

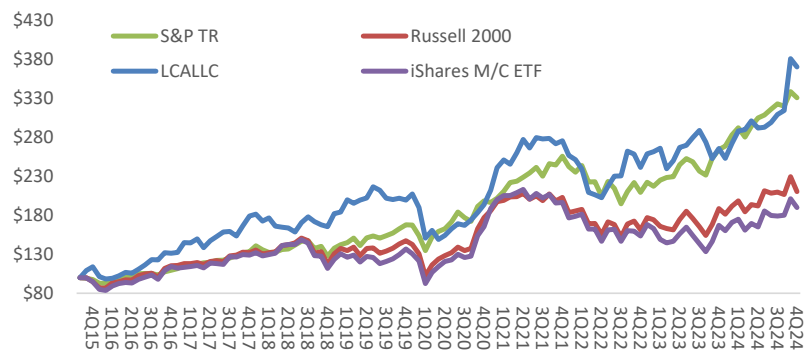
Long Cast

ADVISERS LLC

Dear Partners & Friends:

For the 4Q24 quarter (ended December 31, 2024), cumulative net returns improved 20%. Full year cumulative net returns were 39%. Since inception in November 2015 through year end 2024, LCA has returned a cumulative 270% net of fees, or 15% CAGR. As a backdrop to returns, on a cumulative net basis, since inception we comfortably exceed two widely used representative indices for passive small company investing, the iShares MicroCap ETF and the Russell 2000 Index, and are slightly ahead of the S&P. *Past performance is no guarantee of future results. Individual account returns may vary.*¹

Net returns	Long Cast	R2000	IWC	S&P TR
2015 (2-mos)	14%	-5%	-5%	-2%
2016	15%	21%	21%	12%
2017	36%	15%	13%	22%
2018	-8%	-11%	-13%	-4%
2019	21%	25%	22%	31%
2020	-3%	20%	21%	18%
2021	42%	15%	19%	29%
2022	-12%	-20%	-22%	-18%
2023	10%	17%	9%	26%
1Q24	9%	5%	5%	11%
2Q24	1%	-3%	-6%	4%
3Q24	6%	9%	9%	6%
4Q24	20%	0%	6%	2%
2024	39%	12%	14%	25%
Cumulative chg	270%	110%	90%	230%
CAGR	15%	8%	7%	14%
YTD	39%	12%	14%	25%



In 4Q24, our ninth year in operation, we crossed \$10M in AUM, a milestone of progress. Growth has come patiently, from returns, client additions and word of mouth, as I've evolved from investment analyst to portfolio manager and from blogger to small business owner. It has never been important for me to grow fast, but rather to not grow faster than I should, and to patiently level up, not so much to avoid mistakes – they are inevitable in any new enterprise – but to keep them small. I'm eager to continue growing and will attend my first "marketing" event in May, Santangels, where I expect to meet allocators seeking an idiosyncratic and successful small cap manager. I hope to see you there.

PORTFOLIO UPDATE

As a reminder, we are long-term and patient investors, seeking what I call five-year doubles, which roughly equates to 15% annualized returns. This target return informs our target weighting, also 15%, since the impact on an overall portfolio from a stock that doubles equals its initial weight. These figures are guides not anchors. A 15% weighting is appropriate only where price and expected growth are aligned with high confidence, but finding and owning such opportunities for long periods drives our efforts at Long Cast Advisers. At quarter end, three stocks in the portfolio were at or around 15% positions (+/-5%) and the top-five positions represented 70% of portfolio.

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

Biggest drivers to quarterly gains were CCRD, PDEX and RSSS.

CoreCard benefited from its repriced and lengthened contract with Goldman, discussed in our [3Q24 letter](#). This amended contract provides visibility that should offset likely continued noise around whomever takes over the Apple Card. Concurrently, the company continues to grow its non-Goldman business. There are many reasons we continue to own this at size – management excellence, market opportunity and financial quality to name three – while a likely looser regulatory environment for credit card issuances could be relevant as well.

In November I went to the **Pro-Dex** shareholder meeting, which I last attended pre-COVID, before the company doubled the size of its manufacturing footprint. Business remains strong as evidenced by record gross profit in 1Q25 (period ending 9/30/24) of \$5.1M. These deliveries represent a small portion of a large multi-year order to its largest customer. The company also continues steady and slow efforts on its own branded product.

During the quarter we substantially added to **Research Solutions** and were rewarded with good news: The founder and largest shareholder, who was terminated in late 2023, sold all his shares. This resolves an “overhang” on the stock, as it was rumored that he had been selling shares to weigh on the price, a form of spite that benefitted patient shareholders like us.

Matrix Services, another large and material position for us, should start converting backlog to gross profit (and cash flow) over the next 18 to 24 months. MTRX was initially discussed in our [1Q23 letter](#), which was the last time I added a new position to the portfolio (with MAMA). The lack of activity is not for lack of looking; every time I found a new and interesting company, I decided that adding to existing positions was a better use of capital. Given the appreciation in our portfolio, I anticipate more *new* positions this year, and these generally start small. As always, I’m in no rush to spend our money.

Top detractors in 4Q24 were QRHC, PESI and a small position that I’ll discuss in person or on the phone if you wish (I welcome your calls and visits).

Quest has been frustrating to own of late. For the last two quarters, management indicated an optimistic outlook halfway through the quarter and at quarter’s close reported results short of these expectations. It is a case of talking too much. I believe large and impressive customer additions are masked by industrial headwinds at a few key customers - a farm recession weighs on a machinery maker, EV policy pivots weigh on an automobile manufacturer – leading to a case of running to stay in place. Whether or not these headwinds are one offs or signals of a secular recession are unclear. What is clear is that the company, which we’ve owned for several years, also continues to evolve. As I’ve said many times, with the right technology it could be transformative on multiple levels. While management isn’t as aggressive with the technology transition as I’d like, it continues to make progress, evidence of which could be near at hand.

Perma-Fix is among the simplest theses in the portfolio. They are the closest permitted service provider within thousands of miles that can “grout” secondary waste at the Hanford nuclear waste cleanup site. The start-up of the much delayed [vitrification plant](#) is now in sight (after 15-years of delays), meaning high volumes of secondary waste could flowing start in 2H25. It should meaningful to earnings.

IN CONCLUSION: ON PRICE DISCOVERY

In mid-2024, Sentieo, my financial data service platform, was “acqui/killed” by AlphaSense. I’d negotiated a cancellation clause in my renewal but was angry at the company nonetheless. So in mid-December, when AlphaSense held an AI educational event at their NYC headquarters, I went, to see some old friends, learn something new, and to give someone a “dirty look,” as grandpa used to say.

I met the guy who built the product I most used and pivoted from angry customer to fan. It was a great tool, he agreed, but data licensing fees and a strategic shift contributed to its demise. And besides he said, you can’t make money selling to fundamental investors. “There aren’t enough of them.”

I occasionally wonder why Long Cast outperforms its most relevant benchmarks, the Russell 2000 and the iShares micro-cap index, by such a wide margin. I’d like to chalk it up to investment acumen, but in reality, it puzzles me. You rarely see this in active large cap management, yet I can think of a number of small cap managers like Long Cast that handily beat the relevant small cap indices. One contributing factor must be the over representation of unprofitable “lottery tickets” in these indexes, but I wonder if “not enough fundamental analysts” also sheds light on this phenomenon.

Indexation is a low-cost way to get broad market exposure, but one of its (many) criticisms is that it free rides on the price discovery of fundamental analysts. With total US passive investing assets now exceeding active assets, is price discovery getting crowded out? Maybe not for the largest stocks - over 40 analysts cover META and GOOG, et al - but on the smaller end of the market cap spectrum, where we invest and where analyst coverage is sparse (and apparently shrinking) I think this rings true.

We observed market inattention in our portfolio in 4Q24, when CCRD filed an 8-K that its contract with its largest customer (+60% of trailing revs) was extended from 2027 to 2030 (and at higher rates). It’s easy enough arithmetic to observe an 86% increase in the present value of a cash flow stream that expands from three years to six years, yet it took over a month for CCRD’s stock to react.

I think it’s also playing out with MTRX, one of our largest holdings. The E&C industry is so long cycle that the company is only now climbing out of the COVID curve. One would need look beyond the last five years financials to see the earnings power in the business, which scales as backlog converts to revenue. I think we are on the cusp of this transition, but nobody is really paying attention.

Without price discovery, the passive investor is at the whims of robots trading on earnings trends, momentum and technical indicators. I realize I’m talking my book here, but this seems irresponsible versus investing in individual companies profitably benefitting from well implemented strategies. I get excited waking up every day thinking about these opportunities that few other people pursue.

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 and I welcome the continued interest from individuals and institutions as I patiently grow the business.

Sincerely / Avi
Brooklyn, NY
January 2025