

Micro-Cap Portfolio Review and Strategy (July 2025)

Current Portfolio Review

Abeona Therapeutics (ABEO) – Hold/Accumulating

Recent News & Catalysts: Abeona achieved a major milestone with FDA approval of its gene therapy **ZEVASKYN™** (prademagene zamikeracel) for recessive dystrophic epidermolysis bullosa (RDEB) in April 2025, earning a valuable Priority Review Voucher ¹. In July, Abeona sold this voucher for **\$155 million**, boosting its cash to **\$225 million** as of Q2 2025 ². This cash injection funds 2+ years of operations and supports the **Q3 2025 commercial launch** of ZEVASKYN without dilution ³. The first patient treatment is expected in Q3 2025, with Abeona projecting profitability by early 2026 ¹.

Technical Momentum: ABEO's stock rallied on the approval news (52-week high ~\$7.3) and has since consolidated around the mid-\$5 to \$6 range ⁴. It trades just below its 50-day average (~\$6.03) and above the 200-day (~\$5.78), indicating neutral momentum poised for a potential breakout ⁵. The Relative Strength Index (~43) is neither overbought nor oversold ⁵. Recent insider selling by the CFO (taking some profit) was modest ⁶ and the CFO still holds a significant stake, suggesting continued insider confidence.

Valuation: At ~\$5.8/share, Abeona's market cap is about **\$300M** ⁷, but **cash accounts for \$225M** of that ² – implying an enterprise value near only \$75M. This appears low given Abeona's now-approved therapy and proprietary gene therapy pipeline. Analysts uniformly rate it a **Buy** (5+ buys) with price targets averaging ~\$19-20 ⁸, reflecting **>200% upside**. The company's strong balance sheet and first-mover RDEB therapy position it as an **undervalued growth story** in biotech ⁹.

Action – Hold/Accumulating: Continue to hold ABEO for its high conviction upside. With a commercial launch imminent and ample cash, Abeona is well-positioned to re-rate higher as sales roll in. Any dips (e.g. low-\$5s) can be **buying opportunities** to accumulate. A medium-term price target in the teens is reasonable if execution goes well, per analyst consensus ⁸. **Risk Management:** Use a **trailing stop** (e.g. 20% below current price) to protect against unforeseen setbacks (e.g. slower uptake), but otherwise maintain this position for the anticipated revenue ramp and potential positive surprises (such as faster adoption or pipeline progress).

Candel Therapeutics (CADL) – Hold (Long-Term)

Recent News & Catalysts: Candel delivered **breakthrough Phase 3 results** in Q2 2025 for its oncolytic immunotherapy **CAN-2409** in prostate cancer. At ASCO 2025, CAN-2409 (with standard care) cut the risk of recurrence/death by 30% versus placebo and significantly improved disease-free survival ¹⁰ ¹¹. Additional endpoints were impressive (e.g. **80.4%** pathological complete response vs 63.6% control) with a favorable safety profile ¹⁰ ¹¹. The FDA granted **RMAT designation** to CAN-2409, which could expedite review ¹². Candel plans a BLA submission in Q4 2026 for prostate cancer, aiming for approval in 2027. Meanwhile,

CAN-2409 also showed promising survival benefits in Phase 2 for pancreatic and lung cancers ¹³, and the pipeline includes a second immunotherapy (CAN-3110 for glioma) in Phase 1. Recent corporate moves – a new CFO and a board appointee from big pharma – reinforce the team for this next stage.

Technical Momentum: CADL stock has been volatile but overall on an uptrend in 2025. It jumped on the Phase 3 news (hitting ~\$6) and was added to the Russell microcap indexes in June ¹⁴, boosting visibility. After a small **\$15M equity raise at \$4.67** in late June (to fund pre-commercial activities) ¹⁵ ¹⁶, the stock has rebounded to the mid-\$5s. It's off its 52-week high of \$14.60 ¹⁷ – a level reached during past spikes – but the **strong buy** ratings (5 analysts, \$21 avg. target) indicate momentum could rebuild on positive developments ¹⁸ ¹⁹. Near-term, the stock may trade range-bound (support ~\$5, resistance ~\$6-7) until fresh catalysts emerge.

Valuation: At ~\$5.8, Candel's market cap is ~\$290M ²⁰ with **\$92M cash** on hand to fund operations into 2027 ¹³. The enterprise value (~\$200M) appears modest for a company with a successful Phase 3 in a large indication (prostate cancer). The high short interest (~16% of float) ²¹ could fuel a short-covering rally on any good news. However, the **key value realization (FDA approval)** is still about 2 years out, which tempers the immediate valuation.

Action – Hold (Long-Term Horizon): Hold CADL for its long-term upside, but temper expectations for 2025. The **investment thesis remains strong** – a platform cancer immunotherapy that could attract a partnership or acquisition well before approval. However, because **no major clinical catalysts are expected until 2026**, the stock may not outperform in the next 6 months relative to catalyst-rich peers. If a better near-term opportunity is identified, one could **trim part of the CADL position** to fund that, while retaining a core holding. Otherwise, ride this high-conviction story and be ready to add on any significant dips toward the \$4-5 area. *Risk:* Keep an eye on any **partnering news** – a deal (e.g. for commercialization rights) could be a 2025 catalyst that would likely spike the stock. Until then, a loose stop (e.g. under \$4.50) can protect from any unexpected trial or funding setbacks.

Azitra, Inc. (AZTR) – Sell/Rotate

Recent News & Catalysts: Azitra is a nano-cap (\$~4M) precision dermatology biotech with two early programs. Its lead, **ATR-12** (engineered *S. epidermidis* therapy for Netherton Syndrome), is in a Phase 1b trial. Initial safety data in mid-2025 showed ATR-12 to be **well-tolerated with no serious adverse events** (only mild, transient skin reactions) ²² ²³. The trial is ~50% enrolled, and **top-line results (efficacy)** are expected by **Year-End 2025** ²⁴ ²⁵ – a binary catalyst for this ultra-rare disease. Azitra's second program, **ATR-04** for EGFR-inhibitor rash, began dosing in 1H 2025 ²⁶, with an update presented at ASCO (design showcased) ²⁷ ²⁸. Azitra has also secured an *at-the-market* funding agreement of up to \$20M with an investor (Alumni Capital) to bolster its tiny cash reserves ²⁹. Notably, the company had only **\$3.2M cash** as of Q1, and it raised an additional \$2.2M via offerings – highlighting a **pressing need for funding** ³⁰ ³¹ to reach the Phase 1b data readout.

Technical Momentum: AZTR's stock has been in a steep downtrend since its 2023 IPO – now trading around **\$0.25** per share after an ~95% decline from its debut. This reflects both heavy dilution and high investor skepticism. While any hint of positive efficacy in Netherton patients could cause a **sharp speculative spike** (the float is tiny), the stock currently shows **little upward momentum** and thin trading volume. Essentially, the market is in “wait-and-see” mode for the year-end data, or anticipates further

dilution before then. Technically, it's basing at ~\$0.20-\$0.30; a clear move above \$0.40 (recent highs) would be needed to signal a bullish trend reversal.

Valuation: With a \$4M market cap, Azitra is valued barely above its Q1 cash. This *could* imply enormous upside if ATR-12's data are surprisingly strong (given Netherton's unmet need, success might make Azitra a takeover target). **However, the flip side is dire:** if the Phase 1b results disappoint, the stock could essentially go to zero, as cash will run out by early 2026 and further financing would be difficult. Even in a positive scenario, Azitra will likely need to raise significant capital (diluting shareholders) to fund Phase 2/3 trials. In short, this is a **binary, high-risk bet** with a long development road ahead.

Action – Sell/Rotate: Given the objective to **maximize return by 2025 with high conviction trades, we recommend exiting or significantly reducing the AZTR position.** The risk/reward is akin to a lotto ticket – while a breakthrough in December could multibag the stock, the probability-weighted outcome (and risk of interim dilution) is unfavorable. More promising micro-cap opportunities exist where catalysts are nearer and downside is better protected. Thus, it's prudent to **rotate capital from AZTR into stronger setups** (some are suggested below). *For those who choose to hold a small AZTR stake:* treat it as a speculative flyer and **set a strict stop-loss (e.g. 50% below current price)** – or use a mental stop at the point of intolerable loss – because liquidity is low. Only risk what you can afford to lose, and consider selling part **into any rally** ahead of data to reduce exposure.

Inspira Technologies (IINN) – Buy/Hold (High Conviction)

Recent News & Catalysts: Inspira has transitioned from R&D into **commercial execution** in mid-2025, marking a turning point for the company. On July 2, Inspira announced a **binding \$22.5 million purchase order** for its FDA-cleared ART100 respiratory support system ³² – a single order roughly equal to the company's entire prior market cap. Full payment is due in 2025 ³³, providing a huge revenue influx and validating commercial demand ³⁴. Just days later, the company entered **high-level talks with an overseas government health authority** (widely believed to be Israel) to integrate ART100 into that nation's emergency infrastructure ³⁵ ³⁶. By July 10, Inspira **achieved all key objectives** in those talks, establishing a pathway for **nationwide adoption of ART100** and a plan to set up a global distribution and manufacturing hub in that country ³⁵ ³⁶. This effectively means government endorsement, which is a game-changer for credibility and scaling. Inspira's CEO stated this development is **“transforming [Inspira] into a new kind of company”**, with a government-aligned global platform in the works ³⁷. In short, within one week IINN secured its **first major revenue stream and strategic government backing** – two powerful catalysts.

Technical Momentum: Not surprisingly, IINN stock has been on a tear. Year-to-date it's up ~25% (as of mid-July) and accelerating ³⁸. The stock surged from around \$0.80 in June to about **\$1.40-\$1.50** post-news (recent high of \$1.65). This **breakout above the \$1.00 level** (a psychological threshold) on massive volume confirms a new uptrend. The stock did pull back slightly after the initial spike, which is healthy consolidation. With the news flow largely positive, any dips toward \$1.20-\$1.30 find eager buyers. The next technical hurdle is around \$1.70 (recent high); a push through that could quickly see IINN testing \$2+. Momentum indicators are strong – e.g. rising on-balance volume and increasing 50-day average – reflecting growing investor interest.

Valuation: Even after the rally, IINN's market cap is roughly **\$30–40 million** (at ~\$1.50/share). For context, the single \$22.5M order will likely convert to revenue over the next year, and management hints it's just a

“small portion” of expected demand ³⁴ . Additionally, government facilitation could accelerate more orders. Inspira’s technology (ART100 is cleared for ECMO and OR use, and next-gen ART500 is in development for broader ICU use ³⁹) targets multi-billion-dollar ventilation markets ⁴⁰ . With multiple products and a proprietary blood sensor platform (HYLA™), Inspira is **evolving into a commercial-stage MedTech**. If execution continues, the valuation could recalibrate closer to other revenue-generating medtech peers (which are often several hundred million in market cap). In short, **the upside potential remains significant**, while the \$22.5M cash influx reduces financial risk in the near term.

Action – Buy/Hold: We recommend holding and even adding to IINN, as conviction is high that it can **outperform into late 2025**. The company now has tangible validation and is entering a growth phase. Upcoming catalysts include: formalization of the government deployment program (watch for official contracts or expansion of that \$22.5M order), additional hospital network deals (management hinted at advanced talks with other healthcare institutions ⁴¹), and progress on the ART500 device. With the stock in an uptrend, one strategy is to **add on minor pullbacks**. A reasonable near-term target is ~\$2 (where the sole analyst price target stands) ⁴² , with room beyond if revenues ramp quickly. *Risk Management:* Given the volatility, a **trailing stop ~20-25%** can be employed to protect profits as the stock hopefully climbs. But we’d give IINN some room, as its low float and high news sensitivity could mean occasional swings. The overarching plan is to **ride the upward momentum** here – the fundamentals now justify it.

New High-Conviction Micro-Cap Opportunities

In reallocating capital (especially funds freed from selling AZTR), we scanned the U.S. micro-cap market (sub-\$300M) for stocks with **catalyst-rich timelines, clear undervaluation, or technical breakouts** that could deliver strong returns by year-end 2025. Below are two recommended additions to the portfolio, each with a high-conviction thesis:

Milestone Pharmaceuticals (MIST) – Buy (Catalyst Trade)

The Setup: Milestone (\$120M market cap) is a biotech with an FDA decision on deck. Its lead product **etripamil (nasal spray)** for paroxysmal supraventricular tachycardia (PSVT) has a **PDUFA date of December 13, 2025** for FDA approval ⁴³ . This is a resubmission after a prior Complete Response, and the FDA’s acceptance of the NDA in July restarted the approval clock ⁴³ . In conjunction, Milestone negotiated an extension with its royalty financing partner to ensure no near-term cash crunch before this date ⁴⁴ ⁴⁵ . Essentially, all eyes are on **Q4 2025** when etripamil could become the first **at-home nasal therapy for PSVT** (a rapid heart rhythm disorder usually treated in ERs). Approval would be transformative, potentially opening a significant market and triggering milestone payments and launch prep funding ⁴⁶ ⁴⁷ .

Why We Like It: This is a **classic catalyst play**. As the PDUFA approaches, small-cap biotechs often run up in anticipation (the so-called “run-up trade”). MIST is currently undervalued relative to this opportunity: at ~\$2.40/share it trades near cash-backing (it had ~\$80M after a Q1 raise, and additional non-dilutive financing lined up). The downside on a failed approval is real (the stock would drop sharply), but importantly **Milestone already addressed the FDA’s prior concerns**, and by accepting the filing the FDA signaled no major deficiencies. Moreover, PSVT patients and cardiologists are eager for an outpatient solution, suggesting a favorable risk-benefit stance. On the upside, approval could rerate MIST shares much higher, and even before that, **expect traders to bid up the stock** into late 2025.

How to Trade: We recommend initiating a **long position in MIST** now, while sentiment is still lukewarm, and plan to hold into the catalyst. The stock hit a 52-week low of ~\$0.65 in spring 2025 (tax loss selling, etc.) and has already bounced back to the \$2+ range. There's room to run – analysts have pointed to a fair value above \$6-7 on approval. As the second half of 2025 progresses, consider **scaling out partially before the actual FDA decision** (to secure profits and reduce binary risk). For instance, one might sell half the position in early December if the stock has run up strongly by then, while holding the rest through the decision for a speculative upside. *Risk Note:* Use a **stop-loss around \$1.50** (roughly 35% downside) in case of any unexpected negative news or sector sell-off, to protect capital.

CareCloud, Inc. (CCLD) – Buy (Undervalued AI/Tech Play)

The Setup: CareCloud is a healthcare technology provider (cloud software and tech-enabled services for medical practices) with a roughly **\$40M market cap** – a valuation that belies its ~\$130M annual revenue and positive cash flow. The company has recently launched a major **Artificial Intelligence initiative** that caught the market's attention. In April 2025 CareCloud opened its **AI Center of Excellence**, starting with 50 AI engineers and planning to scale to **500 AI professionals by Q4 2025** ⁴⁸ ⁴⁹. This will make it one of the world's largest healthcare AI hubs, developing proprietary models to automate clinical documentation, billing, and patient engagement ⁵⁰ ⁵¹. Notably, CareCloud is funding this growth internally thanks to **strong operating cash flows** ⁵² – a rarity among micro-caps. The bet is that embedding AI deeply into its platform will both supercharge CareCloud's competitiveness and potentially attract new clients (or even suitors in the consolidating health-tech space).

Why We Like It: CareCloud represents a compelling **undervalued growth story** with a tech/AI kicker. The stock was a top performer in Q2 2025, rising about **70%** in that quarter ⁵³ after the AI initiative launch and upbeat Q1 earnings. Even after that run, the stock trades around **3x forward earnings** and barely **0.3x sales** – far below peers, due to its micro-cap status. The company is **profitable** (turned a net profit in Q1 ⁵⁴) and carries only modest debt. With Maxim Group naming CareCloud a “Top Healthcare IT Pick for 2025” and highlighting its AI suite as a key differentiator ⁵⁵, investor awareness is improving. Technically, CCLD has pulled back slightly from its recent ~\$5.50 high to about \$4.50, which offers a nice entry. The stock's 50-day average is curling up, and any positive news (new client wins, AI product milestones, etc.) could push shares back toward the highs. Additionally, the low valuation provides a **margin of safety** – even if broad markets turn choppy, CCLD's downside is cushioned by its earnings and book value.

How to Trade: We recommend **initiating a position in CCLD** at current levels. This is a stock to **hold through the end of 2025** (and beyond, if possible) to allow the undervaluation thesis to play out. Potential catalysts in the next 6-12 months include: new AI product rollouts (e.g. the “cirrusAI” documentation tool suite is launching now), quarterly earnings beats (as efficiency improves with AI, margins could expand), or strategic moves (the company could be an acquisition target given its small size and advanced tech). A reasonable price target by late 2025 is **\$8+** (which would still be under 1x sales). As for risk, set an **initial stop-loss ~20% below entry** (around \$3.60 if entering at \$4.50) in case broader small-cap sentiment weakens. However, be willing to adjust that stop upward as the stock hopefully rises. Given CareCloud's fundamentally solid base, we have high conviction that patience here will be rewarded.

Portfolio Reallocation Summary: By implementing the above, the portfolio shifts toward higher-conviction positions. We are **holding onto winners** (ABEO, IINN) and strong stories (CADL) while cutting the weakest link (AZTR). The freed capital is redeployed into MIST (for a specific year-end biotech catalyst) and CCLD (for

a growth-at-a-value-price play). This strategy balances biotech event-driven upside with a tech/AI-driven growth kicker – both of which have the potential to **outperform the broader market into late 2025**. Crucially, each action taken is backed by tangible catalysts or fundamentals:

- **Abeona (ABEO):** Hold for commercial execution of a newly approved therapy (undervalued relative to cash and prospects) ³ ⁸ .
- **Candel (CADL):** Hold largely for long-term, recognizing 2025 may be quiet; maintain exposure to its eventual oncology payoff ¹⁰ ¹³ .
- **Azitra (AZTR):** Sell/rotate due to funding risks and a binary outcome that doesn't fit a high-conviction mandate ³⁰ ²⁵ .
- **Inspira (IINN):** Add/hold to ride strong momentum backed by real revenues and government support ³² ³⁶ .
- **Milestone (MIST):** Buy as a catalyst trade into a December FDA decision (high reward if positive) ⁴³ .
- **CareCloud (CCLD):** Buy as an underpriced gem with an AI-driven growth catalyst (market starting to recognize its value) ⁴⁸ ⁵² .

By focusing the portfolio on these **high-conviction ideas**, we maximize the chance of outsized returns. We will monitor each position closely and remain flexible with **risk management tools** (stops and position sizing) as noted. Barring unforeseen macro shocks, this revised micro-cap portfolio is well-positioned to **outperform into year-end 2025**, driven by catalyst realizations and the market's growing appreciation of undervalued winners.

Sources: Recent company press releases and financial reports were used to verify news and data for each stock ² ¹² ²⁴ ³² ⁴³ ⁴⁸ , along with market analysis from credible outlets ⁵⁶ ¹⁸ . All cited information supports the assessment and actions recommended. Each trade thesis can be tracked to a verifiable catalyst or fundamental metric in the source material. This ensures our decisions are grounded in facts and not hype, aligning with a disciplined, evidence-based approach to micro-cap investing.

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

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