



MONTHLY PERFORMANCE, NET OF FEES

August 2020

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	(7.28)	(8.74)	(34.61)	8.27	(5.65)	.89	(8.00)	1.94	--	--	--	--	(46.52)
2019	8.16	4.01	(5.55)	3.79	(4.79)	4.89	2.52	(6.57)	5.10	2.97	4.57	3.10	23.09
2018	1.13	(1.62)	1.28	.22	3.73	(.22)	(1.36)	.61	(3.10)	(10.40)	1.26	(14.87)	(22.36)
2017	1.64	2.13	(.06)	.20	(2.50)	3.19	(.14)	(1.09)	6.06	.65	2.82	(1.88)	11.26
2016	(7.38)	(3.72)	4.99	4.91	1.37	(1.60)	3.82	3.93	(.19)	(.09)	12.18	7.51	27.14
2015	(6.42)	4.57	6.43	(.79)	.27	3.23	2.19	1.66	1.61	3.54	4.42	.39	22.54
2014	(.43)	1.34	1.31	(3.39)	.85	1.52	(3.59)	1.08	(2.75)	8.94	(.52)	5.22	9.27
2013	4.58	.74	1.62	(1.65)	1.62	2.45	5.99	(2.10)	2.30	1.38	4.20	1.12	24.30
2012	2.42	.57	3.09	(1.01)	(2.59)	2.59	.06	1.98	3.12	.37	(.91)	2.49	12.67
2011	--	--	--	--	--	--	--	--	(.64)	3.05	.91	1.66	5.04

OVERVIEW:

Stocks closed higher for the fifth consecutive month lead by continued strong performance of growth-oriented stocks, primarily technology. The S&P 500 closed at an all-time high for the first time since February. Bank stocks performed well, lagging the overall market as the dispersion between value and growth grew wider. Many analysts agree that at some point we would see a rotation back into value, even if for a short time. We have since seen (this month) some evidence of this phenomena as momentum stocks have taken a pause. Markets were lifted by positive news as it relates to a potential vaccine, continued central bank support and better than expected economic data.

According to Morningstar, leadership from the mega-cap technology names have continued to accelerate this year, with the top-five names (Apple, Microsoft, Google, Amazon and Facebook) now constituting more than 24% of the S&P 500's market capitalization. (1) The strength of the overall market, in the near-term, seems disconnected from current economic realities. Short term speculation has been supported by aggressive fiscal and monetary policy and stronger than expected economic indicators of future growth.

Mid-month the Department of Labor released data showing initial jobless claims coming in at 881,000, beating analysts' estimates. The economy also added 1.4 million jobs in August, with 10.1% growth in productivity. (2) On the economic front, the U.S. deficit has reached a 12-year high. The Federal Reserve reiterated the "lower for longer" message but did pivot from historical framework on inflation targets to gauge rate movement. Commentary suggested inflation could run higher for periods without implications for higher rates. The market also reacted very positive to this news.

Having been postponed from May, the extremely popular, "Gulf South Bank Conference" was "virtually-held" in August this year. The conference is directly sponsored by many of the regional community banks of the Southeast. Management teams reported a slowing of deferrals from elevated levels in the first two quarters of 2020. It is still uncertain if this will correspond to an increase in problem credits, but we feel confident, with the level of reserves-built year to date, the majority of banks will be able to withstand the potential for credit deterioration. It's important to note, new regulation, specifically CECL, has also contributed to the increase in reserves as the implementation this year was meant to build reserve levels in good times to manage stresses in the economy as it comes to pass. This could set up for meaningful reserve releases, beneficial for the banks if credit losses do not unfold as expected or to the level expected.



(continued)

It appears regional economies are open and performing well. There may be a more difficult, longer waiting period for the Hospitality/Restaurant sector to rebound meaningfully. Organic loan growth overall is somewhat muted, but mortgage business lines are very robust. The housing market is firing on all cylinders with demand outstripping supply. Lastly, cost controls and capital preservation have been a strong focus, although encouragingly we have seen some banks re-establish buybacks.

M&A volumes, as we have previously commented, have slowed dramatically. The Fund benefitted from a rare mid-month deal. Fund holding, Bay Bank of Virginia (BAYK) agreed to be acquired by Blue Ridge Bank (BRBS), also of Virginia. The deal was priced at 85% of TBV (lower end) and there will likely be a Russell Index inclusion, when the deal settles. Pro-forma, the combined company will have \$2.4 billion in assets, (\$1.9 billion in loans and \$2.2 billion in deposits.) The transaction assumes savings equal to roughly 28% of BAYK's non-interest expense, 75% of those cost saves will be realized in 2021.

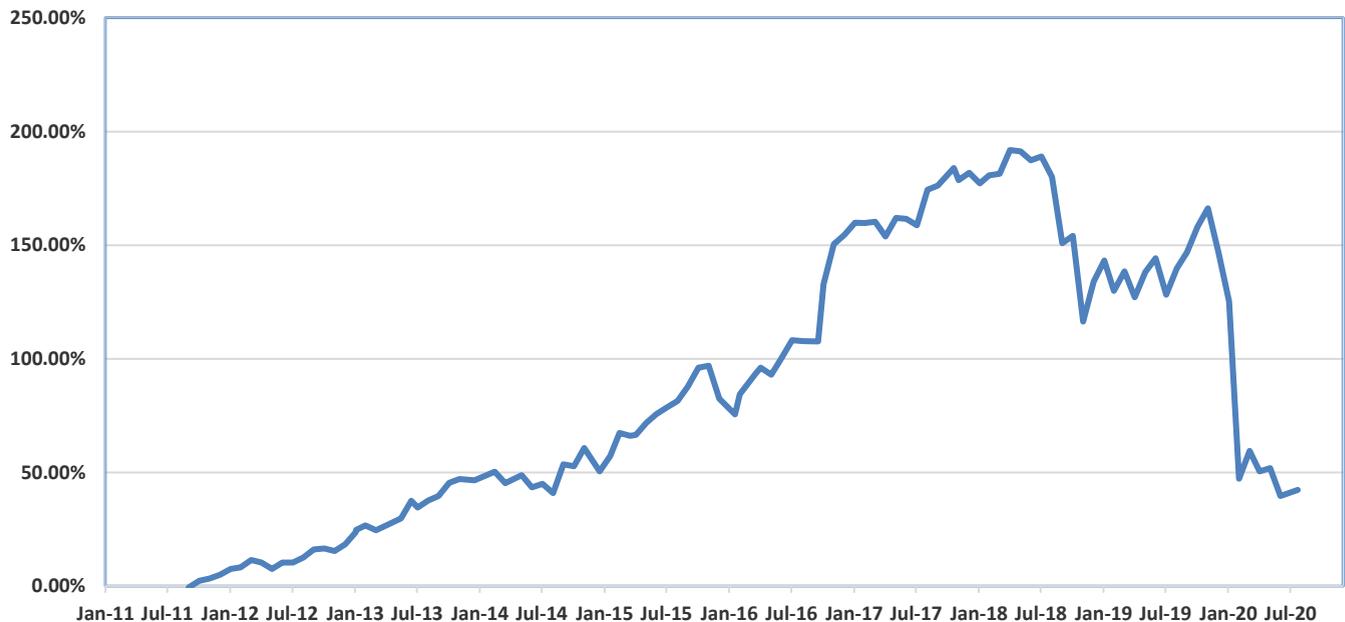
As we enter the 3rd and 4th quarters, we are encouraged by more positive commentary on the financial sector. As the economy recovers, banks will continue to be the solution not the problem and will benefit as conditions improve. Most banks have maintained current level of dividends which offer healthy yields for investors. Increased confidence in a recovery could spur reserve releases contributing to better sentiment and improved valuations.

We feel now is the time to consider adding to existing exposure in the community bank space. If you would like to schedule a call to learn more about our outlook, please contact us.

1 Morning Star
2 Edward Jones

GRAPH:

IRON BAY FUND, LP





RETURN DATA:

<i>Total Return Since Inception</i>	42.35%
<i>Annualized Return from Inception</i>	4.00%
<i>Average Monthly Return</i>	.49%
<i>Std. Deviation of Monthly Return</i>	5.29%
<i>Sharpe Ratio Since Inception</i>	.18
<i>Beta Since Inception vs. S&P 500</i>	.63

	IRON BAY FUND, LP	NASDAQ BANK INDEX	RUSSELL 2000
<i>August 2020</i>	1.94%	2.39%	5.50%
<i>YTD</i>	(46.52%)	(31.91%)	(6.39%)
<i>Last 12M</i>	(37.60%)	(21.61%)	4.48%
<i>Last 3Y (Annualized)</i>	(18.05%)	(9.04%)	3.58%
<i>Last 5Y (Annualized)</i>	(4.43%)	(.33%)	6.14%
<i>Inception (Annualized)</i>	4.00%	6.46%	8.88%

*All reported Iron Bay Fund, LP returns are NET OF FEES.



SERVICE PROVIDERS & INVESTMENT TERMS

Fund Manager	Robert Bolton
Management Fee	1.75%
Performance Fee	20%
Lock Up	None
Redemptions	Quarterly with 60 Days Notice
Administrator	Virtus Partners
Auditor	KPMG
Prime / Custodian	TD Securities
Legal	Woods Oviatt Gilman, LLP

CONTACT INFORMATION

Iron Bay Capital

350 Linden Oaks
Suite 140
Rochester, NY 14625
(585) 348-9226

rbolton@ironbaycapital.com

www.ironbaycapital.com

Partnership Overview: Iron Bay Fund, LP is a limited partnership that focuses on investing in the securities of US domiciled, publicly traded financial services companies, particularly community banks. The Partnership has the ability to sell short securities and may utilize moderate leverage in an effort to enhance returns. Iron Bay Fund, LP seeks to invest in companies that have attractive valuations based on fundamentals, merger and acquisition opportunities, increasing dividend payouts and above average capital deployment opportunities. Investments are selected using in-depth fundamental research, supported by robust trading discipline and risk management techniques.

Past performance of the funds is no guarantee of future returns. The return data presented in our monthly letter is representative of our day-one investor returns. Specific investor returns may vary due to the time they came into the fund. This report is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy limited partnership interests or shares. Offers can only be made via an offering memorandum, which is available to qualified investors. The respective offering memoranda include a more complete discussion of the various risk factors associated with an investment in the Fund. The limited partnership interests and shares, as applicable, of the Fund have not been registered under the Securities Act of 1933 or applicable state securities laws and are being offered and sold pursuant to an exemption available under such Act for securities issued in a private placement and corresponding provisions of state law. The information contained in this presentation is confidential, proprietary to Iron Bay Capital GP and may be used by the recipient for the sole purpose of considering an investment in the Iron Bay Fund LP.