



Restated Rules: - **Budget:** Only use existing cash (\$20.33). No additional funds or leverage. Track cash precisely after any trades. - **Trading Limits:** Full share transactions only; no partial shares. No short selling, options, margin, or any leveraged/derivative trades – long positions only. - **Universe:** Focus on U.S. micro-cap stocks (market cap under \$300M) for new positions. Existing holdings above \$300M can be held or sold, but not added to. Ensure adequate liquidity (high volume, reasonable spreads) for all trades. - **Risk Management:** Honor all pre-set stop-loss levels for each holding. Do not exceed position size limits; flag any violation of risk constraints immediately. - **Cadence:** This is the weekly deep-research review. I have full discretion to adjust positions (buy, sell, trim, add) once per week based on analysis and catalysts. Daily minor updates are for tracking; major decisions are made during this deep-research window.

What I Understand: - **Aldeyra Therapeutics (ALDX):** 6 shares held from \$4.9475 average cost (total ~\$29.69). Current stop-loss set at **\$4.00**. Thesis: Biotech with a December FDA PDUFA (dry eye drug *Reproxalap*) and potential partnership (e.g. rumored AbbVie interest). Conviction remains medium-high for a year-end catalyst, but position is moderate in size. Market cap is ~\$320M (now slightly above micro-cap threshold, so we cannot add shares, only hold or reduce). Needs monitoring for any FDA or partnership news ahead. - **Spero Therapeutics (SPRO):** 13 shares held from \$1.89 average cost (total ~\$24.57). Stop-loss at **\$1.65**. Thesis: Turnaround biotech; partnered with GSK on an oral antibiotic. Expected to file an NDA in coming months (FDA approval likely in 2026). Stock has been depressed but is rebounding on the GSK validation. Market cap ~\$114M (well within micro-cap range). This position diversifies our catalyst timeline (medium-to-long term) and has shown some recent gains. We'll watch for updates on the NDA progress. - **(Previous Holding) Fortress Biotech (FBIO):** Was a high-conviction catalyst play (Menkes disease drug with 9/30 FDA decision). Not in current holdings, implying it was **exited**. Likely outcome: FDA decision was unfavorable or position hit its stop, leading to sale (the portfolio saw a significant drawdown around Oct 1). Thus, FBIO is no longer in portfolio, eliminating that near-term binary risk. - **Cash:** \$20.33 available. This is our budget for new buys or adding to current positions (subject to constraints). No borrowing or extra capital is allowed. We must allocate this cash prudently to improve the portfolio's risk-adjusted return.

Gaps & Questions: - **FBIO Exit Details:** Confirmation needed on how and when FBIO was exited (was it sold at stop-loss or after the FDA news on Sept 30?). This helps in evaluating performance impact and learning from the catalyst outcome. - **Current Prices & Valuations:** I will need the latest prices for ALDX and SPRO to assess their performance vs cost basis and proximity to stop-loss levels. Also verify their current market caps and average volumes to ensure compliance and liquidity. - **Catalyst Calendar:** Besides ALDX's December FDA decision and SPRO's future NDA filing, are there any **new near-term catalysts** or updates (earnings, data releases) for these holdings? I will check recent news to update our catalyst timeline. - **Risk Constraints:** Clarify any position size or sector exposure limits beyond the provided stops (e.g., max % of portfolio per position). From context, we primarily manage risk via stops and moderate position sizing, but I'll verify if any additional limits apply. - **Deep Research Usage:** I plan to use the deep research allowance now. This will involve gathering the latest data on current holdings (price action, news, upcoming milestones) and scanning for new micro-cap candidates with upcoming catalysts. Please confirm that deploying deep research at this weekly juncture is permissible.

Analysis Plan: 1. **Price and Stop Review:** Fetch the latest closing prices for ALDX and SPRO. Calculate current position values, ensure neither is near its stop-loss (to avoid immediate stop triggers). Update portfolio value and confirm cash on hand. 2. **Catalyst & News Check (Current Positions):** Research recent

news or developments for ALDX and SPRO: - For **ALDX**: any updates on the FDA's review progress, announcements related to its dry eye drug, or partnership rumors (especially any AbbVie news). - For **SPRO**: check for progress on the GSK partnership milestones, timeline for NDA submission, or any recent funding/financial updates. 3. **New Candidate Search**: Identify potential new micro-cap stocks (<\$300M cap) with imminent catalysts (e.g. upcoming FDA decisions, clinical trial readouts, strategic events) that could provide **asymmetric upside**. Emphasis on biotech (to leverage our catalyst strategy), but I will also consider other sectors if compelling (while respecting liquidity). 4. **Portfolio Fit & Risk Evaluation**: For each current holding and any new candidate: - Verify market cap < \$300M for new additions; check average trading volume for liquidity. - Assess how each fits our catalyst timeline (short-term vs mid-term events) to ensure a staggered catalyst approach. - Ensure diversification: although current holdings are both biotech, if adding another name, consider a different sub-sector or catalyst timing to spread risk. - Recalculate position sizes relative to portfolio equity (~\$81) and ensure no single position is too large or violates risk limits. 5. **Trade Strategy Formulation**: Based on the above research: - Decide if we **keep, trim, or exit** ALDX and SPRO (e.g., if conviction changed or risk too high). - Decide on any **new positions** to initiate with the available cash (or by reallocating from trims/exits). Build rationale for each trade (why it will improve risk-adjusted return). - Determine exact order details (ticker, shares, limit price, stop-loss) for each action, ensuring alignment with liquidity and constraints. 6. **Execution Planning**: Formulate the orders as per the required format, using limit orders (DAY or GTC) unless market order is justified. All orders planned for the next trading session. Set appropriate stop-loss levels for any new buys (to control downside). 7. **Risk & Liquidity Final Check**: Before finalizing, double-check that: - Total cash outflow for buys equals cash available (or generated from sales). - No position exceeds appropriate size or breaches the micro-cap rule. - Each order's size is reasonable relative to average daily volume (to avoid excessive market impact). - All stop-loss placements make sense (not too tight to avoid immediate stop-out, but tight enough for risk). 8. **Monitoring Plan**: Outline what events/prices to monitor in the coming week for each position, and how to react if things deviate (e.g., if ALDX drops near stop or pops on news, what actions to take).

ACKNOWLEDGED. READY TO PROCEED?
