



Quarterly Letter, April-June 2020

	Apr	May	Jun	Q2 2020	YTD	Since Inception	Annualized
Curreen Capital Partners LP	14.13%	1.61%	14.57%	32.86%	-26.19%	56.2%	6.5%
S&P 500	12.82%	4.76%	1.99%	20.54%	-3.08%	119.8%	11.8%
MSCI World (US Gross)	10.95%	4.88%	2.67%	19.47%	-5.59%	75.6%	8.3%

Dear Partner,

During the second quarter the fund was up 32.9%. During the quarter we sold our Garrett Motion shares and bought more shares of Kontoor.

Selling Garrett to Buy Kontoor

Since its spinoff from Honeywell, Garrett Motion has been a great business that is buried in difficulties. As an automotive supplier, it operates in a cyclical and generally unprofitable industry. Garrett also faces the existential threat of electric cars (which do not use turbochargers), and its spinoff from Honeywell left it burdened with debt and contractual liabilities. Until recently, I believed that Garrett's many advantages—namely an outstanding business in a profitable niche of the auto supply industry, tailwinds from the continued adoption of turbochargers on internal combustion engines, and a relentless CEO—would allow the business to successfully overcome the difficulties that it faces.

The pandemic-related shutdowns made me reassess my view of Garrett's ability to overcome its challenges. While I believe that Garrett Motion has an attractive upside-to-downside ratio at current prices, the downside is now bankruptcy, and the probability of that downside has risen. In May, when we sold our shares of Garrett, it was unclear whether Garrett would be successful in getting covenant relief on its debt, with Honeywell attempting to withhold approval in order to force Garrett to drop its lawsuit against it (Garrett's relationship with its former parent would make a compelling soap opera).

I compared Garrett to Kontoor, one of our other investments. Like Garrett, Kontoor had a very attractive upside-to-downside ratio, with significant upside for the stock price if things go as I expect. Like Garrett's, Kontoor's CEO is dynamic and has repeatedly surprised me by acting intelligently. But Kontoor had a number of advantages over Garrett: bankruptcy was far less likely, Kontoor had already gotten covenant relief, Kontoor's business does not face existential threats (everyday jeans are here to stay, with turbochargers... time will tell), and one of Kontoor's insiders had recently purchased shares.

Kontoor does not have quite as much upside if things go as I expect, but there are more ways to lose with Garrett, and losing with Garrett is more likely to involve a wipeout for shareholders. Comparing the two, Kontoor appeared to be a better bet than Garrett, so I sold our Garrett shares and used the proceeds to buy more Kontoor. Our proceeds from selling Garrett were \$5.09/share, and our cost for buying Kontoor was \$15.57/share.

What We Are Doing Now

As I mentioned in our last letter, I believe that the thing to do in extraordinary times is to stick to our core beliefs and long-term strategy. This means that we continue to look for attractively priced businesses that



meet our three key criteria. We continue to focus on special situations where there is a meaningful change in the business and the shareholders who own it - especially recent spinoffs.

The stock market appears to be rewarding other strategies (two examples: predicting the Fed's actions, and only buying stocks that have gone up), and its exuberance is a stark turnabout from a few months ago. Regardless of what the market fixates on this month or next, I will continue to focus on special situations that meet our key criteria.

Thank you, I hope that you and your family are well, and I deeply appreciate your commitment to Curreen Capital.

Sincerely,

A handwritten signature in black ink, appearing to read "CHRISTIAN RYTH", is positioned above the typed name.

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



Appendix Curreen Capital Investments

GetBusy (GETB:GB)

GetBusy provides online document exchange systems, primarily for accountants in the U.K., and its Australia/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 a new product. The underlying businesses are profitable and sustainable in the UK, and potentially in the U.S. and Australia/New Zealand.

Kontoor (KTB)

Kontoor designs inexpensive jeans, primarily for North American consumers. Kontoor spun out of VF Corp in May 2019. Kontoor does not grow, and its returns on capital are about 20%. Management uses free cash flow to repay debt. Kontoor currently trades at an extremely attractive upside-to-downside ratio.

Kopparbergs Bryggeri (KOB:SS)

Kopparbergs manufactures and markets alcoholic pear cider, primarily in the UK and Sweden. Kopparbergs generates returns on capital around 20%, and management uses free cash flow to grow the business, launch new products and pay a dividend. Kopparbergs is managed and controlled by its founders, who have a long track record of successfully building the business. Kopparbergs is an excellent business with exceptional management, selling at a reasonable price.

Micro Focus (MFGP, MCRO:LN)

Micro Focus acquires and manages declining software businesses. Management buys businesses from disappointed and pessimistic sellers, and then maximizes the cash flows from these acquisitions. Management uses free cash flow to buy other business, or distributes it to shareholders through dividends, special distributions and share repurchases. Micro Focus has an extremely attractive upside-to-downside ratio.

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%. Nilorn has an extremely attractive upside-to-downside ratio.

TopBuild (BLD)

The largest installer and distributor of insulation in the U.S., the business is driven by housing starts. TopBuild spun out of Masco in July 2015, and has been growing revenues and profits ever since. Management uses free cash flow to acquire related businesses and to repurchase stock at good prices. The company's returns on tangible capital exceed 30%. I believe that housing starts remain well below what 330 million US residents require, which gives TopBuild plenty of runway for further growth.



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An investment in the Fund is speculative and may involve substantial investment and other risks. Such risks may include, without limitation, risk of adverse or unanticipated market developments, risk of counterparty or issuer default, and risk of illiquidity. The performance results of the Fund can be volatile. No representation is made that the General Partner’s or the Fund’s risk management process or investment objectives will or are likely to be achieved or successful or that the Fund or any investment will make any profit or will not sustain losses.

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