PROSPER

STARS & STRIPES

April 26, 2023

Dear Investors,

During the first quarter of 2023, Prosper Stars & Stripes gained +10.5% compared to a return of +0.8% for our long/short equity hedge fund peer group, represented by the HFRX Equity Hedge Index (the "HFRX")[i] and +2.7% for the long-only small cap Russell 2000 Index (the "Russell")[ii].
Prosper Stars & Stripes is the UCITS Fund launched in May 2015 designed to run pari passu to the Roubaix Fund Composite (the Composite)[iii], launched in January 2010, where its long/short equity peer group is represented by the HFRI Equity Hedge (Total) Index (the "HFRI")[iv]. Average daily net exposure during the first quarter was 38.7% compared to a 43.2% average since inception in January 2010.

The Composite generated a positive net return each month of the quarter despite a tumultuous start to the year in which the Russell gained almost 10% in January, only to reverse most of those gains through losses in February and March. Net of fees, the Composite generated more than 10% active contribution during the first quarter, almost equally split by month with +3.8% in January, +3.1% in February, and +2.9% in March. Volatile markets are historically a positive backdrop for the Composite's relative performance, and we expect volatility to remain elevated through the rest of the year as the economic cycle continues to play out.

As of March 31, 2023	Roubaix Composite	HFRI Equity Hedge Index	Russell 2000 Index
Quarter to Date	10.63%	3.38%	2.74%
Annualized 1 Year	10.28%	(2.88%)	(11.61%)
Annualized 3 Years	18.70%	12.71%	17.51%
Annualized 5 Years	11.68%	5.19%	4.70%
Annualized 10 Years	10.74%	5.41%	8.03%
Annualized Since Inception	10.27%	5.10%	9.78%
Standard Deviation	9.05%	8.49%	19.53%
Sharpe Ratio	1.05	0.54	0.54
Downside Deviation	4.54%	5.75%	12.96%
Sortino Ratio	2.11	0.81	0.82
Bull Beta to Benchmark		1.04	0.48
Bear Beta to Benchmark		0.08	0.07
Annual Alpha to Benchmark		6.62%	6.51%

MARKETS

Large cap stocks outperformed small caps during the first quarter, while growth significantly outperformed value. Sector performance drove most of the underlying factor dispersion. The financial sector, dominated by regional banking stocks, is amongst the largest weights in the small cap Russell 2000 Index, which put both small caps and value stocks under intense pressure amidst the collapse of several banks in March. Concerns about commercial real estate due to low occupancy and falling property prices also pressured the real estate sector during March, while energy sector losses accelerated as commodity prices fell on increased recession fears.

Investors rotated out of these traditional value sectors and into large cap technology growth stocks due to the perceived safety of their high margins and cash laden balance sheets. The result was a first quarter gain of more than 20% for the technology heavy Nasdaq, a 7.5% advance for the large cap S&P 500, and a modest 2.7% return for the small cap Russell 2000. The returns were skewed by the seven largest technology stocks (Apple, Microsoft, Amazon, Nvidia, Alphabet, Tesla and Meta). These stocks rose an astonishing 46% during Q1. This accounted for three quarters of the S&P 500 return in the quarter, with the balance of the index's performance closer to the Russell 2000 results.

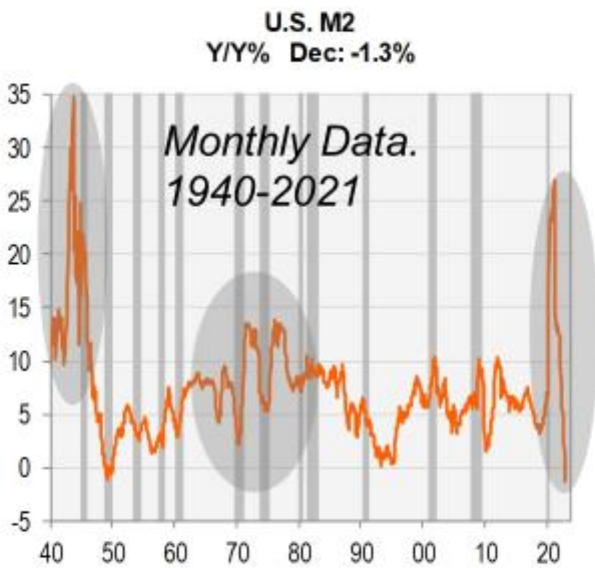
Asset Class	Index	2022	Jan23	Feb23	Mar23	1Q23	1YR	vs. 52wk High	vs. 52wk Low
Small Cap	Russell 2000 Growth	-26.3%	10.0%	-1.2%	-2.5%	6.0%	-10.5%	-13.1%	16.8%
	Russell 2000	-20.5%	9.8%	-1.7%	-4.8%	2.7%	-11.7%	-14.2%	8.8%
	Russell 2000 Value	-14.8%	9.7%	-2.3%	-7.3%	-0.7%	-13.2%	-15.8%	6.3%
Large Cap	S&P 500 Growth	-29.4%	5.6%	-1.9%	5.9%	9.6%	-15.5%	-17.9%	12.7%
	S&P 500	-18.2%	6.3%	-2.5%	3.7%	7.5%	-7.8%	-10.4%	14.8%
	S&P 500 Value	-5.3%	7.0%	-3.0%	1.3%	5.2%	-0.2%	-4.8%	18.1%
Bonds	U.S. High Yield	-11.0%	3.7%	-1.9%	2.0%	3.7%	-3.1%	-8.5%	6.2%
	U.S. Aggregate	-13.0%	3.3%	-2.7%	2.6%	3.2%	-4.6%	-7.0%	6.4%
	U.S. Treasury	-13.4%	2.7%	-2.3%	2.9%	3.3%	-4.4%	-6.1%	5.5%
Blend	60% SPY/40% AGG	-16.1%	5.1%	-2.6%	3.3%	5.8%	-6.5%	-9.0%	11.5%

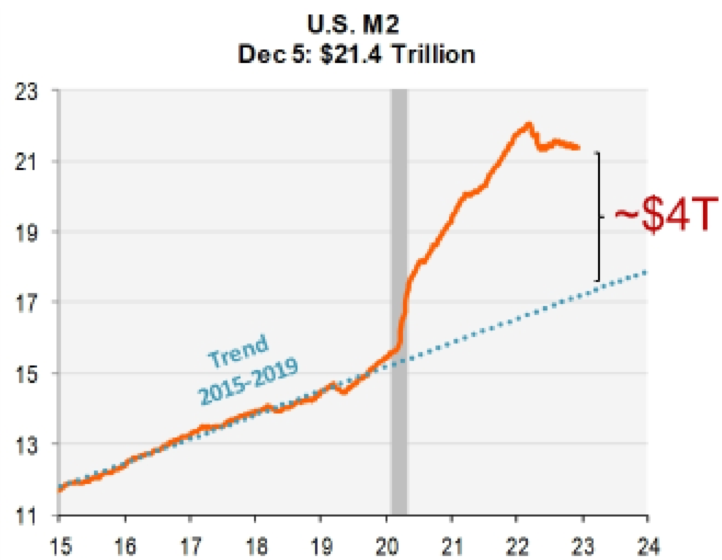
Russell 2000 Index Sectors	Weight	2022	Jan23	Feb23	Mar23	1Q23	1YR	vs. 52wk High	vs. 52wk Low
Information Technology	13.9%	-31.7%	11.5%	-0.4%	1.3%	12.5%	-10.9%	-11.9%	21.2%
Consumer Discretionary	11.3%	-30.1%	16.8%	-1.8%	-2.4%	11.9%	-5.6%	-8.6%	22.7%
Materials	4.5%	-13.0%	13.2%	-0.9%	-3.0%	8.8%	-4.1%	-7.7%	22.8%
Industrials	16.2%	-15.4%	11.6%	0.0%	-3.7%	7.5%	-3.3%	-6.8%	19.8%
Communication Services	2.7%	-39.1%	17.5%	-4.2%	-5.1%	6.9%	-30.3%	-31.4%	10.4%
Consumer Staples	3.7%	-8.9%	5.1%	0.1%	0.8%	6.0%	4.1%	-4.0%	16.3%
Utilities	3.5%	-1.1%	3.0%	-2.6%	1.3%	1.6%	-2.6%	-7.3%	12.0%
Real Estate	6.3%	-28.1%	12.0%	-6.1%	-4.4%	0.5%	-24.2%	-25.3%	9.7%
Health Care	16.1%	-28.5%	7.7%	-4.3%	-4.7%	-1.8%	-18.1%	-21.0%	13.3%
Energy	6.2%	53.1%	5.7%	-1.9%	-7.3%	-3.8%	3.6%	-14.4%	29.0%
Financials	15.2%	-15.3%	5.6%	0.1%	-14.0%	-9.0%	-17.2%	-18.5%	3.1%
Russell 2000 Index (IWM)	100.0%	-20.1%	9.8%	-1.7%	-4.8%	2.8%	-11.2%	-12.3%	10.9%

Source: Novus, Sentieo, Roubaix Capital, LLC

ECONOMY

The U.S. economy was resilient to start 2023 despite persistently high inflation. Monetary and fiscal policy were so aggressive during the pandemic that the growth in money supply (M2) mirrored WWII. This war time spending policy was the primary driver of the Fed's current inflation problem. The Fed assumed demand would collapse during the stay-at-home mandates when spending proved dynamic and robust. Inflation soared well above the Fed's 2% goal and the expectation that inflation was transitory had to be put to rest as higher costs hit all areas of the economy. Further, the excess liquidity in the economy, in the form of money supply, found its way into financial assets and boosted prices during the "everything bubble" that drove markets to all-time highs in 2021. In a very quick turn, money supply has collapsed under the weight of the rate hike cycle, implying downward pressure on inflation and growth going forward. Not surprisingly, it appears that the aggressive central bank policies that were meant to avoid a current period crisis sowed the seeds for the next stage of financial instability.



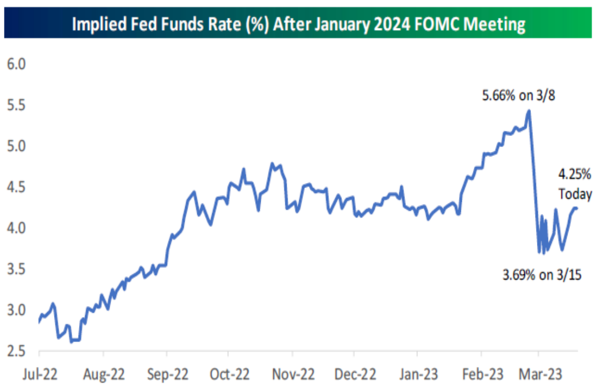


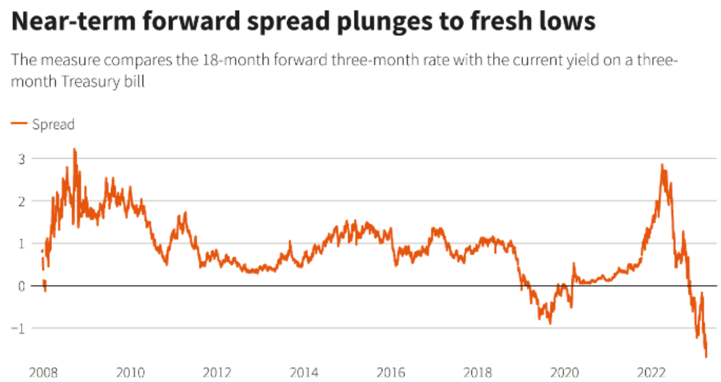
Source: Piper Sandler, January 31, 2023

Policy makers strengthened their rhetoric in early 2023 regarding the use of monetary tightening to vanquish inflation by removing this excess liquidity from the system. U.S. Fed Chairman Powell has referred to Paul Volker's book, *Keeping At It*, to show his commitment to fighting inflation over the long term.[1] The combination of strong economic data and a hawkish Fed drove short term treasury yields to ~5% in early March.[2] As short-term rate expectations rose, so did recession risk, driving down long term rates. The popular 10Y - 2Y yield curve reached a historically steep inversion by early March. Looking even more near term, the Fed Chairman turned focus to a shorter term yield curve – the 'near-term forward spread.' While this was not alarming at the time of his comments in November 2022,[3] it has since dramatically inverted.[4] This is another signal that the bond market believes Fed policy is too restrictive and expects deteriorating economic conditions to force a change in policy.

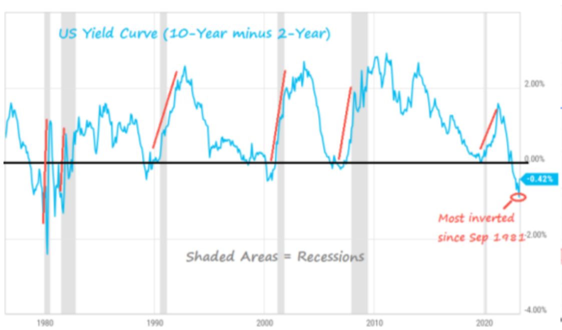
[1] Jerome Powell's Inflation Whisperer: Paul Volker, WSJ, September 2022
[2] This Key Bond Yield is About to Break Out, What It Means About the Fed, Barron's February 17th 2022
[3] Transcript of the Chair Powell's Press Conference, November 2, 2022, FOMC
[4] Powell's Curve Plunges to New Lows, Flashing US Recession Warning, Reuters, April 6, 2023

Taken together, the extreme ups and downs in the bond market set a cautious tone with the bond volatility its highest since the 2008 financial crisis.[5]





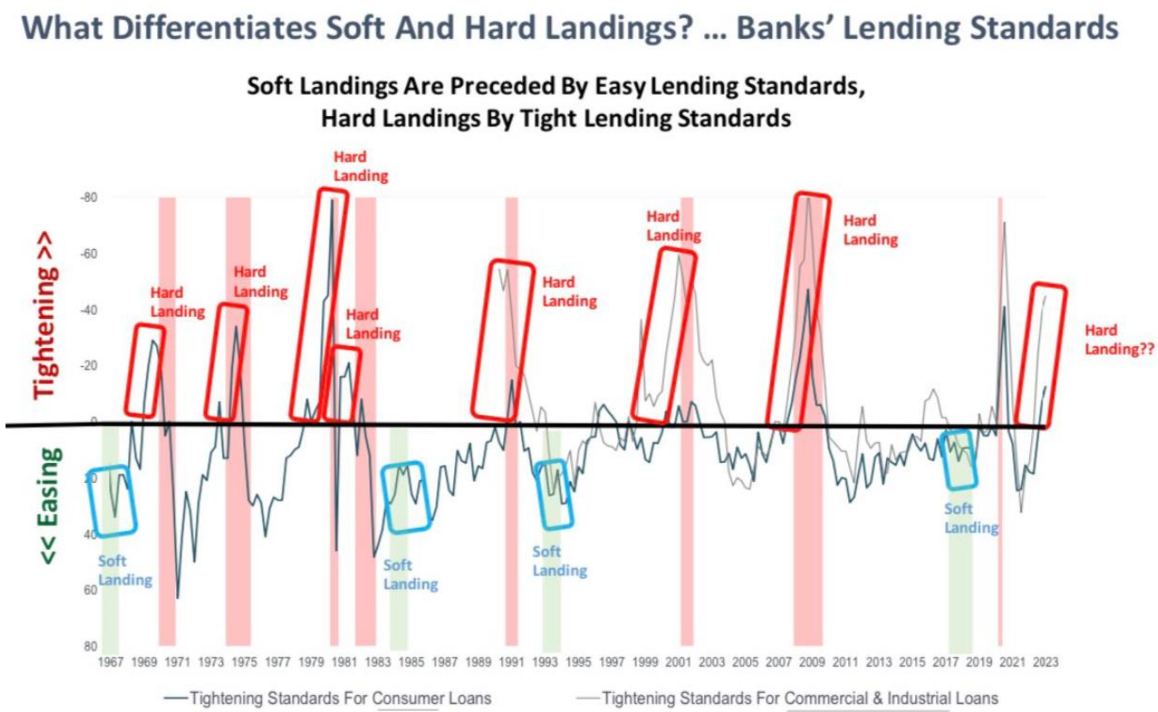
Source: Bespoke Investment Group, March 29, 2023; "'Powell's curve' plunges to new lows, flashing US recession warning", Reuters, April 6, 2023



Source: Creative Planning, March 28, 2023; Tradingview, April 25, 2023

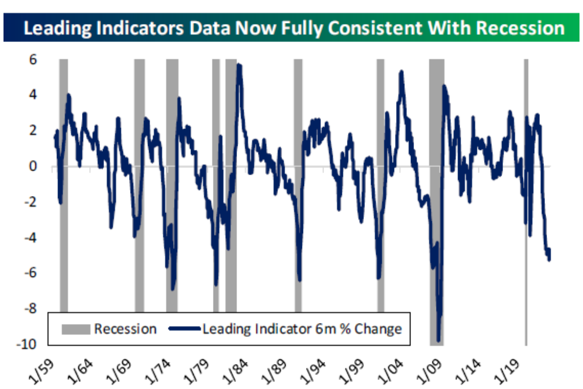
The inverted yield curve is further evidence of contracting money supply. One way to think about this concept is through banks. A traditional bank is funded by short-term deposits and that capital in turn is used to lend long-term to consumers and businesses. An inverted yield curve puts pressure on the profit spread as they are paying more for short-term deposits relative to long-term lending rates, which discourages additional lending. The failure of several banks during March only added to this pressure. Banks now face potential deposit flight as central bank policies forced liquidity into the banking system at unsustainable levels and rates creating an imbalance that is proving difficult to unwind without follow on effects.[6] What is clear is that higher funding costs in the face of an uncertain economic outlook and deteriorating credit quality make bank lending standards restrictive. Historically, recessions are more severe when the bank lending standards are tightening as they are today.[7]

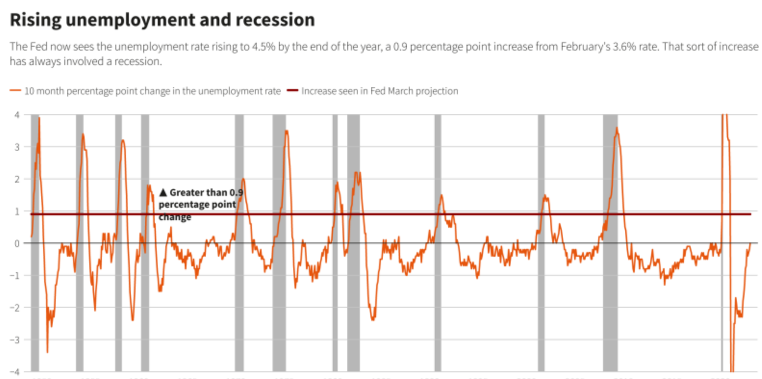
[5] Bond Market Volatility Surges Amid Bank Stock Crisis, Tastylive, March 20, 2023
[6] Too Much Fed Liquidity Has Led to a Whack-A-Mole World of Problems, FT
[7] The Most-Anticipated Downturn Ever, Bloomberg, January 3, 2022 & Theres a 61% Chance of Recession This Year, Economists Say, CNBC, January 23, 2023



Source: Piper Sandler, April 11, 2023

It is difficult to argue that higher interest rates have not increased the odds of a recession. Global growth remains moderate, sovereign debt is historically high, and geopolitical risks add to general tension. Strong employment and requisite consumer spending are among the few bright spots in U.S. macro data. The goal of full employment has been met and the Fed is willing to sacrifice employment to achieve price stability. Specifically, Powell noted last year that policy tightening will take time and bring 'some pain' to households and businesses.[8] As a result, job losses are likely to increase and thereby reduce demand in the overall economy. The Fed itself sees unemployment rising to 4.5% by the end of the year,[9] an increase that has historically always reflected a recession.





Source: Bespoke Investment Group, April 21, 2023; US labor market cooling; leading indicator flashes recession, Reuters, April 20, 2023

[8] Powell: Fighting Inflation Will 'Bring Some Pain', WSJ, August 2022
[9] Fed projects jobless rate to reach 4.5 percent by end of 2023, The Hill, March 22, 2023

LONG POSITION HIGHLIGHTS[10]

	Roubaix Fund Composite – Gross Long Book					
As of March 31, 2023	Average Daily Exposure	Rate of Return	Total Contribution	Active(v)	Passive(v)	Russell 2000 Index Total Return
Quarter to Date	82.20%	19.76%	16.12%	13.34%	2.61%	2.74%
Trailing 1 Year	82.56%	7.55%	3.96%	16.76%	(10.91%)	(11.61%)
Annualized 3 Years	88.13%	38.17%	33.28%	15.58%	16.32%	17.51%

The Composite generated 13.34% gross long alpha during the first quarter. The 19.76% total return on long positions compared favorably to the Russell return of 2.74%. The Composite long book benefited from a more than 20% return across four separate sectors: consumer discretionary, healthcare, industrials and information technology. Diversified strength in the portfolio has been a characteristic of Roubaix's investment process since inception. Stock selection as measured by active contribution was most of the gain, indicating the philosophy and process to focus on differentiated investments was the primary driver of the excess returns.

The largest contributor to first quarter long performance was FTAI Aviation (FTAI). We have consistently identified long investments in the aerospace sector due to the industry's positive long-term characteristics. It is a highly regulated industry that requires the highest quality materials and products. FTAI is a new corporate entity that converted from a partnership in late 2022. The company's legacy business comes from steady commercial aircraft equipment leasing, but its future focus is on building out a maintenance, repair and overhaul business for commercial aircraft engines. There is a large unmet need in this market caused by a lack of third party service providers. This has allowed the original equipment manufacturers to charge excessively high prices. FTAI is partnering with a well-established parts manufacturer, Chromalloy, to offer engine overhaul services using non-original equipment manufacturer (OEM) parts. The company believes this will enable customer savings of almost 50% versus an equivalent OEM service. FTAI believes it can generate an additional $500 million EBITDA within four years from the service business while their legacy leasing business should continue to generate a similar level of EBITDA. Assuming a blended 10x multiple on $1 billion EBITDA in 2027, discounted by 15% annually, yields a potential share price of $50, a substantial premium to the current price of $27.

The second largest long contributor to first quarter performance was Napco Security Technologies (NSSC), a security hardware and service company that is transitioning to a high margin subscription model. We have successfully invested in NSSC multiple times over the past five years. The company has executed well and the margin improvements they have delivered are impressive. EBITDA margins reached 21% in the most recent quarter, up from 15% a year ago. We feel these improvements are poised to continue with the company publicly committed to reaching 50% by fiscal 2026. The driver of this has been the shift towards high margin recurring service revenues. The initial goal was to reach $50 million in annual recurring service revenues which has been met and superseded by the current target of $150 million by fiscal 2026.[11] We assess the long run earnings potential of $3.00, and we think the stock can still meaningfully appreciate to a 20-25x earnings multiple.

[10] Data reflects gross performance; net performance for the Composite can be found in the table on page 1 of this letter
[11] Q4 2022 NAPCO Security Technologies Inc Earnings Call, August 29, 2022

The largest detractor in the long portfolio during the first quarter was Coherent (COHR). COHR has a series of businesses that are levered to growth vectors in different technology end markets. We viewed their participation in silicon carbide, which is a key element to high performance electric vehicles, as particularly attractive. The management team has a long and successful track record, which gave us confidence in their ability to manage the business and deliver expected cost and revenue synergies from the merger of predecessor companies II-VI Incorporated and Coherent Corp. However, several technology companies reported slowing demand during Q1, which suggests more risk to COHR's revenue outlook. In addition, the company carries meaningful debt from the merger, which is unusual for a technology company and poses a risk as financial conditions tighten. We became concerned that the stock's recent underperformance may persist, and we exited the position with the intent to revisit our thesis at a more attractive risk/reward level.

SHORT POSITION HIGHLIGHTS[12]

	Roubaix Fund Composite – Gross Short Book					
As of March 31, 2023	Average Daily Exposure	Rate of Return	Total Contribution	Active(v)	Passive(v)	Russell 2000 Index Total Return
Quarter to Date	(43.53%)	9.47%	(5.24%)	(3.36%)	(2.41%)	2.74%
Trailing 1 Year	(42.88%)	(15.14%)	4.16%	(0.03%)	3.20%	(11.61%)
Annualized 3 Years	(44.72%)	17.80%	(10.23%)	(1.65%)	(8.76%)	17.51%

The Composite short book was pressured during the first quarter as markets broadly advanced outside of the financial and energy sectors. The short book was initially hurt by the sharp market rally in January in the information technology and consumer discretionary sectors. As the banking crisis dragged the Russell 2000 lower in March, the Composite's low short exposure to the financial sector further weighed on performance.

The best performing short position in the first quarter was Lending Club (LC). Lending Club is a newcomer to consumer lending. Their business model is one we have been skeptical of for several reasons. First, the overall financial services sector is very competitive and leaves little room for premium returns. Second, the company has pitched investors that LC has a better way to facilitate credit, which we see as unrealistic. Third, a large proportion of the customer base uses loans from Lending Club to consolidate other forms of personal debt at lower rates. We think this self-selects weaker customers that are looking to take advantage of a lender such as LC. Lastly, we have been cautious about consumer spending and have expected credit costs to rise in general. For all these reasons, we remain short LC and continue to see negative earnings revisions pressuring the stock.

The second best short in the quarter was Xometry (XMTR), a marketplace for on-demand manufacturing. XMTR is a company that went through a boom period during the pandemic. Their ability to facilitate fast production of prototypes and small production runs met a need amidst global supply chain disruptions. XMTR completed a major acquisition in late 2021 of a company that was a lead generator for its production marketplace. While there was a strategic logic to this deal, it implied the flywheel of its marketplace was not as powerful and lasting as the company

[12] Data reflects gross performance; net performance for the Composite can be found in the table on page 1 of this letter

projected. We see weakness in industrial markets measured by Institute for Supply Management indicating weaker demand. As a result, we thought estimates were too optimistic. XMTR subsequently lowered their outlook, and while that stage of our short thesis played out, we anticipate further pressure as the demand side of the economy continues to deteriorate. We expect the shares to further underperform during a downturn in the industrial cycle.

The largest detractor in the short portfolio during the first quarter was EverCommerce (EVCM). The Composite continued to pursue shorts that fit its philosophy and face pressure from the current cyclical landscape. In the case of EVCM, the company operates in an intensely competitive industry. The software the company sells to service professionals enables efficiency, but its services are about marginal improvements. With the explosion of AI enabled software, tools with weak competitive moats will come under pressure from upstarts and free versions. The company's focus on home, health and fitness services boomed during the pandemic. We believe these end markets will consistently slow from that peak. As a result, we believe the company's customers will experience reduced demand, and it will make growth challenging for EVCM. While profit margins are positive, we are skeptical of companies with a small business focus and high earnings multiples in the current economic landscape. As a result, we anticipate ECVM will underperform as these trends manifest in their financial results.

OUTLOOK

Signals are mounting that the U.S. economy is nearing a recession, which in turn has negative implications for growth and earnings. The market is reflexive, and this backdrop puts pressure on long-term interest rates to remain low while the Fed remains commited to keeping short-term rates high to fight inflation. The market is grappling with the potential sequence of events as this cycle plays out. Will earnings decline fast enough to drive stocks lower, or will the anticipated end to policy tightening due to a recession lower interest rates enough to create support for the next upturn? Historically, the market has not bottomed before a recession and as of today neither the October 2022 lows nor the current 2023 trends suggest a recession has occurred.[13] We do not pretend to have all the answers, but as a framework we expect earnings estimates to decline over the next few quarters while interest rates fall to reflect lower inflation from reduced demand and a traditional flight to quality (U.S. Treasurys) from risk assets (stocks).

S&P 500 Index Never Bottoms Before a Recession

Data going back almost 100 years suggests more downside if economy falters

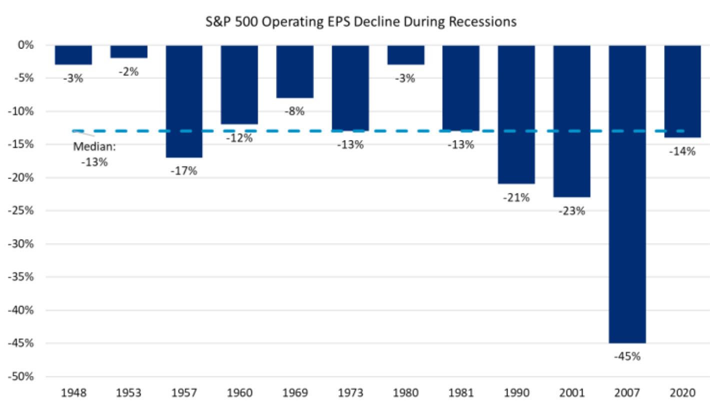
Recession Start	Market Bottom	Difference in month
Aug-1929	Jun-1932	34
May-1937	Mar-1938	10
Feb-1945	Mar-1945	1
Nov-1948	Jun-1949	7
Jul-1953	Sep-1953	2
Aug-1957	Oct-1957	2
Apr-1960	Oct-1960	6
Dec-1969	May-1970	5
Nov-1973	Oct-1974	11
Jan-1980	Mar-1980	2
Jul-1981	Aug-1982	13
Jul-1990	Oct-1990	3
Mar-2001	Oct-2002	19
Dec-2007	Mar-2009	15
Feb-2020	Mar-2020	1

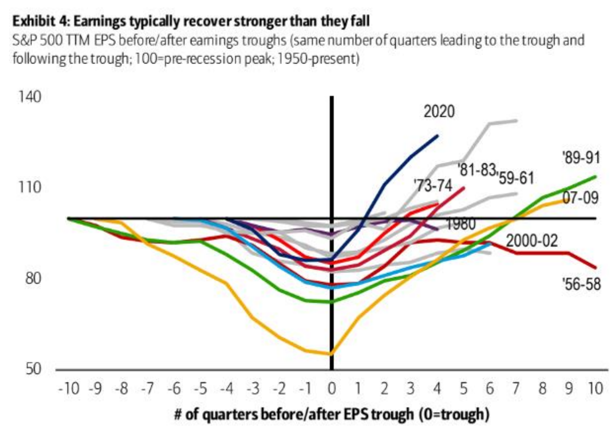
Source: US Stock Bulls Ignore 100 Years of Recession at Their Peril, Bloomberg

[13] US Stock Bulls Ignore 100 Years of Recession at Their Peril – there's been no US recession without a market slump since 1929, Bloomberg, April 19, 2023

The bottoms up estimate of S&P 500 earnings is ~$220 per share for 2023, relatively unchanged from earnings in 2022 and reflecting an 18.8x multiple as we write this letter. In a soft landing scenario, this would appear reasonable assuming a new growth cycle begins later this year. However, in a hard landing scenario, history would dictate a 10-15% decline in earnings and multiple contraction. As we referred to earlier in this letter, it is less likely that the more benign scenario is the base case with bank lending standards tightening recently.

We expect a softer demand backdrop in the economy driven by job losses and lower investments. Assuming a 15% decline in estimates, 2023 earnings could trend to ~$190 per share, reflecting a ~22x multiple, roughly in line with the peak forward multiple in 2021. As noted above, a rebound in growth in 2024 could then become increasingly important. Flat growth in 2024 is unlikely to encourage investors to put money back into the stock market, whereas a 20% rebound could reduce or eliminate the pressure of an earnings recession in 2023. When inflation is high but falling, a mid-to-high teens multiple has been historically reasonable. This suggests that the S&P 500 valuation is high based on a lower deck for 2023 earnings,[14] and even assuming a strong recovery in 2024. This backdrop has driven the Composite's net exposure to the low end of its historical 35-55% range.





Source: Stifel Equity Strategy, Sentieo, Roubaix Capital, LLC; Bank of America, S&P 500 Value Cheat Sheet, April 19, 2023

While the economic cycle contributes to our positioning, the fund persistently seeks to identify idiosynchratic investment ideas that have the ability to generate alpha across varied market backdrops. We discussed FTAI earlier in the letter and highlighted what we feel is a positive industry structure that directs us towards investments in commercial aerospace. Another position that we are bullish on is AerSale (ASLE). The company's core business is currently the leasing and maintenance of commercial aircraft and parts. We see this as a steady performer over the medium term amidst rising volume of air travel and air freight. The earnings from ASLE's core business is around $1.25 per share and should be valued at a mid-to-high teens multiple, or ~$20 per share. We believe the more exciting catalyst for ASLE this year is the potential approval of its new product AerAware with parter Elbit Systems. This product would bring a military grade heads-up display to commercial pilots to enable better visibility during adverse weather conditions. Currently, air traffic is reduced to account for visibility concerns when there is rain or fog. This has been a growing safety concern with the number of near-miss accidents increasing during such events.[15] ASLE medium term targets imply around $0.50 in added earnings from initial volumes, which we feel would likely earn a meaningful premium in the market and add a further $10+ to the stock price.

[14] Stocks Haven't Looked This Unattractive Since 2007, WSJ, April 6, 2023
[15] Near Misses and Other Mishaps are Setting Off Alarm Bells in the Aviation Industry, NPR, March 16, 2023

Another sector in which we consistently indentify long ideas is healthcare. People are fortunately living longer lives due to continue scientific progress. People also want to live those years at the highest level of quality, and this means investing in staying healthy. Rather than devoting our time and resources to somewhat binary outcomes in the therapeutics market, our research instead drives us towards identifying companies that sell the picks and shovels into the healthcare ecosystem. One such company is Abcam (ABCM), which sells antibodies for diagnostic and therapeutic development and reagents for proteomic research. As research budgets in academic and commercial settings grow, Abcam delivers the tools and media needed to advance this critial work. ABCM benefits from becoming embedded at their customer's facilities, creating annuity streams with the sale of consumables. ABCM anticipates meaningful margin expansion as organic growth continues and a period of high investment in systems pays dividends in the years ahead. Lastly, Abcam's UK listing and semi-annual reporting is unusual relative to its U.S. peer set . As they have transitioned to the U.S. market and are moving towards quarterly reporting, we expect the company to become better known to investors. The company's shares trade at a 30% discount to several of its U.S. domiciled peers and we anticipate this gap will narrow. We see the company's trading update on April 13th as indication of progress on this front as it highlighted resilient revenues and meaningful margin improvement.

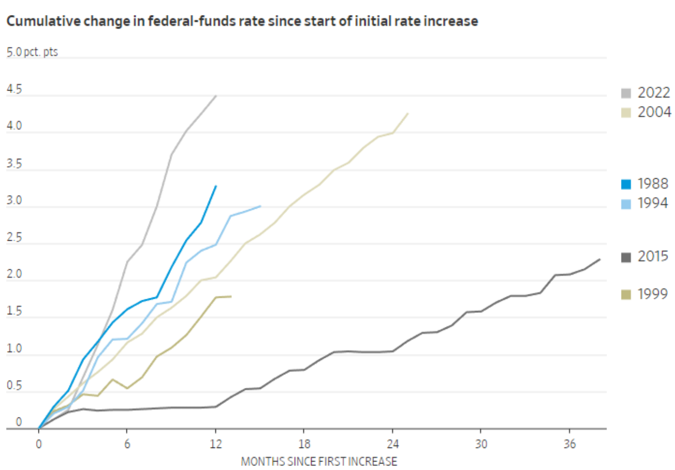
With the economic cycle heading into a more challenging phase, we have focused on short ideas that are likely to see incremental pressure. As noted in our EVCM discussion, one area where we see above average risk is in companies that cater to small and medium sized businesses. Business formation was extraordinarly high during the pandemic.[16] While the boom in business formation is a good thing, we anticipate companies that catered to that growth will now face a reversion to the mean, and perhaps an overall downcycle. Small business bankruptcies are already running at a high rate, and we believe the lagged impact of higher interest costs and the spectre of weaker demand lay ahead.[17] Further, the increasing pressure on small banks will likely diminish credit availabilty and thereby further reduce potential growth.[18] Two companies that we have been short that fit this thesis are LegalZoom (LZ) and Olo (OLO). LZ benefits directly from business formations and we expect those to slow meaningfully. In the case of OLO, it's platform to consolidate food delivery orders was a must-have during the pandemic, but we expect them to have difficulty growing when restaurants are forced to focus on profitablity and look to eliminate superfulous costs.

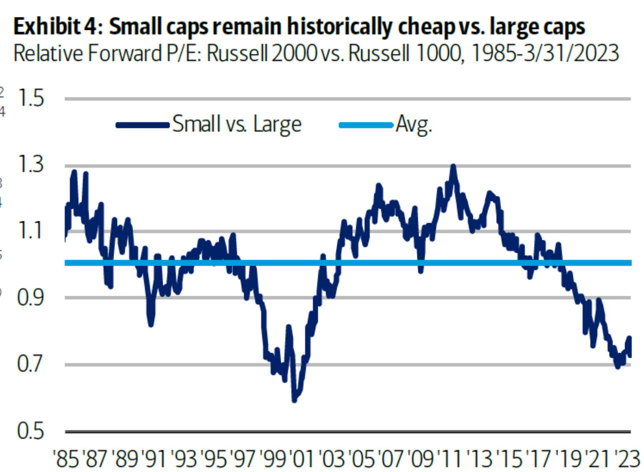
The financial sector may also come under further pressure, particularly smaller banks due to the economic cycle, the unwind of near zero percent interest rates, and with industry specific pressures that are now prevalent. The financial sector has benefited from historically low credit costs. As this cycle plays out, it is likely this benefit to earnings transitions to a headwind later in the year. Going through a credit cycle for the first time in many years, particularly after a period of excess buoyed by low and lower interest rates, may prove challenging for the sector.[19] The inverted yield curve puts pressure on banks as funding is often shorter term than the earnings base of the lending insitutions.[20] Banks have security and loan portfolios that were priced during a period of excessively low interest rates, and the mark-to-market on these portfolios are severe even for the highest quality instruments.[21] Deposit rates are much lower than market rates for other investments, and this gap will likely narrow now that consumers and businesses are more aware that they are under-earning on their cash.[22] As some of the pressures

[16] After a Burst of New Business, a Cooling Economy Intrudes, NYTimes, January 15, 2023
[17] Private Bankruptcy Filing are Blowing Past their COVID-era Peaks as Credit Stress Builds for Small Businesses, Business Insider, April 1, 2023
[18] The US May not be Able to Dodge a Recession as Bank Failures Could Lead to a Credit Crunch for Small Business, Business Insider, March 27, 2023
[19] A Corporate Credit Crunch is Just Getting Started, Bloomberg, April 21, 2023
[20] For Regional Bank, Surviving Won't Be the Same As Thriving, WSJ, April 12, 2023
[21] FDIC Starts Selling $114 Billion of Bonds From Failed Banks, WSJ, April 19, 2023, "the government should expect to get back around 86 cents on the dollar for the entire portfolio… All of the bonds auctioned so far are triple-A rated, the highest designation from credit-rating firms."
[22] Deposit Betas: Up, Up, and Away?, Liberty Street Economics Federal Reserve Bank of NY, April 11, 2023

are just beginning, it is notable that several banks have already failed including Silvergate Capital, Signature Bank, Credit Suisse Group and the 16th largest U.S. bank, Silicon Valley Bank. As a result, we are short several smaller banks where we see above average risks from these drivers.[23]

Risks are rising to the market as higher interest rates work their way through a global economy that has not gone through a typical cyclical downturn of any consequence in a very long time. This tightening cycle is the fastest in history and follows a long period of very low rates that encouraged risk taking. This was exacerbated by the pandemic, as we feel the policy response was too strong, and we believe the normalization of policy was far too slow. As a result, inflation has taken hold and forced the central bank to sacrifice jobs to achieve price stability. A downturn now appears likely as weak economic data and tighter lending standards apply downward pressure to earnings growth. How the market handles the sequence of events is key since a downturn lays a stronger framework for the ultimate recovery. Small caps have undeperformed large caps by near record levels pricing in a lot of the bad news and creating opporutnities to invest at lower prices. We continue to identify opportunities to capitalize on weakness in our focus list long stocks while also prudently allocating short capital to benefit from business challenges during this cycle.





Source: Why the recession is Always Six Months Away, WSJ, March 6, 2023; Near-term risks vs. long-term return potential, BofA, April 6, 2023

INVESTMENT PHILOSOPHY

We believe the most important drivers of equity value over time are the strength or weakness of a company's business model, the advantages or challenges created by their financial structure, and the quality of the fiduciaries involved. We identify what we believe are the best long and short narratives in the small and mid-cap universe of U.S. stocks and track them on a focus list. Our list is dynamic as we evaluate new companies entering our market cap range due to price changes, IPOs, spin-offs and other corporate developments. Likewise, we eliminate stocks from our focus list when the long thesis plays out and they become too large for our approach, or if the short thesis drives the stock price to a level at which it transforms into a special situation with vastly decreased liquidity and/or increased price volatility. Base, bull and bear case price targets are derived from two year forward valuation, while

[23] Deposit Crisis Sets Up a Tough First Quarter for All but the Biggest Banks, WSJ, April 13, 2023

also considering longer term trends discounted back appropriately. We deploy capital when these differentiated narratives present themselves with a compelling risk/reward profile relative to other stocks in our portfolio.
We concentrate our efforts on smaller companies due to their inherent structural inefficiencies that drive greater price dispersion, in turn enabling higher alpha generation on both longs and shorts. The investment landscape continues its trend of consolidating investment management and advice at ever larger financial institutions. The cost benefit of increased scale has an inverse effect on the ability of investment managers to buy and sell smaller stocks when considering reasonable liquidity parameters. Further, the rapid growth in passive and quantitative investing is reducing the amount of competition from fundamentally driven active stock pickers overall. As an increasing share of daily trading volume shifts to passive from active mandates, there is even less economic benefit to sell side equity research. This in turn reduces the amount of published information, particularly in smaller stocks with lower trading volume. Importantly, we think these inefficiencies are not just persistent, but should move even more in our favor over time.

Smaller companies are likely to remain a reliable source of mispriced investment opportunities that are either overlooked or are not practical investments for larger firms. We believe our structured fundamental investment process allows us to uncover such unique ideas and generate value through stock selection on both long and short investments. We tend to concentrate individual stock positions in 30-50 longs and 30-50 shorts to maximize the value of our research, and likewise do not utilize ETFs or options to hedge. Position level weights are optimized for exposure to changing fundamental factors, catalysts and risks. To manage overall portfolio risk, we avoid leverage on the long side, maintain consistent net exposure, and remain disciplined with our price targets and stop-loss levels. We believe our strategy is amongst the leaders in small cap l/s equity with a decade of compelling net returns, low volatility, and consistent capital preservation in weak markets.

Thank you for your ongoing support,

Christopher E. Hillary

This letter is intended for current and prospective accredited investors and is not for public distribution. The information contained herein reflects the opinions, projections and holdings of Roubaix Capital, LLC (“Roubaix”) as of the date of publication, which are subject to change without notice at any time subsequent to the date of issue. Roubaix does not represent that any opinion or projection will be realized. All information provided is for informational purposes only and should not be deemed as investment advice or a recommendation to purchase or sell any specific security. While the information presented herein is believed to be reliable no representation or warranty is made concerning the accuracy of any data presented. This communication is confidential and may not be reproduced.
All figures are unaudited. These figures are based upon estimates. Estimates are subject to change. Historical results are not indicative of future performance.

i. HFRX Equity Hedge Index : Equity Hedge strategies maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. Equity Hedge managers would typically maintain at least 50%, and may in some cases be substantially entirely invested in equities, both long and short. Hedge Fund Research, Inc. (HFR) utilizes a UCITSIII compliant methodology to construct the HFRX Hedge Fund Indices. HFRX Equity Hedge Index is rebalanced on a quarterly basis and is composed of funds that have at least USD 50 million under management and have been actively trading for at least twenty-four months.

ii. The Russell 2000 Total Return Index is Russell Investments’ Composite Index of 2000 small cap stocks, a widely recognized, unmanaged index of common stock prices. The benchmark index may or may not hold substantially similar securities to those held by the Composite, and thus little correlation may exist between the Composite returns and that of the Index. The Index is not available for direct investments; therefore, its performance does not reflect the expenses associated with active management of an actual portfolio. The return for the Index includes gross dividends reinvested into the index.

iii. The performance referenced in this letter shows the historical performance of the Roubaix Fund Composite (the “Composite”), unless otherwise noted. The accounts in the Composite have investment objectives, policies and strategies that are substantially similar. The Composite was composed of the Roubaix Fund, L.P. (“Roubaix Fund”) and another pooled investment vehicle from 2010 to February 29, 2020 and is presently composed of the Roubaix Fund and Roubaix Offshore Fund, Ltd. (“Offshore Fund”) since February 1, 2022. Accounts contained in the Composite are actively managed and characteristics may vary. Net performance for the typical investor reflects the deduction of 1.15% annual management fee, 15% annual incentive allocation and other expenses and includes gross dividends and other income reinvested in the portfolio. Net performance figures reflect the performance of a typical investor in the portfolio who invested at the beginning of the period and remained invested throughout the period. The performance for an individual investor may vary based upon various investor-specific factors including, without limitation, the investor’s eligibility to participate in new issues. Advisory fees are deducted monthly while incentive fees are deducted annually and over time each will reduce the net return on a compounded basis. A fee schedule can be found on Form ADV, Part 2A for Roubaix Capital, LLC.

iv. The HFRI Equity Hedge (Total) Index tracks funds that maintain positions both long and short in primarily equity and equity derivative securities. Equity hedge managers would typically maintain at least 50% exposure, and may in some cases be entirely invested in, equities-both long and short. HFRI Equity Hedge (Total) is a fund weighted index and reflects monthly returns, net of all fees, of funds that have at least $50 million under management or have been actively trading for at least twelve months. The Index is not available for direct investment.

v. Roubaix utilizes Novus for portfolio attribution. The Novus Framework decomposes contribution into four factors: market (contribution attributable to market benchmark), category (contribution attributable to the specific sector benchmark), security (contribution attributable to stock selection) and trading (contribution attributable to position liquidation). Within the Novus Framework, we define “Passive Contribution” as equivalent to Market contribution, which is synonymous with ‘Beta’ to the relevant portfolio benchmark. We define “Active Contribution” as equivalent to Security + Trading + Category contribution, which is synonymous with portfolio manager ‘Alpha’. Definitions of additional attribution terms discussed in this letter can be found in the pitch book for the Roubaix Strategy, which has preceded or accompanied this letter.

More frequent performance information is available upon request.

THIS SHALL NOT CONSTITUE AN OFFER TO SELL OR THE SOLICTIATION OF AN OFFER TO BUY ANY INTERESTS IN ANY FUND MANAGED BY ROUBAIX. SUCH AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY INTERESTS MAY ONLY BE MADE PURSUANT TO DEFINITIVE SUBSCRIPTION DOCUMENTS BETWEEN A FUND AND AN INVESTOR.