IRON BAY CAPITAL

Iron Bay Fund, LP

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

November 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	19.51	--	**(30.83)**
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 rallied to new all-time highs in November amid positive vaccine news and the prospects of the presidential election in the rearview mirror. The small cap Russell 2000 index led with its best performance on record of +18.29%. Somewhat expected, we saw a strong rotation into value oriented cyclical stocks that will benefit from an economic recovery as a solution to the pandemic continues to emerge. The financial sector participated alongside the rotation with the Nasdaq Bank Index gaining +14.31%. The Iron Bay Fund outperformed with a +19.51% one-month return.

Most of the positive momentum came on the heels of encouraging vaccine data as “Operation Warp Speed” produced tangible results from leading pharmaceutical companies. This news was a welcome positive given the escalation of cases throughout the U.S. and new proposed national lockdown measures.

Market analysts have long commented that value will once again have its day, though they have been waiting on that day for some time. We have started to see evidence that day may be coming, as the sectors that have been under the most pressure year to date, primarily energy and financials, had strong performance in November. The financial sector got an additional boost from a rise in U.S Treasury yields.

With election results “pretty well” known and presuming Congress retains a Republican majority (at least as of this writing), we do not foresee any major changes ahead that could materially derail the market. Economic data reflected business activity increasing at the fastest pace in 5 years, with strength in services and manufacturing. However, unemployment levels remain elevated and a much-needed stimulus package has stalled due to political wrangling. Additionally, there has been an uptick in bankruptcy filings.

(continued)

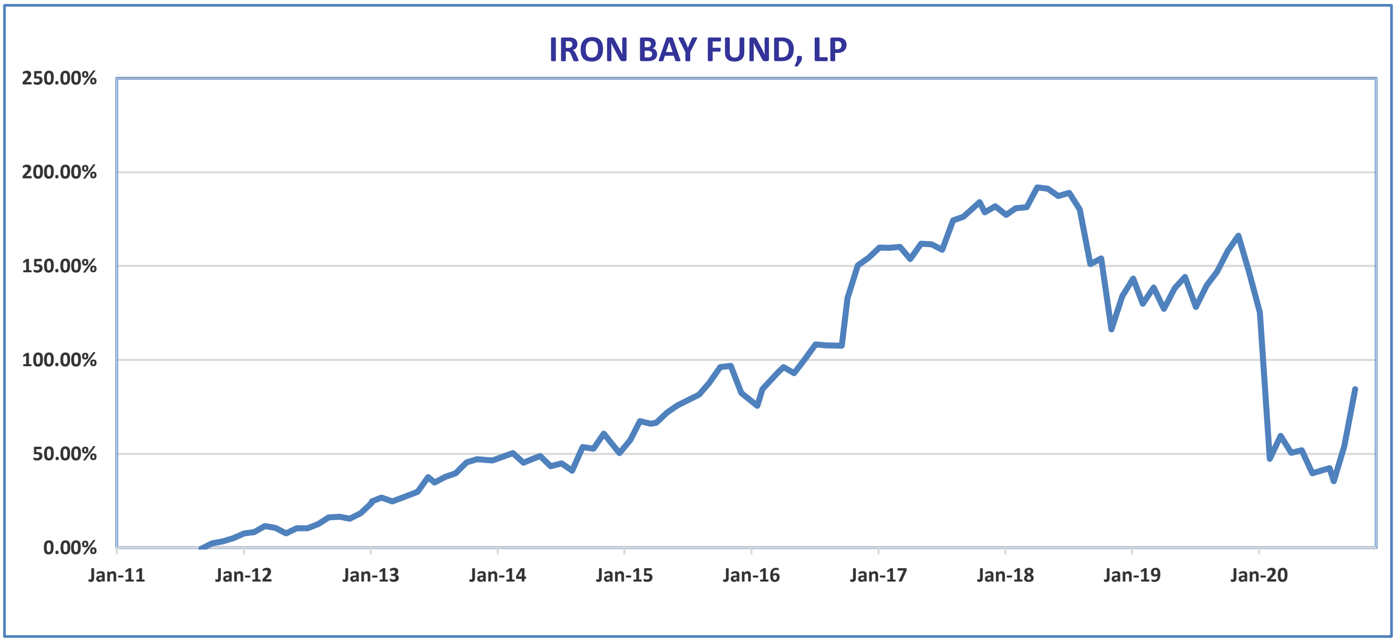
Banks have benefitted from the loan growth attributed to the Paycheck Protection Program (PPP). Beyond these programs, new loans have been hard to come by and remain at subdued levels. Fees associated to PPP have been substantial for many of the community banks. Deposits continue to grow as businesses and consumers remain very liquid. This has enabled banks to further reduce deposit costs which on average are the lowest in five years. This could provide some stability for net interest margins going forward. New and existing home sales remain strong and have been resilient in a very tough year. Mortgage operations have benefitted from the high volume of activity.

Unsurprisingly, deal activity has been tracking lower with only 104 deals year to date. One of the positives for the banking sector is a strong expectation for a dramatic increase in consolidation activity. We do feel management teams will remain cautious until we have greater clarity around potential credit issues. In the near term, deferment grace periods will be ending with no additional stimulus package currently on the table. Consumers and businesses may face further potential losses. It is still unclear whether reserve levels are sufficient to cover any increase in defaults or bankruptcies, although banks have built significant reserves in preparation for further downside.

Promising vaccine news and hopefully a stimulus package, should bridge the gap until the economy can meaningfully reopen and return to some form of normalcy. This could produce a big wave of reserve releases for the banking sector. Despite the strong rally off the bottom, many banks still trade at a discount to TBV and relative broader P/E. Additionally, we would expect over time that the average price paid will become more attractive for would be sellers.

If you would like to learn more about the Iron Bay Fund and our outlook for the future, please contact us.

GRAPH:



Iron Bay Fund, LP

RETURN DATA:

Total Return Since Inception	+84.37%
Annualized Return from Inception	+6.82%
Average Monthly Return	+.73%
Std. Deviation of Monthly Return	+5.69%
Sharpe Ratio Since Inception	.32
Beta Since Inception vs. S&P 500	.62

	IRON BAY FUND, LP	NASDAQ BANK INDEX	RUSSELL 2000
November 2020	+19.51%	+14.31%	+18.29%
YTD	(30.83%)	(17.97%)	+9.07%
Last 12M	(28.68%)	(15.21%)	+12.02%
Last 3Y (Annualized)	(13.44%)	(7.15%)	+5.63%
Last 5Y (Annualized)	(1.26%)	+1.44%	+8.70%
Inception (Annualized)	+6.82%	+8.44%	+10.44%

**All Iron Bay Fund, LP returns are reported* *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.