



**April 2026**

|                                       | <b>Merion Road<br/>Small Cap Fund</b> | <b>IWM<br/>(Russell 2000)</b> | <b>Barclay Hedge<br/>Fund Index</b> |                                       | <b>MRCM Long<br/>Only Large Cap</b> | <b>SPY<br/>(S&amp;P 500)</b> |
|---------------------------------------|---------------------------------------|-------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|------------------------------|
| <b>Annualized<br/>Since Inception</b> | <b>15.8%</b>                          | <b>9.5%</b>                   | <b>6.4%</b>                         | <b>Annualized<br/>Since Inception</b> | <b>13.0%</b>                        | <b>12.9%</b>                 |
| <b>Q1 2026</b>                        | <b>3.1%</b>                           | <b>0.9%</b>                   | <b>(0.1%)</b>                       | <b>Q4 2026</b>                        | <b>(3.7%)</b>                       | <b>(4.4%)</b>                |
| <b>2026 YTD</b>                       | <b>3.1%</b>                           | <b>0.9%</b>                   | <b>(0.1%)</b>                       | <b>2026 YTD</b>                       | <b>(3.7%)</b>                       | <b>(4.4%)</b>                |
| 2025                                  | 9.2%                                  | 12.7%                         | 12.4%                               | 2025                                  | 9.6%                                | 17.7%                        |
| 2024                                  | 17.4%                                 | 11.4%                         | 9.4%                                | 2024                                  | 32.4%                               | 24.9%                        |
| 2023                                  | 11.5%                                 | 16.4%                         | 9.3%                                | 2023                                  | 38.7%                               | 25.7%                        |
| 2022                                  | (16.9%)                               | (20.4%)                       | (8.5%)                              | 2022                                  | (34.9%)                             | (18.2%)                      |
| 2021                                  | 42.5%                                 | 14.5%                         | 10.0%                               | 2021                                  | 20.4%                               | 28.7%                        |
| 2020                                  | 29.5%                                 | 20.0%                         | 11.0%                               | 2020                                  | 54.3%                               | 18.3%                        |
| 2019                                  | 17.9%                                 | 25.4%                         | 10.6%                               | 2019                                  | 25.2%                               | 31.2%                        |
| 2018                                  | 15.7%                                 | (11.1%)                       | (5.2%)                              | 2018                                  | (6.0%)                              | (4.6%)                       |
| 2017                                  | 35.7%                                 | 14.6%                         | 10.3%                               | Dec 18 - Dec 31                       | 0.1%                                | (0.5%)                       |
| 2016 (Jul-Dec)                        | 1.3%                                  | 18.7%                         | 5.4%                                |                                       |                                     |                              |

Note: All returns are net of management and performance fees. Past performance is not indicative of future results. Returns for the Merion Road Small Cap Fund for the period prior to fund launch (01/13/22) reflect a basket of SMAs.

The Long Only portfolio fell 3.7% in Q1. During the period I bought a starter position in Honeywell (“HON”). HON is a well-recognized diversified industrial conglomerate that is aggressively simplifying its portfolio. Last year they spun their specialty chemicals and materials operations, Solstice Advanced Materials, and have since filed the Form 10 for the spin-off of their aerospace division, which is expected to begin trading as Honeywell Aerospace (HONA) in a couple months. Management recently announced the sale of their low-margin Warehouse & Workflow Solutions business, further narrowing the company’s focus.

HONA is a crucial systems provider for virtually every commercial and defense airplane. Aerospace is an attractive business given the stability of its earnings. 14% of HONA’s revenue comes from commercial OEM operations whereby they sell propulsion, avionics, and auxiliary power units—mission-critical parts that have high switching costs. Once a plane is certified with HONA components, the airline is effectively a captive customer for decades. While this segment may fluctuate based on the production of new planes, HONA’s aftermarket business does not. Here the company captures an annuity-like revenue stream of high-margin service and spare parts for the lifecycle of an airframe (upwards of 30 years). Lastly, HONA has particularly high exposure to the defense end market which accounts for the remaining 40% of its revenue. As we all are aware, global conflicts and military spend have ramped over the past several years and it appears that this growth will continue for the foreseeable future. HONA is a primary beneficiary as orders grew at a double-digit clip in the most recent quarter, driven by their dominant position on the F-35 and a growing leadership in the "drone-on-drone" warfare era.

GE Aerospace, a pure-play peer to HONA, currently trades at 26x this year’s EBITDA. While GE has more aftermarket and services exposure, HONA’s defense business provides upside optionality across military platforms that are less reliant on commercial aerospace. If HONA trades at a modest discount to GE, and the remaining automation business trades in-line with peers like Emerson or Rockwell, there remains substantial upside in the stock. Lastly, HON owns a majority stake in Quantinuum, a leading quantum computing company which raised capital at a \$10bn valuation last year. In April HON announced that

Quantinuum has confidentially filed for an IPO, which could prove to be yet another catalyst for value realization.

The Merion Road Small Cap Fund gained 3.1% during the quarter. Once again Butler National (“BUKS”) was a top position and positive contributor to performance. In March the company reported strong results with aerospace revenue growing 50% over last year and segment margins expanding from 14% to 39%. While I would not be surprised if this type of acceleration abates, the long-term outlook for the company remains attractive. BUKS recently began securing orders for three large aircraft, a first for the company. With significant more content per vehicle, these nominal wins could be a material boost to profitability and open the door to additional opportunities. Over the next several years I believe BUKS will uplist to a national exchange, become included in a relevant index like the Russell 2000, and potentially sell their casino and/or execute an acquisition in the aerospace field. Several positions detracted from performance including our positions in Fannie Mae preferred securities and Ascent Industries (“ACNT”) following a disappointing quarter.

I have built a new position in Frequency Electronic Inc (“FEIM”). FEIM is a 65-year-old company that leads in the design and development of high-precision time and frequency devices using quartz and rubidium oscillation. These devices allow for system location and navigation when GPS is unavailable as well as wireless, secure communication. FEIM systems have visited all the sun’s known planets, landed on the moon, and assisted manned exploration on Apollo, the Space Shuttle and the International Space Station. FEIM oscillators launched nearly 50 years ago on Voyager 2 continue to function today.

On a trailing basis roughly 40% of their revenue comes from government satellites, 55% from government non-space applications which are mostly military in nature, and the remaining from commercial and industrial customers. FEIM is at the forefront of notable growth areas including:

- Missile Defense Systems: Integral part of key programs like Patriot and THAAD
- Space Infrastructure: Supporting the Proliferated Space Warfighter Architecture, a constellation of low Earth orbit satellites built to assist in terrestrial operations
- Electronic Warfare: ultra-low phase noise and fast-switching synthesizers used to detect and jam communications
- Counter-Electronic Warfare: alternative navigation so systems can operate without GPS
- Quantum Sensing: Early development of quantum sensors for missile detection and computing

FEIM revenue is currently running at \$67m while its backlog sits at \$83m. Management has indicated that backlog should exceed \$100m in the near-term. Activist fund Edenbrook Capital has been involved with the company for almost a decade. Over this period, they declassified the board and transitioned it to be majority independent, replaced the CEO, installed expense discipline, and issued several special dividends. Edenbrook has maintained the vast majority of their original position and continues to serve as the lead Independent Director. Large direct competitors like Microchip Technology and SiTime trade at 9x and 22x 2027 revenue respectively. Applying an 8x multiple on \$100m of revenue would put FEIM at \$81/share or 65% above where it currently trades.

Sincerely,



Aaron Sallen

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