



KEDM Lite Vol. 14

May 19, 2026

Actionable event-driven trades
and special situations.

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This week's additions and highlights

1. SPIN-OFFS

- **Corteva (CTVA US)**. Corteva recently confirmed the Q4 separation of Seeds (Vylor) and Crop Protection (New Corteva), with dis-synergies cut to \$50m. This in itself is an attractive catalyst given the different business dynamics. Seed volumes were boosted by timing shifts and strong North American demand, and Crop Protection outperformed on new products and tighter global supply. Corteva also raised 2026 royalty guidance, which is quite positive.
- **Brazilian Rare Earths (BRE AU)**. Brazilian Rare Earths is spinning out its Amargosa bauxite-gallium project into a new ASX-listed company, Alurion Resources, letting BRE stay focused on rare earths. Amargosa is a 568 Mt resource with 98 Mt of high-grade direct-ship bauxite, a relatively simple low-capex development path, and from what it looks like some strong economics (NPV8 US\$630m, IRR 82%). BRE will retain a 17-18% stake. BRE has done tremendously well over the past year, and these spins are often interesting opportunities.
- **Honeywell (HON US)**. It might be a good time to look at Honeywell, which recently corrected on rather poor results. The company is preparing to separate Aerospace, while also selling non-core businesses (last one is PSS to Brady for \$1.4bn). Aerospace faced a tough Q1 on supply chain disruptions, ending a long streak of quarters with solid growth, though March was solid again. Aerospace will trade under HONA, with an investor day planned in June. Another interesting note, a reminder that Honeywell also owns a big stake in Quantinuum, a pretty interesting quantum bet which has filed for an IPO. NVDA participated in the latest funding round which was already up in double digit \$bn, nice optionality.

UPDATE (May 19, 2026) Busy and interesting times ahead for Honeywell. There's an investor day scheduled for June 11, as well as an Aerospace (HONA) investor day on June 3 ahead of the spin. Honeywell also filed for the Quantinuum IPO, which is looking to be in the \$20bn+ range, despite only \$31m revenues in 2025. But hey, it has Quantum in the name. Jokes aside, plenty of action.

2. STRATEGIC ALTERNATIVES and REVIEWS (potential take-outs, divestments, M&A, etc.) (one year rolling)

- **GoPro (GPRO US)**. GoPro announced a review of strategic alternatives after receiving unsolicited interest. The stock is bobbing at the lows with the company working hard for years to reduce debt and regain profitability. That has not been working out so well and given its still interesting and sticky hardware-plus-subscription environment, it (finally) might be time to sell.
- **CVD Equipment (CVV US)**. Microcap CVD initiated a review of strategic alternatives to enhance efficiency and profitability. The review is ‘...for businesses and product lines, including the potential sale or divestiture of assets or business lines.’ Strong b/s (~60% of the market cap in current assets – total liabilities), with good growth and margin expansion over the past 12 months. UPDATE (March 31, 2026) Not officially a liquidation but getting close (we think). CVD agreed to sell its Stainless Design Concepts division for \$16.9m, o/w \$15m after taxes and fees. This will bring total net cash on the b/s at ~80% of the market cap. The company will continue to assess its portfolio.

UPDATE (May 19, 2026) CVD has been a good one so far, but the asymmetry remains interesting. ~\$36m market cap, with \$23m in cash and real estate likely worth \$30m+. The market seems to assign a negative value to the operating business despite some pretty interesting business (CMC, SiC, hyper sonics, and nuclear). A reminder there’s still an active strategic review ongoing. Expect more.

- **FRNT Financial (FRNT CN)**. ‘Institutional capital markets and advisory platform focused on digital assets’ FRNT Financial launched a strategic alternatives review after ‘receiving multiple inbound approaches over the past nine months’. This one will need some work as it’s basically all pre-revenue IP. But if they’ve received interest over the past nine months, there might be some solid upside given you the share price has been trending.

3. NOTICEABLE LARGE BUYBACKS & TENDER OFFERS (six months rolling)

- **Kokuyo (7984 JP)**. Kokuyo approved a new buyback, ~4% of s/o. While in itself it is not hugely interesting, it is worth noting that they have been smashing that buyback button quite well since 2022, having already reduced s/o by ~15%. Oasis recently built a ~10.5% stake and is pushing for more. Which we get, given almost 50% of the market cap in current assets (mostly cash) and investments, net of total liabilities. No exciting growth, but steady profitability and FCF generation. ~7x EV/EBITDA.

- **Dine Brands (DIN US)**. Activist Edge Consulting (~1%) has been pushing for Dine to refinance a big part of its debt, suspend dividend, sell assets and make board changes. Edge sees 150-200% upside for the owner of Applebee's and IHOP over the next 2-3 years should the company act. Interesting to note that the CEO and CFO recently bought shares on the open market for the first time in quite a while.

UPDATE (May 19, 2026) Dine Brands popped another buyback, this time \$100m (~25% of the market cap). They have already bought back roughly 17% of s/o over the last three quarters.

- **WEX (WEX US)**. WEX has become a live activist battleground ahead of its May 5 shareholder vote, with ISS joining Glass Lewis and Egan-Jones in backing Impactive Capital's (~4.9%) campaign for board changes, aimed at kicking the CEO out. If Impactive wins seats, there's a good chance we might see business simplification and enhanced capital returns. **UPDATE (May 12, 2026)** They wanted board changes, and board changes they got. WEX will add three new independent directors and separate the CEO and chair roles. That's a big hurdle. As mentioned, the next step is simplification and enhanced capital returns.

UPDATE (May 19, 2026) Told you. WEX announced a \$1bn buyback, ~20% of its market cap. And we expect them to be aggressive about this.

- **OneSpan (OSPN US)**. OneSpan popped a \$50m buyback, ~12% of its market cap. Despite little growth, gross margins have been expanding over the past few years, bringing the company to very decent profitability and cash flow generation. Trading at ~10% FCF yield on a clean balance sheet makes sense to buy back some shares.

4. INTERESTING INSIDER & OTHER LARGE PURCHASES (six months rolling)

- **Gerresheimer (GXI GR)**. Gerresheimer extended the deadline for its FY25 accounts to September, removing the risk of a near-term credit squeeze. Banks have also agreed to extend facilities and temporarily waive key leverage covenants. The delay stems from ongoing investigations into some 2024-25 transactions. Audited results are now targeted for June. Meanwhile, GXI is selling assets. Plenty of hair, but strong upside IF they manage to return to a modicum of stability.

UPDATE (May 19, 2026) Just flagging that #1 shareholder Active Ownership continues to add shares on the open market. GXI remains an intriguing case.

- **Sabre (SABR US)**. Just a few months, Constellation Software reported a 12.7% stake in Sabre. More recently, Arini Cap disclosed a 9.3% stake. Just sayin'.

- **Comstock (LODE US)**. MAK Capital disclosed an 8.1% stake in Comstock. This is an interesting company. Comstock has nearly completed a major transformation from a traditional mining company into a clean-energy and recycling platform. It has sold (or close to selling) its mining and real-estate assets for substantial cash, while its solar panel recycling business is about to reach profitability and scale rapidly with low capital needs and strong margins. At the same time, Comstock has spun out a biofuels business backed by a major industry partner, creating additional upside. So, a ton of progress, the thing is really inflecting, the balance sheet is strong and there is quite some optionality on other projects. Comstock could be trading at LSD EV/EBITDA looking out for a few years.

UPDATE (May 19, 2026) Insiders have been strongly buying 'the dip' after recent earnings. The company is close to completing a big transformation from a mining to a clean-energy and recycling platform. Not the best history (to be kind), with lots of broken promises from the management, but all the nonsense could be over. Could be.

- **Pool (POOL US)**. Remember when everybody loved swimming pool stocks and they were trading at 20x EV/EBITDA despite declining revenues? That was just a few years ago. POOL has since come down strongly, and momentum is still bleh, but insiders have been stepping up big time so far this year. And we didn't see that for a long time.
- **Evertec (EVTC US)**. Evertec is another stock that is down big time but with insiders strongly buying the dip, something we also haven't seen in quite some years. Meanwhile growth is actually pretty decent, and profitability remains strong. The company also started to buy back shares in Q1. Worth looking into.

5. LIQUIDATIONS

- **First Real Estate Investment Trust of New Jersey (FREVS US)**. FREVS decided to liquidate, with the company estimating a net distribution range of \$24.44-30.03 p/s, compared to the current share price of \$22.25. The CEO also gets a \$1m bonus if assets are sold within the next 18 months. Quite illiquid but interesting nonetheless, particularly given some clarity on the timing.

- **abrdn European Logistics Income (ASLI LN)**. The company is indeed winding down with good results. It might be interesting to take another look, given the still high-teens discount to NAV and active realizations of asset disposals. UPDATE (December 15, 2025) ASLI is planning on returning €46.8m to shareholders in a 4th capital distribution on Dec. 30. This reflects 10p p/s. Interestingly, ASLI's largest shareholder DL Invest, which owns ~18%, has recently been pushing against liquidation, arguing that the current wind-down has hollowed out the trust, shrinking its scale, impairing future earnings power, and exposing investors to reinvestment risk and permanent NAV erosion. It is also urging shareholders to back a new plan that would rebuild the vehicle to more than €1.5bn in assets within two years, with DL increasing its own stake to 20%.

UPDATE (May 19, 2026) ASLI is nearing a completion of its wind-down with 26 of 27 assets sold and the cash already distributed, but there's still one high-quality Dutch logistics warehouse to be sold by Q3 2026. If the final assets clear at adjusted NAV, we can earn roughly ~15-20% in a few months, with downside cushioned by cash, ongoing rental income, and a valuable land call option. The remaining property is modern, CPI-linked, fully let, and in a prime node, so a disposal at NAV should be plausible.

6. NOTABLE 'RUMORS' AND REPORTED INTEREST (one year rolling)

- **Beazer Homes (BZH US)**. Dream Finders Homes offered \$25.75 p/s in cash for Beazer, which the company rejected, in line with previous offers. While ~40% premium to Beazer's pre-offer price, Beazer claims that it still does not properly reflect the book, as well as industry peer valuations. While we can pose questions about the book (stock trading at ~0.5x), it does seem a low-balled offer. This one is also interesting to keep assessed as Beazer intends to sell quite some assets this year, so we'll get some idea about the quality of the book.

7. M&A / MERGER ARB (incl. CVRs, SPACs, etc.)

- **Alternative Income Reit (AIRE LN)**. Weird situation at AIRE, who received another approach from 24% shareholder Glenstone. The company is not able to assess the offer as Glenstone failed to provide a price (range) or funding terms. Glenstone previously offered 66.5p in November, but with no indication re-financing and at a discount on the share price. Glenstone now faces a June 12 'put up or shut up' deadline. The shares were down on the news, probably expecting another lowballed offer. But there certainly is clear interest in the company, and a decent upside to the book. More to come.

8. ACTIVIST ACTION (1 year rolling)

- **Kadowaka (9468 JP)**. Oasis is stepping up, looking to oust Kadowaka's CEO at the next AGM (next month). Oasis is at roughly 13.8%, and counting, and flags that the company just had too many issues for the CEO to continue (cyberattacks, poor investment decisions, sub-par returns). The company has some interesting IP as well as almost 40% of its market cap in current assets (mostly cash), net of total liabilities.
- **Asa Gold & Precious Metals (ASA US)**. ASA has done very well since our initial flag roughly a year ago, but mostly on the strong gold price. Meanwhile the discount to NAV remains ~15%. Saba continued to add until February, now holding roughly 32%. Saba continues to press ASA for a full strategic review and rethink the fund's gold-equity mandate (e.g. consider shifting toward income-oriented credit, evaluate redomiciling from Bermuda to Delaware and converting from PFIC to RIC status).
- **Capita (CPI LN)**. Oasis now owns ~15% of Capita and is looking to start creating some value, which in Capita's case means asset disposals and a return of capital. We can't remember the last time that Capita posted a year with revenue growth. But still a GBP2bn revenue company with quite some interesting business left.

UPDATE (May 19, 2026) Capita is actually up on good results?? CPI reported 2.9% revenue growth in the first four months (yes four) of 2026, with its core Public Service division up ~6% and over £750m of new contract wins, a 20% increase. They expect steady growth ahead, with good progression on the sale of its private-sector contact-center unit. Capita also added an Oasis director to the board.

- **Teikoku Tsushin Kogyo (6763 JP)**. Nippon Active Value and Dalton Investments are becoming more vocal about Teikoku Tsushin Kogyo, pushing for higher shareholder returns. Teikoku is profitable, cash generative and has ~60% of its market cap in net cash and investments, net of total liabilities. Makes sense.

9. 'INTERESTING' SITUATIONS – but not exactly event-driven or special sit (9 months rolling)

- **Entravision (EVC US)**. Entravision is a good one to test your biases. The company reported VERY strong earnings, as in massive growth, mainly on inflecting their adtech business. While the share price reaction has been huge, the move doesn't even cover the new earnings profile, let alone any multiple expansion. And the latter is very warranted. No reason in our view why this stock should <\$12 p/s conservatively. Plenty written about it on X for those interested.

UPDATE (May 19, 2026) Publicis is to acquire LiveRamp for ~\$2.6bn EV, which is roughly 30x EV/EBITDA. Interesting read through to Entravision, which has its Smadex business growing like crazy and already at \$60m EBITDA. Definitely more room to go from here based on this action.

- **Lacroix (LACR FP)**. Holdco / conglomerate discounts are normal, and even more if it's a French conglomerate. But Lacroix certainly seems to sport a crazy level of discount. Shares are trading at just 4.5-5x EV/EBITDA, while the company's Environment division alone more than covers the valuation (a high-margin, strong ROIC IoT telemetry business growing >20% yoy). We could easily put this one in the €300-400m EV range should it have been trading standalone. This compares to a €170m EV for the entire group. The discount is in part a consequence of the structure (French holdco, family owns 62%), but also due to a very poor acquisition which destroyed quite some value in recent years. But the business seems back to growth, with shares reacting.
- **Boost Run (BRUN US)**. If you like Nebius or CoreWeave, you might love Boost Run. Neocloud with NVDA Exemplar status on Blackwell. Much smaller, massive backlog, higher margins, already GAAP profitable and cheaper. Pricing discovery is already well underway. We're certainly no experts, but in terms of momentum / hype play, this looks like an interesting one.

10. MISCELLANEOUS (asset sales, out-of-bankruptcy, IPOs, uplistings, etc.) (1 year rolling)

- **Home REIT (HOME LN)**. Home REIT recently emerged from a 39-month suspension as a cash shell with ~£145m of assets and no debt, after selling nearly all properties at or near JLL valuations. The company definitely had some issues, and there's still some legal overhang, but the market seems to be pricing in some heavy legal and regulatory risk. Definitely some work is needed, but ~9p seems quite asymmetric.
- **Abaxx (ABXX CN)**. Abaxx Technologies recently uplisted to the TSX (from Cboe). Pretty sure we will see them on Nasdaq soon as well. They also added heavyweight Jeff Currie as co-Chairman. Volumes are ramping, and so will revenues be going forward. It takes some time to understand this one, but man is there some strong potential.
- **Jack in the Box (JACK US)**. JACK kicked its CEO out after just over a year. A reminder that the company adopted a Poison Pill after Biglari strongly increased its stake. JACK's shares have been under much pressure given deteriorating results and a high debt burden. Now the focus is on selling assets and reducing the leverage. Might be too soon, but the story is far from over.
- **LGL (LGL US)**. LGL is raising capital through a rights offering priced at ~\$6.81 (roughly the current share price), which could double cash to ~\$90m if fully subscribed. The new CEO Jason Lamb has a strong defense-tech background and is planning a roll-up of sub-\$10m precision-timing companies. The company is trading just above its cash level, while showing good growth (Q1 sales up 37% and backlog up over 400%), though are still small. Gabelli owns ~10% and supports the strategy.
- **Escalon Medical (ESMC US)**. Diving into pico-cap territory, Escalon Medical sold its loss-making Axis software unit for \$3m, removing a segment that generated only c. \$830k revenues and lost ~\$400k (yes, we're in 'k' territory). The remaining businesses are roughly \$500k EBITDA, and with the sale proceeds not yet reflected, ESMC now seems to trade at a ~zero EV and LSD EV/EBIT. There's also roughly \$30m NOLs.
- **Aviat Networks (AVNW US)**. Aviat Networks recently released a damn poor set of earnings, pushing the stock down almost 40%. But while correction certainly made sense, Aviat is now trading below book (~0.7x), with the book mostly comprising net working capital. And there's still some decent equipment assets and IP here (as well as a bunch of NOLs).

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