

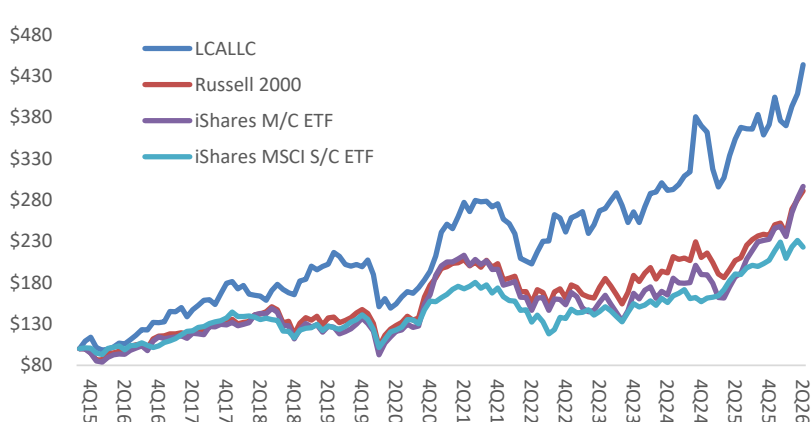
Long Cast

ADVISERS

Dear Partners & Friends:

For the 2Q26 quarter (ended June 30, 2026), cumulative net returns improved 20%, lifting year-to-date returns to +19%, in both cases trailing the Russell 2000 and the iShares US MicroCap ETF but well ahead of the iShares SmallCap EAFE (ex-N. Am) ETF. Returns were generated with little direct exposure to any of the themes du jour (AI, hyperscalers, cyclical semis, etc) that drives flows at passive funds. Since inception in November 2015 through quarter end, LCA has returned a cumulative 343% net of fees, or 15% CAGR, ahead of those indices. *Past performance is no guarantee of future results. Individual account returns may vary.*¹

Net returns	Long Cast	R2000	IWC	SCZ
2015 (2-mos)	14%	-5%	-5%	1%
2016	15%	21%	21%	3%
2017	36%	15%	13%	33%
2018	-8%	-11%	-13%	-18%
2019	21%	25%	22%	25%
2020	-3%	20%	21%	12%
2021	42%	15%	19%	10%
2022	-12%	-20%	-22%	-21%
2023	10%	17%	9%	13%
2024	39%	12%	14%	2%
2025	0%	13%	22%	32%
1Q26	0%	1%	1%	1%
2Q26	20%	22%	26%	6%
Cumulative	343%	191%	196%	123%
CAGR	15%	11%	11%	8%
LTM	25%	41%	59%	17%
YTD	19%	23%	27%	8%



Long Cast was founded in 2015 on the principles of long-term and patient investing in well-researched small- and micro-cap companies. It was conceived as a “food truck version of a hedge fund”, a nod to its SMA structure, low overhead and Brooklyn base, backed by +12-years of institutional equity-research experience. It takes concentrated positions and aims for 15% annualized returns, operating as an alternative to passive investing, with more transparency than a fund and without using leverage.

PORTFOLIO UPDATE

In 2Q26, PDEX, PESI and MTRX were the largest contributors. There weren’t any significant decliners. We substantially added to NRC and exited CCRN, which was acquired, returning a solid after-tax IRR despite the unavoidable short-term treatment.

At quarter end the top five positions represented 62% of the portfolio. I am patiently putting available cash to work, recently adding to QRHC, which has lapped negative revenue comps, and may benefit from stabilization in industrial manufacturing as well as new contracts announced earlier in the year.

¹ Performance data is based on Interactive Brokers "Portfolio Reports" function; shown net of management fees, expenses, and commissions; unaudited; and unless otherwise noted, since inception in Nov. 2015. Past performance is not a guarantee of future results. Individual account performance may vary. Any investment entails a risk of loss including the total loss of capital. ADV form available through Broker Check; CRD # 175005

It is our goal and intention to own large percentages of fewer companies over time, but we start small, continue researching and adjust as warranted. One new small position is a chemical company in turnaround, that offers the virtues of sound management, a strong balance sheet and fully depreciated assets. I am weighing if it should be a larger position, but probably not at current prices.

Since 2023, management and the Board have been excellent strategic and financial stewards. Previously an undercapitalized mini conglomerate, non-core assets have been sold off and there's over \$40M of net cash on the balance sheet. The business is built around [three chemical plants](#), each over 50-years old, in TN, VA and SC, that supplied the once abundant carpet and textile manufacturers in the area, and now produce lubricants, surfactants, coatings, and other mixed and reacted chemicals for a variety of end markets.

From this point forward, the opportunity is improving on low-capacity utilization and "sales people who waited for the phone to ring". It's a solvable problem, but it's not an easy path. This business is all about manufacturing with quality and consistency. A former HB Foster plant engineer explained to me that the chief sales people in this area are the process engineers and the plant managers with demonstrated capabilities around scheduling, batching, minimizing turnarounds and safety. These are manufacturing culture type things and culture takes time to change.

Meanwhile, our CEO and CFO's prior successful exit was in pool chemicals, ie branded bleach, which is to say, wholly driven by sales and marketing. I'm not sure if what's needed here from this point forward overlaps with any of their prior experiences. And that leads to questions around the intentions of the Board, some of whom are long time shareholders and possibly looking for ~~the next fool to buy these old assets~~ an exit.

I like a long and wide opportunity pathway, and this seems constrained and restricted. The underlying capacity puts a cap on revenues and the factories require regular maintenance and CAPEX. The industry operates in oversupply and peer group multiples are in the single digits. Meanwhile, to achieve our 15% hurdle rate at *current prices* would require multiple expansion into the double digits. Under certain conditions – higher-margin end-markets or faster growth - a premium multiple may be justified, but given the hill to climb, I think it pays to wait. I'll continue to monitor it and continue to look for other ideas.

As I indicated in my mid-June email, I did a 15-minute set on the Vegas Strip by way of a "pitch session" at the Microcap Club / Planet Microcap conference, where I offered brief high-level thoughts on what makes stocks attractive, and then shared two stocks, PDEX and NRC that I think indeed are attractive. ([Video of it can be found here, mom.](#))

The PDEX pitch offered an attempt to quantify the anticipated incremental benefits to operations if Zimmer succeeds with the mBos robot commercialization (a *corrected* version of the slide is below). The [milestones](#), [prices and margins](#) are all derived from public filings and we assume four effectors per system sale, as an informed estimate.

ATK procedures per year	800,000
implant cost (est)	\$5,000
US implant "gross revs"	\$4B

Milestone	12/31/2028	12/31/2029	12/31/2030	
Hurdle: mBos "gross revs"	\$156M	\$381M	\$609M	
implied procedure market share	4%	10%	15%	
assumed mBos procedures	31,200	76,200	121,800	
consumables @ \$75 / procedure	\$2.3	\$5.7	\$9.1	
GP @ 30% margins	\$0.7	\$1.7	\$2.7	
incremental EPS impact	\$0.16	\$0.40	\$0.64	
# of systems needed	156	381	609	>> each system does 200 procedures / year
4 effectors / systems @ \$15K each	\$9.4	\$22.9	\$36.5	>> \$15K / effector x four per system sale
GP @ 45% margins	\$4.2	\$10.3	\$16.4	>> margins are spelled out in contract
incremental EPS impact	\$0.99	\$2.41	\$3.85	
net incremental EPS impact	\$1.15	\$2.81	\$4.50	

[Zimmer's purchase of Monogram last year](#) included "contingent valuation rights" (CVRs) that pay out \$3.41 / share in each year from 2028 to 2030 that mBos gross revenues exceed certain hurdles. Based on these estimates, we calculated the number of systems needed to achieve those revenues, and it triangulates to a capital sale in the range of ~\$1M per machine, in line with the cost of Stryker's Mako platform. [Stryker sold 860 units in its first three years](#), so the forecast 609 units to trigger the final CVR seems achievable. And even if the timing is wrong or our estimates imprecise, as long as the direction is right - and Zimmer is putting significant resources behind the launch - once the system launches, PDEX could experience an exceptional transformation in operating cash flow that would justify a substantially higher corporate value. This is why it remains a top position.

On NRC, our newest investment, I discussed the company's evolution from owner / operator to professionally led management team, and the expected benefits from putting a growth focused, incentivized and entrepreneurial executive suite behind this strong and recognizable brand, in a business with strong FCF generation and in a market where the two leading competitors just merged in a PE backed \$6.5B deal.

Quantitative evidence that supports our optimism includes [the recently announced largest contract in company history](#), leading to the highest 12-mos backlog in history. Deferred revs are also growing and this typically leads sales. Furthermore, management indicated that the second year of the aforementioned contract is materially larger than the first, which infers that in one year's time, 12-mos backlog could be even larger, and with capacity to do more. We continue to add opportunistically.

Among our other large holdings, PESI recently [preannounced 2Q26 earnings](#) indicating continued weak profitability but strong backlog growth on expanding processing at Hanford. There is potential for significantly more waste volumes if a decision is made to grout (embed in concrete) up to 9M gallons of low-level tank waste by 2030. [This recent GAO report](#) illustrates how large that opportunity could be and how favorable the government is in pursuing it.

Two other large holdings, MTRX and RSSS, are on June 30 fiscal years and won't report earnings until late August or possibly September. Given their weighting, results may be impactful to the portfolio. I think in both the cases, cash earnings will prove better than market expectations, especially MTRX, which all but guided to record profitability.

IN CONCLUSION: ON AI, ENTREPRENEURSHIP AND INVESTING

In our 1Q26 letter, I discussed my perspective of AI as a tool that's creating a wonderful environment for entrepreneurs. Evidence is emerging along those lines, with [growth in business formation](#) and in [new sole proprietorships exceeding \\$10M in revenues](#). And while the media focuses on layoffs at tech companies, evidence suggests that it's creating ample work elsewhere, and not just for electricians and hvac installers.

Meanwhile, in the investing world, an AI-focused fund called "Situational Awareness", led by a former Open AI employee, recently blew up over \$40B in capital. The fund strategy was to buy AI-related companies and short the disrupted software businesses, and use significant leverage in the process. It was recently forced to sell off its entire portfolio at a discount to meet margin calls. It puzzles me how someone so smart can be so unaware of the risks associated with using leverage in investing. Prior to its demise, returns were reportedly up 270% ytd and had been up 1,000% since inception.

It takes effort to resist the notion that we know how this is going to turn out. Our minds enjoy closure and sometimes even grope for conclusions, no matter how illogical, with a bias towards consensus.

Long Cast has experienced large drawdowns in the portfolio, and given our concentrated positioning, may well again in the future. But we operate under the premise that investing is a practice of patience and endurance, not a sprint. This is intended as a durable business that grows capital well into the future. In order to do that, we need to survive. We don't use margin. We don't seek out volatility. With rising rates, an expanding war and global constraints on a most a critical energy input, I'm comforted by our non-consensus portfolio.

As always, I remain committed to building a durable and sustainable business based on a repeatable investment process and intelligent capital allocation. I remain grateful to have clients (by design) aligned with my long term, small company centric and research-intensive focus. I welcome the continued interest from individuals and institutions as I patiently grow the business.

Sincerely / Avi
Brooklyn, NY
July 2026