



JULY 2023

Galloway Capital Partners

Monthly Investor Newsletter

Dear Investors:

In July 2023 the Portfolio generated a return of +10.9%; +43.3% YTD vs. 19.5% for the S&P. Since January 2018 the Portfolio is +295.8%, or 45% annually.

https://mcusercontent.com/ed7158b8876b1713af8699701/files/e4cc476f-75e9-f163-b43f-449bf8733f5f/GCP_Performance_July_2023.pdf

During the month, the market for mid-, small-, and micro-cap stocks was very strong. There was lots of investor profit taken from the “Magnificent Seven” stocks. Many investors have increased their liquidity and net worth due to stock and home price appreciation. This should filter down to the second tier of 10,000 stocks and have a positive impact on our portfolio over the next 6 to 12 months. We still believe that the stock market has a strong upside from here, with an emphasis on stock picking.

During the month we exited our home builder positions, Hovnanian, Inc. (HOV) and Beazer Homes, Inc. (BZH). In each, we achieved 50% + gains. Our decision was based on the continued Fed rate hikes and mortgage rates in the mid-7 which could lead to a slowdown in housing starts due to the expense in purchasing a new home.

We had a significant gain in our Artificial Intelligence position. We believe it's still very undervalued and under-covered by Wall Street. The Company has announced major deals with many of the largest global tech companies. The stock could appreciate 50% to 100% annually for the next 5 years, which should generate multiples on our invested capital.



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We believe the Fed is at the end of its rate hike cycle and will begin lowering rates in the near future. The current debt interest service of \$1.6 trillion annually on the US government's debt will be a little too much to bear for the US economy. The deficit has grown dramatically due to the Inflation Reduction Act and other government stimulus initiatives. That being said, we believe the US economy is robust and will continue to grow due to new technologies and manufacturing coming back to the United States. We see the country in a type of "wartime economy" due to a "Tech Cold War" with China, in which the US must continue to spend heavily to prevail.

In the next few weeks, we will be launching our new investment fund, Galloway Shepperd Deep Value Investments Limited, www.gallowayshepperd.com. The Fund's focus will be on undervalued investments in the public markets identifying catalysts and utilizing activism to create shareholder value. We believe the current market environment offers once-in-a-lifetime opportunities. We will keep you apprised of our launch date.

If you have any questions, feel free to call me at 212-247-1339 or 917-405-4591.

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