SCHUTT CAPITAL
MANAGEMENT

March 29, 2024

Dear Fellow Investor,

Schutt Private Investment Fund, LP (the "Fund) appreciated by 38% in 2023, with **Constellation Software, Alphabet, Amazon,** and **Meta Platforms** serving as the weightiest contributors to performance. 2022 and 2023 were very much a tale of two markets – the market in 2022 was gloomy and in 2023 was quite exuberant. A number of our portfolio holdings were in areas that lead the market in 2023 in price appreciation. Our gaze remains on the horizon beyond this year or next year with an emphasis on curating a portfolio of companies that are purchased at a reasonable price and are likely to enjoy years of continued growth and shareholder value creation. As partial owners of these businesses, our wealth will grow alongside their prosperity.

Our largest position by a wide margin is **Constellation Software**. We have owned Constellation for many years now, and its large size in the portfolio is not a result of the continual accumulation of more shares of the company, but rather the substantial appreciation of its stock price during our ownership.

Constellation is a conglomerate of hundreds of businesses, and for almost 30 years it has focused on one very attractive market – vertical market software ("VMS"). Vertical market software is essential, mission-critical software that addresses specific needs within specific industries.

For instance, one of its subsidiaries offers inventory management, accounting, and CRM software specifically designed for RV and boat dealers, and another offers software for case recording, management, and processing for police forces in the United Kingdom.

Due to its focus on small markets, Constellation's individual subsidiary businesses generally face only a competitor or two, and often end up with a very large share of the available market. Much of Constellation's revenue is recurring and sticky, because once a customer implements Constellation's software solution it is highly disruptive to switch it out. These dynamics result in a business that requires little in the way of tangible assets and generates high levels of free cash flow.

Over its history, Constellation has consistently used its strong free cash flow to acquire other vertical market software businesses through an active acquisitions program. This acquisition strategy is guided by its focus exclusively on vertical market software businesses and an extreme discipline around targeted internal rates of return when deploying capital. Data from each of its hundreds of acquisitions is tracked and recorded, and learnings from valuable experience acquiring, managing, and growing VMS businesses helps inform the organization around best practices in pursuing and integrating acquisitions. Most of the companies Constellation acquires are $3-10 million in revenues and owned by their founders.

Today, the company is a diversified, global conglomerate of more than 700 vertical market software businesses. Its products are essential to its customer's operations, yet comprise a relatively small portion of the customer's overall costs. Constellation, as a whole, has enjoyed resiliency in weak economic environments along with high customer retention.

Constellation's system has worked exceedingly well historically, and the financial results show it. Over the past ten years, revenue and operating income (before amortization) have grown at annualized rates of 21.4% and 23.8%, respectively.

Then, what's not to like?! There are certainly risks to be mindful of. One, Constellation is now well-recognized as an outstanding business. Its stock trades at a price that acknowledges that. Due to its success, it has also inspired copycats in both the public and private markets and surely increased competition for itself for acquisitions. While Constellation would rather not have such competition, I do believe that cultural traits, institutional process knowledge, a well-developed acquisition pipeline, and talent all work to the company's advantage.

Two, its size and scale requires that it continue to put larger and larger amounts of money to work each year to successfully reinvest its earnings and further grow shareholder value. Doing this while maintaining a focus on very small acquisitions requires making an increasing number of acquisitions per year. The company has been scaling this acquisition effort well, however.

Constellation's extreme decentralization has been incredibly important to this scaling process. The company today is segregated into six operating groups, each of which is itself the size of Constellation not too many years ago. Each operating group is run by a group head with significant autonomy, and independently and concurrently executes the acquisition playbook, with the benefit of shared learning and support at the corporate level. There are now hundreds of professionals within Constellation nurturing thousands of possible VMS acquisitions.

The company has also advanced its acquisition strategy to find ways to better compete with private equity firms in acquiring larger VMS businesses. In recent years, Constellation has found a few opportunities to purchase companies worth more than $100 million, including the $700 million acquisition of a division of Allscripts in 2022 and a $700 million purchase of two divisions of Black Knight in 2023 (though $500 million of the latter purchase was funded by a friendly seller note). I expect that every year or two, the company will be successful in closing a larger acquisition that will further its objective of continuing to redeploy its capital at attractive rates of return.

The final piece of the story is Constellation's founder, Mark Leonard, whose exceptional talent, idiosyncrasies, and rationality has formed Constellation, and its unique strategy and cultural attributes. As with many great businesses (think Warren Buffett/Berkshire or Jeff Bezos/Amazon), there is a one-of-a-kind operator and builder behind Constellation's success. Each of the company's operating groups has a tenured leader with great autonomy from the head office to run and manage their business as they see fit, so there is ample talent throughout the organization, but there is no doubt that Mark is exceptional and continues to play a heavy role in setting strategy for the future of the business.

At the end of 2023, Constellation comprised 22% of the Fund. Perhaps the hardest question, and a logical one for you to ask, is at what point do you limit Constellation's size in the portfolio? It is a question that I increasingly give considerable thought. My unwillingness to interrupt our compounding thus far has proven profitable for us. Also, the business's diversification and breadth could be viewed as owning a stake in hundreds of small, attractive businesses so that it should not be considered a single outsized position in the portfolio at all. Nonetheless, an unexpected stumble by the business, and corresponding fall in the price of the stock price would have an outsized impact on the Fund's interim performance.

The business and its management, however, is of such quality and the likelihood of continued earnings growth is sufficiently strong that it is my current view that the business would continue to prosper beyond any challenge of this kind, and that the stock price would subsequently follow and recover. As I have matured as an investor, I have developed a stronger bias towards holding on to really exceptional companies once purchased, having experienced the positive effect that frequently has on investment returns and wealth generation.

In December the Fund made a new investment in **The Commons at Hamilton Quarter**. Schutt Capital has a decade of experience as a capital provider to real estate operators as both a lender and an equity co-investor. This investment is in the form of preferred equity in the development of a small, non-anchored retail center in Columbus, OH. Our partners are two principals that Schutt Capital has done several prior development deals with in Columbus. Our preferred equity sits in a second position behind a traditional bank loan, but in priority to the partner's equity capital. Over the next two years, this group plans to construct and lease this building, and then market it for sale. More than 60% of the building is leased now as construction begins. Our return will accrue at an annual rate of 17.5% and our most likely exit is the sale of the property. The development is located in an area of Columbus that is strong and getting stronger as a result of both corporate and residential activity nearby. It is also the third small retail center that our partners have built in this specific trade area.

With the increase in interest rates that began in 2022, capital solutions for real estate operators have become more scarce and we are seeing more opportunities from established relationships that look attractive. The Commons at Hamilton Quarter may be the first of others of a similar style that we see in the next year or two. It is my view that the incorporation of investments of this type complement our public market holdings well and are a unique, differentiating characteristic for the Fund as an investment alternative.

Each of you remains a wonderful, steadfast investor and partner with us, and we are grateful for your continued investment. The next opportunity to make additional investments is June 30, 2024.

We wish you a wonderful Spring, and please know that we are available to you to answer your questions, any time.

Best regards,

Marshall P. Schutt
Managing Member

Molly E. Escalante
Chief Operating Officer

Appendix A: Overview of Changes in Holdings and Current Holdings (7/1/23 – 12/31/23)

New Positions	Disposals
Commons at Hamilton Quarter	

Positions Substantially Increased[1]	Positions Substantially Reduced[1]
High Yield Loan XL	Bank of America
W. R. Berkley	Meta Platforms
	New England Realty Associates LP

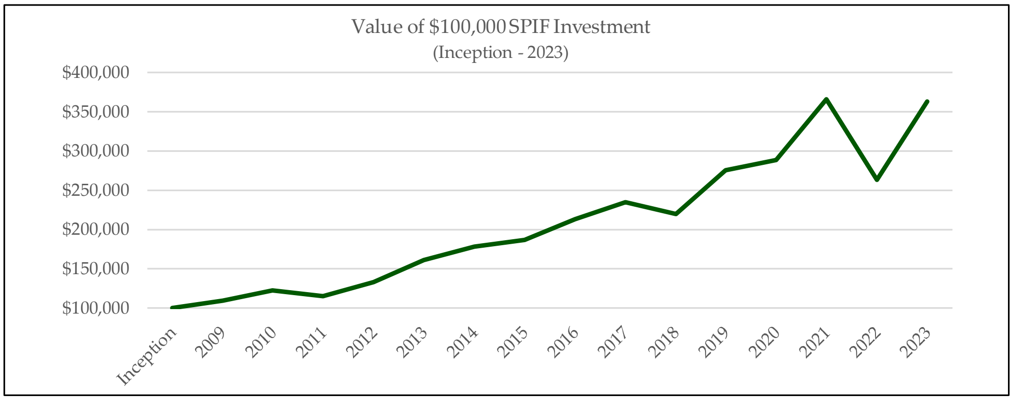
(1) An increase or decrease representing at least 0.50% of the Fund's capital, measured as of the beginning of the period.

Business Descriptions of Holdings at 12/31/23
*(*one of top 5 largest holdings at 3/29/24)*

Alphabet* – *internet services; holding company for Google*
Amazon *– e-*commerce and information technology services*
Bank of America Corporation – *large U.S. financial institution*
Berkshire Hathaway* – *holding company; insurance, railroads, utilities, manufacturing, retail and services*
Constellation Software* – *vertical market software*
Commons at Hamilton Quarter – *preferred equity investment in real estate development project; held through an investment in GZD Investments 4, LLC*
HEICO Corp. – *aerospace and electronic components manufacturer*
High Yield Loan XXXVII – *loan secured by real estate; Columbus, OH*
High Yield Loan XXXVIII – *note secured by interests in real estate projects; Columbus, OH*
High Yield Loan XXXIX – *note secured by interests in real estate projects; Columbus, OH*
High Yield Loan XL – *note secured by real estate fee income; Columbus, OH*
Markel Group – *property and casualty insurance and reinsurance globally; non-insurance operating businesses*
Mastercard – *payments technology company*
Meta Platforms – *social media conglomerate*
Naked Wines – *vertically-integrated e-commerce retailer*
Netflix – *streaming video service*
New England Realty Associates LP – *real estate investment company*
Research Solutions – *niche software provider*
Salesforce – *enterprise software provider*
Undisclosed Position – *insurance services provider*
Visa – *payments technology company*
W.R. Berkley Corporation – *property and casualty insurance globally*
Wilmington Holdings Corporation* – *controlled investment; private property & casualty insurance company; held through an investment in Gearson Partners Holdings, LP*

Appendix B: Performance

One dollar ($1.00) invested in the Fund at inception is $3.63 as of December 31, 2023.



Annual Performance Metrics:

Year Ending	SPIF Net Return	SPIF Avg. Exposure/Allocation[1]			
		Equities	Secured Loans	Private/ Controlled Co.	Cash
2009 (from 4/1)	9.0%	28%	0%	0%	72%
2010	12.7%	69%	0%	0%	31%
2011	-6.3%	77%	0%	0%	23%
2012	15.4%	76%	0%	0%	24%
2013	21.1%	76%	3%	0%	21%
2014	10.3%	82%	2%	0%	16%
2015	5.2%	80%	7%	0%	13%
2016	14.1%	63%	21%	0%	16%
2017	9.9%	72%	15%	2%	11%
2018	-6.3%	71%	21%	5%	3%
2019	25.5%	72%	19%	6%	4%
2020	4.8%	72%	17%	7%	4%
2021	26.6%	80%	10%	7%	3%
2022	-28.1%	83%	11%	9%	-2%
2023	38.0%	84%	10%	9%	-3%

5-Year Performance Metrics:

Five Year Period Ending	SPIF Net Return Rolling 5-Year CAGR[2]	SPIF Avg. Exposure/Allocation[1]			
		Equities	Secured Loans	Private/ Controlled Co.	Cash
2014	10.3%	76%	1%	0%	23%
2015	8.8%	78%	2%	0%	19%
2016	13.1%	75%	7%	0%	18%
2017	12.0%	75%	10%	0%	15%
2018	6.4%	74%	13%	1%	12%
2019	9.2%	72%	16%	3%	9%
2020	9.1%	70%	18%	4%	8%
2021	11.4%	73%	16%	5%	5%
2022	2.3%	76%	16%	7%	2%
2023	10.6%	78%	13%	7%	1%

1. Calculated using an average of month-end balances throughout the year for 2009-2018. For 2019 through the current period, calculated by averaging the allocation at each of the quarter ends during the year.
2. Compound Annual Growth Rate.

Disclosure: *The Fund's past performance is not a representation of future results. Any statements regarding future performance are investment objectives of the Fund and cannot be guaranteed.*