1 MAIN CAPITAL

October 2021

Dear Partners,

In the third quarter, 1 Main Capital Partners, L.P. (the "Fund") returned 9.7% net of fees and expenses, bringing the year-to-date return to 53.9%[1]. Through the first nine months of the year, the S&P 500 (SPX) and Russell 2000 (RTY) Indexes returned 15.9% and 12.4%, respectively.

Since the March 2020 lows, the Fund has had quite the run, up 156% over the period with only a single down month. It is important to emphasize that while this cadence and level of performance is fun, it is not sustainable. Our go-forward returns are likely to be lower and more volatile from here.

However, my ultimate goal remains unchanged: to compound our capital at an attractive rate of return over a long period of time without going too far out on the risk curve. On this basis, I continue to feel good about our portfolio given my confidence that we own a collection of high quality, cash-generative, growing, well-run and well-capitalized businesses at what I believe to be very attractive prices. Given these characteristics, I remain optimistic that we will be satisfied with our performance from today but also continue to emphasize that this view relates specifically to a multi-year investment horizon.

Top 5 Positions

As of September 30th, the Fund's top 5 positions were unchanged from Q2, comprising of Alphabet Inc (GOOG), KKR & Co (KKR), Mastech Digital (MHH), Naked Wines (WINE.LN) and RCI Hospitality (RICK). Together, these holdings accounted for more than 50% of assets. The top 2, KKR and GOOG, together accounted for approximately 1/3 of the fund.

Exited Positions

In each quarterly letter since inception, I have highlighted an idea or two that made its way into the portfolio during the period. While we initiated several new positions this past quarter, none are material to the partnership yet, and I am still in the process of building and diligencing them. We also have several other high-potential prospects on the bench that I am actively researching and that I am excited about but not yet ready to discuss. As such, instead of writing about new longs, I thought it would be helpful to highlight several of our exits.

Limbach Holdings Inc (LMB)

During the third quarter the Fund exited the last of our investment in LMB almost immediately after the company reported its Q2 results, as management once again delivered guidance which was confusing and nonsensical, while continuing to refuse constructive engagement with various shareholders.

To make matters worse, the company also amended the Change in Control language in management's incentive plan to include certain changes in board composition, further entrenching its leadership team that was already protected by a staggered board construct. The company subsequently filed a $100 million

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shelf with the SEC, giving management flexibility to make additional large capital allocation decisions, which should terrify any outsider who has been following the company over the years.

Although the Fund initiated its LMB position as an opportunistic one, I made the mistake of thinking that it could turn into a successful core position as it was appreciating. Occasionally, I am reminded why we should always demand that our core positions be high-quality businesses run by smart and aligned management. In investments that have those attributes, a higher stock price doesn't necessarily mean more risk. In fact, I view many of our long-held core positions as less risky today than they were when we put them on at much lower prices, since their per share values have grown significantly and I know the businesses better today than I did back then.

For opportunistic investments however, it is important to remember that they tend to lack many of the qualities we demand from our cores. As such as they appreciate from small positions (at cost) into larger ones (at market), they usually become riskier and become less attractive.

So, as we achieve the high-convexity, short duration returns that we typically expect from opportunistic investments, I should be thinking about trimming them rather than letting them become as large as LMB became for us. While it has been one of our biggest winners since inception, it unfortunately cost us money this year, though not as much as it would have cost us if we hadn't acted decisively in exiting at significantly higher prices than where the stock sells for today.

ATI Physical Therapy warrants (ATIP/WS)

During the period, we also sold our opportunistic ATIP position soon after our Q2 letter went out, when the company's results and outlook were significantly lower than expected, without a clear explanation for how the issues would be resolved.

Specifically, it sounds like the company cut into muscle when it took costs out during COVID, alienating its therapist base. In turn, many therapists are departing for other opportunities, leaving ATIP understaffed and unable to keep up with demand. When trying to replace these staff members, ATIP in many cases has had to offer above-market wages due to its poor reputation, meaning that its future revenues will come at lower margins than in the past.

A deteriorating margin would be a problem even for an unleveraged company. Unfortunately, ATIP also has a debt problem it must deal with since EBITDA is so much lower than it was prior to COVID. The most frustrating part of these developments is that the company appears to have purposely delayed disclosing them to investors until immediately after its de-SPAC was completed.

While I am frustrated by the way this investment played out, I can't change what happens, only what I do about it. So, we exited our entire position at $1.16 per warrant. Today, they trade for less than $0.50 each.

Greenidge Generation Holdings (GREE)

During the third quarter, the Fund was able to exit the opportunistic investment that was discussed in the Q1'21 and Q2'21 letters. As a reminder, the investment was made in January in the form of convertible preferred instrument in a bitcoin miner named Greenidge Generation, which was meant to be a bridge to the company coming public later in the year. As is typical with our opportunistic investments, we made this one with the expectation that we could make multiples of our capital within a relatively short period. After making the investment, the price of bitcoin increased significantly, while at the same time miners were forced out of China causing the difficulty of mining to decline. Thus, when Greenidge announced a go-public transaction it temporarily became a meme stock. Upon the closing of the transaction, we exited the investment with a gain of approximately 10x in less than a year. While this outcome was better than we were expecting when I made the initial investment, it is a good representation of the asymmetry we look for in our typical opportunistic investments.

Learnings from our exits

As I have explained to many of you before, capital preservation is the Fund's number one priority, followed closely by compounding. For this reason, the bar for core investments is extremely high when it comes to business quality and valuation. It is also for similar reasons that I demand such high upside convexity from our opportunistic positions, and why they will always be small at cost (usually 1-3% of capital).

Further, when I am unsure of an investment, whether core or opportunistic, I will protect the Fund's capital first and deal with the rest later. My ego will never get in the way of doing what's right for the partnership. Many fund managers are hesitant to change their mind after publicly discussing a position because of the optics; I am not one of them. Anyone considering following me into something should take the above examples as evidence that I am often wrong, and of course should do their own diligence ahead of making any investment decisions.

The last point worth making is that each time we make an investment, I am learning and improving my process even when we lose money. Like athletes, investors become better with repetitions. However, unlike athletes, investors can get better well into their 40's and 50's, and I am confident that I have a long way to go before I reach peak performance. I think I am pretty good, but I also continue getting more and more repetitions each year. I expect these experiences will help increase our odds of winning for years to come.

Outlook

The S&P 500 sells for 20x 2022E earnings. The Russell 2000 sells for 24x 2022E earnings and less than 16x when excluding companies that are loss making. These earnings yields are growing with corporate profits and are well north of yields available in fixed income, even if we were to assume rates increase in the years ahead.

Of course, there are many risks on the horizon including runaway inflation, government behavior and geopolitics to name a few. However, my view from the Q2'21 letter still holds: I believe we currently have just the right amount of fear in the market driven by recency bias following the 2018 trade war and 2020 COVID selloffs. The economy should keep chugging along and an occasional pullback in equities will allow markets to keep climbing an endless wall of worry.

Most importantly, I continue to believe that high-quality, well-capitalized, well-run businesses bought at reasonable valuations are the best place to both protect and grow purchasing power over time. As such, these are the types of investments we are looking for and continue to own in the partnership.

Other Updates

During the third quarter, we established a relationship with BTIG. While still early days, we are pleased with the pace in which the relationship is developing.

Over the past few months, some of you who have expressed interest in joining the partnership have been asking about the status of our offshore vehicle. On October 1st, 1 Main Capital Partners Ltd was launched with backing from two family offices. We are happy to provide additional information about the vehicle to any of you upon request.

On October 27th I presented at the Jefferies Emerging Manager Forum. Please reach out to us if you have any interest in viewing a replay, which is available for the next two weeks.

As always, thank you for your continued support and confidence. Please reach out with any questions at yaron@1maincapital.com or 305-710-8509.

Sincerely,
Yaron Naymark

Monthly Performance Summary[2]

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
1 Main Capital Partners - Gross	10.5%	10.0%	1.1%	19.0%	-2.3%	5.3%	5.8%	3.1%	2.3%				68.0%
1 Main Capital Partners - Net	8.4%	8.1%	0.9%	15.7%	-2.0%	4.5%	4.9%	2.6%	1.9%				53.9%
S&P 500 index - incl dividends	-1.0%	2.8%	4.4%	5.3%	0.7%	2.3%	2.4%	3.0%	-4.7%				15.9%
Russell 2000 - incl dividends	5.0%	6.2%	1.0%	2.1%	0.2%	1.9%	-3.6%	2.2%	-2.9%				12.4%

	One Year	Three Year	Since Inception	Inception Annualized
1 Main Capital Partners - Gross	106.6%	44.2%	238.0%	39.4%
1 Main Capital Partners - Net	83.5%	34.7%	169.3%	31.0%
S&P 500 index - incl dividends	30.0%	16.0%	63.2%	14.3%
Russell 2000 - incl dividends	47.6%	10.5%	46.2%	10.9%

[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 2021 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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