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**April 18, 2023**

**Dear Partner:**

Liberty Park Fund, LP's value increased 7.45%, net of fees, in the first quarter of 2023 vs. a 2.74% increase in the Russell 2000. The 6.02% increase in our long positions contributed 6.16% on a weight-adjusted basis, while the 1.25% decrease in our shorts contributed 1.08% on a weight-adjusted basis. Gross exposure averaged 140.98%. Net exposure averaged 28.08%. Gross Pure Alpha<sup>1</sup>— our proprietary measure of returns generated from stock selection— was 4.80% for the quarter.

Liberty Park Select Opportunities, LP's value increased by 0.57%, net of fees, in the first quarter. Gross exposure averaged 96.40%.

	Liberty Park Fund <sup>1</sup>		Liberty Park Select Opportunities <sup>2</sup>	Benchmark Returns
	Average Net Long Exposure	Net Return	Net Return	Russell 2000
1Q23	28.08%	7.45%	0.57%	2.74%
YTD	28.08%	7.45%	0.57%	2.74%
Trailing 12 Months	31.15%	-8.04%	-38.76%	-12.62%
Annualized Trailing 5 Years	25.93%	5.50%	0.78%	4.80%
Annualized Since Inception	17.83%	5.20%	7.34%	

1.) Inception February 2011

2.) Inception February 2016

*\*\*Please see final page for disclaimers\*\**

## 1Q23 Performance Analysis

We are pleased that Liberty Park Fund, LP has gotten off to a strong start in 2023. January was a particularly strong month for both of our funds, and LPF was able to use the market's strength to install several new short positions; those positions greatly helped the portfolio in February and March as the market receded.

## Long Performance

Best Performing Longs				
Name	Ticker	Return	LPF Contribution	Select Contribution
inTEST Corporation	INTT	101.36%	2.14%	N/A
Altair Engineering Inc	ALTR	58.59%	1.68%	N/A
Thryv Holdings Inc	THRY	21.37%	1.47%	2.94%

- INTT manufactures induction heating solutions for growing silicon carbide (SiC) crystals. The company beat analysts' earnings expectations and shares rose during the quarter along with other silicon carbide industry peers.
- ALTR reported better-than-expected earnings and guidance. The company benefitted from a recovery in technology stocks, which was especially strong for companies associated with artificial intelligence.
- THRY reported a better-than-expected fourth quarter in which its marketing services segment grew (vs. a forecasted decline of ~20% a year). Despite the better-than-expected results for marketing services, we expect the revenue contribution from the company's SAAS segment to surpass revenues from marketing services this year. We expect this change in mix to cause a significant reweighting in the price of THRY shares.

Worst Performing Longs				
Name	Ticker	Return	LPF Contribution	Select Contribution
Liberty Energy Inc	LBRT	-19.68%	-1.07%	-2.20%
Luna Innovations Inc	LUNA	-18.20%	-1.00%	-2.47%
Kornit Digital Ltd	KRNT	-15.72%	-0.97%	-1.88%

- LBRT reported better-than-expected 4Q:22 results but the share price was impacted by falling oil and gas prices towards the end of 1Q:23. The company continues to report faster growth and higher margins than its oilfield services peers and continues to return capital to shareholders. During the quarter, the company increased the size of its share repurchase program and reinstated its dividend.
- LUNA's share price gave back some of its recent gains after the company reported in-line 4Q:22 results and 2023 guidance.
- KRNT lowered its guidance and delayed its return to profitability as machine orders are being pushed out. Despite the near-term pressure on equipment sales, the high-margin consumables (textile inks) business continues to grow and is underappreciated by investors.

## Short Performance

Best Performing Shorts			
Name	Ticker	Return	LPF Contribution
Titan Machinery Inc.	TITN	-23.36%	0.69%
Titan International Inc	TWI	-31.59%	0.45%
H&E Equipment Services, Inc.	HEES	-1.97%	0.42%

- TITN and TWI both showed sequential revenue and margin declines beyond what analysts were anticipating.
- HEES shares fell late in the quarter despite better-than-expected 4Q:22 results. We believe that cyclicals are likely to underperform in a period with tightening credit markets and normalizing supply chains.

Worst Performing Shorts			
Name	Ticker	Return	LPF Contribution
ATI Inc	ATI	32.15%	-0.64%
Olympic Steel, Inc.	ZEUS	55.85%	-0.50%
Landstar System, Inc.	LSTR	11.45%	-0.28%

- ATI and ZEUS each reported better-than-expected earnings caused by a widening spread between selling prices and commodity prices. We expect these spreads to compress and for margins at each of the companies to revert back to normal levels.
- LSTR rose in the quarter despite weaker-than-expected results. The freight transportation market had a promising start to the year, but we think the strength will be short lived.

## Portfolio Outlook

Investor sentiment was more positive at the beginning of 2023 than it was at the end of 2022. The consensus view in January envisioned an almost Goldilocks scenario with a “soft landing” (if any landing at all) for the economy, slowing inflation and a less hawkish Fed. The party didn’t last long though. The equity market’s surge and inflation’s stickiness pushed the Fed back to more hawkish language in February. Then, in March, Silicon Valley Bank’s acknowledgment of balance sheet weakness set off a banking system panic.

To our surprise and dismay, the Fed decided to hike interest rates 25 basis points after a slew of bank failures, rather than taking a pause. Thankfully, the Treasury’s assurance of depositor protection prevented further contagion. Unfortunately, we don’t think the coast is clear yet. More companies are likely to declare bankruptcy in coming months; many will be unprofitable tech companies that cannot find new equity investors, some will be banks

whose loan portfolios are now upside down and whose depositors are migrating to higher-yielding instruments/accounts. When “stuff starts to break,” the risk of contagion and chaos (i.e., disorderly unwinds) rises meaningfully. The Russia/Ukraine and China/Taiwan situations have mostly faded into the market background at this point but also represent major risks to geopolitical and economic stability.

To be clear, we are not bracing for a redux of 2008. The big banks and households are in much better economic shape than they were back then. Our concern is more about the market’s current risk/reward setup. Bottom line, we see many more risks to the downside near term than we do to the upside.

As such, Liberty Park Fund, LP likely will keep net exposure below 30% in the near term. The longer-term oriented Liberty Park Select Opportunities, LP will stay fully invested but with position-level and sector/factor-level diversity and a focus on high-quality businesses with idiosyncratic growth opportunities.

## **Core Long Positions**

### **Iteris, Inc (ITI)**

Iteris Inc is a provider of intelligent traffic systems (ITS) to public safety agencies. The company offers a one-stop portfolio of smart cameras and sensors, software and managed services, and traffic consulting and implementation services.

Starting in the fiscal third quarter of 2022, Iteris’ sensor business began running into component shortages stemming from Chinese COVID lockdowns. ITI was forced to source components on the spot market at prices 2x-20x regular prices. Product gross margins fell from a high of 49% in 3Q:F22 to just 4% in 2Q:F23. Iteris responded by qualifying alternative component designs at new suppliers, which managed to return product gross margins to 30% by 3Q:F23. Management expects full normalization in 4Q:F23.

The margin squeeze and relative underperformance of small-cap growth stocks caused Iteris stock to fall nearly 70% from its 2021 highs. We view the sell-off as short-sighted.

There is a secular shift towards smart traffic sensors to replace in-ground wire loops. Smart traffic sensors enable more precise traffic detection and control which can make a meaningful difference in helping safety agencies achieve goals of increased safety, reduced emissions, and lower traffic congestion. We believe Iteris is in the pole position to benefit from this shift – the company has been selected for virtually every large competitively sourced detection sensor, fixed travel time sensor, and cellular vehicle-to-everything (CV2X) sensor initiative across the country.

Additionally, public agency purchasing behaviors and priorities are shifting away from one-off, hardware-only purchases towards larger, multiyear contracts with embedded software and managed services components. Iteris has benefited from this change in behavior. The company’s SaaS revenues have been growing at a >20% CAGR and are expected to make up >35% of revenues in FY2027.

The recent passing of the Infrastructure Investment and Jobs Act (IIJA) and Safe Streets for All programs will funnel ~\$600 billion over the next 10 years to transportation improvements, including data collection, analytics, and smart communications. The benefits of this spending are not reflected in Iteris' guidance, despite already being awarded its first contract win as a result of the new funding.

We believe Iteris is an underfollowed, misunderstood pure-play on the secularly growing and recession resistant smart traffic industry that is still in the first innings the transition to smart sensors and a decade-long funding tailwind. The company has a credible path to generating \$50 million in run-rate EBITDA over the next 3 years. We expect the stock to appreciate significantly as growth continues and margins normalize.

### **In Full Disclosure**

On April 1, Chuck added approximately \$60,000 to his investment in Liberty Park Fund, LP via his SEP-IRA, and Kurt added approximately \$50,000 to his investment in Liberty Park Select Opportunities, LP via his SEP-IRA.

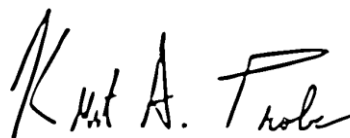
As is our standard annual practice, our general partner entity Liberty Park Partners, LP (LPP) will redeem part of its investment in each of our funds in order to assist the partners in paying their previous year's tax burden. This year, LPP will redeem \$50,000 from Liberty Park Fund, LP and \$25,000 from Liberty Park Select Opportunities, LP.

We will waive normal notice requirements for redemptions/subscriptions for April/May so that all other limited partners are able to make adjustments as well.



Chuck

Charles P. Murphy, CFA  
Portfolio Manager  
Liberty Park Fund, LP &  
Liberty Park Select Opportunities, LP



Kurt

Kurt A. Probe, CFA  
Co-Portfolio Manager  
Liberty Park Fund, LP &  
Liberty Park Select Opportunities, LP

## Liberty Park Fund, LP Top 20 Long Positions as of March 31, 2023

Long exposure	75.75%	Wght avg mkt cap	2,087 million	Top 5 names	<u>% of AUM</u> 30.26%	<u>% of invested capital</u> 23.05%
Short exposure	55.49%	Longs	1,343 million	Top 10 name	47.18%	35.95%
Gross exposure	131.24%	Shorts	2,832 million	Top 15 name	60.64%	46.20%
Net exposure	20.27%					
		Wght avg analysts	6.4			

### Long

Name	Ticker	Cost per sh.	% of port	Current price	% of port	Mkt cap	# of analysts
Thryv Holdings Inc	THRY	\$ 25.56	8.57%	\$ 23.06	7.73%	801	5
Bel Fuse Inc	BELFB	\$ 31.01	6.12%	\$ 37.58	7.42%	494	3
Luna Innovations Inc	LUNA	\$ 8.91	7.25%	\$ 7.19	5.85%	240	5
Iteris Inc	ITI	\$ 4.14	4.24%	\$ 4.69	4.80%	201	6
VSE Corporation	VSEC	\$ 37.55	3.72%	\$ 44.90	4.45%	578	5
Liberty Oilfield Services -A	LBRT	\$ 12.53	3.62%	\$ 12.81	3.70%	2,254	5
Standex International Corp	SXI	\$ 117.43	3.49%	\$ 122.44	3.63%	1,462	5
E2Open Parent Holdings Inc	ETWO	\$ 8.82	5.09%	\$ 5.82	3.36%	1,759	5
Extreme Networks Inc	EXTR	\$ 8.77	1.47%	\$ 19.12	3.20%	2,470	5
Kornit Digital	KRNT	\$ 25.09	3.92%	\$ 19.36	3.03%	964	6
InTEST Corp	INTT	\$ 9.57	1.40%	\$ 20.74	3.03%	231	6
Franlin Covey Co	FC	\$ 48.62	3.65%	\$ 38.47	2.89%	535	4
NV5 Global Inc	NVEE	\$ 103.14	2.62%	\$ 103.97	2.65%	1,615	5
Hayward Holdings	HAYW	\$ 8.95	1.94%	\$ 11.72	2.54%	2,492	9
Skyline Champion Inc	SKY	\$ 51.57	1.62%	\$ 75.23	2.36%	4,292	5
Altair Engineering Inc - A	ALTR	\$ 28.28	0.91%	\$ 72.11	2.32%	5,774	8
Nlight Inc	LASR	\$ 12.87	2.75%	\$ 10.18	2.18%	465	5
Latham Group Inc	SWIM	\$ 5.05	3.24%	\$ 2.86	1.83%	328	3
Transcat Inc	TRNS	\$ 27.32	0.54%	\$ 89.39	1.76%	676	5
Porch Group Inc	PRCH	\$ 3.27	3.89%	\$ 1.43	1.70%	139	5
Value of Top 20 Longs			70.06%		70.43%		

## Liberty Park Select Opportunities, LP portfolio as of March 31, 2023

Gross exposure	94.35%	Wght avg mkt cap	815 million	Top 5 names	<u>% of AUM</u>	<u>% of invested capital</u>
		Wght avg analysts	5.3		53.61%	56.82%

<b>Long</b>							
Name	Ticker	Cost per sh.	% of port	Current price	% of port	Mkt cap	# of analysts
Thryv Holdings Inc	THRY	\$ 26.32	17.77%	\$ 23.06	15.57%	780	3
Luna Innovations Inc	LUNA	\$ 8.54	13.97%	\$ 7.19	11.76%	229	3
VSE Corp	VSEC	\$ 37.84	8.43%	\$ 44.90	10.01%	557	3
Liberty Energy Inc	LBRT	\$ 14.76	9.75%	\$ 12.81	8.46%	2,312	18
Nlight Inc	LASR	\$ 13.87	10.63%	\$ 10.18	7.81%	451	7
E2open Parent Holdings Inc	ETWO	\$ 8.44	11.13%	\$ 5.82	7.67%	1,753	4
Kornit Digital Ltd	KRNT	\$ 25.15	8.09%	\$ 19.36	6.23%	944	6
Skyline Champion Corp	SKY	\$ 59.76	4.21%	\$ 75.23	5.30%	2,810	6
Transcat, Inc.	TRNS	\$ 48.67	2.55%	\$ 89.39	4.69%	652	5
inTEST Corp	INTT	\$ 16.53	3.71%	\$ 20.74	4.66%	217	3
Latham Group Inc	SWIM	\$ 3.90	6.15%	\$ 2.86	4.50%	310	9
Porch Group Inc	PRCH	\$ 3.40	9.84%	\$ 1.43	4.14%	151	4
Iteris Inc	ITI	\$ 4.51	3.42%	\$ 4.69	3.55%	199	4
			109.65%		94.35%		

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Liberty Park Fund, LP and Liberty Park Select Opportunities, LP returns are audited; however, all other figures are estimated and unaudited. Net results reflect the net realized and unrealized returns to a limited partner after deduction of all operational expenses (including brokerage commissions), management fees and performance allocations. Performance data assume reinvestment of all distributions. Actual returns will vary from one limited partner to the next in accordance with the terms of the fund's limited partnership agreement. Past performance is not indicative of future results and investors risk loss of their entire investment. Performance results are shown for the period from March 2011 through March 2023.

References in this presentation are made to the Russell 2000 Index for comparative purposes only. Liberty Park Fund, LP and Liberty Park Select Opportunities, LP may be less diversified than the Russell 2000 Index. The Russell 2000 Index may reflect positions that are not within Liberty Park Fund, LP's investment strategy.