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INVESTMENT INSIGHT



Five Dimensions
Investment Management

Markets and the Economy

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I hope this really helps you. Hang in there, as we haven't seen this level of ugly since 2020 or at the start of the pandemic: fear, mass liquidations, margin calls, and the losses are across the board with the largest company in the world Apple down -25% or off \$1 trillion in market value. President Trump has only been in office 3 months and the markets view American excellency as having been steamrolled, or has it?

The key to this nightmare is to really understand the truth, understand the various scenarios, wait, and let it play out. If you follow the media or any news source, each speaks "part truths" that often lead to conclusions that are false or conclusions that benefit someone else more than the targeted.

The extreme volatility I'm doing my best, to make sure we will get paid for it, when it rights itself: for some investments and for some other investments, company specific events that are indifferent to this mess but have growing expected payoffs as the liquidity drain of markets has asymmetrical impact. I will walk you through some investments, how I think, to show you how unique the opportunity is, what others don't see yet, or what others think is too far off-don't want to wait.

If Macy's shuts down and announces 80% off all inventory, the store is flooded with people buying goods for 20 cents on the dollar. Investing is the only endeavor where a company's value drops by 25%, 50%, 80%, etc. and people run faster for the exits. Investing is the only endeavor too, where a company's value goes up 50% and it's comped on a valuation basis as the most expensive to both history and the current universe of stocks, and investors run to buy more! It's fear of missing out or emotional, Peter made 50% and you didn't. The distortions of the market always correct or mean revert, but this current downdraft, sets the record (Appendix: chart 1). Why, markets could or will keep going down or have extreme up/down moves. This is normal as markets bottom in a process always, driven by different investing group behaviors (chart watchers, technical, momentum, valuation groups, etc.).

The strategic timing of this week's Tarriff press conference was after the U.S. markets closed and ahead of Asian markets opening, followed by European markets. Some suggest Trump's vision & plan has not gone as expected in some ways, as the negative impact has more punitive to the U.S. markets and economic. The U.S. is the big dog of the world for now, in all dimensions, but when more countries collude publicly and retaliate this presents very large risks that has further driven the market lower to downright fear. Most areas of the market were already at historical, very washed-out levels to fair value to history, but the selling process doesn't fully stop until the areas that were at bubble or top decile valuation levels normalize or we get updates on country negotiations like today.

Markets and Outlook

Trump tweeted “Vietnam’s discussion is going good, and we are ready to agree on 0% tariffs both side.” This just put more pressure on China, and then perhaps UK or Switzerland come to the table soon, puts more pressure on France’s retaliation or punch back, that came with China and Canada. Trump knows too a 46% tariff on Vietnam would mean Americans (Nike’s shoes, Deckers (Uggs, Hoka’s), etc., Crocs (with Hey Dude) will be upset, walking barefoot, and protesting for next year’s mid-term elections which starts in 1 year: April 2026. The market and economy drive election results, President Trump said the market will be at new highs post conference, but he didn’t say how markets will get there, so sit tight.

Don’t panic, just understand what will happen, what didn’t happen, and the timeline. What should have been a good thing from the market’s perspective wasn’t, the market needs and wants clarity. Every management team is frozen in planning, investing, hiring, and firing. The tariff’s numbers aren’t really reciprocal tariffs, as the formula isn’t logical and has other determinates, then you have Trump misleading. Trumps biggest asset isn’t his honesty; it’s his unpredictability factor. If I was on China’s, France, Vietnam, Canada’s side etc. I would be livid. The trade formula for the tariff isn’t 1:1 for each country’s tariffs or reciprocal, it’s a formula that is driven by economic growth, currency rates, interest rates, inflation rates, and if the country is a net exporter or importer. You can research what Reagan did in the 1980’s with his polices and how the U.S. shifted from balanced trade budgets to consistent trade deficits that was driven by the relative economic performance of the U.S. to each country, that further was aided by U.S dollar strength (trade flows and investment flows) and higher relative real (after inflation) interest rates. I think from Trumps perspective, it was the easiest and quickest way to gauge the correct order of global tariff differences, along with capturing who has cheated in different ways with fixing currency rates or other barriers... as the logic for the 10% flat tariff is to prevent country shifting like how Vietnam benefited from when the U.S directly targeted China.

Big picture Trump wants his tax cuts made permanent that expire at the end of this year (Flag 1). He wants Congress to make them permanent (Flag 2). The tax cuts can’t happen, without large government spending reductions because of the current debt levels (chart 2). How do you stimulate the economy to keep it firing without spending, you need interest rates, oil prices, and inflation materially lower. Look at oil prices and interest rates in just 3 months (chart 3 & 4). The media suggests tariffs are inflationary, however, tariffs become deflationary (impact from less demand drives prices lower) if tariffs are larger and kept on longer (Flag 3) or say if Vietnam and the US do agree on 0%, inflation drops & you have a change (delta) in economic growth. I voted for Barrack Obama and Donald Trump, based on my assessment of who’s the better candidate than can execute the most value, for the most Americans. I don’t like Trump now, I see my pocket book and I think what he’s doing could be handled differently and he’s risking a lot with people’s jobs and lives. Alternatively, he’s doing things Obama said was impossible and he might pull it off. No one knows his plan, and levers, but we know his family knows so I’m guessing they will be the first ones to profit.

Why was Israel hit with a 17% tariff, despite the day before the tariff conference, Israel signed with the U.S. to eliminate all remaining tariffs. Why was Vietnam hit with a 46% tariff, despite being preemptive the day before the conference and reducing tariffs: gas prices from 5% to 2%, imported cars from 64% to 32%, ethanol from 10% to 5%. Trump’s tweet today, Vietnam is ready to agree to 0% could be the first snowball effect, followed by his announcement Israel is now at a level playing field (0%), etc. Deckers in your portfolio just moved 10% today on the news, then read about Deckers in the stock section.

Consensus thinking is often to always wrong, we all know it’s impossible to shift production and distribution systems that were set up over years to decades. What if Trump says, I agree with my advisers that I will keep the 10% on most countries except the countries that agreed already or some exceptions: China, Russia, etc. and the marginal tariffs will go on in 6-12 months. You can move production and distribution with today’s technology and perhaps fiscal incentives to spur growth. Stay tuned, look to history as I put some historical market charts of what happens when investors panic

Our Investments

Iovance Biotherapeutics (IOVA)

Iovance one year ago was \$10-\$11 stock or \$3.5B in market value. The stock was said to be cheap and loved-touted by so many, given the long-awaited approval of the first to market-cancer cell therapy, expansion to more lines that are 10x larger: lung, endometrial, and expansion in 'higher lines' not just indications, from refractor 5L, 6L, to 1L standard of care.

Now the stock is at \$1.80 or \$579m in market value, with \$366m in cash, no debt, no partnerships, and first year sales of \$212m. Why. The company had 2 fumbles in the most recent quarter, and 1 of the fumbles should have come in the first or second quarter of launch, not the fourth quarter. The quality control and matching of a patient's t-cells post manufacturing and multiplication was sub-par, resulting in higher costs, and lost patient saving opportunities. The other fumble was tied to the disparity of perception of this first approved procedure between well-known U.S. based research or academic hospitals and other hospitals where the procedure occurs in addition to higher learning curves in these new treatment centers. The last strike in the most recent quarter, was a large take down in 2025 guidance \$450m revised to \$300m, has huge credibility hit with management and automatic sell trigger on Wall Street. All this last strike did was create a large buying opportunity, as the timing of this original guidance was early and audacious, and in my opinion done to attract a buyer sooner rather than later.

The meat of the future value in Iovance, isn't learning from the fumbles but the early approval in late-stage lung cancer with the trial read out later this year; hence it's not blinded. The street might think a first line approval in late-stage skin cancer is valuable, but the real value and synergy is from the combo-trials with both Merck and Bristol's standard of care cancer treatments Keytruda, Yervoy, and Opdivo. The value of Iovance is derived from the most effective late to last stage treatment, that's uniquely durable- with higher survival rates and very long treatment control, after all other drugs fail or wear off. The wide adoption is more challenging given it's a complex 1-time treatment, ex vivo or manufactured outside the patient, time consuming 4-week max wait, and injection that's not easy to take in the initial days. Conversely, similar to CAR T-cell, the company has next generation cell therapy variations in its pipeline. The salvage value of Iovance that the street is missing, is this first to market company has setup the global manufacturing, supply chain, and processes, similar in CAR-T-cell therapy that first to market Kite Pharma did, and then Gilead bought the company.

Checkpoint immune therapy is the go-to standard of care in major cancer lines, for the tumor diagnoses. However, early line treatment with these immunomodulatory molecules 50% of the time result in underwhelming efficacy and difficulty maintaining durable responses. As more data is reported, TIL therapy is becoming an increasingly viable stand-alone therapy and a desirable addition to SoC regimens in the combo setting.

One study (168 patients) in Europe published in the NEJM, showed TIL in advance melanoma (Rohaan 2022) have a response rate of 49% vs. 21%, a complete response of 20% vs. 7%, and survival of 7 years vs. 3 years. How much would one-time your life worth? Conversely, both earlier line settings and the real-world patient experience is showing results better than the clinical trials reported for approval.

Material fundamental upside resets include coming catalysts in 2025: UK approval, Canada approval, Europe approval, 2nd line lung cancer trial update, 2L endometrial cancer update

The company has not made public when they will update the checkpoint immune combo, that beat the standard of care with Merck's Keytruda.

Iovance's global cell therapy facility in Philadelphia will support 5k patients (\$2.6B annual revenue @ \$525k treatment cost, and they are the first company to solidify the execution of the global treatment process.

Iovance Biotherapeutics (IOVA) (continued)

- Checkpoint immune therapy is the go-to standard of care in major cancer lines, for the aforementioned tumor diagnoses. However, early line treatment with these immunomodulatory molecules often times to most often results in underwhelming efficacy and difficulty maintaining durable responses (Key). It is clear to me that, as more data is collected and reported, TIL therapy is becoming an increasingly viable stand-alone therapy, or a desirable addition to SoC regimens in last lines to earlier lines to combos.
- Iovance has a unique advantage compared to every other cancer therapy, that it's highly effective with both responses, control, and durability in last line or 4L, 5L, 6L+ cancers, whereas most major cancers come back or become unresponsive to the standard care therapies, hence there are approved and gaining approval in areas where no therapies exist.
- Immune checkpoint inhibitors and targeted therapies have dramatically improved outcomes in patients with advanced melanoma, but approximately half these patients will not have a durable benefit. Iovance has shown results (trials aren't blinded in cancer) in Melanoma, Lung Cancer (10x the size of MM) that are logical that TIL cell therapy is more effective in earlier lines (healthier patient) and with combos. It's quite visible if you lay all of them out sorted by lines and indications. One study (168 patients) in Europe published in the NEJM, showed TIL in advance melanoma (Rohaan 2022) have a response rate of 49% vs. 21%, a complete response of 20% vs. 7%, and survival of 7 years vs. 3 years. How much would one-time your life worth?
- Coming catalysts all in 2025 near 4Q except first two: UK approval, Canada approval, Europe approval, 2nd line lung cancer results, 2L endometrial cancer release and recently investors have started buying asymmetrical in the calls \$10, \$20, & \$25, but heavy in the \$10's. The transition and dual sourcing line of expanding the patients T cells inhouse to support 5k patients annually at capacity is \$2.6B a year and this process transition will continue showing up in cost of goods manufactured where COGS moves all the way down to 30%. Also, the company has not made public when they will update the checkpoint immune combo, that beat the standard of care with Merck's Keytruda.
- Cancer is a terrible disease, and this cell therapy process has some harsh conditions for patients for this one time best in class durability treatment that goes away for patients completely after 30 days. The intensity is no different from some of the treatment adverse events in CAR-T, combo immune checkpoints and chemo, but overlooked is the pipeline and salvage value of the first global supply chain in cell TIL therapy. The pipeline is more robust than the minority of potential competitors, to address that harsh condition with IL-2 and Iovance has engineered cell therapy trials, trials with new IL12 to replace IL2 and Stanford has shows trials where they changed the process with tweaks-less IL2 that produced the same results. If you comp the next generation products IOV 4001, 5001, 3001 to the couple potential competitors, the cumulative valuation for a first in class, FDA approval TIL cell therapy company makes no sense with what's rational or logical.
- The first global cell therapy facility in Philadelphia that will support 5k patients, and the first company to work out the whole process to support and execute commercially. The first approved CAR T blood cancer was Kite (bought by Gilead) was vastly superior to other CAR-T companies too only because it was first to market, despite other CAR-T companies that have had small advantages but didn't show up and don't up in relative valuations.

Deckers (Ugg boots & Hoka shoes)

- Come on, \$5.5B in sales vs. 2023 \$3.6B in sales, but stock-company value with no debt and \$2B in cash went from \$34B to \$16B, which was the value close to end of 2023. Nike has sucked and has big issues but have fixed some of them, however they have a lot of debt but scale. Deckers is better positioned and has higher demand from today's generation, as they have hit Nike and everyone else. Do you think the valuation should be \$16B with \$5B in sales and \$5.5B expected before Vietnam tariffs? Wait, they have no debt, a lot of options that could be executed in 3 months to mitigate say Trump kept the Vietnam tariff.

Celsuis (3rd largest energy drink competitor & bought out #4 Alani)

- The company is the third largest energy drink provider Celsuis and recently bought the fourth player in the space. We went heavy at \$22 to \$25, given no one understood how Pepsi's 9% ownership prior to the Alani acquisition was solid support. Pepsi paid \$750m total (\$500m equity) at \$75 a share to become its global distribution partner. The equity stake was only in the money at \$25 as it was structured as a convertible preferred.
- Pepsi has no products to compete with the major drink companies. Pepsi is considered #2 or #3 in the larger beverage category. Pepsi paid awhile back \$3.5B billion for Rockstar energy brand and the company wrote off that investment.
- Now if Celsuis had +\$1B cash pre acquisition and now will generate +\$250m free cash flow post Alani deal, don't you think Pepsi will want a material equity stake in the company (similar to Coke's 21% stake) given Pepsi's position has now been diluted to under 7% for a cost of \$750m? If Celsuis was forced to buy i's original stake at a \$75 valuation when the stock was at \$25, largely due to the mid growth stages of the company and industry, don't you think Pepsi would want to reup it's equity stake when Celsuis is trading at \$45 in a maturing industry, where the strong are pulling away from the crowded pack. Conversely, Pepsi has been struggling to some even say now in deep trouble from its misguided strategy, so a complete takeout could be the type of audacious move Pepsi needs to shift sentiment in the beverage space.

Urogen (URGN)

\$5.00 share -200%+ stock move-

Very large long opportunity created by 2 recent events.

Selective emphasis on wrong points in release of FDA oncology briefing papers for advisory committee and headlines, investors have 100% a lack of understanding on the history of the FDA URGN relationship. Why things are done a certain way since no other drugs in one disease space and apples to oranges comparisons with you consider a new therapy to surgical procedure. This is all very apparent and discernable if you think about what the FDA has been doing and why they are doing it; throughout this relationship -as you read the FDA briefing docs (below).

Headline FDA ODAC vote goes against URGN (UGN-102) -further emotional panic with investors and assumption management hasn't been honest. Management has been honest -100%.

Base case, high probability and non-consensus - outcome: URGN \$15-\$18 stock price or 200%+ move (6/13/25 FDA pdufa approval date)

Current valuation and details show how large the opportunity and what market thinks or pricing in... URGN stock is now trading \$5 share or \$220m market value with \$200m cash, another FDA approved commercial product (same drug/delivery) in treating kidney cancer-generating \$100m +8% Y/Y growth (FY2025). Ignore for now the \$125m loan and incoming \$75m tranche-nondilutive financing if this bladder cancer drug is approved by 7/1/205 and the prepaid forward contract-past non equity financing.

URGN Executive Summary

Why-what the market isn't connecting the probabilities of FDA approval don't match the stock valuations

Very high unmet need in low-risk bladder cancer space LG-IR-NMIBC. We have ONLY 1 TREATMENT METHOD- and it's SURGICAL, NO INNOVATION OR APPROVALS IN 30 YEARS, and options are highly needed given resource constraints with operating rooms. -FDA historically is more liberal, especially when it's a new drug where surgery is only option standard of care- precedent in 5 disease areas in non-rare and indolent area.

Patient population -median age is and was 73 years old and 25% have co-morbidities. Contrast panel video & most non expert voting members vs. full briefing papers or patient testimony... investors/voting members further missed the boat as FDA condition voting members mind set with discussion of question 2- forward looking.

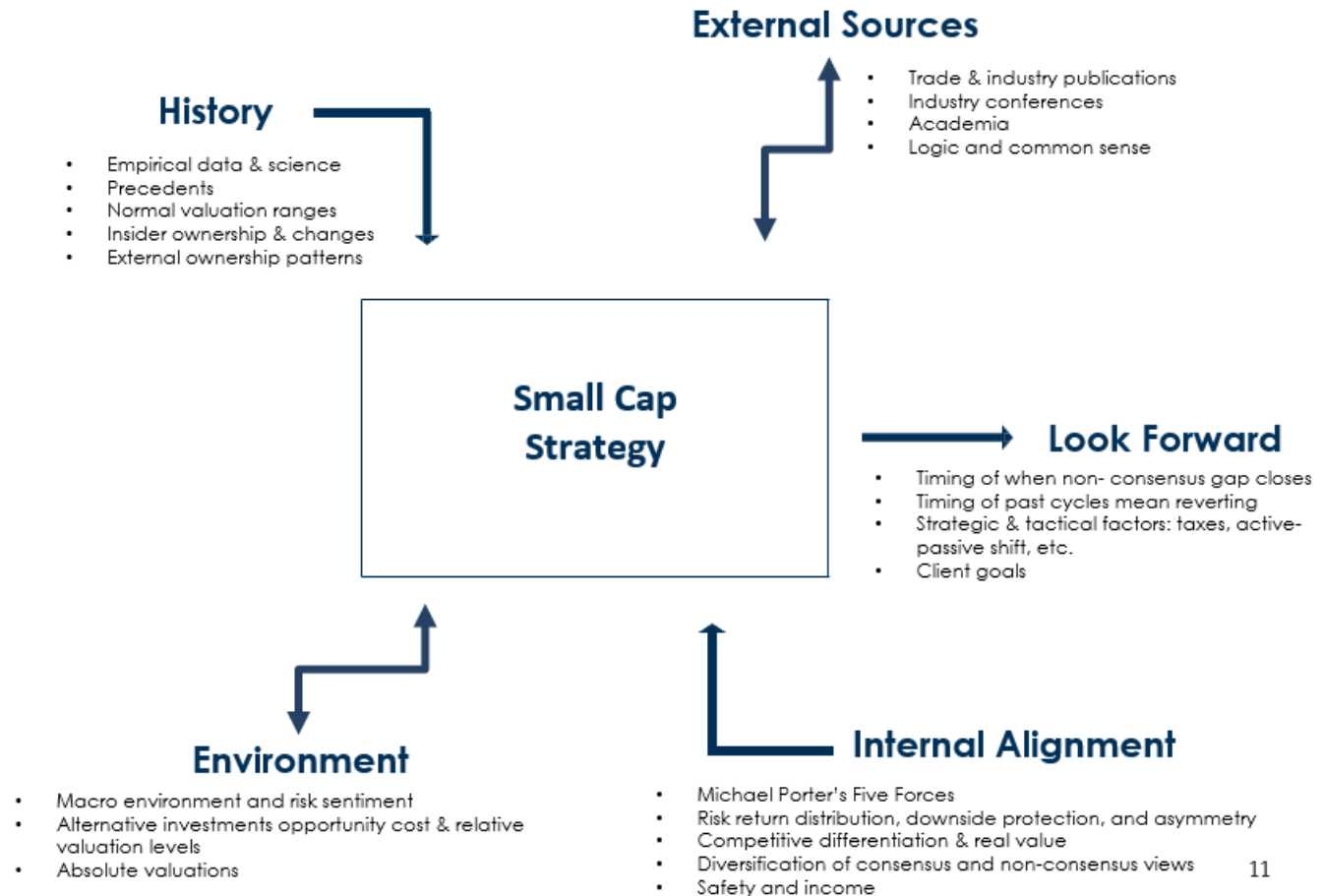
The "Indolent disease" painted from meeting and history is misunderstood with this older patient population with co-morbidities 25% of population...increases the mortality risk from 1% to 14% from the very small global research available. The 2 Urologist experts- voting members put on this meeting- listen to why they voted and what other members were blinded by (FDA video meeting-link)- the rules and lack of understanding by why things were/are done, the back & fourth, and why the FDA says this is a high unmet need.

Note- FDA told Urogen to change or further refine label and population to recurrence (vs. new like trials Atlas and Optima). Why -new bar with first drug and more flexibility on if RCT, single arm, or both.

Five Dimensions Institutional Small Cap Strategy

Research Driven Investing

(portfolio and most recent examples in appendix)



For more information, please visit fivedimensionsinvest.com

Past performance is no guarantee of future results.

Discussion is based on performance gross of fees.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. Returns are calculated using daily returns and previous day ending weights rolled up by ticker, gross of advisory fees, may exclude certain derivatives and will differ from actual performance.

Portfolio holdings are as of the date indicated, and are subject to change. This material should not be construed as recommendation to buy or sell any security.

For equity portfolios, relative contribution compares the performance of a security in the portfolio to the benchmark's total return, factoring in the difference in weight of that security in the benchmark. Returns are calculated using daily returns and previous day ending weights rolled up by ticker, gross of advisory fees, may exclude certain derivatives and will differ from actual performance.

Investing involves risk, including the possible loss of principal and fluctuation of value.

US Small Cap Composite, benchmarked to the Russell 2000® Index

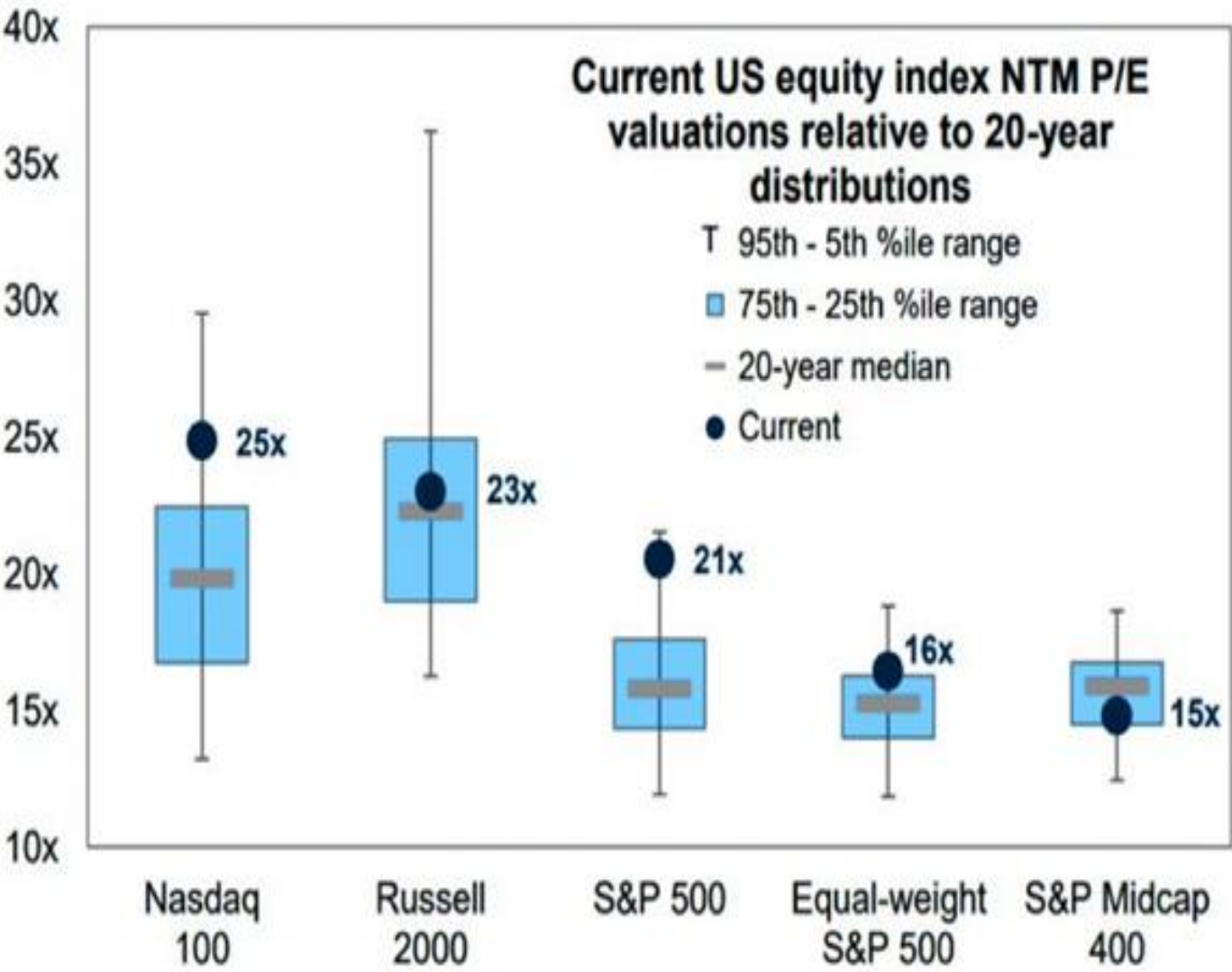
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Chart 1: 3 weeks ago- markets were 10% -16% higher & degree of bubble or top 10% valuation areas in markets

Exhibit 33: US equity index P/E valuations vs. history



Source: Compustat, FactSet, IBES, Goldman Sachs Global Investment Research

Chart 2

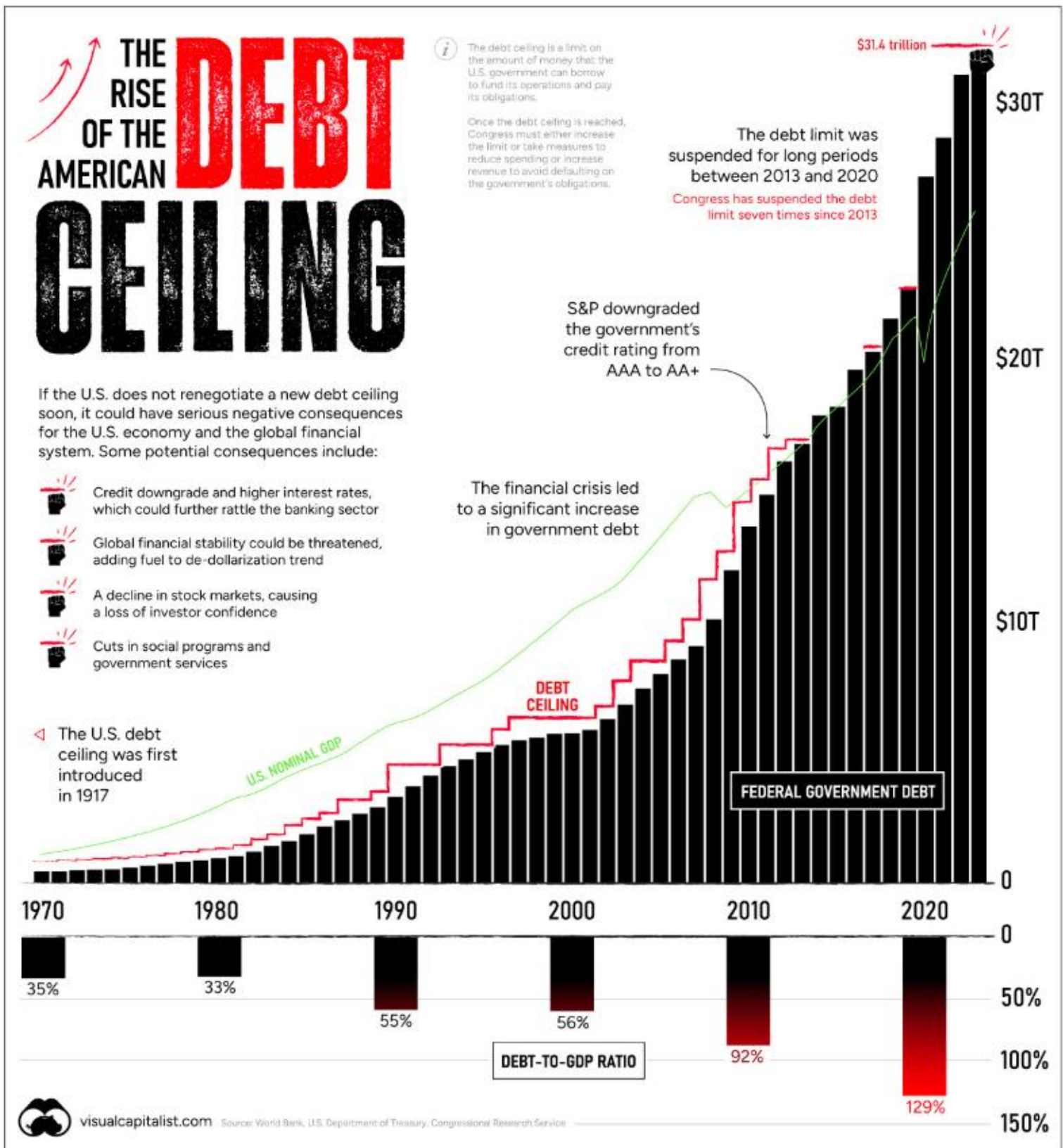


Chart 3: Trump wanted oil lower, \$62 a barrel

Continuous Contract - Crude Oil WTI (NYM \$/bbl)

1 Year ▼



Chart 4: Trump wanted interest rates lower, that stimulate the economy and will benefit refinancing the debt levels to longer durations...hit 3.9% today

United States 10Y - Yield

