



April 2025

	Q1 2025	Cumulative Since Inception
Minot Light Capital Appreciation Fund (Gross)	-11.5%	-5.5%
Minot Light Capital Appreciation Fund (Net)	-11.5%	-7.0%
iShares Micro-Cap ETF (IWC)	-14.7%	-9.6%
Russell 2000	-9.5%	-9.2%
S&P 500	-4.3%	-2.0%

Dear Partners,

The first quarter of 2025 was one of mixed results for Minot Light Capital. As our goal is always to make money on an absolute basis, we were disappointed in the partnership's negative return this quarter. For the quarter, the partnership lost 11.5% versus a loss of 14.7% for the iShares Micro-Cap ETF (IWC) and a loss of 9.5% for the Russell 2000. As a small and microcap focused fund, we feel those are the two most relevant benchmarks. Since inception, we have outperformed both of those indices. Please note that individual LP returns may differ from the aforementioned returns due to different fee structures and timing of subscriptions. Please check your statement to find your individual return.

As you all know, we have attempted to fully align our incentives with those of LPs in this partnership. Hence, none of our current LPs will be paying a management fee or carry while we are losing money and are below our high-water mark. After all, "you cannot eat from negative absolute performance". We will only be paid when our partners are making money from their investment in this partnership, which is as it should be, in our opinion.

While we never like to lose money, in some ways, Eddie and I were somewhat encouraged by the performance of the fund. The past several months have been among the most volatile I have experienced in my 20+ year career, with uncertainty at all-time high levels and large amounts of damage inflicted in small and microcap growth stocks, particularly those exhibiting high-beta characteristics. Many days it has felt as if correlations have very much trended towards one, meaning the market is generally moving violently in lock-step due to macro-factors and overall risk positioning by market participants. This has made it more difficult to differentiate ourselves in the near-term from a stock-picking perspective. In other words, with a small/micro growth portfolio that has a high-beta tilt, our partnership has been right in the eye of this market storm. Despite what I would consider to be aggressive and fully-invested positioning, we did not suffer catastrophic losses, nor anything of that sort. We simply had a disappointing quarter from an absolute return perspective. All things considered, the losses are manageable, and in our opinion, they can be easily made up over the long-term. We actually view this period as a good early stress-test of the strategy in a highly adverse environment.

Despite near-term losses, the benefit to our partners of an environment like this is that it provides us with an opportunity to upgrade and concentrate the portfolio into our very best long-term ideas at what we would consider to be highly attractive prices. We were quite optimistic about the long-term



potential of this portfolio coming out of last year and we are even more bullish about our long-term prospects right now.

From a positioning perspective, we remain fully invested. We have no desire right now to hold cash or instruments that reduce volatility. We do believe a willingness to accept near-term volatility in this environment will provide us with excellent long-term returns. That said, we are no longer carrying any leverage on the portfolio. Post “Liberation Day” on April 2, the volatility has become so intense, we felt being fully invested is sufficiently aggressive at this point in time. We have also scrubbed the portfolio further and made sure underlying companies maintain even stronger balance sheets and business models that are sustainable through difficult times.

Though the partnership is built up through our bottoms-up stock picking process, we would like to highlight several underlying themes that have emerged in our portfolio. Quite frankly, these themes generally increase near-term volatility, as they are fairly contrarian at this point in time, but should provide us with excellent long-term returns. They are as follows:

1. We will always seek to own as many secular high-growth companies as possible, with a particular focus on those earlier in their growth curve and less covered by Wall Street. Market corrections like this provide great opportunities to purchase this type of company at reasonable valuations, which often become very expensive during more benign market environments. We will take every opportunity to buy these premier growers when brought down by broader market dynamics.
2. We have been focusing on our favorite consolidators and ramping up those positions. These can be great long-term compounders as long as they maintain strong balance sheets, have high ROIC capital deployment opportunities, and access to relatively low-cost capital. Disruptive market environments and economic downturns can actually play to their advantage over the long-term, as acquisitions become cheaper and more plentiful.
3. Contrary to what seems like almost everyone else in the market, we own a meaningful number of high-growth consumer survivor/thrivers. The consumer sector is one of the most out-of-favor areas of the market due to the dual fears of tariff impact and recession. Though near-term earnings power will almost certainly be negatively impacted by these issues, we feel in many cases, a recession is already largely discounted in some valuations. Furthermore, similar to the consolidator thought process, we are focused on those consumer companies that will not only be able to survive a downturn, but gain market share at the expense of smaller competitors that may not have the financial wherewithal to survive a recession. In no way do we root for that outcome for sub-scale companies, as there is a real human cost to this kind of shake out. However, the reality is that the worse things get in the economy, the stronger well-capitalized and best-of-breed scaled competitors will become through both share gain and acquisitions.
4. Finally, we have been accumulating companies in another highly out-of-favor sector, namely small-cap healthcare and life sciences companies. This sector has been disproportionately hurt due to a combination of factors, including a biotech capital markets downturn, pharma cutbacks, and concerns about NIH/Gov’t funding. We do believe these concerns are legitimate, but yet again, we believe much of this has been discounted in the valuation of some stocks. This has



allowed us to increase our position in several companies that maintain very attractive business models and positive long-term growth trajectories.

One stock I will highlight from this group is CryoPort (CYRX). Once again, like we said in our last letter, the point of highlighting an individual name is not to “pitch the stock”, but rather to provide Limited Partners with insight into our stock-picking process and the kind of securities we like to hold. CryoPort is the leading provider of mission-critical, temperature-controlled supply chain solutions to the life sciences industry, with a particular focus on cell and gene therapies, which are highly dependent on ultra-cold storage. CryoPort is vertically integrated and provides a wide range of systems and services to enable cellular retrieval, distribution, manufacturing, and delivery to the patient, all of which require stringent regulatory standards, extreme temperature control, and involves high failure costs. CryoPort typically develops relationships with its customers early in the R&D process, continues to expand the relationship through clinical trials, and eventually into commercial launch. As a therapy moves through larger clinical trials and eventually its launch, its use of CryoPort materials and services expands and essentially becomes recurring due the high switching costs involved in critical aspects of bringing these complex therapies to market. We believe that CryoPort’s leading competitive position is solid and its long-term growth outlook is bright, as the cell and gene therapy market is projected to grow dramatically over the next decade. The company is expected to turn profitable this year and, in our opinion, should generate EBITDA margins of over 25% with minimal capital intensity over the long-term.

What we like about CryoPort is not just its unique competitive position within a long-term growth market, but its strong balance sheet and current valuation, which we believe provides us with an excellent risk/reward proposition. Following the recent sale of its logistics business to DHL, we estimate that CryoPort has around \$450mm of cash on the balance sheet, \$197mm of very low-cost convertible debt due in 2026 that could eventually be retired with cash, and \$200mm of perpetual preferred stock that is convertible at \$38.62/share. CryoPort is now trading around \$5.50/share with around 50mm common shares outstanding. If we are to view the preferred stock as equity, and simply subtract the convertible debt from cash, the stock is trading only slightly above net cash per share, which assigns virtually no value to its core business that is generating revenues of about \$170mm annually. If we view the preferred stock as debt and assign a trough 1x EV/Sales multiple to the company, we believe downside to be around \$4.50/share.

When the market is more excited about the prospects for life science and biotech companies, CryoPort has historically traded at an EV/Sales multiples of at least 4x. Going forward, as the company makes progress towards its 25%+ EBITDA margin target and the cell and gene therapy market accelerates, we believe a 3-4x sales multiple (which represents a 20-25x EPS multiple) on \$250mm in sales within the next 3-4 years implies a value of \$18.00-\$22.00/share. With the stock now at \$5.50, we see limited downside to \$4.50/share and a potential 3-4x return over 3-5 years to \$20.00/share.

From a portfolio attribution perspective, our top contributors for the quarter were ThredUp (TDUP), Journey Medical (DERM), Rapid Micro Biosystems (RPID), Groupon (GRPN), and Outset Medical (OM). Our biggest detractors were The RealReal (REAL), Maravai LifeSciences (MRVI), Dave & Buster’s (DAVE), Wayfair (W), and CryoPort (CYRX). The only stock in this group we no longer own is Dave & Buster’s, which continues to generate good cash flow and trades at an attractive valuation. However, their strategy has become somewhat muddled due to a management change and they



maintain more leverage than we would like on the balance sheet. We felt the funds were better deployed into other less levered consumer names where we have more confidence in their long-term growth runway.

In summary, despite a down quarter in a highly volatile market environment, we remain as excited as ever about our current strategy and the inefficiencies we are finding in the small/micro area of the stock market. While we absolutely concede it will continue to be an ongoing near-term battle if the market continues to act so poorly, we are optimistic about the prospects for our current portfolio and believe it is poised to do quite well over the long-run.

We want to thank all of our initial Limited Partners for their support. It truly means a great deal to Eddie and myself. We will continue working hard to grow your capital over the life of this partnership.

Our full holdings list is available to Limited Partners upon request.

Sincerely,

Tom Wetherald and Eddie Reilly



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