

May 22, 2025

Dear Investors:

In April the Portfolio was +11.2% following -20% in March. This compares to April and March of -0.51% and -5.97% for the S&P 500 and -2.3% and -6.81% for the Russell 2000. Our YTD performance through April 2025 is: -15.95%. As of this letter the Portfolio has turned solidly positive YTD. Since January 2018 has been +1,004.03% with Average Annualized Returns of +58.9%.

In March and April, the markets were a bit schizophrenic and very reactive to everything. President Trump came out swinging by imposing tariffs on everything and everyone which triggered retaliatory tariffs against the United States. This escalated to a trade war which created damage in its wake, and the markets reacted accordingly. Stocks traded irrationally and many had significant drawdowns, including the Magnificent Seven which are held by many investors in leveraged accounts. The sell off triggered margin calls and added to the weakness in the markets.

Fortunately, we defensively protected the portfolio early in the year with positions in high dividend and preferred stocks, as well as the housing sector. We took advantage of the market weakness by increasing our stakes in some of our core positions. The balance of the Portfolio is in approximately 40 undervalued securities, with improving fundamentals and significant upside potential. Many of them are poised to generate significant returns in the next few years. We exited our position in Innodata, Inc. (NASDAQ: INOD) which was a big, big win for us. We acquired our position at \$5-\$6/share and exited at \$40-\$70/share. We have loaded up on another AI position which we believe can generate even larger returns than INOD. One standout stock was Arena Group, Inc. (NASDAQ: AREN) which is a digital media company that went up 6x during the 2-month period.

On April 25, 2025, we filed a 13D on Weight Watchers International, Inc. Our filing was to place management on notice that a rumored bankruptcy filing was not necessary, based on the Company's improved business prospects. On May 6, 2025, the Company filed a Chapter 11 Petition. While the plan has proposed participation for the equity in the restructured company, we believe that significantly more shares should be allocated to equity. We have retained counsel and are petitioning for the appointment of an Equity Committee to protect the interests of the common shareholders.

We continue to believe the economy is in good shape, inflation and interest rates are coming down and things are beginning to click on all cylinders, despite multiple recent hiccups. This will be optimal for the Portfolio, in particular, our Value positions. President Trump's deregulation bills and executive orders should be a big boom for the markets, and particularly small and microcap companies which tend to be bogged down with excessive regulations as they are striving to grow their businesses. We believe over the next 3 1/2 years they will significantly outperform the mega caps.

Our research team continues to identify many value 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.

We recently launched our U.S. fund as well as a managed account platform for investors. If you have any questions, feel free to call me at 917-405-4591 or by email at [bgalloway@gallowaycap.com](mailto:bgalloway@gallowaycap.com).

Very truly yours,

Bruce Galloway  
Chief Investment Officer