



December 2018

Dear Friends and Fellow Bank Investors,

Last year at this time we celebrated the gain in our favorite bank stock index, the SNL Micro Cap U.S. Bank Index, which was up over 22% as of the date of that letter! Not this year. The major market indices are *not* hitting all-time highs this month but rather are struggling to stay even for the year. From our perspective as investors and bankers we have much to be thankful. This year again we are thankful, notwithstanding the exceptional volatility in virtually all stock market sectors! While this letter is not intended to be a market update we do have cause to celebrate—to celebrate the industry in which we invest and that has been so good to us since we began in 1991. Today, 27 years later, community banking is performing well and recovering its primary lending role. Bank capital levels are stronger than they have been in decades indicated by stock buy-backs and dividend increases. Asset quality shows only very limited signs of decline. We look forward with optimism to Q4 earnings announcements. It *is* a good time to be invested in community banks.

As is always the case, however, not everyone benefits from the strength of the economy or the strength of the industry in which we invest. For some, this year was as miserable as last. For others it has brought new challenges in the form of debilitating health issues. It is for these folks and their families, some of whom are our associates, our neighbors, who are dealing with these severe financial and health challenges for whom we think of and pray for.

It is for them we have again chosen to support our local Food Pantry of Waukesha with a cash gift (www.waukeshafoodpantry.org). The Milwaukee Rescue Mission (www.milmission.org) remains on our list as we remember a founder, Rev. John Moss, who is a great-great grandfather of two of our directors.

One of our colleagues is suffering from Huntington’s Disease, as is another dear friend of ours, a disease for which there is currently no cure. For them and to reflect their courage, we have given a gift to the Huntington’s Disease Society of Wisconsin (<https://wisconsin.hdsa.org>). Finally, for the courage of the teen-aged grandson of one of our directors who is being treated for cancer at Children’s Hospital of Wisconsin—a *U.S. News* Best Children’s Hospital for Cancer 2018-2019 we have given a gift to the Midwest Athletes Against Childhood Cancer (MACC Fund) (www.chw.org/medical-care/macc-fund-center.org). We hope and pray these last two gifts will in some small way help advance the science to cure both Huntington’s and Childhood Cancer.

These gifts are given at the expense of Fortress Partners Capital Management in the name of our investors in FFP BankManagers Fund, LLC; Fortress Partners Banc Ventures I, LP; Fortress Partners Banc Ventures II, LP; our bank advisory clients and our colleagues along with all our friends in the banking, investment and business communities. We are very grateful for all these relationships.

We thank you for the opportunity to provide this modest amount to help others again this year. We encourage you to support these organizations or find a similar support opportunity in your community for those less fortunate.

We wish you and your family a Joyous and Blessed Christmas, Happy Holidays and a Happy and Prosperous New Year!

Sincerely,

FORTRESS PARTNERS CAPITAL MANAGEMENT, LTD

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