

March 2026

# THE MICROCAP Update

## March Overview

After a rough month in February, our strategy held up very well in March. The Deupree James Microcap SMA was down less than 1% for the month, while the benchmark was down nearly 5%. Most of that relative outperformance came from good stock selection, though we have also been running the strategy with more cash than usual.

That cash balance helped cushion volatility during the month, but it also gives us dry powder as we move into April. We are looking for an opportunity to deploy that capital if the market gives us the right setup.

A recent report from S&P Global showed that “only 20% of all U.S. stock fund managers managed to beat their benchmark last year compared with 59% of small-cap managers. A year earlier, just 21% of all managers did better than an index fund compared with 70% of small-cap managers.” We were grateful to be on the good side of our index in 2024 and 2025.

If you have not yet had a chance, please check out our 2025 year-end fact sheet. As always, we appreciate your trust and support.

## Top Performers in March

### **ALTO (+89.06%)**

Alto Ingredients, Inc. (ALTO) is a leading U.S. producer and distributor of specialty alcohols, renewable fuels, and essential ingredients primarily derived from corn. We added ALTO late last year after their Q3 earnings beat. This Q3 turnaround helped set the stage for the even bigger profitability surprise in Q4 2025 results (released in March of 2026), reinforcing investor confidence in the company's strategic shift toward higher-margin specialty products and renewable fuels.

We've sold the position. It remains well liked by our models, but the market is pricing in a lot of the good news at this point.

### **NCSM (+62.07%)**

NCS Multistage (NCSM) makes tools that help energy companies drill and finish wells faster and more efficiently. In November of last year, we wrote “We've been in [NCSM] since \$19 and have been continuously impressed with management's ability to execute. When the energy sector rebounds, we believe NCSM is in a great position to lead the way.” In March of this year, we sold our entire position for a healthy profit. The war with Iran has made this once contrarian idea a little too consensus for us.

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## **LONA (+54.86%)**

LeonaBio, Inc. (LONA) is a clinical-stage biopharmaceutical company. It develops small-molecule drugs that restore neuronal health and slow neurodegeneration. The company also works on treatments for treatment-resistant metastatic breast cancer and diseases like ALS.

We started buying LONA in October of last year. At the time they were trading near all-time lows. However, our value filters flagged them as a promising mean reversion candidate. They were trading for cash, so we felt like we were getting their drug pipeline for free. Today, however, the risk vs reward is no longer skewed in our favor. The stock has surged over 300% in the past year and roughly doubled in recent months on analyst upgrades, pipeline momentum, and a big cash raise from a private placement. The private placement included warrants, which limit upside for shareholders too. We've sold the stock.

## **Bottom Performers in March**

### **RPID (-35.24%)**

Rapid Micro Biosystems, Inc. (RPID) builds automated systems for quality control testing in drug manufacturing and environmental monitoring. RPID stock dropped sharply in March despite the company reporting record revenue growth. We've booked the loss to help offset the gains we've realized YTD.

### **RCEL (-26.95%)**

AVITA Medical, Inc. (RCEL) develops innovative wound care products. The company makes the RECELL System, which uses a small sample of the patient's own skin to create Spray-On Skin cells that treat burn. RCEL fell sharply after the company released Q4 2025 and full-year results in February, which showed 11% revenue growth to \$71.6 million but a lower-than-expected 2026 revenue guide of \$80-85 million. This is a turnaround stock, so we're willing to be patient. We remain cautiously optimistic.

### **TGEN(-26.06%)**

Tecogen Inc. (TGEN) builds natural gas-powered cogeneration units that produce electricity and useful heat or cooling for datacenters. We remain bullish on the stock in the long run, but we were spooked by the cash burn reports in March. We've booked the loss for now, but TGEN remains on our watch list.

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