



September 2021

Galloway Capital Partners

Monthly Investor Newsletter

Dear Investors:

In September 2021, the Portfolio generated a return of -5.30%, +79.77% YTD, and +555.29% since January 2018.

September is usually a very good month for the market. The major market indices were +4.5 to +7%. Oil rallied to \$83/bbl, and natural gas rallied to \$5.85/mcf. Our oil and gas stocks led by Halliburton (“HAL”) and Occidental (“OXY”), performed very well. Cleveland Cliffs and U.S. Steel reported blowout numbers. They've started to perform OB if they're still trading at less than 2x and 5x earnings, respectively.

Our Special Situations positions continued to perform well and have gained momentum. Our IoT and Artificial Intelligence positions performed very well. We have also identified a second AI company that is way under the radar screen and has not yet been discovered. We believe that artificial intelligence is transformational, and as John Chambers, the former CEO of Cisco, has said, “AI could be bigger than the Internet.”

One of our largest positions, Yellow Corp. (“YELL”) is touching new highs. The stock has a lot more runway ahead of it as the economy continues to strengthen.

During the month, we initiated a position in an IoT company that is also under the radar screen and trading near its low again. We are very positive on small-cap value stocks and believe that capital from many of the over-stretching tech stocks such as Zillow, Roku, Zoom, and Peloton will be deployed into value stocks. We have been saying for many months this should continue with some of the tech companies trading at 50x revenues while value stocks are trading at 2-4x normalized earnings.

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We remain optimistic that the market will continue to rally through January 2022, especially in value stocks, cyclical, and materials (oil, gas, mining, etc), where they can pass on price increases rapidly. We continue to maintain positions in MoneyGram International, Inc. (“MGI”), Ocwen Financial Corp. (“OCN”), and Conn’s, Inc. (“CONN”).

We have a well-balanced and diversified portfolio which we believe will significantly outperform the major indices. As we have been stating for months, we believe the value will continue to outperform growth over the next few years, contrary to how growth has outperformed value for thirteen straight years. We believe our value/catalyst approach is the optimal way to generate significant investment returns.

Bruce Galloway
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