IRON BAY CAPITAL

Iron Bay Fund, LP

MONTHLY PERFORMANCE, ***NET OF FEES***

October 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	(4.89)	13.78	--	--	**(42.13)**
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:

The outcome of the election (including a possible delay), and heightened concern over the recent rise in coronavirus cases throughout the U.S and Europe, pressured the market in October. Increased volatility and uncertainty drove de-risking activity in investor portfolios as markets appeared to be indifferent to improved earnings reports and fundamentals across most sectors. The banking sector, a rare bright spot, recovered some lost ground in October and outperformed, driven by better-than-expected credit profiles and a rising ten-year US Treasury yield.

The economy had a remarkable recovery in the 3Q registering a 33% increase in GDP, after contracting from the start of the epidemic by an equally striking drop of 31.4%. Massive amounts of fiscal stimulus provided through the CARES Act and Federal Reserve actions including slashing rates to zero, helped stabilize the economic fallout from the virus. Nominal consumer spending came in above expectations at 1.4% versus 1% recorded in August. We are cognizant that for the economy to sustain momentum we need to see a pickup in the services sector which may be delayed due to the nearer term escalation in Covid cases. Work-from-home has spurred a housing boom in the suburbs and with mortgage rates at record lows, residential spending has been another bright spot in the recovery. Additionally, refinancing demand remains high.

Mortgage origination and refinancing activity bode well for the banking sector in the third quarter. Bank earnings were better than expected which contributed to the more positive sentiment in the month. As we have previously commented, the perfect storm of the CECL (accounting standard implementation) and a national health crisis, had banks set aside a massive amount of reserves in anticipation of worst-case scenarios. Deferrals climbed amid attempts to assist small businesses and consumers sustain the economic shutdown. Extraordinary measures were taken to help main street and avoid a total collapse. It is widely expected that we will see another round of stimulus. In the 3rd quarter, deferrals came down materially and loan loss provisions were lower. Banks have many levers to pull and we have seen expense reductions with branch rationalization and a bigger focus on fee income including wealth management, insurance, and mortgage servicing.

(continued)

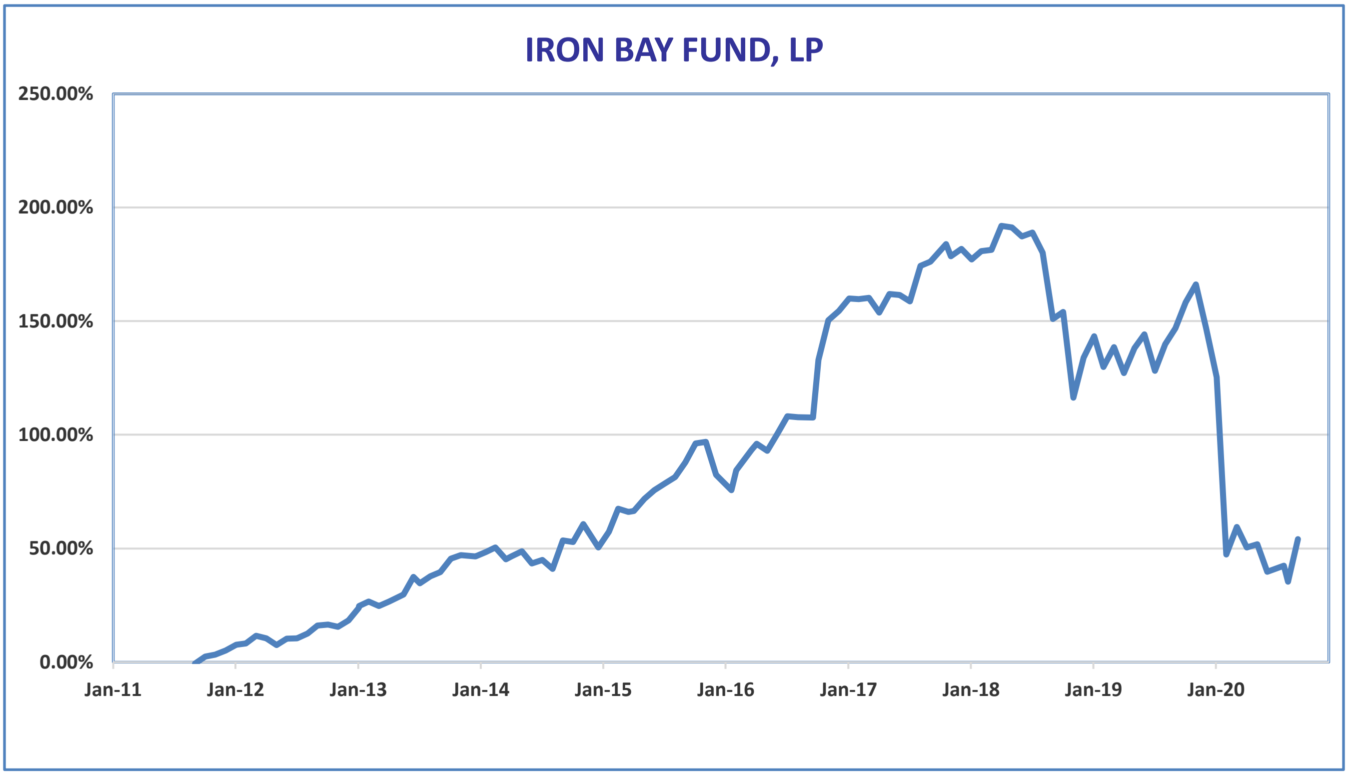
As companies boosted savings during the pandemic, banks have seen an influx of deposits. Banks are dealing with excess liquidity and are actively looking for avenues to re-deploy capital into earning assets. Loan growth remains low as businesses are staying on the sidelines from capital spending until there is a clearer path forward. To protect margins and manage cash flows, banks are building investment portfolios. We have heard more commentary around consolidation, and we would expect to see activity increase as conditions improve.

Although not impacting the Fund directly, we did see an interesting merger in October as First Citizens Bancshares, in North Carolina (FCNCA), agreed to merge with CIT Group (CIT) in New York, at an extraordinarily deep discount. The transaction was viewed favorably for both as FCNCA capitalized on purchasing at an attractive valuation and CIT will benefit from being able to restructure their balance sheet diversifying away from their wholesale funding model. We would expect to continue to see these types of unique transactions.

We are confident, banks and in particular, community banks will be an integral part of the solution for businesses and consumers. During this crisis, there is heightened awareness of their importance and their focus on relationships in local communities. We are encouraged by third quarter earnings and the confidence we hear from bank management teams.

This has been an exceedingly difficult year for so many. We appreciate your continued support and hope that you and your families remain healthy. If you would like to arrange a call, please contact us.

GRAPH:



RETURN DATA:

Total Return Since Inception	54.05%
Annualized Return from Inception	4.83%
Average Monthly Return	.56%
Std. Deviation of Monthly Return	5.42%
Sharpe Ratio Since Inception	.22
Beta Since Inception vs. S&P 500	.59

	IRON BAY FUND, LP	NASDAQ BANK INDEX	RUSSELL 2000
October 2020	13.78%	13.60%	1.92%
YTD	(42.13%)	(29.25%)	(7.79%)
Last 12M	(37.60%)	(24.60%)	(1.53%)
Last 3Y (Annualized)	(17.67%)	(10.69%)	.79%
Last 5Y (Annualized)	(3.89%)	(.35%)	5.78%
Inception (Annualized)	4.83%	6.78%	8.54%

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

IRON BAY CAPITAL

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.