



1102 Partners, LLC  
**Special Situations Micro-Cap Strategy**

This strategy seeks to generate significant long-term absolute gains through investments in deeply undervalued, overlooked publicly traded micro-cap equities.

### Investment Approach

We employ hands-on fundamental research on public companies whose market capitalization is generally under \$500 million at initial purchase.

Our Special Situations approach looks past the obvious to find overlooked value, often in the form of hidden or understated assets. We believe investors often focus on the wrong metrics in the world of micro-caps, focusing on near-term earnings which are difficult to predict. As asset values and long-term prospects tend to be more stable, a margin of safety based on assets and/or long-term earnings power often appears.

The approach is flexible yet disciplined, making purchases only when a discount to fair value is evident. There is no formula, but the portfolio holdings will tend to have the following in aggregate:

- Low price-to-book value/price-to-asset value
- Fortress balance sheet
- Strong corporate governance and significant insider ownership

### History and Background

Portfolio Manager David Maley has over 40 years of investment experience including 32 as a portfolio manager. He has managed micro-cap equities for clients since 1998 and launched what is now 1102 Partners' Special Situations Micro-Cap Strategy as a limited partnership in August of 2002. It moved to Ariel Investments in 2009 and to 1102 Partners with the firm's launch in 2021, all with David Maley as the sole decision-maker. Lessons learned through 25+ years of experience in this unique asset class have honed his skills as an analyst and portfolio manager.

### Structure

Number of Holdings:	Generally 15-20
Minimum Initial Investment:	\$1 million
Fees:	1.25% of first \$10 million, 1.00% thereafter

## Concentrated Version

The independence of 1102 Partners provided the opportunity to initiate a highly concentrated version of the strategy in collaboration with and on behalf of a large private investor. We are now pleased to offer this customizable stand-alone strategy to a small number of other large clients who are able to accept the risks inherent in a highly concentrated strategy in pursuit of potentially outsized gains.

### Structure

Number of Holdings:	Generally 3-7
Minimum Initial Investment:	\$5 million
Fees:	1.25% of first \$10 million, 1.00% thereafter
Customization Potential:	Number of holdings Industry concentration or elimination Possible non-discretionary and/or advisory structures

This concentrated version of a 20+ year-old strategy invests only in 1102 Partners' highest conviction ideas.

1102 Partners, LLC ("1102 Partners") is a Registered Investment Adviser.

This content is intended to provide general information about 1102 Partners. It is not intended to offer or deliver investment advice in any way. Information regarding investment services is provided solely to gain an understanding of our investment philosophy, our strategies and to be able to contact us for further information.

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#### **Past performance is no guarantee of future returns.**

Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of any specific investment or investment strategy will be profitable. Investments in micro-cap companies may involve significantly greater risks than in those of large, better known companies.

Additional Important Disclosures may be found in the 1102 Partners Form ADV Part 2A available upon request.