KP7

April 16, 2026
Letter #20

Dear Investors:

KP7 was up 4.3% in the first quarter of 2026 after all fees and expenses. The S&P 500 was down 4.3%, including dividends. We are thrilled to put distance between us and the S&P 500 to start the year. Here is a summary of our performance since inception (all figures are annualized):

	1 Year	3 Year	4 Year	From Inception
KP7 (Gross)	52.8%	23.6%	15.7%	13.5%
KP7 (Net)	45.9%	19.9%	12.8%	10.9%
S&P 500	17.8%	18.3%	11.2%	10.8%

Inception: July 1, 2021

The KP7 portfolio has increased 46% over the last 12 months and has now compounded at greater than the S&P 500 over all periods. We work every day to make sure we put more and more distance between us and the index.

Remember, we don't use debt in the portfolio to goose returns nor have we invested in the so-called Magnificent 7. We generate returns the old-fashioned way; we find exceptional investment ideas through meticulous independent research. We like our formula.

In our last letter, we showed how the enhancements we made to the organization and research process in late 2024 led directly to improved performance in 2025. I am pleased to report that those same enhancements have continued to drive performance so far in 2026.

The KP7 Cache, for example, combined with our tactical research reduced our cost basis in MDA Space by 37%. We put MDA Space into the KP7 Cache in August of last year when it traded for CAD $45/share. It went into the portfolio in December at CAD $28/share. It now trades for CAD $43/share, up 54% from our cost base. MDA Space was one of our top contributors to performance in the first quarter.

Our tactical research allows us to be smart about our entry and exit points. When we implemented our tactical research in late 2024, we figured it could add 5 points to our annual performance over time. We've road tested it now for five quarters. We love what we see: tangible results.

We like the results of our KP7 Cache so much, in fact, that we've decided to expand it from 40 companies to 60 companies. We'll do it over time as our research process finds attractive investments. We now have 51 fully vetted attractive investments in the KP7 Cache.

In the first quarter, we welcomed the newest member of our research team. Emily Wang was born and raised in Beijing, China. Her first trip outside of her native country came at the age of 18 when she entered Middlebury College as a freshman. Imagine the courage. Raised under a suffocating communist regime, she moved to a small Vermont town where she competed with the best and brightest from the top US prep schools. She outperformed them all. Wow. I'm not sure many of us could have done what Emily did.

Since graduating from Middlebury, Emily has earned a master's degree in chemistry, picked up an MBA, completed her Chartered Financial Analyst (CFA) designations, and gained over a decade of experience in corporate strategy and corporate finance in three separate global companies.

We are truly proud and honored to have Emily join the team.

KP7 is a research-driven organization. All members of the entire organization are laser-focused on finding exceptional investments. We commit to you our investors that we will continue to hone our process, enhance our skills, and dedicate ourselves to the mission at hand. That mission is to deliver the very best returns we are capable of producing.

Our plan is to offer a growing variety of investment vehicles for investors to access our research. We started with separate accounts for US accredited investors. Many of you have been with us from the start. We are deeply grateful.

Early in 2025, we introduced a special purpose vehicle (SPV) to invest in a single stock. That investment has done well and was received quite favorably by those of you that invested. We plan to create more of these single-stock SPVs in the future as our research uncovers unique opportunities.

Earlier this year, we added a third vehicle to access our research: donor advised funds. A donor advised fund (DAF) allows investors to monetize appreciated assets that are earmarked for charity in a surprisingly tax-efficient way. We are now fully sanctioned to manage DAFs with Fidelity Charitable, a division of Fidelity.

In addition, we are putting the final touches on an offshore fund, a fourth vehicle investors can use to access our research. This fund will allow non-US investors to invest with us without getting ensnared in the US tax system.

How can a small team like ours service all these investment vehicles? Simple. The same investments go into all of them. Our separate accounts, our DAFs, and our offshore fund all have identical portfolios and our single-stock SPVs are just a more concentrated dose of a company that is already in our portfolio. More investment vehicles don't translate to more or different research, they create more alternatives to access the research we do.

We continue to search the oil and gas industry for promising investment opportunities. We think the oil and gas "pond" is freshly stocked with no fisherman in sight. We are starting to find some opportunities. We added a Canadian oil and gas producer called Spartan Delta to the portfolio in the first quarter. Spartan Delta joins Coelacanth Energy, which has been in the portfolio for some time. We are looking for more.

In addition, we have recently become keenly interested in the software industry. Since we last wrote, a narrative has gained some traction in the market that artificial intelligence (aka AI) will be destroying the software industry. We love market narratives, especially the big broad sell-first-and-ask-questions-later narratives that indiscriminately trash large swaths of the market. Those types of narratives sometimes create opportunities. We'll see.

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