



Quarterly Letter, October - December 2021

	Oct	Nov	Dec	Q4 2021	2021	Since Inception	Annualized
Curreen Capital Partners LP	5.30%	0.74%	8.05%	14.61%	50.74%	294.1%	17.3%
S&P 500	7.01%	-0.69%	4.48%	11.03%	28.71%	245.7%	15.5%
MSCI World (US Gross)	5.68%	-2.16%	4.30%	7.84%	22.16%	164.3%	12.0%

Dear Partner,

Our fund was up 14.6% in the fourth quarter and 50.7% for the year.

Curreen Capital invests in ugly ducklings - outstanding opportunities that are misunderstood and underappreciated. We focus on spinoffs and companies where directors and executives have bought stock. We mainly invest in the U.S., the U.K., and Sweden.

I was born in Sweden, studied in the U.K., and have lived in the U.S. for most of my life. I am attracted to ugly ducklings because I view myself as one. Like recognizes like, and I am comfortable with the idea that some misfits are outstanding, especially those which have achieved independence and where key people have invested their own money. I gravitate toward investments that remind me of important aspects of my self-image, and can sometimes see something special in them before it is clear to the stock market.

We manage our portfolio of ugly ducklings using a policy of ‘watering the flowers and cutting the weeds’. I have written about this a few times in the past year’s quarterly letters. I realize that “cut the weeds” sounds simple, maybe even trite. I can almost hear you: “C’mon Christian, no one cares about your new gardening hobby.” But this framework was popularized by Peter Lynch and endorsed by Warren Buffett, and for good reason. This simple policy is awesome, and I want to tell you why.

Flowers and Weeds

A “flower” is an investment where things are going as well as you expected, or even better. A “weed” is an investment where things are not going as well as you expected. In this portfolio management framework, the focus is on operating results - how well the business is run, and what is happening in the world to help or hurt your investment. When operations are progressing well and you have a flower, at minimum you should not sell, and maybe you should add to your investment. If operations are disappointing, at the very least do not add to the weed, and you should consider selling.

Isn’t this the same as “cut your losers and let your winners run?” Not quite. They are both tapping into the same fundamental feature of the universe - inertia, momentum, Newton’s First Law. But with the trader’s

Our Current Investment Strategy

Finding New Ideas - “Ugly Ducklings”

Focus on spinoffs and companies where directors/executives have bought stock

Evaluation - 3 Key Criteria

- 1) Excellent businesses
- 2) Strong management team
- 3) Favorable upside-to-downside ratio*

*Focus on criteria 1 & 2 with fast growing businesses

Portfolio Management

Water the flowers and cut the weeds



winners/losers paradigm, the buck stops with price. With flowers/weeds, the buck stops with operating results. Yes, the market often gets things right, and stock prices often move with operating results. At those times, winners/losers and flowers/weeds lead to the same recommendation: Do not add to your losers/weeds, and maybe sell them; Do not cut your winners/flowers, and maybe add to them. The difference comes when your assessment of operating results differs from the stock price. Then you sell the weed that is still a “winner”, and you buy the flower whose stock price is dropping.

But wait, there’s more to this gardening advice/portfolio management framework.

Counter My Own Best Impulses

For me, watering the flowers and cutting the weeds helps clarify my thinking and counteracts elements of my personality that are detrimental in the stock market. In particular, I am optimistic and loyal, both of which are characteristics that I am happy to have in my life. But while investing, regardless of how hopeful I am about a company’s future success, I work to be clear-eyed about bad news and negative signals. While I aim to be loyal to the people in my life, loyalty in the stock market is conditional upon continued success. It is an environment of “what have you done for me lately?” So no matter how optimistic I am, I resist watering a weed. And despite my tendency to be loyal, I will cut a weed if operating results disappoint.

When things go well, it can be difficult to hold on to a successful investment that has grown “too large” or “gotten ahead of itself”, and I am prone to patting myself on the back when I should take good news as an opportunity to add to a successful investment. In my life, I tend to pour cold water on my own good fortune, and look for reasons why it is temporary. I want to be grounded and avoid mania in my personal life, but these are not the policies to follow when you have an outstanding investment in the stock market.

Compare Apples and Oranges

The water the flowers portfolio management framework is also helpful in comparing different types of investments. When I began investing in fast growers in the fall of 2020, I worried that I would not be able to compare them to other opportunities. In theory, I still cannot determine how a hypothetical fast grower compares to a hypothetical excellent but slower growing business with a very attractive upside-to-downside ratio. Which investment is better? The upside-to-downside valuation tool is silent. But in practice, each opportunity is unique, and if one is a flower and the other is a weed, then I can act.

Act Despite the Fog of War

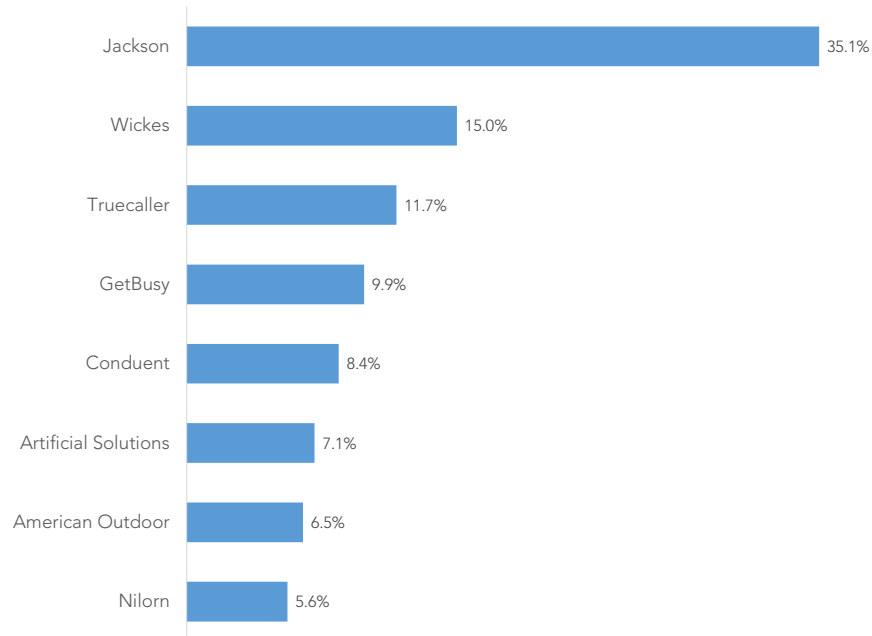
The water the flowers portfolio management framework is also useful in cases where there is limited information about a business and its management. I do not always have enough information to say that a given ugly duckling is truly an outstanding investment. For example, spinoffs and turnarounds often have limited track records in their new form, and we have to make educated guesses about how they will develop. But I am optimistic and sometimes I see enough positive signals that I am willing to invest our money in an opportunity where I cannot prove that we have something special. As new information comes out, I can assess whether the misfit is becoming more of a flower, or more of a weed - even when the information is difficult to quantify. This allows me to act in cases where there is limited information, and to know that I have a framework that will allow us to adjust (to add, reduce, or sell the investment) as time goes on.

So yes, ‘water the flowers and cut the weeds’ is simple. The phrase itself is an ugly duckling, a misunderstood, underestimated and outstanding portfolio management framework. Of course I love it!



Our Portfolio

Below is a snapshot of our investments at year-end, each as a percentage of our portfolio:



Our Actions in Q4 2021

We cut a weed with Conduent to water a flower with Jackson. We bought a recent IPO, Truecaller, and slowly built a position in a small turnaround that I believe will be a fast grower - Artificial Solutions.

Conduent reported weaker than expected results in its third quarter, and indicated that operating earnings the coming year would not grow. This was worse than the rising earnings that have come with the company's turnaround, and unlike prior quarters, the earnings release was not followed by director and executive share purchases. I remain pleased with Conduent's CEO and believe that the business is turning around, but our policy is to cut the weeds, so I sold half of our shares (we received \$5.94/share) and invested the proceeds in Jackson and Artificial Solutions.

We added to Jackson, which has blossomed into a flower. In our Q3 letter I highlighted the limited information on this recent spinoff - and management has capably addressed many of the unknowns. On capital allocation, Jackson initiated a dividend and a share repurchase plan for about 10% of the company. Management then moved quickly and bought back at least 5% of Jackson's shares at very attractive prices. Management refinanced its short-term debt on attractive terms. A director and an executive also bought stock in the quarter. Each of these actions made Jackson more of a flower. We averaged up (paying \$32.78/share) and made Jackson our largest holding.



We Bought a Recent IPO

We bought a position in Truecaller, a recent Swedish IPO where executive and director stock purchases piqued my interest. Truecaller is a fast growing company that offers a mobile app to identify spam and scam callers. The company's main market is India, and it is also expanding rapidly in other developing markets. Truecaller makes money from serving ads to freemium customers, selling (ad-free) subscriptions to premium customers, and offering a phone number verification service to businesses.

I like that Truecaller is a fast growing, profitable business that is successfully addressing a large problem. Scam and spam phone calls are profitable, and I think that this will drive continued innovation by scammers and spammers. Governments, phone manufacturers, phone operating system companies, and phone networks can and will continue to stymie the efforts of phone scammers and spammers, but this fight is a cost center for them, and innovation is an expense. For Truecaller, fighting spam and scam callers is a profitable business, where money spent to innovate can deliver a high ROI.

Rule changes by Google's Android and Apple's iOS have made it difficult for new entrants to begin combatting scam and spam calls - apps can no longer just take their users' contact lists to quickly build a database of phone numbers. This means that the existing caller ID apps have a substantial advantage over new entrants in building and maintaining a database of phone numbers worth answering.

Truecaller is one of the largest third party apps that combats phone scammers and spammers, and the business is profitable and growing rapidly. In theory, I believe that a business like Truecaller is best positioned to combat scammers and spammers in an arms race of continued innovation. In practice, the business's growth and financial success suggest that it can continue to profitably grow in a large market. We bought our position at SEK 53.4 per share.

We Bought a Speculative Microcap

We have also slowly built a position in Artificial Solutions, a small Swedish business that helps companies analyze their customers' speech and text. If you've ever placed a phone call and heard that the company "may" record and monitor the call, then your voice has certainly been recorded and analyzed by a company like Artificial Solutions. The purpose of the analysis is to determine what you want and your emotional state, to cheaply and profitably direct your inquiry, and to further improve the language analysis software.

Artificial Solutions is a turnaround that I believe will develop into a fast grower. The company has changed its business model from selling licenses and doing consulting work to selling a SaaS product. It takes about a year for sales to flow into the financial statements, so the company's many sales wins in 2021 are unlikely to make an impact before Q2 2022. Despite the limited information available, I have seen enough positive signs that I am willing to invest our money. At Artificial Solutions, several directors and executives have bought stock, in some cases repeatedly. The CEO successfully executed a similar business model shift at another company, and has brought members of his old team to Artificial Solutions.

I am optimistic that the company can successfully execute its turnaround, and believe that the upside if it succeeds is sufficient to warrant our investment. As the company's turnaround develops, we will use our water the flowers and cut the weeds framework to temper my optimism and inform our actions. We built our position at an average price of SEK 7.18 per share.



A Review of Our Performance in 2021

While most of our portfolio positions rose in 2021, GetBusy, Wickes, Artificial Solutions and Kopparbergs cost us money during the year. We cut Kopparbergs as a weed after disappointing operating performance. At Wickes, the news has been mixed. The company's do-it-for-me business has faced delays in completing projects (which postpones revenues) and management is asleep at the wheel on capital allocation (they have no debt, strong free cash flow, an attractive stock price, peers are buying back stock, and Wickes... has only paid a small dividend). On the other hand, overall results have been solid and the chairman has bought shares several times. At GetBusy and Artificial Solutions, operating results have been satisfactory, and directors and executives have bought shares.

Truecaller and Nilorn were our biggest percentage gainers, though neither began as a large position.

The bulk of our returns were driven by gains of 60%+ in both CDON (our largest position at the beginning of the year) and Jackson (our largest position at the end of the year). CDON was a fast grower that I cut as a weed, and Jackson was a cheap and unknown spinoff that has blossomed into a flower.

Our two remaining positions are Conduent and American Outdoor. Both stocks performed well early in the year, but ended 2021 well below their highs. I reduced Conduent due to disappointing operating performance, while director and executive share purchases have kept me from cutting American Outdoor as a weed. I like what the CEOs of both companies are doing—Conduent is a home run if the turnaround continues, and American Outdoor has miles of runway in a fragmented market—but both have had disappointing operating results. A key rule is 'do not water the weeds', so I will not add to either of these businesses until I see positive operating results.

Thank You

Thank you for being part of Curreen Capital and for trusting me with your money. I appreciate that you have been patient and supportive in good times and bad, and I work to maintain your trust.

Sincerely,

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

Christian Ryther

646-535-8573

cryther@curreencapital.com



Appendix Curreen Capital Investments

American Outdoor (AOUT)

American Outdoor builds brands in the firearms, hunting, and camping accessories markets. American Outdoor spun out of Smith & Wesson in August 2020. The business outpaces the competition, taking share in a large, fragmented and attractive market. Management reinvests free cash flow into growing the business and repurchasing stock.

Artificial Solutions (ASAI:SS)

Artificial Solutions is a Swedish company that develops and sells a SaaS platform that allows (business) customers to use an automated chat/voice-bot to interact with their own customers. The business is attempting a turnaround that would position it for profitable growth.

Conduent (CNDT)

Conduent is a business process services company. It handles transaction intensive processing for government and commercial customers. After years of weak sales, declining profits, conflict with its largest shareholder (Carl Icahn), and the loss of its CEO - the company is turning around. Conduent's new CEO is addressing the company's key problems and is driving sales growth. Conduent 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 a new product. The underlying businesses are profitable and sustainable in the U.K., and potentially in the U.S. and Australia/New Zealand.

Jackson Financial (JXN)

Jackson is the largest seller of retail annuities in the U.S. The company focuses on variable annuities, and benefits from a strong distribution network and economies of scale in customer service. Jackson spun out of Prudential Plc in September 2021. The company uses excess capital to grow the business, repurchase stock, and pay a dividend. Jackson trades at 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 trades at an attractive upside-to-downside ratio.

Truecaller (TRUEB:SS)

Truecaller is a software company that offers a mobile app that is primarily used for caller ID. The company's main market is India, and it has historically focused on growing its customer base in emerging markets. The company IPO'd in October 2021 and is led by one of its founders. The fast growing company is profitable.

Wickes (WIX:GB)

Wickes is a U.K. retail chain focused on home repair and remodeling. The business currently benefits from strong industry tailwinds. The company spun out of Travis Perkins in April 2021 with excess cash and no financial debt. The business does not grow, and management uses free cash flow to pay a dividend. Wickes trades at an attractive upside-to-downside ratio.



Cumulative Performance Since Inception



Performance Net of Fees, vs Alternatives

	Curreen	S&P 500	MSCI World	MSCI SC+mC
2013*	34.29%	14.8%	14.1%	16.4%
2014	16.26%	13.7%	5.3%	1.6%
2015	5.06%	1.4%	-0.5%	-0.2%
2016	15.10%	12.0%	7.9%	12.7%
2017	18.21%	21.8%	22.8%	23.2%
2018	-22.32%	-4.4%	-8.4%	-14.3%
2019	22.07%	31.5%	28.1%	25.7%
2020	23.55%	18.4%	16.3%	16.5%
2021	50.74%	28.7%	22.2%	15.8%
Cumulative	294.1%	245.7%	164.3%	140.0%
Annualized	17.3%	15.5%	12.0%	10.7%

* Fund inception on June 1, 2013 through year-end



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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.

Unless otherwise stated, the performance information contained herein is for the Fund and is net of a 1.50% annual asset-based management fee and a 20% annual profit-based performance allocation. As with any hedge fund, the past performance of the Fund is no indication of future results. Actual returns for each investor in the Fund may differ due to the timing of investments. 2013 – 2020 returns were prepared based on audited financial statements, and 2021 performance information contained herein has not yet been independently audited or verified. While the data contained herein has been prepared from information that Curreen Capital GP, LLC, the general partner of the Fund (the "General Partner"), believes to be reliable, the General Partner does not warrant the accuracy or completeness of such information.