

# PEAPOD LANE CAPITAL LLC

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Contrarian Micro & Nano Cap Value

Peapod's objective is to compound capital at a compelling rate of return over a full market cycle while emphasizing margin of safety

# Why Peapod?

1. Gain exposure to an area of the market that is difficult to access
  - Invest in an ignored area - sub \$300 million market cap companies
  - Peapod focuses on a different type of “cheap” - discount to liquidation or replacement value
2. Investment metrics that are different from microcap and value indexes
  - Lower median market cap & lower price to book than the Russell 2000 and Russell Microcap Value Indexes
3. Since inception, Peapod has generated higher returns with lower volatility than the index

# Differentiating Factors

## Micro and Nano Cap Stocks

- Gain exposure to a less efficient market with larger price/value gaps
- Invest away from the crowd - minimal sell side coverage and institutional ownership
- Diversify your investment mix due to minimal overlap with existing investments

## Discount to Asset Value

- Add a risk/reward profile to your overall portfolio based on asset values
- Stocks trading at a discount to liquidation or replacement value
- Peapod focuses on companies with strong balance sheets and limited debt – this creates optionality and allows for time for a positive catalyst to appear

## Behavioral Economics

- Invest with a contrarian, highly disciplined investor
- Exploit opportunities created by other people's biases
- Diversify into a different type of investment product

# General Portfolio Parameters

Securities listed on US Exchanges



Generalist



Long Only



40 to 80 Positions



No Leverage

# General Characteristics of an Investment

Undervalued/Asset  
Rich Stocks

Low Debt to Equity

Low Price to Our  
Estimate of Asset  
Value

Deeply Out of  
Favor

Median Market Cap  
under \$300 Million

# An Investment In Action

## Hits our radar

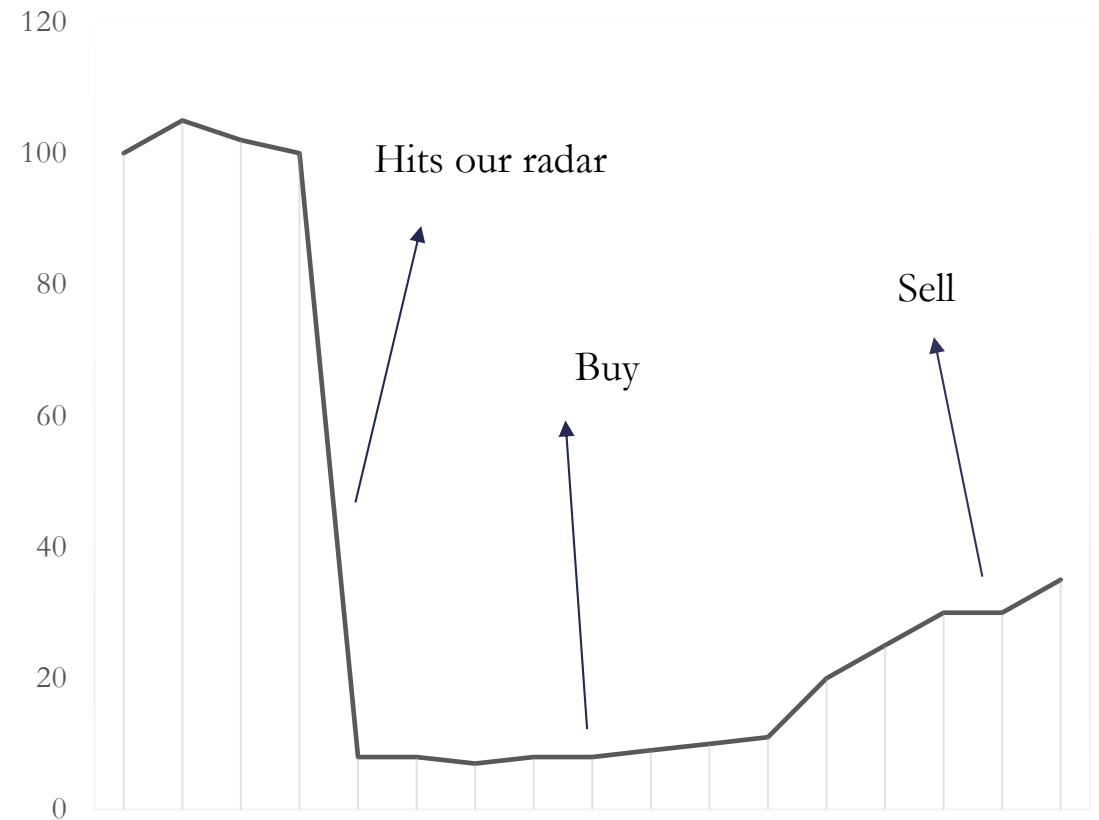
- Stocks move for many reasons
- Start doing the research

## Buy

- Buy when it trades below liquidation or replacement value

## Sell

- Sell when it approaches our estimate of full value



# Returns

As of March 31st, 2025

	Cumulative		Annualized		
	<u>YTD</u>	<u>Inception</u>	<u>1 Year</u>	<u>5 Years</u>	<u>Inception</u>
Peapod Net	-10.7%	172%	-4.1%	26.4%	13.0%
Russell Microcap Value (RMV)	-12.3%	50%	-7.6%	14.3%	5.1%
Russell 2000 (R2000)	-9.5%	65%	-4.0%	13.3%	6.3%

\*As of March 31st, 2025. Benchmark – Russell Microcap Value Index. Peapod Contrarian Micro & Nano Cap Value Composite returns calculated from February 1st, 2017.

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



# Comparison vs. R2000 & RMV Index

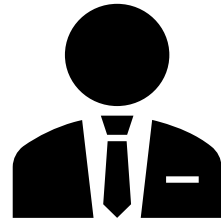
As of March 31st, 2025

	<u>Peapod</u>	<u>RMV</u>	<u>R2000</u>
<b>Standard Deviation</b> ( <i>Inception*</i> )	17.6%	23.5%	21.8%
<b>Price / Book</b>	0.6x	1.2x	1.9x
<b>Weighted Average Market Cap</b>	\$230M	\$652M	\$3,514M
<b>Number of Holdings</b>	62	1,050	1,953
<b>Sharpe Ratio</b>	0.61	0.12	0.18

\*As of March 31st, 2025.

\*Peapod Contrarian Micro & Nano Cap Value Composite returns calculated from February 1st, 2017.

# Who are we?



## Erik Conrad, CFA

*Education:*

Wharton MBA, University of Chicago BA

*Experience:*

Gabelli Asset Management, Alexandra Investment Management



## Martin Friederichs

*Education:*

University of Surrey MSc, Dickinson College BA

*Experience:*

Societe Generale, Gabelli Asset Management, RBC Capital Markets, Ameriprise Financial Services

## **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 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 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.