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**January 14, 2025**

**Dear Partner:**

Liberty Park Fund, LP's value increased 5.90%, net of fees, in the fourth quarter of 2024 vs. a 0.33% increase in the Russell 2000. The 16.97% increase in our long positions contributed 15.40% on a weight-adjusted basis, while the 14.63% increase in our shorts detracted 7.86% on a weight-adjusted basis. Gross exposure averaged 125.32%. Net exposure averaged 48.39%. Gross Pure Alpha<sup>1</sup>— our proprietary measure of returns generated from stock selection— was 5.98% for the quarter.

Liberty Park Select Opportunities, LP's value increased by 17.37% net of fees, in the fourth quarter. Gross exposure averaged 92%.

	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
4Q24	48.39%	5.90%	17.37%	0.33%
2024	38.08%	8.58%	37.84%	11.54%
Annualized Trailing 5 Years	30.29%	7.10%	4.41%	7.50%
Annualized Since Inception	20.01%	6.25%	12.01%	

1.) Inception February 2011

2.) Inception February 2016

3.) Subject to change based on delays in fund reporting

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

## **4Q24 Performance Analysis**

In our 2Q24 letter (dated July 25), we said that the June CPI report was the final datapoint the Federal Reserve needed to start cutting interest rates. We also said that the assassination attempt on Donald Trump in Butler, PA likely ensured his victory in November. Lastly, we said the combination of those developments would swing the market narrative to “risk on” and was very bullish for small-cap equities. Thankfully, we were right on all counts. More recently, we built a few baskets of bubble shorts in areas such as AI, quantum computing and “story” stocks; these baskets helped us in December when the equity markets took a breather.

## Long Performance

Best Performing Longs				
Name	Ticker	Return	LPF Contribution	Select Contribution
Xometry Inc	XMTR	124.42%	4.38%	4.63%
Upwork Inc	UPWK	56.46%	1.93%	3.65%
Chart Industries Inc	GTLS	53.73%	1.27%	N/A

- XMTR shares soared after reporting 24% marketplace revenue growth driven by an increase in customer count (aka network expansion). Gross margins improved to a record 39% and the company guided to its first adjusted EBTIDA positive quarter in 4Q.
- UPWK rallied after another quarter of revenue growth and raised guidance put to rest fears that the company's marketplace will be made obsolete by AI agents in the near term.
- GTLS rallied after Trump won the election. The Department of Energy paused approval of new LNG projects under President Biden, but we expect the new administration to dramatically increase investment in energy infrastructure.

Worst Performing Longs				
Name	Ticker	Return	LPF Contribution	Select Contribution
NV5 Global Inc	NVEE	-19.38%	-0.72%	-1.41%
Thryv Holdings Inc	THRY	-14.10%	-0.60%	-0.38%
Cognex Corp	CGNX	-11.46%	-0.46%	N/A

- NVEE fell after the company lowered guidance to reflect an accounting error associated with an acquisition the company made in 2023.
- THRY fell after announcing a share offering to pay for its acquisition of Infusion Software. Later in the quarter, ServiceTitan, Inc (TTAN), a direct competitor had an oversubscribed IPO. TTAN trades at a NTM revenue multiple of 13x while THRY trades below 2x despite similar growth and margins.
- CGNX reported in-line earnings and guidance. The company's end markets have been cyclically depressed for the past year or so, but we expect an upturn in 2025.

## Short Performance

Best Performing Shorts			
Name	Ticker	Return	LPF Contribution
Clear Secure Inc	YOU	-19.22%	0.57%
Modine Manufacturing Co	MOD	-12.70%	0.50%
Lightwave Logic Inc	LWLG	-23.91%	0.16%

- YOU reported slowing revenue growth and continued declines in member retention. Additionally, the TSA expanded its own touchless identity solution for PreCheck customers which could reduce demand for Clear's offering.
- MOD reported earnings and guidance in line with analysts' estimates. This broke the company's streak of large beat and raise quarters driven by demand for the company's data center cooling products.
- LWLG's CEO stepped down in December and shares fell more than 30%. The company has no revenue or customers.

Worst Performing Shorts			
Name	Ticker	Return	LPF Contribution
IONQ Inc	INOQ	377.92%	-1.23%
SoundHound AI Inc	SOUN	325.75%	-0.92%
Innodata Inc	INOD	135.66%	-0.88%

- This was a painful quarter to be short highly speculative names. Fortunately, each of these positions is small (<1% of assets) and losses were contained.
- INOD reported a much better-than-expected quarter driven by temporary demand for data entry associated with AI. We think demand for this service will wane as AI now has the capability to do this type of work without human intervention.
- Neither IONQ nor SOUN had any news to explain their respective moves, although Google reported a breakthrough in quantum computing that sparked a rally in shares of quantum computing related names. In Google's own panel after the Willow chip announcement, the company was optimistic that they are years from having commercially relevant uses for their quantum computers. Shares of quantum computing names are down sharply in 1Q25 after Nvidia's CEO Jensen Huang said the technology won't be useful for 15-30 years, and Facebook's CEO Mark Zuckerberg concurred.

## **Portfolio Outlook**

After surging in the weeks immediately before and after Trump's election, equity markets have pulled back out of concern that Trump's presidency will spark inflation and higher interest rates. While we acknowledge rate cuts are likely done and this limits further multiple expansion, we think GDP and corporate earnings will improve meaningfully and surprise to the upside in the next two years. We disagree with the consensus view that Trump's tariffs will cause significant inflation, but we do think they will modestly help domestic manufacturers. As such, we are significantly long small-cap equities in general and cyclical, domestic manufacturers in particular; in other words, we are long the "MAGA trade."

## **Core Long Positions**

### **Hirequest Inc (HQL)**

HireQuest operates a franchise-based staffing business model that we believe is superior to traditional staffing companies. Staffing companies provide temporary workers in the construction, industrial, hospitality, accounting, finance, healthcare, trucking, and other sectors. HireQuest provides back-office support, workers comp, financing, and software while the franchisees handle all day-to-day operations, including worker recruitment and client relationships. By making managers owners, HQL reduces key employee turnover and allows them to focus on growing their business (rather than managing finances and administrative matters). The model results in higher margins, better returns on capital, and less operational risk compared to traditional staffing businesses.

Under CEO Rick Hermanns' leadership, HireQuest has grown through a combination of organic growth and strategic acquisitions. The company has successfully acquired and integrated several traditional staffing businesses, converting them to its franchise model. In fact, this is how the company went public. In 2019, HireQuest did a reverse merger (effectively acquired) a micro-cap company called Command Center. In the transaction, HireQuest paid Command Center shareholders approximately \$25 million. However, Command Center had approximately \$15 million in working capital at closing, making the effective purchase price only \$10 million. HireQuest then converted Command Center's corporate-owned locations to franchises, generating approximately \$17 million in franchise sales to branch managers. In essence, HireQuest was paid \$7 million to acquire Command Center's business.

The economy and employment weakened over the past year or so, but with recent rate cuts and a Trump presidency ahead, we think the picture will brighten soon. We also think the opportunity to acquire small staffing companies and convert them to the franchise model is enormous. HireQuest has proven its ability to maintain profitability and cash flow in periods of economic weakness due to its franchise model. Even in periods of high unemployment, the company generates significant free cash flow, which it deploys into acquisitions and shareholder returns.

At current prices (~\$13/share), HireQuest trades at less than 10x our estimate of normalized earnings power, a significant discount to both traditional staffing companies and franchise

businesses. We believe the market is undervaluing both the durability of the franchise model and the company's growth opportunities through additional acquisitions. As HireQuest continues to execute its strategy and the market better appreciates its business model, we expect the stock to trade more in line with other high-quality franchise businesses, suggesting 50-100% upside from current levels.

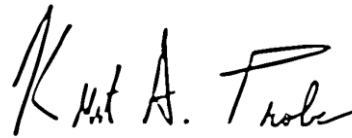
### **In Full Disclosure**

In accordance with our standard end-of-year practice, on January 31, 2025, our general partner entity Liberty Park Partners, LP will redeem approximately \$265,000 of its investment in Liberty Park Fund, LP and \$12,500 of its investment in Liberty Park Select Opportunities, LP. These amounts approximate our performance allocation for 2024 and will be used to pay employees' year-end bonuses. Our portfolio manager, Chuck Murphy, will also redeem approximately \$70,000 from each fund for taxes and personal liquidity. We understand that other limited partners may appreciate some liquidity headed into the new year; if so, please reach out to us, and we will try to accommodate.



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 December 31, 2024

					<u>% of AUM</u>	<u>% of invested capital</u>
Long exposure	86.54%	Wght avg mkt cap	2,534 million	Top 5 names	22.16%	19.39%
Short exposure	27.77%	Longs	1,646 million	Top 10 name	39.79%	34.81%
Gross exposure	114.31%	Shorts	3,423 million	Top 15 name	54.26%	47.47%
Net exposure	58.77%					
		Wght avg analysts	6.6			

### Long

Name	Ticker	Cost per sh.	% of port	Current price	% of port	Mkt cap	# of analysts
Blackline Safety Corp	BLN	\$ 4.09	3.37%	\$ 6.83	5.62%	501	3
Cognex Corp	CGNX	\$ 36.88	4.35%	\$ 35.86	4.23%	6,108	6
Limbach Holdings Inc	LMB	\$ 36.61	1.78%	\$ 85.54	4.15%	963	3
Titan Machinery Inc	TITN	\$ 14.33	4.15%	\$ 14.13	4.09%	319	3
Whirlpool Corp	WHR	\$ 104.16	3.71%	\$ 114.48	4.07%	6,365	8
Xometry Inc	XMTR	\$ 12.89	1.17%	\$ 42.66	3.89%	1,825	5
InTEST Corp	INTT	\$ 12.61	5.58%	\$ 8.59	3.80%	93	2
Thryv Holdings Inc	THRY	\$ 19.28	4.43%	\$ 14.80	3.40%	629	7
HireQuest Inc	HQI	\$ 19.16	4.47%	\$ 14.16	3.30%	195	2
Latham Group Inc	SWIM	\$ 2.59	1.20%	\$ 6.96	3.24%	832	6
PowerFleet Inc	AIOT	\$ 4.56	2.19%	\$ 6.66	3.20%	840	4
Mayville Engineering Co Inc	MEC	\$ 16.09	3.12%	\$ 15.72	3.04%	335	9
Tecnoglass Inc	TGLS	\$ 36.65	1.35%	\$ 79.32	2.91%	3,702	7
NV5 Global Inc	NVEE	\$ 23.36	3.46%	\$ 18.84	2.79%	1,257	7
Skyline Champion Inc	SKY	\$ 65.06	1.86%	\$ 88.10	2.52%	5,468	-
Bel Fuse Inc	BELFB	\$ 26.23	0.72%	\$ 82.47	2.26%	1,073	3
Lakeland Industries Inc	LAKE	\$ 20.06	1.66%	\$ 25.55	2.12%	168	4
Clarus Corporation	CLAR	\$ 5.75	2.70%	\$ 4.51	2.12%	173	3
BK Technologies Group	BKTI	\$ 33.01	2.02%	\$ 34.29	2.10%	114	-
Core Molding Technologies Inc	CMT	\$ 17.61	2.17%	\$ 16.54	2.04%	139	1
Value of Top 20 Longs			55.45%		64.89%		

## Liberty Park Select Opportunities, LP portfolio as of December 31, 2024

Gross exposure	83.40%	Wght avg mkt cap	\$	1,383	million	Top 5 names	<u>% of AUM</u>	<u>% of invested capital</u>
		Wght avg analysts		3.4			36.38%	43.62%
<b>Long</b>								
Name	Ticker	Cost per sh.		% of port	Current price	% of port	Mkt cap	# of analysts
Whirlpool Corporation	WHR	\$ 104.02		6.56%	\$ 116.55	7.35%	6,310	8
Titan Machinery Inc	TITN	\$ 14.31		7.22%	\$ 13.82	6.97%	319	3
Xometry Inc	XMTR	\$ 17.23		2.74%	\$ 43.70	6.94%	2,011	5
inTEST Corp	INTT	\$ 12.89		10.55%	\$ 8.19	6.70%	113	2
Limbach Holdings Inc	LMB	\$ 43.32		3.22%	\$ 88.01	6.53%	1,054	3
Blackline Safety Corp	BLN	\$ 4.30		5.58%	\$ 6.48	8.41%	555	3
Latham Group Inc	SWIM	\$ 2.90		2.43%	\$ 6.95	5.82%	753	6
Tecnoglass Inc	TGLS	\$ 36.62		2.41%	\$ 81.72	5.37%	3,535	7
Hirequest Inc	HQI	\$ 13.42		5.09%	\$ 13.90	5.27%	186	2
NV5 Global Inc	NVEE	\$ 24.09		6.39%	\$ 18.82	4.99%	1,221	7
Bel Fuse Inc	BELFB	\$ 50.00		2.59%	\$ 83.68	4.33%	1,003	3
Kornit Digital Ltd	KRNT	\$ 14.42		1.74%	\$ 31.78	3.84%	1,459	6
Thryv Holdings Inc	THRY	\$ 20.79		4.73%	\$ 14.15	3.22%	3,310	7
Upwork Inc	UPWK	\$ 10.52		1.97%	\$ 16.74	3.13%	2,105	8
VSE Corp	VSEC	\$ 34.59		1.06%	\$ 98.39	3.01%	1,898	3
Luna Innovations Inc	LUNA	\$ 7.24		6.71%	\$ 1.62	1.50%	30	-
				70.98%		83.40%		

## DISCLAIMERS

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This quarterly letter is subject to a more complete description and does not contain all of the information necessary to make an investment decision, including, but not limited to, the risks, fees and investment strategies of the Fund. Any offering is made only pursuant to the relevant private offering memorandum, together with the current financial statements of the Fund, if available, and a relevant subscription application, all of which must be read in their entirety. No offer to purchase interests will be made or accepted prior to receipt by an offeree of these documents and the completion of all appropriate documentation.

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 December 2024.

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.

Gross Pure Alpha<sup>1</sup> is a metric we use internally to monitor our stock selection performance.  $\text{Gross Pure Alpha} = \text{Gross Return} - \text{Leverage Contribution} - \text{Beta Contribution}$ .  $\text{Leverage Contribution} = \text{Gross Return} - [\text{Gross Return} / \text{Average Gross Exposure (when greater than 100\%)}]$ .  $\text{Beta Contribution} = \text{Russell 2000 Index Return} \times \text{Average Net Exposure}$ .

Alpha<sup>2</sup> is a Beta-Adjusted Alpha calculation.  $\text{Alpha} = \text{Net Return} - (\text{Fund Beta} \times \text{Russell 2000 Index Return})$



