



Quarterly Letter, July - September 2016

	Jul 2016	Aug 2016	Sep 2016	Q3 2016	YTD	Since Inception
Curreen Capital Partners LP	5.22%	0.17%	6.15%	11.88%	22.57%	101.0%
S&P 500	3.69%	0.14%	0.02%	3.85%	7.84%	42.6%
MSCI World	4.22%	0.08%	0.53%	4.87%	5.55%	25.1%

Dear Partner,

Are you adventurous?

One of our positions went on quite the journey this past quarter, and I am pleased to report that we came out on top.

We sold our shares in Vectrus as the stock price rose, first in July, then in August. In July, we sold 1/3 of our position because my estimated upside-to-downside ratio fell below 1-to-1. We sold the rest in August, when Vectrus's continued rise further reduced its upside-to-downside ratio. Our average sale price was \$31.36.

It was good to sell, as Vectrus's business operations were blazing a trail in the other direction – toward worse performance. On the company's Q2 earnings call, management continued the practice that we heard in prior calls, and talked down the odds of winning their recompetes for the combined Kuwait and Qatar APS contracts. I was pleased that we were out of the stock, as this information increased the probability of our downside scenario. In early September Vectrus actually lost the recompetes on the APS contract. Defense contractors typically win their recompetes, so despite management's cautious words, this was a surprise. A bigger surprise came at the end of September, when Vectrus lost the recompetes on K-BOSSS, its largest contract (about 1/3 of their revenues). This was a bolt out of the blue – Vectrus had been performing well on the contract, and again, you keep most of your recompetes. I had estimated maybe a 10% chance that Vectrus would lose K-BOSSS, and I wonder what KBR did to win it...

The Vectrus adventure highlights the role of luck in an uncertain world, and the importance of discipline in navigating it. We were disciplined in buying Vectrus at an attractive price that met our upside-to-downside criteria, fortunate that the stock rose to where we wanted to sell it, and disciplined in following our rules and selling at those prices. Vectrus had the misfortune to lose the combined APS contract, and was extremely unlucky in losing the K-BOSSS contract. The rise in Vectrus's stock price that we took advantage of was not predictable, and aside from the decision makers, no one could have confidently predicted Vectrus's contract losses.

That is the world we live in – a world where luck matters and surprises are frequent.

Many investors struggle with this reality by trying to gather as much information as possible, to feel more comfortable with their decisions. They strive for "edge" with big data, satellite imagery, expensive consultants, etc... piling up more and more data to predict the future.



We also gather information, but we accept that we cannot know the future, and we deal with that by valuing both our reasonable and our downside scenarios. We work to buy when the odds are in our favor, and sell when they are not. We do not pretend to know how the chips will fall - instead we are disciplined in how we invest. Our discipline—not some crystal ball—delivers the results you saw at the top of this letter.

Though the markets are unpredictable, we are not powerless - far from it! Each of our three key criteria improves our odds of success. We are disciplined in following our strategy, and continue our hunt for outstanding investments where the odds are on our side. Sometimes we will be unlucky—trips don't always go the way we hoped—but our strategy and discipline should get us through with smiles and good memories. One step at a time, one decision at a time, come rain or shine.

If you would like to add a new investment or join our partnership, note that the next openings for capital will be October 31st and November 30th. Reply to me to get the conversation started.

As a special bonus, since it's my birthday on November 20th - if you invest \$150K or more and get your paperwork in by November 20, I will send you a limited edition (and very cool) Curreen Capital carry-on bag.

As always, thank you for being a part of this adventure. I appreciate your investment in Curreen Capital, and truly enjoy making you money and being an advisor you can trust. We navigate a wild world together, and I am very pleased with our progress.

Sincerely,

A handwritten signature in black ink, appearing to read "Christian Ryther".

Christian Ryther
646-535-8573
cryther@curreencapital.com



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