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As the second quarter drew to a close, market sentiment remained bullish in the face of expected Fed interest rate hikes and continued trade war worries as consumer sentiment, low unemployment rates, and wage rate increases helped drive middle class consumption globally. Equity and housing market conditions were conducive to wealth effect spending as well, reversing a decade-long trend. Further, CEO's have been sounding a bullish horn, noting that the outlook is extremely healthy, touting tax reform as a primary driver. I do think the trade situation bears close watching, and could deliver a blow to the worldwide economy if the situation escalates, although I think leaders will ultimately back away from policies that would inflict severe economic damage.

Our Kirwan Capital Strategy portfolios gained 5.71% for the quarter\*\* versus our benchmark\*, which finished the quarter with a gain of 3.55%. Our average compound annual return after fees since Jan 1, 2013 is 14.28%, which would have turned a \$10,000 investment into \$20,830 in 5 1/2 years.

Our returns for the period were boosted by a greater than 20% gain in Hanesbrands and 17% gains by both Phillips 66 and Amazon. Enbridge, Mastercard, Apple, and Visa all gained more than 10% during the quarter as well. We were hurt mainly by Starbucks, which lost over 15% during the period amid founder Howard Schulz stepping down as CEO and concerns that the company faces slowing growth. Our arbitrage investments are working well, as the Bayer/Monsanto deal was completed as anticipated, giving us a nearly 9% gain in less than 6 months, while Aetna gained a similar amount during the quarter as their merger with CVS remains on track. As noted previously, the attribute I most value about this type of operation is it's lack of correlation with the general stock market.

As I prefer, our moves made during the quarter were minimal. Other than some minor rebalancing, the only two meaningful moves we made were additions to our Pepsi and General Mills holdings, as both stocks touched multi-year lows on slowing growth, changing consumer tastes, and rising cost concerns.

Not that it has any bearing on our portfolios, but for those of you still keeping score on my crypto currency call, the price of a Bitcoin continued to fall another 7.8% during the quarter, to \$6,387.31. Since my warning in this letter on January 12th, an owner of Bitcoin would have lost 53.8%.

Thanks again for your trust, and I wish you all the best.

Patrick J. Kirwan  
President and Portfolio Manager  
Kirwan Capital LLC

\* The benchmark I use against which to gauge our performance is the SPDR S&P 500 ETF (ticker symbol SPY). It's 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. In addition, transactions noted may or may not have been made for all accounts.