



## ALTA FOX CAPITAL

### A Case Study on Following the Smart Money

Prepared by:



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Alta Fox Capital, A Microcap investment fund run by Conor Haley, acquired a 5.4% minority position in Collectors Universe (CLCT) in Q2 of 2020 ([Alta letter announcing position](#)). After communication with the executive team and Board of directors, Alta concluded that their role as the largest fundamental holder in the company was vital for leverage to affect the change needed to supply adequate shareholder value. Alta saw that the Board of Directors was not properly aligned with shareholders due to their unwillingness to purchase shares, because of this, the Board was not properly incentivized to make the best capital allocation decisions ([Alta Q3 letter expanding on position](#)).

Based on this set of conclusions Alta assumed an activist role, making several requests of current management including the employment of a shareholder relations firm, a rejuvenation of the Board, and a refocusing on capital allocation for growth ([Alta Open Letter to Board and Shareholders](#)). This led to the addition of 5 new board members, enrollment in microcap conferences, investment in facilities, and increased revenue ([CLCT Press Releases](#)). These business improvements translated into tremendous shareholder value with expanded quarterly dividends and a stock price increase from \$29.61 on June 18 when Alta Fox published its open letter to \$70 in late November when it was announced CLCT would be taken private at \$75.25 per share. In recent days, CLCT has been forced to renegotiate a higher acquisition price for going private to \$92 per share, with shares rising to \$91.67 at the time of this writing. This is the essential advantage of microcaps, smart investors, and the Co/Investor Club.

As a concrete example of how to take advantage of Co/Investing, our founder Mike Pruitt, who recognizes the wisdom in the approach of following smart money, bought a position soon after Alta announced this increased involvement.

**Below is his investment timeline:**

- **6/18:** Alta Fox puts out a Press Release that they took an activist role with their position of 5.4% in Collectors Universe (CLCT) & with it published a letter to the board which nominated 6 new directors, one of which he knew & respected in Judy Krandel
- **6/19:** Mr. Pruitt acquired a position at \$32.30 per share
- **8/3:** CLCT Board announces \$.175 dividend
- **9/29:** CLCT announces two new directors & settlement with Alta Fox
- **10/26:** CLCT announces another \$.175 dividend
- **11/30:** CLCT announces they have accepted an all-cash offer of \$75.25, Mr. Pruitt sells at \$75.42
- Cost basis \$32.30 Realized proceeds \$75.79 = gain \$43.49, or 135%, in 5 ½ months