



MONTHLY PERFORMANCE, NET OF FEES

August 2022

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	.82	1.86	(3.71)	(7.55)	(.07)	(8.49)	5.20	(.28)	--	--	--	--	(12.29)
2021	3.12	13.97	10.66	1.51	5.78	(4.11)	(2.26)	1.65	3.13	3.81	(.81)	2.57	44.90
2020	(7.28)	(8.74)	(34.61)	8.27	(5.65)	.89	(8.00)	1.94	(4.89)	13.78	19.51	7.41	(25.71)
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 Iron Bay Fund was relatively unchanged in August (.23%). The month started strong as investors bet more on the Fed navigating a soft landing, but the story quickly changed as a result of the hawkish month-end speech from Federal Reserve Chairman Powell at the Jackson Hole economic symposium.

Powell’s comments reminded investors of the Fed’s mandate to manage inflation through continued interest rate hikes. His forceful tone was firmer than the message that he delivered at the July Fed meeting. As a result, the Dow Jones Industrial Average tumbled over 1,000 points. According to Bloomberg News, Powell’s 8-minute speech erased over \$78 billion in market value.

As top central banking officials and policy makers from around the globe gathered in Wyoming, the overall messaging was clear, that the U.S. will continue to raise interest rates higher, even if it does near term damage to the economy. Powell said that the road ahead will bring “certain pain” to households and businesses. He asserted that raising rates is the unfortunate cost to bringing down inflation. Other foreign bankers expressed agreement that they too had no other options to help in their own efforts to slow inflation, even if Europe’s economy tips into a recession, which is becoming increasingly likely. While a rising rate environment is traditionally more beneficial to banks, the continued aggressive policy could push the U.S. deeper into recession, which could have greater implications on borrowing and credit. Many fear, “the better late than never” Central Bank will continue to choose to fight inflation over stimulating growth.

As we have previously commented, 2Q bank earnings benefitted from higher rates as loan growth improved and deposit rates remained stable. Since the Fed has moved interest rates up +1.50%, deposit costs have not moved much, which we believe could eventually begin to change. To date, this has not occurred at a speed that has had any material effect on margins. Banks are currently flush with capital, making the competition for deposits very low, giving banks little incentive to raise deposit rates. As expressed earlier, the potential for a deeper recession, should the Fed be too aggressive, is the main headwind for sentiment even though valuations have once again become very compelling.



(continued)

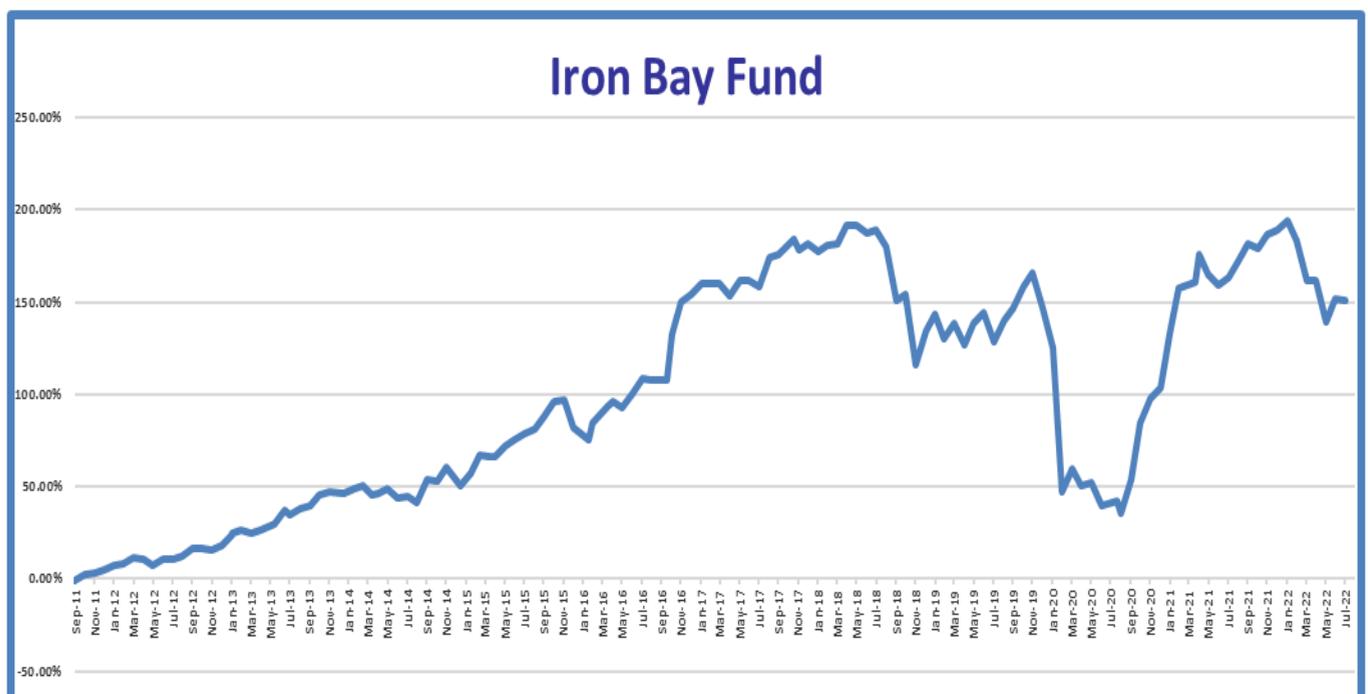
Merger activity has been muted thru the first half of the year. Lower currencies (bank share prices), unrealized losses in bond portfolios (AOCl) and uncertainty over the economic environment, has been a hurdle for consolidation activity. Interestingly, there have reportedly been increased conversations concerning M&A out of the Canadian banks, as they have been vocal regarding their intent to continue to look for opportunities in the U.S. As of the end of August, there have been 112 whole bank deals, completed at an average tangible book value of 1.53x. We continue to believe that the banking sector offers an attractive investment opportunity given improved financials, higher liquidity, and strong capital management.

Also in the news, in what most see as adding to current inflationary pressures, the Biden administration announced plans for partial forgiveness of college student loan debt. Not surprisingly, the controversial plan has been met with objections on many fronts. Former Treasury Secretary, Lawrence Summers, stated that unreasonable student loan relief would contribute to inflation or could encourage colleges to raise tuition.

The challenge for the Fed remains to be “how fast and how far” should they raise rates? The strong U.S. dollar will make it tougher for domestic companies to remain competitive. Morgan Stanley researchers reported that the big jump in the dollar currently implies a fall of about 8% in S&P 500 company earnings. Research reports say that the U.S. is better off than the rest of the world despite some weak economic indicators, like slowing home sales and overall general business weakness. It is worth noting the U.S. was the worst performing of the major G-7 countries in the second quarter. Much remains to be seen.

In conclusion, as the Iron Bay Fund celebrates an 11-year anniversary this month, we would like to thank our investors for their support and confidence. As always, if you would like to arrange a call or meeting to discuss the Fund strategy, please let us know.

HISTORICAL GRAPH:





RETURN DATA:

<i>Total Return Since Inception</i>	+151.70%
<i>Annualized Return from Inception</i>	+8.75%
<i>Average Monthly Return</i>	+.87%
<i>Std. Deviation of Monthly Return</i>	+5.63%
<i>Sharpe Ratio Since Inception</i>	.42
<i>Beta Since Inception vs. S&P 500</i>	.60

	IRON BAY FUND, LP	NASDAQ BANK INDEX	RUSSELL 2000
<i>August 2022</i>	(.28%)	(1.50%)	(2.18%)
<i>Year-to-Date</i>	(12.29%)	(14.75%)	(17.87%)
<i>Last 12 Months</i>	(4.48%)	(7.25%)	(18.90%)
<i>Last 3Y (Annualized)</i>	+3.28%	+7.01%	+7.25%
<i>Last 5Y (Annualized)</i>	(.57%)	+3.30%	+5.59%
<i>Inception (Annualized)</i>	+8.74%	+9.62%	+8.84%

* Iron Bay Fund, LP returns are reported net of all 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 U.S. 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.