

Peapod Lane Capital LLC

2025 Q4 Note

Dear Friend,

Wishing you a happy and healthy 2026.

Do you ever shop at flea markets or estate sales? Or participate in auctions? Do you prefer them bustling with people and activity, or quiet and overlooked? In which setting do you think you're more likely to uncover a hidden gem? We have all read the occasional story about a forgotten Van Gogh (or pick your favorite famous artist) discovered in Grandma's attic being sold at a garage sale.

In a way, this is what we do at Peapod. We seek out opportunities hidden in plain sight—areas of the market that receive little attention and are often overlooked. Our focus is on identifying securities that have been broadly sold and are trading at prices that, in our view, fail to reflect their underlying value.

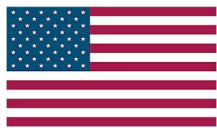
The idea itself is straightforward; the execution is not. It requires discipline, patience, and a willingness to turn over many rocks. We review a wide range of potential opportunities, knowing that only a small number will ultimately meet our criteria.

Two elements of our process help differentiate our approach. First, our philosophy is premised on finding securities trading at a discount to asset value—whether liquidation value, replacement value, or sometimes simply cash. While there are many value-based investment approaches, an asset-based discipline is less commonly emphasized. Second, we fish in the smallest corners of the market. Micro- and nano-cap stocks are typically under-researched and lightly owned, which can create inefficiencies for patient investors.

Our goal is to add value for our clients. After all, why invest with an active manager if they don't? Even index-tracking ETFs and mutual funds aim to differentiate themselves through lower costs or greater efficiency. Peapod's differentiation is simple: fishing where few others are looking. Staying disciplined, not deviating from our process, and maintaining a healthy respect for behavioral finance are central to what we do. Additionally, Peapod has historically offered diversification benefits, as our return stream has at times differed from the major indexes (full disclosure: past performance is no guarantee of future results).

At its core, our objective is to make investment decisions where the balance of risk and reward appears favorable. We seek to build portfolios where gains from successful investments can offset losses from less successful ones over a full market cycle.

Put more simply, we aim to be right more often than we are wrong—and to make more on our winners than we lose on our losers. In other words, we invest when we believe the odds are in our favor. The year 2025 was a mixed bag, reflecting a combination of positive and negative individual outcomes. While we made more on our winners than we lost on our losers, our batting average was lower than in some other periods. This also means that a number of holdings have not yet moved materially. Some years nearly everything works in our favor; other years very little does. 2025 was a blend of the two. We do not attempt to predict short-term outcomes, as doing



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Contrarian Micro & Nano Cap Value

so is both difficult and often counterproductive. Instead, we focus on what we can control: adherence to our process.

Our approach is informed by a few long-held beliefs. Equity markets tend to rise over time, but not in a straight line. Human behavior drives cycles of optimism and pessimism, and periods of strong returns are often followed by periods of weaker performance. Attempting to forecast these cycles in advance is extremely difficult and can lead to unintended consequences. We believe investing with a margin of safety provides a sound foundation for navigating these inevitable ups and downs.

One question we consistently ask before making an investment is this: *Would we increase the position if the security traded lower and nothing had changed?* If the answer is no, we do not make the investment. If we like something at \$10, we should like it even more at \$8, all else being equal.

Our careers began in the late 1990s, and it is striking to reflect on the many market cycles since then—the highs, the lows, and everything in between. From Long-Term Capital Management in 1998, to Enron, WorldCom, Lehman Brothers, and more recently WeWork, history offers no shortage of reminders about the importance of discipline and humility.

Who can forget Citigroup CEO Chuck Prince's comment in 2007, shortly before the financial crisis: "When the music stops, in terms of liquidity, things will be complicated. But as long as the music is playing, you've got to get up and dance. We're still dancing." We don't know what the future holds, but we are confident it will not unfold in a straight line.

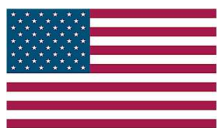
Give us a call or let us know a few times that work for you for a more detailed overview of the portfolio. This letter is intended to provide a high-level overview of our process, and we welcome the opportunity to discuss it further and answer any questions.

We are grateful for the trust you place in us.

Best Regards,

Erik Conrad & Martin Friederichs

*See additional returns and portfolio characteristics below



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Returns (As of December 31st, 2025)

Returns	Cumulative		Annualized		
	YTD	Inception	1 Yr	5 Yr	Inception
Peapod Net*	9.4%	233%	9.4%	18.5%	14.5%
iShares Micro-Cap ETF	22.4%	108%	22.4%	7.0%	8.5%
iShares Russell 2000 ETF	12.7%	104%	12.7%	6.0%	8.3%

Annualized Net				Cumulative Net			
	Peapod	IWC	IWM		Peapod	IWC	IWM
YTD	9.4%	22.4%	12.7%	YTD	9.4%	22.4%	12.7%
1 Year	9.4%	22.4%	12.7%	1 Year	9.4%	22.4%	12.7%
2 Year	14.2%	18.0%	12.0%	2 Year	30.4%	39.1%	25.5%
3 Year	21.5%	14.9%	13.6%	3 Year	79.2%	51.6%	46.6%
4 Year	14.1%	4.3%	3.9%	4 Year	69.6%	18.4%	16.6%
5 Year	18.5%	7.0%	6.0%	5 Year	133.4%	40.5%	33.6%
Inception	14.5%	8.5%	8.3%	Inception	233.2%	107.5%	104.0%

Peapod Monthly Returns (Gross)													Year		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Peapod	IWC	IWM
2017		0.7%	2.4%	3.5%	-2.4%	3.8%	0.0%	1.7%	6.1%	1.7%	4.7%	-1.1%	22.8%	15.0%	14.3%
2018	3.9%	-2.8%	1.2%	3.6%	4.6%	0.2%	-0.9%	-0.1%	1.4%	-7.0%	-1.2%	-7.8%	-5.8%	-13.1%	-11.1%
2019	7.5%	1.7%	-5.2%	0.5%	-9.6%	2.7%	1.4%	-4.6%	4.8%	-0.9%	2.4%	2.9%	2.3%	22.2%	25.4%
2020	0.5%	-6.2%	-20.2%	12.7%	3.0%	7.8%	6.6%	7.4%	0.5%	0.5%	11.8%	6.1%	29.1%	20.9%	20.0%
2021	4.8%	8.4%	3.0%	4.1%	7.6%	-0.1%	1.6%	4.5%	-2.8%	2.2%	-2.2%	3.4%	39.7%	18.7%	14.5%
2022	-3.5%	-0.8%	2.0%	-4.6%	-1.2%	-1.3%	3.6%	2.4%	-7.5%	5.1%	3.5%	-0.8%	-3.9%	-21.9%	-20.5%
2023	15.9%	0.8%	-1.2%	0.8%	3.3%	3.7%	2.8%	-3.6%	-1.3%	-4.6%	6.9%	12.3%	39.5%	9.0%	16.8%
2024	2.3%	3.8%	4.7%	-3.1%	4.1%	-6.8%	7.1%	0.6%	2.2%	0.6%	6.2%	-1.6%	20.9%	13.6%	11.4%
2025	-0.4%	-3.5%	-6.8%	-1.7%	4.3%	8.8%	1.9%	6.6%	0.9%	1.3%	-0.8%	0.9%	11.1%	22.4%	12.7%

Peapod Monthly Returns (Net)													Year		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Peapod	IWC	IWM
2017		0.6%	2.2%	3.3%	-2.6%	3.6%	-0.1%	1.6%	5.9%	1.6%	4.6%	-1.3%	20.9%	15.0%	14.3%
2018	3.7%	-2.9%	1.0%	3.4%	4.4%	0.0%	-1.0%	-0.3%	1.3%	-7.2%	-1.4%	-8.0%	-7.5%	-13.1%	-11.1%
2019	7.3%	1.6%	-5.3%	0.3%	-9.7%	2.6%	1.2%	-4.8%	4.6%	-1.1%	2.3%	2.7%	0.6%	22.2%	25.4%
2020	0.4%	-6.4%	-20.3%	12.5%	2.9%	7.6%	6.5%	7.2%	0.3%	0.4%	11.7%	5.9%	26.9%	20.9%	20.0%
2021	4.7%	8.3%	2.9%	4.0%	7.5%	-0.3%	1.5%	4.4%	-2.9%	2.1%	-2.3%	3.3%	37.6%	18.7%	14.5%
2022	-3.7%	-1.0%	1.9%	-4.7%	-1.4%	-1.4%	3.4%	2.2%	-7.6%	5.0%	3.4%	-0.9%	-5.4%	-21.9%	-20.5%
2023	15.8%	0.6%	-1.3%	0.7%	3.2%	3.6%	2.6%	-3.7%	-1.4%	-4.7%	6.8%	12.1%	37.5%	9.0%	16.8%
2024	2.2%	3.7%	4.6%	-3.3%	3.9%	-7.0%	7.0%	0.5%	2.0%	0.5%	6.1%	-1.8%	19.1%	13.6%	11.4%
2025	-0.6%	-3.6%	-6.9%	-1.9%	4.1%	8.7%	1.7%	6.5%	0.8%	1.2%	-0.9%	0.8%	9.4%	22.4%	12.7%

*As of December 31st, 2025. Benchmark – iShares Micro-Cap ETF, iShares Micro-Cap ETF (IWC) and iShares Russell 2000 ETF (IWM) returns are calculated using closing market prices.

*Peapod Contrarian Micro & Nano Cap Value Composite returns calculated from February 1st, 2017. All performance figures are based on estimated and unaudited financial information and may be subject to change.

*Fees – 1.5% Annually. Investment Performance Disclosure – Please refer to the end of the document. Past performance is no guarantee of future performance.



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Contrarian Micro & Nano Cap Value

Portfolio Snapshot vs the Indexes

Small Stocks with Low Valuations

Peapod	
Price / Book	0.7x
Wtg Avg Market Cap	\$272M
Number of Holdings	58

**As of December 31st, 2025.*

**P/B is the median number.*

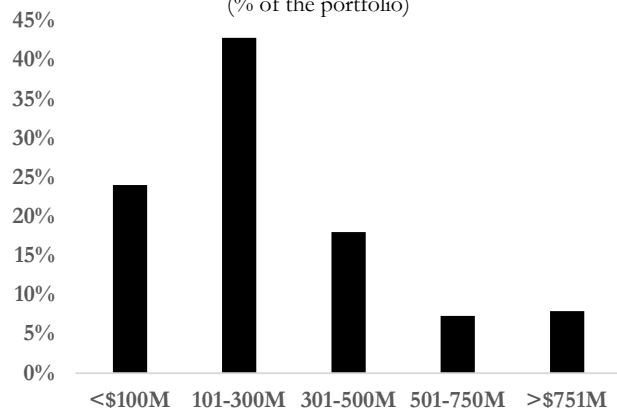
Behavioral Comparison

	Peapod	IWC	IWM
Std Dev	17.2%	23.1%	21.1%
R Squared		74%	73%
Sharpe Ratio	0.67	0.26	0.28

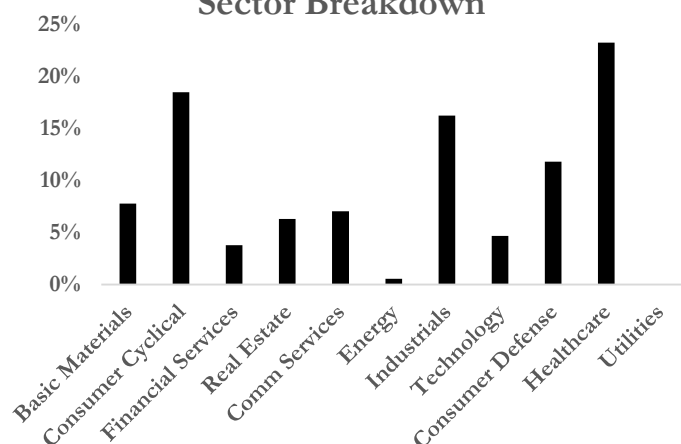
Portfolio Overview

Weighted Avg Market Cap

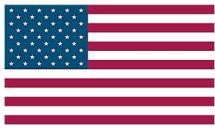
(% of the portfolio)



Sector Breakdown



**As of December 31st, 2025.*



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Contrarian Micro & Nano Cap Value

Investment Performance Disclosure

Past Performance Does Not Guarantee Future Performance

Past performance of actual portfolios or composites of actual portfolios does not guarantee future results. No assurances or guarantees can be given or implied concerning future investment results for Peapod Lane Capital LLC or any investment index. Future returns may differ significantly from the past due to materially different economic and market conditions and other factors. Investments within portfolios, and therefore, portfolios, involve risk and the possibility of loss, including a permanent loss of principal.

Investment Return Methodology

Actual returns for individual client portfolios managed by Peapod Lane Capital LLC may vary and do not necessarily coincide exactly with the returns for the performance group composite. Peapod Lane Capital LLC's returns shown are a composite of the fully managed portions (i.e. discretionary assets vs. non-discretionary supervised assets) of all client accounts that have substantially the same investment objectives, dividends, interest, mutual fund capital gains distributions and other earnings reinvested. Returns are presented gross and net of management fees and include the reinvestment of all income. Returns are calculated using a time weighted return and are gross of capital gains. Gross returns include transactions cost reduction. Net returns include management fees reduction. Net returns are calculated by monthly reducing 1/12th of the highest management fee of 1.5% from gross returns. Non-discretionary supervised assets held in clients' account are excluded from the calculation. All client accounts that met the composite criteria during the reporting period are included.

Peapod Lane Capital LLC launched on April 1st, 2010. The Peapod Contrarian Micro & Nano Cap Value Composite returns begin on February 1st, 2017. All performance figures are based on estimated and unaudited financial information and may be subject to change.

Peapod Contrarian Micro & Nano Cap Value will hold cash. It is expected that cash will be between 0% and 10% of the account value. There can be no assurance that cash will not exceed 10% at any time.

Benchmarks

The iShares Russell 2000 ETF seeks to track the investment results of an index composed of small-capitalization U.S. equities. The Russell 2000 Index measures the performance of the small-cap segment of the US equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index which is designed to represent approximately 98% of the investable US equity market. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. Peapod perceives the Russell 2000 as the most widely used small-cap index. Peapod does not attempt to replicate the index. Historically, the average market capitalization of securities within Peapod's portfolio has been smaller and the price/book valuation metric has been lower. There will be securities in Peapod's portfolio that are not in the Russell 2000 Index.

The iShares Micro-Cap ETF seeks to track the investment results of an index composed of micro-capitalization U.S. equities. The Russell Microcap Value Index measures the performance of the microcap value segment of the US equity market. It includes Russell Microcap companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years). The Russell Microcap Value Index is constructed to provide a comprehensive and unbiased barometer for the microcap value segment of the market. The Index is completely reconstituted annually to ensure larger stocks do not distort performance and characteristics of the microcap opportunity set. Peapod invests with a value strategy in the microcap segment and believes that the Russell Microcap Value Index is the most widely used index in this segment. Peapod does not attempt to replicate the index. Historically, the average market capitalization of securities within Peapod's portfolio has been smaller and the price/book valuation metric has been lower. There will be securities in Peapod's portfolio that are not in the Russell Microcap Value Index.