



APRIL 2023

# Galloway Capital Partners

## Monthly Investor Newsletter

Dear Investors:

**In April 2023 the Portfolio generated a return of -4.46%; +17.96% YTD and +225.80% or +42.36% per year since January 2018. This exceeds the S&P which is +9.1% YTD. If Apple, Google, Facebook, and Amazon were removed from the Index, the S&P was actually -4% (approx).**

[https://mcusercontent.com/ed7158b8876b1713af8699701/files/84a45e86-9409-7c8b-8e75-d3478a07222b/GCP\\_Perf\\_April\\_2023\\_.pdf](https://mcusercontent.com/ed7158b8876b1713af8699701/files/84a45e86-9409-7c8b-8e75-d3478a07222b/GCP_Perf_April_2023_.pdf)

In the last four months, there was a flight to quality as investors accumulated mega-cap tech stocks which gained +20 to +60% while the rest of the market was in a downward trend. This trend was precipitated by market uncertainty and recession risk, the banking crisis, and the Fed going too far in raising interest rates. Now in May, I believe the market has bottomed out and the capital “parked” in these mega-cap stocks will broaden out to the next 5,000 publicly traded companies. This should create a bottoming effect as investor capital flows into more attractive valuations in the Russell Mid-Cap, Small-Cap, and Micro-cap stocks.

As we have said in the past, the US government and industry have committed trillions of dollars targeting a 50-year reversal with the on-shoring of manufacturing, conversion to clean energy, Artificial Intelligence, Cybersecurity, migration to the Cloud, 5G networks, and Internet of Things. These are all transformative and positive for the US economy and should help avoid a recession.

*Bruce Galloway*  
**Bruce Galloway**  
Chief Investment Officer

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We have also been talking about Artificial Intelligence for some time. One of our hidden gem positions in the AI space has tripled in the last 4 months with the ground swell of ChatGPT. This company is under the radar screen, and we believe one of the best positioned in this space. We have several companies in the Portfolio that are bound to benefit from AI. We are conducting research to determine other companies and sectors that may benefit from AI.

I believe the banking crisis has been abated. The Fed is close to the top range of its hiking cycle and inflation appears to be cooling, with the exception of wages. This scenario is fine for the economy and consumer spending. As we enter a more normalized market, we believe that going forward this will be a Stock Picker's market. Historically, this is where we excel and have generated returns above the major indices.

In the next few weeks, we will be launching our new investment fund, Galloway Shepperd Deep Value Investments Limited: [www.gallowayshepperd.com](http://www.gallowayshepperd.com), to be managed by Galloway Capital Partners: [www.gallowaycap.com](http://www.gallowaycap.com) (Access code: value). The Fund's focus will be on undervalued securities in the public markets. We believe the current market environment offers once in a lifetime opportunities. We will keep you apprised of the launch date.

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

*Bruce Galloway*  
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FEB 2023

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Dear Investors:

**In February 2023 the Portfolio generated a return of +6.27%; +35.03% YTD and since January 2018 +272.93%.**

[https://mcusercontent.com/ed7158b8876b1713af8699701/files/df9322ad-6f5b-9ce9-508c-47d973f9e27c/Galloway\\_Capital\\_Partners\\_Feb\\_2023\\_.pdf](https://mcusercontent.com/ed7158b8876b1713af8699701/files/df9322ad-6f5b-9ce9-508c-47d973f9e27c/Galloway_Capital_Partners_Feb_2023_.pdf)

Our portfolio has continued to perform well in 2023 since the market sell off in late 2022, particularly in small and micro-cap stocks. We believe the portfolio has excellent companies with strong fundamentals despite the crosswinds of the economy.

We believe 2023 will be a Stock Picker's market and this is where we outperform. We are a long only value strategy focused on low priced securities with significant upside potential. These securities are typically below the radar screen and not followed by Wall Street. We are in the process of raising significant capital to take advantage of these opportunities and the distress in many sectors of the market due to these sell-offs.

We continue to have a well balanced and diversified portfolio with approximately 40 positions across many industries and market capitalizations which should significantly outperform the major indices. We believe that we are well positioned to take advantage of upside in the market when we get through this period of uncertainty and volatility. Our value/catalyst approach is the optimal way to generate significant investment returns with a balanced portfolio to limit downside volatility.

If you should have any questions feel free to call me at (212) 247-0581 or (917) 405-4591.

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