

Peapod Lane Capital LLC

Contrarian Micro & Nano Cap Value

“It is impossible to produce superior performance unless you do something different from the majority.”

John Templeton

Dear Friend,

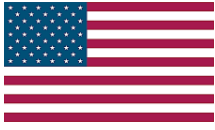
2024 was a successful year for Peapod. We returned a little over 19% net for the year, which compares favorably to the small, microcap, and value indexes. This is the fifth year in a row that we have outperformed the Russell 2000, Russell Microcap, and Russell Microcap Value Indexes.

Our objective is to compound our clients' capital over the long term. While it is great to outperform in the short or medium term, we will only be able to judge ourselves as having succeeded by compounding capital over the entirety of our career. We love what we do, and we hope we have many years left to make that judgement. There is no doubt that there will be periods when the returns don't look great and periods where we look like we can do no wrong.

With the recent outperformance comes the behavioral risks that go with it. To quote Seth Klarman, “Investing is the intersection of economics and psychology.” We will add a Warren Buffett quote, “In the business world, the rearview mirror is always clearer than the windshield.” Recency bias and its friend overconfidence (after things have done well, of course) represent both sources of risk and opportunity for Peapod. Bernard Baruch said, “I got rich selling too soon.” We sometimes feel the same way, we sell what is dear to buy what is cheap. We are willing buyers as stocks trade lower, also willing sellers as stocks trade higher. We never allow the chart of the price of a stock to dictate how we behave. We value businesses and assets and make our investment decisions based on how the prevailing price compares to those estimates of value.

The way we look at investing is straightforward. We buy assets at a discount through publicly traded securities. We start with the balance sheet and wait for an attractive price. We analyze the cash flow and income statements to make sure that value isn't going to be eroded or destroyed. Incentives matter, and we consider how management and the board may behave to threaten that valuation disconnect. We do not require complicated spreadsheets with multiple assumptions. We should be able to explain any investment in a few bullet points. You could also call it sleep comfortably at night investing.

These opportunities exist for investors like us who are willing to get their hands dirty and turn over the most stones. Everything we do is sourced and valued internally. We do not rely on the sell side to provide us with ideas or other investors to tell us what to buy. We have complete independence of thought.



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Mr. Market gets emotional and suffers from all sorts of biases. That is the crux of our advantage and has allowed us to generate our track record. We do not see any outside forces that would change this. The risk is not what other people will do, as humans are emotional, and there is no new technology or anything else that is going to change that. The risk is that we suddenly become undisciplined and allow our emotions to control our decisions.

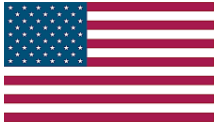
2025 will bring a new set of opportunities and risks. We have a new president, huge government deficits and everything you read in the newspapers. The large-cap indexes have had incredible returns in recent years. We tune that out and focus on what we can control. We start 2025 with the same mindset that we started 2024, which is the same as 2023, etc. There are always ideas for the types of stocks we look at. The portfolio may look very different in terms of names or sectors one year from now, but the low price to assets characteristics will be the same.

Peapod is different, and that has its value to our clients. If we were to be writing this five years ago, we would have been underperforming the S&P 500 since our inception. Since then, we have outperformed by high single digits and, as of now, have outperformed the S&P 500 since inception. The point is not to say we are better or worse, as only time will tell, but rather that we offer diversification benefits. We do not attempt to mimic any index or what any other investor may be trying to do. The characteristics of the stocks within the portfolio will not mimic any index. We cannot guarantee future performance, but we can add value by offering a highly differentiated and independent portfolio.

We are happy to discuss ideas over the phone at any time. We hope you have a successful, happy, and healthy 2025. Feel free to reach out at any point.

Best Regards,

Erik Conrad & Martin Friederichs



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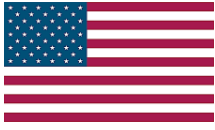
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Returns

	Cumulative Returns		Annualized Returns		
	YTD	Inception	1 Yr.	5 Yr.	Inception
Peapod _{Net} *	19.1%	204%	19.1%	22.0%	15.1%
Russell Microcap Value	9.2%	71%	9.2%	7.2%	7.0%
Russell 2000	11.5%	83%	11.5%	7.4%	7.9%

**As of December 31st, 2024. 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.*



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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.