



Quarterly Letter, January–March 2023

	Jan	Feb	Mar	Q1 2023	Since Inception	Annualized
Curreen Capital Partners LP	6.53%	-5.38%	-1.13%	-0.34%	145.6%	9.6%
S&P 500	6.28%	-2.44%	3.67%	7.49%	204.3%	12.0%
MSCI World (US Gross)	7.10%	-2.37%	3.12%	7.82%	134.0%	9.0%

Dear Partner,

Our fund was down 0.34% in the first quarter. During the quarter we made three small purchases (1-2% of our fund in each). We added to our existing holdings in Credit Acceptance (at \$400/share) and frontdoor (at \$31.41/share), and bought a new position in Advantage Solutions (at \$1.77/share). About half of our fund is in short term U.S. Treasuries.

In the last two quarterly letters, I have written that we are especially cautious because of the inverted yield curve. I want to share some of my analysis on inverted yield curves, both to explain our current caution, and to set expectations on how long it may take before “regularly scheduled programming” resumes.

Below are all the months from the past 70 years where the U.S. yield curve inverted. The table shows how much and for how long the market rose after the initial inversion month, and how much and for how long it ultimately fell after the inversion month.

U.S. Yield Curve Inversions¹, 1953-Present

Inversion Month	S&P Then	Max Rise Before Fall		Upside		Bottom		Eventual Downside	
		Date	S&P	Months	% Gain	Date	S&P	Months	% Change
Sep-1966	74.9	11/29/1968	108.4	26	44.7%	5/26/1970	69.3	44	-7.5%
Jan-1969	102.9	5/14/1969	106.2	3 1/2	3.2%	5/26/1970	69.3	16	-32.7%
Jun-1973	102.9	10/12/1973	111.4	3 1/2	8.3%	10/3/1974	62.3	15	-39.5%
Dec-1978	96.7	11/28/1980	140.5	23	45.3%	8/12/1982	102.4	43 1/2	5.9%
Nov-1980	137.2	1/6/1981	138.1	1	0.7%	8/12/1982	102.4	20 1/2	-25.4%
Aug-2000	1,521	9/1/2000	1,521	-	0.0%	10/9/2002	777	25	-48.9%
Aug-2006	1,311	10/9/2007	1,565	13	19.4%	3/9/2009	677	30	-48.4%
Jun-2019	2,964	2/19/2020	3,386	7 1/2	14.2%	3/23/2020	2,237	9	-24.5%
Nov-2022	4,077								
Average				10	17.0%			25	-27.6%
Median				5 1/2	11.3%			23	-29.0%

¹ There are different ways to calculate inversions. To have more years of data, I use the monthly 10 Year Constant Rate minus the 3 Month Secondary Market Rate. On FRED this data goes back to 1953 and 1954, you can find it as GS10 and TB3MS, respectively. Using older data (HIRIFLGFY10PNM and MI329AUSM195NNBR), you can see that the yield curve also inverted in 1927. Compared to the data in the table above, the 1927 inversion led to more extreme results: a 152% rise in the Dow over 28 months, followed by a decline that took the Dow down 75% vs the inversion month, bottoming 62 months later.



What I take away from this data:

- Inversions are not good news - 1978 was the best case, and the S&P still underperformed 3-month Treasuries over a 3 1/2-year period
- Even when it initially rose after an inversion, the S&P ultimately provided mediocre returns
- It can take 2+ years for the stock market to bottom after the first month of an inverted yield curve
- 6 out of the 8 inversions had a 20%+ decline within 3 years - these inversion periods have a greater risk of substantial downturn than periods that are not preceded by an inverted yield curve
- It may be possible to "kick the can down the road" with a relatively resilient stock market (for example, after the 1966 and 1978 inversions), but this only seems to postpone the downturn, and delay the eventual recovery
- 2019's inversion may have been a "kick the can" episode
- The end of these inversion periods are extremely advantageous times to buy stocks

So why don't we just sell everything and sit on Treasuries that pay 5%? First off, we own good businesses trading at low prices. They are worth more, I expect them to sell for more in a more normal environment, and I do not want to sell them at current prices. Secondly, selling everything to sit on cash works great if you can see the future, but (mere humans that we are) we cannot. Selling now to buy back later fails if the market does not decline, and it also fails if we do not buy near the bottom. I use director and executive stock purchases as a signal to buy stocks aggressively. This should give us a signal to buy when prices are attractive, but nailing the bottom is unlikely, and there is no guarantee that this buy signal will go off at all.

If the dream of a perfect plan is the enemy of a good plan, then our good and implementable plan is to seize attractive opportunities in small size, buying more aggressively when many appear at once, and buying even more if our buy signal clicks on. Our policy allows us to build a very attractive portfolio during an especially risky period in the stock market, without requiring that we divine the future or become superhuman market-timers.

To Conclude

Thank you for your commitment to Curreen Capital. I am grateful that we are making this journey together, and if you want to chat, please reach out. I enjoy speaking with current and prospective partners.

Sincerely,

A handwritten signature in black ink, appearing to read "CHRISTIAN RYTH", written over a light blue horizontal line.

Christian Ryther

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Appendix

Curreen Capital Investments

Lists all positions larger than 5% of the fund

GetBusy (GETB:GB)

GetBusy provides online document exchange systems—primarily for accountants in the U.K.—and its Australian/New Zealand and U.S. business are growing well. GetBusy spun out of Reckon in August 2017, and has continued to grow since then. GetBusy does not earn money, investing through higher expenses to grow its existing businesses and attempting to launch new products. The underlying businesses are profitable and sustainable in the U.K., and potentially in the U.S. and Australia/New Zealand.

Nilörn Group (NILB:SS)

Nilorn designs and delivers tags and labels for European clothing brands. The company combines just-in-time delivery with quality design that can elevate the customer's products in the eyes of the end consumer. Management uses free cash flow to grow the business and pay a dividend. The company's returns on capital are about 30%.



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