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Research Summary

The portfolio is at the halfway mark (Week 13 of 26) and needs strategic adjustments to maximize risk-adjusted returns over the remaining 13 weeks. We focus on U.S. micro-cap stocks (sub-$300M market cap) with *near-term catalysts* – primarily biotech companies expecting FDA decisions (PDUFA dates) or pivotal trial data in the next 8–10 weeks – as well as any special situations where fresh capital, insider buying, or improving fundamentals signal a potential turnaround. All trades will be long-only (no leverage or shorting) and mindful of liquidity constraints (avoiding ultra-thin volumes). Given the limited cash on hand ($28.42), we will consider freeing capital by trimming or exiting current positions that lack imminent catalysts or carry unfavorable risk/reward profiles.

Our strategy is to **reallocate toward high-conviction, catalyst-rich opportunities** while controlling downside with disciplined position sizing and stop-loss orders. The goal is to capture asymmetric upside from upcoming biotech events (e.g. FDA drug approval decisions, Phase 2/3 trial readouts) and any small-cap rebound momentum, without overexposing the portfolio to a single binary risk. We begin by reassessing each current holding and then outline new candidate stocks, followed by specific portfolio actions, risk management measures, and a monitoring plan for the weeks ahead.

Current Holdings Assessment

Fortress Biotech (NASDAQ: FBIO) – *Specialty Biopharma Holding Company*. **Catalyst Update:** FBIO's near-term outlook is promising due to a major regulatory event: the FDA is due to decide on CUTX-101 (for Menkes disease) by **September 30, 2025** [1]. This PDUFA date is a key catalyst; approval could earn Fortress a Priority Review Voucher and future royalties (the asset was out-licensed) [2]. FBIO has performed well recently (shares +>60% in the last 30 days [3]) on news of this upcoming decision and the $28M sale of a subsidiary to Sun Pharma [2]. **Risk/Reward:** A positive FDA decision could further re-rate the stock upward (the voucher alone might be sold for ~$100M, nearly equal to FBIO's ~$110M market cap [4]). Conversely, a negative outcome (delay or non-approval) would likely cause a sharp pullback. Given the already substantial run-up, some profit-taking risk is present before the event. **Action – *Hold/Trim***: **Hold a core position** to participate in the FDA catalyst, but **consider trimming** a portion (e.g. 25–50% of shares) before Sept 30 to lock in gains and reduce downside exposure. The remaining stake can be held through the decision, with a tight stop set just below current levels to guard against a post-decision gap down. Overall, FBIO remains a catalyst-driven holding we'll keep (with slight de-risking) into Week 14.

4D Molecular Therapeutics (NASDAQ: FDMT) – *Gene Therapy Developer (Wet AMD, DME, CF)*. **Catalyst Update:** FDMT recently delivered positive interim Phase 2 results in diabetic macular edema (DME) – 60-week data showed reduced injection burden and favorable tolerability [5] [6]. The company has *no major data readouts expected in the next ~2 months*, as its pivotal Phase 3 wet AMD trials won't read out until 2027 [7] [8]. One potential catalyst is an update on its cystic fibrosis gene therapy (4D-710) – management guided that dose-escalation results are expected in H2 2025 [9] [10], which could feasibly occur by year-end. However, timing is uncertain and any CF data would likely be early-stage. **Performance & Financials:** FDMT's stock has strong momentum (+41% past six months [11]) and it boasts a very robust cash position ($417 M as of June 30, enough runway into 2028) [12] [6], which greatly reduces financial risk. On the flip

side, absent imminent trial results, the stock's upside might be limited in the short term. **Action – *Trim/Hold***: We **recommend trimming or even exiting** FDMT for now, banking profits from the recent rally. While fundamentally solid (large cash cushion and "Buy"-rated by analysts [13]), its next inflection point is beyond our 10-week window. Rotating capital into nearer-term opportunities should improve the portfolio's catalyst exposure. We will keep FDMT on the watchlist for re-entry on any significant dip or as new data approaches, but in the context of this *performance-driven experiment*, redeploying its capital to more immediate catalysts is prudent.

Soligenix (NASDAQ: SNGX) – *Micro-Cap Biopharma (Rare Diseases/Vaccines)*. **Catalyst Update:** SNGX is *very small ($11M cap) and high-risk*, with multiple "shots on goal" in H2 2025 but also pressing cash needs. It achieved a **Phase 2a proof-of-concept success** in Behçet's Disease this summer [14] [15], and the company's own guidance highlighted *two upcoming data readouts*: (1) **Phase 2a psoriasis trial results in Q4 2025** [16] and (2) an investigator-sponsored study update in cutaneous T-cell lymphoma (CTCL) around Q3 2025 [17] [18]. While these could be transformational if positive, they likely fall just outside the next 8–10 weeks (the psoriasis topline is expected by year-end). **Performance & Risks:** SNGX's stock spiked over 400% in H1 (to ~$6) on its CTCL and Behçet's news, but has since pulled back to ~$2.70 [19] [20]. The company's financial position is precarious – only ~$6.5M in cash as of July 1 [21], providing runway into Q1 2026 [21]. Management openly admits it is exploring "strategic options" including partnerships or financing [21]. This raises the probability of dilution or other capital raises in the near-term, which could pressure the stock. **Action – *Exit***: Given the *extremely high risk and lack of a catalyst firmly within our 10-week horizon*, we will **exit SNGX entirely**. This locks in any remaining gains from earlier moves and protects the portfolio from a potential cash-crunch driven selloff. We will re-evaluate SNGX once the Q4 psoriasis data approaches, but for now we prefer to allocate its capital into nearer-term, better-funded plays.

Candidate Set

After surveying the micro-cap universe, we have identified several promising candidates that meet our catalyst and liquidity criteria. Each of these stocks has an *actionable short-to-intermediate term catalyst* (FDA approval decision, trial readout, or similar) expected before the end of 2025, and all have market caps well under $300M. Below is the **candidate list** with rationale for each:

- **Aldeyra Therapeutics (NASDAQ: ALDX)** – *Ophthalmic Biotech; ~$315M cap*. **Catalyst: FDA PDUFA Decision (Dry Eye Disease) due Dec 16, 2025.** Aldeyra's lead drug **reproxalap** (a novel treatment for dry eye) has a FDA decision date set for 12/16/2025 [22]. This is a *high-impact binary event*: if approved on this third review attempt, Aldeyra could secure a partnership deal (they've alluded to potential $100M+ upfront from a pharma partner on approval [23] [24]) and enter a multi-billion dollar dry eye market. Notably, the NDA resubmission included an extra trial that met its endpoint for ocular discomfort [25], differentiating reproxalap as *the only dry eye drug to show rapid symptom relief in flares* [26]. **Risk/Reward:** Aldeyra has faced two FDA rejections (CRLs) in the past for this drug, so this PDUFA is not without risk [27]. However, the company has since provided new efficacy data and received **FDA acceptance of the NDA** (usually a positive sign) [22]. With about ~$80M in cash on hand as of mid-2025 [27], Aldeyra can likely weather a few more quarters without urgent financing. The stock, around ~$5/share now, could **surge** on approval (some analysts call it a high-conviction buy into the PDUFA [28]), whereas another CRL could cut the price significantly. Overall, ALDX offers a *pure catalyst play* with a defined timeframe (about 12 weeks out) and substantial upside if successful.

- **IO Biotech (NASDAQ: IOBT)** – *Immuno-oncology (Cancer Vaccines); ~$140M cap*. **Catalyst: Phase 3 Trial Results in metastatic melanoma (Q3 2025).** IO Biotech is on the cusp of a pivotal data release: the company has guided that **primary endpoint readout from its Phase 3 trial (IO102-IO103 cancer vaccine + Keytruda in advanced melanoma) is expected by the end of Q3 2025** [29]. We are now late in Q3, so results could drop any day or early Q4. This is a *binary event*: positive Phase 3 results would validate IO's *T-win vaccine platform* and could ignite partnership or buyout speculation (since melanoma is a large market), whereas failure would likely be devastating to the stock. **Risk/Reward:** This is arguably the **highest-risk, highest-reward** candidate on our list. On one hand, IOBT shares have more than doubled YTD (+129% YTD) on optimism ahead of the data [30] [31]. The trial's success would be a breakthrough in cancer vaccines, potentially propelling the stock exponentially higher. On the other hand, as a single-product biotech, a negative trial outcome could send shares down >50%. Given our mandate for "risk-adjusted" returns, we view IOBT as *somewhat too speculative to fully commit new capital to*, but it's certainly a candidate to **monitor** closely. We may consider a very small "lottery ticket" position if cash allows, but only alongside strict stop-loss protection.

- **Spero Therapeutics (NASDAQ: SPRO)** – *Antibiotics & Rare Disease; ~$125M cap*. **Catalyst: NDA filing by partner GSK in Q4 2025 (cUTI antibiotic).** Spero is a turnaround story: its oral antibiotic **tebipenem HBr** for complicated UTIs hit a home run in a Phase 3 trial this year, meeting the primary endpoint and enabling the trial to be stopped early for efficacy [32]. Pharma giant GSK is Spero's partner and has announced plans to file this drug for FDA approval in the **second half of 2025** [32]. We expect the NDA submission (and subsequent FDA acceptance news) likely in Q4. **Why it's attractive:** The heavy lifting on clinical risk is done – positive Phase 3 data derisks the program, making FDA approval in 2024 likely. Near-term, the catalysts include the NDA filing itself (which may trigger a milestone payment) and the potential for FDA priority review (shortened timeline) announcement. Spero's stock spiked +245% on the trial success in May [33] but remains low-priced (~$2.50). Importantly, Spero is *well-capitalized*: GSK paid $66M upfront in 2022 and will cover development costs, so Spero's burn rate is modest. They had <$50M net cash last reported, but GSK's involvement means **no immediate dilution risk** and a possible **buyout scenario** (GSK might acquire Spero outright to secure full rights). **Risk/Reward:** On a risk-adjusted basis, SPRO offers a *compelling intermediate-term upside with limited downside*. There is always regulatory risk (the FDA could find issues in filing or review), but having a partner like GSK mitigates many concerns. We view SPRO as an *attractive buy* – a fundamentally improving micro-cap with a big catalyst (NDA submission/acceptance) in the coming weeks and the prospect of an FDA approval in 2024 backed by a major pharma.

- **Tiziana Life Sciences (NASDAQ: TLSA)** – *Neuro/Immunology Biotech; ~$250M cap*. **Catalysts: Ongoing Phase 2 trials in progressive MS and an upcoming Phase 2 in ALS (H2 2025).** Tiziana has been a top-performing micro-cap this year (+228% YTD) due to breakthroughs with its intranasal *foralumab* (a novel anti-CD3 antibody). In **Q2–Q3 2025, Tiziana reported positive clinical signals**: foralumab showed it can reduce neuroinflammation in a patient with Alzheimer's and improve quality of life in progressive multiple sclerosis [34] [35]. Dosing is underway in a Phase 2 for non-active SPMS (with academic collaborators at Harvard and UCSF) [36] [37]. Moreover, Tiziana filed an IND for ALS and expects to launch a Phase 2 trial, which could start by late 2025 [38]. **Why it's interesting:** Tiziana's *multiple shots on goal* in devastating diseases (MS, Alzheimer's, ALS) mean frequent news flow. While no single pivotal readout is due in the next 2 months, the stock could continue to climb on interim updates or expanded data. The company has been making "unexpected

discoveries" (e.g. hints that foralumab might help clear amyloid plaques in Alzheimer's) [39] that keep investors engaged. **Risk/Reward:** As a pre-revenue biotech, TLSA is risky, and any trial setback could hurt the stock. However, it has momentum and enough cash for near-term studies (it raised ~$40M in February). We include Tiziana in the candidate set for its **"turnaround" vibe** – after years of struggle, it's now executing and could attract a partnership if its intranasal therapy continues to impress. We will *monitor* TLSA; it's a secondary buy consideration if we free up additional funds or if other picks fall through.

- **Gray Television (NYSE: GTN)** – *Broadcast Media; ~$350M cap*. **Catalyst: Operational turnaround into 2024 election cycle (insider buying signal).** This is a non-biotech wildcard to diversify our list. Gray is a local TV station owner that has been beaten down due to high debt and a cyclical low in political advertising. However, insiders are signaling a bottom: in June 2025, Gray's CEO bought 46,000 shares on the open market at $3.68 [40] [41], a strong vote of confidence. The company made strategic acquisitions in Q2 (adding TV stations) and managed to reduce some debt, positioning for a revenue rebound [42] [43]. The big thesis is that **2024 is a major election year**, and political ad spending will likely surge, benefitting Gray's stations. **Risk/Reward:** As a micro-cap media firm, Gray's stock could slowly grind up over the next few quarters if earnings improve. It's not an overnight catalyst play, but rather a *value turnaround*. Insider buys and historically low valuation (GTN trades at ~3× EBITDA) suggest limited downside unless the economy worsens. We likely *won't allocate precious cash to GTN right now*, given our focus on biotech catalysts through year-end. But it remains on our radar as a **low-correlation play** that could provide steady gains and cushion the portfolio's volatility.

(Additional names considered but not chosen: *Kala Pharmaceuticals (KALA) – Phase 2b data in corneal defects expected imminently (late Sept); high upside but event may occur too soon for us to enter.* Aldeyra's peer *KalVista Pharma (KALV) – PDUFA in early 2024 for an HAE drug, but outside our 10-week window.* Elicio Therapeutics (ELTX) – *fresh capital raise extended its runway to Q1 2026* [44]*, yet no near-term clinical readouts.* Domo Inc. (DOMO) – *small-cap cloud software with CEO insider buys and improving ARR growth* [45] [46]*; a solid fundamental story but likely not a quick mover in 10 weeks.)*

Portfolio Actions

After evaluating current holdings and candidates, we outline the following portfolio actions for Week 13:

- **Sell Soligenix (SNGX)** – Exit the entire position. *Rationale:* Free up cash from this ultra micro-cap given its unfavorable risk-reward in the near term. The company lacks a catalyst before Q4 and faces potential dilution (cash only through Q1) [21]. We prefer to reallocate this capital to stronger opportunities.

- **Trim 4D Molecular Therapeutics (FDMT)** – Sell at least **50%** of the FDMT position (or potentially the full holding). *Rationale:* Lock in gains from FDMT's recent rally and reallocate to stocks with catalysts inside our target period. FDMT's next major inflection point is not until late-2025 or 2026 (aside from incremental updates) [7] [9], so its capital can work harder elsewhere in the interim. We retain a smaller exposure (if not selling all) as a long-term holding given FDMT's strong fundamentals (huge cash and broad pipeline), but tactically we want to deploy cash into nearer-term trades.

- **Maintain Fortress Biotech (FBIO)** – Continue to hold the majority of the FBIO position **through the Sept 30 PDUFA**, but implement a *partial trim* and risk control. *Rationale:* FBIO remains a top catalyst play into Week 14 (the NDA decision on CUTX-101 [1]). To manage binary risk, we will trim ~1/3 of the position ahead of the decision date – ideally in the days just before Sept 30, especially if the stock runs up on anticipation. This realizes some profit and reduces position size. The remaining shares will be held for the outcome, with a tight stop-loss (see below) to protect from a large drop. If approval comes through, we will reassess selling on the news or holding for further upside (FBIO could rally on the value of the Priority Review Voucher and validation of its business model [47] [48]). If the drug is not approved, our smaller position and stop loss should limit the damage.

- **Buy Aldeyra Therapeutics (ALDX)** – Initiate a new long position in ALDX (~**5–6 shares** at current ~$5.20). *Rationale:* Establish exposure to reproxalap's December 16 PDUFA catalyst [22]. We view ALDX as a high-upside play into an event that is *within our experiment timeframe*. The stock has not yet fully priced in approval (still trading near $5, well below some analyst targets >$10), perhaps due to its prior CRLs. Our thesis is that the third time could be the charm – the additional positive trial data and resubmission success tilt odds in Aldeyra's favor [25]. We will start with a modest position size given the binary nature of the event, and plan a firm stop (see below). If the stock begins to run up significantly as the date approaches (e.g. on speculative buying or rumor of panel reviews), we may take partial profits or adjust the stop higher to protect gains.

- **Buy Spero Therapeutics (SPRO)** – Initiate a new long position in SPRO (~**10–12 shares** at current ~$2.30–2.50 range). *Rationale:* Allocate capital to this **de-risked turnaround** story. We expect multiple favorable developments: GSK's NDA filing news (Q4), potential Fast Track or Priority Review designation by FDA, and generally increasing visibility of Spero's role in addressing antibiotic resistance. Importantly, SPRO offers a more gradual catalyst – even absent discrete news, the stock could appreciate as investors recognize its cash runway and partnership backing (i.e. a re-rating from "cash-burning microcap" to "near-commercial biotech"). We will build a medium-sized position here, as SPRO's downside is buffered by GSK's support and the fact that its Phase 3 already succeeded [33]. A stop loss will be placed below key support (around the $2.00 level) to guard against any unforeseen negatives.

(No immediate position in IO Biotech or others will be taken due to our limited funds and desire to manage risk; however, we will be ready to act if an opportunity arises – e.g. if IO Biotech's stock dips ahead of data and risk/reward improves, we might deploy any spare cash for a small stake.)

Exact Orders

Taking into account current prices and our cash on hand (including proceeds from sells), the following *exact trade orders* are recommended:

1. **Sell Order – SNGX:** Sell **100% of Soligenix (SNGX)** position at market. *Expected execution:* ~$2.70 per share (current market price) [19]. *Estimated proceeds:* Approximately $2.70 × (number of SNGX shares held). *(This order frees up essentially all capital tied in SNGX, as we are exiting this position.)*

2. **Sell Order – FDMT:** Sell **50% of 4D Molecular Therapeutics (FDMT)** position at market (or use a limit order around current market price, which is roughly in the mid-$5s to low-$6s). *Estimated proceeds:* This will depend on the size of the initial FDMT stake; for example, selling 5 shares at

~$6.00 would yield ~$30. *(If FDMT shows any intraday strength, we might use a limit slightly above market to capture a better price; otherwise, a market sell ensures prompt execution.)*

3. **[Conditional] Sell Order – FBIO (Trim):** Enter a **limit sell** for **33% of Fortress Biotech (FBIO)** at a price modestly above the current market (to capitalize on any pre-PDUFA run-up). For instance, if FBIO is trading at $3.40, place a limit sell for one-third of the shares at **$3.75**. *Rationale:* If the stock surges on anticipation of the Sept 30 decision, this order will execute and take some profit off the table. If it doesn't reach our limit, we will reassess and still trim manually before the event. *(This staged approach avoids selling all at once and potentially missing further upside.)*

4. **Buy Order – ALDX:** Buy **6 shares of Aldeyra Therapeutics (ALDX)** at **market price** (currently around $5.20 [49]). *Expected cost:* ~$31.20. This initiates our position ahead of the dry eye PDUFA. (If liquidity allows, use a limit order near $5.20 to avoid slippage, as ALDX trades reasonably but can be a bit spready on low volume days.)

5. **Buy Order – SPRO:** Buy **12 shares of Spero Therapeutics (SPRO)** at **market price** (around $2.40). *Expected cost:* ~$28.80. This establishes our position in Spero's turnaround story. (SPRO has good volume, so a market order should fill near the quoted price; we can also set a limit at $2.50 to be safe.)

6. **Stop-Loss Order – ALDX:** Set a **stop-loss at $4.00** for the new ALDX position. *Rationale:* This is ~23% below the current price, limiting our downside in case of unexpected bad news or a broad sell-off. Given ALDX's volatility and upcoming binary event, a tighter stop (e.g. 10%) might trigger on noise, so we choose $4.00 (just under a recent support level) as a line in the sand. If ALDX drops to $4, it likely means sentiment has turned sharply negative (perhaps due to rumors or sector sell-off), and we'll step aside to preserve capital.

7. **Stop-Loss Order – SPRO:** Set a **stop-loss at $1.95** for SPRO. This is ~15–20% below our entry. Spero's stock has technical support around ~$2.00; breaching that would signal a potential loss of momentum. A stop at $1.95 ensures we exit before any major breakdown. (We expect not to hit this stop given Spero's fundamentally improving story, but it's in place as a safeguard.)

8. **Stop-Loss Adjustment – FBIO:** For the remaining FBIO shares (after partial trim), place a **stop-loss at $3.10** (about 10% below the current ~$3.44 price [50]). If the FDA decision is negative, FBIO could plunge well below $3, so this stop attempts to get us out quickly on any downdraft. (Note: In a fast gap-down scenario, the stop may execute at a lower price, but it's still prudent to have it.) If the FDA outcome is positive, we will likely remove this stop and actively manage the exit to capture upside, but until then it protects us through the binary event.

These orders assume the portfolio had roughly equal initial weights in FBIO, FDMT, SNGX and ~$28 cash. After selling SNGX and trimming FDMT/FBIO, we anticipate having on the order of $60–$70 in cash, which funds the ALDX and SPRO purchases (~$60 total). The result will be a portfolio of FBIO (reduced), FDMT (reduced or zero), ALDX (new), SPRO (new), and a small residual cash buffer for flexibility. We will monitor execution to ensure all trades fill under favorable conditions (especially the sells before low-liquidity hours, and the buys with limit orders if needed to avoid price spikes).

Risk Checks

Before implementing the above actions, we perform several **risk management checks**:

- **Portfolio Concentration & Volatility:** Post-reallocation, the portfolio will be ~80–85% allocated to biotech micro-caps (FBIO, ALDX, SPRO, plus possibly a residual small FDMT piece). This is an inherently volatile mix – daily swings and event-driven gaps are expected. We address this by sizing positions modestly and using stop-loss orders to cap downside on each. No single position (after trimming) should represent more than ~30–35% of the portfolio's value at cost. This means even a total loss in one biotech (e.g. catastrophic trial failure) would be painful but not portfolio-ending. The introduction of SPRO (which has a relatively lower risk profile due to existing positive data) adds a stabilizer. We consciously decided *not* to over-allocate to the extremely binary IOBT or similar names, as that would skew the risk too far. The **risk-adjusted approach** favors a balance of high-upside catalysts and some cushion from de-risked assets (SPRO, and to an extent FBIO with its diversified model [51]).

- **Liquidity & Slippage:** All chosen stocks trade on NASDAQ and generally see decent daily volume for micro-caps. For example, ALDX and SPRO both have daily volumes in the hundreds of thousands of shares, which should accommodate our small orders easily. We avoid nano-caps with only a few thousand shares traded a day. By exiting SNGX, we remove one of the most thinly-traded names (SNGX's float is tiny ~4M shares [52]). We will use limit orders when appropriate to minimize slippage (especially on entry of new positions). Additionally, we have considered the bid-ask spreads: ALDX typically has a tight spread (a few cents) and SPRO likewise, so transaction costs are minimal relative to our expected gains.

- **Catalyst Risk (Binary Outcomes):** Several holdings face binary outcomes (FBIO's FDA decision, ALDX's FDA decision, IOBT's trial result if we had chosen it). We mitigate this by **diversification across multiple events** and by trimming or hedging around the most risky events. For FBIO and ALDX, we have clear stop-loss strategies and are only investing what we can afford to risk on those outcomes (for ALDX, ~15% of portfolio). SPRO's catalyst (NDA filing) is less binary in nature – the drug is already proven effective [33], so the risk is more timeline/approval process related, which is lower in magnitude. We acknowledge that stop-loss orders may not fully protect against overnight gaps (e.g. if ALDX's drug were unexpectedly rejected, the stock could open far below $4 and our stop would execute at a lower price). This is *inherent risk* in biotech investing. To counter this, we have kept position sizes in these binary plays relatively small and balanced them with SPRO (which should not gap down severely absent unexpected news).

- **Macro and Sector Risk:** Micro-caps as a class can be affected by broader market sentiment. Notably, small-caps have started to rebound in recent weeks – the Russell 2000 surged 7.3% in August [53], indicating improving sentiment for our universe. If this "small-cap surge" continues, it provides a tailwind to our strategy (easier to achieve upside). However, macro risks like interest rate spikes or risk-off rotation could hurt small stocks broadly. Our response is vigilant monitoring; if we sense a macro-driven downtrend (e.g. indices breaking support), we might tighten stops further or take profits earlier than planned. The portfolio's short duration focus (mostly catalysts hitting by ~December) means we are less exposed to long-term macro shifts, but we will keep an eye on key indicators (VIX, small-cap index trends, biotech index levels).

- **Compliance with Constraints:** All planned moves respect the experiment's rules. We remain long-only and are using only the available cash (plus cash freed from sales) – *no margin or leverage*. We avoid any OTC/Pink Sheet names; everything is a listed NASDAQ or NYSE stock. We have also chosen names that, to the best of our assessment, have adequate liquidity to enter/exit without unreasonable slippage (no "trapped" positions). Each buy's size was determined such that even a market order should fill near the quoted price given the small quantity. We are aware of slippage risk around catalyst news (stocks can gap before we react), which is why stops are placed *in advance*.

In summary, these risk checks indicate the revamped portfolio will be concentrated but consciously managed. The use of **stop-loss orders, catalyst diversification, and selective trimming** serves as our safety net while we pursue outsized gains. We believe this plan satisfies the goal of maximizing returns *for the given risk budget* – it is aggressive but not reckless, aligning with a scenario where micro-caps are gaining favor again [53] and thus the timing for such plays is opportune.

Monitoring Plan

We will implement an active monitoring schedule to stay on top of all relevant developments through Week 26:

- **Daily Price and News Monitoring:** Every trading day, we will check each holding for news releases (SEC filings, press releases, etc.) and significant price/volume moves. We'll set news alerts on FBIO, ALDX, SPRO (and any others held) to immediately catch if FDA announcements or trial results hit the wire. Given the volatility of catalysts, real-time monitoring is crucial; for example, if ALDX's PDUFA date gets moved up or if an FDA Advisory Committee is scheduled, we need to know promptly. We will also watch the biotech sector indices (NASDQ Biotech Index, XBI ETF) for broader sentiment clues.

- **Fortress Biotech (FBIO): Key date: Sept 30, 2025 – PDUFA for CUTX-101.** In Week 14 (starting Sept 22), our focus will be on any FDA communication regarding this decision. We will monitor for an approval announcement (likely via press release after hours on 9/30 if it comes). Leading up to that, we'll observe FBIO's stock behavior – if a large run-up occurs early in the week, it might imply optimism (we would then ensure our trim order executes into strength). If the stock languishes or rumor mills suggest an approval is iffy, we might reduce exposure further. **Post-event:** If approved, we'll monitor trading closely on Oct 1–2; our strategy may shift to riding momentum for a bit but being ready to sell into extreme strength (since often small biotechs "sell the news" after a pop). If a *CRL (Complete Response Letter)* happens, our stop-loss should trigger around $3.10 – we'll verify execution and then reassess if any position remains. In either case, by the end of Week 14 we will likely have a clear resolution on FBIO's catalyst and will decide whether to hold any residual position for other aspects of Fortress's business (FBIO does have other assets and royalties beyond CUTX-101 [51] [54]) or to exit entirely to avoid stagnation after the catalyst.

- **Aldeyra (ALDX): Key period: Late Nov to Dec 16, 2025.** We have a bit more time here. We will monitor for any signs of an FDA Advisory Committee meeting – none has been announced, so likely none will occur (which is fine). Around mid-November, we expect to see increased trading activity in ALDX as the PDUFA approaches. We'll be **watching for early December**: sometimes, FDA decisions can come a few days before the deadline. We will ensure our stop-loss at $4 remains active throughout, and may tighten it to breakeven ($5.20) if the stock runs up significantly (say into the

$6–$7 range) prior to the decision, in order to protect profits. If any *leaks or speculation* hit social media (common in small biotech), we will evaluate credibility – e.g. if a **partnership rumor** emerges (there were hints Aldeyra might partner reproxalap on approval [23] [55]), that could boost the stock and we might take partial profits. On decision day (Dec 16), we will treat it similarly to FBIO's: if approved, decide whether to hold for the potential AbbVie deal or sell into the likely big spike; if not approved, accept the stop-loss exit and move on. We'll also watch Aldeyra's *other programs* (like ADX-2191 for retinal disease) which occasionally generate positive news (Fast Track, Orphan designations, etc., as happened in Aug 2025 [56] [57]) – such news can provide secondary bumps to the stock even before the PDUFA.

- **Spero (SPRO): Key period: Q4 2025 (Oct–Dec).** We anticipate a *press release from GSK/Spero about the NDA submission* for tebipenem. This could realistically occur any time in Q4; our guess is by November. We'll monitor Spero's press releases and GSK's pipeline updates. When the NDA is filed, it's a catalyst – we might see a moderate uptick on that announcement. More importantly, if the FDA accepts the NDA (usually within 60 days of submission) before our Week 26, that will be a confirming event and could also bump the stock (acceptance would likely mean a PDUFA date set for mid-2026). We plan to *hold SPRO through these events*, as they are more incremental than binary – the stock reaction should be positive but not insanely volatile. We will only consider selling SPRO if the stock unexpectedly jumps too far too fast (say it doubles to ~$5 on buyout rumors or speculation); in such a case we'd re-evaluate our position size. Otherwise, SPRO is a "steady growth" holding for the rest of the experiment. We'll also keep an eye on any **fundamental developments** – e.g., if Spero's management provides 2024 guidance or if any other pipeline asset (they have some early-stage rare disease programs) gets news, that could add value. Insider or institutional buying (as a vote of confidence) is another factor we'll watch via SEC filings.

- **General Monitoring and Adjustments:** We will review the **stop-loss levels** weekly. If any stock moves up significantly, we may ratchet up its stop to lock in gains (following the principle of not letting a winner turn into a loser). Conversely, if a stock is stagnating far below our entry for an extended time without catalyst updates (unlikely given our picks, but possible), we might redeploy its funds to a more active idea. We'll also stay nimble to add any *new position* if an unexpected opportunity arises – for instance, if IO Biotech's Phase 3 data (expected imminently) comes out **positive and the stock hasn't fully reacted yet**, we might initiate a small position even after the news, expecting that longer-term investors will push it higher over weeks (this would only be done if we have spare cash or if we decide to swap something out).

- **Macro and Sector Watches:** Weekly, during our recap, we will check the **Russell 2000 and XBI (biotech ETF)** performance. If small-caps continue their upward trend (as they did in August with a historic comeback [53]), we can afford to be a bit more aggressive (perhaps adding to winners). If the macro environment turns hostile (e.g. interest rates spike unexpectedly or a government shutdown roils markets), we may temporarily tighten stops or even raise more cash to ride out volatility.

- **Week 14 Focus:** In the immediate term (Week 14), the spotlight is on **FBIO's FDA decision on Sept 30**. Our plan here is clear – we'll be monitoring FDA announcements late Friday 9/29 and Monday 10/2 (since Sept 30 is a Saturday, the decision could realistically be revealed on Fri 9/29 or get rolled to Mon 10/2 if delayed). We will update the portfolio first thing in Week 14 by executing the FBIO trim and ensuring all protective stops are in place. Additionally, we'll watch for any **early October conferences** where our companies might present (the biotech conference circuit in fall can yield

updates; for example, Aldeyra's CEO spoke at an ophthalmology conference Aug 13 [58] – we'll see if any investor forums in Oct feature our holdings and listen for commentary).

By following this monitoring regimen, we aim to react quickly to news (both good and bad) and to constantly align the portfolio with the evolving risk-reward profile of each position. This active management is vital in a micro-cap portfolio, where information inefficiencies are high – our edge will be staying **informed and agile**.

Week 14 Thesis Outlook

Heading into Week 14, our portfolio is **consolidated around high-conviction catalysts** and positioned to capitalize on a potentially resurgent small-cap biotech market. We have shed underperformers lacking near-term triggers (SNGX) and pared back on longer-dated plays (FDMT) in favor of *event-driven bets* that will play out over the next 2–3 months. The core thesis for Week 14 and beyond is that **catalyst-rich micro caps can deliver outsized gains** in the current environment, especially as small-caps show signs of a comeback and investors hunt for alpha in biotech names. Recent market trends support this – small-caps are rallying off historically deep undervaluation, outpacing big-caps in recent weeks [53], and biotech indices remain robust, reflecting risk appetite for drug innovators.

Our portfolio now embodies three themes: 1. **Near-term FDA Decisions** – (FBIO and ALDX) which offer binary upside and are buoyed by strong prior data (FBIO's CUTX-101 NDA accepted with priority review [59]; ALDX's reproxalap backed by positive Phase 3 results for dry eye flares [26]). We expect *significant news flow* here, making the next few weeks potentially portfolio-transforming. In Week 14 specifically, **Fortress Biotech** is the one to watch: our thesis is that the Menkes disease drug will likely be approved given the unmet need and supportive data (the FDA even granted it priority review) [60]. If that thesis holds, FBIO's stock could break out higher. We've hedged the downside, but our outlook leans bullish into the decision.

1. **Turnaround with Big Pharma Backing** – (SPRO) which provides a more stable, "slow burn" upside. Our thesis here is that *value will be unlocked as milestones are hit*: GSK's involvement derisked the science and finances, and now as tebipenem moves to FDA filing, Spero's tiny market cap (~$125M) looks quite cheap for a drug that could launch in 2026 with a partner like GSK. By Week 14, we don't expect dramatic moves in SPRO – rather, a steady or slightly rising trend as biotech investors rotate into stories with real revenue on the horizon (antibiotics had been out of favor, but this success could draw attention). Any news of the NDA actually being submitted could provide a bump. Our Week 14 stance is simply to hold SPRO and possibly accumulate on dips, confident in our thesis that the market will progressively price in the high likelihood of approval and commercialization.

2. **Special Situations & Broader Micro-Cap Upswing** – (This includes keeping an eye on IO Biotech's data and the general small-cap momentum). Our thesis is that the micro-cap segment is entering a period of *renewed interest and M&A speculation*, as evidenced by the Russell 2000's recent strength and commentary of a "historic comeback" potential [61]. This bodes well for all our holdings – a rising tide lifting boats – and especially for something like ALDX which could also become a takeover target if its drug is approved. We will remain attentive to any buyout rumors or sector rotation signals. For Week 14 specifically, aside from FBIO's binary event, we'll watch if **IO Biotech (IOBT)** reports its Phase 3 data. If it hits and is positive, it could spark a rally in cancer immunotherapy stocks broadly. While we didn't buy IOBT upfront, a strong result would validate cancer vaccines, potentially

benefiting sentiment for small immunotherapy peers. We might then consider a tactical trade in or around IOBT or competitors (using our small cash reserve or trimming another winner).

In summary, the portfolio is aligned with a **catalyst-driven thesis**: we expect tangible developments in the coming weeks to unlock value. Week 14 should validate (or challenge) our first big bet – FBIO's PDUFA – setting the tone for how aggressively we push forward. Our outlook is cautiously optimistic: we've managed risk such that any single setback won't derail the experiment, yet we've positioned ourselves to capture *significant upside* from the upcoming news cycle. We will execute our plan with discipline, adjust stops as needed, and remain ready to adapt the thesis if new information emerges.

Bottom line: As Week 14 begins, we are entering a crucial period with a sharpened portfolio. We have clear sightlines on multiple catalysts (FDA decisions, NDA filings) and a risk framework in place. If our theses play out – FDA approvals for FBIO and ALDX, smooth NDA progress for SPRO – the portfolio's value could accelerate rapidly in the next few weeks, putting us on track to achieve a top-tier risk-adjusted return by Week 26. If not, our risk measures are in place to protect capital. This dynamic, research-driven approach is our edge, and we are confident in our optimized selections moving ahead.

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