

Issue 16
FEB 2022



PROJECT-X



SNOWBALL
RESEARCH

SNOWBALL
RESEARCH

01

Significant
Events &
Situation

02

Project-X

03

Weekly
13D
Alerts

Project-X: Manual

What is Project-X?

This publication focuses on a completely different set of screening methodologies.

We focus on the following:

1. Owner-operators: Research companies that are run by owner-operators.
2. Find ideas from fund letters and fund commentaries. I'm proud to say that our publication would be the first to focus on unearthing comments buried in mutual fund letters that are filed with the SEC. We are still learning and building a process.
3. 13F: Self-explanatory. I will comment on this in the future.
4. Segments: We find companies with multiple segments and flag the peculiar ones.
5. OTC: Self-explanatory.
6. Business: We focus on companies that generate recurring revenue and/or show "some sign" of competitive advantage.

FAQ:

- Market cap? Stocks under \$5 billion market capitalization.
- Frequency? Even though I plan to publish once a month, my minimum guarantee is 9-10 reports in a year.
- How many stocks? At least 6-9 stocks in a month.

INDEX

Notes

1. The stocks are not listed in the order of “interesting”.
2. Each headline below is “clickable” – it is hyperlinked to the article.
3. At the top of each page, you can see “Go to Index” text. If you click that, you will be taken to the index page.

Special reports

1. [Marcus & Millichap \(MMI\): Owner-Operator](#)
2. [Cadre Holdings \(CDRE\): Moat; Owner-operator; CEO is a serial entrepreneur; Notes from the Q4 2021 letter by Maran Capital](#)
3. [Alta Equipment Group \(ALTG\): Owner-operator; Roll-up strategy; Multiple segments](#)
4. [American Software \(AMSWA\): Migration to SaaS Model](#)
5. [FormFactor \(FORM\): Signs of moat; Notes from Royce](#)
6. [Federal Signal Corporation \(FSS\): Multiple segments; Significant changes under the CEO](#)

Fund letters/commentary

7. [The Royce Funds - 2021 Review and Report to Shareholders](#)

13D

8. [13D: Weekly update \(Feb 28th to March 4th, 2022\)](#)

Marcus & Millichap (MMI): Owner-Operator

- Market Cap: \$1.9 billion | Marcus & Millichap, Inc. is a leading national brokerage firm specializing in commercial real estate investment sales, financing, research, and advisory services.
- Major shareholders: BLACKROCK - 15.0%| VANGUARD GROUP 9.9%| ROYCE & ASSOCIATES - 3.7%| DIMENSIONAL FUND ADVISORS - 3.5%
- Screen: Owner-operator

I. BASIC

- It is a leading national real estate services firm specializing in commercial real estate investment sales, financing, research, and advisory services.
- The company generates 88% of its revenue from the commissions from real estate investment brokerage sales.
- The company underwrite, value, and market properties to reach the largest and most qualified pool of buyers

Financials:

(\$ in millions)	2016	2017	2018	2019	2020	2021
Total revenue	717.4	719.7	814.8	806.4	716.9	1,296.4
Operating income	106.5	96.1	112.2	96.4	53.6	189.3
Net income	64.6	51.5	87.2	76.9	42.8	142.4

II. WHAT WE LIKE

1. Founder owns 38%

- George M. Marcus, the company's founder and chairman since 1971, holds a 38.4% stake in the company.

2. Leading player; High commission rates

- The company generates 88% of its revenue from real estate investment brokerage sales commissions.
- \$1-\$10mm market: Over 80% of total US commercial property transactions and over 60% of the commission pool are in the \$1-\$10 million private client market segment. The company

has focused on this segment since its founding.

- Market leader: The Company claims that it is the leading broker in the \$1-\$10 million private client market segment based on transaction count in 2020.
- The company claims that the \$1-\$10 million private client market segment is characterized by high barriers to entry. (a) Specialized salesforce prospecting private clients, (b) maintaining relationships with such investors, capabilities of exposing properties to a large pool of potential buyers, and (c) challenge of serving their needs locally, regionally, and nationally.
- This market segment has the highest commission rates.

3. Growing financials

- 5X growth: The Company's revenue increased from \$198 million in 2010 to \$1.2 billion in 2021 due to an increased national footprint and a selective acquisition.
- The company's number of offices has increased from 76 in 2013 to 84 in 2020.
- After four years (2014-2017) of silence, the company became active in M&A in 2018. Since 2018, the company has acquired nine companies.
- Another critical factor for its growth is hiring, training, and developing investment sales and financing professionals. The company's sales

and financing professionals increased from 1,300 in 2013 to 1,994 in 2021.

• **Record results in 2021**

- Total revenues for 2021 reached \$1.3 billion, compared to \$716.9 million in 2020, an 80.8% increase. The increase was predominantly due to the increases in real estate brokerage commissions due to the growth in overall sales volume generated by an increase in the number of investment sales transactions.
- Adjusted EBITDA for 2021 increased nearly threefold to \$213.0 million, from \$75.7 million in 2020.

Real Estate Brokerage	2016	2017	2018	2019	2020	2021
Number	6,476	6,562	7,079	7,042	6,288	9,652
Volume (\$, mm)	31,962	30,475	36,070	36,858	32,052	67,507
Revenues (\$, mm)	662	649	747	729	633	1,170

4. Strong cash position with negligible debt

- Cash: \$679 million
- Debt and lease obligations: \$77 million.

5. Free cash flow:

Year	FCF (\$, mm)
2016	65
2017	60
2018	109.3
2019	16.4
2020	31.1

6. Initiated dividend

- In February 2022, the company declared an initial semi-annual regular dividend of \$0.25 per share.
- In addition, the company declared a special dividend of \$1.00 per share.

Others

- **To focus on the acquisition:** The company announced its intention to pursue accretive M&A opportunities.
- **William A. Millichap Fellowship Program:** In November 2021, the company announced the William A. Millichap Fellowship Program, a comprehensive two-year training, and development program designed to prepare participants for rewarding careers in commercial real estate. The company has partnered with Project Destined and CREW Network to rollout this fellowship program.

Cadre Holdings (CDRE): Moat; Owner-operator; CEO is a serial entrepreneur; Notes from the Q4 2021 letter by Maran Capital

- Market Cap: \$720 million | Cadre is a global leader in the manufacturing and distribution of safety and survivability products for first responders.
- Major shareholders: WYNNEFIELD PARTNERS -5.2%| PRICE T ROWE ASSOCIATES - 2.5%| GREENHOUSE FUNDS - 2.4%
- Screen: Owner-operator

BASICS

- For over 55 years, Cadre Holdings, Inc. has been manufacturing and distributing safety and survivability equipment for first responders such as state and local law enforcement, fire and rescue, explosive ordnance disposal technicians, emergency medical technicians ("EMT"), fishing and wildlife enforcement and departments of corrections, as well as federal agencies.
- The company sells a wide range of products including body armor, explosive ordnance disposal equipment, and duty gear through both direct and indirect channels.

I. Signs of moat

a. Recurring revenue/demand

- Over 80% of the product line is customary or mandatorily replaced between seven and ten years, which drives a highly predictable, recurring revenue stream.
 - Body armor: 5 to 10-year replacement cycle
 - EOD tools & equipment: 7-10-year replacement cycle
 - Duty gear: 4 to 7-year replacement cycle

b. Mission-critical

- The company's products provide critical protection to their end-users as well as those around them, with limited or no room for error. As such,

switching to low-cost alternatives is minimal.

c. Leading market share & long-term relationship

- Based on the publicly available information on awarded contracts and purchases, the company believes that it has leading market positions across multiple product categories.
- The company maintains long-term relationships with over 23,000 first responders and federal agencies both domestically and internationally, with top customer relationships averaging an excess of 15 years.
- The company sells either concealable tactical or hard armor to 34 of the top 50 police departments in the US by size.
- The company sells duty retention holsters to 48 of the top 50 police departments in the US by size.

d. Patent

- The company owns 247 patents and pending patent applications worldwide, of which 226 are patents granted and 21 are pending patent applications.

2. Owner-operator, CEO is a serial entrepreneur

- Warren B. Kandars has been serving as CEO of the company since April 2012.
- Post-IPO ownership of Mr. Kandars: 42.8%

- **Serial entrepreneur**
 - **Sale of Benson Eyecare for \$225M:** In 1992, Kanders founded Benson Eyecare with Martin Franklin, grew to over 200 eyewear stores, and sold the company in 1996 for \$225 million.
 - **Sale of Armor Holdings for \$4.1 billion:** Immediately after the sale of Benson Eyecare in January 1996, he formed Armor Holdings, a manufacturer of military, law enforcement, and personnel safety equipment. Using a roll-up strategy, he grew the revenue from \$30 million in FY 1996 to over \$2.4 billion in FY 2007. In FY 2007, he sold the company to BAE Systems for \$4.1 billion.
 - **Cadre Holdings** is his third venture.

3. Financial growth

Note: Limited availability of financial history.

- Revenue grew from \$420 million in FY 2019 to \$431 million in LTM September 2021.
- During the same period, EBIT grew from \$29 million to \$56 million.

4. FCF

(\$ in millions)	Year ended December 31,		Nine months ended September 30,	
	2019	2020	2020	2021
Free cash flow	4.4	40.7	24.2	28.7

5. Maran Capital

- Dan Roller is Maran Capital's founder and portfolio manager.
- The fund commenced its operation in June 2015.
- In full-year 2021, the fund returned +53.2% net.
- Over the past five years, the partnership has compounded at a rate of +22.3% net.
- Must read
 - Mr. Roller's first letter - Link <https://static1.squarespace.com/static/54cd02c2e4b0c5c90af010e7/t/5a57e9fd53450ad1027d1e2f/1515710973971/Maran+Partners+Fund+LP+Founders+Letter+Web.pdf>

[/t/5a57e9fd53450ad1027d1e2f/1515710973971/Maran+Partners+Fund+LP+Founders+Letter+Web.pdf](https://static1.squarespace.com/static/54cd02c2e4b0c5c90af010e7/t/5e0962e781e14d1a252f9456/1577673447922/Maran+Capital+The+Most+Important+Mental+Model.pdf)

- Mr. Roller's thoughts on mental models: <https://static1.squarespace.com/static/54cd02c2e4b0c5c90af010e7/t/5e0962e781e14d1a252f9456/1577673447922/Maran+Capital+The+Most+Important+Mental+Model.pdf>
- **Cadre Holdings: Selected notes from the fund's letter**
 - Cadre Holdings is the fund's recent position.
 - Given the fact that the fund runs a concentrated portfolio, this warrants attention.
 - Letter: <https://static1.squarespace.com/static/54cd02c2e4b0c5c90af010e7/t/61f704c1f0e77848cc88879f/1643578562345/Maran+Partners+Fund+LP+2021+4Q+Letter.pdf>

Free Options Cadre has a number of what I call free options, or upside shots on goal. The most notable is the potential to win a large military contract for blast sensor technology, which is likely to be a sole source, multiyear contract that has the potential to generate meaningful sales and profits that I am not counting on in my base case

At recent prices, Cadre is valued at ~10x EBITDA and less than 14x cash earnings. I think this is cheap given the quality of the company. Looking out three years, EBITDA should grow to ~\$100 million organically, but the company could acquire another \$25 million of EBITDA over that time period without increasing leverage. At a very conservative 10-12x EBITDA multiple, this would imply the

business is worth \$1.1-1.3 billion in 2024, which gets us to \$30-38/sh for the equity. I would argue 12-14x is a more appropriate valuation range, which puts upside into the mid-\$40s per share. Cadre has aggressive aspirational goals that the market clearly doesn't believe. The company hopes to double sales over the next four years while increasing EBITDA margins to 20%.

This would take EBITDA to \$160mm and likely create multi-bagger returns on the upside. Meanwhile, I believe that downside is limited by the company's strong brands and entrenched market position, stable end-market profile, strong and aligned management team, and cheap valuation.

Alta Equipment Group (ALTG): Owner-operator; Roll-up strategy; Multiple segments

- Market Cap: \$402 million | Alta Equipment Group is a leading provider of premium material handling and construction equipment, and related services.
- Major shareholders: B. RILEY PRINCIPAL SPONSOR COMPANY - 23.1%| NANTAHALA CAPITAL - 6.0%| PORTOLAN CAPITAL - 5.0%| GRANAHAN INVESTMENT - 4.4%| BLACKROCK - 4.1%
- Screen: Owner-operator

I. BASIC

- The company sells, rents, and provides parts and service support for several categories of specialized equipment, including lift trucks and aerial work platforms, cranes, earthmoving equipment, and other material handling and construction equipment.
- The company engages in (i) new equipment sales; (ii) used equipment sales; (iii) parts sales; (iv) repair and maintenance services; and (v) equipment rentals.
- The company has two reportable segments:
 - Material Handling (38% of revenue) - Operations related to the sale, service, and rental of lift trucks
 - Construction Equipment (62% of revenue) - operations related to the sale, service, and rental of construction equipment

Financials:

(\$ in millions)	2017	2018	2019	2020	LTM ended September 2021
Net revenue	345.4	413.0	557.4	873.6	1,136.9
Gross profit	88.0	110.1	152.1	214.5	289.7
(Loss) income from operations	11.6	15.8	11.7	(8.1)	9.1
Net income (loss)	5.9	1.5	(35.4)	(24.0)	(25.1)

II. WHAT WE LIKE

1. Owner-operator

- The company's CEO, Ryan Greenawalt, holds a 22.6% stake in the company.
- The company was founded in 1984 by Mr. Greenawalt's father.
- In 2017, Ryan Greenawalt executed a buy-out of his father and other family members, becoming the company's sole owner.

2. Strong growth through acquisition

- The company's revenue grew from roughly \$60 million in 2008 to \$1.14 billion in LTM September 2021.
- Roll-up strategy: Since Mr. Greenawalt took control of the company from his father in 2017, he has overseen more than 20 acquisitions. In addition to revenue growth, this roll-up strategy also helped the company diversify its products.

3. Parts sales

- The company is the exclusive distributor of OEM parts in its territories. The company's in-house parts inventory is extensive.
- The company maintains an extensive customer database, which allows it to monitor the status and maintenance history of its customer-owned equipment.

4. B. Riley's open market purchase

- From December 2021 to February 2022, B. Riley acquired \$6.6 million

worth of shares at an average price of \$13.5 per share.

- As of February 2022, B. Riley holds an 18.7% stake in the company.

III. SEGMENT RESEARCH

1. Material handling segment – Mature business

- The company generated roughly 38% of total revenue from this segment.
- This segment is engaged in operations related to the sale, service, and rental of lift trucks and other material handling equipment in Michigan, Illinois, Indiana, New York, and parts of Northeastern United States.
- The company's CEO called this a "mature business."
- **High margin:** The material handling segment generated a gross margin of **around 31% in 2019 and 2020**, while the material segment generated a gross margin of 19-21%. In the recent nine months ended September 2021, this segment's gross margin increased to 35%.

	2017	2018	2019	2020	LTM - September 2021	9M - Sep 2020	9M - Sep 2021
Revenue	188	202.3	312.3	433.6	488.9	273	328
Gross profit	57.4	66.1	99.5	133.3	161.7	88	116
EBIT	7.9	12.1	15.8	15.4	16.6	9	11
Net income	6	9.5	11.6	10.3	11.3	6	7
Growth		7%	54%	39%	13%		20%
Gross margin	30%	33%	32%	31%	33%	32%	35%

2. Construction equipment – Growth story; Turning profitable

- The company generated roughly 62% of total revenue from this segment.
- This is a rapidly growing segment – revenue grew by 4X from \$157 million in FY 2017 to \$648 million in LTM September 2021.

- After a few years of poor operating income, in the recent nine months ended September 2021, the segment registered its highest operating income in the last five years.

(\$, mm)	2017	2018	2019	2020	LTM - September 2021	9M - Sep 2020	9M - Sep 2021
Net revenue	157	210.7	245.1	440	648	319	527
Gross profit	30.6	44	52.6	81.2	128	62	109
EBIT	4.5	4	0.8	-9.6	\$2.1	-5	7
Net income	0.7	-1.3	-6.2	-19.9	-12.5	-12	-5
Growth		34%	16%	80%	47%		65%
Gross margin	19%	21%	21%	18%	20%	19%	21%

• RYAN GREENAWALT (CEO)

- After several years of working in financial services, I rejoined Alta in 2008, which had been owned and operated by my family since inception in 1984.
- At the time of my return, Alta was the Yale industrial equipment dealer in lower Michigan, with annual revenue of approximately \$60 million and significant customer concentration in the automotive industry, which had been severely impacted by the financial crisis.
- Now, about a decade later, the management team and I have fundamentally transformed the business, offering a full portfolio of industrial and construction equipment on behalf of leading OEM partners, completing 16 strategic acquisitions, expanding our geographic territory to include all of Michigan, northern Illinois, northern Indiana, and New England, and increasing pro forma revenue ten-fold.

- Alta now serves customers in broad end markets, including construction, logistics and warehousing, wholesale and retail trade, biotech, education, and manufacturing.
- Alta is a leading industrial and construction equipment dealership platform, and it is important to highlight the attractiveness of the dealership model.
- In our territories, we are the exclusive new equipment and OEM replacement part distributor for our primary equipment manufacturer partners, including Hyster-Yale Group, Volvo, and JCB, among more than 30 others, representing a clear barrier to entry.
- At our 31 branch locations, we operate a one-stop-shop, providing new and used equipment sales, equipment rental, and parts and service support, and we are committed to providing the best-in-class dealership experience to our customers.
- Customers are primarily concerned about equipment reliability and up-time, and Alta prides itself on having teams of skilled technicians and a commitment to 24 hour a day, 365 day a year service that we think is a clear competitive advantage.
- In fact, we align our dealership operations to reinforce the parts and service business, which provides predictable, sticky revenue with a relatively high margin.
- By selling new and used equipment into our territories, we are creating a field population of serviceable units, and we have already largely completed the task of seeding our geographies.
- As the field population ages, we capitalize on aftermarket parts and service sales through the equipment maintenance cycle.
- By 2017, this transformation was well underway. At that point I secured a financing package led by Goldman Sachs to buy out all other equity interests in Alta. It was through this process that I first met Dan, who also proposed terms to facilitate the buyout.
- Since the that time, pro forma adjusted EBITDA has grown dramatically.
- I view this partnership with B. Riley as the next phase in Alta's development, and I am rolling approximately 85% of my equity into Alta Equipment Group.
- I am fully committed to the success of Alta Equipment as a public company following the business combination, and I am very excited about the opportunity that the transaction represents for Alta and for me personally as the single largest shareholder.
- Source: https://www.sec.gov/Archives/edgar/data/1759824/000121390019026136/f8k121319bex99-1_briley.htm

American Software (AMSWA): Migration to SaaS Model

- Market Cap: \$714 million | American Software delivers an innovative technical platform with AI-powered capabilities for supply chain management and advanced retail planning that is accelerating digital supply chain optimization from product concept to customer availability.
- Major shareholders: KAYNE ANDERSON RUDNICK INVESTMENT MANAGEMENT - 10.8%| NEUBERGER BERMAN - 9.6%| BLACKROCK - 6.8%| BROWN CAPITAL MANAGEMENT - 5.9%| VANGUARD - 5.2%| RENAISSANCE TECHNOLOGIES - 5.1%
- Screen: Business

Financials:

(\$ in millions)	Years Ended April 30,							Nine Months Ended January 31,	
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	LTM ended January 2022	FY 2021	FY 2022
Total revenue	113.8	106.2	112.7	108.7	115.4	111.4	121.5	82.8	92.9
Gross profit	59.6	55.2	62.7	56.7	63.1	60.9	70.8	44.3	54.2
Operating income	13.5	7.7	13.5	5.2	6.0	4.3	9.5	2.4	7.6
Net earnings	10.2	14.6	12.0	6.8	6.7	8.0	12.2	5.0	9.2

WHAT WE LIKE

1. Leader in supply chain

- The company develops, markets, and supports a portfolio of software and services that deliver enterprise management and collaborative supply chain solutions.
- Logility, a subsidiary of the company, is positioned as Leader in the 2021 Gartner Magic Quadrant for Supply Chain Planning Solutions.
- Gartner's March 2021 report predicts spending on supply chain management software solutions to exceed \$16 billion in 2021 and to reach \$28 billion by 2025.
- The company's platform includes more than thirty components spanning eight key supply chain planning processes that customers may adopt independently or as a comprehensive solution platform.

- Logility was ranked in the 2022 RIS Software LeaderBoard as a leader in eighteen categories.
- Logility announced its recognition in Retail Today's Retail CIO Radar 2022. This is a list of the most innovative and transformative retail technology solution providers.

2. Growing subscription business

- Subscription fees accounted for 26% of revenue in FY 2021.
 - Transition to the cloud subscription model: The Company has been pushing its transition to the SaaS revenue model since FY 2018.
 - 25X growth in less than seven years: The subscription fees revenue increased from \$1.4 million in FY 2015 to \$39 million in LTM ended January 2022.

- **Improvement gross margin:** The move to SaaS increased the company's gross margins from 52% in FY 2016 to 58% in LTM ended January 2022.
- As a percentage of total revenue, subscription fees revenue increased from 1.3% in FY 2015 to

33.3% in the nine months ended January 2022.

- **Latest financials:** In the 9 months ended January 2022, subscription fees increased by 49% to \$31.0 million compared to \$20.8 million for the same period last year.

(\$ in millions)	Subscription fees revenue	Growth %	Gross profit	Gross margin
FY 2016	3.2		1.7	53%
FY 2017	4.3	34%	1.1	26%
FY 2018	8.8	105%	5.0	57%
FY 2019	14.0	59%	8.3	59%
FY 2020	22.0	57%	12.6	57%
FY 2021	28.8	31%	17.0	59%
LTM ended January 2022	39.0	24%	25.9	66%

3. FCF

Year	FCF (\$, mm)
Apr-17	19.1
Apr-18	5.4
Apr-19	22.6
Apr-20	25.6
Apr-21	17.1
LTM Sep 2021	16.8

FormFactor (FORM): Signs of moat; Notes from Royce

- Market Cap: \$3.1 billion | FormFactor is a leading provider of essential test and measurement technologies along with the full IC life cycle - from metrology and inspection, characterization, modeling, reliability, and design de-bug, to qualification and production test.
- Major shareholders: BLACKROCK - 15.1%| VANGUARD GROUP - 11.1%| EARNEST PARTNERS - 8.9%| PRIMECAP MANAGEMENT - 4%
- Screen: Business

I. BASIC

The company design, manufacture and sell multiple product lines, including probe cards, analytical probes, probe stations, metrology systems, thermal systems, and cryogenic systems, and related services

- Probe Cards segment (82% of revenue)– Sales of probe cards and analytical probes
- Systems segment (18% of revenue) – Sales of probe stations, metrology systems, thermal systems, and cryogenic systems.

Financials:

(\$ in millions)	2016	2017	2018	2019	2020	2021
Revenue	383.8	548.4	529.6	589.4	693.6	769.6
Gross profit	102.6	215.5	210.3	237.4	287.9	322.7
Operating income	(47.9)	46.3	36.1	49.6	83.7	98.0
Net income	(6.5)	40.9	104.0	39.3	78.5	83.9

Royce

- Steven McBoyle, portfolio manager (Royce fund), talked about four quality stocks that could benefit from the change in industry trends. One such company is FormFactor.
- To read more, please click the below link.
<https://www.royceinvest.com/insights/2021/4Q21/three-industry-shifts-helping-4-quality-holdings>

WHAT WE LIKE

1. Signs of moat

- Custom design: Each semiconductor chip design requires a custom probe card. The company's probe cards are designed for each of its customers' unique wafer and chip designs by modifying and adapting its product architectures to meet an individual customer's chip layout and test requirements.
- The company claims that its early customer engagement creates a competitive advantage and high barriers to entry.
- The huge installed base of the probe station
 - Probe stations, also referred to as probe systems, are a critical tool for developing new generations of semiconductor and electro-optical processes and designs.
 - Probe stations and metrology systems are installed at customer sites.
 - There are over 10,000+ installed probers.
- Barrier to entry: The high capital investment and other costs associated with the development of MEMS probe cards and the time and high cost of the customer evaluation process represent significant barriers to entry for this type of technology.
- Twice its competitor: In 2020, the company's probe card revenues were primarily comprised of advanced wafer probe cards, a segment in

which FormFactor's market share grew to 32%, nearly twice that of its nearest competitor.

According to VLSIresearch, advanced probe cards account for over 80% of the overall probe card market, growing at 7.6% CAGR from 2020 to 2025 to reach \$2.2 billion by 2025. Notably, FormFactor further increased its lead in two high-growth segments in the probe card market – MEMS-based probe cards and non-memory probe cards used for testing ICs produced by foundry and logic IC customers.

Source:

<https://www.globenewswire.com/news-release/2020/04/07/2013169/0/en/FormFactor-Rated-as-Top-Supplier-of-Semiconductor-Probe-Cards.html>

2. Solid financial performance

- In the last ten years, the company's revenue increased from \$169 million in 2011 to \$769 million in 2021 through acquisition and organic growth.
- Gross margin improved from 14% to 42%:
 - The company's gross margin improved drastically from 14% in 2012 to 42% in 2021.
 - This helped the company to break its 9-year net loss streak from 2008 to 2016.

• Systems segment:

- This segment accounted for 18% of revenue in 2021.
- The company operated in a single segment till 2015 (probe cards), but in 2016, with the acquisition of Cascade Microtech, the company formed its systems segment.
- The systems segment sells probe stations, metrology systems, thermal systems, and cryogenic systems.
- The systems segment revenue increased from \$23.9 million in 2016 to \$136.3 million in 2021.
- The systems segment has a higher gross margin of 52%- 48% compared to the probe card segment (Gross margin: 44%).
- Economies of scale: The Company's gross profit began to benefit from higher production volume driven by higher sales, which led to higher factory utilization on a relatively fixed base of overhead costs.

Free cash flow

Year	FCF (\$, mm)
2018	51.9
2019	101.8
2020	114.7
2021	73.7

4. Others

- Q1 2022 guidance: The Company expects revenue in Q1 2022 from \$188 million to \$200 million and a non-GAAP gross margin of 44% to 47%.
- Future: The Company expects exponential growth in silicon devices as the 5G rollout is accelerated.

Federal Signal Corporation (FSS): Multiple segments; Significant changes under the CEO

- Market Cap: \$2.1 billion | Federal Signal Corporation designs, manufactures, and supplies a suite of products and integrated solutions for municipal, governmental, industrial, and commercial customers.
- Major shareholders: BLACKROCK - 15.0%| VANGUARD GROUP - 6.5%| DIMENSIONAL FUND ADVISORS - 4.5%| VAN BERKOM & ASSOCIATES - 4.0%
- Screen: Significant changes after the appointment of new CEO

I. BASIC:

- The manufactures sewer cleaners, industrial vacuum loaders, vacuum- and hydro-excavation trucks (collectively, "safe-digging" trucks), street sweepers, road-marking and line-removal equipment, water blasting equipment, dump truck bodies, trailers, and safety and security systems
- In addition, the company engages in the sale of parts, service and repair, equipment rentals

revenue and increases in sales of dump truck bodies, refuse trucks, and water-blasting equipment.

- Acquisition strategy
 - Before her appointment, the company did not spend any meaningful amount on M&A (2010 – 2016) strategy.
 - After she was appointed CEO in 2016, the company acquired seven companies for approximately \$563 million.
 - Debt under control: The company raises debt to acquire companies and uses its free cash to repay the debt and keep the debt under \$300 million.

II. WHAT WE LIKE

1. Significant changes after the appointment of Ms. Sherman as CEO

- In January 2016, the company appointed Jennifer L. Sherman as CEO. She joined the company in 1994.
- Strong revenue growth
 - In 2015 and 2016, the company's revenue declined by 1.4% and 7.8%, respectively. Subsequently, revenue grew from 707 million in 2016 to \$1.2 billion in LTM ended September 2021 due to acquisition and organic growth.
 - Recent growth: For the nine months ended September 2021, net sales increased by \$75.8 million, or 9%, compared to the prior-year period due to improvement in aftermarket

(\$, mm)	2016	2017	2018	2019	2020	Sep-21
Total debt and lease obligations	64	277.7	210.1	250.3	233.7	285.1

- Solid execution in new product development:
 - As a part of the strategy in 2018, the company accelerated its innovation initiatives to drive long-term organic growth.
 - The company generated roughly \$200 million of revenue in 2020 from the sales of products introduced in the last three years.
 - Moreover, the revenue generated from new products has been growing in the past three years: \$200M in 2020; \$75 million in 2019; \$50 million in 2018.

- **Cost reduction:** After she was appointed CEO, the company focused on initiatives that included a combination of material costs reductions, manufacturing efficiencies, refinement of pricing strategies, and working capital optimization.
- **Dividend:** During her tenure as CEO, the quarterly dividend increased from \$0.07 per share to \$0.09 per share.
- **Share repurchase:** In March 2020, the company announced a \$75 million stock repurchase plan. Since 2020, the company has repurchased approximately \$17 million worth of shares.

2. Strong FCF

Year	(\$, mm)
FY 2017	64.8
FY 2018	78.7
FY 2019	67.7
FY 2020	106.5
FY 2021	64.4

3. Record backlog

In Q3 2021, the company had a record backlog of \$487 million, up \$183 million, or 60%, from the end of last year

III. SEGMENT RESEARCH

1. Environmental solutions segment (ESS)

- This segment accounts for 81% of revenue
- The company manufactures and sells new and used specialty vehicles - sewer cleaners, industrial vacuum loaders, safe-digging trucks, high-performance water-blasting equipment, etc.
- **Core-focus of the CEO:** Under the watch of CEO Jennifer L. Sherman, out

of the total seven acquisitions, six acquisitions were integrated into this segment. This helped the segment's revenue grow from \$692 million in 2017 to \$996 million in LTM September 2021. Operating income increased from \$72 million to \$130 million during the same period.

2. Safety and security systems group (SSS)

- This segment accounts for 19% of revenue.
- The company manufactures and sells public safety & security equipment, signaling equipment, and warning systems.
- Revenue is more or less stagnant. Nevertheless, the segment generates an operating margin of 16%.

Environmental Solutions (\$ in millions)	2017	2018	2019	2020	LTM ended September 2021
Net sales	692.6	863.5	992.9	915.8	996.1
Operating income	72.4	113.0	139.4	124.3	129.7
Safety and Security Systems (\$ in millions)	2017	2018	2019	2020	LTM ended September 2021
Net sales	205.9	226.0	228.4	215.0	210.5
Operating income	27.0	34.1	38.6	35.5	32.9

IV. OTHERS

a) \$550 Billion Bipartisan Infrastructure bill

- In late 2021, President Biden signed a \$1 trillion infrastructure bill into law. The legislation will put \$110 billion into roads, bridges, and other major projects.

We're already starting to see the benefits from the economic stimulus packages, which started to be made available to municipalities earlier this year. And we also expect the infrastructure bill with \$550 billion in new spending we could see capital

equipment demand increase to support infrastructure investments in areas such as roads, bridges, electrification, broadband, clean energy and water and public transportation buildup." - Q3 2021, CEO

b) Electrification

- Of the total R&D spending in 2020, approximately 20% was invested in the electrification project. During Q4

2020, the company received first orders for its hybrid electric street sweeper.

Our electrification roadmap also includes all electric versions of our truck mounted sweepers, and we are collaborating with more than one chassis OEM on designs that will provide uncompromised performance for our customers. We anticipate field trials to begin in 2022. - Q3 2021, CEO

The Royce Funds - 2021 Review and Report to Shareholders

RESEARCH

Instead of just reporting the portfolio holdings, Royce highlights the top contributors and detractors and explains the reasons in a section called "WHAT WORKED... AND WHAT DIDN'T".

It is an excellent read.

Source:

https://www.sec.gov/Archives/edgar/data/709364/000094937722000012/e82804trf-ncsr.htm#a003_v1

I. Royce Micro-Cap Fund (RMC)

Portfolio Managers: Jim Stoeffel and Brendan Hartman

(a) Aehr Test Systems (AEHR)

At the position level, the Fund gained most from Aehr Test Systems, a worldwide supplier of systems for testing and burning-in logic, memory, photonic, power devices, and SiC (silicon carbide) wafers. The company is beginning to see significant traction in applications such as electric vehicles, where the cost of semiconductor failure is extremely high. While we have trimmed shares given its significant price appreciation, we maintained a meaningful position at year-end as we believe we are at the early stages of adoption in many of the company's key end markets.

(b) Aspen Aerogels, Inc. (ASPN)

Aspen Aerogels was the Fund's next top contributor. Aspen sells proprietary insulation materials to the energy market—which rebounded in 2021—and to developing markets, including electric vehicles. The company secured the necessary financing to double its production capacity over the next several years in 2021, allowing it to meet its growing demand. In addition, it has several exciting new product applications in the research and development phase that hold potential growth opportunities. We continue to hold a large position as we believe electric vehicles are a significant long-term growth opportunity.

(c) B. Riley Financial, Inc. (RILY)

B. Riley Financial, a capital markets firm that boasts operations spanning from investment banking to retailer bankruptcy liquidations, was the third top contributing position in 2021 as it continued to benefit from market share gains in its brokerage business.

(d) Motorsport Games Inc. (MSGM)

Motorsport Games, which develops gaming software, detracted most for the calendar year. Unfortunately, a NASCAR-themed game that was its first software release following its IPO, had technical glitches that resulted in lower-than-expected sales. We

have been selling our position as we wait for more clarity as to whether this game's failed launch has permanently damaged the company's game development reputation.

(e) American Superconductor Corporation (AMSC)

American Superconductor is an energy technologies company specializing in the design and manufacture of power systems and superconducting wire. As a smaller company dealing with state and local governments, utilities, and the U.S Navy, order flows and revenue generation tend to be unpredictable. After a strong year in 2020, new flows were less robust in 2021, resulting in the shares declining. We have been adding to our position as we view the company's technology as vibrant and critical to improving electric grids and believe that as business opportunities gain scale, the company's results will become less volatile.

(f) Profound Medical Corp. (PROF)

Profound Medical develops and commercializes technology for the treatment of localized prostate cancer and was impacted by limitations to sell its product given COVID restrictions in many hospitals.

II. Royce Opportunity Fund (ROF)

Portfolio Managers: Jim Stoeffel, Brendan Hartman, Jim Harvey, CFA®, Kavitha Venkatraman

(a) Alpha and Omega Semiconductor Limited (AOSL)

The holding making the largest contribution in 2021 was Alpha & Omega Semiconductor, which designs, develops, and supplies a broad range of power semiconductors. In September, the company reported double-digit growth in each of its market segments, along with record revenue. Next best was Herc Holdings, which provides rental equipment through its subsidiaries in several industries, including construction, manufacturing, refineries, and emergency response.

(b) Herc Holdings Inc. (HRI)

Herc announced in September that it was raising guidance for the rest of 2021 while also offering an optimistic long-term forecast. With plans to expand into urban areas, Herc set goals for organic compound annual growth ranging from 12% to 15% in rental revenue and 17% to 20% in adjusted EBITDA (Earnings before Interest, Taxes, Depreciation, & Amortization) from 2021 to 2024.

(c) LL Flooring Holdings, Inc. (LL)

The largest detractor at the position level was LL Flooring Holdings, better known as Lumber Liquidators. The company retails hard-surface flooring, including hardwood, laminate, vinyl plank, tile, bamboo, and cork flooring, as well as flooring tools and accessories. Its shares fell in May after the company reported fairly good results but removed guidance due to COVID concerns. Its stock slid again in the fall on pandemic-related supply and inventory replenishment issues and year-over-year sales declines. Confident that it can turn its business around as supply chain delays are worked through, we held shares at year end.

(d) Emergent BioSolutions Inc. (EBS)

Emergent BioSolutions was our second-biggest detractor. It's a specialty pharmaceuticals company that manufactures the only FDA-approved anthrax vaccine, among other treatments and therapeutics. Its stock fell precipitously in the spring after the FDA discovered cross contamination issues at one of its plants that was preparing COVID vaccines just as the company was ramping up efforts to be included in the vaccine supply chain. Its shares declined again in November on news that the U.S. Department of Health and Human Services had canceled a multimillion-dollar agreement with the company. We held a small position at the end of 2021, believing that the market has not fully recognized the value of its assets or its existing contracts with the U.S. government.

III. Royce Pennsylvania Mutual Fund® (PMF)

Portfolio Managers: Chuck Royce, Jay Kaplan, CFA®, Steven McBoyle, Lauren Romeo, CFA®, Miles Lewis, CFA®, Andrew Palen

(a) Kulicke and Soffa Industries, Inc. (KLIC)

At the position level, the Fund's top contributor was Kulicke & Soffa Industries, which primarily supplies equipment for semiconductor wire bonding assembly and other capital equipment. The proliferation of demand for semiconductors is accelerating growth for Kulicke's bonder equipment, in particular because 80% of the world's semiconductor packages use wire bonding, while its new product innovations in advanced display and electronics have broadened its overall addressable market and improved its gross margin mix.

(b) Triumph Bancorp, Inc. (TBK)

Triumph Bancorp was our second largest contributor. Through most of 2021, the market's recognition of the bank's fintech expertise validated our original investment thesis. Triumph has developed a payment platform that is changing how payments and invoices are handled in the trucking industry. This platform will better connect carriers, shippers, factoring companies, and freight brokers in a way that allows much more efficient handling of invoices and other payments. The robust market for trucking, in terms of the spot prices that drive Triumph's revenue, led to an outstanding year in its core receivables factoring business, which allows companies to sell invoices for cash advances. While our long-term confidence is strong, returns for the payment platform may have been pulled forward, a concern that led us to trim our position.

(c) Upland Software, Inc. (UPLD)

The Fund's biggest detractor was Upland Software, which provides cloud-based enterprise work management software. Its shares fell on mixed revenue performance following outsized presidential election-related growth in 2020 and disappointing execution of the transition of its go-to-market strategy. Profit margins contracted as the company sustained elevated investments in advance of an improvement in revenue productivity. Although we still appreciate much about its strategic allocation of capital, these factors led us to substantially reduce our position in the fourth quarter.

(d) SmileDirectClub, Inc. (SDC)

We chose to sell our entire stake in SmileDirectClub, which manufactures clear aligners and braces. Achieving profitably and meeting its revenue targets became a longer-term issue than we were willing to accept, especially after the company removed profit guidance in August. It was also struggling with customer acquisition, which was hampered both by changes to Apple's iOS privacy policy and inflationary pressures that hit hard on the spending of its low-to-middle income consumer demographic.

IV. Royce Premier Fund (RPR)

Portfolio Managers: Chuck Royce, Lauren Romeo, CFA®, Steven McBoyle

(a) Inter Parfums, Inc. (IPAR)

Inter Parfums is a global developer and designer of prestige fragrances, primarily under licenses of high-end brands such as Mont Blanc, Coach, Jimmy Choo, and Guess. After managing effectively through a very challenging 2020, its stock rose more than 60% in 2021, lifted by better-than-expected growth from improved store traffic and higher gross margins driven by improved sales for newer higher-margin products. The company reported in September that, excluding one-time gains, 2021 would be its best year ever for sales and earnings per share.

(b) Haemonetics Corporation (HAE)

Blood and plasma supplies and services provider Haemonetics Corporation detracted most at the position level. The company reported healthy revenues in November but also lowered guidance for the second half of fiscal 2022 due to ongoing plasma collection volatility due to the pandemic. We reduced our position, though we think it can engineer an eventual turnaround driven by the company's long-term expertise in its niche.

(c) Upland Software, Inc. (UPLD)

Upland Software, which was the second biggest detractor, provides cloud-based enterprise work management software. Its shares fell on mixed revenue performance following outsized presidential election-related growth in 2020 and disappointing execution of the transition of its go-to-market strategy. Profit margins contracted as the company sustained elevated investments in advance of an improvement in revenue productivity. Although we still appreciate much about its strategic allocation of capital, these factors led us to exit our position in December.

(d) Ashmore Group PLC (AJMPF)

Headquartered in the U.K., Ashmore Group specializes in actively managed emerging markets strategies in equities, fixed income, and alternative investments. The company reported declines in profitability for the fiscal year and then in October announced declines in assets under management and negative investment performance for the third quarter as market sentiment for certain key strategies deteriorated.

V. Royce Small-Cap Value Fund (RVV)

Portfolio Manager: Jay Kaplan, CFA®

(a) ArcBest Corporation (ARCB)

At the position level, the Fund's top contributor was Arkansas-based freight and logistics solutions provider ArcBest. In its third-quarter earnings release, the company announced record quarterly revenue and operating income, with consolidated quarterly revenues of more than \$1 billion. ArcBest also benefited from its acquisition of Chicago-based truckload brokerage company MoLo Solutions.

(b) Shoe Carnival, Inc. (SCVL)

The second top contributing position for the calendar year was Shoe Carnival, a discount footwear retailer. Many of the company's competitors have closed their doors, helping its business. In addition, Nike consolidated the number of stores that can sell its products, which included Shoe Carnival. The company was also able to discontinue deep discounting due to stronger demand, leading to margin expansion.

(c) Kulicke and Soffa Industries, Inc. (KLIC)

Kulicke & Soffa Industries is a leader in manufacturing equipment and tools used to assemble and package semiconductor devices. Kulicke is benefiting from record industry wafer fab equipment spending and a structural increase in the complexity of chip packaging due to increased advanced packaging or multi-die packaging techniques. Approximately 50% of all semiconductors processed utilize the company's wire bonding equipment. Additionally, Kulicke has been benefiting from new product introductions in the mini-LED packaging market, which is growing quickly.

(d) Nautilus, Inc. (NLS)

The biggest detractor was fitness equipment manufacturer Nautilus. The company's third quarter results were hurt by inflation, as well as by global shipping and supply chain challenges, which made profitability unlikely. For these reasons, we exited our position.

(e) James River Group Holdings, Ltd. (JRVR)

James River Group Holdings, the portfolio's next biggest detractor, focuses on "Excess & Surplus" insurance. Its stock saw its most severe dip in 2021's first half. The company then took a charge in the fourth quarter related to its non-core reinsurance division that, while fairly small, came on the heels of the much larger charge taken earlier in the year in its commercial auto business (specifically Uber), which led its shares to drift lower. Current management has been attempting to fix the issues created by the prior team, though our own concerns about the timing and extent of the fixes led us to reduce our position significantly. Super-regional property and casualty insurance holding company.

(f) Heritage Insurance Holdings, Inc. (HRTG)

Heritage Insurance Holdings also detracted. The company, which has significant business in coastal areas, was hurt by poor weather in Florida during 2021. We believe that Heritage Insurance can benefit from premium insurance rate increases. The stock is inexpensive, and we maintained our position.

VI. Royce Smaller-Companies Growth Fund (RVP)

Portfolio Manager: Chip Skinner, CFA®

(a) InMode Ltd. (INMD)

InMode, which makes medical devices that emit radio frequencies which allow for minimally and (in some instances) non-invasive ways to perform certain types of plastic surgery, skin care treatments, and other procedures, was the Fund's top-contributing position. Robust revenue growth driven by the rapid adoption of its innovative devices, along with prospects for recurring revenues going forward, led its stock to lofty heights in 2021.

(b) Ambarella, Inc. (AMBA)

Ambarella develops image processing SoCs (system on chips) and computer vision chips. Its SoCs process photos, videos for cameras, and other gadgets, while its computer vision chips help security cameras identify faces and driverless vehicles avoid obstacles. Its strong niche in these areas drove impressive growth in earnings and revenue in 2021.

(c) Enthusiast Gaming Holdings Inc. (EGLX)

The top detractor at the position level was another Canadian media property, Enthusiast Gaming Holdings, which runs digital media platforms that include more than 100 gaming-related websites. A top outperformer from 4Q20 through the first half of 2021, its revenue growth was nothing short of spectacular in 2021. However, that growth was partly due to an acquisition, and the company still has not become profitable, which drove investors to take profits in the second half of 2021. Liking its long-term growth prospects, we added to our stake.

(d) Lottery.com Inc. (LTRY)

Lottery.com allows users to play state-sanctioned lottery games online and on mobile devices, and with more states set to legalize online lotteries, it appeared to be a strong growth opportunity. However, its reverse SPAC merger reported quarterly results using what we thought was aggressive accounting, which raised doubts for us about its ability to achieve near term financial targets, leading us to begin exiting our position in November.

(e) American Superconductor Corporation (AMSC)

American Superconductor manufactures advanced power systems, naval ship protection systems, and wind turbines using superconducting technology. The company enjoyed improved revenue and earnings growth in 2020 that decelerated in 2021—which caused Wall Street estimates to be lowered multiple times during the year. We still like its long-term prospects and added shares in May.

VII. Royce Special Equity Fund (RSE)

Portfolio Managers: Charlie Dreifus, CFA®, Steven McBoyle

(a) Kulicke and Soffa Industries, Inc. (KLIC)

The portfolio's top contributor at the position level for 2021 was Kulicke & Soffa Industries, a leader in manufacturing equipment and tools used to assemble and package semiconductor devices. Approximately 50% of all semiconductors processed

utilize the company's wire bonding equipment. Kulicke is benefiting from record industry wafer fab equipment spending and a structural increase in the complexity of chip packaging due to increased advanced packaging or multi-die packaging techniques. Further, Kulicke has been benefiting from new product introductions in the mini-LED packaging market, which is growing quickly.

(b) Meredith Corporation (MDP)

Meredith Corporation, a premier media and digital marketing company, was the next best performer. Its media properties include magazine brands such as People and Time, which have a total readership of more than 120 million while its website properties receive nearly 135 million monthly unique visitors, making the company a top ten digital media company. Meredith recently embarked on a significant number of value creating events, including the spinoff of its television properties, which ultimately led to the sale of its remaining magazine and digital properties to IAC.

(c) Hooker Furnishings Corporation (HOFT)

The Fund's biggest detractor was Hooker Furnishings, which manufactures and imports home furniture primarily in the medium- to high price ranges. COVID created major difficulties for its business in 2020. While 2021 sales and earnings were positive, though somewhat mixed, investor sentiment—and thus its stock price performance—was influenced by 2021's highly visible supply chain issues.

(d) Flexsteel Industries, Inc. (FLXS)

Flexsteel Industries makes and imports upholstered and wooden furniture for the residential and commercial markets. Its business also showed encouraging, though mixed, signs of recovery through 2021 after a highly challenging 2020. In addition, Flexsteel was adversely affected by the supply chain issues that lingered throughout 2021 and their associated cost inflation. This all took place as the business itself continued to progress nicely, with much success related to strategic growth initiatives and backlog growth.

(e) Johnson Outdoors Inc. (JOUT)

Johnson Outdoors, which makes recreation products in four businesses: Fishing, Camping, Watercraft, and Diving, was the Fund's third-biggest detractor. Though the company posted strong revenue and earnings in 2021, the market sentiment was muted due to the ongoing debate as to the sustainability of positive industry trends that have helped its business, particularly within the company's Fishing segment, as well as logistical challenges.

VIII. Royce Total Return Fund (RTR)

Portfolio Managers: Miles Lewis, CFA®, Chuck Royce

(a) Triumph Bancorp, Inc. (TBK)

Triumph Bancorp, which offers traditional and more specialized banking services and products, made the largest positive contribution at the position level. Through most of 2021, the market's recognition of the bank's fintech expertise validated our original investment thesis. Triumph has developed a payment platform, for example, that is changing how payments and invoices are handled in the trucking industry by allowing much more efficient processing via better connecting carriers, shippers, factoring

companies, and freight brokers. The robust market for trucking, in terms of the spot prices that drive Triumph's revenue, led to an outstanding year in its core receivables factoring business, which allows companies to sell invoices for cash advances. While our long-term confidence is strong, returns for the payment platform may have been pulled forward, a concern that led us to reduce our position.

(b) Trean Insurance Group, Inc. (TIG)

Full-service insurance management company Trean Insurance Group, which focuses on workers compensation insurance, was 2021's largest detractor. Its business model is both asset light and, in our view, unique. Trean retains only around 20% of the risk written on behalf of third parties while also collecting fees for its claims handling services. Unfortunately, the distinctive features that appeal so much to us do not seem well understood by other investors—though we also believe that management could have done more to communicate its distinctive features. We also believe these attributes can help its shares to reverse course.

(c) James River Group Holdings, Ltd. (JRVR)

The portfolio's next biggest detractor, James River Group Holdings, focuses on the "Excess & Surplus" niche. Its stock saw its most severe dip in 2021's first half. The company then took a charge in the fourth quarter related to its non-core reinsurance division that, while fairly small, came on the heels of the much larger charge taken earlier in the year in its commercial auto business (specifically Uber), which led its shares to drift lower. However, current management has been effectively fixing problems created by the prior team, and we like the company's long-term prospects.

13D: Weekly Update – 28th Feb to 4th March

Ides Capital seeks support for its nominees at Safety Insurance Group

Market Cap: \$1.2 billion | Safety Insurance Group, Inc. provides private passenger and commercial automobile and homeowner insurance in the United States.

- On January 18, 2022, Ides Capital issued a press release. It delivered a [letter](#) to the board outlining its continued concerns about Safety Insurance's stock price underperformance, ESG and Sustainability failings, poor capital allocation, and other issues. The letter also expresses Ides' disappointment with the company's failure to work constructively to help put Safety on a better path forward for all shareholders. Further, Ides Capital nominated two directors to the board and wants the company to buy back shares, cut costs and improve financial disclosure
- On March 2, 2022, Ides Capital (1%) filed proxy materials seeking support for its nominees and expressed its disappointment at the board's refusal to engage in a constructive dialogue with Ides around the numerous issues plaguing the company.

[Source](#)

Alta Fox Capital Management nominates five candidates for election to Hasbro's Board

Market Cap: \$13.6 billion | Hasbro, Inc. and its subsidiaries operate as a play and entertainment company.

On February 17, 2022, Alta Fox Capital Management (2.5%) nominates five candidates for election to the board at the 2022 AGM. It issued a [presentation](#) entitled, "The Alta Fox Path to 100%+ upside."

With a reconstituted Board and properly incentivized management team, we see a clear path for taking Hasbro to at least \$200 per share and enabling the company to rebuild trust with its most passionate customers and fans. This path includes:

- Simplifying and improving the corporate structure by spinning out the Wizards of the Coast ("WOTC") segment, which is a hidden gem with a completely different growth, margin and valuation profile than the Consumer Products and Entertainment segments.
- Establishing a transparent and value-enhancing capital allocation policy for WOTC that prioritizes reinvestment in core franchises such as Magic: The Gathering and Dungeons & Dragons, while reducing speculative bets on non-core video game franchises in hyper-competitive categories.
- Replacing the stale "Brand Blueprint" strategy with a modern operating plan focused on profitably growing the Consumer Products and Entertainment segments
- Restructuring executive compensation to be more aligned with shareholder value creation
- Improving disclosure practices and investor communication to regain institutional trust and justify a fair valuation for all of Hasbro.

Update:

On March 3, 2022, Alta Fox Capital Management filed proxy materials seeking support for its nominees.

Starboard nominates Board candidates to the board of LivePerson

Market Cap: \$1.6 billion | LivePerson, Inc. and its subsidiaries provide conversational commerce solutions.

- On February 25, 2022, Starboard (8.5%) a letter to the company nominating a slate of director candidates, including Peter A. Feld, John R. McCormack, Vanessa Pegueros, and Yael Zheng, for election to the board at the 2022 AGM. [Source](#)
- On March 1, 2022, Starboard increased its stake to 9.7%.

Julian Singer seeks board and management changes at Catalyst Biosciences

Market Cap: \$20 million | Catalyst Biosciences, Inc., a clinical-stage biopharmaceutical company, focuses on developing medicines to address hematology indications.

Background:

- On July 22, 2019, Julian Singer (3.1%) delivered a letter to the board expressing his concerns with the company's precipitous value destruction and prolonged share price underperformance. In the Letter, Julian Singer stated his belief that the company has strong potential for success as a clinical-stage biopharmaceutical company, noting its recent success in certain clinical trials. Julian Singer stated in the letter that the board should consider taking steps to remediate shareholder concerns to restore investor confidence and maximize shareholder value, including by adding shareholder representation on the board, adopting best practices for good corporate governance, and retaining an investment bank as an independent adviser to evaluate potential strategic alternatives. Julian Singer stated his belief that the board should work cooperatively with him by voluntarily adding two highly-qualified shareholder representatives to the board. In addition, Julian Singer questioned the company's need for a classified Board. Further, the letter noted the lack of diversity on the board, a plurality voting standard in electing directors with no director resignation policy, and a supermajority voting requirement to amend the governing documents.
- On January 13, 2020, Julian Singer (3.3%) entered into a Co-operation Agreement with the company pursuant to which, within five business days of the execution of the Co-operation Agreement, the board shall irrevocably appoint Sharon Tetlow and Geoffrey Ling, MD (together, the "New Directors") as directors of the company, effective on January 15, 2020.
- On October 26, 2021, Julian Singer (2.1%) stated his belief that shareholder value is at immediate risk unless the company eliminates the classified board, drastically reforms its governance and board structure, and engages an independent financial advisor to explore strategic alternatives, including a sale of the company. He also

seeks immediate wholesale changes in the board to include more qualified directors as well as wholesale changes in senior management. He urges Augustine Lawlor to step down as Chairman in light of his overly long tenure as a director and his commitments to serving on other boards and urged the board to appoint a leader who will focus on shareholder interests and value creation. [Source](#)

- On January 5, 2022, Julian Singer (2.5%) stated that in light of the precipitous fall in stock price (recently trading below the critical one dollar mark), outsized pay packages for executives misaligned with declining market capitalization, excessive cash burn with no return, and a belated decision to seek a buyer for the hemophilia assets, Julian Singer believes that management and the board have failed in their duties of oversight and accountability to shareholders. Mr. Singer believes that shareholder value is at immediate risk unless the company eliminates the classified board, drastically reforms its governance and Board structure, and engages an independent financial advisor to explore strategic alternatives, including a sale of the company or its assets. Mr. Singer seeks the immediate end to stock offerings that depress the stock price. He also seeks immediate wholesale changes in the Board of Directors to include more qualified directors as well as wholesale changes in senior management. He urges Augustine Lawlor to step down as Chairman in light of his overly long tenure as a director and his commitments to serving on other boards and urged the board to appoint a leader who will focus on shareholder interests and value creation. [Source](#)
- On January 26, 2022, Julian Singer (2.5%) delivered a [letter](#) to the board seeking voluntary changes to the board and urgent governance reforms.
- On February 23, 2022, Julian Singer (3.95%) argued that the company was unwilling to consider adding more than one of Mr. Singer's recommended candidates. As such, Mr. Singer believes that nominating three candidates to replace the board's three members and submitting a non-binding proposal to declassify the board is the only viable path forward to rebuilding shareholder value. [Source](#)

Update:

On February 28, 2022, Julian Singer stated that as he continues to take the necessary steps to prepare for a potential proxy contest in connection with the 2022 AGM, he intends to continue to engage in discussions with the board and management to engage in possible constructive paths for avoiding a costly proxy contest. [Source](#)

Cygnus Capital nominates Board candidates to Pennsylvania Real Estate Investment Trust

Market Cap: \$73 million | Pennsylvania Real Estate Investment Trust is a publicly traded real estate investment trust that owns and manages quality properties in compelling markets.

Background:

On February 18, 2022, Cygnus Capital delivered a letter to the company nominating two director candidates, Ryan J. Levenson and Christopher Swann, for election to the Board as Preferred Stock Trustees at the company's 2022 annual meeting of shareholders.

[Source](#)

[Go to index page](#)

Update:

On February 28, 2022, Cygnus Capital issued an open [letter](#) to the shareholders seeking support for its nominees.

KORR Value sends a letter to Medallion Financial reinforcing the urgent need for governance and strategic change

Market Cap: \$217 million | Medallion Financial Corp and its subsidiaries operate as a finance company in the United States. It originates, acquires, and services loans that finance taxi medallions and various types of commercial businesses.

Background:

- On March 31, 2021, KORR Acquisitions Group (4.4%) encouraged the board to improve its corporate governance by adding additional Board members with more relevant experience. Also, it stated that in February 2021, it released a presentation regarding its proposals to remedy the company's underperformance and maximize value for all shareholders. In its presentation, KORR is pushing for change that it believes will unlock MFIN's true value of over \$20 per share. It encourages the company to (i) change its name, (ii) repurchase shares, (iii) consolidate office locations, (iv) reduce headcount, (v) sell non-core assets, (vi) re-align senior management compensation with shareholders, (vii) segregate Medallion loans.
- On June 30, 2021, KORR Acquisitions Group delivered a letter demanding inspection of certain of the company's books and records.
- On December 30, 2021, KORR Value (5.6%) delivered a [letter](#) to the company nominating a slate of two candidates, Andrew S. Fox and Philip P. Scala, for election to the board at the 2022 AGM. In the press release and letter, KORR Value expressed their deep concerns with a lawsuit recently filed by the SEC making alarming allegations of fraudulent schemes perpetrated by the company and its President Andrew Murstein to boost the company's stock price and urged, among other things, for Andrew Murstein and Alvin Murstein to resign from the board, for the board to appoint the Nominees to fill the resulting vacancies immediately and for the board to form a Special Committee of the Board to investigate and respond to the SEC allegations with the assistance of independent legal counsel.

Update

On February 28, 2022, KORR Value (5.7%) sent a [letter](#) to the board reinforcing the urgent need for governance and strategic change. It urged independent directors to honor their fiduciary duties to all shareholders by facilitating sorely-needed governance improvements and exploring strategic alternatives

Joseph Stilwell seeks support for his nominee at Peoples Financial Corp

Market Cap: \$79 million | Peoples Financial Corporation operates as the bank holding company for The Peoples Bank that provides banking, financial, and trust services to government entities, individuals, and small and commercial businesses in Mississippi.

Background:

- In November 2020, Joseph Stilwell disclosed 8.9% stating his belief that the company should explore all possibilities to maximize shareholder value. [Source](#)
- In March 2021, Joseph Stilwell (9.9%) filed proxy materials seeking support for his nominee. He stated that the company should explore all possibilities to maximize shareholder value.
- On May 5, 2021, the company announced that ISS recommended that the shareholders vote **FOR** the election of all six candidates nominated by the board.
- At the AGM held on May 19, 2021, shareholders elected all six of the company's director nominees. Stilwell's nominee was not elected to the board.
- On February 7, 2022, Joseph Stilwell (9.95%) announced his intent to nominate Rodney H. Blackwell for election as a director at the Issuer's upcoming annual meeting, with Jonathan W. Briggs, Ronald Wade Robertson, Jr., and Gregory H. Browne as alternate nominees. He stated his belief that the company should explore all possibilities to maximize shareholder value. [Source](#)

Update:

On February 28, 2022, Joseph Stilwell filed proxy materials seeking support for his nominee.

Engaged Capital nominates board candidates to the board of Quotient Technology

Market Cap: \$712 million | Quotient Technology Inc. operates as a digital media and promotions technology company that offers power integrated digital media and promotions programs for brands and retailers.

- On November 17, 2021, Engaged Capital (6%) issued a public [letter](#) to the board expressing its concerns with the company's consistently poor performance, both in regards to share price and operations. Engaged Capital believes that rather than taking decisive action to remedy the weak operating and share price underperformance, the board has selfishly focused on employing strategies to entrench itself further. Also, on November 17, 2021, Engaged Capital delivered a letter to the company formally requesting an exemption to be granted by the board under the NOL Pill to allow Engaged Capital to acquire up to 9.99% of the then outstanding shares.
- On January 10, 2022, Engaged Capital (6.5%) issued a [letter](#) to the Board warning that the company should not pursue a potential share sale. Engaged said it has learned that Quotient's CEO Steven Boal has allegedly reached out to third parties regarding the sale of 19.9% of the company's outstanding shares. Engaged Capital claims that a share sale would be an effort at vote-buying ahead of a likely proxy contest. Engaged threatened that if the Quotient board proceeds with such a transaction, it plans to start legal action against the company.

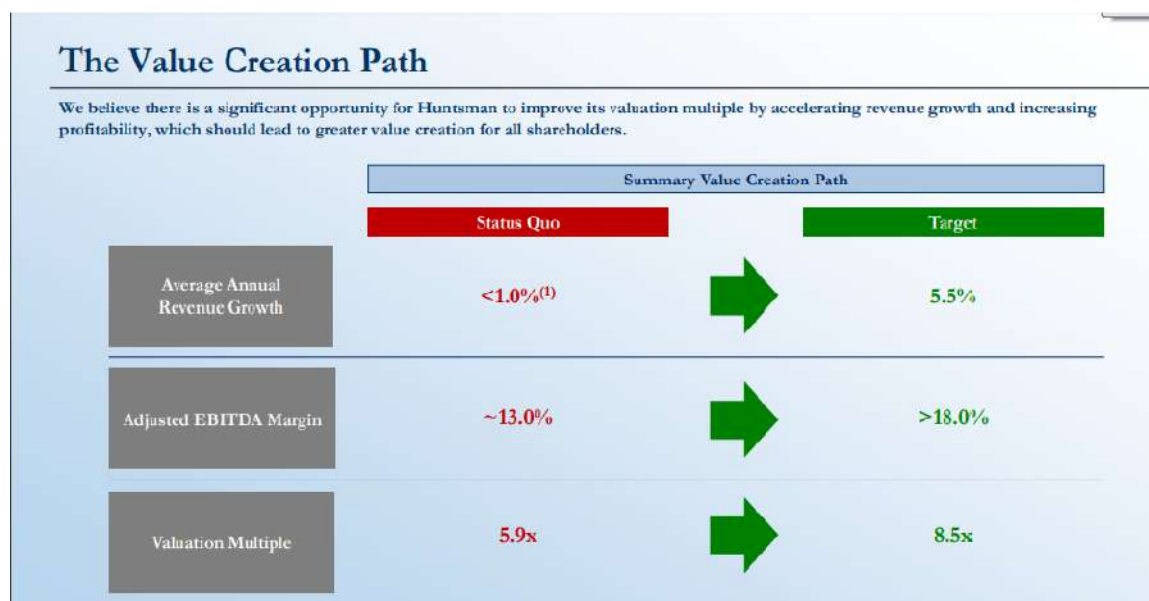
Update: On March 1, 2022, Engaged Capital (6.5%) delivered a letter to the company nominating Christopher B. Hetrick and Matthew O'Grady for election to the board at the 2022 AGM. [Source](#)

Starboard issued a letter to the shareholders of Huntsman

Market Cap: \$8 billion | Huntsman Corporation is a global diversified chemicals manufacturer.

Background

- In an October 2021 Active-Passive Investor Summit, Starboard issued a [presentation](#) stating that there is a significant opportunity for Huntsman to improve its valuation multiple by accelerating revenue growth and increasing profitability, which should lead to greater value creation for all shareholders.



- On January 12, 2022, Starboard filed its Amendment No. 1 to the SC 13D with respect to the company announcing its nomination of a slate of director nominees for election at the annual meeting. [Source](#)
- On January 20, 2022, Starboard (8.6%) filed proxy materials seeking support for its nominees.
- On February 3, 2022, Starboard filed proxy materials seeking support for its nominees.
- On February 10, 2022, Starboard issued a press release and delivered a [letter](#) to stockholders highlighting company's history of failed operational execution, long-term stock price underperformance and missed promises. It urges all shareholders to vote FOR its four nominees.
- On February 17, 2022, Starboard issued a [letter](#) expressing its displeasure to the company in connection with the company's repeated questions and requests for information regarding Starboard and its nominees following the delivery of Starboard's nomination notice to the company. Starboard argued that its nomination notice included all of the information required of Starboard and its nominees pursuant to the Company's Sixth Amended and Restated Bylaws.

[Go to index page](#)

- On February 25, 2022, Starboard (8.8%) filed proxy materials seeking support for its nominees.

Update

- On March 1, 2022, Starboard issued a detailed [presentation](#) titled "Transforming Huntsman Corporation," outlining Starboard's views on Huntsman, the challenges that plagued the company historically and continue to exist today, opportunities to drive improved performance, and details surrounding Starboard's slate of director nominees.
- On March 4, 2022, Starboard issued an open [letter](#) to the shareholders highlighting the company's history of failed operational execution, long-term share price underperformance, missed promises, poor governance and compensation practices, and problematic ESG practices. It urges shareholders to vote for its nominees.

New Independent Nominees Join Slate to Counter Steel Partners' slate and proxy fight at Aerojet Rocketdyne

Market Cap: \$3 billion | Aerojet Rocketdyne Holdings, Inc. designs, develops, manufactures, and sells aerospace and defense products and systems in the United States.

Background

- On January 28, 2022, Steel Holdings (4.9%) delivered a letter to the company nominating a slate of director candidates for election at the 2022 AGM to preserve its rights as a stockholder in the event the Lockheed transaction does not close before the meeting. Steel Holdings' slate of nominees consists of four existing incumbent directors (Warren G. Lichtenstein, James R. Henderson, Audrey A. McNiff, and Martin Turchin) and three new independent candidates (Aimee J. Nelson, Joanne M. Maguire, and Heidi R. Wood). Steel Partners said it supports the company's previously announced merger with Lockheed Martin Corp. However, given the uncertainty surrounding the prospects of the deal obtaining required governmental approvals, Steel Holdings said it believes Aerojet Rocketdyne "needs to focus on ensuring that it is optimally positioned to continue the business as a standalone entity in the event the transaction is not consummated." [Source](#)
- On February 7, 2022, Warren G. Lichtenstein, James R. Henderson, Audrey A. McNiff, and Martin Turchin (the "Director Plaintiffs") filed suit in the Court seeking, among other things, declaratory relief relating to Steel Holdings' nomination of the Director Plaintiffs and its other nominees for election to the board, a nominal party to the lawsuit, at its 2022 AGM. The Director Plaintiffs filed a lawsuit due to disagreements among the company's evenly divided eight-member Board, which consists of the four Director Plaintiffs and four other directors—Eileen P. Drake, Thomas Corcoran, Kevin Chilton and Lance Lord (the "Director Defendants"), over matters relating to Steel Holdings' nomination and the annual meeting. The Director Plaintiffs believe

the disagreements between the Director Plaintiffs and the Director Defendants should be settled by the stockholders through an election at the annual meeting.

[Source](#)

- On February 24, 2022, Steel Holdings (5.2%) issued a press release and open letter to shareholders providing an update pertaining to the legal proceeding initiated in the Delaware Court of Chancery by four members of its slate.
 - The Court has granted a Temporary Restraining Order ("TRO") prohibiting Ms. Drake, Mr. Corcoran, Mr. Chilton, and Mr. Lord from using Aerojet Rocketdyne's resources to advance their personal positions in a proxy contest while the board is deadlocked over the identity of the company's slate of director candidates for the Annual Meeting
 - The Court's order prohibits any Aerojet Rocketdyne employee, director, advisor or agent from issuing any public statement, press release or corporate disclosure in the name of the company in support of any candidate standing for election at the Annual Meeting without prior written approval from the board or a duly authorized committee of the board.
 - The Court's order prohibits any Aerojet Rocketdyne employee, director, advisor or agent from taking action on behalf of the company or using the company's resources to support the election efforts of any candidate standing for election at the Annual Meeting without prior written approval from the board or a duly authorized committee of the board.

Update

On March 1, 2022, Eileen Drake (Aerojet Rocketdyne's CEO) and Gen. Kevin Chilton (Ret.), Thomas Corcoran, and Gen. Lance Lord (Ret.) (three of its Independent Directors) (collectively, these non-Steel Partners Directors) issued an open [letter](#) to the shareholders stating their belief that Steel Partners is attempting to oust from the Board the CEO and the Independent Directors who have contributed to the company's 5+ years of strong outperformance and replace three of the current Independent Directors with three new directors selected by Mr. Lichtenstein (the "Steel Partners Nominees") so all seven directors on the board would be comprised of Mr. Lichtenstein and his hand-picked candidates. Eileen Drake and the Independent Directors stated that the Steel Partners proxy fight and litigation and the Steel Partners Nominees are not in the best interests of the company and its shareholders. Accordingly, they have identified four director nominees – Gail Baker, Marion Blakey, Maj. Gen. Charles Bolden, Jr. (Ret.) and Deborah Lee James urge shareholders to support their nominees.

Communications Workers of America urges Lee shareholders to reject Alden's VOTE NO campaign

Market Cap: \$194 million | Lee Enterprises, Incorporated (LEE) provides local news and information, and advertising services in the United States.

Alden Global Capital, LLC, Strategic Investment Opportunities LLC, and MNG Enterprises

- On November 22, 2021, Alden Global Capital, LLC, together with MNG Enterprises and Strategic Investment Opportunities LLC (together 6.3%), delivered a Non-Binding Proposal to the board in respect of a potential offer by Alden to acquire all of the outstanding shares of common stock at a price per share equal to \$24.00 in cash. [Source](#)
- On November 29, 2021, the shareholder group announced that they delivered a notice of nomination of three individuals to serve on the board. [Source](#)
- On December 9, 2021, the company issued a press release announcing that the board rejected the Alden Proposal.
- On December 15, 2021, MNG Enterprises filed a complaint with respect to the company's rejection of its previously reported director nominees. [Source](#)
- On January 27, 2022, the shareholder group delivered a [letter](#) to the company withdrawing the nomination of Carlos Salas, one of its original Board candidates, in light of the decision to focus its proxy contest efforts on the replacement of two of the company's director nominees, Ms. Junck and Mr. Moloney, both of whom are extremely long-tenured and have been re-nominated in apparent contravention of the company's director retirement policy.
- On January 28, 2022, MNG Enterprises delivered to the company a letter requesting to inspect a complete list of the company's stockholders and certain other corporate records as permitted by applicable state law (the "Stockholder List Demand Letter"). The purpose of the Stockholder List Demand Letter is to enable MNG Enterprises to communicate with the stockholders in connection with its solicitation and any other matters that may properly come before the annual meeting. [Source](#)
- On February 3, 2022, the shareholder group issued a statement regarding the company. Kindly [click here](#) to read the statement.
- On February 8, 2022, the shareholder group filed proxy materials seeking support for its nominees. [Source](#)
- On February 15, 2022, the company [announced](#) that the Delaware Chancery Court has upheld the decision by Lee's Board of Directors to reject the director nomination notice submitted by Alden Global Capital, LLC
- On February 15, 2022, Alden Global Capital issued a [statement](#) in response to the Delaware Chancery Court's decision to uphold Lee's invalidation of Alden's two highly qualified and fully independent director candidates and announced that its affiliate would be filing preliminary proxy materials with the SEC for a "Vote No" campaign seeking shareholder support to compel the resignations of two extremely long-tenured and deeply entrenched incumbent candidates – Mary Junck and Herbert Moloney III – and to send a clear message that meaningful governance improvements and Board enhancements are required at Lee to turn around years of poor performance. Also, the shareholder group issued a presentation entitled "Independent and Experienced Leadership is Required to Create Stockholder Value at Lee Enterprises – VOTE AGAINST the election of Mary Junck and Herb Moloney"

[Go to index page](#)

- On February 16, 2022, the shareholder group sent a [letter](#) to the board discussing their concerns with the current plurality voting standard for the election of directors at the Annual Meeting and their views that the board was clearly using the plurality voting standard as a tool to entrench themselves further and avoid accountability to the stockholders.
- On February 22, 2022, the shareholder group filed proxy materials seeking support to vote **WITHHOLD** on the re-election of Mary E. Junck and Herbert W. Moloney III as directors whom they believe are most responsible for the company's history of poor performance and poor governance. Also, a member of the Stockholder Group, Strategic Investment Opportunities LLC filed a complaint in the Court of Chancery of the State of Delaware with respect to the company's determination that the election of directors at the Annual Meeting is "contested" and that a plurality voting standard applies. [Source](#)

Update:

On March 2, 2022, Communications Workers of America urges shareholders to vote FOR the three director nominees put forward by the Lee Enterprises' Board on the WHITE proxy card and to REJECT Alden Global Capital's "vote no" campaign on the BLUE proxy card. [Source](#)

PAST

Background:

Cannell Capital

- In 2019, Cannell Capital recommended shareholders to vote AGAINST the election of incumbent directors. At the AGM held on February 20, 2019, all the incumbent directors were re-elected to the board.
- On February 19, 2021, Cannell Capital (8.64%) stated that it had enjoyed a telephone call with Lee Enterprises Chairman Mary E. Junck in which it proposed and requested a reply to a recommendation for the addition of a new member to the board of directors. Cannell Capital believes that the company is undervalued and that this new member of the board's appointment would go a long way toward decreasing the discount between LEE's market value and its estimate of LEE's economic value. On February 26, 2021, Ms. Junck replied to Cannell Capital, dismissing its recommendation and request. While Cannell Capital applauds the progress that the company has made, it believes that there is considerably more work to be done and that changes to the board of directors would benefit all shareholders. [Source](#)
- On August 31, 2021, Cannell Capital (6.84%) sent a letter to the Chairwoman of the Board calling upon all owners to infuse the Lee board with more forward-thinking people to accomplish its mission and increase value for all shareholders. In its letter, Cannell Capital included two attachments: its thesis, which values Lee's current shares at \$205 per share *assuming* (a very important assumption) new stewardship, and a list of questions for Lee. Cannell reiterates the morality and benevolent intent of Lee's management and the BOD. To read more, [click here](#).

[Go to index page](#)

- On September 23, 2021, Cannell Capital increased its stake to 8.21%.
- On January 26, 2022, Cannell Capital decreased its stake to 7.24%.

Praetorian Capital Management

On December 8, 2021, Mr. Kupperman, Praetorian Capital Management (7.31%), submitted a [letter](#) to the board regarding the takeover proposal by Alden Global Capital, LLC issued on November 22, 2021. He stated that Alden's proposed purchase price is insufficient and opportunistic, grossly undervaluing the business.

Valuation insight

I believe the shares are worth north of \$100 today and likely worth a few hundred each if the digital transformation continues at the current pace. The only reason that the shares trade where they do, is that investors have yet to realize that while the traditional print newspaper business slowly declines, the digital business has been growing rapidly, becoming an increasingly substantial percentage of the total business. Based on third quarter, 2021 numbers, LEE's digital business grew revenue by 48.3% over the prior year, with digital subscriber count growing by 50.5%. A full 33.4% of the company's revenue and almost half of the company's adjusted EBITDA now comes from this rapidly growing digital business. I believe that by 2023, approximately half of revenue and two-thirds of adjusted EBITDA will come from the digital business.

LEE has produced Trailing Twelve Month (TTM) Adjusted EBITDA of \$116.2 million and this is despite the effects of COVID on the local marketing business and before the full synergies of the BH. Media merger could be realized. I believe the company can earn north of \$150 million of Adjusted EBITDA in 2023 and if LEE traded at 15 times Enterprise Value (EV) to Adjusted EBITDA (adjusted for debt paydown), it would still trade at a discount to more dominant papers like the New York Times (NYT) at approximately 20 times EV/EBITDA, yet trade for north of \$300 per share.

Macellum highlights key concerns with Kohl's strategy

Market Cap: \$8.2 billion | Kohl's Corporation operates as a retail company in the United States. Its stores and Website offer apparel, footwear, accessories, beauty, and home products.

Background:

- In February 2021, Macellum Advisors along with Ancora Holdings Inc, Legion Partners Asset Management LLC, and 4010 Capital LLC (together holds 9.5%) nominated a slate of nine candidates for election to the board at the company's 2021 AGM. They also set forth recommendations to improve the company's strategy, including changes in merchandising, inventory management, customer engagement and expense rationalization, as well as the potential to unlock \$7-8 billion of real estate value trapped on the company's balance sheet through sale leaseback transactions.
- In March 2021, the investor group withdrew its nomination of four candidates and with the withdrawal, it intends to solicit proxies to elect the remaining nominees (five candidates) to the board.

- On April 13, 2021, the Investor Group entered into a settlement agreement with the company. As part of the agreement, two new independent directors nominated by the Investor Group will join the Kohl's board. Moreover, an additional independent director identified by Kohl's and the investor group will join the board at the same time.
- On January 18, 2022, Macellum Advisors (5%) delivered a [letter](#) to the shareholders regarding the need for more meaningful boardroom change and its intent to nominate director candidates. It contends that Kohl's, which holds \$7bn-\$8bn in real estate assets, could trade at up to \$100 per share with an optimized balance sheet and improved execution. Also, it suggests Kohl's to explore strategic alternatives, including a potential sale to one of the many well-capitalized financial sponsors apparently interested in the company.
- On January 25, 2022, Macellum Advisors issued an open [letter](#) to the board regarding the need to immediately appoint a shareholder representative to support a credible review of strategic alternatives.
- On February 4, 2022, the company [announced](#) that it has determined, following a review with its independent financial advisors and upon the recommendation of its Finance Committee, that the valuations indicated in the current expressions of interest which it has received do not adequately reflect the company's value in light of its future growth and cash flow generation. Also, it has adopted a limited-duration shareholder rights plan
- On February 4, 2022, Macellum Advisors issued a statement in response to the company's announcement that its board has rejected recent indications of interest and adopted a two-tiered shareholder rights plan that seems particularly punitive to any investor that may seek more active engagement with the board. [Source](#)
- On February 10, 2022, Macellum Advisors (5%) [announced](#) that it has nominated a slate of ten candidates for election to the board at the 2022 AGM. In connection with its nomination, Macellum issued an open letter to the shareholders regarding the need for substantial and urgent boardroom change following the company's most recent anti-shareholder actions.
- On February 18, 2022, Macellum Advisors filed proxy materials seeking support for its nominees.
- On February 22, 2022, Macellum Advisors launched a website to communicate with the company's stockholders regarding the annual meeting. The website address is <https://KeepKohlsAccountable.com>
- On February 24, 2022, Macellum Advisors highlighted the company's apparent pattern of anti-shareholder actions and poor corporate governance following Macellum's nomination of ten highly qualified and independent individuals for election to the board. [Source](#)

Update:

- On March 3, 2022, Macellum Advisors filed proxy materials seeking support for its nominees.
- On March 4, 2022, Macellum Advisors highlighted concerns with the company's strategy. The central issues remain: (1.) an inability to grow sales versus 2019 levels,

[Go to index page](#)

(2.) gross margin gains that are looking increasingly one-time in nature due to dramatic deceleration and management's plan to increase inventories, (3.) an inability to contain costs and (4.) poor capital allocation and balance sheet optimization. [Source](#)

Donerail intends to nominate a full slate of director candidates at Turtle Beach Corporation

Market Cap: \$319 million| Turtle Beach Corporation operates as an audio technology company.

Background:

- On August 9, 2021, The Donerail Group (6.4%) stated that it had been engaged with the board and management for the past five months regarding a number of value-creating and governance-enhancing topics. In a [letter](#) to the company dated July 19, 2021, Donerail offered on April 27, 2021 to acquire the company at \$34.50 per share.
- On August 19, 2021, Donerail issued a [press release](#) announcing that the company had rejected Donerail's updated offer of \$36.50 per share. Since submitting its increased \$36.50 per share offer, the board has indicated to Donerail that \$36.50 per share is inadequate and that the board would only be open to re-engaging if Donerail provides a proposal at a meaningfully higher price, thereby effectively rejecting Donerail's \$36.50 all-cash offer that would provide certain, immediate and meaningful value to the shareholders. Donerail further highlighted its concerns that the company's reactions to Donerail's proposals demonstrate the entrenchment of the board and its unwillingness to consider opportunities to maximize value for all the shareholders genuinely.
- On December 22, 2021, Donerail (7.4%) issued a [press release](#) announcing that it had submitted the Revised Offer to acquire the company at \$32.86 per share.

Update:

On March 3, 2022, Donerail Group withdrew its acquisition offer. It issued a [letter](#) to shareholders stating that it intends to nominate a full slate of director candidates for election to the board at the 2022 AGM. It expressed its disappointment with the company's fourth quarter 2021 results and 2022 annual guidance.

Sherborne Investors Management discussed possible board representation at Navient Corp

Market Cap: \$2.5 billion| Navient Corp is a provider of asset management and business processing solutions for education, health care, and government clients at the federal, state, and local levels.

Sherborne Investors Management

On March 4, 2022, Sherborne Investors Management disclosed a 6.8% active stake in the company. It stated that it has engaged in discussions with management regarding the company's capital allocation and future strategic direction. It has also discussed possible board representation. [Source](#)

Past

Canyon Capital Advisors

In April 2019, Canyon Capital Advisors nominated four candidates to the board. In May 2019, Canyon Capital Advisors reached an agreement with the company and secured two Board seats. In January 2020, Canyon Capital Advisors sold its entire stake in the company.