Iron Bay Fund, LP

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

December 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	(7.36)	(5.42)	(4.06)	9.62	17.28	**(7.11)**
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:

The Iron Bay Fund returned +17.28% for the month of December, closing out what has been one of the most challenging years since inception in 2011.

The overall market proved to be resilient in 2023, despite the most aggressive Federal Reserve interest rate hiking campaign in decades. Pundits were certain that the economy would fall into a recession given the velocity of these rate increases and the belief that the post Covid related stimulus was winding down. The market returns over the last two months of the year contributed materially as the Santa Claus rally really showed its power.

The markets rallied on the hope for a “soft landing” with the expectation that the Fed is done hiking rates and we could see cuts in 2024. While inflation has come down, we believe markets may have prematurely pricing in 6 to 8 rate cuts for 2024. Financials outperformed to end the year as investors seized on the opportunity to rotate into small-cap companies. Other sectors that have been under pressure and less investable also rallied as the focus was predominantly on the Artificial Intelligence (AI) theme and the benefits to technology companies.

As the year ended for banks, investors expressed more favorable sentiment with the potential for funding costs to moderate and securities losses to be less onerous. Although the Fed Board has signaled multiple rate cuts to take place in the coming new year, banks that experienced inflated deposit costs in 2023, are unlikely to see any immediate pricing relief. Some analysts are suggesting that persistent deposit competition could endure over the next few quarters. The cost of funding relief being somewhat elusive have some bank managers calling deposit competition “trench warfare”, which could make for a longer drawn-out battle. We have also seen an increase in balance sheet repositioning activity as banks have taken an opportunity to sell securities at smaller loss rates in order to resourcefully look to invest in higher yielding assets and build capital buffers.

(continued)

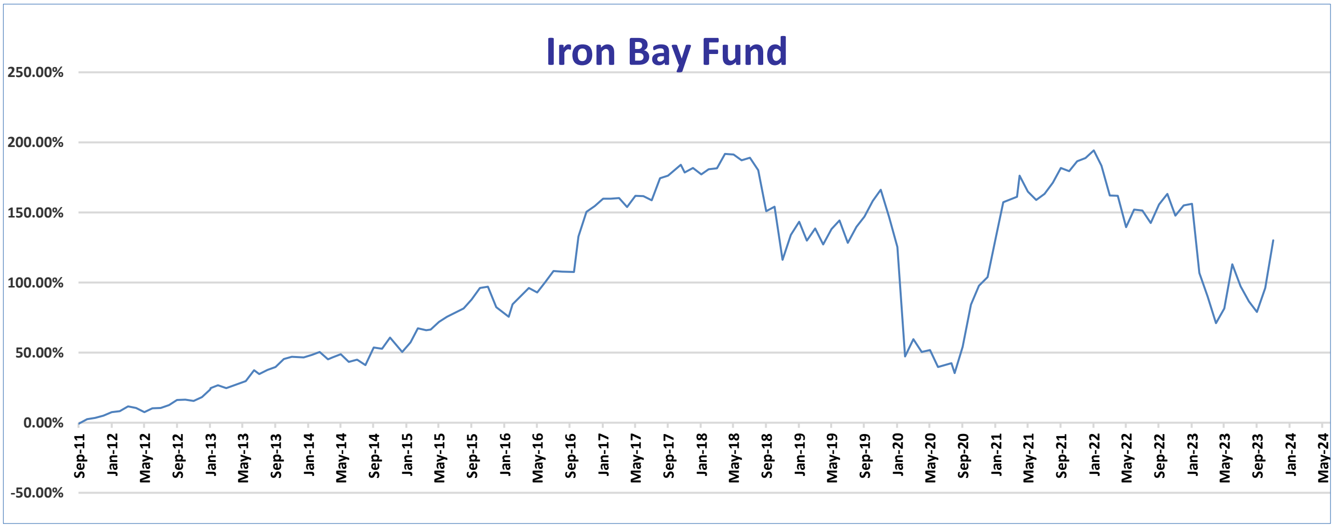
The cost of doing business for banks in 2023 was certainly muddled in a variety of challenges, not just interest rate related. Rising employee benefit costs, investments in technology, compliance and overall regulatory expenses, all contributed to the “business of banking” radically becoming more expensive.

No longer is it just simple deposit gathering and lending money for community bankers. It is because of the many “new-era” operating challenges that we believe we will see increased consolidation discussions and strategic initiative efforts that result in even further scrubbing for efficiencies. Management teams have communicated they need to seek scale in the form of improved technology, not only to operate securely, but also to attract and retain customers.

M&A was very light in 2023 as there were only 99 whole bank deals completed at an average price to tangible book value of 128.9%, well below historical averages. The quest for efficiencies and strategic growth could lead to a flurry of activity in the new year.

As we move into the new year we will continue to focus on companies with strong and improving balance sheets along with geographically desirable footprints. Companies with aging and battle-fatigued management teams could also show enhanced interest in partnering opportunities. Recall that 70 million baby-boomers will continue to move to the mid-Atlantic and south-east markets of the country where we will continue to have significant exposure. From a price to earnings perspective, we believe the small-cap bank sector has considerable room to move.

In closing, we would like to thank you our partners and prospects alike, for continued interest in the Iron Bay Fund. As we look forward to sector improvement and outperformance, we believe better days for banks are ahead. If you would like to learn more about our outlook for the new year, please contact us.



RETURN DATA:

Total Return Since Inception	+130.43%
Annualized Return from Inception	+7.00%
Average Monthly Return	+.77%
Std. Deviation of Monthly Return	+6.19%
Sharpe Ratio Since Inception	.28
Beta Since Inception vs. S&P 500	.56

	IRON BAY FUND, LP	NASDAQ BANK INDEX	RUSSELL 2000
December 2023	+17.28%	+15.28%	+12.05%
Year to Date	(7.11%)	(6.67%)	+15.09%
Last 3Y (Annualized)	+5.17%	+2.10%	+.87%
Last 5Y (Annualized)	+1.24%	+2.89%	+8.49%
Inception (Annualized)	+7.00%	+7.55%	+8.68%

** Iron Bay Fund, LP returns are reported <u>net</u> of all fees.*

Iron Bay Fund, LP

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.