KP7

August 11, 2026
Letter #21

Dear Investors:

KP7 was up 8.3% in the second quarter of 2026 after all fees and expenses. The S&P 500 was up 15.2%, including dividends. We are now +13.0% for the year versus +10.2% for the S&P 500. Here is a summary of our performance since inception (all figures are annualized except YTD):

	YTD	1 Year	3 Year	4 Year	From Inception
KP7 (Gross)	15.1%	42.4%	23.5%	28.4%	14.9%
KP7 (Net)	13.0%	35.9%	19.7%	24.9%	12.1%
S&P 500	10.2%	22.3%	20.6%	20.3%	13.4%

Inception: July 1, 2021

The KP7 investment team is gelling. We are a small multidisciplinary team dedicated to finding great investments. We believe the best investment decisions are made by looking at opportunities through multiple lenses. Each member of the KP7 team has a different skillset; each brings a different perspective to our weekly research meetings. I believe the multidisciplinary nature of our team gives us an important competitive advantage. It enables us to better identify hidden risk that others miss and facilitates finding extraordinary investment opportunities before they become broadly obvious. I am convinced now more than ever that we have the right team in place to deliver amazing returns to you, our investors.

A multidisciplinary team means nothing if it doesn't produce tangible results. We have now compounded at +24.9 (net) annually over the last 4 years versus the S&P 500 of +20.3%.

MDA Space (+63%) and Kneat.com (+85%) performed well during the second quarter. Those stocks carried the performance of the fund. We were forced to exit our Kneat.com investment as its management team opted to take the company private.

We added Impinj back to the portfolio during the quarter. Recall that Impinj was a large contributor to our +28% performance in 2025. We bought Impinj for $88/share in early 2025 and sold it for $188/share in October, a 113% gain in about 9 months. The stock plummeted over 50% in the 6 months after we sold it. We reestablished our position in March and continued buying into the second quarter.

Our history with Impinj illustrates the value of KP7's seven investment principles. We are first and foremost fundamental investors. Six of our seven investment principles evaluate companies from a fundamental perspective. We look for competitive dominance, best-in-class management teams, and attractive free cash flow characteristics. When we find companies with these characteristics, they go into the KP7 Cache. Our seventh principle, tactical research, identifies the optimal entry and exit points. When we find the optimal entry point, the company moves from the KP7 Cache to the KP7 portfolio. We currently have 60 fully vetted companies in the KP7 Cache awaiting the optimal entry point.

Our first episode with Impinj (in 2025) was unusual in the sense that we held the stock for just 9 months. We evaluate investments over a 3- to 5-year horizon; when we buy a stock, we expect to hold it in the portfolio for a similar period. We do, however, sell stocks when they become fully valued regardless of the holding period. That is what happened with Impinj in 2025.

Our second episode with Impinj (buying earlier this year) is even more unusual because the market rarely offers a stock at a 60% discount to what it was trading for just 6 months previously. We believe Impinj sold off due to a sales slowdown resulting from a quirk in the value chain, a quirk that had nothing to do with the company's long-term value. Our estimate of value, in fact, increased substantially even as its share price plummeted. An increasing underlying value and declining share price is a value investor's dream. We don't see opportunities like that very often. When we do, we like to be aggressive. Impinj is the largest position in the portfolio at the moment.

We added two other companies to the portfolio in the second quarter. Mobileye is an Israeli company with best-in-class semiconductor chips for autonomous driving. The company recently moved into the robotaxi and home robot businesses. We see the connections and synergies between Mobileye's existing chip business and these new businesses. The market apparently doesn't. Mobileye stock is down over 80% from its highs of 2023. We loaded up in the second quarter with an average cost of $9.09/share.

Roblox is a gaming and social media platform under a big dark cloud. The company has recently reinforced safety and age verification processes on its platform. We believe the Roblox safety and age verification processes will in time become a competitive advantage for the company. Roblox is miles ahead of other social media platforms with respect to these safety policies and processes. The changes, though, have negatively affected the company's short-term financials and user metrics, especially the growth in its monthly active users. The market hates the sacrifice in short-term financials; the stock has plummeted 70% in the last 6 months. We, on the other hand, love companies enhancing long-term value even at the expense of short-term financials. We loaded up on Roblox stock as well with an average cost of ~$41/share.

These three additions (Impinj, Mobileye, and Roblox) along with our longer-term holdings of Coelacanth Energy, MDA Space, and Amaero form the core of the KP7 portfolio as we head into the second half of 2026.

All the best to you and your families. We work every day to gain and keep your trust.