



MONTHLY PERFORMANCE, NET OF FEES

July 2023

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	2.91	.50	(19.28)	(8.10)	(10.03)	6.10	17.36	--	--	--	--	--	(14.05)
2022	.82	1.86	(3.71)	(7.55)	(.07)	(8.49)	5.20	(.28)	(3.56)	5.51	2.89	(5.86)	(13.55)
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:

July was a strong month for the market as earnings came in better than expected. The conversation around a soft landing has gained momentum given a more resilient economy and consumer. The market rallied on weakening economic data in hopes the Fed is closer to the end of the rate hiking cycle. However, even as inflationary data does show some signs of abating, we would expect rates to remain higher for longer. The banking sector has rebounded from the lows seen in the last quarter given highlighted concerns over deposits and unrealized losses on bond portfolios. The Iron Bay Fund was +17.36% for July.

On a positive note, consumer confidence is close to pre-pandemic levels. The closely watched jobs data has been mixed. Unemployment fell as jobless claims increased and the payroll numbers showed strength. Home prices have continued to rise as supply remains tight and home sellers are less inclined to move given higher mortgage rates.

As expected, the Federal Reserve raised rates by .25 basis points in July, and the committee suggested that they would remain data dependent for future activity. Surprising many, Chairman Powell said the Fed staff was no longer forecasting a recession.

Second quarter earnings have been better than many have expected. Deposit costs have continued to rise contributing to elevated margin pressure. Unfortunately, loan yields have not kept pace. Loan demand has been weaker with businesses and consumers sidelined due to the restrictive rate environment.

Encouragingly, credit quality has remained strong with only a few one-off instances of material credit deterioration. Bank depositors continue to seek rate improvement away from non-interest-bearing accounts and into higher yielding products. Management teams remain optimistic that total deposit balances have stabilized, albeit as stated, they are more expensive.



(continued)

Regardless of the current interest rate conditions, capital levels remain strong. The fears that this is 2008-2009 all over again appear to have been overstated. Banks in our asset size target range (\$10 billion and below) are very well capitalized and they are positioned to take advantage of market dislocation and opportunities. One way for banks with excess capital to outperform is to look to M&A. Dividends are stable, but M&A can be truly transformative in times of uncertainty.

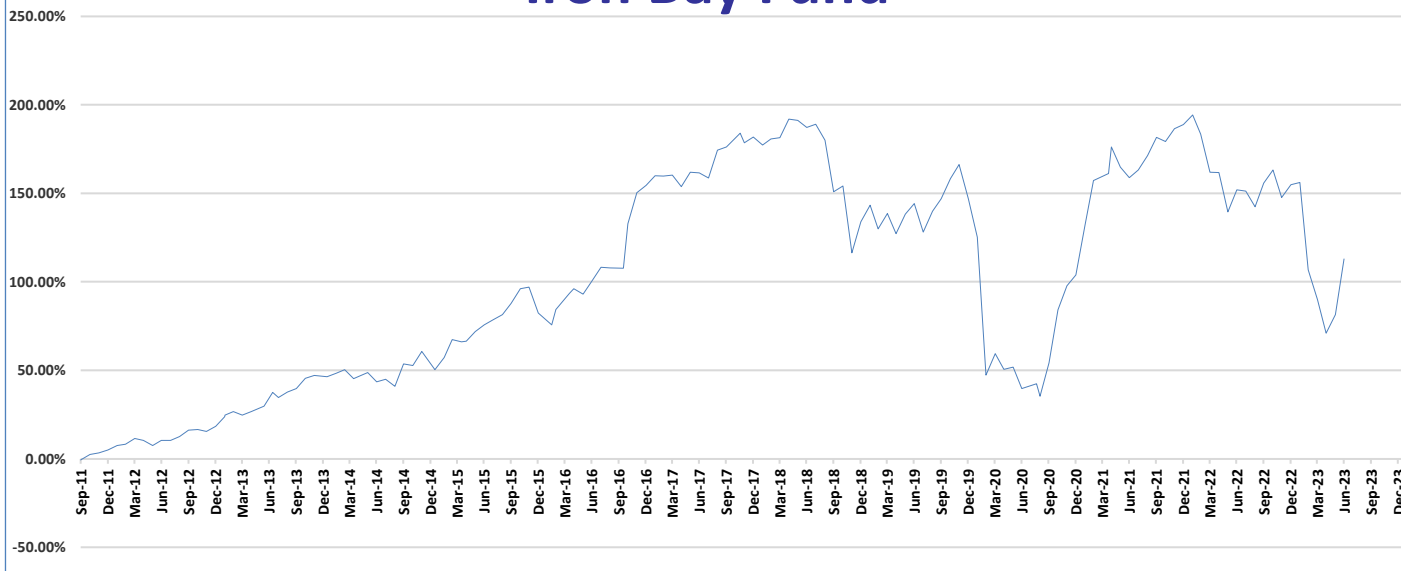
In a sign that consolidation may be picking up, there were two notable transactions in the portfolio:

- Banc of California (BANC), announced a (somewhat surprising) acquisition of Pacific Western Bank (PACW). The transaction involved private equity capital investments from Warburg Pincus and Centerbridge totaling \$400 million that will aid in restructuring the BANC balance sheet. We will remain holders of BANC, as we believe there is long-term greater upside.
- Virginia based Atlantic Bankshares (AUB), announced plans to acquire fund holding American National Bankshares (AMNB) in a transaction that enhances AUB’s core deposit base. The deal will give AUB a new meaningful presence in North Carolina. The deal is expected to be 19% accretive to AUB earnings. AUB paid a rich 1.85x tangible book value at 16x '24 earnings. There is a 3-year earn-back on the deal.

July was unquestionably a big “correction” month for banks. The path of the Fed from here remains critical and a potential soft landing, along with a pickup in M&A, could provide a nice tailwind to what has been a difficult operating environment.

If you would like to learn more about our outlook for the remainder of the year, please let us know. Thank you for your interest in the Iron Bay Fund.

Iron Bay Fund





RETURN DATA:

<i>Total Return Since Inception</i>	+113.22%
<i>Annualized Return from Inception</i>	+6.56%
<i>Average Monthly Return</i>	+0.73%
<i>Std. Deviation of Monthly Return</i>	+6.02%
<i>Sharpe Ratio Since Inception</i>	.27
<i>Beta Since Inception vs. S&P 500</i>	.55

	IRON BAY FUND, LP	NASDAQ BANK INDEX	RUSSELL 2000
<i>July 2023</i>	+17.36%	+15.64%	+6.06%
<i>Year to Date</i>	(14.05%)	(14.25%)	+13.74%
<i>Last 12 Months</i>	(15.52%)	(19.12%)	+6.26%
<i>Last 3Y (Annualized)</i>	+15.10%	+9.53%	+10.61%
<i>Last 5Y (Annualized)</i>	(5.81%)	(3.62%)	+3.70%
<i>Inception (Annualized)</i>	+6.56%	+7.06%	+8.89%

* 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

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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.