PROSPER

STARS & STRIPES

July 31, 2023

Dear Investors,

During the second quarter of 2023, Prosper Stars & Stripes gained +2.6% compared to a total return of +3.0% for our long/short equity hedge fund peer group, represented by the HFRI Equity Hedge (Total) Index (the "HFRI")[i] and +5.2% 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")[i]. Average daily net exposure was 39.6% during the second quarter and 39.1% year to date compared to a 43.1% average since inception in January 2010.

Year to date, the Composite generated a net return of +13.7% compared to a total return of +5.6% for the HFRI and +8.1% for the Russell. This brings the Composite's year to date alpha generation to +7.7% versus the HFRI and +8.8% versus the Russell, which compares favorably to the Composite's annualized alpha since inception of ~6.5% versus both benchmarks. The Composite's consistently strong upside capture and low downside capture has driven a strong bull beta of 0.48 to the Russell during rising markets, while bear beta is just 0.08 during falling markets. We believe such participation in market rallies combined with capital preservation during times of stress is a significant differentiator versus our peers.

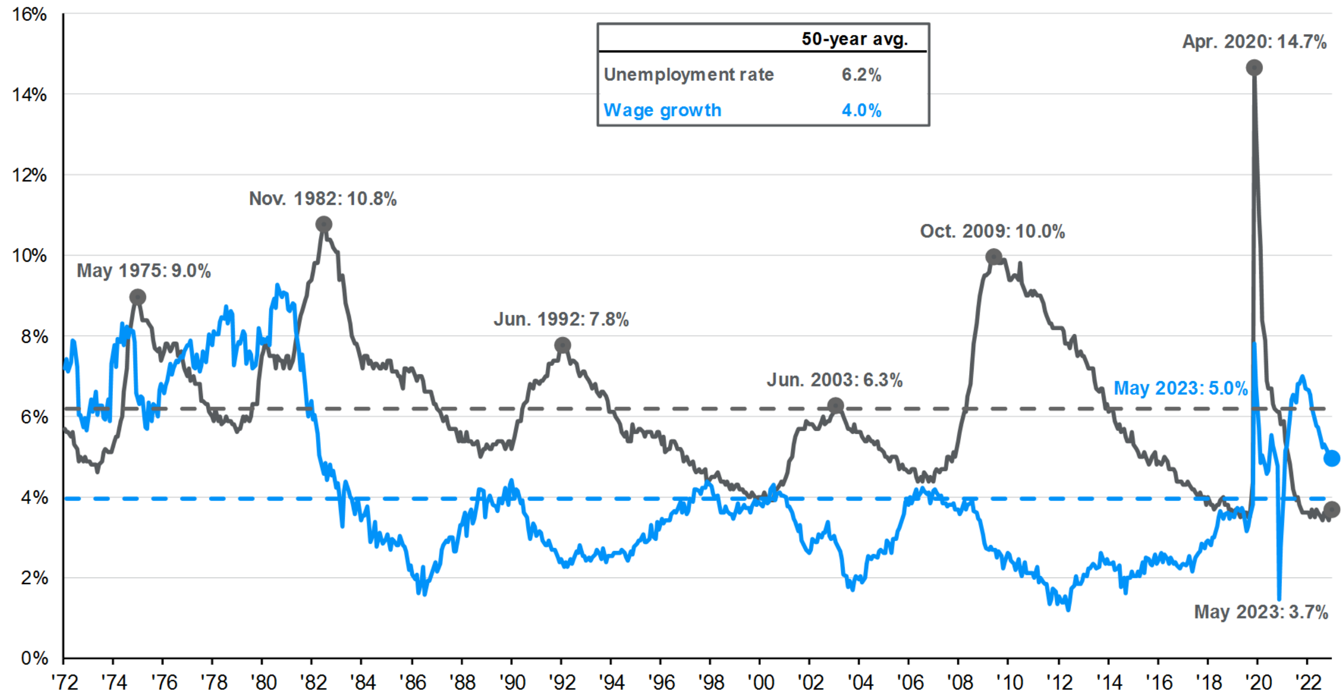
As of June 30, 2023	Roubaix Composite	HFRI Equity Hedge Index	Russell 2000 Index
Quarter to Date	2.74%	2.97%	5.21%
Annualized 1 Year	16.41%	7.49%	12.31%
Annualized 3 Years	15.20%	8.91%	10.82%
Annualized 5 Years	11.52%	5.44%	4.20%
Annualized 10 Years	10.86%	5.64%	8.25%
Annualized Since Inception	10.29%	5.16%	10.00%
Standard Deviation	9.05%	8.44%	19.47%
Sharpe Ratio	1.04	0.54	0.55
Downside Deviation	4.57%	5.72%	12.85%
Sortino Ratio	2.08	0.81	0.83
Bull Beta to Benchmark		1.05	0.48
Bear Beta to Benchmark		0.10	0.08
Annual Alpha to Benchmark		6.56%	6.40%

ECONOMY

The U.S. economy was resilient during the second quarter. GDP continued to grow and with each passing quarter places more distance from the negative GDP reading seen in the first half of 2022. Steady job growth and wage gains continued to fuel consumer spending. The strength in the service economy overwhelmed weakness in demand for goods. The housing market, which looked poised to fall under the weight of stretched affordability, instead began to recover. Inflation receded during the quarter and forward pricing from the TIPS market implies inflation will fall to the 2% target set by the U.S. central bank.[1] Global trends remained stable with Europe avoiding a slowdown and China recovering, though at a slower than expected pace. The economy's ability to digest higher interest rates lends credibility to the narrative that a new cycle began in April 2020. The average postwar economic expansion lasted ~8 years, suggesting years of further potential growth.[2]

Civilian unemployment rate and year-over-year wage growth

Private production and non-supervisory workers, seasonally adjusted, percent



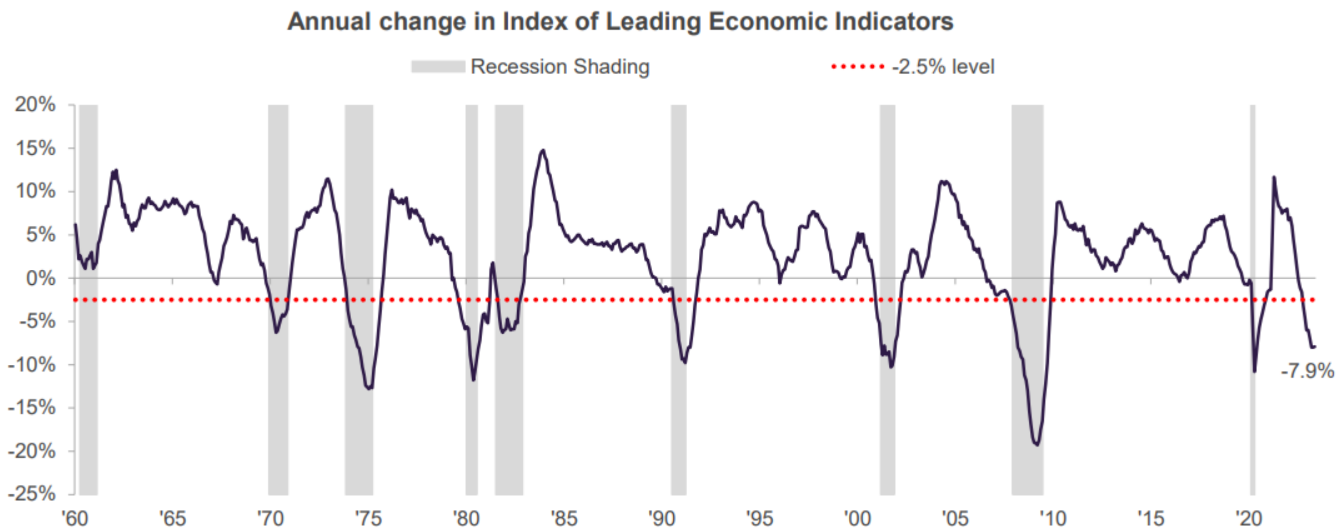
Source: JPM Economic and Market Update, June 30, 2023

Reading the post-pandemic economic backdrop has been difficult. The U.S. Fed has been hiking interest rates at the fastest pace in history, and the impact of monetary tightening has historically worked with a lag. Higher short-term interest rates combined with subdued views on future growth drove the yield curve back to record inversion since it first went negative in October 2022. Leading economic indicators suggest a recession is imminent. The cost of capital has risen alongside interest rates, and banks are seeing pressure on their funding and credit costs.

[1] St Louis Fed Economic Data, 5-Year Breakeven Inflation Rate

[2] WSJ, Could A Recession Still Be Years Away, July 27, 2023

Credit metrics are deteriorating with weakness showing up in autos, credit cards and commercial real estate. As a result, it is not surprising that forecasts for a recession were prevalent.[3]



Source: Truist Market Navigator, July 5, 2023

MARKETS

The second quarter rally was led by large cap tech stocks, which increased the year-to-date return of the Nasdaq 100 Index to +39.1%. The large cap S&P 500 Index also built its gains to +16.8% for the year, while the small cap Russell 2000 Index lagged with a first half return of 8.1%, continuing persistent underperformance. The leaders of the overall markets were Amazon, Apple, Google, Meta, Microsoft, Nvidia and Tesla, which posted an average YTD return of ~80% through June. The performance of these seven stocks contributed most of the total return of the S&P 500 Index. The remaining 493 stocks in the index generated a median return of 4.9%, more in line with small caps. The small cap underperformance relative to large caps in the first half of the year resulted in the third worst start to the year for the Russell 2000 versus the S&P 500, and the worst start to the year relative to the Nasdaq in history.[4] Growth continued to outperform value during the second quarter as the financials, real estate, energy and utilities sectors remained under pressure. The bond market was mixed in the quarter as yields rose to reflect higher than average inflation and the Federal Reserve's indication of two more rate hikes this year.

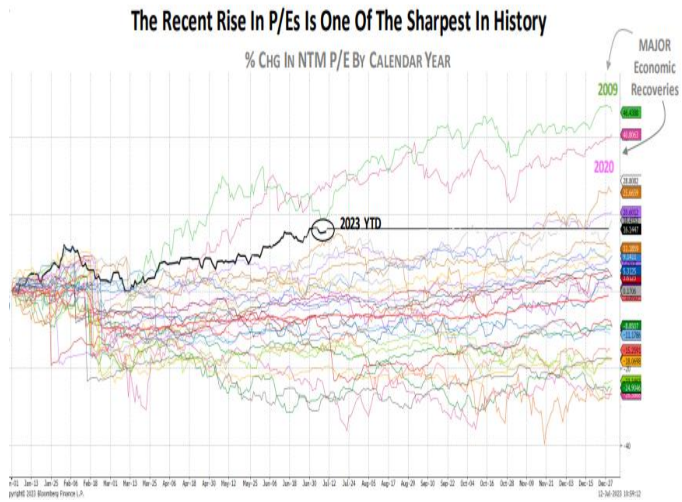
[3] See 'Probability of US Recession Remains Elevated', The Conference Board, April 12, 2023 showing a 99% change of recession and 'Recession or No Recession? Why Deutsche Bank Says an Economic Downturn is 100% Inevitable', USA Today, June 15, 2023
[4] Q2 & H1 Recap, Jefferies, July 6, 2023

Asset Class	Index	2022	1Q23	Apr23	May23	Jun23	2Q23	YTD	1YR	vs. 52wk High	vs. 52wk Low
Small Cap	Russell 2000 Growth	-26.3%	6.0%	-1.2%	0.2%	8.2%	7.1%	13.5%	18.7%	-2.3%	19.6%
	Russell 2000	-20.5%	2.7%	-1.8%	-0.8%	8.1%	5.3%	8.1%	12.4%	-6.9%	14.1%
	Russell 2000 Value	-14.8%	-0.7%	-2.5%	-1.8%	7.8%	3.2%	2.5%	5.8%	-11.7%	9.2%
Large Cap	S&P 500 Growth	-29.4%	9.6%	1.4%	2.6%	6.3%	10.5%	21.2%	18.1%	-1.4%	24.2%
	S&P 500	-18.2%	7.5%	1.6%	0.5%	6.5%	8.7%	16.8%	19.4%	0.0%	24.3%
	S&P 500 Value	-5.3%	5.2%	1.7%	-1.9%	6.8%	6.6%	12.1%	19.9%	-0.2%	25.3%
	Nasdaq 100	-32.6%	20.7%	0.5%	7.9%	6.3%	15.3%	39.1%	32.7%	-0.2%	42.0%
Bonds	U.S. High Yield	-11.0%	3.7%	0.2%	-1.2%	1.8%	0.7%	4.5%	7.8%	-4.9%	5.5%
	U.S. Aggregate	-13.0%	3.2%	0.6%	-1.1%	-0.4%	-0.9%	2.3%	-1.0%	-6.0%	4.6%
	U.S. Treasury	-13.4%	3.3%	0.4%	-1.1%	-0.8%	-1.5%	1.8%	-2.1%	-6.0%	3.3%
Blend	60% SPY/40% AGG	-16.1%	5.8%	1.2%	-0.2%	3.7%	4.8%	11.0%	11.3%	-2.4%	16.4%

Russell 2000 Index Sectors	Weight	2022	1Q23	Apr23	May23	Jun23	2Q23	YTD	1YR	vs. 52wk High	vs. 52wk Low
Industrials	17.4%	-15.4%	7.4%	-2.1%	-0.2%	13.5%	10.9%	19.0%	27.4%	-13.0%	14.9%
Consumer Discretionary	11.2%	-30.1%	11.9%	-0.8%	-3.2%	10.5%	6.1%	18.7%	27.0%	-19.0%	7.8%
Information Technology	12.8%	-31.7%	13.7%	-9.9%	7.3%	6.9%	3.3%	17.6%	18.9%	-14.6%	10.1%
Consumer Staples	3.7%	-8.9%	6.0%	1.3%	-0.3%	4.3%	5.3%	11.6%	13.0%	-6.8%	14.1%
Health Care	17.1%	-28.5%	-2.0%	5.7%	3.1%	4.0%	13.3%	11.1%	13.9%	-9.5%	16.8%
Communication Services	2.6%	-39.1%	6.8%	-0.8%	-4.6%	6.4%	0.6%	7.4%	-3.6%	-12.7%	15.8%
Materials	4.4%	-13.0%	8.6%	-4.1%	-7.9%	11.3%	-1.6%	6.9%	14.2%	-21.9%	3.9%
Real Estate	6.1%	-28.1%	0.6%	-3.0%	-2.4%	6.5%	0.9%	1.4%	-4.5%	-10.8%	18.3%
Energy	6.2%	53.1%	-3.8%	-2.3%	-8.4%	13.3%	1.4%	-2.4%	20.0%	-26.6%	10.5%
Utilities	3.1%	-1.1%	1.5%	-1.7%	-4.7%	-1.1%	-7.3%	-5.9%	-6.1%	-15.1%	2.5%
Financials	15.0%	-15.3%	-8.7%	-3.0%	-2.2%	7.3%	1.8%	-7.1%	-3.6%	-12.1%	21.4%
Russell 2000 Index (IWM)	100.0%	-20.1%	2.7%	-1.8%	-1.4%	8.1%	4.7%	7.5%	11.7%	-11.6%	7.7%

Source: Novus, Sentieo, Roubaix Capital, LLC

In addition to narrow leadership from the largest technology stocks, the market rally was driven higher by a further compression in the equity risk premium. As forward earnings estimates finished the quarter roughly flat, the strong market performance is entirely due to multiple expansion. This year's increased earnings multiple is one of the sharpest in history, only exceeded by the dramatic economic recoveries in 2009 and 2020. However, if we back out the seven largest stocks in the index, current valuation falls to a more reasonable ~18x forward earnings versus headline valuation of ~20x and a historical average of ~15x. As we move through an expected earnings trough in Q2 2023, we think investors will start to look towards a potential rebound in earnings growth in the second half of the year and into 2024.



Source: WSJ, The Daily Shot, July 25, 2023; Piper Sandler, July 13, 2023

LONG POSITION HIGHLIGHTS[5]

	Roubaix Fund Composite – Gross Long Book					
As of June 30, 2023	Average Daily Exposure	Rate of Return	Total Contribution	Active(iv)	Passive(iv)	Russell 2000 Index Total Return
Quarter to Date	82.54%	7.31%	5.75%	1.61%	4.20%	5.21%
Year to Date	82.37%	28.51%	22.80%	15.17%	6.92%	8.08%
Annualized 1 Year	82.01%	36.18%	27.91%	16.81%	9.87%	12.31%
Annualized 3 Years	87.40%	28.04%	23.89%	13.84%	9.66%	10.82%
Annualized 5 Years	87.60%	17.86%	15.82%	11.18%	4.30%	4.21%
Annualized 10 Years	84.49%	19.42%	16.34%	8.44%	7.29%	8.26%
Annualized ITD	78.93%	19.30%	14.97%	6.91%	7.64%	10.00%

The Composite's long book returns outperformed the market during the second quarter, generating a year to date total return of more than 28% compared to the Russell 2000 Index total return of 8.1%. The breadth of our investment process and successful stock picking was once again evident, with 14 stocks contributing at least 50 basis points of active return in the first half relative to just 3 stocks detracting more than 50 basis points of active return. Further, despite mega cap technology stocks and the overall artificial intelligence theme driving markets this year, only 2 of our top 20 long book contributors this year are beneficiaries of that theme. Stocks in the Information Technology sector overall were responsible for just ~21% of the Composite's YTD active return.

The largest contributor to second quarter long performance was CIRCOR International (CIR), a manufacturer of mission critical flow control products for the industrial, aerospace and defense markets. One tool we use for identifying long ideas is company specific situations, including those where we have a high degree of confidence that margins could meaningfully expand.

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

We also view changes in the management team as a potential catalyst, which was another factor in our positive view of the stock. CIR margins have been running below trend and short of corporate goals since the pandemic. We believed that the business would benefit from the reversal of headwinds for the industrial sector and that internal restructuring efforts would result in margin improvement and earnings growth. We further expected that the market would assign a higher multiple to the stock as margins improved. The thesis played out and CIR attracted the interest of potential acquirors. During the quarter, the company announced an offer from private equity investors to acquire the stock and we exited our position at the offer price.

The second largest long contributor to second quarter performance was Genius Sports (GENI), a leading data provider to sports leagues and sportsbooks. We seek to identify investment themes that have years of opportunity in front of them. The rolling legalization of sports betting in U.S. states created a new and fast-growing market.[6] We expect states that have not legalized sports betting will eventually follow their peers, laying the groundwork for future growth. The U.S. market is relatively immature, and opportunities exist to also increase spending per customer. GENI struggled after going public as a special purpose acquisition vehicle (SPAC). However, the management team owned a significant stake in the company, as did the NFL, and we viewed this as an offsetting positive signal. Earnings during 2022 did not catalyze the stock, but most of the pressure was from foreign exchange. Since then, results have steadily improved, and the stock has responded positively to earnings reports and the unexpected early renewal of its NFL contract. We continue to hold a position in GENI as we believe the stock could still appreciate meaningfully from current levels.

The largest detractor in the long portfolio during the second quarter was Orion (OEC), a leading global supplier of carbon black, a key component of tire manufacturing. The CEO has been on a multi-year journey to increase the company's return on invested capital. Management further signaled their conviction through several large open market stock purchases. OEC is commercializing new specialty products with higher average selling prices to enhance battery efficiency for the electric vehicle market where tires are also consumed at a higher average rate. Overall, we expect a cyclical recovery in tire demand, positive mix effects and new products to drive a 40% increase in the company's earning capacity over the next several years.[7] During the quarter, softer tire replacement demand and recession worries drove shares down ~15%. We view this as a short-term supply/demand correction and remain invested in OEC at the current discounted share price.

[6] Statista estimates that online sports betting will grow at a high teens rate from 2023-2027

[7] OEC Investor Day, June 2022

SHORT POSITION HIGHLIGHTS[8]

As of June 30, 2023	Roubaix Fund Composite – Gross Short Book Average Daily Exposure	Rate of Return	Total Contribution	Active(iv)	Passive(iv)	Russell 2000 Index Total Return
Quarter to Date	(42.98%)	7.98%	(2.94%)	(1.16%)	(2.47%)	5.21%
Year to Date	(43.26%)	18.21%	(8.03%)	(4.49%)	(4.83%)	8.08%
Annualized 1 Year	(42.67%)	20.62%	(10.33%)	(4.85%)	(7.42%)	12.31%
Annualized 3 Years	(44.70%)	8.30%	(6.42%)	(0.45%)	(6.40%)	10.82%
Annualized 5 Years	(45.26%)	3.35%	(3.95%)	(0.70%)	(3.40%)	4.21%
Annualized 10 Years	(40.94%)	5.50%	(3.83%)	0.24%	(3.97%)	8.26%
Annualized ITD	(35.80%)	5.64%	(2.99%)	0.65%	(3.55%)	10.00%

The Composite's short book returns were pressured by the market rally during the quarter. Only 5 short positions generated meaningful active contribution of more than 20 basis points, while 18 shorts detracted more than 20 basis points. However, all the Composite's negative active short contribution came in January and June 2023 when the Russell 2000 Index was up +9.75% and 8.13%, respectively. In vertical markets such as these, low quality stocks that generally populate the Composite's short book tend to outperform. We continue to maintain a focus list of more than 100 stocks that we believe are the best short stories in our small cap universe, and thus continue to cycle out of shorts that hit our stop-loss threshold and into even more aggressively valued short stories from our focus list.

The best performing short position during the second quarter was FARO Technologies (FARO). Our short position in the stock was due to several factors. From a top-down perspective, weakness in the industrial economy is a headwind for all industrial stocks, particularly ones like FARO that are centered around quality assurance which is a cost center for customers. Next, we observed the company has struggled to deliver on margin goals set by two different management teams. Third, the company competes against a larger European company and has been losing market share for several years, which we believe is likely to continue. When the company reduced its outlook and announced another change in the management team, we felt like the thesis had played out and we exited the short. With a new team place and several insiders buying stock thereafter, we plan to research what the new team thinks they can do differently to turn the business around.

The second best short in the quarter was Eagle Bancorp (EBGN). We revisited our historical bank shorts earlier this year following the collapse of several banks in March. Inherently banks are largely undifferentiated and secularly challenged businesses. Those with large office real estate exposure like EBGN carry even more risk as falling net interest margins could be exacerbated by credit losses as office property loans reset to significantly higher cap rates. We also previously flagged fiduciary red flags with EBGN, who recently settled a multi-year SEC investigation following resolution of a class action lawsuit and shareholder demand letter. We often find that such lapses in management judgment tend to result in persistent problems due to the long-time frames to loan maturity. The market quickly adjusted to EBGN's higher than average risk profile, and as the backdrop for the banking industry found footing during the quarter, we exited our short position.

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

The largest detractor in the short portfolio during the second quarter was Lending Club (LC). We have been short LC due to our view that their business model of offering consolidation loans for credit cards is weak. They inherently attract increasingly riskier customers who are actively seeking ways to reduce the burden of higher interest expense from multiple credit cards that they cannot afford to repay. Credit card delinquencies have been rising along with interest rates over the past year and are at historically high levels. While the short position was the Composite's most profitable during the first quarter, we remained short during the second quarter on the expectation that negative trends in consumer credit would continue. The stock rallied with the broader market as the financial sector began to catch up from a period of relative underperformance. Despite recent strong performance we remain short LC as higher for longer interest rates are likely to continue to pressure LC's customers.

OUTLOOK

The strong rally this year has surprised market observers as leading economic indicators suggested a slowdown or worse. The extreme level of monetary and fiscal stimulus during the pandemic has begged for a cyclical downturn to solve for high inflation and other areas of excess. However, inflation has eased, job and wage growth has remained favorable and concern about international economies have been unfounded. Corporate profits have declined, but by less than the average downturn. With the top-down picture providing such mixed directions, we take comfort in focusing on company specific investment ideas and idiosyncratic themes where we see good value.

One investment theme that continues to have a compelling outlook is commercial aerospace. The travel industry remains one of the strongest areas of the economy, and due to the combined impacts of the Boeing groundings and the pandemic, aircraft production has been woefully short of demand. This provides the aerospace supply chain with years of visibility to regain production equlibrium while also creating more demand for maintenance and repair of older aircraft that continue to fly. The margin structure of the industry is already high due to heavy regulation that ensures safety and reliability above all else. Increased scale from visible sales growth over the next decade should compound earnings growth for certain suppliers at a far faster rate than the overall economy, and likely better than analyst estimates. One of the primary beneficiaries of rising aircraft production is Park Aerospace (PKE). PKE is a primary supplier to the Airbus A320 family of planes, where production is set to ramp to 75 planes per month by 2025 from 40 planes per month earlier this year. PKE sales should more than double over the next four years, potentially driving earnings to $1.25. We think a 20x multiple could be appropriate for a high margin business that is growing at an above market rate, which offers meaningful upside from current levels.

Since aircraft production has not met demand, older planes remain in service longer than expected. The Composite's largest position continues to be FTAI Aviation (FTAI). FTAI, in cooperation with industry veteran parts manufacturer Chromalloy, has formed a JV to provide proprietary parts and service for major engine overhauls. This is required maintenance, and the JV company will be able to provide this service for roughtly half the cost of current original equipment manufacturer options. As a result, we expect this business to grow rapidly and view FTAI's ambition to reach 30%+ margins as high, but possible. If these goals are reached the company would double EBITDA within four years, likely supporting stock price appreciation to ~$50. The Composite also holds a position in VSE Corporation (VSEC), an aftermarket aerospace parts supplier that has a large maintenance, repair and overhaul business. We are enthusiastic that the company is divesting its slower growth government service division, and that they recently raised capital to increase investment into aerospace end markets. Due to its small size and evolving business mix, VSEC has not attracted much investor attention. As the business becomes streamlined, focused, and scaled into aerospace we expect that to change, and for the company to increase its margin goals later this year.

With more than $5.00 in earnings potential and a conservative mid-high teens multiple we think the stock will continue to appreciate.

The automotive sector also faced severe supply chain challenges during the pandemic and has not yet fully recovered. The chip shortage hit this business particularly hard and only recently have trends begun to normalize. Not dissimilar to aerospace, the lack of new car production resulted in older cars staying in service longer. This pushed used car prices higher, which in turn depressed demand as interest rates have risen sharply. ACV Auctions (ACVA) is a dealer to dealer auction company that we believe provides a better marketplace for wholesale used cars. The company performs detailed digital inspections of vehicles that are used to create a highly efficient and trustworthy used car marketplace. We believe that recent weakness in used car prices from record levels could finally unleash the power and scale of ACVA's business model that performed respectfully during the most trying times for their primary end market.

We also expect high value automotive component suppliers to see benefits as new car production increases, including Gentherm (THRM), Stoneridge (SRI) and Cerence (CRNC). They all have company specific value drivers that will augment the cyclical benefits of growing auto production. In the case of THRM, it has dominated the market for heated and cooled seats while generating a healthy double digit profit margin. In future periods, an acceleration of growth is coming from electric vehicle related content. In particular, THRM produces a novel HVAC system that potentially reduces energy consumption by 1/3 in electric vehicles. The ClimateSense HVAC system and other products increases the potential content per vechile by 3-5x[9] and underpins ~10% top line growth and EBITDA margin expansion to the high teens.

SRI is a component supplier focused on commercial truck dashboards. The company has a promising new product called MirrorEye which is displacing traditional rear view mirrors through a camera monitoring system that could improve driver safety and fuel efficiency. We expect a greater focus on profitabilty from recent management team changes. The combined impact of a recovery in freight markets and growth in MirrorEye market share could deliver several years of revenue growth and margin expansion. CRNC has been the standard for passenger vehicle communication and connectivity. They were spun out of Nuance Communications and a have had mixed results as an independent public company. Competition from Apple and Google for control of the car console has impacted demand, in addition to the company being poorly managed. A few critical changes have recently taken place. CRNC has improved its fiduciaries through changes in the CEO and other key members of the team. They have also demonstrated momentum on business wins as automakers appear to prefer to keep the tech giants from increasing participation in their vehicles. Finally, we feel the business is set to increase sales growth and margins in the second half of the year on higher content per vehicle.

Independent of the economy, we continue to invest in businesses that have secular growth as the primary driver of value creation. The healthcare sector continues to be a dynamic area to invest in companies that are high value-added suppliers to fast growing end markets. One such example is Cryoport (CYRX). CYRX is a provider of 'picks & shovels' to the therapeutics, animal health and reproductive medicine markets. The largest of these markets, therapeutics, is also the fastest growing. At the start of 2023, this end market grew 19%, led by 28% growth in commercial therapies.[10] A new category of drugs classified as cell and gene therapy have had promising outcomes for patients. As a result, the pipeline of products continues to grow with more therapies progressing through development trials and into commercial use. CYRX is not reliant on the success or failure of a single drug since they

[9] Gentherm Strategy Update, February 2023
[10] Cryoport First Quarter In Review, May 4, 2023

provide cold chain logistics for most of the drugs in development and on the market. The company's customers rely on CYRX to have the services and reliability to deliver these therapies to patients without delay or compromise. Further, the cost of these services is low relative to the value of the drugs to the manufacturer and patients. This creates a high barrier to switching suppliers and creates an annuity-like earnings stream for CYRX for each product. While these trends create a favorable platform for business, spending has slowed across the industry reflecting the realities of tighter financial conditions. CYRX and most of their peers have reduced their outlooks for FY2023. We are disappointed that the secular growth has not overwhelmed the near-term cyclical pressures. However, we anticipate the company will scale nicely in future periods and deliver 30%+ operating margins to drive the stock.

The rally in the markets year to date has pressured our existing short positions, but it has also presented opportunities to revisit certain short themes and stocks. In contrast to our longs, we have targeted areas of the market where trends have been robust and may slow going forward. We then look to identify company specific and thematic drivers to enhance our broad short theses. For example, since job growth has been historically strong, we do not anticipate that it will re-accelerate. Therefore, we have sought to short companies that we believe will encounter trouble with growth expectations as we move through 2023, such as Robert Half (RHI). We expect a slowdown in hiring to pressure the company's growth as businesses slow their pace of spending. Further, the company's focus on finance and accounting may become more at risk as automated solutions are applied by software companies through new developments in artificial intelligence. Lastly, we expect corporations to be more focused on costs this year. Outsourced services such as those from RHI typically come at a higher cost than internal solutions in exchange for flexbility. And since talent has been hard to hire, cutting third party services is a sensible response that should pressure RHI's sales and margins. Similarly, we expect Bright Horizons Family Solutions (BFAM) to see headwinds to its business. The company's largest business is day care facilities at corporate sites. With hiring slowing, growth will be more challenging. Secondly, wage inflation persists, particularly in the service economy, and this makes it more difficult for the likes of BFAM to increase margins. Lastly, amidst extreme tightness in the labor market companies offered generous incentives such as fully paid child care as a competitive tool that may not be as necessary as the labor demand normalizes.

The economic shift away from goods and into services continues to put companies with above trend pandemic growth at risk. Growth oriented companies often find it difficult to accept that recent success was due to factors other than their 'great' products and corporate strategies. One such example is YETI Holdings (YETI). The company grew rapidly during and after the pandemic and has since struggled to grow at similar rates. We think the outlook for this year remains too optimistic. To the company's credit, the products are great. Since they can last a long time, high value items like their eponymous coolers can see an prolonged period of weakness due to an extended replacement cycle. Competition is also fierce in YETI's end markets, and Stanley is one company that is showing meaningful share gains in another key category, drinkware. Another position that has a similar structure is Fox Factory (FOXF). The company sells suspension products and other components into the recreational vehicle market, including bikes, ATVs, snowmobiles and trucks. Sales in these end markets were remarkably strong over the past several years, but are starting to show fatigue.[11] The company has a track record of solid results and we expect a year of transition and negative earnings revisions will cause the market to question its 20x+ earnings multiple.

Overall, the economic outlook remains unclear, with valid arguments for both a bull and bear market narrative. The potential for a weakening backdrop signalled by the yield curve and leading economic indicators suggest caution may again be warranted. Facing this is resilient job and wage growth that continues to fuel consumer spending.

[11] Shimano's Bike-Related Sales Down 18% in First Half, Bicycle Retailer, July 25, 2023

Since the corporate sector often fares better than the overall economy, it may turn out that profits bottomed in Q2 2023 with a relatively mild decline. Regardless of the near term economic trends, small caps have undeperformed large caps by near record levels, pricing in a lot of the bad news and creating opportunities to invest at lower relative prices. We continue to identify ways to capitalize on weakness in our focus list long stocks while also prudently allocating short capital to benefit from business challenges during this unfolding cycle. Our emphasis on finding companies that have meaningful catalysts and near-term value drivers keeps us energized as we invest for the second half of 2023.

Exhibit 1: Small cap forward P/E below the long-term average
Russell 2000 Forward P/E, 1985-6/30/2023

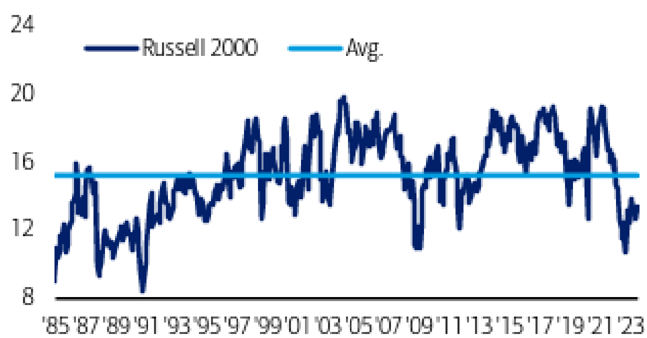
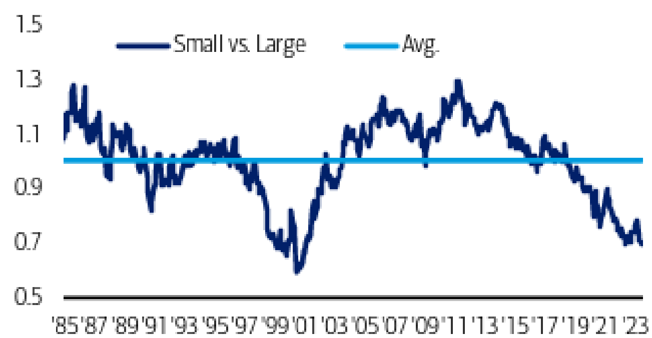


Exhibit 2: Small caps remain historically cheap vs large caps
Relative Forward P/E: Russell 2000 vs Russell 1000, 1985-6/30/2023



Source: 1H23: Multiple Expansion Drove Performance, BofA, July 13, 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 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

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All figures are unaudited. These figures are based upon estimates. Estimates are subject to change. Historical results are not indicative of future performance.

i. 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.

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. 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.