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The second quarter was challenging for most asset classes. Stocks, bonds, and cryptocurrencies of all types crashed. While the stock market fell precipitously, the drop paled in comparison to Bitcoin, which lost about 58% of its value during the quarter. The cryptocurrency market in its entirety lost around \$1.2 trillion, as investors scrambled to unload risky assets. Rising interest rates and high inflation coupled with the outlook for considerable monetary tightening and balance sheet reduction measures from the Fed continued to stress the markets as market watchers began talking about the possibility of recession. Investors went on the defensive, leading to gains in healthcare and consumer stocks relative to retailers and software companies, which were among the worst performers for the quarter.

Our Kirwan Capital Strategy portfolios lost 17.42% for the quarter\*\*, versus the market as measured by the S&P 500 ETF\*, which finished with a loss of 16.11%. The quarter's performance leaves our average compound annual return after fees since Jan 1, 2013 at 11.93%, which would have turned a \$10,000 investment into \$29,180 in 9 1/2 years. Among our holdings, the best performers were Kellogg and Yum China, which both gained over 10%, while returns were dragged down by Amazon and Sleep Number, which each lost over a third of their value, while Apple, Equifax, Hanesbrands, and Google also contributed to underperformance, each dropping over 20%. Even stalwart holding Berkshire Hathaway lost over 22% of its value during the quarter.

Our activity during the quarter was minimal, as we sold some of our Yum China stake to reduce risk related to possible delisting, and sold some Molson Coors and Wells Fargo, taking advantage of relative strength.

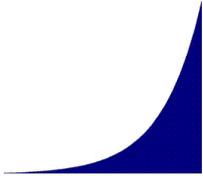
Our one purchase during the quarter was our first merger arbitrage play in several years, as we bought Activision Blizzard after Microsoft announced an agreement to buy the firm for \$95 per share. Activision is one of the world's largest video game publishers and prior to Microsoft's offer, their stock price had fallen significantly on allegations of sexual harassment and workplace discrimination and subsequent news of the CEO's involvement. We bought shares in the low \$76 range, as investors appear skeptical about the deal going through. If the regulators do bless the deal, however, Microsoft is getting the company bought cheaper than would have been possible without the CEO issues, and we stand to make 25% on our money in less than a year. There are still several firms in the video game publishing business, so while the current administration desires to look tough on antitrust enforcement, I doubt the government has the legal ammunition to stop the deal. In case the deal falls through, I think the price paid for a solidly profitable business was reasonable and should prove lucrative over time.

The inevitable downturn I discussed in my last letter is upon us, so we'll now have to patiently wait and see if the Fed can stick a soft landing, or if a recession awaits.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick J. Kirwan", with a long horizontal flourish extending to the right.

Patrick J. Kirwan  
President and Portfolio Manager  
Kirwan Capital LLC



KIRWAN  
CAPITAL

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\* The benchmark I use against which to gauge our performance is the SPDR S&P 500 ETF (ticker symbol SPY). Its purpose is to closely track the stocks in the S&P 500 Index. Often cited as a proxy for the U.S. equity market, it is the most heavily traded security in the world. It can thus easily be purchased by any investor, as opposed to the oft quoted S&P 500 Index, which is simply a calculation, and does not include costs of ownership.

\*\* Kirwan Capital Strategy quoted returns are calculated using the quarterly composite average of all accounts using the strategy in aggregate. Due to the individually managed nature of our accounts, not all accounts have similar performance. Factors such as available cash, tax considerations, and timing of previous purchases or sales can effect returns. Transactions noted may or may not have been made for all accounts. Past performance is not indicative of future results and investing entails a degree of risk and potential loss of principal. The Kirwan Capital Strategy uses fundamental analysis in an attempt to measure the intrinsic value of securities with the objective of buying undervalued securities and realizing dividends and capital gains over a long-term (at least one year) holding period.