

# Micro-Cap Portfolio Review and Strategy (July 2025)

In July 2025, the portfolio consists of three U.S.-listed micro-cap stocks: Abeona Therapeutics (ABEO), Candel Therapeutics (CADL), and Cloudastructure (CSAI), with a small cash reserve. The objective is to maximize returns by **December 27, 2025**, focusing on catalysts (clinical trial results, FDA decisions, etc.), strong fundamentals, technical breakouts, short-squeeze potential, and deep value opportunities. The following report evaluates each holding, outlines recommended actions (hold/sell), and proposes a high-upside replacement to optimize the portfolio for the next ~6 months.

*Current micro-cap portfolio holdings as of early July 2025 (ABEO, CADL, CSAI) with recent prices.*

## Abeona Therapeutics (ABEO) – Hold

**Overview:** Abeona is a gene therapy company that achieved a major milestone in April 2025 with FDA approval of **ZEASKYN™ (prademagene zamikeracel)**, the first gene therapy for recessive dystrophic epidermolysis bullosa (RDEB), a rare pediatric skin disease <sup>1</sup>. This approval earned Abeona a valuable Priority Review Voucher, which the company sold in June 2025 for **\$155 million**, boosting its cash balance to roughly **\$225 million as of June 30, 2025** <sup>2</sup>. This cash infusion gives Abeona **over two years of operating runway** and significant financial flexibility, according to the CFO, with **no need for dilution before ZEASKYN sales ramp up** <sup>3</sup>. Abeona is now a **commercial-stage biotech**, preparing to treat the first RDEB patients with ZEASKYN in Q3 2025 <sup>4</sup>. It also has a pipeline of AAV-based gene therapies for ophthalmic diseases, leveraging a proprietary capsid platform for next-generation treatments <sup>5</sup>.

**Catalysts & Thesis:** Abeona's recent FDA approval and strong balance sheet position it well for appreciation through 2025. Key reasons to **continue holding ABEO** include:

- **Launch of ZEASKYN:** The therapy addresses a critical unmet need in RDEB. Initial **commercial sales in Q4 2025** could start validating Abeona's revenue potential. Management even projects the company could reach **profitability by early 2026** given the limited expenses and high price of a rare-disease gene therapy <sup>3</sup>. Any positive sales figures or adoption updates by year-end will be a catalyst.
- **Deep Value & Fundamentals:** With a market cap around ~\$285M and **\$225M in cash** <sup>2</sup>, Abeona's enterprise value is very low relative to its assets. In essence, the market is valuing the **entire gene therapy platform and pipeline at only ~\$60M** after cash – a potential deep value scenario given the FDA-approved product and future pipeline readouts.
- **Index Inclusion & Visibility:** Abeona was added to the **Russell 2000 and 3000 indices** at the end of June 2025 <sup>6</sup>, which can increase institutional awareness and trading volume. The stock is currently trading around **\$5-6** (it was ~\$5.68 on June 30) <sup>6</sup>, after having spiked to nearly \$14 post-approval.

earlier in 2025. This pullback provides an attractive re-entry point if one believes in the long-term story.

- **Short Squeeze Potential: Short interest** in ABEO remains significant (roughly 6.46 million shares short, ~13–17% of float as of mid-June) <sup>7</sup>. With average trading volume, days-to-cover is about 5–6 days, indicating that **any positive news (e.g. better-than-expected launch metrics or pipeline progress) could force shorts to cover and amplify a rally**. The substantial cash buffer also limits downside risk from dilution, undermining a common short thesis for micro-cap biotechs.

**Decision – Keep:** Given Abeona’s strong catalyst path and solid fundamentals, we **recommend holding ABEO**. The combination of a recent FDA-approved drug launch, huge cash reserves, and the potential for short-covering rally suggests ABEO could **appreciate significantly** into late 2025. A return to its 52-week highs (near \$14) is possible if execution goes well, which would be **~150%+ upside** from current levels. We will maintain the current full-share position in ABEO.

## Candel Therapeutics (CADL) – Hold

**Overview:** Candel is an oncology-focused biotech developing **oncolytic viral immunotherapies** for solid tumors. The company’s lead candidate **CAN-2409** is a gene therapy activated in the tumor microenvironment to induce immune attack on the cancer. Candel delivered *impressive clinical results* recently: a **Phase 3 trial in localized prostate cancer met its primary endpoint**, showing a **30% reduction in cancer recurrence risk** and **80.4% pathological complete response rate** when CAN-2409 was added to standard treatment <sup>8</sup>. In addition, **Phase 2 data in pancreatic cancer** were highly encouraging – patients treated with CAN-2409 had a **median overall survival of 28.8 months vs 12.5 months for the control** <sup>8</sup>, a remarkable improvement in this hard-to-treat disease. These outcomes highlight the broad potential of Candel’s platform across multiple cancers.

Importantly, Candel is well-funded for a micro-cap biotech. It reported a **cash position of ~\$102.9 million at year-end 2024**, which (even after a modest \$15M financing in June 2025) is expected to **fund operations into Q1 2027** <sup>9</sup>. This reduces near-term dilution risk and enables the company to reach key milestones. The stock is around **\$5** per share (recent close \$4.99) and the market cap is on the order of ~\$150M, indicating the market has yet to fully price in the successful Phase 3 data. Notably, analysts are bullish – for example, HC Wainwright recently reiterated a **Buy rating with a \$23 price target** (over 4x the current price) for CADL, reflecting optimism about its platform <sup>10</sup>.

**Catalysts & Thesis:** Candel has multiple shots on goal and upcoming catalysts that could drive the stock higher by late 2025:

- **Phase 3 Prostate Cancer Program:** After the positive Phase 3 readout, Candel will likely engage with the FDA on next steps. While a **BLA filing for CAN-2409 in prostate cancer is planned in 2026** (not this year) <sup>11</sup>, the *validation* of their therapy in a Phase 3 is a rarity for a micro-cap. This significantly **de-risks the company**. Any partnering discussions or further details on regulatory plans could boost the stock.
- **Upcoming Clinical Data:** A major **catalyst in Q4 2025 will be survival data from an ongoing trial of CAN-3110 in recurrent high-grade glioma (brain cancer)** <sup>11</sup>. Glioblastoma is notoriously lethal;

if CAN-3110 shows improved survival in Q4, it would be *big news*. Positive glioma results could spark a rally and also put a spotlight on Candel as an attractive acquisition target (big pharma often seeks promising oncology assets). Additionally, updated data from CAN-2409 in **non-small cell lung cancer** (NSCLC) is expected in early 2025 <sup>11</sup>, which, if positive, could add momentum before the year-end glioma readout.

- **Financial Strength:** Candel's ~\$100M war chest means it can **execute trials and reach milestones without an imminent capital raise** <sup>12</sup>. In the current environment, many small biotechs struggle with funding, so Candel's runway is a competitive advantage. It also underscores management's confidence – they raised a smaller amount (\$15M) mid-2025 just to top up, avoiding excessive dilution. A strong balance sheet coupled with late-stage assets is a compelling fundamental case.
- **Short Interest Dynamics:** Like many biotechs that recently ran up, CADL has attracted short sellers. Roughly **6.3 million shares are short (~16% of float)** <sup>13</sup> <sup>14</sup>. The *days-to-cover* is very high (by one measure ~19 days) <sup>15</sup>, reflecting low trading volume. This creates conditions for a **short squeeze**: any unexpected good news (e.g., better pancreatic survival updates or an early partnership) could send the stock spiking as shorts scramble to cover. Given the stock's relatively low float, **positive news could yield an outsized upward move**.

**Decision – Hold:** We **retain our position in Candel Therapeutics**. The stock offers a compelling blend of **strong clinical data and upcoming catalysts** in 2025, underpinned by a solid cash runway. With multiple irons in the fire (prostate, pancreatic, glioma, lung programs) and substantial short interest, CADL has the potential to **rally sharply** on any favorable developments. By year-end, we could see Candel trade significantly higher (note the \$23 analyst target vs ~\$5 now) as the market catches up to its achievements. Thus, holding CADL is justified for potential multi-bagger returns. We will monitor the glioma data release in Q4 closely, as it will be a decisive moment for the stock.

## Cloudastructure (CSAI) – Sell/Replace

**Overview:** Cloudastructure is a newly public (IPO in Jan 2025) micro-cap tech company providing **AI-powered cloud video surveillance and security solutions**. It offers an integrated platform for video analytics, remote guarding, and smart security infrastructure targeting enterprises and property managers. The company's narrative is attractive – it taps into trends of rising crime, demand for AI-driven security, and cost-efficient cloud monitoring. In **Q1 2025** (their first quarter as a public entity), Cloudastructure delivered explosive growth: **revenue jumped +212% year-over-year to \$0.7 million** <sup>16</sup> <sup>17</sup>, and for the first time it achieved **positive gross profit** (vs a small loss a year prior) <sup>16</sup> <sup>18</sup>. This was driven by a 38% increase in customer locations and surging subscription and services revenue as the company scales its deployments <sup>19</sup> <sup>17</sup>. Management highlighted that they secured the **largest contract in company history** in Q2 2025 – an exclusive deployment for a luxury high-rise by a global real estate firm – and expanded into new markets like affordable housing with nationwide rollouts <sup>20</sup> <sup>21</sup>. Clearly, **operational momentum is strong**, and the product has real-world traction.

Despite these positives, Cloudastructure's stock has been extremely volatile and *speculative*. It currently trades around **\$2.30/share**, equating to a **~\$37M market cap** <sup>22</sup> <sup>23</sup>. Notably, in early 2025 amid "AI stock" hype, **CSAI skyrocketed to a 52-week high of \$52.43** before crashing back down <sup>24</sup>. This 20x swing (!) underscores the **low-float, high-momentum nature** of the stock. At this point, much of the initial hype has worn off, and with the share price near the lower end of its range (~\$2), **there is potential upside if the**

**company continues executing.** However, *from now through end of 2025*, Cloudastructure lacks a clearly defined catalyst on the calendar – its growth will likely be steady and organic (through new contracts or quarterly earnings), rather than a single breakout event. Furthermore, the company probably **needs time to reach profitability** (net loss was \$2.5M in Q1 2025 despite gross profit improvement) <sup>25</sup>, and may require additional capital in 2026 if it grows aggressively (though current cash levels are undisclosed in our sources, small companies often raise within a year of IPO).

**Rationale to Sell:** While we believe Cloudastructure has a promising business, **the goal of this portfolio is maximizing returns by Dec 2025**. Given limited capital, we prefer to concentrate on opportunities with more imminent, binary catalysts or extreme undervaluation. Cloudastructure's upside, though real (perhaps the stock could **double** if they announce another big contract or if AI/security stocks get hot again), **appears more modest and gradual compared to biotech catalysts**. The stock's prior spike to \$52 was likely a one-off meme/low-float event. Repeating such a move would require an unlikely wave of speculative fervor. In contrast, we have identified a replacement micro-cap biotech that, due to an upcoming pivotal trial result, has a chance at *multiplying* in value on a clear catalyst.

**Decision – Sell/Replace:** We will **sell the position in CSAI** and reallocate the ~\$2.30 proceeds (along with available cash) into a higher-upside stock (detailed below). This shift is based on strategy, not company quality: Cloudastructure is executing well, but **within a 6-month window, its risk/reward is less compelling**. By freeing up capital from CSAI, we can invest in a catalyst-rich idea that better aligns with our “highest possible return” objective. We will keep Cloudastructure on our watchlist for the future, but for now we prioritize redeploying its capital into a more explosive opportunity.

## ***New Position: Azitra, Inc. (AZTR) – Buy***

To replace CSAI, we introduce **Azitra (AZTR)** into the portfolio. Azitra is an **ultra-micro-cap biotech** (market cap only ~\$3.8M at \$0.25/share <sup>26</sup> <sup>27</sup>) focused on **precision dermatology and microbiome-based therapies**. This company represents a *high-risk, high-reward* play with a near-term catalyst:

**What is Azitra?** Azitra engineers *live bacteria as therapeutic products* to treat rare skin disorders. Its lead program **AZT-01** is a topical live biotherapeutic for **recessive dystrophic epidermolysis bullosa (RDEB)** – notably, the *same disease Abeona targets* but using a completely different approach. AZT-01 is designed to colonize the skin and secrete proteins that promote wound healing. It is currently in an ongoing **Phase II/III trial** in RDEB. **Interim data** reported in May 2025 were promising: AZT-01 achieved **60% wound closure at 12 weeks compared to 15% in the placebo group** <sup>28</sup>, a clinically meaningful improvement. This suggests the therapy has activity in improving the difficult-to-heal wounds characteristic of RDEB.

**Catalyst – Pivotal Results in Q4 2025:** Crucially, Azitra expects to announce **top-line results from the Phase II/III RDEB trial by Q4 2025** <sup>29</sup>. This is a binary event that could dramatically impact the stock. If AZT-01's final data confirm significantly higher wound closure and good safety, Azitra would likely file for FDA approval (it could become the **first approved microbiome therapy for a genetic skin disease** <sup>29</sup>). Positive Phase III data in a rare disease often *catapults* a micro-cap's value – considering Azitra's market cap is under \$4M, one could see an explosive rerating (for example, even a move to a \$20–40M valuation would multiple the share price several-fold). Moreover, there could be **strategic interest**: given Abeona's success in RDEB, larger dermatology or biotech firms might view Azitra's approach as complementary (or as a cheaper, easily administered alternative for patients who can't get gene therapy). This raises the possibility of a partnership or acquisition if the data is strong.

**Other Assets:** Azitra is also developing **ATR-12 for Netherton syndrome** (a different rare skin disorder) and **ATR-04 for EGFR-inhibitor induced rash** in cancer patients <sup>30</sup> <sup>31</sup>. Initial safety data for ATR-12 are expected by end of 2025 <sup>32</sup>. While these are earlier-stage, they add upside optionality beyond RDEB. The company has managed to secure up to **\$20M in funding via an equity facility** plus raised \$2.2M in offerings <sup>33</sup>, which is critical given its very small cash base (cash was **\$3.2M as of Mar 31, 2025** <sup>34</sup>). This financing means Azitra can likely get through the RDEB data readout, though it will need more capital afterward if the data is positive (for regulatory filing and commercialization).

**Risk Profile:** Make no mistake, Azitra is **highly speculative**. With such a low market cap, the stock is illiquid and could be very volatile. If the RDEB trial disappoints or fails, AZTR could plummet (possibly to near-zero, given limited cash and other programs still early). There is also risk of **dilution** – the company's ATM facility means it can sell shares into any stock price surge to raise cash, which might cap upside unless the news is truly game-changing. These risks are the price for the **massive upside** potential if things go right.

**Decision – Buy:** Given our goal of maximizing year-end returns, we will **deploy the available cash (~\$11.68) plus the ~\$2.30 from selling CSAI into Azitra**. At ~\$0.25 per share, this buys roughly **55 shares of AZTR**. This position is essentially a “moonshot” bet on the **Q4 2025 RDEB trial results**. The thesis is that even a small chance of success could yield a huge payoff: for instance, micro-cap biotechs that succeed in Phase III for rare diseases often see their market caps jump into the tens or even hundreds of millions. Even reaching a \$50M market cap (still under the \$300M micro-cap limit) would imply the stock trading around \$3–4 (over **10× the current price**). We find this asymmetric reward worth the risk, especially as we have other, more fundamentaled holdings (ABEO, CADL) to balance the portfolio.

We emphasize that Azitra is a **very high-risk pick**, and its weight in the portfolio is kept relatively small (only ~\$14 of value). But it provides exactly the kind of catalyst-driven upside we seek. We will closely watch any updates on AZT-01's progress and be ready to lock in gains or cut losses as appropriate around the data release.

## Revised Portfolio Allocation (July 5, 2025)

After the above adjustments, the portfolio is repositioned as follows:

Ticker (Company)	Price (7/5/2025)	Shares	Portfolio Thesis & Catalysts
<b>ABEO</b> (Abeona Therapeutics)	~\$5.87 <sup>6</sup>	1	<b>Hold:</b> Gene therapy for RDEB <i>just launched</i> (FDA-approved); \$225M cash provides 2+ years runway <sup>2</sup> . Catalysts – initial sales in 2H 2025 and potential early profitability <sup>3</sup> . Added to Russell indices <sup>6</sup> ; ~13% short float <sup>7</sup> could spark a <b>short squeeze</b> on positive news. Undervalued relative to cash & pipeline.

Ticker (Company)	Price (7/5/2025)	Shares	Portfolio Thesis & Catalysts
<b>CADL</b> (Candel Therapeutics)	~\$4.99 (Jul 2025)	1	<b>Hold:</b> Oncolytic virus immunotherapy with <i>successful</i> Phase 3 in prostate cancer (30% lower recurrence) <sup>8</sup> and promising pancreatic cancer data (2x survival vs control) <sup>8</sup> . Well-funded (~\$100M cash) <sup>9</sup> . Catalysts – <b>Phase 1 glioma survival data in Q4 2025</b> <sup>11</sup> (high-impact) and further pipeline readouts. High short interest (~16% float) adds squeeze potential <sup>35</sup> . Significant upside if upcoming data are positive.
<b>AZTR</b> (Azitra, Inc.)	~\$0.25 <sup>36</sup>	55	<b>Buy (New):</b> Ultra-micro-cap <i>speculative</i> biotech. Developing <b>microbiome therapy for RDEB</b> (rare skin disease). <b>Phase II/III trial readout due Q4 2025</b> <sup>29</sup> – interim results showed 60% wound healing vs 15% placebo <sup>28</sup> . If Phase III is successful, stock could <b>multi-bag</b> (first-in-class approval potential) <sup>29</sup> . Tiny market cap (~\$4M) and 52-week low price – deep value if pipeline succeeds, but very high risk. Position taken for its outsized return potential on the upcoming catalyst.

**Cash Remaining:** ~\$0 (fully invested, aside from trivial leftover change). We chose to deploy virtually all cash into Azitra to maximize upside, given the short investment horizon. The new portfolio leans heavily into **biotech catalyst plays**, which we believe offer the best chance at exponential returns in 2025. Each holding has a clear thesis: Abeona – undervalued post-approval play with short squeeze angle; Candel – multiple shots on goal in oncology with a major data release pending; Azitra – “lottery ticket” on a pivotal trial. This concentrated, high-conviction approach is appropriate for the goal of **highest possible return by year-end**, albeit with elevated volatility.

## Conclusion

With these adjustments, the portfolio is positioned aggressively for the next 6 months. We have **trimmed the non-biodefense tech exposure** (CSAI) in favor of more **catalyst-rich micro-cap biotechs**. This aligns with our strategy to capitalize on upcoming binary events and deep value situations. It’s important to acknowledge the risks: micro-caps are inherently volatile, and negative outcomes (clinical or commercial) could lead to significant losses. However, the selected holdings each have **transformative catalysts** on the horizon that could just as easily send their stock prices sharply higher. By year-end 2025, success in any one of these positions – Abeona’s launch, Candel’s trial, or Azitra’s data – could drive substantial portfolio gains, while the others provide multiple opportunities and some balance.

We will monitor all developments closely. The portfolio is now a focused bet on biotech breakthroughs and innovation, consistent with the objective of maximizing returns. **If our theses play out, the reward should far outweigh the risk**, and this micro-cap basket could deliver exceptional performance into December 2025. We recommend holding these positions through their key catalysts, and we will be ready to reassess as events unfold.

Overall, the revised allocation is a deliberately bold attempt to turn a small micro-cap portfolio into an outsized winner by year's end, by investing in **the right companies, at the right time, with the right catalysts.** ✍

**Sources:** The information and data above are supported by recent press releases and financial reports from the companies and market sources, including Abeona's PR on its PRV sale and cash position <sup>2</sup> <sup>3</sup> , Candel's corporate update on clinical results and 2025 milestones <sup>8</sup> <sup>11</sup> , Cloudastructure's Q1 2025 earnings showing 212% growth <sup>16</sup> , and analysis of Azitra's Phase II/III trial timing and interim data <sup>28</sup> <sup>29</sup> , among others. All cited references are listed in-line for verification.

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<sup>1</sup> <sup>2</sup> <sup>3</sup> <sup>4</sup> <sup>5</sup> Abeona Therapeutics® Closes Sale of Rare Pediatric Disease Priority Review Voucher for \$155 Million :: Abeona Therapeutics Inc. (ABEO)

<https://investors.abeonatherapeutics.com/press-releases/detail/315/abeona-therapeutics-closes-sale-of-rare-pediatric-disease>

<sup>6</sup> Abeona Therapeutics® added to Membership of US Small-cap ...

<https://www.biopharmawatch.com/news/ABEO/abeona-therapeutics%C2%AE-added-to-membership-of-us-small-cap-russell-2000%C2%AE-index-and-broad-market-russell-3000%C2%AE-index>

<sup>7</sup> Abeona Therapeutics Inc. (ABEO) Valuation Measures & Financial ...

<https://finance.yahoo.com/quote/ABEO/key-statistics/>

<sup>8</sup> <sup>9</sup> <sup>11</sup> <sup>12</sup> Candel Therapeutics' Cancer Drug Shows Remarkable 30% Reduction in Prostate Cancer Recurrence | CADL Stock News

<https://www.stocktitan.net/news/CADL/candel-therapeutics-provides-corporate-update-and-highlights-strong-dbminm55qem1.html>

<sup>10</sup> Candel Therapeutics (NASDAQ:CADL) Stock Rating Upgraded by ...

<https://www.marketbeat.com/instant-alerts/candel-therapeutics-nasdaqcadl-receives-buy-rating-from-hc-wainwright-2025-06-30/>

<sup>13</sup> <sup>15</sup> CADL - Candel Therapeutics, Inc. (NasdaqGM) - Share Price ... - Fintel

<https://fintel.io/s/us/cadl>

<sup>14</sup> <sup>35</sup> Candel Therapeutics, Inc. (CADL) Valuation Measures & Financial ...

<https://finance.yahoo.com/quote/CADL/key-statistics/>

<sup>16</sup> <sup>17</sup> <sup>18</sup> <sup>19</sup> <sup>20</sup> <sup>21</sup> <sup>25</sup> Cloudastructure Kicks Off 2025 with 212% Q1 Revenue Surge

<https://www.globenewswire.com/news-release/2025/05/15/3082202/0/en/Cloudastructure-Kicks-Off-2025-with-212-Q1-Revenue-Surge-and-Major-Contract-Wins.html>

<sup>22</sup> <sup>23</sup> <sup>24</sup> Cloudastructure Inc. Stock Price: Quote, Forecast, Splits & News (CSAI)

<https://www.perplexity.ai/finance/CSAI>

<sup>26</sup> <sup>27</sup> <sup>36</sup> AZTR - Azitra, Inc. (NYSEAM) - Share Price and News

<https://fintel.io/s/us/aztr>

<sup>28</sup> <sup>29</sup> Five Biotechs Approaching Critical Milestones in 2025

<https://www.pharmasalmanc.com/articles/five-biotechs-approaching-critical-milestones-in-2025>

<sup>30</sup> <sup>31</sup> <sup>32</sup> <sup>33</sup> <sup>34</sup> Azitra Reports Clinical Progress for Rare Skin Disease Treatments in Q1 2025 | AZTR Stock News

<https://www.stocktitan.net/news/AZTR/azitra-inc-announces-q1-2025-results-and-provides-business-1mlapq058t3u.html>