1 MAIN CAPITAL

October 2024

Dear Partners,

1 Main Capital Partners, L.P. (the "Fund") returned 4.0% net in the third quarter, compared to 5.9% and 9.3% for the S&P 500 (SPX) and Russell 2000 (RTY)[1], respectively. Year-to-date, the Fund returned 11.3% net, compared to 22.1% and 11.2% for the SPX and RTY, respectively.

The RTY rally began early in the quarter, when inflation data came in below expectations, spurring optimism that the Fed would begin to cut interest rates as early as September. After all, small cap earnings are more sensitive than large caps to economic growth and interest rates. Additionally, small cap valuations had become unusually cheap relative to their large cap counterparts, as discussed in the Fund's Q2'24 letter.

At the same time, the small cap rally was accompanied by increased volatility, as investors increasingly worried that the Fed waited too long to cut rates and an economic slowdown was inevitable. Of course, such a slowdown would outweigh any benefits of lower rates.

Accordingly, three of the Fund's top five positions, which are perceived to be economically sensitive, remain down on the year and represent a drag on performance. However, I remain confident that these investments will generate attractive returns over the coming years, as market participants begin to understand and appreciate their material growth potential and cash generation.

Importantly, and as mentioned in prior letters, I continue to believe that it makes little sense to compare the Fund's results with indices on a quarterly basis. After all, our concentration leads to higher volatility than indexes. The Fund's long-term orientation can sometimes be at odds with maximizing short-term performance, and I will always focus on the former. We should judge returns over a multi-year period. On that basis, I am optimistic that our portfolio will continue to deliver attractive results.

Current positioning

At quarter-end, the Fund's top five positions remained Basic-Fit (BFIT), Caesars Entertainment (CZR), dentalcorp (DNTL), IWG (IWG) and Limbach Holdings (LMB). Together, these holdings accounted for slightly more than 60% of capital.

New opportunistic position – ParkerVision (PRKR)

During the third quarter, the Fund initiated an opportunistic investment in ParkerVision Inc (PRKR) after the company received a highly favorable ruling from the Federal Circuity Court of Appeals in its longstanding litigation against Qualcomm Inc (QCOM).

Based on the ruling, I believe that there is a high chance that the case will go to trial in early 2025 and that PRKR should prevail. This could lead to a multi-billion-dollar award, compared to the Fund's cost which implied a fully diluted market cap of under $50 million.

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[1] Performance data is presented for the Fund's Class A Interests, and is net of any accrued incentive allocation, management fees and other applicable expenses (as disclosed in the Fund's Confidential Private Offering Memorandum), include the reinvestment of dividends, interest and capital gains, and assume an investment from inception. Returns for month-end and year-to-date 2024 are estimated, and un-audited. For investor specific returns, please refer to your capital statements. Due to the format of data available for the time periods indicated, net returns are difficult to calculate precisely. Please see the last page for important disclosure information.

Importantly, PRKR's infringement case is very strong and is significantly reinforced by QCOM internal emails, including one that characterizes PRKR's technology as a "holy grail" invention and another that says that "it's going to be very difficult for anybody to use this technique without stepping on one or more of their [PRKR's patent] claims."

Additionally, a multi-billion award could be significantly increased (by up to 3x) if QCOM is found to have willfully infringed PRKR patents. Given that QCOM internal emails show awareness of a key PRKR patent in this case, that it signed special NDAs and was provided tutorials and working prototypes of PRKR's technology, the case for enhancement of damages is strong.

Lastly, there is significant upside to PRKR from its other cases against Apple, LG, MediaTek, NXP, Realtek, TCL, Texas Instruments and potentially others. At least five of these cases are expected to go to trial in 2025, with the aggregate potential recoveries in the many hundreds of millions of dollars.

I allocated approximately 1.5% of the Fund's capital to this investment at an average cost in the low 30 cent range. I believe we can make 20-50x our investment if things unfold as I expect. As with all opportunistic investments, I sized PRKR with the understanding that there is significant risk of total loss.

This opportunity was first flagged to me by Dan Lewis of GEM Partners, who has been involved for over a decade and spent significant time helping me get up to speed on the idea. With his help, I put together a more detailed write-up of the investment, which you can find here. I also highly encourage you to watch this video, created by PRKR to explain why its case is so strong.

Outlook

As mentioned earlier in the letter, investors are worried that the Fed waited too long to cut rates and that an economic slowdown is inevitable. This worry is a bit surprising to me given that we always knew the Fed was going to defer cutting until things slowed.

To repeat what I have said often in the past two years, Powell wants to be remembered as Fed Chair Volker, not Burns. The former crushed inflation while the latter let it run rampant. This means that Powell will keep rates as high as he can for as long as he can, or until we see a looming slowdown.

While economic slowdowns are never a good thing, they tend to be much more manageable when private sector leverage is low, as it is today. This is because income statements can be repaired more quickly than balance sheets in a recovery. Based on recent history, any coming recession would likely be met with lower rates and fiscal stimulus, which would lead to increased investment and consumption. Accordingly, income statements would improve, and such a recession would probably be short and shallow, with the resulting recovery swift and strong. This is in stark contrast to 2008, when private sector leverage was high, and a long period of deleveraging was required even after incomes started to recover.

Of course, federal government debt is in a more worrisome place today and fiscal deficits continue running at levels that are too high. However, with unlimited power to print and/or borrow, and no apparent willingness to reduce deficits, government spending isn't getting cut anytime soon.

Accordingly, my base case is for private sector investment and consumption to be stimulated when the economy slows but be swiftly curtailed when it accelerates. Government spending will remain steady. Based on this view, I expect the economy to toe the line between over-expansion and recession.

While this may seem like a scary place for investors, it is likely the best possible outcome for risk assets over the medium term. As such, I continue to believe the best way to protect and grow the Fund's capital is to stay the course.

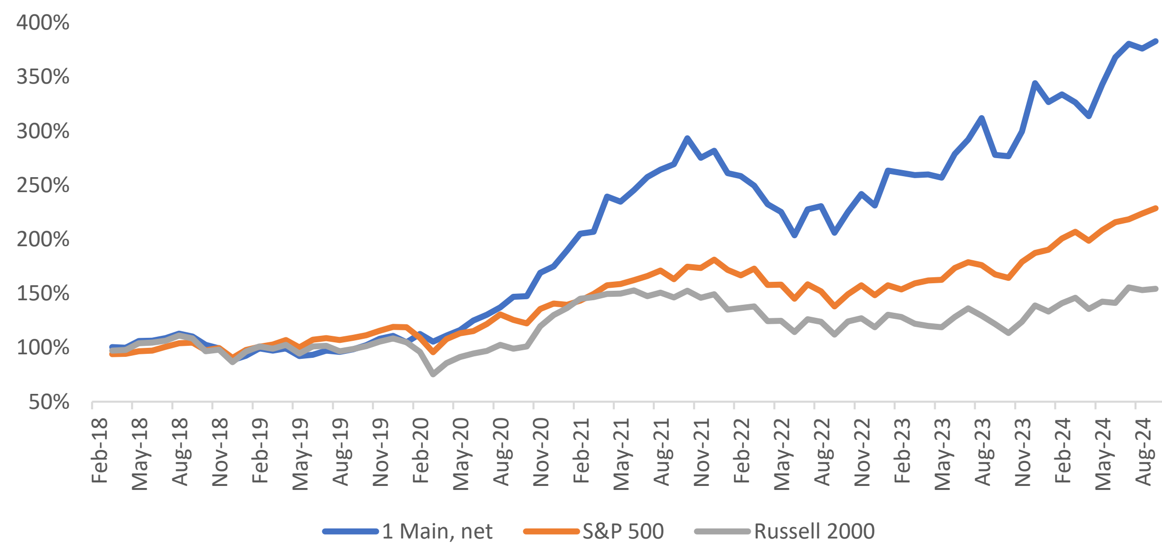
As always, I continue to love what we own and am looking forward to seeing what the future has in store for us. Thank you for your support and confidence.

Sincerely,
Yaron Naymark

Performance Summary[2]

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
1 Main Capital Partners - Gross	-4.9%	2.2%	-2.1%	-3.8%	9.5%	8.6%	4.1%	-1.3%	2.2%				14.4%
1 Main Capital Partners - Net	-5.0%	2.1%	-2.2%	-3.9%	9.4%	7.4%	3.3%	-1.1%	1.8%				11.3%
S&P 500 index - incl dividends	1.7%	5.3%	3.2%	-4.1%	5.0%	3.6%	1.2%	2.4%	2.1%				22.1%
Russell 2000 - incl dividends	-3.9%	5.7%	3.6%	-7.0%	5.0%	-0.9%	10.2%	-1.5%	0.7%				11.2%

	One Year	Three Year	Five Year	Since Inception	Inception Annualized
1 Main Capital Partners - Gross	47.1%	16.3%	39.4%	431.3%	28.5%
1 Main Capital Partners - Net	37.7%	12.5%	31.2%	283.0%	22.3%
S&P 500 index - incl dividends	36.3%	11.9%	16.0%	128.7%	13.2%
Russell 2000 - incl dividends	26.7%	1.8%	9.4%	54.3%	6.7%



[2] Performance Data is presented for the Fund's Class A Interests, and are net of any accrued incentive allocation, management fees and other applicable expenses (as disclosed in the Fund's Confidential Private Offering Memorandum), include the reinvestment of dividends, interest and capital gains, and assume an investment from inception. Returns for month-end and year to date 2024 are estimated, and un-audited. For investor specific returns, please refer to your capital statements. Due to the format of data available for the time periods indicated, net returns are difficult to calculate precisely. Please see the last page for important disclosure information.

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Risk of loss. An investment in the Fund will be highly speculative, and there can be no assurance that the Fund's investment objective will be achieved. Investors must be prepared to bear the risk of a total loss of their invested capital.

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