

January 2025

Dear Investors:

We finished 2024, our most spectacular year +263%. Our performance since January 2018 was a staggering +1,600% with Average Annualized Returns of +63.18%. In December the Portfolio was -13.7%, compared to -2.38% and -8.26% for the S&P 500 and Russell 2000, respectively.

The year saw several core positions in the portfolio generate 4x and 5x returns with many others +50% to 100%. Our proprietary AI position, Innodata, Inc. (NASDAQ: INOD) was up over 7x in 2024. Our investment thesis centered on their transformative business and positioning in the AI sector to provide the data analytics, basically the picks and shovels, which are the most essential aspects of developing LLM models for AI.

We generated a 5x return in Regis Corporation (NASDAQ: RGS) a global franchise operator of hair cutting salons which operates Supercuts. Our proprietary oil services position generated a 5x return, and a digital media position appreciated by 5x since our purchase when it was down 98% from its market highs.

The Portfolio is very diversified with 40-45 positions. Many of them are poised to generate significant returns in the next few years. We are enthusiastic about 2025 and well positioned to benefit from the Trump economy. President-Elect Trump and the Republican controlled Congress will be business friendly which should unleash profitability and a wave of corporate activity. We believe the economy is in good shape, inflation and interest rates are coming down and things are beginning to click on all cylinders. This will be optimal for the Portfolio, in particular, our Small Cap Value positions.

Our research team has identified many value and micro-cap stocks that have been “shorted to death” by algorithm and derivative trading programs. We believe there is much upside in these positions as the “springs” are released through catalysts that we identify and our management friendly activism to unlock shareholder value.

In the next few weeks, we are launching a U.S. fund based on our core strategy which is focused on undervalued publicly traded securities. We believe the current market environment offers strong buying opportunities. Please visit our website at: www.gallowaycap.com.

I would also like to take this opportunity to thank my dedicated team which includes: Gary Herman, Nancy Cherner and Jen Bawden. It was a strong year and I look forward to a successful 2025.

If you have any questions, feel free to call me at 917-405-4591 or by email at bgalloway@gallowaycap.com.

Very truly yours,

Bruce Galloway
Chief Investment Officer