



13000 CR 348  
St. Joseph, MO 64505  
Missouri 816-385-5266  
Nebraska 402-212-0519  
Toll Free 888-666-8117  
pk@kirwancapital.com  
www.kirwancapital.com

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Stubbornly high inflation sent stocks falling over 5% in April, but by the end of the quarter inflation news had improved enough for investors to believe the Fed will move to lower rates by September, and the market had rallied to close out the quarter nearly 5% higher. The rally remained narrowly based, with mega cap tech stocks driving a majority of gains. Nvidia alone contributed 1.6% of the entire market's returns and has gained over 200% in the last year, boosted by one key trend that has continued since 2023: the strong performance of anything tied to AI. Bond yields fell slightly during the quarter, and the yield curve remains inverted. Bitcoin lost steam toward the end of the quarter, finishing over 13% lower.

Our Kirwan Capital Strategy portfolios gained 4.96% for the quarter\*\*, versus the market as measured by the S&P 500 ETF\*, which finished with a gain of 4.38%. Our cash holdings continued to provide a headwind versus a continuing rally, as did our positions in Sleep Number, Snowflake, and Starbucks. We were assisted by the aforementioned Nvidia rally, as well as nice bounces in Chewy, Apple, Alphabet, and Casey's. The quarter's result leaves our average compound annual return after fees since Jan 1, 2013 at 13.01%, which would have turned a \$10,000 investment into \$40,821 in 11.5 years.

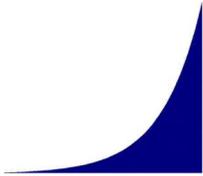
We made two new purchases during the quarter: LVMH Moet Hennessy Louis Vuitton SE, and Capri Holdings Ltd. LVMH is a global luxury goods producer and distributor. The company operates in several categories and owns an array of luxury brands including Louis Vuitton, Bulgari, Fendi, Givenchy, Tag Heuer, Hennessy, Moet & Chandon, Glenmorangie, Sephora, and Benefit. LVMH operates more than 5,000 stores around the globe. I believe they have created a moat around their business by owning the most high-profile brands in many categories, using existing expertise and creative talent to create an innovation incubator, and then using their vast capital and marketing resources to create and fulfill demand. The company owns real estate at the center of luxury fashion shopping areas (many of which they created) in cities around the world, melding the landscape, architecture, and art to promote its brands. The company's ownership of Sephora allows them to strategically showcase LVMH brands worldwide, further increasing brand awareness.

Capri, the owner of brands Michael Kors, Jimmy Choo, and Versace, is not as far-reaching or moat worthy as LVMH, and was purchased more for its low price and acquisition upside. The company has agreed to be acquired by Tapestry (owner of Coach and Kate Spade) for \$57 per share, but the FTC has sued to block the merger. Both firms have vowed to fight the FTC in court, and given our entry point below \$32 (the lowest price since early in the pandemic), I feel the downside is limited even if the acquisition is not completed. The upside, of course, would be a greater than 75% return in a rather short time.

As the market continues to march forward, the heights are more concerning than the footing, as the Fed now seems to be on the right side of inflation, and the economy is performing reasonably well. All eyes currently remain on the timing and extent of Fed easing.

Sincerely,

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). 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. 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.