that despite the recent drastic fiscal and monetary stimulus, this crisis will not end until the virus is contained. While the fiscal and monetary stimulus will help, I view it not as a solution, but as a bridge to the containment of the virus. This situation didn't start as a financial crisis. This is a healthcare crisis for which we simply weren't prepared. China, which was two months ahead of us, is presently seeing life slowly returning to normal as the number of new infections has dropped dramatically. This trend came only after the curve of the rate of new infections flattened. The questions we face now are will we be able to contain the virus in the United States, and if so, how long will it take? It is certainly easier to contain a disease when you are a state-run government and can order people home. China did that. Free flowing democracies have not only taken longer to acknowledge the severity of the crisis, but also to limit the movements of its citizens. I am not telling you anything you don't know. I just wanted to make sure you understand that our view is there will continue to be economic duress, stock market dislocation, and heightened volatility until we contain COVID-19." Presently, the rate of infections has slowed, the number of new cases is declining, and we are preparing for an attempt to get back to work. Will we see another spike in cases as we gradually leave our homes? I don't know, but the probability of that occurring is certainly not zero. For now, it seems the worst of the contagion is behind us, but there is no way of knowing for certain if the

virus will rear its ugly head again in the coming months. I believe the end will come when we have a vaccine, but the timing of that is uncertain. For now, we need testing, we need continued social distancing and we need therapeutics.

So why did I spend so much time in this letter talking about events from 12 years ago? During that period, there were so many valuable lessons I learned from my experience of managing money for BlackRock. The first is the difference between permanent and temporary. So far, we have gone through temporary value destruction. For 180, our book value at the end of the quarter (like it is every quarter) is a temporary mark at a given point of time. When does temporary turn to permanent? When you go through a crisis, you must try and invest with companies that have staying power and will survive. The job of every CEO and management team is to preserve cash and protect the balance sheet. Management teams must adjust and adapt to ensure viability. You have to give your company the chance to continue. Some companies will make it and some will not.

In crude form, here is an example of when temporary value destruction turns into permanent value destruction. If you invested in Bear Stearns and Lehman Brothers, it is over. Someone taps you on the shoulder and tells you to go home. You are permanently benched with no hope to recover. Your assets and equity are worthless. There are other less obvious, but just as catastrophic forms of permanent loss that result from economic disasters. This crisis will have varying degrees of impact to the earnings potential of one company to the next. For example, those companies operating in the airline, retail, hotel, cruise ship, office space, restaurant or any other type of travel-related industry are going to have longer paths to recovery. They are going to show massive reductions in not only their short-term earnings, but also in their long-term earnings power. Some will survive intact, but others may need to raise substantial capital to survive. These capital raises will permanently dilute shareholders and negatively impact their ability to create shareholder value. Take AIG; the company “survived” the last meltdown but at what cost? It survived 2008 only because of a recapitalization that dramatically diluted its shareholders. From October 2007 through today, the total return of AIG to shareholders has been -97%. Citigroup suffered the same fate of re-capitalization, and over the same time period, the total return to its shareholders is -88%. Conversely, two companies in the same industries that did not have to dilute their shareholders in 2008 had different fates. Chubb and JP Morgan have total returns of over 110% and 170% for the same time period, respectively. Recapitalization and the need to stay alive by diluting shareholders is when temporary value destruction turns into permanent loss. Energy is another area where the temporary collapse will inevitably lead to permanent value destruction for many companies. Over leveraged companies like Diamond Offshore, Noble Corp, and Chesapeake Corp may never make it to the other side, and if they do, it is likely that shareholder value will be impaired through recapitalizations or other dilutive financings.

We must be vigilant about remaining invested in not only companies that survive this period, but ones that don’t dilute their shareholders to the point where there is very little upside as we exit the crisis. Our lack of exposure to energy and some of the travel related industries I mentioned above have allowed us to not be hit as much as some other funds. Instead of trying to call bottoms and make investments in those critically impaired industries, we are trying to be as vigilant as possible to make sure 180 is a healthy entity on the other side of the crisis; with investments that are well positioned to build value for our shareholders.

Remember a very important feature of 180; we have permanent capital. We don’t have to sell positions unless we believe we should sell for fundamental reasons. Open-end mutual funds and hedge funds can see massive redemptions during periods like these. We have once again seen how forced liquidations can have the unintended consequence of hindering a portfolio manager’s ability to create value. Here is a simple minded exercise. Let’s take a fund that has \$100 million, a market decline of 30%, followed by a 20% redemption, and then a 20% increase in net asset value. By the end of the period, the fund has \$67 million in assets. The same fund with no redemptions and a similar return profile has \$84 million in assets. At 180, we are the latter. There are no redemptions, no call of our capital, no situations where we would need to sell to pay our expenses, and no forced liquidations. Our performance will follow our stock picking ability, and our structure allows us to focus solely on our investments, rather than having to manage liquidations or redemptions.

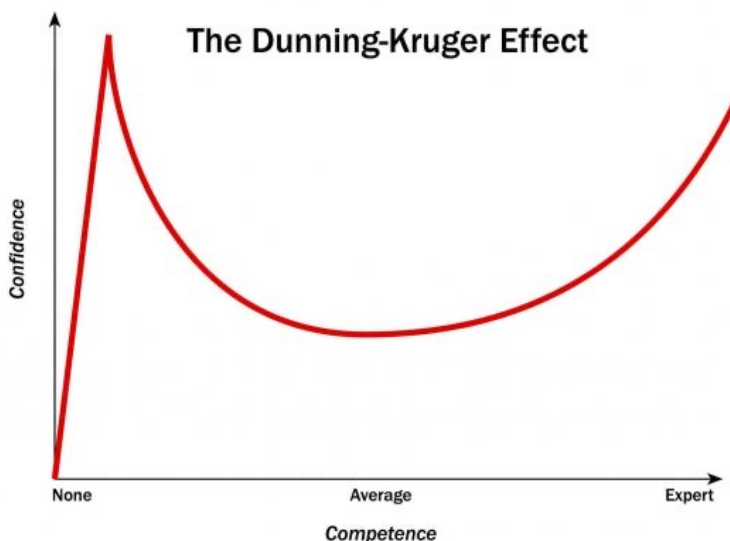
Having gone through a myriad of other bear markets and the extreme collapse of 2008, I have learned to look ahead and not backwards. As I also said in my letter from March, “This meltdown is real, and the economic ramifications of worldwide quarantines are yet to be fully felt. During this time, we are less preoccupied with TURN’s stock price [more on that soon] and what our transitory book value is at the end of this quarter [especially when I know it is materially higher now for the reasons I stated in paragraph one]. There is no doubt in my mind that this wipeout will end with companies going out of business. We have spent the last few weeks stress testing our financial models for each of our holdings for potential revenue declines of 50 percent or more for a period of quarters. We’re actively assessing what each of our holdings have to do on the cost side to conserve cash, protect its balance sheet, and get to the other side of this crisis. As a general overview, the majority of our holdings do not have significant or outsized financial leverage. Many have net cash. But like the rest of the world, they have the uncertainty of a complete collapse in their revenues. Just because a company isn’t tripping debt covenants doesn’t mean that the company won’t face a cash crunch. We have been spending time with our holdings, hearing their action plans for this crisis and providing our perspectives on these plans.” I’ll share more detail of our holdings in our public markets section below.

Back in 2008, Charlie Munger, when asked how worried he was that his stocks had fallen 50%, said the following: “This is the third time that Warren and I have seen our holdings of Berkshire go down, top tick to bottom tick, by 50%. I think it’s in the nature of long-term shareholding, of the normal vicissitudes in worldly outcomes and markets that the long-term holder has his quoted value of his stock go down by say 50%. In fact you could argue that if you are not willing to react with equanimity to a market price decline of 50% 2-3 times a century, you are not fit to be a common shareholder and you deserve the mediocre result

that you are going to get, compared to the people who do have the temperament who can be more philosophical about these market fluctuations.” I could not agree more. He also said, “You need patience, discipline, and an ability to take losses and adversity without going crazy.” How true. We need to think analytically and display dispassionate behavior during times like these.

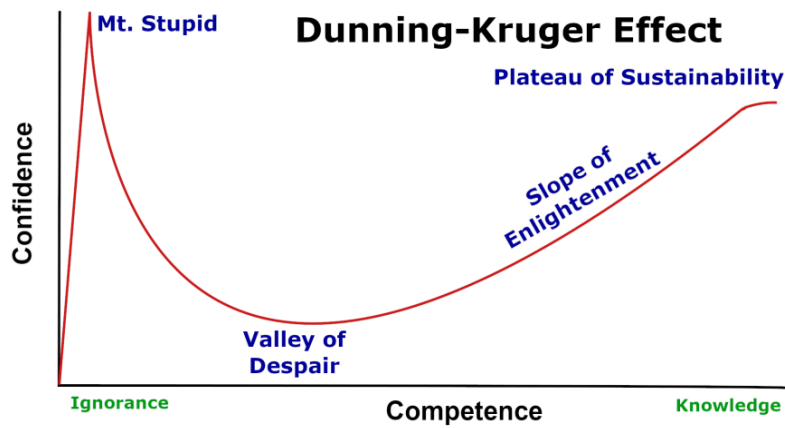
Years after the last financial crisis, a friend of mine wanted to know how I emotionally got through that period. I told him I really don't know. I still don't know. I never slept and worked entire weekends all year because it seemed like every financial institution was on the verge of collapse. Many of them went away, including Merrill Lynch, a company that was near and dear to my heart given I started my career there a year after the 1987 crash. The subprime mortgage meltdown was complete chaos every single day and a total blur in retrospect. I think in many ways that period, and other bear markets over the last 30 years prepared for me this period. To be clear, I've never lived through a pandemic, so I would be arrogant as hell to declare I know how and when this ends. We have suffered like others have. That said, I learned not to invest with people who carelessly try and reinvent the wheel chasing greed as opposed to staying in their lane and doing the things that made them successful to begin with. I'm not worried about losing money over a temporary period; it happens. I worry about investing in people like Stan O'Neal. We are Graham and Dodd value investors who spend every waking moment analyzing balance sheets and income statements. You have entrusted us with your investment in TURN, and we entrust management teams with TURN's capital. We obviously don't get it right every time, and we are not immune to periods like the ones we are in. But I think our core competency, which has resulted in significant outperformance over the last three years, has been our ability to pick the right leaders for the businesses we own more times right than wrong. Management is vital to us and it is what we are forever focused on day in and day out. We expect our management teams to maneuver through changing environments. Our companies are not going to sit on their hands and do nothing. They are going to proactively manage their business. Nothing is static. We like our holdings, we like our management teams, and we expect them to do whatever is necessary to ensure viability.

In the field of psychology, the Dunning-Kruger Effect is a type of cognitive bias in which people believe that they are smarter and more capable than they really are. The Dunning-Kruger Effect chart of competence versus confidence goes something like this:

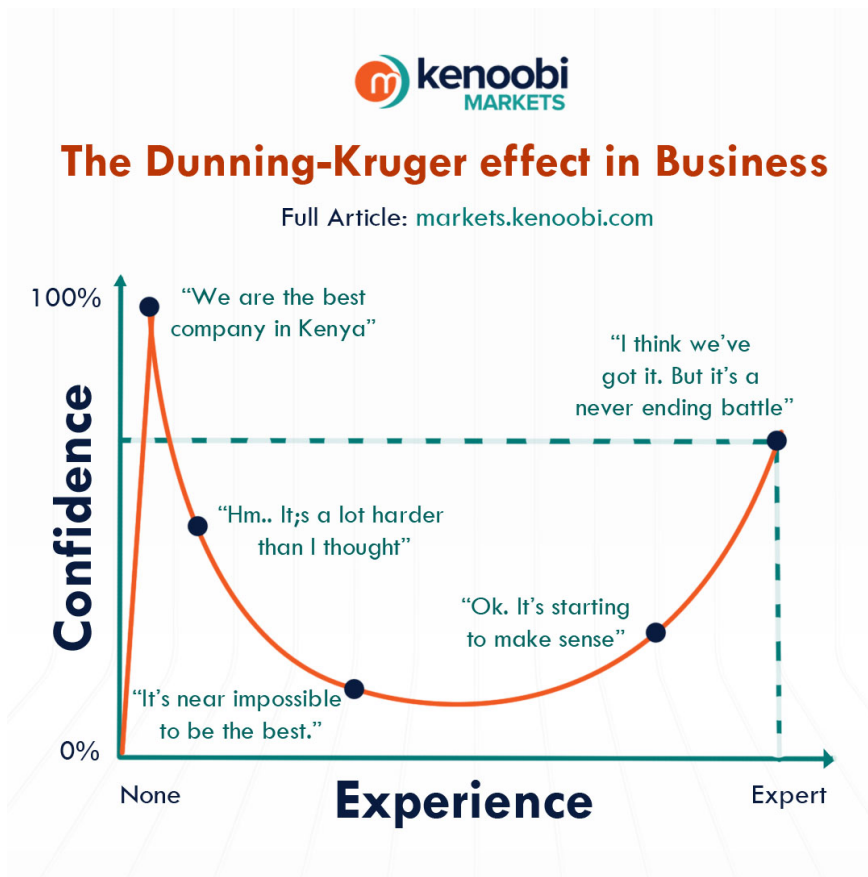


Essentially, low ability people do not possess the skills needed to recognize their own incompetence. The combination of poor self-awareness and low cognitive ability leads them to overestimate their own capabilities. It is a discussion of perception versus reality. Essentially what it means is the more you know, the more confident you should be. Unfortunately, many of us overestimate our abilities despite having the least amount of knowledge.

I saw this version of the chart in the Agile Mercurial written by Joshua Render.



This version aptly describes our view of a map of where not to invest (Mt. Stupid) and where to invest (those companies and leaders who sit on the slope of enlightenment and plateau of sustainability). Finally, one last version of the chart depicting companies and leaders effect in business that I found on the Kenoobi Markets website in Kenya (I have no idea how I got to the website...).



We tend to want to invest in companies and leaders that have had proven success in the past and operate with a humble belief that it's never easy and there is always more to learn.

There is irony in the Dunning-Kruger Effect. Dunning said, "The knowledge and intelligence required to be good at a task are often the same qualities needed to recognize that one is not good at that task, and if one lacks such knowledge and intelligence, one remains ignorant that one is not good at the task." The more we learn, the more we realize what we don't know. This in and of itself will keep us grounded, humble and help us make more informed decisions. Maybe all of this is to say, at 180 we don't feel like we have all the answers and can provide the exact glidepath for what will happen. What I will say is we have seen versions of this period before and there are lessons to be taken from the scar tissue we have developed over the years. Simple value investing in companies that have sensible valuations with management teams that we trust is the foundation of what 180 is today, and it always will be as long as I sit in the CEO chair. I am confident, based on our own experiences, that we will be able to weather this storm.

NET ASSET VALUE PER SHARE

Our net asset value per share (“NAV”) decreased this quarter from \$3.06 to \$2.12. 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 lowered our NAV by \$0.51, while our private portfolio companies reduced NAV by \$0.42. Operating expenses, including a reversal of deferred bonus accrual for 2019 bonuses decreased NAV by \$0.01.

	Quarter Q1 2020	1 Year Q1 2019-Q1 2020	3 Year Q1 2017-Q1 2020	Inception to Date Q4 2016-Q1 2020
Change in NAV	(30.7)%	(23.2)%	(12.8)%	(9.4)%
Russell Microcap Index	(32.0)%	(26.4)%	(18.4)%	(18.1)%
Russell Microcap Value Index	(35.9)%	(29.7)%	(22.9)%	(23.7)%
Russell 2000	(30.6)%	(24.0)%	(13.3)%	(11.2)%

Public Portfolio

We did not escape the quarter unscathed. When I wrote my March letter, we were roughly 500 basis points better than the Russell Microcap Index, only to finish just 120 basis points better than that index. We did end the quarter 510 basis points better than the Russell Microcap Value Index. Either way, we take zero comfort in beating the Russell Microcap Index (down 32%) or the Russell Microcap Value Index (down 36%) when we were down 31%. The summary for me is this past quarter, relative to the market, we neither distinguished ourselves, nor did we embarrass ourselves. I have said it several times; whether it is this quarter, or the last quarter of 2018, this is but a temporary mark on our portfolio. For instance, for the month of April, we have generated a 18.9% gross total return from our public portfolio.

In the chart below, you will see not only our quarter to date performance but our one year, three year, and inception to date numbers. This quarter was rough for most, and we were no exception. I am proud of the team for the significant outperformance over longer periods of time. Fortunately, since the inception of 180, our focus on investing in publicly traded companies with our constructive activist approach has generated significant returns in that portion of our investment portfolio.¹

	Quarter Q1 2020	1 Year Q1 2019-Q1 2020	3 Year Q1 2017-Q1 2020	Inception to Date Q4 2016-Q1 2020
TURN Public Portfolio Gross Total Return	(30.8)%	4.4%	78.4%	114.9%
Russell Microcap Index	(32.0)%	(26.4)%	(18.4)%	(18.1)%
Russell Microcap Value Index	(35.9)%	(29.7)%	(22.9)%	(23.7)%
Russell 2000	(30.6)%	(24.0)%	(13.3)%	(11.2)%

Let’s dig into the significant sources of the changes in value in our public portfolio in Q1 2020.

Sources of material decreases in value:

- Quantum Corporation (NASDAQ:QMCO) Key issues: QMCO has significant leverage on its balance sheet and a missed projections in its financial performance for its quarter ended December 31, 2019. The miss was primarily due to QMCO’s main hyperscale customer (we believe to be Amazon Web Services) stopped receiving shipments of new products in December 2019 and delayed future shipments until the second half of 2020. QMCO’s stock performed much worse than the market declining 60% for the quarter.

QMCO is run by a senior executive team that we strongly admire. They took the company from the throes of an accounting scandal and delisting to an entirely new and exciting business focused on being an integral solution for video storage and processing. There is a significant portion of QMCO’s revenues that are recurring in nature, including its services and royalty segments. QMCO’s products are also mission critical for data storage infrastructure applications in the US government. While shipments to its hyperscaler customer decreased at the end of 2019, we currently believe this

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.

decline is due to digestion of product limitations rather than a change in the customer's need for QMCO's products. QMCO has a robust business model that was on a run-rate to generate \$50 million of EBITDA, pre-COVID. The company announced in the first quarter of 2020 that it was working with its lender to relax the financial covenants of its loan facility. QMCO expects this adjustment to be complete by the middle of May 2020. We are currently confident the company will get through this period and the business model will be protected.

We sold approximately 10% of our position in QMCO in Q4 2019, and close to an additional 20% in early Q1 2020 at an average price per share of \$7.50. In late Q1 2020, we reversed course and bought 62,220 shares at an average price per share of \$3.39. For the quarter, QMCO decreased our NAV by \$0.21.

- Lantronix, Inc. (NASDAQ:LTRX) Key issues: LTRX reduced its EPS guidance due to a slower than expected recovery of legacy product revenues; and also because of slowdowns due to the COVID-19 pandemic. The company depleted its cash cushion with two acquisitions (we like them both) and thus, created perceived risk to shareholders fearful of liquidity concerns.

LTRX's CEO is Paul Pickle; he joined the company in 2019. Paul was the former COO at Microsemi, a \$10 billion semiconductor company sold to Microchip in 2018. He has deep operational skills and corporate development experience. Like our view of QMCO's management, we are extremely bullish on Mr. Pickle's leadership skills and his ability to drive and improve the operating model at LTRX. With the stock having imploded from \$3.55 to \$1.95 this quarter, we increased our holdings nearly 20% by purchasing 177,360 shares at an average price per share of \$2.11. Just last week the company raised the low end of their revenue guidance and stated that had nearly \$7 million of cash at quarter end. LTRX's release spoke of steady demand for its connectivity solutions and the company is seeing upside in the demand for their intelligent edge solutions that are integral to video conferencing systems. With customers and the world increasingly focused on remote connectivity and IoT, we believe LTRX is well positioned coming out of the crisis. For the quarter, LTRX decreased our NAV by \$0.05.

- TheMaven, Inc. (OTC: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. Among many properties, MVEN operates a 100-year license agreement to run Sports Illustrated and owns TheStreet.com, purchasing that asset in 2019.

Key issues: the COVID-19 pandemic has shut down every sport in America, which in turn has caused a severe slowdown in advertising spending; this has negatively impacted MVEN's Sports Illustrated business. When you go through economic dislocation like we have today, the first cost companies turn off is advertising. The good news is a significant portion of MVEN's revenues are from relatively stable subscriptions. MVEN has built a tremendous platform and has seen skyrocketing views of video content. This economic dislocation has had a severe impact on many big media companies who rely on advertising. Given how widespread the weakness has been, MVEN may be in a position to take over other digital media assets from these big media companies who are looking at all ways to reduce their cost structures. However, for this stock to work, we will need major sports to resume, the economy to stabilize, and for advertising to return in the back half of the year.

MVEN is in the process of completing its financial statements so it 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. As part of our investment in MVEN, we are entitled to receive partial liquidating damages while the company is not up to date with its filings. As of March 31, 2020, these accrued liquidating damages are approximately \$424,000, with \$317,000 accrued this quarter, which partially offset the decline in the volume-weighted average price per share of MVEN's common stock. For the quarter, MVEN reduced our NAV by \$0.02.

- Alta Equipment Group, Inc. (NYSE:ALTG and ALTG/WS) is a provider of premium materials handling equipment, construction equipment, cranes, warehouse solutions, power generation equipment, and contractors' rental equipment. ALTG 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. 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 ALTG. The merger closed on February 14, 2020, with more than 89%, 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.

Key issues: Our timing was poor as no sooner than a month following our investment the world shut down. ALTG has material exposure to the automotive and construction industries that have been negatively affected by the shutdown of manufacturing facilities and construction sites. The effects on ALTG's revenue has yet to be seen as the company hasn't yet reported its Q1 2020 results.

Given its short track record as a public company, the leverage of its business model is not well understood by the market. The razor/razor blade business model should allow the company to survive through this crisis period. While new equipment sales (low margin) are likely to materially fall, the company has a robust rental, parts and services component (higher margin) that we believe is not as likely to be subjected to the same magnitude of downdraft as new sales. We see the potential that as part of the fiscal stimulus that has yet to be enacted, a focus on infrastructure spending will ensue. ALTG would likely benefit from such stimulus. While our timing was poor, we admire this management team and believe in the long term prospects of the company. Following the close of the PIPE deal, we bought an additional 74,507 shares at an average price per share of \$6.09. For the quarter, ALTG reduced our NAV by \$0.07.

- Potbelly Corporation (NASDAQ:PPPB) Key issues: unlike many of the holdings above, PPPB faces unique challenges through this pandemic. Stay-at-home orders have had a significant negative effect on the restaurant industry. Same store sales have plummeted throughout the industry, with full-service-only restaurants being the most impacted. Despite having zero bank debt coming into the crisis, PPPB drew its entire \$40 million credit facility given the uncertain business outlook. As the company has yet to report its Q1 2020 results, we do not have specificity regarding just how far its revenues are expected to fall.

As you know, we filed a 13D early this year. Our expectation was PPPB was set to show improved results following its significant investment on a consulting project designed towards improving efficiency and comparable same store sales. If management couldn't turn the business around, we were of the mindset that it would be time to turn the reigns over to a new team. Through the first two months of the year, the company had finally turned the corner on comps and reported an increase of +2.5%. PPPB was on pace to record their fourth straight quarter of sequential sales improvements and its first positive quarterly comp since the fourth quarter of 2016. And then COVID-19 happened. We stress tested their business model for a 75% decrease in revenues in Q2 2020 and then 50% in Q3 2020 and Q4 2020. Our models indicated that the company could survive the year at that draconian decline based on those and other assumptions. Is the business that bad? I highly doubt it based on our research, but I can't say for sure quite yet because PPPB hasn't reported its Q1 2020 results. PPPB has an off premise and digital delivery business that accounted for 24% of sales in the fourth quarter of 2019. Curbside pick-up is available at most of their shops. PPPB recently hired Steve Cirulis as its CFO; his last job was as Senior VP of Strategic Projects at Panera Bread. It would be impossible to argue that PPPB isn't affected by COVID-19 more than other companies in other industries. How much remains to be seen. While the starting point for PPPB was no bank debt, a 3x enterprise value to EBITDA multiple, and an improving business, we are taking a wait and see approach rather than investing new capital into the company. We haven't sold any shares, and we haven't bought the stock since the pandemic started. For the quarter, PPPB reduced NAV by \$0.05.

New Position:

- Franchise Group, Inc. (NASDAQ:FRG) is a leading North American operator and acquirer of franchised and franchisable businesses that uses its operating expertise to drive cost efficiencies and revenue synergies to grow its brands. On a combined basis, FRG currently operates over 4,400 locations predominantly located in the U.S. and Canada. FRG's businesses include:
 - American Freight – retail chain offering brand name furniture, mattresses and home accessories at discount prices
 - Sears Outlet – retailer primarily focused on in-store/online access to discounted appliances, apparel, mattresses, sporting goods and tools
 - Liberty Tax – offers professional income tax preparation services online and at office locations throughout the U.S. and Canada
 - Buddy's Home Furnishings - specialty retailer which franchises and operates rent-to-own stores that lease durable goods
 - The Vitamin Shoppe - specialty retailer offering a comprehensive assortment of nutritional goods and solutions

FRG has a scalable franchise model with a growing portfolio of platforms and business lines. It also has the ability to cross sell new and existing brands across the current franchisee base with opportunities for expansion through opportunistic M&A. FRG combines centralized overhead, shared services and vendor/franchisee relationships across the portfolio to provide significant cost synergies and operating leverage as its portfolio expands. It is an asset-light business structure with high anticipated product margins and strong predictable cash flow profile. FRG's management team, led by its CEO, Brian Kahn, has deep operational, financing and franchising experience. The company is also focused on generating positive free cash flow and returning capital to shareholders through dividends.

We purchased shares of FRG in a PIPE transaction at an effective cost of \$17.00 per share, which was a significant discount (~30%) to the then current share price of approximately \$25. Like our initial investment in ALTG, this one had the unfortunate timing of coming immediately before the onset of the COVID-19 pandemic. Our investment thesis centered around a 2020 estimate of \$2.1 billion in revenue (EV/revenue of 0.51x), \$235 million of EBIDTA (EV/EBITDA of 4.76x), Non-GAAP EPS of \$2.45 (PE multiple of 6.8x), and a 5.8% dividend yield. That was before COVID-19. Since the pandemic, the company stated all businesses except American Freight were deemed essential. While we expect a very weak environment for the foreseeable future, this management team will contain costs, and we think Vitamin Shoppe will perform better than expected. We currently expect the dividend (6% yield) to be maintained. For the quarter, FRG reduced NAV by \$0.07.

Other Public notable events public companies:

Our long standing position of Adesto Technologies Corporation (NASDAQ:IOTS) has come to a close. The company announced it would be acquired by Dialog Semiconductor for \$12.55. We sold our remaining position following the announcement. For the entirety of 180, we achieved a 242% return on our holding and the stock increased our NAV by \$0.48. I've spoken a lot about good management teams and lousy ones. Led by Narbeh Derhacobian and Ron Shelton, Adesto always managed its business with shareholders in mind. They are exceptional leaders and exemplify the kind of people we like to invest in. We congratulate them on the sale to Dialog and hope to have the opportunity to invest in them again in the future.

On the other end of the spectrum is Emcore Corporation (NASDAQ:EMKR). There is an old adage about bear markets that my dear friend Shumer Lonoff of Bears Stearns fame taught me back in my early days. After commenting to him about how many great ideas I had as the entire savings and loan industry was collapsing in 1990, he said, "Let me teach you something young man. You run out of money before you run out of good ideas. That's the definition of a bear market." His teaching is so true. So what I have learned to do in these collapsing markets over the years is referred to as portfolio juggling. When they throw the baby out with the bath water, our job is to commit more money to the investments we have the highest conviction in and sell the ones where our conviction is lowest. If indiscriminate selling treats all equities as if they are the same, we will look to concentrate in the names we think have the greatest upside. To that end, we have been selling EMKR to fund our LTRX and QMCO purchases. We have become completely disenchanted with the management team and Board of EMKR. If I had a dollar every time the company told us they were in the "quiet" period, I'd be rich. If I had a dollar every time the management team told us their general counsel prohibited the management team and Board from buying stock because they were in a blackout window, I'd be doubly rich. I would rather put more money in the hands of companies that have shareholders in mind. We have other investment ideas we like more.

Private Portfolio

For the quarter, our private portfolio declined by \$12.9 million, or \$0.42 per share. The declines in value were due to specific events that occurred during the quarter as well as impacts to business from the COVID-19 pandemic. The largest declines during the quarter were in D-Wave Systems, Inc. (-\$0.21/share) and AgBiome, LLC (-\$0.08/share) and were both caused by financing-related events. Declines in the values of EchoPixel, Inc. (-\$0.05/share), HALE.life Corporation (\$0.04/share) and TARA Biosystems, Inc. (\$0.03/share) were due primarily to impacts to each company's business resulting from the COVID-19 pandemic. These impacts were ongoing as of the valuation date and impacted each company's business in different ways. It is uncertain whether these impacts will be short-term and whether the businesses will be able to recover in full, or if they will be long-lasting and result in additional negative impacts to value in future quarters. It is also possible as their businesses recover, we will be increasing their values.

While certain of our privately held companies were negatively impacted by COVID-19, we believe others are well positioned to provide valuable diagnostic and monitoring capabilities that could lead to material growth for those companies. On April 10, 2020, ORIG3N, Inc. received an Emergency Use Authorization from the Food and Drug Administration for its novel COVID-19 diagnostic test. ORIG3N's high-throughput automated test capabilities positioned the company for meaningful growth as it seeks to address this ever-increasing market need for COVID-19 testing. Additionally, Essential Health Solutions, Inc., is leveraging its diagnostic and health data management system to create a COVID-19 Digital Health Passport. This product is a combination of ID verification, symptomatic review, and integration of diagnostic test results to create an electronic verification which is medically reviewed that an employee is safe to return to work.

In last quarter's shareholder letter, we stated that while we desire to shepherd our existing private portfolio to exits or explore opportunities to sell our positions in those companies, "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." The remaking of our business and the significant cash and liquid securities portfolio that we have built mean we don't have to sell anything. This ability allowed us to benefit from the acquisition of one of our life science private portfolio companies by an undisclosed party that is currently expected to close in mid-to-late Q2 2020. This acquisition is a meaningful event for 180 and its shareholders, and to be honest, it caught us completely by surprise following the end of the first quarter of 2020.

The acquiring company and the terms of the deal are confidential, so we can only speak to what 180 will receive from the transaction. We will receive \$4.4 million in cash at closing. Approximately \$400,000 in additional proceeds will be held in escrow for one year from the date of closing. We will also be eligible to receive approximately \$81 million in potential future payments for achievement of clinical and sales-related milestones. The value of this position at the end of Q1 2020 was approximately \$2.2 million. We currently estimate that the first milestone payment could occur in 2-3 years, and subsequent milestone payments could occur at various points over the subsequent 10-15 years. The timing and likelihood of the acquirer achieving these milestones is highly uncertain and if these milestones are achieved, the timing may be materially different than current estimates. In addition, simultaneous with the close of the transaction, the company will spin out certain assets into a new entity. We will own shares of this new entity. We have a more meaningful discussion below for how we expect this transaction will materially increase our NAV in Q2 2020.

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 Q1 2020, our operating expenses equaled approximately \$467,000. This amount included a reversal of the deferred portion of the 2019 bonus of approximately 317,000. We note that this deferred bonus could be reinstated in a future quarter at the discretion of the Compensation Committee of our Board of Directors. On an ongoing basis, our operating expenses were up 1% versus Q1 2019.

TURN/NAV: SUM OF THE PARTS

As of the end of Q1 2020, TURN traded at 64% of its NAV. Our public securities, cash, and other assets net of liabilities were \$1.01 per share. Our stock price was \$1.3582. If we received 100% credit for the value of these liquid assets net of liabilities, the market is ascribing a value of approximately \$0.35 per share, or approximately \$10.9 million, to our private portfolio. Given our private assets are valued at approximately \$34.6 million, the market is discounting the value of our private portfolio assets by 69% as of the end of Q1 2020. I'll note that the up-front payment from the acquisition of our life science private holding will be approximately \$4.4 million, or 40% of what the market ascribed to the entire private portfolio as of the end of the quarter.

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 Q1 2020, we had 48% of our cash and total investments in cash and public securities, and we traded at a 36% discount to NAV. We're making progress, but there is more work to be done.

Now that I'm both an investor and a CEO of a public company, I have a greater appreciation for the things that shareholders of publicly traded companies know and the things they don't know. As an investor, I could look at an imploding stock and wonder what someone knows that I don't know. The stock must be down for a fundamental reason, right? The answer is sometimes yes and sometimes no. In our case, that is absolutely no. While it is aggravating to see a stock price for TURN that reflects receiving almost no credit for the turnaround of our business, I realize investors are trading on information that they think they know rather than what is actually occurring. One of our private life science portfolio companies has signed a definitive agreement to be acquired. Not only will we receive an immediate payment of \$4.4 million (2x our Q1 2020 valuation), but we have the ability to receive an additional \$400,000 held in escrow for one year from the date of the closing. We also will retain ownership in a spinout entity that will seek to monetize the remaining assets of the company, and we could receive future milestone payments of up to approximately \$81 million. While the timing and likelihood of achieving these milestones is uncertain, this acquisition is a material and positive event for 180 and its shareholders. We will spend time this quarter deriving a value for the milestone payments based on probability and time weightings. At the very worst, as long as the transaction closes as expected, we currently expect a 4x to 5x increase to the value from this company in Q2 2020. This is a home run announcement and an important result from our legacy private portfolio. When you combine the up-front payment from that transaction with our public portfolio gross total return for the month of April of 18.9%, our share price is trading at the value of cash plus our public company investments. That means the entirety of the rest of our book value is being valued at zero. Zero. That means the potential stream of milestone payments of \$81 million from the acquisition we are reporting on today is worthless. That means every private portfolio company is deemed to be have no value. I would like to think we have shown in the last few years that there are opportunities to monetize parts of the private portfolio in transactions that are accretive to NAV (namely HZO, Mersana, and now one of our life science private portfolio companies). We have some other biotech companies that may see their values increase this quarter due to their ability to provide needed products and services amidst the COVID-19 pandemic. AgBiome in of itself represents \$0.43 of our book value. I believe the value of that position alone should allow our share price to trade meaningfully above the value of our cash and public company investments. If anything, our private portfolio has been de-risked in Q1 2020, and in Q2 2020, we currently expect significant upside. In my view, our substantial discount to NAV not only this quarter, but hopefully next quarter as well is unwarranted and our valuation provides a great opportunity for appreciation.

In the middle of a global meltdown and the COVID-19 pandemic, we are proud to have received a mandate to manage a \$25 million separate account for a pension fund. This selection is subject to negotiation and execution of a definitive investment advisory agreement and the effectiveness of our registration as a Registered Investment Adviser with the Securities and Exchange Commission. We currently expect to complete these steps and begin management of the funds in mid-to-late Q2 2020. We have

talked often about exploring ways to seek capital. This announcement marks our first big win, but it won't be our last. We will continue to build our asset base for those that want to invest in our strategy.

I don't know where we go from here, although it is my view, that there is an expiration date on this virus – and that is when we have a vaccine. Perhaps total normalcy will not occur until then, but we can expect an effort to get this economy started over the ensuing months. My whole life I am always asked what I think of the market, many times from folks that aren't financial experts, but are trying to figure out what to do with their money. If I want legal advice, I go to a lawyer. They know more about the law than I do. On the Dunning-Kruger chart, I refuse to be someone who thinks he knows more about legal topics than those that have years of experience in the legal field. I'm sure that is why I am asked about the market. Here is the difference between every time I have had that investment conversation with people over the last 30 years and today. I was reading a letter written by Howard Marks of Oaktree Capital Management the other day. He wrote, "These days everyone has the same data regarding the present and the same ignorance regarding the future." He nailed it. For the first time in history, whether you are a teacher, a doctor, an physician, or an investment professional, we all have the same exact data on COVID-19. The speed at which we contain the virus, find therapeutics for the virus, ensure testing for the virus, and find a vaccine for the virus will determine how the market does over the course of the next year. I mentioned in my previous letter that I refresh the following website 30 times a day <https://www.worldometers.info/coronavirus/>. The virus is THE factor in determining when life will get back to normal. And as Howard said, we all have the same data. Every one of us. I do believe this too shall pass, and as I told you in March, 180 is going to be around for a long time and is going to survive this crisis. I don't know where this is going and to be clear, I can see both sides of the bull/bear debate. The bear case is the virus is incredibly lethal in certain people, it is highly contagious and it will be with us for a very long time without a vaccine. The bull case is the market has already adjusted to that, we are starting to leave our homes again, therapeutics are coming and a vaccine is on its way. I don't know. I do know we will treat every dollar we have like it's the last dollar we have, and we will work to ensure that the trust you have put in us will be rewarded with investment excellence and a higher share price. This quarter wasn't fun, but it is backward looking and we have moved on. The second quarter is off to a sensational start led by the material uplift that will result following the close of one of our life science companies. That event, combined with our public portfolio gross total return in April and the potential for other private portfolio increases this quarter have put a smile on my face.

It is with appreciation, and a bit of sadness, that Chuck Ramsey, an esteemed member of our Board of Directors has recently completed his last 180 Board meeting. 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.

For now, I truly hope that you are all safe and healthy and getting through this pandemic. I love talking to you and as always, if you have any questions or just want to talk, I encourage you to text, email, Zoom, or give me a call. Stay safe.

Thank you for your continued support.



Kevin Rendino
Chairman and Chief Executive Officer