CEDAR GROVE CAPITAL MANAGEMENT

"Patience is a virtue." *July 12, 2026*

To all clients,

Cedar Grove Capital Management's Multi-Strategy Composite returned 12.8% (net of fees) vs 21.6% for the Russell 2000, 25.7% for the Russell Microcap, and 15.2% for the S&P 500, since its inception.

CGCM Multi-Strategy Composite[1,2,3]				
(All Managed Portfolios with Balances >$20,000)				
	Net Return	**Russell 2000**	**Russell Microcap**	**S&P 500**
Q2'26 through June 30, 2026	*12.8%*	*21.6%*	*25.7%*	*15.2%*
YTD through June 30, 2026[4]	*(13.2%)*	*14.8%*	*18.3%*	*8.8%*

1) Time-weighted returns (TWR) are unaudited and represent an account opened during the reported quarter. Investor's actual returns may differ from the returns presented due to when onboarding was completed and position weightings with each respective portfolio.

2) Portfolios consist of client accounts that are strictly involved with our multi-strategy offering (L/S + Special Situations).

3) Standard fees consist of a 1.0% management fee, applied monthly on the end balance, as well as a 20% performance fee above our Russell 2000 benchmark, calculated at the end of the year. A high-water mark is standard across all accounts and in measured over the entire life of the clients' investment.

4) YTD represents the composite inception date of January 14th, 2026 through the end of the quarter June 30, 2026.

- Past performance is not indicative of future results.

Position Summary	
No. of Positions	**16**
No. of Longs	*13*
No. of Shorts	*3*

Position Breakdown - Sector	
Healthcare	5
Biotechnology	4
Internet Technology	2
Consumer & Retail	5

Position Breakdown - Market Cap	
<$200M	1
$200M <> $500M	3
$500M <> $2B	6
>$2B	6

Last quarter, we highlighted the difficult investing environment due not only to the SaaS apocalypse but also to the US-Iran conflict. Fortunately, Q2 was much better for not just the market but also for the fund despite some hiccups, which are discussed in greater detail below. The eventual unwinding of the Middle East conflict into a fragile ceasefire helped markets rebound sharply, directly leading to a fall in oil prices and US interest rates.

However, as we mentioned in a previous post ("*The 'FOMO' Is Unbearably Real*"), the AI trade is in full swing and sucking out a lot of the oxygen (flows) in the market along with it. A perfect example is the record-breaking SpaceX (SPCX) IPO that raised >$75 billion and was allegedly >2x oversubscribed. This left many of our smaller companies still clawing their way back to what we believe are their intrinsic values, while other AI-related companies were up two, three, or four hundred percent plus YTD due to bottlenecks and strong demand from hyperscalers.

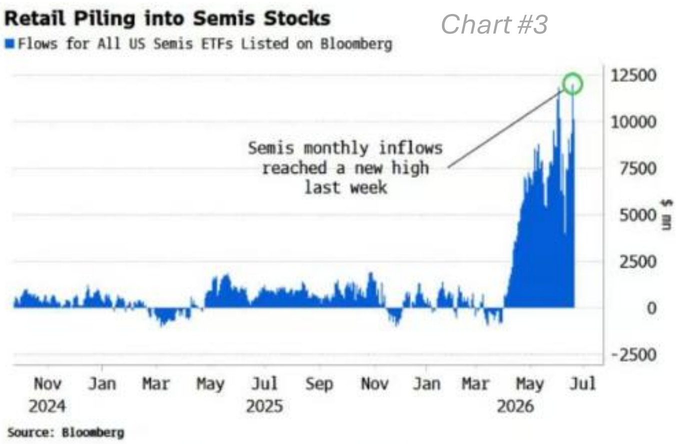
The charts below highlight the AI trade being in full swing and why that's posed a problem for investment managers, like us, who pride ourselves on investing in companies with strong fundamentals and a bottom-up approach.

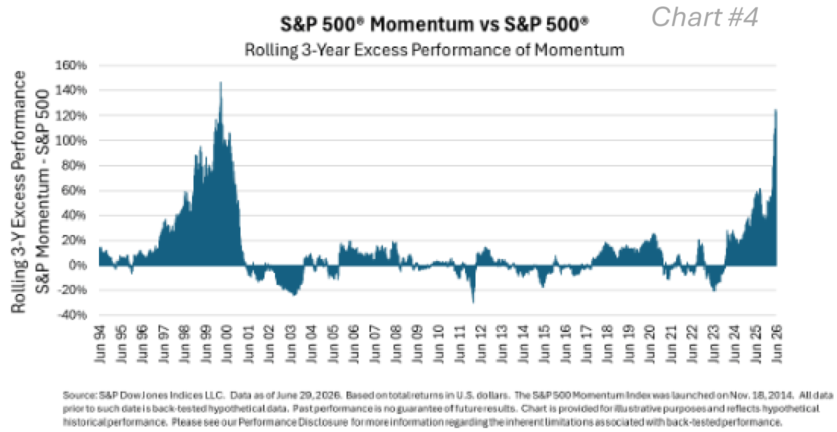
Specifically for the AI trade, as an example, the top five biggest hyperscalers have planned on spending all their free cash flow (and then some) over the next twelve months into various AI initiatives and infrastructure (chart #1). What as once a source for hundreds of billions of dollars in FCF to investors, is now money flowing into various semiconductor companies looking to capitalize on this explosion in growth capex while the iron is still hot. The biggest question is spending sustainable given that we still don't know what the end state looks like?

Chart #1

Clearly, this demand has had ripple effects into the market which is why the indices are up so much this year already. This FOMO trade, into what is effectively a momentum trade (chart #4), has both led to a sharp rise in retail activity (chart # 3) into semiconductor stocks and has led to a massive weighting in the overall S&P 500 (chart #2).

Chart #2





At first glance, it might seem that anyone not taking advantage of the AI trade is missing out, but we argue to the contrary. As we highlighted in our FOMO article, at one point, Cathie Wood and Chamath Palihapitiya both looked like they would be the next Warren Buffett as their COVID-era performances dramatically superseded the greatest investor of all time. However, as time went on, strict adherence to what Buffett's strategy has long been, coupled with a long-term mindset, eventually led Buffett's performance to take the lead and come out on top to this very day.

This is why we've labeled this quarterly update; ***patience is a virtue.***

We must consistently remind ourselves as long-term investors that we're running a marathon, not a sprint. We're not traders, and while we might be able to exploit market mispricing's caused by traders, our performance should be focused on more than just the near-term quarterly swings, especially as we navigate a war of all things.

But, just like all sectors that go parabolic in a short amount of time, they too eventually face reality. Time will tell what will be the cause of that downtrend or when, but one thing we do know for certain is that, to an extent, investors will either start to trim their high-flying positions (degross) or leave altogether. With excess capital at their disposal in need of reallocation, we could argue that our unloved, but fundamentally improving positions, could see new inflows as these investors look to diversify.

Regardless, we aren't waiting around for doomsday to come to fruition. While we like to stay concentrated, we've gone ahead and diversified into more companies and into sectors that we believe will snap back as flows change.

Until then, we'll continue to exert patience as the volatile year continues.

Best,
Paul Cerro
Founder and CIO of Cedar Grove Capital Management

Website: www.cedargrovecm.com
Email: info@cedargrovecm.com
Research: www.cedargroveresearch.com

During Q2, as we were just rebounding from a drawdown during Q1, we decided to diversify the fund with more positions via different sectors, strategies (i.e., event-driven) in an effort to still deliver upside while reducing overall volatility. This also led us to aggressively short companies this quarter, relative to Q1, as we saw many fundamentally poor companies get bid up into what we believed to be unsustainable levels.

Our biggest contributors of the quarter were The Oncology Institute (TOI), Hims and Hers Health (HIMS), and uniQure NV (QURE). Our biggest detractors were KITS Eyewear (KITS.TO), Sanuwave Health (SNWV), and Evolv Technologies (EVLV).

During Q2, we realized short positions in Fermi (FRMI), Richtech Robotics (RR), Gemini Space Station (GEMI), Sweetgreen (SG), X-Energy (XE), Carvana (CVNA), POET Technologies (POET), and Chipotle Mexican Grill (CMG) as a quick trade. We're pleased to report that all our short positions delivered alpha to the fund aside from Fermi (FRMI), which we were flat. At the end of the quarter, we still had open short positions in Once Upon a Farm (OFRM), Chipotle Mexican Grill (CMG), and Ensign Group (ENSG).

Exited Holdings

Sanuwave Health (SNWV)

Sanuwave was a position that we first highlighted almost a year ago, and we were bullish on the long-term prospects of the company in the wound care space. While we knew that changes to overall wound care reimbursement were coming from the Centers for Medicare and Medicaid Services (CMS), we felt confident that their main device, the UltraMist, would come out unscathed. This turned out to be true, but unfortunately, the damage done to the overall market (clinics, centers, mobile care, etc.) effectively made Sanuwave collateral damage above and beyond what any long investor had thought. First occurring in Q4'25, it spilled into 2026 and led to Sanuwave having to lower Q2'26 guidance dramatically on the device front. The stock dropped ~40% that day, and while we are bullish on the device and the space, it's clear that not many people know exactly where the bottom is. You can review our Planet MicroCap conference notes here.

We decided to exit the position to secure a tax loss but would still like to keep an eye on the company and the space if/should evidence arise that the wound care tides are turning once again. This position had a large negative impact on the quarter's performance due to the surprising guidance cut in mid-June.

Reduced Holdings

KITS Eyewear (KITS)

We've been impressed by the KITS growth story and it being the founders' second act (originally highlighted here). However, in Q4'25, the company surprisingly made the decision to use excess cash to buy into a bitcoin (BTC) ETF as part of a long-term investment strategy. We voiced our concerns to management about this capital allocation shift, and they acknowledged it as a miscalculation on their part and that they would be looking to offload that ETF and go back to focusing solely on the business. Once Q1'26 was announced and they did not get rid of the bitcoin ETF as they had led on, we decided to considerably reduce our holdings in the company, which was our top holding at the time, realize the tax loss, and reallocate capital elsewhere. We do not believe in bitcoin, let alone crypto in general, and as stewards of capital, we will not partake in companies that determine this to be a strategy to implement. Upon meeting with management at the Planet MicroCap conference, they acknowledged that they no longer own that ETF. KITS, unfortunately, was another considerable drag on our quarter's performance.

The RealReal (REAL)

We've been vocal about the second-hand luxury resale market being a long-term winner in the consumer discretionary space. However, after Q1'26 results, we opted to trim the position despite another beat and raise for earnings. It's become clear that the market is still punishing consumer discretionary stocks, and while we strongly believe that the market tailwinds will persist into the future, we decided to trim our position in an effort to diversify our holdings during this tumultuous time. Given the volatility that the company has, there should be more opportunities to size up at a future date if it makes sense to.

MTY Food Group (MTY.TO)

MTY was a speculative restaurant special situation regarding the company being a take-out target. Considering that management started its strategic review in Q4 of last year, having entered summer with still no update on the review aside from being "active and ongoing." In an effort not to get caught offside again, like our previous M&A arbitrage position in LENSAR (LNSR), we decided to trim our position and reallocate.

Increased Holdings

During the quarter, we increased our positions in Nektar Therapeutics (NKTR), Abivax SA (ABVX), The Oncology Institute (TOI), and Evolv Technologies (EVLV). NKTR and ABVX had good clinical data reported, which we talk about at the end, while EVLV delivered outstanding earnings and showed that the demand and growth for weapons detection systems is alive and well.

New Holdings

LENSAR (LNSR)

As you may remember, we previously held a position in LNSR, believing that the company and Alcon (ALC) were finally closing in on the transaction that they announced early last year. When that deal fell apart, we exited the position and kept an eye on it. Since then, it appears that arbitrage traders have all left, and investors are once again deciding if the company still has legs to regain the momentum that it lost while in buyout limbo. We believe they do and voiced our quick pitch on the company as the first stock presenter at the Planet MicroCap conference in Vegas. You can check out our video explanation as well as download our presentation on the opportunity here.

uniQure NV (QURE) & ClearPoint Neuro (CLPT)

During the quarter, we made investments into both QURE and CLPT, exploiting a potential mispricing that traders had opened the door to. The premise was that changes to the Center for Biologics Evaluation and Research (CBER) department at the FDA could allow these companies to gain favor again as potentially viable options for patients seeking treatment. QURE being for Huntington's disease, while CLPT being the delivery system for various neurological therapies. Given that this was a speculative investment, we sized them both appropriately and were pleased that the FDA gave QURE the "ok" to file for accelerated approval after rejecting its clinical trial data last year. This optimism spilled to CLPT since QURE's Huntington's disease therapy is administered using CLPT's technology. We'll be keeping an eye on developments in QURE, though do not expect filing until late Q3, which, if accepted, could mean that an FDA decision might arrive before the end of the year.

Hims and Hers Health (HIMS)

Some of you may or may not know, but we have a long history with HIMS, technically going back all the way to 2021. More recently, we were one of the first bears that initially pointed out its overall reliance on compounded GLP-1 medications, to its shady prescribing practices for the same drug that led to Novo Nordisk (NVO) terminating their first partnership with the company, and finally, the eventual patent infringement suit against the company by Novo Nordisk in February. Despite us being bears, we did hold a long position in the company for all of 2024 with the belief in the future of telehealth. Now that the messiness of compounded GLP-1 drugs is behind the company (hopefully), we ended up taking a position in the company the day after they reported Q1 earnings. We will share more in the coming weeks about our thesis, but for now, it represents our second biggest holding of the fund.

Hydreight Technologies (NURS.V)

During the quarter, we ended up taking a position in NURS.V. Like HIMS, they operate in the telehealth space, but mainly via white labeling for other telehealth companies. They handle all the compliance, onboarding, hiring, branding, dispensing, etc. for companies that are trying to embrace the new age of prescriptions online. It’s a different angle to play the telehealth theme, and we’re excited to see how a turnkey solution will be able to capitalize on the industry's strong tailwinds.

Tantalus Systems Holdings Inc. (GRID.TO)

We also took a tracking position in Tantalus Systems at the end of Q2, while we take some time to investigate further. We knew of GRID.TO from the Planet MicroCap conference last year and followed up with the CEO at the most recent conference a few weeks ago for a 1x1 meeting. They provide grid-modernization technology for public power utilities, which allows them to gather data to prevent outages, integrate renewable energy and electric vehicles, and improve overall energy efficiency. Something that the U.S. grid is desperately seeking solutions for, and Tantalus seems poised to help with.

Final Position Commentary

There were two instances that, while fortunate, led to an unfortunate response in our P&L. One of the long special situation trades we had on was for Abivax SA (ABVX) and either the release of its ulcerative colitis (UC) maintenance drug data or the announcement of a buyout. No buyout has come (yet), but the company released the maintenance data on June 1. In essence, the drug showed above and beyond an efficacious response that any bull or sell-side research shop had expected, making it, at face value, an almost equal drug to JAK inhibitors on an efficacy level. However, the market got spooked that some cancer reports arose, and the company did a pretty poor job of explaining why those cancer reports did not show signs of being caused by the drug. An initial pop of >30% quickly became a sell the headline and the stock dropped ~50% at its worst in after-market trading. We did not agree with the market's interpretation of the data and found the opportunity to size up the position during the sharp drawdown. Fast forward to the end of June, and the company released updated safety data that showed the drug’s cancer reports were indeed most likely not linked to the drug itself. The market rebounded well off the news, though the unfortunate part was that the stock did not rebound to its highs established earlier in the month for what is now arguably the best disease drug. While we got the positive news we’ve been waiting for, we unfortunately did not get to reap the rewards that we would have otherwise. ABVX will need more time.

Lastly, Nektar Therapeutics released its positive alopecia areata trial data in April that showed its second indication for its Rezpeg drug could be a viable option. The stock rallied ~50% on the news but has since receded to near our original cost basis. Like ABVX, we unfortunately did not receive any benefit from positive trial data. NKTR will also need more time.

CEDAR GROVE CAPITAL MANAGEMENT

Disclaimer

Disclaimer: This document is not an offer to invest with Cedar Grove Capital Management, LLC ("CGCM" or the "firm").

The statements of the investment objectives are statements of objectives only. They are not projections of expected performance nor guarantees of anticipated investment results. Actual performance and results may vary substantially from the stated objectives. Performance returns are calculated by Interactive Brokers.

An investment with the firm involves a high degree of risk and is suitable only for sophisticated investors. Investors should be prepared to suffer losses of their entire investments.

Past performance is no guarantee of future results. Investing involves risks which clients should be prepared to bear, including but not limited to partial or complete loss of principal originally invested. Investing in small and microcap companies can result in additional volatility and higher risk due to comparatively low market capitalization, more sensitivity to economic and market conditions, and more limited managerial and financial resources.

In addition, small companies typically trade in lower volume, making them more difficult to purchase or sell at the desired time and price or in the desired amount. Please refer to Form ADV Part 2 brochure for more information about Cedar Grove Capital Management and its personnel.