



Quarterly Letter, January - March 2016

	Jan 2016	Feb 2016	Mar 2016	Q1 2016	Since Inception
Curreen Capital Partners LP	-11.21%	6.63%	5.53%	-0.08%	63.9%
S&P 500	-4.96%	-0.13%	6.78%	1.35%	34.0%
MSCI World	-5.98%	-0.74%	6.79%	-0.35%	18.1%

Dear Partners,

Performance in the first quarter was -0.08%, net of fees. We began the year with a 13% cash position and ended the quarter with a 1% cash position. As always, our cash position is a response to the available opportunities, it is not a forecast of future market returns. We seized opportunities in the first quarter, adding to our Keysight position in January and February, buying shares of TopBuild in January, February and March, and adding to our Teikoku Sen-I position in February. To fund these purchases, we first used our cash and then reduced our stakes in Credit Acceptance Corp in February and Vectrus in March.

Keysight began the year as our largest position, and spent the first six weeks of the year getting quite a bit cheaper. Despite facing industry headwinds that I believe will continue for the rest of the year, Keysight is a lovely business, with excellent management, and in January I believed that the market price provided minimal downside (which makes for a very attractive upside-to-downside ratio). In February the company announced a share repurchase program, which caused me to raise my estimation of management's capital allocation skills and prompted us to buy even more shares. Our purchases in the quarter were at an average price of \$24.93 per share, and at about 28% of the fund, Keysight remains our largest position.

TopBuild is a new investment for us, though you may remember it from last summer. I had salivated over the opportunity to buy the ugly looking spinoff of an S&P 500 company at a great price, and emailed many of you encouraging an investment in the fund to take advantage of what I expected to be an outstanding opportunity... Then I watched in frustration as the stock traded up off an already full price. Well, occasionally the stock market rewards patience. In January, Mr. Market lowered the price at which we could buy TopBuild, and I revisited the business. Despite the lower price, many things had improved – strong free cash flow strengthened the balance sheet (eliminating my downside-scenario fears of a covenant breach), and housing starts (the industry driver) have continued to rise. We bought in January. In February the company reported continued improvement in profits and announced a share repurchase program. This raised my estimate of management's capital allocation skills, and we bought more shares. In March I reassessed the downside scenario for Vectrus, compared it to TopBuild, and decided I would rather own more TopBuild and less Vectrus – so we bought again. Our purchases in the quarter were at an average price of \$27.20 per share, and TopBuild is now our fund's second largest position.

Teikoku Sen-I reported stronger results and forecast higher earnings for the coming year, and after comparing the company to Credit Acceptance, decided I would rather own more Teikoku Sen-I (and Keysight) and less Credit Acceptance. Our purchases in February were at an average price of ¥1,463 per share.

Credit Acceptance continues to be an excellent business, with outstanding management, selling at an attractive price. Though it is now our smallest investment, I am happy to continue to hold our stake in the



business. We sold shares in Credit Acceptance (at an average price of \$193.46 per share) because I considered Teikoku Sen-I and Keysight to be even more attractive opportunities. There are times when I can identify few opportunities that fit each of our three key criteria – and at those times we hold a cash position that may be a large portion of our fund. At other times—such as during much of January and February of this year—we have more outstanding investment opportunities than cash. At times like that, we can only take advantage of opportunities by adding new money, or by selling a great investment to buy an even better one. I’ll take care of the latter, you can help with the former. The next time your monthly statement knocks the wind out of you... send cash!

With Vectrus, new information raised the odds of the downside scenario occurring and prompted the question: would I rather own this or TopBuild? Vectrus reported earnings in February and was forthright about its large contracts up for renewal in the coming year. They noted that two of their larger contracts (APS Kuwait and APS Qatar) are combined in the new bidding round, creating a more attractive target for competitors. Vectrus has several large contracts coming up for bid in the next year, which presents a risk of losing one or more contracts that I have known and accepted. The norm in defense contracting is for the incumbent to win most of their recompetete bids, with alternative suppliers having the best odds to win a bid when they’ve demonstrated excellence and are targeting a vulnerable competitor (and in scenarios where there’s a new contract, it’s a free-for-all). As I forecast when we bought it, Vectrus has been relatively successful in winning new business, and I expect that they will win their recompetetes. Still, we look at the downside, and the customer combining the APS contracts and painting a bigger target raised the odds of that downside scenario becoming reality. I compared Vectrus to TopBuild, and while both are excellent opportunities that meet our three key criteria, I preferred that TopBuild be the larger position. We sold Vectrus (at an average price of \$21.43 per share) making it a “normal sized” position, similar in size to Teikoku Sen-I and TGS Nopec.

The next openings for new capital will be April 30<sup>th</sup> and May 31<sup>st</sup>. If you wish to add a new investment into our fund, please contact us in advance so that we can ensure that you have the proper Offering documentation and account information in time for the next opening.

Thank you. I appreciate your investment in Curreen Capital, and take immense pleasure in making you money and continuing to earn your trust.

Sincerely,

A handwritten signature in black ink, appearing to read "Christian Ryther", with a stylized flourish at the end.

Christian Ryther  
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