Quarterly Letter, April–June 2023

	Apr	May	Jun	Q2 2023	YTD 2023	Since Inception	Annualized
Curreen Capital Partners LP	-1.39%	-1.02%	3.94%	**1.45%**	1.1%	149.2%	9.5%
S&P 500	1.56%	0.43%	6.61%	8.74%	16.9%	230.9%	12.6%
MSCI World (US Gross)	1.77%	-0.96%	6.07%	6.92%	15.3%	150.2%	9.5%

Dear Partner,

Curreen Capital was up 1.45% in the second quarter, and cash accounted for 47% of the fund at the end of the quarter. We added to our position in Advantage Solutions (3% of our fund), paying $1.55/share. This position and two others (Credit Acceptance and Frontdoor) have grown large enough to be noted in the appendix near the end of this letter.

Advantage Solutions warrants special attention, because the company came public as a SPAC, and this is the first SPAC that we have bought. SPACs are sometimes known as "blank-check" companies, and I tend to think of them as an unattractive place to look for investments. Over the past few years, many SPACs appeared, overpaid for questionable assets, and as a whole – lost money for investors who bought them.

This is usually not an attractive hunting ground for Curreen, but SPACs burned enough investors that at least one baby was thrown out with the bathwater.

Advantage Solutions was the kind of ugly duckling that we love – an excellent business, misunderstood enough to be far too inexpensive, with the additional positive of both the CEO and Chairman buying the stock.

The company markets products that are sold in stores. It is one of the largest U.S. providers of in-store sampling (for example: would you like to try this amazing cheese?). Advantage Solutions also does in-store aisle checks for brands (to ensure that they are getting the display prominence that they paid for), provides in-store marketing displays, and represents brands at store headquarters to get the brands' products onto store shelves.

Historically this has been an excellent business earning high returns on capital, with free cash flow driving growth through acquisitions. Then COVID hit. Many of Advantage Solutions' in-store services evaporated, and revenues and profits dropped. As COVID receded, the higher cost and increased difficulty in hiring entry-level employees (the boots on the ground in the stores) continued to pressure the company's profit margins and has hampered its ability to grow.

Advantage Solutions also has a large debt burden, as its grow-by-acquisition model was not solely financed with free cash flow. The good news on this debt is that it has few financial covenants that will force the company to go hat in hand to its lenders if operating profits continue to be weak (the lenders probably do not see this as good news), and its debt does not begin to mature until 2028.

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At first glance, Advantage Solutions looks like a troubled SPAC, with weak operating results and an over-levered balance sheet. I see it as an excellent business that is working to fix temporary problems, with covenant-light debt that gives it the time it needs to return to strong profitability and potentially even restart its growth-by-acquisition engine.

The price we paid was less than 10x my estimate of trough cash earnings (acquisition amortization reduces GAAP-accounting figures), and I expect meaningfully higher earnings in the coming years. If the future turns out worse than I expect, our low purchase price offers a lot of protection.

While I remain very cautious, our fund continues to look for compelling investments—mostly among spinoffs, self-tenders, and other corporate actions—and the market continues to create new opportunities. Sometimes, as Advantage Solutions shows, in unexpected places.

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,

Christian Ryther
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Appendix
Curreen Capital Investments
Lists all positions larger than 5% of the fund

Advantage Solutions (ADV)
Advantage Solutions works with brands and stores to sell products through stores. The company is one of the largest managers of in-store sampling programs in the U.S. (for example, would you like to try this new brand of: cheese/chips/dip/etc.) Advantage Solutions was a SPAC-merger completed in October 2020. Advantage Solutions is a capital light business that earns high returns on capital. It has a meaningful debt load, though the debt lacks onerous covenants and does not come due for several years. Advantage Solutions uses its free cash flow to repay debt and acquire smaller competitors. The company currently trades at an attractive upside-to-downside ratio.

Credit Acceptance (CACC)
Credit Acceptance is a subprime auto lender, enabling subprime borrowers to buy vehicles from used car dealerships. The business has profitably gained share in a large and difficult market for more than two decades. Management allocates free cash flow to growing the business and repurchasing shares at attractive prices. Credit Acceptance currently trades at an attractive upside-to-downside ratio.

Frontdoor (FTDR)
Frontdoor sells home service plans to homeowners. The company contracts with HVAC and other contractors and dispatches them when customers have problems with one of their major home appliances and systems (furnace, air conditioning, refrigerator, electrical system, etc). Frontdoor spun out of ServiceMaster in October 2018. Frontdoor serves about 2% of U.S. homes, and uses its free cash flow to grow organically, pay down debt, repurchase shares, and more recently – to launch an app that connects service experts with customers on a video chat. Frontdoor currently trades at an attractive upside-to-downside ratio.

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%. Nilorn currently trades at an attractive upside-to-downside ratio.

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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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