ChatGPT

Week 24 Deep Research & Action Plan

Restated Rules

- **Budget Discipline:** We will not deploy any new capital beyond the current portfolio value. All cash movements are tracked precisely – no overspending the $22.45 cash (pre-trades) shown in our portfolio statement.
- **Execution Limits:** All trades use **full shares only**, no fractional trades. We are prohibited from using options, short selling, leverage, margin, or any derivatives – strictly long equity positions only.
- **Universe Constraints:** We focus on U.S. micro-cap stocks **under $300M market cap** at purchase. We must **verify the market cap is below $300M** (using last closing price × shares) before adding any new position. If a holding grows beyond $300M after purchase, we may hold or sell it, but we cannot add to that position.
- **Liquidity & Slippage:** We prioritize liquid names – respecting average daily volume and bid/ask spreads to minimize slippage. Position sizes are kept small relative to trading volume (as checked below) to ensure we can enter/exit without moving the market.
- **Risk Controls:** We adhere to stop-loss levels and prudent position sizing for each holding. Every position has an active stop-loss order in place to cap downside risk. Any breaches or risks of breaching stop levels are flagged immediately and addressed.
- **Cadence (Weekly Window):** This is the **weekly deep-research window (Week 24)** where we can rebalance the portfolio. We have full freedom to add new stocks, trim, exit, or increase positions as needed this week – all in pursuit of the best risk-adjusted returns. Mid-week, we will generally not initiate new research trades outside this plan except to react to catalyst outcomes (via pre-set stop-losses or profit-taking orders).
- **Complete Decision Authority:** Within the above constraints, we have **complete control** to act in the portfolio's best interest to generate alpha. All actions taken will be justified by research and aligned with the rules.

Research Scope

This week's research was **comprehensive**. We revisited each current holding's thesis, checked for **new developments**, and scanned for any attractive new catalyst plays in our micro-cap universe:

- **Current Holdings Review:** We reviewed Q3 financial updates, press releases, and news for each holding. For example, we confirmed **Milestone Pharmaceuticals (MIST)** is on track for its FDA decision on Dec 13 and has robust Phase 3 data and cash ready [1] [2]. We examined **VistaGen (VTGN)**'s latest earnings call guidance that Phase 3 data is expected by end of 2025 and that it has sufficient cash ($77M) to fund operations through an NDA filing [3]. We also reviewed **SELLAS Life Sciences (SLS)**'s Q3 update: the Phase 3 AML trial is event-driven with final results anticipated around year-end 2025, and the company bolstered its cash via warrant exercises (total ~$73M) [4] [5]. These checks ensured our theses remain up-to-date.

- **Market Cap & Liquidity Checks:** We verified each holding's market cap is still below $300M (MIST ≈ $265M [6], VTGN ≈ $175M [7], SLS ≈ $248M [8]) and looked at recent trading volumes. All positions trade millions of shares on average (see Risk Checks), confirming we can enter/exit easily.
- **New Catalyst Scans:** We searched for other micro-cap stocks with imminent catalysts (e.g. FDA decisions or trial readouts in December). Notably, **Aldeyra (ALDX)** has a PDUFA on Dec 16 for a dry eye drug [9], and **Outlook Therapeutics (OTLK)** faces a Dec 31 FDA decision on its eye disease biologic [10]. We evaluated these as potential candidates (theses summarized below). We also noted the FDA approval of Axogen's nerve graft (AXGN) on Dec 3, though that catalyst has passed [11].
- **Risk Assessment:** We cross-checked our portfolio for any rule violations or outsized risks. Concentration and stop-loss placements were reviewed and found to be in line with our risk management plan (detailed in Risk Checks below).

Sources used in our research include official company press releases, FDA calendar updates, and financial news outlets (Nasdaq/RTTNews, Reuters, Yahoo/Finance, etc.), as cited throughout this report.

Current Portfolio Assessment

Our current portfolio is concentrated in three biotech positions, each chosen for a specific **catalyst event** expected within our experiment's timeframe. Below is an overview of each holding, including its role in the strategy, entry point, cost basis, stop-loss, conviction level, and current status:

Ticker	Role / Thesis	Entry Date	Avg. Cost	Current Stop	Conviction	Status
MIST	Lead FDA Approval Play (PSVT drug)	2025-10-30	$1.75	$1.60	**Very High**	**HOLD** – PDUFA 12/13, awaiting FDA decision.
VTGN	Key Phase 3 Data Play (Social Anxiety)	2025-11-30	~$3.60	$3.20	**High**	**HOLD** – Phase 3 readout due ~year-end.
SLS	Moonshot Trial Play (AML vaccine)	2025-10-30	$1.41	$1.10	**Moderate**	**HOLD** – Final Phase 3 analysis imminent.

- **Milestone Pharmaceuticals (MIST):** Entered in late October 2025 as our top conviction idea. Cost basis ~$1.75/share. Stop-loss set at $1.60 to limit downside (~8% below cost). **Conviction: Very High.** Status: **Holding** into the FDA's decision on etripamil (nasal spray for PSVT) on Dec 13. This is the portfolio's highest-confidence catalyst.
- **VistaGen Therapeutics (VTGN):** Initiated in late November 2025. Cost basis around $3.60. Stop-loss placed at $3.20 (about 10–15% below cost) to guard against a trial failure. **Conviction: High.** Status: **Holding** for Phase 3 data from the PALISADE-3 trial in social anxiety disorder expected by end of December. Binary event with ~50/50 odds, but significant upside if positive.
- **SELLAS Life Sciences (SLS):** Entered in October 2025 as a high-risk, high-reward "lottery ticket." Cost basis ~$1.41. Stop-loss at $1.10 (~22% below cost) to cap potential loss on trial failure. **Conviction: Moderate.** Status: **Holding** through the Phase 3 REGAL trial final analysis in AML, anticipated around

year-end 2025 (could be any week now given event-driven timing [5]). Low probability of success, but multi-bagger potential if the trial is positive.

Each holding's **status** is active hold – we have clear catalyst-driven exit plans (detailed in the Thesis Review). All stops are live to protect the portfolio if things go wrong.

Candidate Set

In our catalyst scan, we identified a couple of **new micro-cap opportunities** with near-term events. However, given our limited cash and the strength of our current convictions, we are **not adding** them at this time. For transparency, here are the candidates considered:

- **ALDX (Aldeyra Therapeutics)** – PDUFA decision due **Dec 16, 2025** for **reproxalap** (a new dry eye disease drug) [9]. This is a resubmitted NDA after prior Complete Response Letters (CRLs), so approval would be a turnaround for the company. Market cap is ~$290M (at ~$5/share) which is right at our micro-cap cutoff [12]. **Liquidity**: trades ~1–2 million shares daily, so entering/exiting would be feasible. **Thesis:** If approved, reproxalap could address an unmet need in dry eye flares, and the stock might jump (analysts have mid/high-single-digit price targets). However, after multiple CRLs, there's risk the FDA could delay or reject again. *Conclusion:* We decided **not to initiate** due to capital constraints and because ALDX's risk/reward, while solid, is less compelling than our current plays (upside likely +50-70% on approval vs. 100%+ for MIST or VTGN).

- **OTLK (Outlook Therapeutics)** – FDA decision expected **Dec 31, 2025** on **ONS-5010 (Lytenava)**, an ophthalmic formulation of bevacizumab for wet AMD [10]. This is a **resubmission** following an August CRL (manufacturing issues). The FDA granted a quick 2-month review, implying OTLK addressed the issues. **Market Cap:** ~$90M (at ~$2.05/share) [13], well within our size range. **Liquidity:** ~0.5–1M shares/day, adequate. **Thesis:** If approved, OTLK would have the first FDA-approved bevacizumab for retinal disease, potentially capturing a slice of the large anti-VEGF market. The stock could explode upward (multi-bagger potential given low market cap). Downside: another rejection would likely tank the stock under $1. *Conclusion:* This is a high-upside catalyst we like. However, the PDUFA date is just after our experiment ends, and our cash is fully deployed. We chose **not to initiate** now. If one of our current positions realizes gains (freeing cash) before Dec 31, we might consider OTLK opportunistically, but for now we'll watch from the sidelines.

(We also noted other December events (e.g. Axogen's recent FDA approval, etc.), but those either don't fit our size criteria or have already played out.)

Portfolio Actions

After reassessing everything, here are our planned portfolio actions for Week 24:

- **Keep MIST:** *Maintain our full 14-share position.* **Reason:** MIST remains our highest-confidence play with its PDUFA on 12/13. All research reinforces our bullish thesis – strong Phase 3 efficacy and no red flags identified [1]. The FDA decision is imminent; we want full exposure to the potential approval upside. We are not trimming because the risk/reward is still heavily in our favor (expected approval and significant stock jump). Our stop-loss at $1.60 stays in place to protect against a worst-case surprise.

- **Keep VTGN:** *Maintain our 6-share position.* **Reason:** VistaGen's Phase 3 trial readout is due within weeks. The stock has been gaining ahead of data (recently trading up to the mid-$4s), reflecting optimism. We still assess the outcome as ~50/50, but the **upside payoff is large** (could potentially double to $8-$10 on success, given no approved acute therapy for Social Anxiety). With $77M cash on hand, VTGN is financially stable through the data and into a possible NDA [3]. We will hold through the catalyst. The stop-loss at ~$3.20 will be kept to limit downside if the trial fails. No trim here either – the position size is already moderate, and we want the full upside if it hits.

- **Keep SLS:** *Maintain our 13-share position.* **Reason:** SLS is our speculative moonshot on the Phase 3 AML vaccine trial. Despite being the lowest-probability bet, it's independent of the others and could yield a several-fold return if positive. Importantly, interim analysis in August did **not** stop for futility [5], and the company's recent R&D day had key opinion leaders **"genuinely enthusiastic"** about the data trends [14]. The stock's 20%+ rise this past week (to ~$1.74) suggests some market participants are positioning for results. We acknowledge the high risk (a negative outcome could halve the stock or worse), but given our experiment's endgame, we will hold through the result. Our stop at $1.10 remains to mitigate a failure scenario. We are not adding or trimming; the position size is already small (reflecting the risk) and any reduction would trivialize the potential impact on our portfolio if it succeeds.

- **No Trims or Exits:** None of our holdings have hit any profit targets yet (those would come only *after* catalysts). We intentionally **avoid trimming** MIST's pre-catalyst run-up, for instance, because the core binary event is still ahead and we have a clear plan to sell **after** a hopefully positive outcome. Similarly, we won't pre-emptively exit SLS or VTGN early, as their theses hinge on the upcoming data. All stops are in place to handle the downside, so a manual early exit would simply lock in losses or small gains without realizing the catalysts' potential.

- **No New Initiations (for now):** We decided **not to add** any new stock this week. We considered ALDX and OTLK (as described), but we have essentially **no free cash** left (only ~$0.85). More importantly, our current trio of positions already provides the high-octane exposure we want; introducing a new position would require selling something we're convicted in. Thus, we will stand pat with our three holdings. (If circumstances change mid-week – e.g., a successful MIST approval giving us realized profits to redeploy – we may revisit one of the candidates, but that would be handled then under our catalyst reaction plan, not as a preset action now.)

In summary, the plan is to **hold all existing positions steady** into their respective catalysts, with all risk controls active. We are effectively in a "maximum conviction" stance and will let the events play out.

Exact Orders

Below are the exact orders we are placing to implement the above actions. Since we are not adding or removing any core positions today, the orders mainly involve **maintaining stop-losses** on each holding (and ensuring our recent VTGN buy order and stop are in place). All orders will be placed at the start of Week 24 (on Monday, 2025-12-08) with appropriate parameters:

Action	Ticker	Shares	Order Type	Limit/ Stop Price	Time in Force	Intended Execution Date	Stop Loss (for buys)	Special Instructions	Rationale
(No new buy orders – no additions)									*(Fully invested; see sell stops below.)*
Sell (Stop)	MIST	14	Stop-Market	Stop $1.60	GTC	2025-12-08 (active)	N/A	Trigger if bid ≤ $1.60	Protective stop-loss ~8% below cost basis (and ~40% below current price), to exit on FDA rejection or other unforeseen bad news. $1.60 was chosen around prior support and roughly the cash-per-share backstop [2].

Action	Ticker	Shares	Order Type	Limit/ Stop Price	Time in Force	Intended Execution Date	Stop Loss (for buys)	Special Instructions	Rationale
Sell (Stop)	SLS	13	Stop-Market	Stop $1.10	GTC	2025-12-08 (active)	N/A	Trigger if bid ≤ $1.10	Stop-loss to limit downside on trial failure. $1.10 is below recent lows, allowing volatility but cutting off a major loss (~22% below cost) if the Phase 3 is negative. (Note: a bad result could gap below $1.10, but this order ensures we exit at the best possible price in that scenario.)

Action	Ticker	Shares	Order Type	Limit/ Stop Price	Time in Force	Intended Execution Date	Stop Loss (for buys)	Special Instructions	Rationale
Sell (Stop)	VTGN	6	Stop-Market	Stop $3.20	GTC	2025-12-08 (active)	N/A	Trigger if bid ≤ $3.20	Stop-loss approximately 12% under our entry. This protects us if PALISADE-3 data disappoints. $3.20 is set just under a recent support level and near the pre-rally price – a logical line to abandon if broken, as it likely signals a trial failure selloff.

Note: All limit/stop orders are placed as **Good-'Til-Canceled (GTC)** to remain active through the catalyst windows. We prefer **stop-market** orders (rather than stop-limit) for guaranteed execution if bad news hits, given these events can cause gaps – we prioritize getting out over holding out for a specific price in a crash scenario. No new **buy** orders are placed this week since we're not adding positions (hence no "Stop loss for buys" needed, aside from those already set above).

All orders will be entered at the market open on 2025-12-08. Our execution policy follows standard behavior: limit orders (if we had any) would fill only at our price or better, and stop orders convert to market orders once triggered. In this case, the stop-loss orders will sit idle unless their trigger price is hit, at which point they'll execute at the next available price. We use **DAY** for any discretionary entry orders and **GTC** for stop-loss orders; since only stops are being placed, they are GTC as noted.

(Execution note: Our existing positions were purchased in prior weeks (including VTGN last week via a limit order) – those trades have settled, and their initial stops are now being confirmed/updated as above. Should any stop trigger, we will reassess and possibly redeploy capital during the week, but those actions would be per our plan and within the rules.)

Risk and Liquidity Checks

We have thoroughly checked that our updated portfolio and orders comply with all risk constraints:

- **Position Concentration:** After these actions, the portfolio remains split across three stocks (roughly 99% invested, 1% cash). **MIST is ~43%** of the portfolio by value, **VTGN ~30%**, and **SLS ~26%** (based on current prices). No single position exceeds 50% of the portfolio, so we are within reasonable concentration limits. We acknowledge this is a deliberately concentrated portfolio (all biotech), which heightens idiosyncratic risk, but this is an intentional part of our strategy to maximize upside from independent events. We are comfortable with these weights given the short remaining timeframe. Diversification here is achieved via uncorrelated biotech catalysts rather than number of positions.

- **Cash After Trades:** We will have **~$0.85 in cash** left after placing the above orders. Essentially all capital is deployed. We are not using any margin or leverage – just the original cash. No new cash is being added; we're strictly using the existing portfolio value. The tiny cash reserve (~1% of portfolio) is kept for flexibility (e.g., covering any small fees or as a buffer). This means the portfolio is effectively fully invested heading into the catalyst events.

- **Order Liquidity:** Our trade sizes are **extremely small relative to market volumes**, meaning negligible market impact and easy execution:

- **MIST:** 14 shares is less than 0.001% of MIST's ~2 million average daily volume [15]. This is an **insignificant** size – the stop should execute easily if ever triggered. Slippage risk is minimal.
- **VTGN:** 6 shares vs roughly 0.8–1.0 million shares traded daily [16]. This is effectively 0.0007% of daily volume – again trivial. Liquidity is plentiful; our stop will not have any issue filling.
- **SLS:** 13 shares vs ~4 million average volume [17] (~0.0003%). SLS is very actively traded; our order is a drop in the ocean. Even during volatile catalyst movement, a dozen shares will clear instantly at the market price.

All stocks have tight bid-ask spreads in normal trading, and given the small order sizes, we expect **no significant slippage**. Even in a fast market (post-catalyst), the volume should absorb our orders easily. We've chosen stop-market orders to guarantee execution. We've also staggered stop trigger levels so they don't all potentially hit at once on a minor dip – each is specific to that stock's risk profile.

- **Volatility and Risk Management:** By nature, these biotech positions are volatile (as seen in our portfolio's high drawdown). We manage this with **hard stops** (as detailed) and by sizing – note that even our largest position (MIST) was initially only about 30% of capital at cost. No margin means we cannot lose more than our investment. Our max drawdown so far (-50.3%) reflects the high volatility strategy, but at this stage we accept volatility in exchange for potential outsized gains. Importantly, the risks of each position are **idiosyncratic**, not market-driven, so a failure of one doesn't affect the others' odds (this is a form of risk mitigation through non-correlation).

- **Stop-Loss Placement Logic:** We revisited each stop level to ensure it still makes sense given current prices:

- MIST's $1.60 stop is well below the current ~$2.60 price – it's essentially a disaster stop (around the stock's pre-run-up base and just above its Q3 cash per share) [2]. This won't trigger unless a major

negative event occurs (e.g., FDA rejection). That level ensures we'd exit before a potential free-fall to $1 or lower in that case.

- SLS's $1.10 stop is below recent trading range. With the stock at $1.74, this stop gives room for volatility but protects us from a >20% downside. If the trial fails, $1.10 will hopefully be a ceiling on our exit price (stock could drop into the $0.50-$1.00 range on bad news, so at least we're out near the upper end of that drop).

- VTGN's $3.20 stop is ~15% below the current ~$3.80-$4.30 range. This is just under the level the stock was before the latest run. If the trial were to fail, the stock could fall to $2–$3; our stop would execute on the way down, reducing us from full exposure to perhaps a 10-15% loss (if it gaps, we might get a fill a bit below $3.20, but still far better than riding to $2). We are **comfortable** that these stops appropriately balance giving the stocks room vs. protecting capital.

- **No Rule Breaches:** Finally, we double-checked compliance: all holdings remain U.S. micro-caps <$300M (see market caps above), we use no forbidden instruments, and all orders are within the rules. There are **no stop-loss breaches currently** (all stocks are trading well above their stop levels). We will continuously monitor during the week, especially as catalyst news hits, to make sure we react within our risk framework.

Monitoring Plan

This week (Week 24) is critical – our portfolio's fate largely hinges on upcoming catalyst outcomes. Our monitoring and management plan is as follows:

- **Milestone (MIST) – FDA Decision (Dec 13):** The FDA's PDUFA date for MIST's etripamil nasal spray is Saturday, 12/13/2025 [18]. In practice, we anticipate news could come on Friday 12/12 after market close or Monday 12/15 (if the FDA uses the next business day). **Plan:** We will be on high alert from Dec 12 onward. If **approval news** comes out, we will immediately assess the stock's pre-market or opening move. Our plan (from prior weeks) is to **sell most or all of our MIST position into post-approval strength**. Specifically, we'd likely use a **limit order** to capture prices in our target range (approximately $3.50–$4.50, based on comparable approvals and analyst targets). We anticipate a sizable gap up on approval – at that point we may execute a market sell for speed if liquidity is high (given the stock traded 3.4M shares on a normal day [15], it could trade multiples of that on news). We'll decide the exact selling method to balance speed and price. If news is **negative** (another CRL or delay), our GTC stop at $1.60 will likely trigger at the open following the news. We will monitor the order to ensure execution and potentially adjust if the market is dislocated (e.g., if bid/ask is wildly wide, we might briefly use a limit to avoid an extreme low print, but generally the stop-market ensures we're out). After any outcome, we'll reassess how to redeploy the resulting cash in the final two weeks of the experiment – likely focusing on remaining catalysts (for instance, using MIST gains to possibly pick up OTLK or add to others if warranted).

- **VistaGen (VTGN) – Phase 3 Data (expected late Dec):** Management has guided that top-line results from PALISADE-3 will be reported **before year-end 2025** [3]. We interpret this as likely mid-to-late December. It could even align with a medical conference or simply be a press release any day in the second half of December. **Plan:** We'll monitor company announcements and biotech news outlets closely starting around Dec 15. If data is **positive**, VTGN could surge dramatically (we estimate into the $8–$10 range, though exact move will depend on the effect size and market sentiment). We plan

to **sell half** of our position on the initial spike to lock in profits, and let the remaining half ride with a tight trailing stop – this way we capture further upside but protect gains. (We will formalize this plan in next week's window if the data hasn't hit by then, or execute it on the fly if it hits sooner.) If data is **negative**, our stop at $3.20 should trigger. We will monitor the stock's trading; if it gaps down significantly (say opens at $2.50), we'll still be taken out near that level and likely will not re-enter (the thesis would be busted). We will also listen to any conference call the company holds for color on secondary endpoints or next steps, as that could influence if we re-enter at a lower price (only if some salvageable value remains, which is unlikely in a outright Phase 3 failure). Essentially, for VTGN, success means take profits methodically; failure means accept the stop-loss and move on.

- **SELLAS (SLS) – Phase 3 Result (timing uncertain, year-end target):** SLS's REGAL trial final analysis will occur once 80 events (deaths) happen in the AML study. The company guided this could be by **end of 2025** but it's not a fixed date [5]. It could literally happen any day or slip into early January if events are slow. **Plan:** We are vigilantly watching for any **press release from SELLAS** or major oncology conference updates. Since this is an event-driven timing, there might be no warning – just an announcement of top-line results when ready. We have our stop-loss in place in case of a collapse. If **results are positive** (i.e. the vaccine shows a significant survival benefit), the stock could skyrocket (we might see a move to $3–$5+ given how low the base is and the potential validation of their platform). In that scenario, we will likely **sell the majority of our 13 shares immediately on the news pop** – liquidity should be ample (millions of shares will trade on such news). We may consider keeping a small token amount (a couple shares) as a longer-term hold if the data truly transform the company's outlook (since with cash on hand, SLS could continue higher over weeks or months on follow-through, but our experiment ends Dec 27 so we might just take all profits). If **results are negative** (no survival benefit), SLS will likely plunge (perhaps to ~$0.50-$0.80). It's possible it opens below our $1.10 stop; we'll get out near whatever price the market stabilizes at (our stop will execute at market – we'll watch to ensure it goes through). We don't plan to hold SLS after a failure; we'd take the loss and not look back, as the thesis would be over. One additional risk: if no news comes by Dec 27, the experiment ends with us still holding SLS. In that case, we'll evaluate the value of holding vs selling in the final week. Given the company's strong cash position (~$73M) [4], downside of holding slightly longer is cushioned even if we go past Dec 27. We might hold into early January if needed (though that's beyond the experiment scope, we note it for completeness).

- **General Market Monitoring:** While our positions are catalyst-specific, we'll keep an eye on overall market conditions and biotech sector news. Macro market swings aren't our primary concern (these stocks move on their news), but an extreme market event could affect liquidity. We will also watch peer stocks for read-through: e.g., if a competitor or related drug has news, it might hint at our catalyst outcomes or affect sentiment. An example is that no directly comparable events to MIST exist (first-in-class drug), but if there were FDA communications on similar fast-acting therapies or any safety concerns in related drugs, we'd take note. So far nothing of that sort has emerged.

- **Hedges & Contingency:** Since we cannot short or buy puts, our "hedge" is essentially the diversity of the three independent events. We accept that all three could, in a bad-case scenario, fail (that's our max risk). We've placed stops to at least salvage some capital in that case. If one catalyst hits early and boosts our portfolio (say MIST approval), we will re-evaluate mid-week how to **redeploy gains**. Possibilities include: initiating one of the above-mentioned candidates (ALDX or OTLK) for their later-month catalyst, or increasing our stake in the remaining positions if their risk/reward still looks good. Those decisions will be made in real-time and documented in the next weekly report.

In summary, the week will be spent in close observation mode. We have clear trigger points (FDA announcement, press releases) and predefined responses (stops or selling into strength). The plan is to **execute decisively when news hits**, not to hesitate. We'll also keep the communication lines open – if any order fails or any unexpected situation arises, we'll adapt promptly (within the boundaries of our rules). This monitoring plan ensures we capitalize on wins and cut losses on any defeats swiftly.

Thesis Review Summary

As we head into Week 24, our portfolio is purposefully concentrated in three **biotech catalyst plays**, each with an imminent binary event. This "all or nothing" approach was adopted to try to dramatically outperform in the final stretch of the experiment. Below is a brief recap of each position's **thesis, recent developments, and our game plan**, to reinforce why we are holding these through their catalysts:

Milestone Pharmaceuticals (MIST)

- **Catalyst/Thesis:** MIST's novel nasal spray **etripamil (Brand: CARDAMYST)** for treating paroxysmal supraventricular tachycardia (PSVT) is awaiting **FDA approval on Dec 13, 2025** [18]. Our thesis is that approval is highly likely. The Phase 3 efficacy data were robust – etripamil significantly increased conversion to normal heart rhythm vs placebo in trials [1]. This is a first-in-class at-home therapy for PSVT, addressing a major unmet need (currently patients often have to go to the ER for IV drugs). MIST had a prior setback in 2021 due to manufacturing issues (leading to a CRL), but they have **resolved those issues** and resubmitted successfully (FDA accepted the NDA and gave this PDUFA date). The company appears well-prepared: they have **$82M+ cash** (as of Q3) and even a **$75M milestone payment lined up upon approval** from their investors [2] – meaning they can launch without immediate financing risk.

- **Recent Developments:** The stock has rallied into the high-$2s in anticipation (52-week high was $2.77, and it closed at $2.64 on Dec 4 [19]). We interpret this strength as a sign of investor confidence. MIST's Q3 update had bullish tone (management "optimistic and excited" for the PDUFA). Additionally, new analyses at the AHA meeting showed consistent efficacy across subgroups [20], and the drug even got a mention in updated ACLS guidelines as a potential future tool – underscoring its medical importance. We have not seen any negative signals (no FDA AdCom was required, no safety issues flagged publicly). Analysts' price targets vary but generally are **considerably above the current price** (mid-single digits), reflecting the value of approval.

- **Catalyst Outlook:** We are **highly confident** in a positive outcome. Approval would mark the **first new PSVT drug in decades** [21], likely transforming MIST from a clinical-stage to a commercial-stage company overnight.

- **Upside scenario:** On approval, we expect MIST stock to jump to roughly **$3.50–$4.50** immediately (roughly a 50%–70% gain from current levels, potentially more if hype builds – note some aggressive analysts even cite $6-$7 targets in 12 months). Given our $1.75 entry, that would be a excellent return (~+100% or more). Longer-term, if sales ramp up or a buyout occurs, upside could extend, but within our experiment timeframe we'd likely realize gains in that range.

- **Downside scenario:** If by some surprise the FDA issues a rejection or delay (CRL), the stock could crater – perhaps 50-60% drop toward $1 or below. However, MIST's ~$1.50/share in cash provides some fundamental backstop. Our stop-loss at $1.60 should get us out around that level, limiting further damage. So risk is roughly -$0.15/share from our cost (if stop executes near $1.60, small loss per share) whereas reward is +$1.50 to $2.50/share.

- **Plan: Hold through the FDA decision.** We will not sell beforehand – the risk/reward is too favorable. If approval comes, we will swiftly execute our plan to sell most or all shares into the post-news rally (locking in what could be near a double from our entry). If a surprise rejection comes, the stop-loss will trigger and cap the loss. Essentially, we've positioned MIST as the cornerstone of our comeback attempt – high probability, decent magnitude payoff, and well-controlled risk.

- **Thesis Confidence: Very High.** We view MIST as our **top play**. The data is strong, the need is clear, and the FDA typically is amenable to drugs like this with no alternatives. The presence of the milestone financing on approval also indicates insiders/investors are optimistic. Barring an unforeseen issue, we think this will be a win.

VistaGen Therapeutics (VTGN)

- **Catalyst/Thesis:** VTGN is on the verge of a potentially game-changing Phase 3 result for **fasedienol (PH94B)** in **Social Anxiety Disorder (SAD)**. The trial (PALISADE-3) addresses the shortcomings of an earlier failed Phase 3 by using a more real-world public speaking challenge and stricter enrollment to mitigate placebo effects. Our thesis is that this redesigned trial has a reasonable chance (~50%) of success, which would resurrect fasedienol's development path. If positive, fasedienol would become the **first fast-acting, as-needed therapy for SAD**, a huge market with millions of patients and no acute treatment (current meds are chronic SSRIs or benzos off-label). That could make VistaGen extremely valuable relative to its current ~$170M market cap. The readout is expected **in the next few weeks (by end of 2025)** [3].

- **Recent Developments:** VistaGen's management recently confirmed on the Q2 FY2026 earnings call (Nov 13) that they remain **on track for topline data by end of year**, and importantly, that if the data are positive they aim for an NDA submission by mid-2026 [22] [3]. They also reported **$77.2M in cash (as of 9/30/25)**, which they believe is enough to reach that NDA filing [23] [24]. This cash runway significantly de-risks the stock fundamentally (no immediate dilution expected). In the past two weeks, VTGN's stock price has climbed ~20% from the mid-$3s to around **$4.30–$4.40**. This move suggests rising investor optimism (possibly speculation that the trial might succeed given adjustments made, or simply traders positioning ahead of data). We have not seen any leaks or data previews, but the upward trend and increased volume (~1M shares/day vs ~0.6M before [25]) is a positive sentiment indicator. Also of note, VistaGen added a board member with FDA approval experience (Paul Edick) [26], signaling they are preparing for success. No new safety issues or trial delays have been noted publicly.

- **Catalyst Outlook:** We assign roughly a **50/50 probability** of a positive outcome (essentially a binary gamble). The reason our confidence isn't higher is that CNS trials are tricky and the prior Phase 3 failed due to placebo effect – there's no guarantee the fixes worked. However, even at 50% odds, the **upside payoff is asymmetrically large**:

- **Upside scenario:** If PALISADE-3 meets its endpoints, VTGN could **rally dramatically**. We estimate a move to **~$8–$10/share** is feasible in the short term. This is based on comparable biotechs that had successful psychotropic drug Phase 3 results and the fact that VistaGen's market cap would still be only ~$350–$400M at ~$8 (which is reasonable for a Phase 3 success with a huge indication; indeed, potential peak sales could justify well above $1B valuation longer-term). Some analysts might even dust off price targets in the teens. We will be mindful that a spike could overshoot and retrace; hence our plan to sell in two stages (to capture the initial euphoria and also any further upside).

- **Downside scenario:** If the trial fails (no efficacy), VTGN likely falls back to pre-hype levels or lower. That could mean a drop to **around $2–$3**. Given the company's cash, it might not go much below cash value ($77M cash is about $1.95/share with ~39.5M shares [27]). But the market usually heavily penalizes a failed psych trial, so even with cash, $2-ish is possible. Our stop at $3.20 is designed to get us out before or around the high-$2s. We'd be looking at roughly a 10-15% loss from our cost – quite tolerable. The company would still have other pipeline assets (like an oral depression drug and a pherine for hot flashes), but those are early-stage; the stock would likely languish after a failure, so we wouldn't stick around.

- **Plan: Hold through data release.** We are not de-risking by selling any shares beforehand because the potential reward justifies the risk, and we have a stop in place for protection. As outlined, if data are positive, we plan to sell about half our position on the initial surge (to lock in a win), and let the rest run with a trailing stop (to benefit if the stock keeps climbing on follow-up news like partnership talks, etc.). If data are negative, the stop-loss will trigger and we will take the loss and move on – no doubling down in that scenario. We will also watch if any early hints (rumors, poster presentations, etc.) emerge – but likely this will come as a one-time press release.

- **Thesis Confidence: High.** This is a classic binary biotech bet. We are essentially optimistic about the trial design improvements and the fact that management sounded confident (they must have some sense of how it went, since last patient last visit occurred and data was being analyzed). The **risk is significant** but we feel it's worth it. We wouldn't normally put a 50/50 shot in the portfolio, except that the upside is multiples of the downside. With a solid cash cushion, even failure doesn't mean zero value. Overall, we're excited about VTGN's chance to be a turnaround story in the final weeks.

SELLAS Life Sciences (SLS)

- **Catalyst/Thesis:** SLS represents our "moonshot" bet: the Phase 3 **REGAL trial** of galinpepimut-S (GPS), a cancer vaccine immunotherapy, in acute myeloid leukemia (AML) patients in second remission. The thesis here is contrarian – historically, cancer vaccines have a low success rate, and the odds are against this trial. However, if GPS were to show a significant **overall survival** benefit, it would be a *game-changer*. SLS would go from a tiny ~$230M biotech to potentially a company with a platform cancer vaccine (and a valuable pipeline, including a CDK9 inhibitor SLS009). The interim analysis in August did **not stop for futility**, which suggests the vaccine had at least some effect (if it were completely ineffective, likely the trial might have been halted). That kept the hope alive. Our view is that while chances might be in the ~10-20% range for success, the **magnitude of upside** if it succeeds is so large that a small position is justified.

- **Recent Developments:** SELLAS has been shoring up its fundamentals ahead of the readout. In Q3, they reported **$44.3M cash as of 9/30, plus an additional $29.1M from warrant exercises in October** [28], giving them around **$73M total** – a strong cash position for a micro-cap. This means even if the trial fails, the company isn't going bankrupt immediately (they have funds to pivot to other programs or trials). That may mitigate a total collapse of the stock on bad news (it might not go to penny-stock levels). The company hosted a **Virtual R&D Day on Oct 29** focusing on GPS and SLS009, where **key opinion leaders voiced genuine enthusiasm** for the data seen so far and the science behind it [29]. This was obviously promotional, but it's better than hearing skepticism. Additionally, SLS009 (the unrelated CDK9 inhibitor program) had positive Phase 2 data in AML presented at ASH this week, showing the company has another leg to stand on [30]. The stock price has shown an uptick this past week, rising from about $1.40 to ~$1.74 (with big volume spikes over 10M shares on Dec 4 [31]). Such a move indicates that speculation is building – some investors might be positioning for a surprise win, or at least for a "run-up" trade. We must note: this run-up also increases the risk of a "sell the news" drop if there's no news by year-end or if results are merely so-so.

- **Catalyst Outlook:** We remain aware that this is a **low-probability, high-impact** event.

- **Upside scenario:** If REGAL hits – meaning GPS-treated patients live significantly longer than placebo – SLS stock could **explode upward**. A move to **$4–$5+** (2-3x current price) in the short term is conceivable. It reached $2.48 at one point this year on far less news, so $4-$5 on a genuine breakthrough is plausible. Some extremely bullish cases could argue for even higher (given $73M cash, no debt, and a successful Phase 3 asset, a market cap of $500M-$600M isn't crazy, which at ~150M shares would be ~$4). However, we would not get greedy beyond that initial surge – we would secure profits likely around those levels. We might keep a tiny fraction as a lotto for even more, but given the experiment's timeline, we'd likely realize gains quickly.

- **Downside scenario:** If REGAL is a failure (no survival benefit or trial fails to meet endpoint), the stock will likely drop hard – perhaps on the order of **50%+ down**. Because of the cash balance, maybe it settles around $0.70-$0.90 (which would be roughly cash value per share). Our stop at $1.10 would trigger, though there's a chance the opening drop could be below that (we might get out around $0.90-$1.00 if it gaps; that's still a sizable hit but limited in absolute dollars given our small share count). The risk here is essentially losing about half our position value. That's painful but won't sink the portfolio on its own (roughly -$9 loss). If it coincides with other failures, it contributes to the drawdown, but that's the nature of this high-risk strategy.

- **Plan: Hold through the trial outcome.** We're effectively treating SLS as a lottery ticket with a calculated edge. We won't sell beforehand because any chance of success would yield a payoff that dwarfs the current small profit we have on it. Our position size (13 shares) was deliberately kept modest due to the risk, so even a total loss is contained. Upon a **positive result**, as mentioned, we will likely sell most shares into the initial frenzy. Given the low float and high speculation, the stock could be very volatile; we might use limit orders to ensure we don't sell too low in a fast market, but we also don't want to miss the peak – so we'll gauge momentum. We might retain 2-3 shares to see if there's follow-through (since sometimes these stocks run for days on end), but we'd implement a trailing stop on those. In the event of **negative results**, the stop-loss takes over and we'll exit. We won't double down or anything because the primary thesis (GPS in AML) would be dead. We'd then shift focus to whether the remaining cash and SLS009 program support any value – but that's for post-mortem; likely we'd move on. If **no result by our final week**, we'll decide whether to hold into

overtime or not. Leaning toward holding a bit beyond if needed, because the risk of holding a little longer for the binary is probably fine given the cash cushion (but this is a decision we'll make if we come to it).

- **Thesis Confidence: Moderate.** Let's be clear: we know SLS is a long shot. We categorize our confidence as moderate *only in the sense of our willingness to bet on it*, not that we think it's more likely than not to succeed. We are essentially *hopeful but realistic*. There are encouraging signals (no futility stop, enthusiastic experts, substantial cash buffer). At the same time, history reminds us most cancer vaccines fail. By allocating a small portion of the portfolio, we've accepted this risk. The potential reward – a chance at a home run that could even put our portfolio ahead of the S&P in one stroke – is what justifies this play. It's the classic high-risk/high-reward scenario.

Big Picture – Portfolio-Level Thesis

We deliberately constructed the portfolio in recent weeks as a concentrated bet on **three independent biotech catalysts**. This was a pivot away from a more diversified approach earlier in the experiment, driven by the need to attempt a dramatic catch-up to the benchmark (we're currently behind the S&P 500 by a significant margin). The underlying logic is:

- These catalyst outcomes are **uncorrelated** with each other (heart drug approval, anxiety drug trial, cancer vaccine trial – totally different indications and mechanisms). Thus, they represent a form of diversification by event. The success or failure of one does not influence the others.
- By focusing on binary events, we set up the possibility of **large upside moves**. A single biotech win can double or triple a stock overnight.
- The trade-off is **high volatility and downside risk**, which we have seen (our portfolio saw ~-50% drawdown at one point). However, we mitigated risk by using stop-losses and by sizing – we didn't "go all in" on any one play but spread across three.
- We recognized that to have any shot at beating the S&P by year-end after earlier losses, we needed some **multi-bagger** opportunities. Simply holding stable stocks wouldn't cut it in the time remaining. This strategy, while risky, was aimed at that asymmetric payoff.

At a portfolio level, the **outcomes** we envision: - **One big win out of three** could narrow the performance gap substantially. For instance, if MIST alone doubles on approval while the others tread water or hit stops, our portfolio value would jump significantly (likely bringing us close to breakeven vs. starting $100, if not above). - **Two wins** (say MIST and VTGN both succeed) could potentially push the portfolio **ahead of the S&P 500**. The math: a 100% gain on MIST and, say, 80-100% gain on VTGN would more than compensate for maybe a 50% loss on SLS. That scenario could vault the portfolio to new highs. - **All three winning** is the grand-slam scenario (rare, but not impossible) that would far exceed the benchmark. Conversely, **zero wins** would mean we take stops on all and likely end well below the benchmark – essentially the gamble doesn't pay off.

We understand this approach is akin to a venture capital style or hedge-fund style swing for the fences. It's not a conventional steady strategy. But given the context (an experiment with a fixed end date and us trailing), it was a calculated decision. Importantly, we set it up so that *even in a total bust, the portfolio survives* (thanks to stops, we'd still have some cash left to end with something like ~$50-$60 if all failed, rather than $0).

We also consciously decided **not to hedge** these catalyst plays with, say, index shorts or diversified longs, because that would dilute the upside. The whole point was to maximize the impact of any wins. We accept the downside as the cost.

Now, as we enter what is likely the **climax of this experiment**, the portfolio is positioned for potentially wild swings. We have plans in place for either outcome of each event. The next two weeks (Week 24 and 25) will likely determine the final outcome.

In summary, our portfolio-level thesis is: *concentrate risk into a few uncorrelated high-impact bets, manage the downside with stops, and let the upside run.* This gives us a fighting chance to outperform dramatically, at the cost of higher volatility – a risk we chose knowingly.

Confirm Cash and Constraints

After implementing the above orders, our portfolio will consist of **14 MIST, 6 VTGN, 13 SLS, and ~$0.85 in cash**. We confirm that all actions and holdings are within the specified constraints:

- **Cash Utilization:** We are using only existing cash on hand. **No new capital** has been added. Pre-trade cash was $22.45; we used ~$21.60 of it last week to buy VTGN (6 shares), leaving **$0.85**. We are not making any new purchases this week, so cash remains ~$0.85. This small residual cash is simply left in the account. All planned orders (the stop-loss orders) do not require additional cash (they will just result in cash if triggered).

- **Full Shares Only:** All our positions and orders are in whole shares (14, 6, 13 shares respectively; no fractional trading).

- **Eligible Universe (Micro-caps < $300M):** All current holdings are U.S. micro-cap stocks under the $300M market cap limit:

- **MIST** – Market cap approx. $265M at $2.64/share [6]. (If approval hits, it might exceed $300M, but that's allowed to hold; we just wouldn't add more at that point.)
- **VTGN** – Market cap roughly $175M at ~$4.33 [7], well within limit.

- **SLS** – Market cap roughly $248M at ~$1.74 [8], within limit.
  We verified these using latest prices – thus we are in compliance on size. We will continue to monitor market caps if prices change drastically, but as per rules, we can hold even if one crosses $300M due to success (we just won't add new shares beyond that threshold).

- **No Prohibited Securities:** We hold only common stock equity in the above companies. We have **no options, no futures, no leveraged ETFs, and we are not short any stock**. We are using no margin loan – all positions are fully paid with cash. This strictly adheres to the long-only, no-derivatives rule.

- **Liquidity Considerations:** Each stock is liquid with high trading volume (as detailed in Risk Checks). Our trade sizes are tiny relative to volume (<<1%), ensuring easy execution. We anticipate no liquidity issues entering or exiting. We've also chosen appropriate order types (stops for exits) to manage

execution during potentially fast-moving events. We will be vigilant around trading halts or volatility pauses if news hits (common for biotech news); our orders are GTC and will execute once trading resumes in such cases.

- **Stop-Losses and Risk Management:** We have **stop-loss orders in place for every position**: $1.60 for MIST, $3.20 for VTGN, $1.10 for SLS (all GTC). These levels were chosen based on technical and fundamental considerations as discussed. As of now, none are breached – current prices are well above stops. There are **no active warnings** on risk limits; position sizes are reasonable and stops set. This means our downside is constrained – any catastrophic news should trigger an exit preserving a chunk of capital. We consider these stops a crucial part of our risk control, and we won't remove or loosen them without very good reason. If anything, we might tighten them after positive news to protect gains (though initial profit-taking will likely supersede stop moves).

- **Execution Strategy Compliance:** We are predominantly using limit and stop orders, which is in line with preferred execution (we're avoiding market orders except possibly when reacting to news in real-time for sales – but even then, likely using limits to control price). The **time-in-force** on our orders is appropriate (DAY for any intraday we'd do, GTC for stops that need to persist). We have laid out *intended execution dates* for orders (all stops active as of 12/08/2025). Everything is documented clearly, fulfilling the requirement to specify trade details.

- **Weekly Cadence:** We have formulated this plan during the Week 24 research window. We intend to follow it in the upcoming week. Any mid-week adjustments will only occur in response to the catalysts and according to the plan (e.g., selling on good news, letting stops hit on bad news). We won't be initiating random new trades outside this scope without analysis. This respects the process of sticking mostly to decisions made during the deep research phase, with exceptions only for executing the catalyst game-plan.

Final Portfolio Snapshot (Entering Week 24):

- **Holdings:** 14 MIST, 6 VTGN, 13 SLS
- **Cash:** $0.85
- **Portfolio value:** ~$86 (as of last close prices), to be updated as news develops.
- **Benchmark (S&P 500) comparison:** Starting $100 would be ~$110.7 now, so we are behind. Our strategy is aimed at closing this gap in the coming weeks.

All rules and constraints are **satisfied** with this plan. We have **no compliance issues** to report. The portfolio is positioned boldly but within all the given limits. We will execute the plan diligently and report back next week with outcomes and any adjustments.

Let's proceed with this high-conviction strategy and see if we can convert these catalysts into the performance boost we're seeking. We remain disciplined on risk while aggressively pursuing the upside as per our mandate.

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