



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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Stocks entered the third quarter riding the tailwinds of a rebound, as President Trump retreated from the harshest of his proposed tariffs and investors were emboldened by strong earnings and a benign economic picture. As the quarter came to an end, the story for stocks was largely a straight line higher with relatively low volatility. Technology stocks powered higher, as the AI boom showed no signs of slowing and companies announced massive investments in AI infrastructure. As the period progressed, downward revisions to job growth and weak employment numbers failed to dissuade investors as they focused on the increasing likelihood of future Fed interest rate reductions. Inflation readings crept higher as companies passed tariffs on to consumers and Trump's attacks on the Fed's independence fueled a downtrend in the value of the U.S. Dollar. Gold recently surpassed \$4000 an ounce for the first time ever, after crossing the \$3000 mark for the first time in March of this year.

Our Kirwan Capital Strategy portfolios gained 6.31% for the quarter**, versus the market as measured by the S&P 500 ETF*, which finished with a gain of 8.12%. The quarter's result leaves our average compound annual return after fees since Jan 1, 2013 at 12.52%, which would have turned a \$10,000 investment into \$48,647 in 12 3/4 years.

Our top performers during the quarter were Apple and Alphabet, with the latter rising over 38% as the court rejected more severe remedies like a breakup or divestiture of Chrome after having found the company guilty of anti-competitive practices. Nvidia, Louis Vuitton, and Hershey also gained by upper-teen percentage points. Our biggest losers were Costco, Kroger, and Chewy, all falling by mid-single digit rates. The only significant move we made during the quarter was selling Hanesbrands, as an agreement to be purchased by Gildan made the stock jump nearly 50% from its lows.

In a complete turnaround from a couple of quarters ago, the stock market has now been defined by low volatility and a continued march to new highs. I stated back then that the market appeared to be trading at the cheapest valuation in some time, which is also in marked contrast to today. While by most measures the market is not starkly overvalued, it remains fully priced based on the failure of an anticipated recession occurring to date, and the Fed having plenty of wiggle room to lower rates if the economy does take a turn for the worse.

Sincerely,

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). 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.